Crédit Agricole Assurances S.A.

€1,000,000,000 Undated Subordinated Resettable Notes
Issue Price: 99.976 per cent.

The €1,000,000,000 Undated Subordinated Resettable Notes (the "**Notes**") of Crédit Agricole Assurances S.A. (the "**Issuer**") will be issued on 13 January 2015 (the "**Issue Date**") and will bear interest at a rate of 4.250 per cent. *per annum* (the "**Initial Rate of Interest**") from (and including) the Issue Date to (but excluding) 13 January 2025 (the "**First Call Date**"), payable annually in arrear on 13 January of each year, beginning on 13 January 2016, and thereafter payable annually in arrear on 13 January of each year at the relevant Reset Rate of Interest, as determined by the Calculation Agent and as described in "*Terms and Conditions of the Notes—Interest*". Payment of interest on the Notes may at the option of the Issuer, or shall, be deferred under certain circumstances, as set out in "*Terms and Conditions of the Notes—Interest—Interest Deferral*".

The Notes have no fixed maturity and Noteholders do not have the right to call for their redemption. As a result, the Issuer is not required to make any payment of the principal amount of the Notes at any time prior to the time a judgment is issued for the judicial liquidation (*liquidation judiciaire)* of the Issuer or in the event of the transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) following an order of judicial reorganisation (*redressement judiciaire*) in respect of the Issuer or if the Issuer is liquidated for any other reason. The Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or any Interest Payment Date thereafter at their redemption amount together with interest accrued up to but excluding the date of redemption, Arrears of Interest and Additional Interest Amounts (all as defined in "*Terms and Conditions of the Notes*"). The Issuer also may, at its option, and in certain circumstances shall be required to, redeem all, but not some only, of the Notes at any time at their Redemption Amount upon the occurrence of certain events including an Accounting Event, a Capital Disqualification Event, a Gross-Up Event, a Tax Deductibility Event or a Rating Methodology Event (as further described in "*Terms and Conditions of the Notes—Redemption and Purchase*"). The Notes may not be redeemed if a Regulatory Deficiency has occurred and is continuing or would occur as a result of such redemption. Any redemption is subject to prior approval by the Relevant Supervisory Authority (as defined in "*Terms and Conditions of the Notes*").

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank: subordinated to all direct, unconditional, unsecured and unsubordinated obligations of the Issuer; *pari passu* without any preference among themselves and with all other subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to the Notes; and in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by the Issuer, any deeply subordinated notes issued by the Issuer, and any class of share capital, whether represented by ordinary shares or preference shares (*actions de préférence*) issued by the Issuer, as further described in "*Terms and Conditions of the Notes—Status of the Notes*".

The Notes are governed by the laws of the Republic of France.

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Note. Title to the Notes will be established and evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book entries (*inscription en compte)*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. "**Account Holder**" shall mean any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended, which includes the amendments made by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010 (the "**Prospectus Directive**").

Application has been made to list and admit to trading the Notes, as of their Issue Date on the regulated market of Euronext in Paris ("**Euronext Paris**"). Euronext Paris is a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and of the Council dated 21 April 2004, as amended.

The Notes are expected to be rated BBB- by Standard & Poor's Credit Market Services S.A.S ("**S&P**"). The long term debt of the Issuer has been assigned a rating of A- (negative outlook) by S&P. S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, as amended (the "**CRA Regulation**"). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time without notice.

See the "*Risk Factors*" section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.

Copies of this Prospectus are available on the websites of the Autorité des marchés financiers (the "**AMF**") (www.amf-france.org) and of the Issuer (www.ca-assurances.com) and may be obtained, without charge on request, at the principal office of the Issuer during normal business hours.

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the Autorité des marchés financiers has granted to this Prospectus the visa n°15-018 on 9 January 2015. This Prospectus has been prepared by the Issuer and its signatory assumes responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

Global Coordinator, Sole Structuring Advisor, Sole Bookrunner

Crédit Agricole CIB

Joint Lead Managers

Banca IMI	Lloyds Bank
Santander Global Banking & Markets	UniCredit Bank

The date of this Prospectus is 9 January 2015.

*This Prospectus has been prepared for the purpose of giving information with respect to the Issuer, and the Issuer and its consolidated subsidiaries taken as a whole (the "**Group**") as well as the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Group.*

Certain information contained in this Prospectus has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading.

*None of the Managers (as defined in "*Subscription and Sale*" below) has separately verified the information contained in this Prospectus. Accordingly, the Managers do not make any representation, warranty or undertaking, express or implied, or, to the extent permitted by law, accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.*

No person is authorized to give any information or to make any representation related to the issue, offering or sale of the Notes not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorized by, or on behalf of, the Issuer or the Managers. The delivery of this Prospectus or any offering or sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group since the date hereof or (ii) that the information contained in it is correct as at any time subsequent to its date. None of the Managers undertakes to review the financial or general condition of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus or to advise any investor or prospective investor in the Notes of any information coming to its attention.

*The Prospectus and any other information relating to the Issuer, the Group or the Notes should not be considered as an offer, an invitation, a recommendation by any of the Issuer or the Managers to subscribe or purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, the Group, their business, their financial condition and the Notes and consult their own financial or legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. Potential investors should read carefully the Section entitled "*Risk Factors*" set out in this Prospectus before making a decision to invest in the Notes.*

The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. Neither the Issuer nor the Managers represents that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution, offering or sale. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this

*Prospectus and of any other offering material relating to the Notes, see "*Subscription and Sale*" below.*

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.*

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act.

*In connection with the issue of the Notes, Crédit Agricole Corporate and Investment Bank (the "**Stabilizing Manager**") (or persons acting on its behalf) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.*

*This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.*

*In this Prospectus, references to "**€**", "**EURO**", "**EUR**" or to "**euro**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).*

FORWARD LOOKING STATEMENTS

*This Prospectus contains forward looking statements regarding the prospects and growth strategies of the Group. These forward looking statements are sometimes identified by the use of the future of conditional tense, as well as terms such as "consider", "envisage", "think", "aim", "expect", "intend", "should", "anticipate", "think", "wish" and "might", or if applicable, the negative form of such terms and similar expressions or similar technology. Such Information is not historical in nature and should not be interpreted as a guarantee of future performance. Such information is based on data, assumptions, and estimates that the Group considers reasonable. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. In addition, the materialization of one or more of the risks described in Section "*Risk Factors*" of this Prospectus may have a material adverse effect on the business, financial condition, results of operation of the Group and its ability to reach its objectives. This information is contained in several sections of this Prospectus and includes statements relating to the Group's intentions, estimates and objectives with respect to its markets, strategies, growth, results of operations, financial*

situation and liquidity. The forward-looking statements speak only as at the date of this Prospectus. Except any applicable legal or regulatory requirements, the Group expressly disclaims any obligation to release any updates to any forward-looking statements contained in this Prospectus to reflect any change in its any change in its expectations or any change in events, conditions or circumstances, on which any forward-looking statement contained in this Prospectus is based.

*The forward-looking statements contained in this Prospectus also refer to known and unknown risks, uncertainties and other factors which may, if occurred, affect the future results of operation, performance and accomplishments of the Group. These factors may particularly include the change of the commercial and economic situation as well as the risk factors described in the section entitled "*Risk Factors*" of this Prospectus.*

INFORMATION ON THE MARKET AND COMPETITION

This Prospectus contains information relating to the Group's markets and to its competitive position. Unless otherwise indicated, this information is based on the Group's estimates and is provided for illustrative purposes only. The Group's estimates are based on information obtained from its customers, its suppliers, trade organizations and other stakeholders in the markets in which the Group operates. Although the Issuer believes the Group's estimates to be reliable as of the date of this Prospectus, it cannot guarantee that the data on which its estimates are based are accurate and exhaustive, or that its competitors define the markets in which they operate in the same manner. These estimates and the data on which they are based have not been verified by independent experts. The Group does not guarantee that a third party using other methods to analyze or compile market data would obtain the same results. To the extent the data relating to market share and market size included in this Prospectus are based solely on the Group's estimates, they do not constitute official data.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements as at and for the years ended 31 December 2013 and 2012 and the unaudited consolidated financial statements as at and for the six months ended 30 June 2014 for the Group included in this Prospectus have been prepared in accordance with IFRS as adopted by the European Union ("IFRS").

Certain figures included in this Prospectus, where indicated, are presented on a French GAAP basis. French GAAP differs in certain significant respects from IFRS. As a result, the French GAAP financial information included herein may differ substantially from similar financial information prepared in accordance with IFRS.

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PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

Jérôme Grivet, *Directeur général* of Crédit Agricole Assurances S.A.

Declaration by the Person Responsible for the Prospectus

To the best of my knowledge (having taken all reasonable care to ensure that such is the case), I hereby certify that the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The interim summary consolidated financial statements for the semester ended 30 June 2014 are the subject of a limited review report by the statutory auditors that contains one observation. A free English translation of the limited review report for the semester ended 30 June 2014 is set forth on pages FC-70 to FC-72 of this prospectus.

CREDIT AGRICOLE ASSURANCES S.A.

50-56, rue de la Procession
75015 Paris
France

Duly represented by:

Jérôme Grivet

Directeur général of CREDIT AGRICOLE ASSURANCES S.A.

Dated 9 January 2015

OVERVIEW

*The following overview is qualified in its entirety by the information contained in the remainder of this Prospectus. Prospective investors are urged to read all of the information contained herein, including the information set forth under "*Risk Factors*".*

*Except as the context otherwise requires, references in this Prospectus to "**Crédit Agricole Assurances**" or "**the Group**" are to Crédit Agricole Assurances S.A. and its consolidated subsidiaries and affiliates.*

Crédit Agricole Assurances

Crédit Agricole Assurances is the bancassurance arm of the Crédit Agricole Group, France's largest banking group and one of the largest in the world based on shareholders' equity. Crédit Agricole Assurances is France's leading insurance group and the largest bancassurance provider in Europe (source: L'Argus de l'assurance – 19 December 2014). The companies comprising the Group offer their customers a comprehensive range of products, including life insurance and retirement savings, offered in France mainly through Predica, non-life insurance, offered in France through Pacifica, and creditor insurance offered in ten countries including France through Crédit Agricole Creditor Insurance ("**CACI**"). The Group also has insurance operations in seven countries outside France, where it offers life insurance and/or non-life products. The Group distributes its insurance products principally through the banking networks of the Crédit Agricole regional banks, LCL and other members of the Crédit Agricole Group, as well as through select third party distributors.

In 2013, the Group generated gross written premiums of €25,701 million, operating income of €1,886 million and net income (group share) of €1,002 million. In the first half of 2014, the Group generated gross written premiums of €14,974 million, operating income of €937 million and net income (group share) of €527 million.

Life Insurance and Retirement Savings in France (72.0% of 2013 revenues). Predica was established in 1986 and today is the second-largest life insurance provider in France (source: L'Argus de l'assurance - 19 December 2014). Predica's offerings are designed to meet the diversified needs of individual customers, high-net-worth clients, farmers, small businesses and other corporate customers. Predica is the leading provider in the market for popular retirement savings plans (PERP), death and disability and funeral coverage in France. Predica distributes its products primarily through the Crédit Agricole regional banks and LCL. The Group is also expanding through alternative networks, including La Médicale, a subsidiary that has a network of insurance brokers dealing with small businesses in the health sector, the network of independent wealth management advisors under the UAF Patrimoine brand and the Spirica insurance company, and via the BforBank online bank and other online distributors.

Non-Life Insurance in France (10.1% of 2013 revenues). Founded in 1990, Pacifica is the seventh largest property and casualty insurer in France (source: L'Argus de l'assurance – 19 December 2014) and the second largest agricultural business insurer in France (source: FFSA research 2013, based on 2012 data). Pacifica markets its products to customers of Crédit Agricole regional banks and LCL, offering a full range of property and casualty insurance for individual customers, including policies for motor vehicles, homes, healthcare, legal protection and personal accident insurance as well as coverage for a family's mobile devices. Pacifica also leverages the relationships of the Crédit Agricole regional banks and LCL with farmers and small businesses, offering them insurance to cover their businesses and equipment as well as health coverage.

Creditor Insurance (3.5% of 2013 revenues). Founded in 2008, CACI specializes in creditor insurance, which it offers in ten countries including France. Building on its success with traditional partners – consumer credit providers – CACI has extended its expertise to retail banks and formed pan-European partnerships. CACI also offers a range of other financial protection products that complement its credit insurance offering.

International insurance operations (excluding creditor insurance) (14.0% of 2013 revenues). Through its international subsidiaries, the Group offers insurance in six countries in Europe primarily through Crédit Agricole Group banks as well as in Japan, where it offers insurance through partner banks.

The Crédit Agricole Group

Crédit Agricole Assurances is part of the Crédit Agricole Group, France's largest banking group, Europe's largest retail bank, and one of the world's largest banking groups based on shareholders' equity. Through Crédit Agricole local and regional banks and its subsidiaries, the Crédit Agricole Group provides customers in France and throughout the world with insurance, property, payment instrument, asset management, leasing and factoring, consumer finance, corporate and investment banking solutions. With 150,000 employees at its local and regional banks, the Crédit Agricole Group serves 49 million customers, has 11,300 branch locations and is present in nearly 60 countries.

OVERVIEW OF THE TERMS OF THE NOTES

*This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalized terms used but not defined in this section, please see "*Terms and Conditions of the Notes*".*

Issuer	Crédit Agricole Assurances S.A.
Notes	€1,000,000,000 Undated Subordinated Resettable Notes
Global Coordinator	Crédit Agricole Corporate and Investment Bank
Joint Lead Managers	Banca IMI S.p.A., Banco Santander, S.A., Lloyds Bank plc and UniCredit Bank AG
Fiscal Agent, Paying Agent and Calculation Agent	CACEIS Corporate Trust or any successor thereto
Issue Date	13 January 2015
First Call Date	13 January 2025
Maturity Date	The Notes are undated and have no specified maturity.
Issue Price	99.976 per cent.
Status of the Notes	The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce*. The obligations of the Issuer under the Notes in respect of principal, interest and other amounts are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank: (i) subordinated to all direct, unconditional, unsecured and unsubordinated obligations of the Issuer; (ii) *pari passu* without any preference among themselves and with all other subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to the Notes; and (iii) in priority to *any prêts participatifs* granted to the Issuer, any *titres participatifs* issued by the Issuer, any deeply subordinated notes issued by the Issuer, and any class of share capital, whether represented by ordinary shares or preference shares (*actions de préférence*) issued by the Issuer.
Negative Pledge	There will be no negative pledge in respect of the Notes.
Interest	Each Note bears interest at the applicable Rate of Interest from (and including) the Issue Date and interest shall be payable annually in arrear on 13 January in each year (each an "**Interest Payment Date**"). The rate of interest for each Interest Period from (and including) the Issue Date to (but excluding) the First Call Date is 4.250 per cent. *per annum*. The rate of interest for each Interest Period beginning on or after the First Call

Date will be equal to (a) the 5-year Mid-Swap Rate plus (b) the Margin, as determined by the Calculation Agent.

"**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next (or first) Interest Payment Date.

"**Margin**" means 4.50 per cent. *per annum*.

Optional Interest Deferral

On any Optional Interest Payment Date, the Issuer may, at its option, elect, by notice to (x) the Noteholders and (y) the Fiscal Agent, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date in which case interest on the Notes will be payable and will not be deferred.

Any interest not paid on an Optional Interest Payment Date and deferred shall so long as the same remains outstanding constitute Arrears of Interest and shall become due and payable.

"**Compulsory Interest Payment Date**" means each Interest Payment Date prior to which during a period of twelve (12) months prior to such Interest Payment Date a discretionary dividend in any form on any ordinary or preference shares of the Issuer has been declared or paid, unless, on or after the First Call Date, such Interest Payment Date constitutes a Mandatory Interest Deferral Date.

"**Optional Interest Payment Date**" means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date.

Mandatory Interest Deferral

On any Mandatory Interest Deferral Date (other than a Compulsory Interest Payment Date), the Issuer will be obliged, by notice to (x) the Noteholders and (y) the Fiscal Agent, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment, provided however that if the Relevant Supervisory Authority accepts that interest accrued in respect of the Notes during such Interest Period can be paid (and that such acceptance has not been withdrawn by the date of the relevant payment), the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on a Mandatory Interest Deferral Date and deferred shall so long as they remain outstanding constitute Arrears of Interest and shall become due and payable.

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which the Noteholders and the Principal Paying Agent have been notified by the Issuer that (i) a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date or (ii) the payment of such interest would in itself cause a Regulatory Deficiency.

Arrears of Interest	Arrears of Interest (together with the corresponding Additional Interest Amount) may, subject to the fulfilment of the Conditions to Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of: (i) the next Interest Payment Date which is a Compulsory Interest Payment Date; or (ii) the date of any redemption of the Notes; or (iii) the date upon which a judgment is made by a competent court for the judicial liquidation of the Issuer (*liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganisation (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason. Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French Civil Code, as if it constituted the nominal amount of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the "**Additional Interest Amount**"). "**Conditions to Settlement**" are satisfied on any day with respect to any payment of Arrears of Interest and Additional Interest Amounts, if any, if: (i) no Regulatory Deficiency has occurred and is continuing or would be caused by the payment of the Arrears of Interest, unless the Prior Approval of the Relevant Supervisory Authority has been given (to the extent such consent is required by, and may be given under, the Applicable Supervisory Regulations), and (ii) the Solvency II Directive has been implemented on or prior to such day, and the Prior Approval of the Relevant Supervisory Authority has been given, but only to the extent that under the then Applicable Supervisory Regulations such consent is required at the time in order for the Notes to qualify as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital.
Optional Redemption by the Issuer from the First Call Date	The Issuer may, subject to the fulfilment of the Conditions to Redemption, subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders, redeem the Notes then outstanding in whole, but not in part, at their Redemption Amount on the First Call Date or on any Interest Payment Date falling thereafter. "**Redemption Amount**" means, in respect of any Note, its principal amount, together with interest accrued up to but excluding the date of redemption, Arrears of Interest and Additional Interest Amounts, if any.

Optional Redemption for Taxation Reasons

If at any time the Issuer determines that a Gross-Up Event or a Tax Deductibility Event has occurred with respect to the Notes on or after the Issue Date, such Notes will be redeemable in whole, but not in part, at the option of the Issuer having given not less than thirty (30) nor more than forty-five (45) days' notice to the Noteholders, at any time, at their Redemption Amount, subject to the fulfilment of the Conditions to Redemption.

A "**Gross-Up Event**" will be deemed to occur if at any time, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts.

A "**Tax Deductibility Event**" will be deemed to occur if an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible is reduced.

Mandatory Redemption for Taxation Reasons

If the Issuer would on the date of the next payment due under the Notes be prevented by French law from making payment of Additional Amounts to the Noteholders then due and payable, the Issuer, to the extent permitted by the Applicable Supervisory Regulations, shall forthwith redeem all, but not some only, of the Notes then outstanding, at their Redemption Amount, upon giving not less than seven (7) days' notice to the Noteholders, subject to the fulfilment of the Conditions to Redemption.

Optional Redemption for Regulatory Reasons

If at any time, the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, such Notes will be redeemable in whole, but not in part, at the option of the Issuer having given not less than thirty (30) nor more than forty-five (45) days' prior notice to the Noteholders, at any time, at their Redemption Amount, subject to the fulfilment of the Conditions to Redemption.

"**Capital Disqualification Event**" will be deemed to occur if:

(i) on or after the Issue Date, and before the implementation of the Solvency II Directive, the Relevant Supervisory Authority has notified the Issuer that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the Notes (in whole or in part) no longer fulfil the requirements for inclusion in the determination of the solvency margin or capital adequacy level of the Group, except where the failure to fulfil such requirements is the result of exceeding any applicable limits on the inclusion of such securities in the own funds pursuant to the Applicable Supervisory Regulations; this applies only if prior to such statement the Notes did fulfil such requirements; or

(ii) following the implementation of the Solvency II Directive, under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) the Relevant Supervisory Authority has notified the Issuer:

(a) that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the

Notes (in whole or in part) would not be treated as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital; or

(b) that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the Notes (in whole or in part) no longer fulfil the requirements to be treated as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital, provided that upon implementation of the Solvency II Directive, the Notes did fulfil the requirements for inclusion in the determination of at least the "tier two" own funds regulatory capital of the Group,

except where in each case of (i) and (ii), this is merely the result of exceeding any applicable limits on the inclusion of such securities in the "tier two" own funds regulatory capital of the Group pursuant to the then Applicable Supervisory Regulations.

Optional Redemption for Accounting Reasons

If at any time the Issuer determines that an Accounting Event has occurred with respect to the Notes on or after the Issue Date, such Notes will be redeemable at any time in whole, but not in part, at the option of the Issuer having given not less than thirty (30) nor more than forty-five (45) days' prior notice to the Noteholders at their Redemption Amount, subject to the fulfilment of the Conditions to Redemption.

"**Accounting Event**" means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that as a result of any change in, or amendment to, the Applicable Accounting Standards the Notes must not, or must no longer be, recorded as "equity" in the consolidated financial statements of the Issuer and this cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

"**Applicable Accounting Standards**" means the International Financial Reporting Standards (IFRS), as applicable at the relevant dates and for the relevant periods, or other accounting principles generally accepted in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applied by the Issuer which subsequently supersede them.

Optional Redemption for Rating Reasons

If at any time the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes on or after the Issue Date, such Notes will be redeemable in whole, but not in part, at the option of the Issuer having given not less than thirty (30) nor more than forty-five (45) days' prior notice to the Noteholders, at any time, at their Redemption Amount, subject to the fulfilment of the Conditions to Redemption.

"**Rating Methodology Event**" will be deemed to occur upon a change in the methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such

Rating Agency at or around the Issue Date.

"**Rating Agency**" means Standard & Poor's Rating Services (Standard & Poor's) or any successor thereto.

Exchange or Variation

If at any time the Issuer determines that an Accounting Event, a Capital Disqualification Event, a Gross-Up Event, a Tax Deductibility Event or a Rating Methodology Event (each a "**Special Event**") has occurred on or after the Issue Date, the Issuer may, as an alternative to an early redemption of the Notes, at any time, without the consent of the Noteholders,

(i) exchange the Notes for new notes replacing the Notes (the "**Exchanged Notes**"), or

(ii) vary the terms of the Notes (the "**Varied Notes**"), so as to cure the relevant Special Event.

Any such exchange or variation is subject to the following conditions:

(a) the Issuer giving not less than thirty (30) nor more than forty-five (45) days' notice to the Noteholders;

(b) the Prior Approval of the Relevant Supervisory Authority being obtained;

(c) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged or Varied Notes continuing to be listed or admitted on the same stock exchange as the Notes if they were listed immediately prior to the relevant exchange and/or variation;

(d) the Exchanged Notes or Varied Notes should (i) maintain the same ranking in liquidation, same interest rate and interest payment dates; (ii) as far as redemption of the Notes is concerned, maintain the obligations of the Issuer, including (without limitation) as to timing of, and amounts payable upon, such redemption, provided that the Exchanged Notes or Varied Notes may not be redeemed prior to the First Call Date specified herein (save for redemption, exchange or variation on terms analogous with the terms of the Notes) provided that the relevant exchange or variation may not itself trigger any early redemption right; (iii) maintain the same rights to accrued interest, Arrears of Interest and Additional Interest Amounts; and (iv) maintain the same rights to principal and interest without any additional principal loss absorption provisions;

(e) the terms of the exchange or variation are not prejudicial to the interests of the Noteholders as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including the consultation with the independent investment bank) is signed by a director of the Issuer and shall have been delivered to the Fiscal Agent to the benefit of the Noteholders (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of the relevant Special Event and that such exchange or variation to the terms of the Notes are not prejudicial to

the interest of the Noteholders); and

(f) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Noteholders from one or more international law firms of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Notes or Varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Notes or Varied Notes.

Any such exchange or variation shall be binding on the Noteholders.

Automatic Disapplication for Regulatory Reasons

In the event that, and to the extent permitted before the First Call Date, the option of the Issuer (i) to redeem the Notes following the occurrence of a Special Event or (ii) to exchange the Notes or vary the terms of the Notes further to the occurrence of a Special Event, would cause a Capital Disqualification Event to occur, the terms of the Notes shall on and from the First Call Date automatically be varied by the Issuer to exclude the relevant option(s). In any such event: (x) the Prior Approval of the Relevant Supervisory Authority will be obtained, if such approval is required at the time, and (y) notice will be given to Noteholders in compliance with the rules of the relevant stock exchange. However, paragraphs (e) and (f) above will not apply to such variation.

Purchases

The Issuer may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes in the open market or otherwise at any price for cancellation or holding in accordance with applicable laws and regulations.

Conditions to Redemption

Any redemption of the Notes is subject to the conditions that (i) the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority and (ii) no Regulatory Deficiency has occurred and is continuing on the due date for redemption and such redemption would not itself cause a Regulatory Deficiency, in each case unless the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority.

"**Regulatory Deficiency**" means:

(i) before the implementation of the Solvency II Directive, the consolidated solvency margin of the Group falls below 100 per cent. of the required consolidated solvency margin or any applicable solvency margin or capital adequacy levels as applicable under Applicable Supervisory Regulations; or

(ii) following the implementation of the Solvency II Directive, the own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group is not sufficient to cover its capital requirement (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) and a deferral of interest or principal, as applicable is required under such then Applicable Supervisory Regulations; or

(iii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer, that in accordance with the then Applicable Supervisory Regulations at such time, the Issuer must take specified action in relation to payments under the Notes.

"**Group**" means the Issuer and its consolidated subsidiaries.

	"**Relevant Supervisory Authority**" means any relevant regulator having jurisdiction over the Group, in the event that the Group is required to comply with certain applicable solvency margins or capital adequacy levels. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution* (the "**ACPR**").
Events of Default	None
Cross Default	None
Taxation	All payments of principal, interest and other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or other governmental charges whatsoever imposed or levied by or on behalf of France or any political subdivision thereof, or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will, subject to certain exceptions, pay such additional amounts as shall result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.
Further Issues	The Issuer may, from time to time without the consent of the Noteholders, issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single *Masse* having legal personality.
Issuer Senior Rating	'A-' (negative outlook) (Standard & Poor's)
Issue Rating	The Notes are expected to be assigned a rating of BBB- by Standard & Poor's.
Listing and Admission to Trading	Euronext Paris
Form	Dematerialised bearer form (*au porteur*)
Denomination	The Notes will be issued in the denomination of Euro 100,000 each.
Governing Law	Laws of the Republic of France

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present summary consolidated financial data for the Group that has been derived from the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012 and the interim consolidated financial statements as of and for the six months ended 30 June 2014 included herein. Investors should read the following summary consolidated financial data of the Group together with the historical consolidated financial statements of the Group, the related notes thereto, the Management Report and the other financial information included in this Prospectus. The financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union.

Consolidated Income Statement Data

in millions of euros	**Year Ended 31 December**		**Six Months Ended 30 June**	
	2012	**2013**	**2013**	**2014**
	(audited)	*(audited)*	*(limited review)*	*(limited review)*
Gross written premiums	22,563	25,701	13,635	14,974
Change in unearned premiums	(53)	(26)	(345)	(395)
Earned premiums	**22,510**	**25,675**	**13,290**	**14,579**
Revenue or income from other activities	104	94	45	79
Investment income net of expenses	12,035	10,745	4,247	6,943
Contract service charges	(29,580)	(31,207)	(14,930)	(18,946)
Net reinsurance income or expense	(116)	(103)	(73)	17
Policy acquisition costs	(1,834)	(1,900)	(951)	(985)
Amortization of portfolio assets and similar	(4)	(3)	(2)	(1)
Administrative expense	(1,161)	(1,195)	(595)	(632)
Other current operating income and expense	(213)	(220)	(116)	(117)
Other operating income and expense	(191)	--	--	--
Operating income	**1,550**	**1,886**	**915**	**937**
Financing expense	(177)	(270)	(136)	(145)
Share in income from equity affiliates	--	--	--	--
Income tax	(621)	(610)	(255)	(265)
After-tax income from discontinued operations(1)	--	--	--	3
Consolidated net income	**752**	**1,006**	**524**	**529**
Minority interests	2	4	2	2
Net income attributable to equity holders of the parent	**750**	**1,002**	**522**	**527**

(1) Figures for the six months ended 30 June 2014 reflect the classification of BES Seguros under discontinued operations. See Note 2 to the interim financial statements as of and for the six months ended 30 June 2014.

Consolidated Balance Sheet Data

in millions of euros	31 December 2012	1 January 2013 (restated)(*)	31 December 2013 (restated)(*)	30 June 2013	30 June 2014
	(audited)	*(unaudited)*	*(unaudited)*	*(limited review)*	*(limited review)*
Intangible assets	1,137	1,137	1,132	1,138	1,109
Investments from insurance activities	260,899	263,089	280,539	271,459	301,563
Reinsurers' share of liabilities relating to insurance policies and financial liabilities	1,184	1,184	1,254	1,211	1,326
Other assets	4,145	4,145	5,836	4,445	6,827
Assets of discontinued operations [(1)]	--	--	--	--	133
Cash and cash equivalents	6,276	6,276	2,631	6,370	2,755
Total assets	**273,641**	**275,831**	**291,392**	**284,623**	**313,715**
Shareholders equity group share	10,504	10,504	10,511	10,338	11,345
Minority interests	27	27	27	25	29
Total shareholders' equity	10,531	10,531	10,538	10,363	11,374
Contract-related liabilities	245,275	245,275	256,649	248,858	272,768
Provisions for risks and charges	176	176	158	164	147
Financial debt	5,281	5,281	5,839	5,340	6,015
Other liabilities	12,378	14,568	18,208	19,898	23,324
Liabilities of discontinued operations [(1)]	--	--	--	--	87
Total equity and liabilities	**273,641**	**275,831**	**291,392**	**284,623**	**313,715**

(1) Figures at 30 June 2014 reflect the classification of BES Seguros under discontinued operations. See Note 2 to the interim financial statements as of and for the six months ended 30 June 2014.

(*) Restated to reflect the application of IFRS 10 to funds underlying unit-linked contracts. See Notes 1 and 2 to the interim financial statements as of and for the six months ended 30 June 2014.

RISK FACTORS

*Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including in particular the following risk factors. This section is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and also read the detailed information set out elsewhere in this Prospectus. Terms defined in "*Terms and Conditions of the Notes*" shall have the same meaning where used below.*

Risks Relating to the Issuer and the Financial Markets

Market fluctuations and general economic, market and political conditions may adversely affect the Group's business and profitability.

The Group's business and results of operations are materially affected by conditions in the global financial markets and by economic conditions in France and the other markets where the Group operates. Extreme market events, such as the global financial crisis during 2008 and 2009, have at times led, and could in the future lead, to a lack of liquidity, highly volatile markets, a steep depreciation in asset values across all classes, an erosion of investor and public confidence, and a widening of credit spreads. Although markets have stabilized since the global financial crisis, a wide variety of factors continue to negatively impact economic conditions and consumer confidence in France and in the other jurisdictions where the Group does business and contribute to continuing volatility in financial markets. These factors include, among others, concerns over the creditworthiness of certain sovereign issuers, particularly in Europe, the strengthening or weakening of foreign currencies against the Euro, the availability and cost of credit, the stability and solvency of certain financial institutions and other companies, the risk of future inflation as well as deflation in certain markets, central bank intervention in the financial markets, volatile energy costs, the risk of a possible exit from the Eurozone of one or more European states, and geopolitical issues. These factors may adversely affect liquidity, increase volatility, decrease asset prices, erode confidence and lead to wider credit spreads. Difficult economic conditions could also result in increased unemployment and a severe decline in business across a wide range of industries and regions. These market and economic factors could have a material adverse effect on our businesses, results of operations, financial condition and liquidity.

Factors such as consumer spending, business investment, government spending, regulation, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, the Group's activities and the profitability of the Group's business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the Group's financial and insurance products could be adversely affected. In addition, the Group may experience an elevated incidence of lapses or surrenders on certain types of policies, lower surrender rates than anticipated on other types of products and the Group's policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse economic conditions could also lead to declines in the valuation and performance of the Group's investment portfolio, including investments in obligations of adversely affected sovereign or corporate issuers, increased credit losses, impairments of goodwill and other long-lived assets, limitations on the recoverability of deferred tax assets, a decline in new business levels and renewals and higher borrowing costs.

In 2013, the Group's life and non-life segments in France accounted for 82% of the Group's revenues. Given this concentration, a significant deterioration in French economic conditions would have a greater impact on the Group's results of operations and financial condition than would be the case for a group with more internationally diversified activities.

Recent economic and financial conditions in Europe have had and may continue to have an adverse impact on the Group and the markets in which it operates.

European markets have recently experienced significant disruptions that have affected economic growth. Initially originating from concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations, these disruptions have created uncertainty more generally regarding the near-term economic prospects of countries in the European Union, as well as the quality of debt obligations of sovereign debtors in the European Union. There has also been an indirect impact on financial markets in Europe and worldwide.

Since June 2011, a number of European sovereigns and major European financial institutions have been downgraded by credit rating agencies in light of the continuing uncertainty stemming from the European debt crisis and future of the Euro, including in the Group's home market of France, which saw its sovereign obligations downgraded by certain rating agencies in 2011, 2012 and 2013, in some cases resulting in the mechanical downgrading of the credit rating by the same agencies of French commercial banks debt issues, including those of the Issuer's parent, Crédit Agricole S.A. In addition, the crisis has had a particularly strong impact in certain other European countries where the Group operates, including Italy, Portugal, and Greece. Continuing or worsening of the euro-zone crisis could have a material adverse effect on the Group's results of operations or financial condition.

The Group's consolidated solvency margin and the regulatory capital requirements of the Group's insurance subsidiaries may be negatively impacted by adverse capital market conditions, evolving regulatory interpretations and other factors.

At the consolidated Group level, the Group is required to calculate, in accordance with applicable French "Solvency I" regulations, a consolidated solvency margin ratio which represents the Group's total available capital as compared to its required regulatory capital. Under applicable French regulations, 100% is the minimum required consolidated solvency margin for the Group. At 31 December 2013 the Group's consolidated solvency margin was 120% which represented a €2.0 billion capital surplus at that date: (i) €9.9 billion of required capital, versus (ii) €11.9 billion of available capital. The Group's consolidated solvency margin ratio is sensitive to capital market conditions (including the level of interest rates, the level of equity markets and foreign exchange impacts) as well as a variety of other factors.

Management monitors the Group's consolidated solvency margin and the regulatory capital requirements of its insurance subsidiaries on an on-going basis both for regulatory compliance purposes and to ensure that the Group and its subsidiaries are appropriately positioned from a competitive point of view. Insurance regulators generally have broad discretion in interpreting, applying and enforcing their rules and regulations with respect to solvency and regulatory capital requirements and, during periods of extreme financial market turmoil of the type the market has experienced over the recent years, regulators may become more conservative in the interpretation, application and enforcement of these rules which may involve them, for example, imposing increased reserving requirements for certain types of risks, greater liquidity requirements, higher discounts/"haircuts" on certain assets or asset classes, more conservative calculation methodologies or taking other similar measures which may significantly increase regulatory capital requirements.

In the event of a failure by the Group and/or any of its insurance subsidiaries to meet minimum regulatory capital requirements, insurance regulators have broad authority to require or take various regulatory actions including limiting or prohibiting the issuance of new business, prohibiting payment of dividends, and/or, in extreme cases, putting a company into rehabilitation or insolvency proceedings. A failure of any of the Group's insurance subsidiaries to meet their regulatory capital requirements and/or a reduction in the level of their regulatory capital that may negatively impact their competitive position may also result in the Group deciding to inject significant amounts of new capital into its insurance subsidiaries which could adversely affect the Group's liquidity position, results of operations and financial position. Regulatory restrictions that inhibit the Group's ability to freely move excess capital among its subsidiaries or which otherwise restrict fungibility of the Group's capital resources may, depending on the nature and extent of the restrictions, adversely affect the capital position of the Group's operating insurance subsidiaries which may have a consequent negative impact on the Group and the perception of its financial strength. Additional regulatory developments regarding solvency requirements, including the proposed "Solvency II" regime, may lead to further changes in the insurance industry's solvency framework and prudential regime as well as associated

costs. At this stage, uncertainty regarding the final outcome of the implementation process remains, and it is difficult to predict how the regulations resulting from such initiatives and proposals will affect the insurance industry generally or the Group's results of operations, financial condition and liquidity.

Rating agencies also take into account the Group's consolidated solvency margin and the regulatory capital position of its insurance subsidiaries in assessing the Group's financial strength and credit ratings. Rating agencies may make changes to their internal models from time to time that may increase or decrease the amount of capital the Group must hold in order to maintain its current ratings.

Management has developed various contingency plans designed to ensure that the Group's consolidated solvency margin and the regulatory capital levels of its insurance subsidiaries remain well in excess of regulatory minimum requirements and at levels that leave the Group and its subsidiaries well positioned from a competitive point of view. There can be no assurance, however, that these plans will be effective to achieve their objectives and any failure by the Group and/or its insurance subsidiaries to meet minimum regulatory capital requirements and to maintain regulatory capital at competitive levels could have a material adverse effect on the Group's business, liquidity, credit ratings, results of operations and financial position.

Losses due to defaults by financial institution counterparties, reinsurers and/or other third parties could negatively affect the value of the Group's investments and reduce the Group's profitability.

Third parties that owe the Group money, securities or other assets may not pay or perform under their obligations. These parties include private sector and government (or government-backed) issuers whose securities the Group holds in the Group's investment portfolios (including mortgage-backed, asset-backed, government bonds and other types of securities), borrowers under mortgages and other loans that the Group extends, reinsurers to which the Group has ceded insurance risks, customers, trading counterparties, counterparties under swap and other derivative contracts, other counterparties including brokers and dealers, commercial and investment banks, hedge funds, other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions. Many of the Group's transactions with these third parties expose the Group to credit risk in the event of default of the Group's counterparty.

The Group relies on entities in the Crédit Agricole Group to distribute its insurance products and perform a range of other important services.

The Group relies primarily on the networks of banks affiliated with the Crédit Agricole Group to distribute its products. As a result, factors affecting the competitive position, reputation or credit quality of the banks in the Crédit Agricole Group could have an adverse effect on the Group's revenues, reputation and results of operations. Similarly, in countries where the Group distributes its products primarily through other partner banks, factors affecting the reputation, performance or credit quality of those banks could have an adverse impact on sales of the Group's products through those channels.

In addition to the distribution of its products, the Group has also entered into contractual outsourcing arrangements with members of the Crédit Agricole Group and other third-party service providers for a certain other services required in connection with the day-to-day operation of the Group's insurance businesses. Deficiencies in the performance of outsourced services may expose the Group to significant operational, financial and reputational risk.

Credit spread and interest rate volatility may adversely affect the Group's profitability.

The Group's exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads will generally reduce the value of fixed income securities the Group holds (including credit derivatives where the Group assumes credit exposure) and increase the Group's investment income associated with purchases of new fixed income securities in the Group's investment portfolios. Conversely, credit spread tightening will generally increase the value of fixed income securities the Group holds and reduce the Group's investment income associated with new purchases of fixed income securities in the Group's investment portfolios.

Changes in prevailing interest rates may also negatively affect the Group's business. The Group's exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in the interest rates may negatively affect the value of the Group's assets and the Group's ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

During periods of declining interest rates:

- life insurance and retirement savings products may be relatively more attractive to consumers due to minimum guarantees in these products, resulting in increased premium payments on products with flexible premium features, and a higher percentage of insurance policies and retirement savings contracts remaining in force from year-to-year, creating asset liability duration mismatches;

- the Group may be required to increase provisions for guarantees included in life insurance and retirement savings contracts, as the guarantees become more valuable to policy holders and surrender and lapse assumptions require updating; and

- the Group's investment earnings may decrease due to a decline in interest earnings on the Group's fixed income investments.

Conversely, in periods of increasing interest rates:

- surrenders of life insurance policies and retirement savings contracts may increase as policyholders choose to forego insurance protection and seek higher investment returns;

- obtaining cash to satisfy these obligations following such surrenders may require the Group to liquidate fixed maturity investments at a time when market prices for those assets are depressed because of increases in interest rates which may result in realized investment losses and decrease the Group's net income;

- accelerated surrenders may also cause the Group to accelerate amortization of deferred policy acquisition costs, which would reduce the Group's net income;

- the Group's fee income may decrease due to a decline in the value of account balances invested in fixed income funds;

- there may be a decrease in the estimated fair value of certain fixed income securities the Group holds in the Group's investment portfolios, resulting in reduced levels of unrealized capital gains available to the Group, which could negatively impact the Group's solvency margin position and net income; and

- the Group may be required, as an issuer of securities, to pay higher interest rates on debt securities the Group issues in the financial markets from time to time to finance the Group's operations or its regulatory capital requirements, which would increase the Group's interest expenses and reduce the Group's results of operations.

The Group's mitigation efforts with respect to interest rate risks are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration that is approximately equal to the duration of the Group's estimated liability cash flow profile. However, the Group's estimate of the liability cash flow profile may be inaccurate and the Group may be forced to liquidate investments prior to maturity at a loss in order to cover the liability. Although the Group takes measures to manage the economic risks of investing in a changing interest rate environment, the Group may not be able to mitigate the interest rate risk of the Group's assets relative to the Group's liabilities.

Ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors (such as lack of market liquidity, declines in equity prices and the strengthening or weakening of foreign currencies against the Euro, and/or structural reforms or other changes made to the Euro, the Eurozone or the European Union), could have a material adverse effect on the Group's

consolidated results of operations, financial position or cash flows through realized losses, impairments, and changes in unrealized gains and loss positions.

Fluctuations in currency exchange rates may affect the Group's reported earnings.

The Group publishes its consolidated financial statements in Euro. A portion of the Group's insurance gross premiums and financial services revenues, as well as the Group's benefits, claims and other deductions were denominated in currencies other than the Euro. The Group's obligations are denominated either in Euro or other currencies, the value of which is subject to foreign currency exchange rate fluctuations.

While the Group seeks to manage its exposure to foreign currency fluctuations through hedging, fluctuations in the exchange rates may have a significant impact on the Group's results of operations, cash flows, shareholders' equity and solvency. For example, a strengthening or weakening of the Euro against the US Dollar and/or certain other currencies may adversely affect the Group's results of operations and the price of its securities. In addition, the currency hedges used by the Group to manage foreign exchange rate risk may significantly impact its cash position.

A sustained increase in the inflation rate in the Group's principal markets would have multiple impacts on the Group and may negatively affect the Group's business, solvency position and results of operations.

A sustained increase in the inflation rate in the Group's principal markets could have multiple impacts on the Group and may negatively affect the Group's business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates, with the consequences noted above. A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. In addition, in the context of certain property and casualty risks underwritten by impact the Group's insurance subsidiaries a sustained increase in inflation may result in (i) claims inflation (i.e. an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves which would negatively impact the Group's results of operations. A failure to accurately anticipate higher inflation and factor it into the Group's product pricing assumptions may also underwriting losses which would negatively impact the Group's results of operations.

A downgrade in the Group's claims paying ability and credit strength ratings could adversely impact the Group's business, results of operations and financial condition.

Claims paying ability and credit strength ratings are important factors in establishing the competitive position of insurance companies. Rating agencies review their ratings and rating methodologies on a recurring basis and may change their ratings at any time. Consequently, the Group's current ratings may not be maintained in the future. A downgrade or the potential for a downgrade of the Group's ratings could have a variety of negative impacts including (i) damaging the Group's competitive position, (ii) negatively impacting the Group's ability to underwrite new insurance policies, (iii) increasing the levels of surrenders and termination rates of the Group's in-force policies, (iv) increasing cost of obtaining reinsurance, (v) negatively impacting the Group's ability to obtain financing and/ or increasing the Group's cost of financing, (vi) triggering additional collateral requirements under certain agreements to which the Group is party, (vii) harming the Group's relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in the Group. Any of these developments could have a material adverse effect on the Group's business, liquidity position, results of operations, revenues and financial condition.

The Group's valuation of certain investments may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect the Group's results of operations and financial condition.

Certain of the Group's investment assets, for which there is no active trading market or other observable market data, are valued using models and methodologies that involve estimates, assumptions and significant management judgment. During periods of market disruption, a larger portion of the Group's investment assets may be valued using these models and methodologies as a result of less frequent trading or less observable market data with respect to certain asset classes that were previously actively traded in liquid markets. There can be no assurance that the Group's valuations on the basis of these models and methodologies represent the price for which a security may ultimately be sold or for which it could be sold at any specific point in time. Use of different models, methodologies and/or assumptions may have a material impact on the estimated fair value amounts and could have a material adverse effect on the Group's results of operations and financial condition.

The determination of the amount of allowances and impairments taken on the Group's investments requires use of significant management judgment in certain cases, particularly for debt instruments, and could materially impact the Group's results of operations or financial position.

The determination of the amount of allowances and impairments under the Group's accounting principles and policies with respect to investments varies by investment type and is based upon the Group's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. In considering impairments, management considers a wide range of factors and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and the prospects for near-term recovery. For certain asset classes, particularly debt instruments, management's evaluation involves a variety of assumptions and estimates about the operations of the relevant issuer and its future earnings potential. The need for additional impairments and/or allowances may have a material adverse effect on the Group's consolidated results of operations and financial position.

The Group's hedging programs may be inadequate to protect the Group against the full extent of the exposure or losses the Group seeks to mitigate which may negatively impact the Group's business, results of operations and financial condition.

The Group uses derivatives to hedge certain, but not all, risks under guarantees provided to the Group's clients. These hedging techniques are designed to reduce the economic impact of unfavorable changes to certain of the Group's exposures under the guarantees due to movements in the equity and fixed income markets and other factors. In certain cases, however, the Group may not be able to effectively hedge the Group's risks as intended or expected or may choose not to hedge certain risks because the derivative market(s) in question may not be of sufficient size or liquidity, the cost of hedging may be too expensive (as a result of adverse market conditions or otherwise), the nature of the risk itself may limit the Group's ability to effectively hedge or for other reasons. This may result in higher realized losses and unanticipated cash needs to collateralize or settle transactions. In addition, hedging counterparties may fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralized. The operation of the Group's hedging program is based on models involving numerous estimates and management judgments. The Group's hedging program may change in time and there can be no assurance that ultimate actual experience will not differ materially from the Group's assumptions, which could adversely impact the Group's results of operations and financial condition.

The assumptions the Group uses to determine the appropriate level of insurance reserves involve a significant degree of management judgment and predictions about the future that are inherently uncertain; if these assumptions are not correct, they may have an adverse impact on the Group's results of operations or relevant performance indicators.

The establishment of insurance reserves, including the impact of minimum guarantees are inherently uncertain processes involving assumptions about factors such as policyholder behavior (e.g. lapses, persistency, etc.), court decisions, changes in laws and regulations, social, economic

and demographic trends, inflation, investment returns and other factors, and, in the life insurance business, assumptions concerning mortality and morbidity trends. The use of different assumptions about these factors could have a material effect on insurance reserves and underwriting expenses as well as performance indicators followed by investors.

If the loss reserves established for the Group's property and casualty and international insurance businesses are insufficient, the Group's earnings will be adversely affected.

In accordance with industry practices and accounting and regulatory requirements, the Group establishes reserves for claims and claims expenses related to the Group's property and casualty and international insurance businesses. Reserves do not represent an exact calculation of liability, but instead represent estimates, generally using actuarial projection techniques at a given accounting date. These reserve estimates are expectations of what the ultimate settlement and administration of claims will cost based on the Group's assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity, frequency, legal theories of liability and other factors. No assurance can be given that ultimate losses will not materially exceed the Group's claims reserves and have a material adverse effect on the Group's results of operations.

Claims experienced could be inconsistent with the assumptions the Group uses to price the Group's products and establish the Group's reserves and adversely affect the Group's earnings.

The Group's earnings depend significantly upon the extent to which the Group's actual claims experience is consistent with the assumptions the Group uses in setting the prices for the Group's products and establishing the liabilities for obligations for technical provisions and claims. The Group uses both its own experience and industry data to develop estimates of future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates and emerging risks such as pandemic diseases could result in loss experience inconsistent with the Group's pricing and reserving assumptions. To the extent that the Group's actual benefits paid to policyholders are less favorable than the underlying assumptions used in initially establishing the future policy benefit reserves, or events or trends cause the Group to change the underlying assumptions, the Group may be exposed to greater than expected liabilities, which may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's insurance operations are exposed to the risk of catastrophic events. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, man-made catastrophes may produce significant damage or loss of life or property damage in larger areas, especially those that are heavily populated. Similarly, the Group's life insurance operations are exposed to the risk of catastrophic mortality, such as a pandemic or other event that causes a large number of deaths. Significant influenza pandemics have occurred three times in the last century; however, the likelihood, timing, and severity of a future pandemic cannot be predicted. A significant pandemic could have a major impact on the global economy or the economies of particular countries or regions, including travel, trade, tourism, the health system, food supply, consumption, overall economic output and, eventually, on the financial markets. The effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of such a pandemic could have a material impact on the losses experienced by the Group.

Claims resulting from catastrophic events could cause substantial volatility in the Group's financial results and could materially reduce its profitability or harm its financial condition. In addition, catastrophic events could harm the financial condition of issuers of obligations the Group holds in its investment portfolio, resulting in impairments to these obligations, and the financial condition of its reinsurers, thereby increasing the probability of default on reinsurance recoveries. Large-scale catastrophes may also reduce the overall level of economic activity in affected countries which could hurt the Group's business and the value of its investments or ability to write new business. It is possible that increases in the value, caused by the effects of inflation or other factors, and geographic concentration of insured lives or property, could increase the severity of claims the Group receives from future catastrophic events. Although the Group takes efforts to limit its exposure to catastrophic risks through volatility management and reinsurance programs, these efforts do not eliminate all risk.

Catastrophes can be caused by various events, including hurricanes, windstorms, earthquakes, hail, tornadoes, explosions, severe winter weather (including snow, freezing water, ice storms and blizzards), fires and man-made events such as terrorist attacks. Due to their nature, the Group cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may increase the frequency and severity of natural catastrophes such as hurricanes. While the Group attempts to limit its exposure to acceptable levels, subject to restrictions imposed by insurance regulatory authorities, a catastrophic event or multiple catastrophic events could have a material adverse effect on the Group's business, results of operations and financial condition. The Group's ability to manage this risk depends in part on its ability to obtain catastrophe reinsurance, which may not be available at commercially acceptable rates in the future.

Increases in the severity or frequency of natural or man-made disasters could result in greater than expected losses and adversely affect the Group's results of operations.

Over the past several years, changing weather patterns and climatic conditions, including global warming, have added to the unpredictability and frequency of natural disasters (including hurricanes, windstorms, hailstorms, earthquakes, fires, explosions, freezes and floods) and, together with man- made disasters and core infrastructure failures (including acts of terrorism, military actions, power grid and telephone/internet infrastructure failures), created additional uncertainty as to future trends and exposures. If the Group is unable to successfully manage its exposure to these risks, it could experience significant losses that could adversely affect its results of operations.

Default of a reinsurer or increased reinsurance costs could adversely affect net income.

The Group enters into reinsurance contracts to limit its risk. Under these arrangements, other reinsurers assume a portion of the claims and related expenses in connection with insurance policies the Group writes. The availability, amount and cost of reinsurance depend on prevailing market conditions, in terms of price and available capacity, which may vary significantly.

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for the Group, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them. Although the Group initially places its reinsurance with reinsurers that the Group believes to be financially stable, this may change adversely by the time recoveries are due which could be many years later. A reinsurer's failure to make payment under the terms of a significant reinsurance contract would have a material adverse effect on the Group's businesses, financial condition and results of operations. In addition, after making large claims on the Group's reinsurers, the Group may have to pay substantial reinstatement premiums to continue reinsurance cover.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

Inadequate or failed processes or systems, human factors or external events may adversely affect the Group's profitability, reputation or operational effectiveness.

Operational risk is inherent in the Group's business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements), information systems malfunctions or failures, hacking incidence and/or other unauthorized intrusions into the Group's websites and/or information systems, regulatory breaches, human errors, employee misconduct, and external fraud. the Group also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries the Group uses to facilitate securities transactions. These events can potentially result in financial loss, impairment to the Group's liquidity, a disruption of the Group's businesses, regulatory sanctions or damage to the Group's reputation.

The Group faces strong competition in all of its business segments.

There is substantial competition among general insurance companies in France and the other jurisdictions in which the Group does business. Some the Group's competitors may benefit from greater financial and marketing resources or name recognition than the Group. The recent consolidation in the global financial services industry has also enhanced the competitive position of some of the Group's competitors compared to the Group by broadening the range of their products and services, and increasing their distribution channels and their access to capital.

The Group's competitors include not only other insurance companies, but also mutual fund companies, asset management firms, private equity firms, hedge funds and commercial and investment banks, many of which are regulated differently than the Group is and may be able to offer alternative products or more competitive pricing than the Group.

In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the internet, may result in increasing competition as well as pressure on margins for certain types of products. While the Group seeks to maintain premium rates at targeted levels, the effect of competitive market conditions may have a material adverse effect on the Group's market share and financial condition. These competitive pressures could result in increased pricing pressures on a number of the Group's products and services, particularly as competitors seek to win market share, which could harm the Group's ability to market certain products profitably.

Changes in government policy, regulation or legislation in the countries in which the Group operates may affect the Group's profitability.

The Group is subject to extensive regulation and supervision in the various jurisdictions in which its French and international insurance subsidiaries do business. Applicable regulations relate to a range of matters, including licensing and examination, rate setting, trade practices, policy reforms, limitations on the nature and amount of certain investments, underwriting and claims practices, mandated participation in shared markets and guarantee funds, adequacy of the Group's claims provisions, capital and surplus requirements, insurer solvency, transactions between affiliates, the amount of dividends that may be paid and underwriting standards. Such regulation and supervision is primarily for the benefit and protection of policyholders and not for the benefit of investors. In some cases, regulation in one country may affect business operations in another country. As the amount and complexity of these regulations increase, so will the cost of compliance and the risk of non-compliance. If the Group does not meet regulatory or other requirements, the Group may suffer penalties including fines, suspension or cancellation of its insurance licenses which could adversely affect the Group's ability to do business. In addition, significant regulatory action against the Group could have material adverse financial effects, cause significant reputational harm or harm the Group's business prospects.

In addition, the Group may be adversely affected by changes in government policy or legislation applying to companies in the insurance industry. These include possible changes in regulations covering pricing and benefit payments for certain statutory classes of business, the deregulation and nationalization of certain classes of business, the regulation of selling practices, the regulations covering policy terms and the imposition of new taxes and assessments or increases in existing taxes and assessments. Regulatory changes may affect the Group's existing and future businesses by, for example, causing customers to cancel or not renew existing policies or requiring the Group to change its range of products or to provide certain products and services, redesign its technology or other systems, retrain its staff, pay increased tax or incur other costs. It is not possible to determine what changes in government policy or legislation will be adopted in any jurisdiction in which the Group operates and, if so, what form they will take or in what jurisdictions they may occur. Insurance laws or regulations that are adopted or amended may be more restrictive than the Group's current requirements, may result in higher costs or limit the Group's growth or otherwise adversely affect the Group's operations.

Similarly, changes to the tax laws in France or in other countries where the Group operates may have adverse consequences either on some the Group products and reduce their attractiveness, especially those that currently receive favorable tax treatment, or on the Group's own tax expense. Examples of such changes include the tax treatment of life insurance savings products and retirement

savings plans, which frequently provide important tax incentives or disincentives to investing in some asset classes or product categories.

Risks Relating to the Notes

The Notes are subordinated obligations of the Issuer.

The Obligations of the Issuer under the Notes in respect of principal, interest and other amounts are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank (i) subordinated to all direct, unconditional, unsecured and unsubordinated obligations of the Issuer; (ii) *pari passu* without any preference among themselves and with all other subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to the Notes; and (iii) in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by the Issuer, any deeply subordinated notes issued by the Issuer, and any class of share capital, whether represented by ordinary shares or preference shares (*actions de préférence*) issued by the Issuer.

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of judicial rehabilitation (*redressement judiciaire*), the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any reason, the rights of the Noteholders in respect of principal, interest (including any outstanding Arrears of Interest and/or Additional Interest Amount) will be subordinated to the payments of claims of other creditors of the Issuer (other than subordinated claims) including insurance companies and entities referred to in article R.322-132 of the French *Code des assurances* reinsured by the Issuer, and holders of insurance policies issued by such entities and creditors with respect to unsubordinated obligations.

In the event of incomplete payment of creditors ranking senior to holders of the Notes (in the context of voluntary or judicial liquidation of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer) the obligations of the Issuer in connection with the Notes and relative interest will be terminated.

Thus, the Noteholders face a higher performance risk than holders of unsubordinated obligations of the Issuer.

Deferrals of Interest Payments.

On any Optional Interest Payment Date (as defined in "*Terms and Conditions of the Notes—Interest*"), the Issuer may, at its option, elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

On any Mandatory Interest Deferral Date (as defined in "*Terms and Conditions of the Notes*") (other than a Compulsory Interest Payment Date), the Issuer will be obliged to defer payment of all (but not some only) of the interest accrued to that date, provided however that if the Relevant Supervisory Authority accepts that interest accrued in respect of the Notes during such Interest Period can be paid (to the extent the Relevant Supervisory Authority can give such consent in accordance with the Applicable Supervisory Regulations, as defined in "*Terms and Conditions of the Notes*"), the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred shall so long as they remain outstanding constitute Arrears of Interest and shall be payable subject to the fulfillment of the Conditions to Settlement as outlined in Condition 5.10(iii) of the Terms and Conditions of the Notes.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Early redemption risk.

Subject to the Prior Approval of the Relevant Supervisory Authority, the Issuer may redeem the Notes in whole, but not in part, on the Interest Payment Date falling on the First Call Date or on any Interest Payment Date thereafter.

The Issuer may also, at its option, redeem the Notes in whole, but not in part, upon the occurrence of certain events, including a Gross-up Event, a Tax Deductibility Event, a Capital Disqualification Event, an Accounting Event or a Rating Methodology Event, as further described in "*Terms and Conditions of the Notes—Redemption and Purchase*".

Moreover, in certain circumstances the Issuer shall be required to redeem the Notes.

Such redemptions will be exercised at the principal amount of the Notes together with interest accrued to the date of redemption, any Arrears of Interest and Additional Interest Amounts (if any) thereon at such date.

The redemption at the option of the Issuer may affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

No scheduled redemption.

The Notes are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Notes at any time, except as provided in Condition 6 of the Notes (Redemption and Purchase) and, in any event, subject always to the Prior Approval of the Relevant Supervisory Authority (as defined in "*Terms and Conditions of the Notes*"). There will be no redemption at the option of the Noteholders.

There are no events of default under the Notes.

The Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Notes contain no limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes or preventing the Issuer from pledging its assets.

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment. In addition, the Notes do not contain any "negative pledge" or similar clause, meaning that the Issuer and its subsidiaries and affiliates may pledge its or their assets to secure other obligations without granting similar security in respect of the Notes.

Any decline in the credit rating of the Issuer may affect the market value of the Notes.

Standard & Poor's has assigned a A- (negative outlook) rating to the Issuer and is expected to assign an initial rating of BBB- to the Notes. Standard & Poor's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Optional redemption, exchange or variation of the Notes.

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible, (x) before the implementation of the Solvency II Directive, for the purpose of the determination of the solvency margin or capital adequacy levels of the Issuer or (y) following the implementation of the Solvency II Directive as at least "tier two" own funds regulatory capital (including any grandfathering provision thereof) (or whatever the terminology employed by future regulations) for the purpose of the determination of the regulatory capital of the Issuer.

The Issuer's expectation is based on its review of available information relating to the implementation of Solvency II. However, such information has not been finalised and is subject to change prior to its implementation of Solvency II.

In particular, there continue to be material uncertainties around the impact of the more detailed technical requirements of Solvency II. The new framework will, among other things, cover the definition of "own funds" capital and, accordingly, will set out the features which any capital must have in order to qualify as regulatory capital. This new framework also contains grandfathering provisions applying to capital instruments issued before the implementation of the Solvency II Directive, such as the Notes. However the grandfathering regime contained in the so-called Omnibus II Directive, which has been voted by the Parliament on 11 March 2014 and published on 22 May 2014, remains subject to interpretation by the regulators, including the Relevant Supervisory Authority. Thus, even if the Issuer expects the Notes to be eligible for grandfathering as at least 'tier two' following the implementation of the Solvency II Directive, it cannot be certain that this will be the case.

These features are not expected to be settled until, at the earliest, "level two" implementation measures and "level three" guidance relating to Solvency II are finalised during 2015 and there can be no assurance that, following their initial publication, the "level two" implementation measures and "level three" guidance will not be amended. Moreover, there is considerable uncertainty as to how regulators, including the ACPR, will interpret the Solvency II Directive, the "level two" implementation measures and/or "level three" guidance and apply them to the Issuer or the Group.

Accordingly, there is a risk that, after the issue of the Notes, a Regulatory Event may occur which would entitle the Issuer, without the consent or approval of the Noteholders, to exchange or vary the Notes, subject to not being prejudicial to the interest of the Noteholders and subject to such Exchanged or Varied Notes being legal, valid and enforceable, so that after such exchange or variation they would be eligible as provided for under (x) or (y) above.

Alternatively, the Issuer reserves the right, under the same circumstances, to redeem the Notes early as further described in "Early redemption risk" above and in "*Terms and Conditions of the Notes— Redemption and Purchase*".

In such a case, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to reinvest at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may also be redeemed, exchanged or varied without the consent of the Noteholders further to a Capital Disqualification Event, an Accounting Event, a Gross-Up Event, a Tax Deductibility Event or a Rating Methodology Event (each a "**Special Event**").

However, in the event that, following the implementation of the Solvency II Directive, the option of the Issuer (i) to redeem the Notes following a Special Event or (ii) to redeem or to exchange the Notes or vary the terms of the Notes further to the occurrence of a Special Event, would prevent at any time, on and from the First Call Date, the Notes from being treated under the Applicable Supervisory Regulations as applicable (including for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the Applicable Supervisory Regulations) of the Issuer and/or the Group for the purposes of the determination of the Issuer's solvency margin or regulatory capital, the terms of the Notes shall automatically be varied by the Issuer to exclude the relevant options.

Taxation.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in the Noteholder's home jurisdication or in other jurisdictions in which it is required to pay taxes (including, where applicable, the country where the Notes are transferred). In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Certain French, U.S. and EU tax matters relating to an investment in the Notes are summarized under the section entitled "*Taxation*" below; however, that section does not contain a comprehensive description of the tax impact of an investment in the Notes and the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. Potential investors cannot rely upon such tax summary contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

U.S. Foreign Account Tax Compliance Act Withholding.

The U.S. Foreign Account Tax Compliance Act (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation*".

EU Savings Directive.

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), a Member State is required to provide to the tax authorities of another Member State details of certain payments of interest or similar income paid or secured by a person established within its jurisdiction to or for the benefit of an individual resident in or certain limited types of entities established in that other Member State. However, for a transitional period, Austria (unless during such period it elects otherwise) instead imposes a withholding system in relation to such payments

(subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). Luxembourg operated such a withholding system until 31 December 2014, but the Luxembourg government has elected out of the withholding system in favor of automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories have adopted similar measures to the Savings Directive.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending the Savings Directive (the "**Amending Directive**"), which will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and will require additional steps to be taken, in certain circumstances to identify the beneficial owner of interest (and other income) payments through a look-through approach. The Member States are required to apply these new requirements from 1 January 2017. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the Amending Directive on their investment. See also "*Taxation—EU Savings Directive*".

Pursuant to the Terms and Conditions of the Notes, if, as a result of the Savings Directive (as amended from time to time) or as a result of any law implementing or complying with, or introduced in order to conform to such Directive, a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive (as amended from time to time) and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as a result of the imposition of such withholding tax. Investors should choose their custodians or intermediaries with care, and provide each custodian or intermediary with any information that may be necessary to enable such person to make payments free from withholding and in compliance with the Savings Directive (as amended from time to time).

Each Noteholder is responsible under the Terms and Conditions of the Notes for supplying to the Paying Agent, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the Savings Directive (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive.

The proposed financial transactions tax.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax (the "**FTT**") to be implemented under the enhanced cooperation procedure by eleven Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The FTT would impose a charge at generally not less than 0.1% of the sale price on such transactions. As a consequence, transactions in the Notes would be subject to higher costs and the liquidity of the market for the Notes may be diminished.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated the intention of participating countries to implement the FTT progressively, focusing initially on the taxation of shares and certain derivatives. The first steps would be implemented at the latest on 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

French insolvency law.

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation procedure (*procédure de sauvegarde, procédure de sauvegarde accélérée* or *procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) and regardless of their governing law.

The Assembly deliberates on the draft safeguard plan (*projet de plan de sauvegarde, projet de plan de sauvegarde accélérée* or *projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares or securities that give or may give access to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable in these circumstances.

Liquidity risks and market value of the Notes.

There is currently no existing market for the Notes and there can be no assurance that a liquid market will develop. The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes or the reference rate are traded, the financial condition and the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in certain circumstances such investors could suffer loss of their entire investment.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €1,000,000,000 Undated Subordinated Resettable Notes (the "**Notes**") of Crédit Agricole Assurances S.A. (the "**Issuer**") was decided by Jérôme Grivet, Chief Executive Officer (*Directeur Général*) of the Issuer, on 8 January 2015 acting pursuant to the resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 12 December 2014 and a resolution of the general meeting of the shareholders dated 19 June 2013. The Issuer has entered into a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 9 January 2015 with CACEIS Corporate Trust as fiscal agent and principal paying agent. The fiscal agent, the principal paying agent and the calculation agent for the time being and the paying agents are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**", the "**Calculation Agent**" and the "**Paying Agents**" (which expression shall include the Principal Paying Agent and any future paying agent duly appointed by the Issuer in accordance with the Fiscal Agency Agreement), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the "**Agents**". Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below. References in these Conditions to any provision of the French *Code de commerce* or the French *Code monétaire et financier* or any other law or decree shall be construed as references to such provision as amended, re-enacted or supplemented by any order made under, or deriving validity from, such provision.

1. Definitions

"**5-year Mid-Swap Rate**" means, in relation to a Reset Date:

(a) the annual mid-swap rate for euro swap transactions having a maturity of five (5) years commencing on the relevant Reset Date, expressed as a percentage, which appears on the Screen Page as of 11.00 a.m. (Central European Time) on the relevant Reset Rate Interest Determination Date; or

(b) if such rate does not appear on the Screen Page at such time on the Reset Rate Interest Determination Date, the Reset Reference Bank Rate.

"**5-year Mid-Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

(a) has a term of five (5) years commencing on the relevant Reset Date; and

(b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market,

where the floating leg (calculated on an Actual/360 day count basis) is equivalent to the rate for the six (6) month Euribor.

"**Account Holders**" shall mean any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

"**Accounting Event**" means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that as a result of any change in, or amendment to, the Applicable Accounting Standards the Notes must not, or must no longer be, recorded as "equity" in the consolidated financial statements of the Issuer

and this cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

"**Additional Amounts**" has the meaning ascribed to it in Condition 8.

"**Additional Interest Amount**" has the meaning ascribed to it in Condition 5.10.

Applicable Accounting Standards" means the International Financial Reporting Standards (IFRS), as applicable at the relevant dates and for the relevant periods, or other accounting principles generally accepted in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applied by the Issuer which subsequently supersede them.

"**Applicable Supervisory Regulations**" means the solvency margin, capital adequacy regulations or any other regulatory capital rules (including the guidelines and recommendations of the European Insurance and Occupational Pensions Authority, the official application or interpretation of the Relevant Supervisory Authority and any applicable decision of any court or tribunal) from time to time in effect in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable to the Issuer, which would lay down the requirements to be fulfilled by financial instruments for inclusion in at least "tier two" own funds regulatory capital as opposed to "tier one" own funds regulatory capital or "tier three" own funds regulatory capital (or, if different, whatever terminology may be retained), including any grandfathering provision thereof, for group solvency purposes. For the avoidance of doubt, Applicable Supervisory Regulations include, without limitation, any future implementing measures of the Solvency II Directive in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction).

"**Arrears of Interest**" has the meaning ascribed to it in Condition 5.10.

"**Business Day**" means any day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Paris and a TARGET 2 Settlement Day.

"**Capital Disqualification Event**" has the meaning ascribed to it in Condition 6.4.

"**Compulsory Interest Payment Date**" means each Interest Payment Date prior to which during a period of twelve (12) months prior to such Interest Payment Date a discretionary dividend in any form on any ordinary or preference shares of the Issuer has been declared or paid, unless, on or after the First Call Date, such Interest Payment Date constitutes a Mandatory Interest Deferral Date.

"**Conditions to Redemption**" has the meaning ascribed to it in Condition 6.11.

"**Conditions to Settlement**" means the conditions that are satisfied on any day with respect to any payment of Arrears of Interest and Additional Interest Amounts, if any, if (i) no Regulatory Deficiency has occurred and is continuing or would be caused by the payment of the Arrears of Interest, unless the Prior Approval of the Relevant Supervisory Authority has been given (to the extent such consent is required by, and may be given under, the Applicable Supervisory Regulations), and (ii) the Solvency II Directive has been implemented on or prior to such day, and the Prior Approval of the Relevant Supervisory Authority has been given, but only to the extent that under the then Applicable Supervisory Regulations such consent is required at the time in order for the Notes to qualify at least as "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then

Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital.

"**Day Count Fraction**" means the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

"**Exchanged Notes**" has the meaning ascribed to it in Condition 6.7.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"**First Call Date**" means 13 January 2025.

"**Gross-Up Event** has the meaning ascribed to it in Condition 6.3.

"**Group**" means the Issuer and its consolidated subsidiaries.

"**Initial Period**" means the period from (and including) the Issue Date to (but excluding) the First Call Date.

"**Initial Rate of Interest**" means 4.250 per cent *per annum*.

"**Interest Payment Date**" means 13 January in each year from (and including) 13 January 2016.

"**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next (or first) Interest Payment Date.

"**Issue Date**" means 13 January 2015.

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which the Noteholders and the Principal Paying Agent have been notified by the Issuer pursuant to sub-paragraph (iv) of Condition 5.10 below confirming that (i) a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date or (ii) the payment of such interest would in itself cause a Regulatory Deficiency.

"**Margin**" means 4.50 per cent. *per annum*.

"**Noteholder**" means any person whose name appears in the account of the relevant Account Holder as being entitled to the Notes.

"**Optional Interest Payment Date**" has the meaning ascribed to it in Condition 5.10.

"**Principal Amount**" means Euro 100,000, being the principal amount of each Note on the Issue Date (as defined below).

"**Prior Approval of the Relevant Supervisory Authority**" means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under the then Applicable Supervisory Regulations, and provided that such approval has not been withdrawn by the date set for redemption, exchange, variation or payment, as the case may be.

"**Rate of Interest**" means:

(i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

(ii) in the case of each Interest Period thereafter, the relevant Reset Rate of Interest,

all as determined by the Calculation Agent in accordance with Condition 5.

"**Rating Agency**" means Standard & Poor's Ratings Services (Standard & Poor's) or any successor thereto.

"**Rating Methodology Event**" will be deemed to occur upon a change in the methodology of the Rating Agency (as defined above) (or in the interpretation of such methodology) as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such Rating Agency at or around the Issue Date.

"**Redemption Amount**" means, in respect of any Note, its principal amount, together with interest accrued up to but excluding the date of redemption, Arrears of Interest and Additional Interest Amounts, if any.

"**Regulatory Deficiency**" means:

(i) before the implementation of the Solvency II Directive, the consolidated solvency margin of the Group falls below 100 per cent. of the required consolidated solvency margin or any applicable solvency margin or capital adequacy levels as applicable under Applicable Supervisory Regulations; or

(ii) following the implementation of the Solvency II Directive, the own funds regulatory capital (or, if different, whatever the terminology employed by the then Applicable Supervisory Regulations) of the Group is not sufficient to cover its capital requirement (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) and a deferral of interest or principal, as applicable is required under such then Applicable Supervisory Regulations; or

(iii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer, that in accordance with the then Applicable Supervisory Regulations at such time, the Issuer must take specified action in relation to payments under the Notes.

"**Relevant Date**" has the meaning ascribed to it in Condition 8.

"**Relevant Five Year Period**" means each five year period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date.

"**Relevant Supervisory Authority**" means any relevant regulator having jurisdiction over the Group, in the event that the Group is required to comply with certain applicable solvency margins or capital adequacy levels. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution* (the "**ACPR**").

"**Reset Date**" means, in respect of the first Relevant Five Year Period, the First Call Date and, in respect of each successive Relevant Five Year Period, any fifth anniversary date of that date.

"**Reset Rate Interest Determination Date**" means, in respect of the first Relevant Five Year Period, the second Business Day prior to the First Call Date and, in respect of each Relevant Five Year Period thereafter, the day falling two (2) Business Days prior to the first day of each Relevant Five Year Period.

“**Reset Rate of Interest**” means the sum of (a) the 5-year Mid-Swap Rate determined on the day falling two (2) Business Days prior to the first day of each Relevant Five Year Period plus (b) the Margin.

“**Reset Reference Bank Rate**” means the rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European Time) on the Reset Rate Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one (1) of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two (2) quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be equal to the last 5-year Mid-Swap Rate available on the Screen Page as determined by the Calculation Agent.

“**Reset Reference Banks**” means five leading swap dealers in the interbank market as selected by the Calculation Agent.

“**Screen Page**” means the display page on the relevant Reuters information service designated as the "ISDAFIX2" page or such other page as may replace it on that information service, or on such other equivalent information service as may be nominated by the person providing or sponsoring such information, for the purpose of displaying equivalent or comparable rates to the 5-year Mid-Swap Rate.

“**Solvency II Directive**” means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) as amended from time to time, the further legislative acts of the European Union enacted in relation thereto and the French legislation implementing the same.

“**Special Event**” has the meaning ascribed to it in Condition 6.7.

“**TARGET 2 Settlement Day**” means any day on which the TARGET 2 System is operating.

“**TARGET 2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

“**Tax Deductibility Event**” has the meaning ascribed to it in Condition 6.3.

“**Varied Notes**” has the meaning ascribed to it in Condition 6.7.

2. Form, Denomination and Title

The Notes are issued on the Issue Date in dematerialised bearer form (*au porteur*) in the denomination of Euro 100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France (“**Euroclear France**”), which shall credit the accounts of the Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. Status of the Notes

The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce*.

The Obligations of the Issuer under the Notes in respect of principal, interest and other amounts are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank:

i. subordinated to all direct, unconditional, unsecured and unsubordinated obligations of the Issuer;

ii. *pari passu* without any preference among themselves and with all other subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to the Notes; and

iii. in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by the Issuer, any deeply subordinated notes issued by the Issuer, and any class of share capital, whether represented by ordinary shares or preference shares (*actions de préférence*) issued by the Issuer.

4. Negative Pledge

There will be no negative pledge in respect of the Notes.

5. Interest

5.1 Interest rate: Each Note bears interest at the applicable Rate of Interest from (and including) the Issue Date and interest shall be payable annually in arrear on each Interest Payment Date as provided in Condition 7 (Payments).

5.2 Interest to (but excluding) the First Call Date: The applicable Rate of Interest for each Interest Period falling in the Initial Period will be equal to the Initial Rate of Interest.

5.3 Interest from (and including) the First Call Date: Thereafter in respect of each successive five-year period (each a Relevant Five Year Period) from (and including) the First Call Date, the applicable Rate of Interest will be equal to the relevant Reset Rate of Interest, as determined by the Calculation Agent.

5.4 Determination of Reset Rate of Interest: The Calculation Agent will, as soon as practicable after 11:00 a.m. (Central European Time) on each Reset Rate Interest Determination Date, calculate the Reset Rate of Interest.

5.5 Publication of Reset Rate of Interest: The Calculation Agent will cause the relevant Reset Rate of Interest determined by it to be notified to the Principal Paying Agent (if not the Calculation Agent) as soon as practicable after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 12 (Notices).

5.6 Calculation of amount of interest per Principal Amount: The amount of interest payable in respect of the Principal Amount for any period shall be calculated by:

(a) applying the applicable Rate of Interest to the Principal Amount;

(b) multiplying the product thereof by the Day Count Fraction; and

(c) rounding the resulting figure to the nearest Euro cent (half a Euro cent being rounded upwards).

5.7 Interest Accrual

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant interest rate as specified in this Condition 5 on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

5.8 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

5.9 Calculation Agent

The Fiscal Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Reset Rate of Interest, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

The Calculation Agent shall cause the Reset Rate of Interest, the Margin and the interest amount for each Interest Period following the First Call Date and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed and to the Noteholders as soon as possible after their determination.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 12 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

5.10 Interest Deferral

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date ending immediately prior to such Interest Payment Date, subject to the provisions of the following paragraphs. The interest to be paid will be calculated on the basis of the Principal Amount of the Notes outstanding.

(i) *Optional Interest Payment Dates*

On any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date (an "**Optional Interest Payment Date**"), the Issuer may, at its option, elect by notice to (x) the Noteholders in accordance with Condition 12 and (y) the Fiscal Agent pursuant to sub-paragraph (iv) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date in which case interest on the Notes will be payable and will not be deferred.

Any interest not paid on an Optional Interest Payment Date and deferred in accordance with such paragraph shall so long as the same remains outstanding constitute arrears of interest ("**Arrears of Interest**") and shall become due and payable as set out below.

(ii) *Mandatory Interest Deferral Dates*

On any Mandatory Interest Deferral Date (other than a Compulsory Interest Payment Date), the Issuer will be obliged, by notice to (x) the Noteholders in accordance with Condition 12 and (y) the Fiscal Agent pursuant to sub-paragraph (iv) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment, provided however that if the Relevant Supervisory Authority accepts that interest accrued in respect of the Notes during such Interest Period can be paid (and that such acceptance has not been withdrawn by the date of the relevant payment), the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on a Mandatory Interest Deferral Date and deferred in accordance with this paragraph shall so long as they remain outstanding constitute Arrears of Interest and shall become due and payable as set out below.

In the case of Notes exchanged in accordance with Condition 6.7, Arrears of Interest (together with any Additional Interest Amount, as defined below) accrued on the Notes originally issued will be transferred to, and assumed by the Issuer under, such exchanged Notes.

(iii) *Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may, subject to the fulfilment of the Conditions to Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

(A) the next Interest Payment Date which is a Compulsory Interest Payment Date; or

(B) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or

(C) the date upon which a judgment is made by a competent court for the judicial liquidation of the Issuer (*liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial

reorganisation (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason.

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French Civil Code, as if it constituted the nominal amount of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this provision and shall be calculated by the Calculation Agent applying the Rate of Interest to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions hereof. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, to the extent permitted by applicable law and for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date as if such amount constituted Arrears of Interest.

(iv) *Notice of Deferral and Payment of Arrears of Interest*

The Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 12 and to the Fiscal Agent:

(A) of any Optional Interest Payment Date on which the Issuer elects to defer interest as provided in sub-paragraph (i) above;

(B) of any Mandatory Interest Deferral Date (other than a Compulsory Interest Payment Date) specifying that interest will not be paid due to a Regulatory Deficiency continuing on the next Interest Payment Date, provided that if the Regulatory Deficiency occurs less than five (5) Business Days before such Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as practicable under the circumstances before such Mandatory Interest Deferral Date; and

(C) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

So long as the Notes are listed on the regulated market of Euronext Paris or listed and admitted to trading on any other stock exchange, and the rules of such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

(v) *Partial Payment of Arrears of Interest and Additional Interest Amounts*

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

(A) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

(B) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and

(C) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period, shall be *pro rata* to the total

amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

6. Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition.

6.1 General provisions

The Notes are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed at the option of the Issuer under certain circumstances (as set out below) and is subject to the fulfilment of the Conditions to Redemption (as set out below).

6.2 Optional Redemption from the First Call Date

The Issuer may, subject to the fulfilment of the Conditions to Redemption, subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes then outstanding in whole, but not in part, at their Redemption Amount on the First Call Date or on any Interest Payment Date falling thereafter.

6.3 Redemption for Taxation Reasons

(1) If, at any time, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 8 (a "**Gross-Up Event**"), the Issuer may, at any time, subject to the fulfilment of the Conditions to Redemption, subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount to the date fixed for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for French taxes.

(2) If the Issuer would on the date of the next payment due under the Notes be prevented by French law from making payment of Additional Amounts to the Noteholders then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 8, then the Issuer, to the extent permitted by the Applicable Supervisory Regulations, shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to the fulfilment of the Conditions to Redemption and upon giving not less than seven (7) days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount to the date fixed for redemption on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter.

(3) If, an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective on or after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a "**Tax**

Deductibility Event"), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, at any time, subject to the fulfilment of the Conditions to Redemption, subject to having given not more than forty-five (45) nor less than thirty (30) days prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount to the date fixed for redemption, on the latest practicable date on which the Issuer could make such payment with the part of the interest payable under the Notes being tax-deductible not being reduced or, if such date is past, as soon as practicable thereafter.

6.4 Optional Redemption for Regulatory Reasons

If at any time, the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the fulfilment of the Conditions to Redemption, redeem the Notes in whole, but not in part, subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12, at their Redemption Amount.

For the purpose of this Condition 6.4, Condition 6.7 and Condition 6.8 below, "**Capital Disqualification Event**" will be deemed to occur if:

i. on or after the Issue Date, and before the implementation of the Solvency II Directive, the Relevant Supervisory Authority has notified the Issuer that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the Notes (in whole or in part) no longer fulfil the requirements for inclusion in the determination of the solvency margin or capital adequacy level of the Group, except where the failure to fulfil such requirements is the result of exceeding any applicable limits on the inclusion of such securities in the own funds pursuant to the Applicable Supervisory Regulations; this applies only if prior to such statement the Notes did fulfil such requirements; or

ii. following the implementation of the Solvency II Directive, under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) the Relevant Supervisory Authority has notified the Issuer:

   a. that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the Notes (in whole or in part) would not be treated as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital; or

   b. that under the then Applicable Supervisory Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof), the Notes (in whole or in part) no longer fulfil the requirements to be treated as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Group for the purposes of the determination of its regulatory capital, provided that upon implementation of the Solvency II Directive, the Notes did fulfil the requirements for inclusion in the determination of at least the "tier two" own funds regulatory capital of the Group,

except where in each case of (i) and (ii), this is merely the result of exceeding any applicable limits on the inclusion of such securities in the "tier two" own funds regulatory capital of the Group pursuant to the then Applicable Supervisory Regulations.

6.5 Optional Redemption for Rating Reasons

If at any time the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the fulfilment of the Conditions to Redemption, redeem the Notes subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12, in whole, but not in part, at the option of the Issuer, at their Redemption Amount.

6.6 Optional Redemption for Accounting Reasons

If at any time the Issuer determines that an Accounting Event has occurred with respect to the Notes on or after the Issue Date, such Notes will be redeemable at any time in whole, but not in part, at the option of the Issuer having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12, at their Redemption Amount, subject to the fulfilment of the Conditions to Redemption.

6.7 Exchange/Variation for Special Events

If at any time the Issuer determines that an Accounting Event, a Capital Disqualification Event, a Gross-Up Event, a Tax Deductibility Event or a Rating Methodology Event (each a "**Special Event**") has occurred on or after the Issue Date, the Issuer may, as an alternative to an early redemption of the Notes, at any time, without the consent of the Noteholders, (i) exchange the Notes for new notes replacing the Notes (the "**Exchanged Notes**"), or (ii) vary the terms of the Notes (the "**Varied Notes**"), so as to cure the relevant Special Event. Any such exchange or variation is subject to the following conditions:

(i) the Issuer giving not less that thirty (30) nor more than forty-five (45) days' notice to the Noteholders in accordance with Condition 12;

(ii) the Prior Approval of the Relevant Supervisory Authority being obtained;

(iii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged or Varied Notes continuing to be listed or admitted on the same stock exchange as the Notes if they were listed immediately prior to the relevant exchange and/or variation;

(iv) the Exchanged Notes or Varied Notes should (i) maintain the same ranking in liquidation, same interest rate and interest payment dates; (ii) as far as redemption of the Notes is concerned, maintain the obligations of the Issuer, including (without limitation) as to timing of, and amounts payable upon, such redemption, provided that the Exchanged Notes or Varied Notes may not be redeemed prior to the First Call Date specified herein (save for redemption, exchange or variation on terms analogous with the terms of the Notes) provided that the relevant exchange or variation may not itself trigger any early redemption right; (iii) maintain the same rights to accrued interest, Arrears of Interest and Additional Interest Amounts; and (iv) maintain the same rights to principal and interest without any additional principal loss absorption provisions;

(v) the terms of the exchange or variation are not prejudicial to the interests of the Noteholders as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including the consultation with the independent investment bank) is signed by a director of the Issuer and shall have been delivered to the Fiscal Agent to the benefit of the Noteholders (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of the relevant Special Event and that such exchange or variation to the terms of the Notes are not prejudicial to the interest of the Noteholders); and

(vi) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Noteholders from one or more international law firms of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Notes or Varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Notes or Varied Notes.

Any such exchange or variation shall be binding on the Noteholders and shall be notified to them in accordance with Condition 12 as soon as practicable thereafter.

6.8 Automatic Disapplication for Regulatory Reasons

In the event that, and to the extent permitted before the First Call Date, the option of the Issuer (i) to redeem the Notes following the occurrence of a Special Event or (ii) to exchange the Notes or vary the terms of the Notes further to the occurrence of a Special Event pursuant to Condition 6.7, would cause a Capital Disqualification Event to occur, the terms of the Notes shall on and from the First Call Date automatically be varied by the Issuer to exclude the relevant option(s). In any such event: (a) the Prior Approval of the Relevant Supervisory Authority will be obtained, if such approval is required at the time, and (b) notice will be given to Noteholders in compliance with the rules of the relevant stock exchange. However, sub-paragraphs (v) and (vi) of Condition 6.7 above will not apply to such variation.

6.9 Purchases

The Issuer may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes in the open market or otherwise at any price for cancellation or holding in accordance with applicable laws and regulations. Notes so purchased by the Issuer may be held and resold in accordance with Articles L.213-1-A and D.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

6.10 Cancellation

All Notes which are redeemed or purchased for cancellation by the Issuer pursuant to this Condition 6 will forthwith be cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France.

Any Notes so cancelled may not be resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.11 Conditions to Redemption

Any redemption of the Notes is subject to the conditions that (i) the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority; (ii) no Regulatory Deficiency has occurred and is continuing on the due date for redemption and such redemption would not

itself cause a Regulatory Deficiency, in each case unless the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority.

Should a Regulatory Deficiency occur after a notice for redemption has been made to the Noteholders, such redemption notice would become automatically void and notice thereof shall be made promptly by the Issuer in accordance with Condition 12.

7. Payments

7.1 Method of Payment

Payments of principal, interest (including, for the avoidance of doubt, any Additional Interest Amounts) and other amounts in respect of the Notes will be made in Euros, by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a country within the TARGET2 System or, at the option of the payee, by a Euro cheque. Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer, the Fiscal Agent, the Calculation Agent or the Paying Agents shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of Euros, or any currency conversion or rounding effect in connection with such payment being made in Euros.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to (i) any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the relevant Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**IRS Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the IRS Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

7.2 Payments on Business Days

If any due date for payment of principal, interest (including Arrears of Interest) or other amounts in respect of any Note is not a Business Day, then the holder of such Note shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums with respect to such postponed payment.

7.3 Fiscal Agent, Paying Agents and Calculation Agent

The names of the initial Agents and their specified offices are set out below:

CACEIS Corporate Trust
14, rue Rouget de Lisle
92862 Issy les Moulineaux Cedex 9
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or a Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city.

Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 12 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 12.

8. Taxation

All payments of principal, interest and other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision thereof, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

In that event, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note:

(i) presented for payment by or on behalf of, a holder who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(ii) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of the Note, or the receipt of interest in respect of such Note; or

(iii) presented for payment more than thirty (30) days after the Relevant Date (as defined below) except to the extent that the Noteholder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of thirty (30) days; or

(iv) where such withholding or deduction is required to be made pursuant to Council Directive 2003/48/EC (as amended by the EU Council Directive 2014/48/EU adopted by the Council of the European Union on March 24, 2014) or any other EU Directive amending, supplementing, or replacing such Directive, or implementing the conclusions of the ECOFIN Council Meeting of November 26-27, 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or

(v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or interest coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due and payable or (if any amount of the money

payable is improperly withheld or refused) the date on which the full amount of monies payable on such date in respect of such Note is paid to the Paying Agent.

Each holder of Notes shall be responsible for supplying to the Paying Agent, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the Council Directive 2003/48/EC (as amended by the EU Council Directive 2014/48/EU adopted by the Council of the European Union on March 24, 2014) or any other European Directive amending, supplementing or replacing such Directive, or implementing the conclusions of the ECOFIN Council Meeting of November 26-27, 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts in respect of principal and/or interest which may be payable under this Condition 8.

Notwithstanding anything in this Condition 8 to the contrary, neither the Issuer, any paying agent nor any other person making payments on behalf of the Issuer shall be required to pay additional amounts in respect of such taxes imposed pursuant to Section 1471(b) of the IRS Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the IRS Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

10. Enforcement Events

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment, and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason.

11. Representation of the Noteholders

The Noteholders will be grouped automatically for the defense of their respective common interests in a *masse* (hereinafter referred to as the "***Masse***").

In accordance with Article L.228-90 of the French *Code de commerce*, the *Masse* will be governed by the provisions of the French *Code de commerce* applicable to the *Masse* (with the exception of the provisions of Articles L.228-48, L.228-59 and L.228-65 II and Articles R.228-63, R.228-67 and R.228-69), subject to the following provisions:

(a) *Legal Personality*

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the "**Representative**") and in part through a general assembly of Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(b) ***Representative***

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

(i) the Issuer, the members of its *Conseil d'Administration* (Board of Directors), its *Directeurs Généraux* (general managers), its statutory auditors, its employees and their ascendants, descendants and spouses;

(ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;

(iii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers, members of their board of directors, management board or supervisory board, their statutory auditors, and their ascendants, descendants and spouses;

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

CACEIS Corporate Trust (439 430 976 RCS Paris)
Address: 14, rue Rouget de Lisle – 92130 Issy les Moulineaux
Represented by Jean-Michel Desmarest, *Directeur Général* of CACEIS Corporate Trust
The alternative representative (the "**Alternative Representative**") shall be:

CACEIS Bank France (692 024 722 RCS Paris)
Address: 1-3, place Valhubert – 75013 Paris
Represented by Carine Echelard, *Directeur Général* of CACEIS Bank France

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The Representative will be entitled to a remuneration of €600 per year, paid by the Issuer.

All interested parties will at all times have the right to obtain the names and the addresses of the Representative and the Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) ***Powers of the Representative***

The Representative shall, in the absence of any decision to the contrary of the general assembly of the Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) ***General Assemblies of Noteholders***

General assemblies of Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the Principal Amount of the Notes may address to the Issuer and the Representative a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 12 not less than fifteen (15) calendar days prior to the date of the general assembly.

Each Noteholder has the right to participate in meetings of the *Masse* in person, by proxy, by correspondence or if the *statuts* of the Issuer so specify, by visioconference or by any other means of telecommunication allowing the participation of the Noteholders. Each Note carries the right to one vote.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in general assemblies will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

(e) ***Powers of General Assemblies***

A general assembly is empowered to deliberate on the fixing of the remuneration, dismissal or replacement of the Representative and the Alternative Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes, including:

(i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and

(ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Noteholders;

it being specified, however, that a general assembly may not increase the liabilities (*charges*) of the Noteholders nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares. Any amendment to the Conditions is subject to the Prior Approval of the Relevant Supervisory Authority.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the Principal Amount of the Notes then outstanding. On second convocation, no quorum shall be required.

Decisions at meetings shall be taken by a two-thirds majority of votes cast by the Noteholders attending such meeting or represented thereat.

Decisions of the general assembly must be published in accordance with the provisions set out in Condition 12 not more than ninety (90) calendar days from the date thereof.

(f) ***Information to the Noteholders***

Each Noteholder or representative thereof will have the right, during the fifteen (15) calendar days period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(g) ***Expenses***

The Issuer will pay all duly evidenced and reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general assemblies and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

For the avoidance of doubt, in this Condition 11 "outstanding" shall not include those Notes purchased by the Issuer pursuant to Article L.213-1-A of the French *Code monétaire et financier* that are held by it and not cancelled.

12. Notices

(a) Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared; except that so long as the Notes are listed and admitted to trading on Euronext Paris and the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders).

(b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

13. Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single *Masse* having legal personality.

14. Governing Law and Jurisdiction

The Notes are governed by the laws of France.

Any claim against the Issuer in connection with any Notes may be brought before the courts of the competent jurisdiction in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used to repay perpetual subordinated debt subscribed by Crédit Agricole S.A. and for general corporate purposes. The minimum amount of net proceeds used to repay perpetual subordinated debt subscribed by Crédit Agricole S.A. is expected to be €450,000,000.

DESCRIPTION OF THE ISSUER AND THE GROUP

1. Incorporation, Corporate Seat, Duration

Crédit Agricole Assurances S.A. (the "**Issuer**") was created as a *société par actions simplifiée* on 15 January 2004. On 5 May 2008, it was a transformed into a *société anonyme* for duration of 99 years, unless extended. It has its registered office at 50-56, rue de la Procession – 75015 Paris, France (Tel.: +33 1 43 23 03 33).

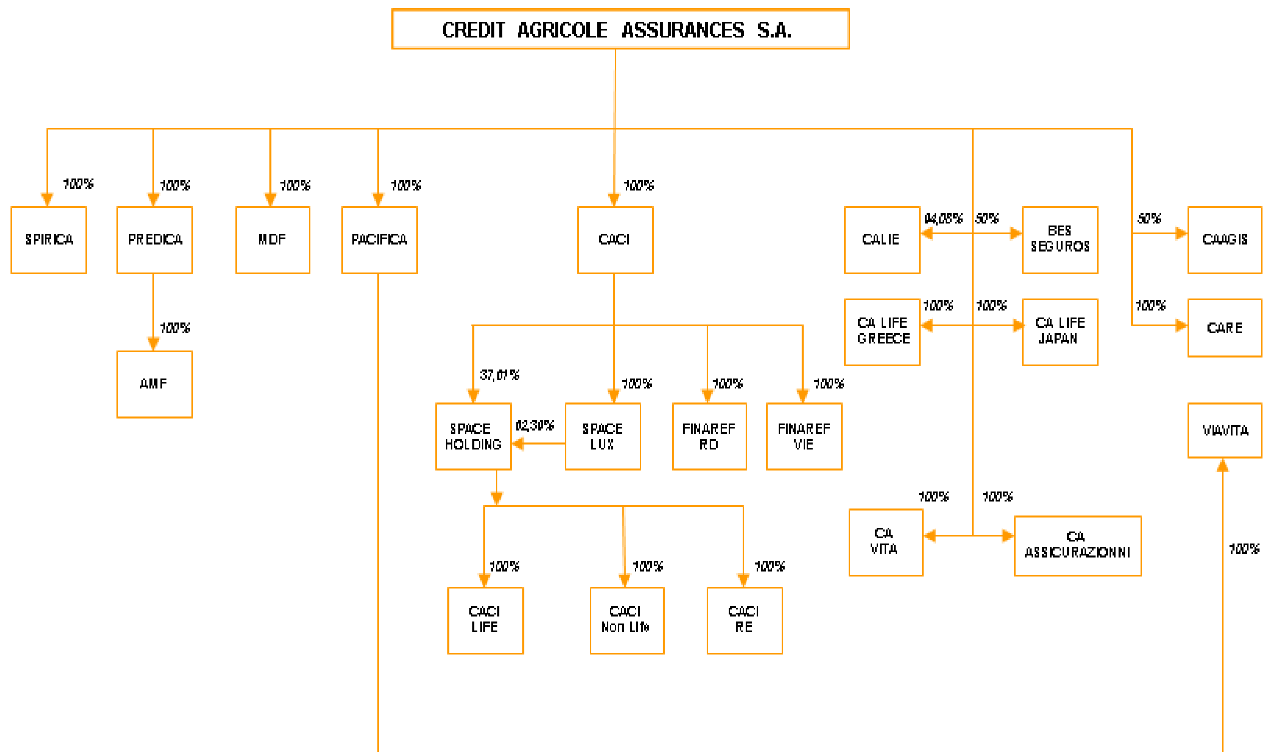
The Issuer is registered with the Paris trade and companies registry under number 451 746 077.

2. Share Capital and Ownership

The share capital of the Issuer amounts to 1,448,754,700 euros and is divided into 144,875,470 shares at 31 December 2014, taking into account the capital increase in a nominal amount of approximately €208 million carried out on 29 December 2014. See "—*Recent Developments*" below.

Crédit Agricole S.A. holds 99.99% of the shares and 100% of the voting rights of the Issuer. The Issuer's board of directors (*Conseil d'administration*) consists of six voting members and two non-voting members. See "—*Management and Board of Directors*" below.

The Group's principal consolidated subsidiaries as at 30 June 2014 are shown in the following chart:



3. History of the Group

Since 2009, the Issuer has served as the holding company for the Crédit Agricole Group's French and international insurance subsidiaries. The Group thus formed brought together a number of companies including:

- Predica, founded in 1986 to carry out the Crédit Agricole Group's life insurance operations;
- Pacifica, founded in 1990 to hold the Crédit Agricole Group's non-life insurance operations, including property and casualty insurance and health insurance;
- La Médicale, an insurance provider for medical professionals sector that traces its history back to 1948 and was acquired by Crédit Lyonnais in 1971;
- Crédit Agricole Creditor Insurance, founded in Dublin in 2008 to provide creditor insurance and related products; and
- The international insurance subsidiaries of the Crédit Agricole Group.

In 2010, the Group created Dolcea Vie, a web-based insurance provider, and in 2011, the Group acquired Spirica, which designs high end insurance products and internet based insurance products. In 2012, the Group recentered its international holdings, selling its stake in Bes Vida in Portugal and Bancassurance S.A.L in Lebanon and acquiring the remaining 50% stake in CA Vita in Italy to bring its total stake to 100%. In 2014, Dolcea Vie merged with Spirica.

In May 2014, the Group agreed to sell its entire 50% stake in BES, Companhia de Seguros, S.A. ("**Bes Seguros**") to Companhia de Seguros Tranquilidade S.A. This sale was subsequently abandoned.

4. Business of the Group

4.1 Overview

The Group is France's leading insurance group and the largest bancassurance provider in Europe (source: L'Argus de l'assurance – 19 December 2014) with operations in France and 13 other countries. The companies comprising the Group offer their customers a comprehensive range of products, including life insurance and retirement savings, offered in France mainly through Predica, property & casualty insurance, offered in France through Pacifica and creditor insurance offered in ten countries including France through CACI. The Group also has insurance operations in seven countries outside France, where it offers life insurance and/or non-life products. As the bancassurance arm of the Crédit Agricole Group, France's largest banking group, the Group distributes its insurance products principally through the banking networks of the Crédit Agricole regional banks, LCL and other members of the Crédit Agricole Group, as well as through select third party distributors.

In 2013, the Group generated gross written premiums of €25,701 million, operating income of €1,886 million and net income (group share) of €1,002 million. In the first half of 2014, the Group generated gross written premiums of €14,974 million, operating income of €937 million and net income (group share) of €527 million.

Life Insurance and Retirement Savings in France (72.0% of 2013 revenues). Predica was established in 1986 and today is the second-largest life insurance provider in France (source: L'Argus de l'assurance - 19 December 2014). Predica's offerings are designed to meet the diversified needs of individual customers, high-net-worth clients, farmers, small businesses and other corporate customers. Predica is the leading provider in the market for popular retirement savings plans (PERP), death and disability and funeral coverage in France. Predica distributes its products primarily through the Crédit Agricole regional banks and LCL. The Group is also expanding through alternative networks, including La Médicale, a subsidiary that has a network of insurance brokers dealing with small businesses in the health sector, the network of independent wealth management advisors under

the UAF Patrimoine brand and the Spirica insurance company, and via the BforBank online bank and other online insurance distributors.

Non-Life Insurance in France (10.1% of 2013 revenues). Founded in 1990, Pacifica is the seventh largest property and casualty insurer in France (source: L'Argus de l'assurance - 19 December 2014) and the second largest agricultural business insurer in France (source: FFSA research 2013, based on 2012 data). Pacifica markets its products to customers of Crédit Agricole regional banks and LCL, offering a full range of property and casualty insurance for individual customers, including policies for motor vehicles, homes, healthcare, legal protection and personal accident insurance as well as coverage for a family's mobile devices. Pacifica also leverages the relationships of the Crédit Agricole regional banks and LCL with farmers and small businesses, offering them insurance to cover their businesses and equipment as well as health coverage.

Creditor Insurance (3.5% of 2013 revenues). Founded in 2008, CACI specializes in creditor insurance, which it offers in ten countries including France. Building on its success with traditional partners – consumer credit providers – CACI has extended its expertise to retail banks and formed pan-European partnerships. CACI also offers a range of other financial protection products that complement its credit insurance offering.

International insurance operations (excluding creditor insurance) (14.0% of 2013 revenues). Through its international subsidiaries, the Group offers insurance in six countries in Europe primarily through Crédit Agricole Group banks as well as in Japan, where it offers insurance through partner banks.

4.2 Strategy

Key elements of the Group's medium-term strategy through 2016 include:

- ***Continue to grow the savings and retirement insurance business*** by offering new products, promoting innovative portfolio management options and expanding alternative distribution channels for its products. The Group is targeting 10% growth in the amount of assets under management over the 2013-2016 period, from €235 billion at the end of 2013 to €260 billion by the end of 2016.

- ***Strengthen the Group's position in health, disability and creditor insurance products*** by developing new group health insurance products to take full advantage of recent regulatory changes that will expand the scope of required employer health coverage in France, enriching product lines targeted at the aging population, and reinforcing the creditor insurance business through an enhanced product offering and continued roll-out of products through regional banks in the Crédit Agricole network. The Group is targeting growth in revenues generated from health, disability and creditor insurance from €3.5 billion in 2013 to €3.8 billion by 2016.

- ***Continue to strengthen the percentage of Crédit Agricole banking clients that hold Group property and casualty policies,*** by encouraging cross-selling to banking clients applying for home loans or consumer credit, seizing opportunities created by recent regulatory changes, and continuing to provide innovative and tailored coverage options to agricultural, professional and small business clients. The Group's objective is to grow property and casualty revenues from €2.2 billion in 2013 to €2.8 billion by 2016 and to increase the penetration rate for property and casualty products held by Crédit Agricole banking clients from 31% in 2013 to 40% by 2016.

- ***Continue growth in markets outside France, with a focus on Europe****,* by continuing to pursue organic growth in life and non-life business in Italy by focusing on new products, cross-selling and expanded distribution networks and expanding the business in Poland by adding property and casualty coverage and refocusing the life insurance offering on longer term savings. The Group will also continue to expand geographically through targeted expansion in other countries where the Crédit Agricole group is present and new distribution partnerships.

Overall, the Group's objective is to grow its gross written premiums (stated on a French GAAP basis) from €26.4 billion in 2013 to €31.0 billion in 2016, and to grow its net income group share (stated on an IFRS basis) from €1.0 billion in 2013 to approximately €1.2 billion in 2016. The Group's objective is to have a cost/income ratio of less than 30% in 2016 (compared to a cost/income ratio of 26.4% in 2013) and a combined ratio (based on Pacifica scope) of approximately 95% in 2016 (compared to 95.8% in 2013).

4.3 Business Lines

Life Insurance and Retirement Savings Plans in France

The Group offers life insurance products in France primarily through its subsidiary Predica. Predica, established in 1986, is the second-largest life insurance provider in France (source: L'Argus de l'assurance - 19 December 2014) and the leading provider in the market for popular retirement savings plans (PERP), death and disability and funeral coverage in France. Predica had 14.1 million contracts in force and €219 billion euros of assets under management at the end of 2013. In addition to Predica, the Group also offers life insurance products in France through its subsidiary Spirica, which designs tailored products for insurance brokers, private banks, investment managers and internet-based insurance sales platforms, including BforBank, the online bank of the Crédit Agricole Group. The Group generated consolidated segment revenue of €18.5 billion from its French life insurance segment in 2013.

Products

The Group's offerings are designed to meet the diversified needs of individual customers, high-net-worth clients, farmers, small businesses and other corporate customers. The Group offers a full range of life insurance products designed for the French market, including life insurance savings, tax advantaged popular retirement savings plans (PERP), and death & disability and funeral coverage.

- *Life Insurance Savings.* The Group offers a range of life insurance savings products designed to meet the needs of different target customer groups. Solutions range from simpler contracts such as Predica's popular *Cap Découverte* (Discovery) contract, an entry-level contract with low minimum deposits and set-up fees and limited investment options, to higher-end offers such as Predica's *Floriane* and *Espace Liberté* contracts, which require higher minimum deposits but offer more investment options and services.

- *Retirement Plans.* The Group also offers popular retirement savings plans that qualify as tax-advantaged *plans d'epargne retraite populaire (PERP)* under French law. The Group is France's leading PERP savings provider based on contributions to PERP savings plans (source: L'Argus de l'assurance - 5 April 2013).

- *Death & Disability / Funeral Coverage.* The Group is one of France's leading providers of death and disability insurance (payment of a lump sum upon death or incapacity of the insured) and funeral expenses insurance (source: L'Argus de l'assurance – 23 May 2014). The Group is also France's leading provider of dependency insurance (source: L'Argus de l'assurance – 23 May 2014), a product designed to cover personal care expenses caused by loss of physical or mental autonomy.

Investment Options

The Group's life insurance savings contracts and retirement savings plans typically offer policyholders the ability to invest deposited amounts in euro-denominated money market funds, units of specified investment funds or combinations thereof. In 2013, Predica launched a number of new products, including *Contrat Solidaire,* a life insurance savings contract that allows investment in a range of "solidarity" investment funds that invest a specified minimum portion of their assets in community-focused investments, and *Floripro,* a new life insurance savings product targeted at small business owners.

Distribution Channels

The Group markets its life insurance savings and retirement savings products in France primarily through the banking networks of the Crédit Agricole regional banks and LCL. The Group is also expanding through its alternative distribution networks, including

- La Médicale, a subsidiary that has a network of insurance brokers dealing with small businesses in the health sector,
- Independent wealth management advisors under the UAF Life Patrimoine brand; and
- Insurance brokers, private banks, investment managers and internet-based insurance sales platforms that distribute life insurance products designed by Spirica.

Average Guaranteed Rates and Surrender Rates

The Group believes its exposure to a decrease in interest rates is mitigated by a number of factors, including a low average guaranteed rate of 0.70% in 2013, compared to a yield of 3.73% on the Group's fixed income portfolio in 2013. Since 2000, the Group has avoided offering minimum guaranteed rates beyond one year on its life insurance products. The Group also retains the ability to adjust the profit-sharing rate to reflect decreases in average investment returns over time. Reflecting these policies the Group's lapse rate was 4.29% for the year ended 31 December 2013.

Non-Life Insurance Products in France

Through its subsidiary Pacifica, the Group offers a full range of non-life insurance coverage designed for the French market. With 9.5 million contracts in force at the end of 2013, Pacifica is France's seventh largest property and casualty insurer (source: L'Argus de l'assurance - 19 December 2014) and France's second largest agricultural business insurer (source: FFSA research 2013, based on 2012 data). The Group generated consolidated segment revenue of €2.6 billion from its French non-life insurance segment in 2013.

Product Range

The Group offers a full range of non-life insurance coverage for individual customers of the Crédit Agricole regional banks and LCL, including policies for motor vehicles, homes, healthcare, legal protection and personal accident insurance as well as coverage for a family's mobile devices. Pacifica also leverages the relationships and expertise of the Crédit Agricole regional banks and LCL in working with farmers and small businesses, offering them insurance to cover their businesses and equipment as well as health coverage.

Individual insurance. The Group's product range for individuals includes:

- *Automobile insurance.* Automobile insurance generates the largest premium revenue among the Group's non-life insurance lines. At the end of 2012, the Group insured over 2 million vehicles.
- *Property and casualty insurance.* The Group offers a range of multi-risk homeowners insurance, and insured over 3 million residences at the end of 2012.
- *Accident insurance.* The Group is France's leading provider of personal accident insurance. (source: L'Argus de l'assurance - 26 October 2012), with 1.3 million contracts in force at the end of 2012.
- *Individual health insurance.* The Group offers individuals health coverage to supplement the universal health coverage provided by the French social security system. At the end of 2012, the Group covered approximately 900,000 persons under its health insurance contracts.
- *Legal Protection Insurance.* The Group provides legal protection insurance to cover legal fees and court costs incurred in connection with litigation. At the end of 2012, the Group had 1.4 million contracts in force.

- *Other.* In addition to the above products, the Group provides a range of other insurance products. These include mobile device coverage, which covers theft or repair costs for electronic devices, payment card insurance, which protects against loss or theft or fraudulent use of payment cards and other products. The Group also offers policyholders services to help arrange tax-advantaged personal household services.

Agricultural and Small Business Coverage. The Group is France's second largest insurer of agricultural businesses. The Group offers agricultural and small businesses a range of multi-risk coverage options to protect their businesses and equipment as well as health insurance plans to supplement coverage provided under the French social security system. At the end of 2011, Pacifica had 700,000 agricultural contracts in force and 200,000 small business contracts in force.

Distribution Channels

Pacifica markets its non-life products primarily through the banking networks of the Crédit Agricole regional banks and LCL.

Cost / Income Ratio and Combined Ratio

The following table summarizes Pacifica's combined ratio and the Group's cost / income ratio for the periods indicated.

	Year ended 31 December		
	2011	**2012**	**2013**
Combined Ratio (1)	95.5%	95.5%	95.8%
Cost / Income Ratio (2)	27.1%	25.3%	26.4%

(1) The combined ratio is calculated by dividing the sum of claims and operating expenses by gross written premiums, net of reinsurance.

(2) The cost / income ratio is calculated by dividing operating expenses by net insurance revenue.

Creditor Insurance

Founded in 2008, the Group's subsidiary CACI specializes in creditor insurance, which it offers in ten countries including France. CACI also offers a range of other financial protection products that complement its credit insurance offering. The Group generated consolidated segment revenue of €0.9 billion from its creditor insurance segment in 2013.

Product Range

The Group's principal products in this segment include:

- *Creditor insurance*. Creditor insurance provides coverage for loan payments in the event of death, disability or loss of employment. The Group is France's third largest provider of creditor insurance (source: FFSA 2012).

- *Budget protection insurance.* The Group offers a range of budget protection insurance plans designed to help the insured cover basic expenses, pay bills or replace income upon a triggering event (e.g., death, temporary or total disability, loss of employment).

- *Guaranteed Automobile Protection (GAP) insurance.* GAP insurance offers coverage against declines in the market value of a vehicle in the event of total loss of a vehicle. The Group provides a range of coverage options, including financial gap insurance, percentage gap insurance and return to invoice gap insurance.

- *Card Protection.* The Group provides insurance against loss or misuse of payment cards.

- *Goods protection.* The Group provides insurance against the theft or damage of mobile phones and portable devices as well as extended warranty protection for purchased goods.

- *Accident and health protection.* The Group provides a range of policies that provide coverage in the event of accidental death or hospitalization.

Geographic Presence and Distribution Network

CACI offers its products in ten countries including France, Italy, Poland, Germany, Spain, Portugal, Denmark, Norway, Sweden and Finland. CACI distributes its products through consumer finance companies, retail banks and automobile finance companies affiliated with the Crédit Agricole Group as well as through other partners such as mass-market retailers (Castorama, La Redoute, Darty, etc.), telecom providers (Orange) and utilities (Total, Endesa) for whom it has developed products such as extended warranties.

International Insurance Operations (excluding Creditor Insurance)

Through its international subsidiaries, the Group offers insurance in six countries in Europe as well as in Japan. The Group offers life insurance products outside France in six countries (Italy, Luxembourg, Poland, Japan, Greece and Spain) and property and casualty insurance in three countries (Portugal, Italy and Greece). Building on its long history and expertise in bancassurance in France, the Group's international operations are offered via the bancassurance model, using the networks of Crédit Agricole Group retail banks in the countries involved or third party banks with which the Group has distribution agreements. The Group generated consolidated segment revenue of €3.6 billion from its interntational (excluding creditor insurance) insurance operations in 2013.

The Group's principal international markets (excluding creditor insurance) include:

Italy. Italy is the Group's largest market outside France. In Italy, the Group's subsidiaries CA Vita (life insurance) and CA Assicurazioni (property and casualty insurance) offer their insurance products primarily through the banking network of Cariparma, the retail bank of the Crédit Agricole Group in Italy.

Luxembourg. Luxembourg is the Group's second largest insurance market outside France. In Luxembourg, the Group's Cali Europe subsidiary offers a wide range of multi-currency, multi-scheme and multi-manager life insurance policies designed primarily for high net worth clients, which it distributes primarily through private banking affiliates of the Crédit Agricole Group.

Poland. Poland is the Group's third largest insurance market outside France based on international revenues. In Poland, the Group offers life insurance policies of Cali Europe's Polish branch through the Crédit Agricole Polska banking network and also offers property and casualty insurance through Crédit Agricole Insurance Poland.

Japan. Japan is the Group's fourth largest insurance market outside France. In Japan, the Group's insurance subsidiary Crédit Agricole Life Japan Ltd. distributes life insurance products primarily through distribution partnerships with Japanese banks such as Resona, Shinsei and Btmu.

Portugal. In Portugal, the Group's joint venture BES Seguros distributes property and casualty insurance (including health insurance) on a bancassurance basis through the Banco Espirito Santo banking network.

Greece. The Group offers life insurance products through Crédit Agricole Life Greece and property and casualty insurance through CA Insurance Greece.

4.4 Material Contracts

The Group relies primarily on the networks of banks affiliated with the Crédit Agricole Group to distribute its products. In addition to the distribution of its products, the Group has also entered into contractual outsourcing arrangements with members of the Crédit Agricole Group for other important services required in connection with the day-to-day operation of the Group's insurance businesses,

including administrative management of life insurance policies, which is delegated to the distributors (with Regional Banks in turn delegating some elements of this management to the Group's subsidiary CAAGIS), asset management, which is delegated to specialist entities within the Crédit Agricole Group such as Amundi, CA Immobilier and CACEIS, and claims handling, which is managed by SIRCA (a company created by Pacifica and the Regional Banks). The Group's outsourcing of these functions exposes it to certain risks. See "*Risk Factors—The Group relies on entities in the Crédit Agricole Group to distribute its insurance products and perform a range of other important services*".

4.5 Litigation and Arbitration Proceedings

As of the date of this Prospectus, the Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the period of 12 months immediately preceding the date of this Prospectus, a significant effect on the Issuer's or the Group's financial condition or profitability.

4.6 Solvency Ratios

The Group's solvency risks are monitored under the current regulatory framework for solvency requirements, known as "Solvency I", which applies at entity level as well as at the consolidated level. The adjusted solvency ratio calculated on the basis of the consolidated financial statements is reported annually to the French Prudential Supervision and Resolution Authority (ACPR). At each of 31 December 2013 and 31 December 2012, the Group's total Solvency I ratio, calculated based on French GAAP equity in accordance with ACPR guidelines was 120%. These figures exclude net unrealized gains. Including net unrealized gains, the ratio would have been 285% at 31 December 2013. In each of 2012 and 2013, the solvency ratio reflects regulatory equity (French GAAP) of €7.5 billion. Subordinated debt was €3.9 billion in 2012 and €4.4 billion in 2013 (in each case on a French GAAP basis).

The Group is also preparing itself for the new "Solvency II" requirements that will become effective on 1 January 2016. Based on the Group's current understanding of the capital ratios that will apply under Solvency II, the Group estimates that its Solvency II capital ratio at the end of 2013 would have been above 200%.

At 31 December 2013, the Group's leverage ratio, calculated by dividing subordinated debt by required capital, was 44%.

4.7 Assets under Management

The following table summarizes the Group's total assets under management at the dates indicated.

	At 31 December			At 30 June	
(In billions of euros)	**2011**	**2012**	**2013**	**2013**	**2014**
Assets under management	216	225	235	229	242

The following table summarizes the composition of the Group's assets under management at the dates indicated.

	At 31 December	At 30 June	
(In billions of euros)	**2013**	**2013**	**2014**
Euro	192	188	197
Unit-Linked	43	41	45
Total assets under management	235	229	242

The Group also monitors net inflows on a French GAAP basis. The following table sets forth the Group's net inflows, calculated by subtracting surrenders and lapses from gross written premiums, for the periods indicated.

(In millions of euros)	At 31 December 2011	2012	2013
Net inflows	1,560	1,940	5,412

4.8 Asset Allocation

Investments by asset class. The Group seeks to maintain a diversified and prudent allocation of assets. The following table summarizes the breakdown of investments by the Group's life insurance companies (excluding unit-linked accounts and investments of BES Vida (which was sold in the second half of 2012) at the dates indicated.

	At 31 December			At 30 June
	2011	2012	2013	2014
Fixed income products (bonds, etc.)	76.1%	79.4%	82.8%	82.8%
Real estate (buildings, shares in real estate companies)	5.0%	4.9%	5.3%	5.6%
Other shares net of hedging	6.1%	5.5%	5.8%	5.9%
Short term investments	9.5%	6.9%	2.7%	2.4%
Other (private equity, convertible bonds, etc.)	1.6%	1.7%	1.7%	1.6%
Alternative investments	1.7%	1.6%	1.7%	1.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Investments by economic sector. The following table summarizes the breakdown of the Group's investments by economic sector at 31 December 2013. These figures exclude the assets held by the Group's international subsidiaries as well as non-transparent UCITS, derivatives and unlisted investments.

	At 31 December 2013
Financial and Securitization	36%
Government guaranteed	4%
Sovereign	13%
Supranational	4%
Real estate	4%
Agencies	13%
Corporates	26%
Total	100%

Investments by geographic area. The following table summarizes the breakdown of the Group's investments by geographic area on a net book value basis at 31 December 2013. These figures exclude the assets held by the Group's international subsidiaries as well as non-transparent UCITS, derivatives and unlisted investments.

	At 31 December 2013
France	52%
Euro zone	25%
Europe non Euro zone	10%
Americas	6%
Other	7%
Total	100%

4.9 Supplemental French GAAP Revenue Information

In addition to its IFRS figures, the Group's management monitors the Group's consolidated revenues on a French GAAP basis. The following table sets forth the Group's consolidated gross written premiums stated on a French GAAP basis for the periods indicated.

(In billions of euros)	At 31 December 2011	2012	2013	At 30 June 2013	2014
Gross written premiums	24.9	23.2	26.4	14.1	15.4
Of which savings & retirement	*n.a.*	*n.a.*	*20.7*	*10.9*	*12.1*
Of which death & disability / health / creditor	*n.a.*	*n.a.*	*3.4*	*1.8*	*1.9*
Of which property & casualty	*n.a.*	*n.a.*	*2.3*	*1.4*	*1.4*

4.10 Recent Developments

Press Release dated 6 November 2014 Relating to the Group's Revenues for the Third Quarter and First Nine Months of 2014

On 6 November 2014, the Group published the following press release regarding its revenues for the third quarter and the first nine months of 2014. The premium income and net inflows figures in the press release below are stated on a French GAAP basis.

"**Crédit Agricole Assurances posts 18.6% growth in revenues in Q3 2014**

Crédit Agricole Assurances recorded €7.2 billion in revenues for the third quarter of 2014, up 18.6% on the third quarter of 2013. Revenues for the first nine months of 2014 came to €22.7 billion, 12.4% more than for the same period in 2013.

In savings and retirement, Crédit Agricole Assurances achieved dynamic growth with €5.9 billion in premium income, up by 22% compared with Q3 2013. Premium income for the period from 1 January to 30 September 2014 came to €18.0 billion, up by 14.3% compared with €15.7 billion for the same period in 2013.

In France, premium income grew 6.5% compared with the same quarter the previous year. International premium income increased by 77.1%. Italy made a particularly strong contribution with Q3 2014 premium income up by 109.1% relative to Q3 2013, and up 78.3% for the first nine months versus the same period in 2013. This compares with growth of 33% for the Italian market as a whole in the first eight months of 2014, according to IAMA.

Net inflows for the first nine months of the year came to €6.7 billion, including €3.8 billion in France.

Assets under management were up 5.5% year-on-year to €245.1 billion at end-September 2014, including €198.8 billion for euro-based policies (+4.6% year-on-year) and €46.3 billion for unit-linked policies (+9.4% year-on-year), representing 18.9% of the total (+0.7 points year-on-year).

For the personal risks, health and loan business, premium income totalled €844 million for the third quarter of 2014, an increase of 3.7% compared with €814 million in Q3 2013. Over the first nine months of 2014, it climbed 4.3% to €2.8 billion.

Personal risk/health premium income continued to grow, up 5.3% versus Q3 2013. The loan insurance business grew by 2.3% thanks to the good performances on mortgage lending.

Premium income for the non-life insurance business stayed on a dynamic growth trend, reaching €485 million in Q3 2014, up by 8.3% versus Q3 2013, and totalling €1.9 billion for the first nine months of 2014, i.e. 7.4% more than for the same period in 2013.

The combined ratio1 (net of reinsurance) remains well under control at 95.6% for the first nine months of 2014, despite repeated weather-related events since the beginning of the year.

(1) Ratio (claims experience + overheads) / Premiums. Concerns Pacifica."

Since 31 December 2013, the following actions have been carried out:

On 14 October 2014, the Issuer issued €750,000,000 undated subordinated resettable notes, a portion of whose net proceeds were used to repay €550,000,000 of perpetual subordinated debt subscribed by Crédit Agricole S.A.

On 12 December 2014, the Board of Directors decided the payment of an interim dividend in the amount of €445,000,000.

On 29 December 2014, the general meeting of the shareholders executed a special distribution of reserves of approximately €1.542 billion (following the reallocation from the retained earning item to the "other reserves" item) and carried out a capital increase in the same amount, of which €1.334 billion constituted the issue premium, which was fully subscribed by the Issuer's primary shareholder Crédit Agricole S.A. As a result of this operation, the share capital of the Issuer amounts to 1,448,754,700 euros at 29 December 2014. Crédit Agricole Assurances Group equity remains unchanged.

5. Management and Board of Directors

Composition

The Issuer is managed by Jérôme Grivet, Chief Executive Officer (*Directeur Général*), and has a board of directors (*Conseil d'administration*) (the "**Board of Directors**") currently consisting of six voting members and two non-voting members appointed by the Board of Directors on the proposal of the Chairman. In accordance with France's new economic regulations act of 15 May 2001 and with general governance rules applicable within the Crédit Agricole Group that separate guidance, decision-making and control functions from executive functions, the functions of the Chairman and CEO are separated within Crédit Agricole Assurances.

For more information about the Issuer's corporate governance and the composition of the Board of Directors see the section entitled "Management Report" elsewhere in this prospectus.

The following table summarizes the composition of the Board of Directors at the date of this Prospectus.

Board members	Position within the Board	Duties	Date of appointment
Raphaël Appert	Chairman of the Board of Directors	CEO, CRCAM Centre-Est	30/10/2014
Xavier Musca	Director	Deputy CEO, Crédit Agricole S.A.	07/11/2012
Jérôme Brunel	Director	Head of public affairs - Crédit Agricole S.A.	21/07/2009
Bernard Delpit	Director	Group CFO - Crédit Agricole S.A.	05/10/2011
Bernard Pacory	Director	CEO, CR Nord de France	17/06/2014
Jean-Pierre Vauzanges	Director	CEO, CRCAM Ille et Vilaine	30/10/2014
Bruno de Laage de Meux	Non-voting member	Deputy CEO, Crédit Agricole S.A.	17/02/2011
Elisabeth Eychenne	Non-voting member	CEO, CRCAM de Franche Comté	05/11/2013

Since the end of 2013, several changes have been made to the composition of the Board of Directors.

- In June 2014, Mr. François Imbault resigned from his position as a member of the Board of Directors.

- In June 2014, Mr. Bernard Pacory was appointed to the Board of Directors to fill the position vacated by Mr. Imbault.

- In October 2014, Mr. Pierre Derajinski resigned from his position as the Chairman of the Board of Directors and as a member of the Board of Directors.

- In October 2014, Mr. Raphaël Appert was appointed as the Chairman of the Board of Directors to fill the position vacated by Mr. Derajinski.

- In October 2014, Mr. Jean-Pierre Vauzanges was appointed to the Board of Directors to fill the position vacated by Mr. Derajinski.

For further information about the business addresses, functions within the Group and principal activities performed outside the Crédit Agricole Group for Mr. Grivet and each of the members of the board of directors other than Mr. Pacory and Mr. Vauzanges, see Appendix 1 of the section entitled "*Management Report*", which provides such data for Mr. Grivet and the members of the Board of Directors at 31 December 2013.

The following table summarizes Mr. Pacory's business address, functions within the Group and principal activities outside the Crédit Agricole Group.

Bernard PACORY **Principal role within the Group: Director**	
Born: 1953	Business Address: **CR Nord de France** **10 square Foch** **59 800 LILLE**
First nomination to the board: 17/06/2014	
Term expires: General shareholders meeting 2017	
Current functions	**Other functions during the past five years**
Function in other companies within the Group and other Companies	
President - CR Nord de France - SOCARENORD	
Member of the Board of Directors - PACIFICA - Crédit Agricole Assurances - Crédit Agricole Card and Payments (CACP) - FIAT-NET Europe - LCL - CA Immobilier - Nord de France Immobilier (NDFI) - Nord Capital Investissement (NCI) - Voix du Nord et Voix du Nord Investissement - Crédit Agricole Belgique - Finorpa - SEGAM - Foncière de l'Erable - SEGAM Lille	
Committee and Commission Memberships - Comité d'Audit PACIFICA - Comité d'Audit LCL	

- Comité d'Audit CA Immobilier - Client Relations Commission / FNCA - Health & Retirement Commission / FNCA	

The following table summarizes Mr. Vauzanges's business address, functions within the Group and principal activities outside the Crédit Agricole Group.

Jean-Pierre VAUZANGES **Principal role within the Group: Director**	
Born: 1957	Business Address: **CR Ille et Vilaine** **4, rue Louis Braille** **35040 SAINT-JACQUES-DE-LA-LANDE** **CS 64017 CEDEX FRANCE**
First nomination to the board: 30/10/2014	
Term expires: General shareholders meeting 2015	
Current functions	**Other functions during the past five years**
Function in other companies within the Group and other Companies	
President - PREDICA (SA) - SQUARE ACHAT (SAS)	
Vice-President - ANCD (SAS)	
Member of the Board of Directors - AGIRCA CCPMA (GIE) - CREDIT AGRICOLE ASSURANCES - CACIB - CAMCA MUTUELLE (SAM) - CAMCA ASSURANCE (SA) - CAMCA REASSURANCE (SA) - CAMCA VIE (SA) - CAMCA COURTAGE (SAS) membre du comité de surveillance - CA TECHNOLOGIES CA SERVICES (GIE) - CA SOLIDARITE ET DEVELOPPEMENT (Association Loi 1901) - PACIFICA (SA) - PLEINCHAMP (SAS) - UNI EDITIONS (SAS)	
Committee and Commission Memberships - FEDERATION NATIONALE DU CREDIT AGRICOLE – FNCA (Loi 1901) Membre commission Economie et Territoire Rapporteur du comité Santé et Vieillissement Membre du comité d'orientation NICE Membre du comité agriculture et Agroalimentaire - SACAM PARTICIPATIONS (SAS) / Membre du Comité Exécutif - AGIRCA CCPMA / President du comité d'audit et des comptes - CREDIT AGRICOLE ASSURANCES / President comité audit et des comptes - CAMCA MUTUELLE / President comité d'audit	

Potential Conflicts of Interest

A number of the Issuer's directors serve both as Director of Crédit Agricole Assurances S.A. and corporate officers of Regional Banks within the Crédit Agricole Group. The interests of the Regional Banks could differ from those of Crédit Agricole Assurances S.A. or its primary shareholder Crédit Agricole S.A. This could lead to potential conflicts of interest between the duties to Crédit Agricole Assurances S.A. of persons that serve as both Director of Crédit Agricole Assurances S.A. and corporate officer of a Regional Bank and their duties to a Regional Bank.

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth the consolidated capitalization of the Issuer as of 30 June 2014. Except as set forth in this section, there has been no material change in the capitalization of the Issuer since 30 June 2014.

in millions of euros	As of 30 June 2014
Subordinated debt	4,510
Debt to banking establishments	1,505
Total Financial debt	6,015
Share capital or equivalent	1,240
Issue, merger and transfer premiums	5,833
Gains and losses recognised directly in equity	1,935
Retained earnings	1,809
Consolidated net income	527
Shareholders equity group share	11,345
Equity investments not giving control	29
Total Capitalization	**17,389**

On 14 October 2014, the Issuer issued €750,000,000 undated subordinated resettable notes, a portion of whose net proceeds has been used to repay €550,000,000 of perpetual subordinated debt subscribed by Crédit Agricole S.A;

On 12 December 2014, the Board of Directors decided the payment of an interim dividend in the amount of €445,000,000;

On 17 December 2014, the Issuer issued €780,000,000 of senior short-term notes subscribed by Crédit Agricole S.A with a maturity date at 19 January 2015;

On 29 December 2014, the general meeting of the shareholders executed a special distribution of reserves of approximately €1.542 billion (following the reallocation from the "retained earnings" line item to the "other reserves" line item) and carried out a capital increase in the same amount, of which €1.334 billion constituted the issue premium, which was fully subscribed by the Issuer's primary shareholder Crédit Agricole S.A.

TAXATION

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria (unless during such period it elects otherwise) instead operates a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. Luxembourg operated such a withholding system until 31 December 2014, but the Luxembourg government has elected out of the withholding system in favor of automatic exchange of information with effect from 1 January 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive. On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above (the "**Amending Directive**"). In particular, the Amending Directive will broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments, through a "look through" approach. The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive (as amended from time to time) on their investment.

French Taxation Considerations Relating to the Notes

The Notes are novel instruments and contain a number of features that are not present in other securities issued regularly in the market. There is no judicial or administrative interpretation relating to the application of French tax laws and regulations to instruments such as the Notes. The Issuer will treat the Notes as debt instruments for French tax purposes. The discussion in this section is based on this treatment of the Notes.

Implementation of the Savings Directive

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts,* which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Withholding taxes

The descriptions below are intended as a brief summary of certain French tax consequences that may be relevant to holders of Notes who do not concurrently hold shares of the Issuer and are not otherwise affiliated with the Issuer within the meaning of Article 39,12 of the French Code général des impôts*. Persons who are in any doubt as to their tax position should consult a professional tax adviser.*

Pursuant to Article 125 A III of the French *Code général des impôts*, payments of interest and other revenues made by the Issuer on the Notes are not subject to withholding tax unless such payments are made outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"), in which case a 75% withholding tax is applicable subject to exceptions and to more favorable provisions of an applicable double tax treaty. The 75% withholding tax is applicable irrespective of the tax residence

of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues will not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of 30% or 75%, subject to more favorable provisions of an applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts*, the non-deductibility of the interest set out under Article 238 A of the French *Code general des impôts* nor the withholding tax set out under Article 119 *bis* 2 that may be levied as a result of such non-deductibility, to the extent the relevant interest or revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of an issue of Notes provided that the Issuer can prove that the main purpose and effect of such issue of Notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**").

In addition, under French tax administrative guidelines (BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-30-10-20-40-20140211, BOI-IR-DOMIC-10-20-20-60-20140211 and BOI-ANNX-000364-20120912), an issue of Notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L. 411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority;

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositaries or operators are not located in a Non-Cooperative State.

Since the Notes will be cleared through a qualifying clearing system at the time of their issue, they will fall under the Exception. Consequently, payments of interest and other revenues made by the Issuer under the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*. In addition, under the same conditions and to the extent that the relevant interest and other revenue relate to genuine transactions and are not in an abnormal or exaggerated amount, they will be subject neither to the non-deductibility set out under Article 238 A of the French *Code général des impôts* nor to the withholding tax set out under Article 119 *bis* 2 of the same Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Pursuant to Article 125 A of the French *Code général des impôts*, subject to certain exceptions, interest and similar revenues received by French tax resident individuals are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related

contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest paid to French tax resident individuals.

Possible FATCA Consequences Relating to the Notes

As a result of Sections 1471 through 1474 of the IRS Code and the Treasury regulations (and any notices, guidance or official pronouncements) promulgated thereunder, any agreement entered into thereto, any law implementing an intergovernmental agreement or approach thereto, and any other similar law or regulation ("**FATCA**") and related intergovernmental agreements ("**IGAs**"), holders of Notes may be required to provide information and tax documentation regarding their identities as well as that of their direct and indirect owners. It is also possible that from no earlier than 1 January 2017, payments on the Notes may be subject to a withholding tax of 30% to the extent such payments are considered to be "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined. It is unclear to what extent (if any) payments on securities such as the Notes would be considered "foreign passthru payments" or to what extent (if any) passthru payment withholding may be required under intergovernmental agreements. The Issuer will not pay additional amounts on account of any withholding tax imposed by FATCA.

FATCA is particularly complex and its application to the Issuer, the Notes, and the holders of the Notes is uncertain at this time. Investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA for this investment.

SUBSCRIPTION AND SALE

1. Subscription agreement

Pursuant to a subscription agreement dated 9 January 2015 (the "**Subscription Agreement**") entered into between the Issuer, Crédit Agricole Corporate and Investment Bank, Banca IMI S.p.A., Banco Santander, S.A., Lloyds Bank plc and UniCredit Bank AG (together the "**Managers**"), the Managers have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription or, failing which, to subscribe for the Notes at an issue price equal to 99.976 per cent. of their principal amount less the commissions agreed between the Issuer and the Managers. The Subscription Agreement entitles, in certain circumstances, the Managers to terminate it prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

2. Selling Restrictions

The following selling restrictions will apply to the Notes:

2.1 United States

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Accordingly, the offer is not being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for any Notes in the United States. The Notes offered hereby are being offered only outside the United States in "offshore transactions" as defined in Regulation S. Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this Prospectus or delivery of Notes, that it has not received this document or any information related to the Notes in the United States, is not located in the United States and is subscribing for or acquiring Notes in compliance with Rule 903 of Regulation S in an "offshore transaction" as defined in Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act.

2.2 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus (the "**Offer Notes**") to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Offer Notes to the public in that Relevant Member State under the following exemptions under the Prospectus Directive:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Notes referred to above shall require the Issuer or any of the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Offer Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Notes to be offered so as to enable an investor to decide to purchase or subscribe the Offer Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

This selling restriction is in addition to any other selling restrictions set out in this Prospectus.

2.3 United Kingdom

Each of the Managers has represented, warranted and agreed that (in connection with the initial distribution of the Notes only):

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes which are the subject of the offering contemplated by this Prospectus (the "**Offer Notes**") in circumstances in which Section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Notes in, from or otherwise involving the United Kingdom.

2.4 France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed, directly or indirectly, and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

2.5 General

No action has been, or will be taken, in any country or jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor the Managers represents that Notes may at any

time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each of the Managers has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any other Managers shall have responsibility therefore.

3. Legality of Purchase

Neither the Issuer, the Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (1, boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) with the common code 116744252. The International Securities Identification Number ("**ISIN**") code for the Notes is FR0012444750.

2. The issue of the Notes was decided by Jérôme Grivet, Chief Executive Officer (*Directeur Général*) of the Issuer, on 8 January 2015 acting pursuant to a resolution of the Board of Directors of the Issuer dated 12 December 2014.

3. Application has been made for the Notes to be listed and admitted to trading on Euronext Paris on 13 January 2015.

4. For the sole purpose of the admission to trading of the Notes on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the AMF and received visa no. 15-018 dated 9 January 2015.

5. The total expenses payable to Euronext Paris related to the admission to trading of the Notes are estimated to be €20,000.

6. The statutory auditors of the Issuer for the period covered by the historical financial information are Ernst & Young et Autres (1/2, place des Saisons – 92400 Courbevoie – France) and PricewaterhouseCoopers Audit (63, rue de Villiers – 92200 Neuilly-sur-Seine Cedex – France). They have audited and rendered unqualified audit reports on the financial statements of the Issuer for each of the financial years ended 31 December 2012 and 31 December 2013. Free English Translations of the audit reports are set forth on pages FA-83 to FA-85 and FB-74 to FB-76 of this Prospectus. Ernst & Young et Autres and Pricewaterhouse Coopers Audit, belong to the Compagnie Régionale des Commissaires aux Comptes de Versailles.

7. The yield of the Notes is 4.253 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.

8. Save for any fees payable to the Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue of the Notes. In addition, certain of the Managers or their affiliates may have engaged or may in the future engage in lending, advisory, investment banking and corporate finance services to the Issuer, its parent and group companies and to companies involved directly or indirectly in the sectors in which the Issuer operates.

9. Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2014.

10. Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2013.

11. For so long as any of the Notes are outstanding, copies of this Prospectus, the Agency Agreement, and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the most recent annual and half year financial statements of the Issuer will be obtainable, free of charge, at the specified offices for the time being of the Paying Agent during normal business hours. This Prospectus is also available (i) on the website of the AMF (www.amf-france.org) and (ii) on the Issuer's website (www.ca-assurances.com).

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Crédit Agricole Assurances Group: business and other information

Presentation of the Crédit Agricole Assurances Group's financial statements

Changes to accounting principles and policies

Note 1 to the Crédit Agricole Assurances Group's consolidated financial statements for the year ended 31 December 2013 ("Principles and policies applicable within the Crédit Agricole Assurances Group, judgments and estimates used") sets out the regulatory framework and highlights comparability issues with the figures for 2012.

Pursuant to Regulation EC no. 1606/2002, the annual financial statements have been prepared in accordance with IFRSs and IFRIC interpretations applicable at 31 December 2013 as adopted by the European Union (carve-out version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

The standards and interpretations are identical to those used and described in the Crédit Agricole Assurances Group's financial statements for the year ended 31 December 2012.

Changes in the scope of consolidation

Notes 10 and 2 to the published financial statements present the Group's scope of consolidation and changes to the scope during the year.

There were no notable changes in the scope between 1 January and 31 December 2013.

Economic and financial environment

2013 review

Global growth slowed in 2013. In emerging markets it was stable at 4.5%, although sharply lower than the average of 10.7% over the preceding decade. Growth in developed markets was 1.1%, down from 1.4% in 2011 and in 2012. This was more the result of slower growth in the USA, where growth fell back to 1.8% from 2.8% in 2012, than in the eurozone, which remained in recession with a contraction of 0.5% compared with a 0.7% decline in 2012.

This weak performance in the USA was due to a weak start to 2013, following on from a poor end to 2012. The remainder of 2013 was better in the USA, creating a solid foundation for 2014. The eurozone's performance came despite a slowdown in Germany (0.5% following 0.9% in 2012). There was a slight improvement in France (0.2% following 0.0% in 2012) and particularly in Southern Europe, where the recession affecting the four weak countries – Italy, Spain, Portugal and Greece – gradually eased in 2013. However, erratic economic performance in France and Germany throughout 2013 showed the fragility of this recovery.

The rise in long yields, which began in late 2012 in the USA, continued and strengthened, and extended to Europe. Contrary to the consensus that anticipated a slight decline in its value against the dollar, the euro fluctuated between USD1.28 and USD1.38 with a slight upward trend, and ended the year at the upper end of that range. A number of factors underpinned the strength of the euro, despite market concerns regarding the European economy: widening yield spreads (40 basis points at the beginning of the year, 100 basis points at the end of the year), a significant surplus in the balance of payments compared with a US deficit, reduced concern regarding the viability of the euro zone whereas the USA sometimes sent mixed messages regarding economic policy (such as tapering and a shutdown in October).

Inflation was not a threat, quite the opposite. As a result, the ECB surprised markets with a further cut in its key rate in early November following on from the one in June, signalling its intention to keep monetary conditions ultra-loose with a further relaxation in liquidity conditions if required. This monetary easing went hand-in-hand with reduced fiscal pressure. Governments factored in extraordinary circumstances arising from the weakness of the cycle, as well as the progress made cleaning up public finances, and so made smaller structural adjustments that did not have such a negative effect on growth. Nevertheless, monetary policy transmission mechanism seized up in Southern Europe and the cut in interest rates failed to encourage lending growth.

Crédit Agricole Assurances Group consolidated results

Crédit Agricole Assurances Group results

in millions of euros	2013	2012	% change
Net insurance revenue	2,183	2,147	2%
Operating expenses	(566)	(532)	6%
Gross operating income	**1,617**	**1,615**	**0%**
Cost of risk	(0)	(51)	n/a
Gains or losses on other assets	(0)	(62)	n/a
Change in value of goodwill	0	(129)	n/a
Income tax charge	(611)	(622)	(2%)
Net income from consolidated companies	**1,006**	**752**	**34%**
Non-controlling interests	(4)	(2)	x 1.2
Net income Group share	**1,002**	**750**	**34%**

Net income Group share was €1,002 million in 2013, compared with €750 million in 2012. This €252 million increase was mainly due to non-recurrence of extraordinary items recorded in 2012, i.e. the €129 million goodwill write-down on CACI, the €62 million disposal loss on BES Vida shares and the €51 million capital loss realised at the time of the Greek government bond exchange in March 2012.

Net insurance revenue (NIR) amounted to €2,183 million, up 2% relative to 2012, despite €100 million of financial expenses relating to the Crédit Agricole Assurances Group's leveraging transaction in late 2012.

The increase in operating expenses was mainly due to the low base for comparison in 2012, when the Group recorded a €45 million tax saving after the Greek PSI (private-sector involvement) plan reduced the basis for calculating the CVAE (tax on business added-value). Stripping out that effect, operating expenses would have fallen 2%.

The €51 million cost of risk in 2012 was the result of residual effects from write-downs of Greek government bonds. By 31 December 2012, all Greek government bonds had been sold, and the CAA Group's cost of risk in 2013 was almost zero.

In 2012, the income tax charge included a non-recurring €127 million impact due to an exceptional 7% tax on the capitalisation reserves of insurance companies. In 2013, the income tax charge remained high, since the ordinary French tax rate rose from 36.1% at end-2012 to 38% at end-2013.

◊ Breakdown of net income Group share by business segment

in millions of euros	2013	2012	% change
Life (France)	831	756	10%
Non life (France)	98	85	15%
Creditor insurance (France and international)	37	(81)	n/a
International (excluding creditor insurance)	49	(11)	n/a
Other	(13)	1	n/a
Crédit Agricole Assurances Group	**1,002**	**750**	**34%**

2013 net income Group share of €1,002 million breaks down as follows :

- Income in the French life insurance business totalled €831 million, up 10% despite the increase in the ordinary tax rate to 38% at end-2013. 2012 income was dragged down by €127 million by the exceptional tax on capitalisation reserves.
- Income in the French non life business rose from €85 million in 2012 to €98 million in 2013 due to a firm grip on claims and operating expenses, along with firm growth in revenue.
- Income in the creditor insurance business turned positive again after being affected by the €129 million goodwill write-down on CACI in 2012.
- Income from the international insurance business (excluding creditor insurance) was €49 million after being affected by the €62 million disposal loss on Bes Vida shares in 2012.

◊ Revenue

in billions of euros	IFRS *	
	2013	2012
Life (France)	18.5	16.1
Non life (France)	2.6	2.5
Creditor insurance (France and international)	0.9	1.0
International (excluding creditor insurance)	3.6	3.0
Crédit Agricole Assurances Group	**25.7**	**22.6**

* Revenue is presented after the elimination of intra-Group items.
2012 revenue has been adjusted for the revenue of Bes Vida (sold to Bes in 2012), which totalled €37 million in 2012.

The Crédit Agricole Assurances Group's IFRS revenue totalled €25.7 billion, up 14% relative to 2012, due to growth in life and non life insurance in both France and abroad.

Revenue in the French life insurance business amounted to €18.5 billion, up 15% relative to 2012. Growth was faster than in the market as a whole (6% according to FFSA data at end-2013), and driven mainly by net inflows in early 2013 being higher than the historical average. The Crédit Agricole Assurances Group remains the leading bancassurer and the second-largest insurer in the French life market.

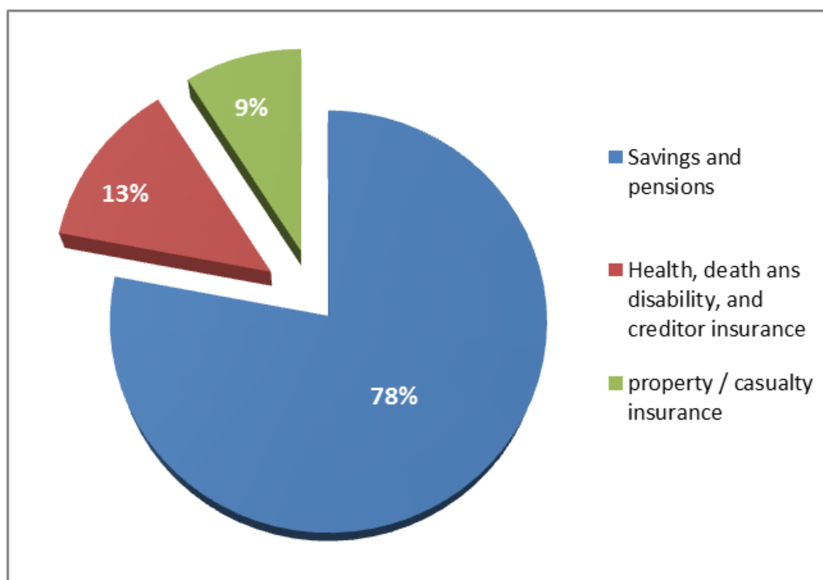
The Crédit Agricole Assurances Group continued its growth in the property and liability market, with IFRS revenue of €2.6 billion, up 6% relative to 2012, while the broad market grew 2% (source: FFSA, end-2013 data).

IFRS revenue in the French and international creditor insurance business was €0.9 billion in 2013, slightly lower than the 2012 figure. Revenue was firm in the mortgage segment, but the consumer credit segment slowed.

Revenue from international subsidiaries (excluding creditor insurance) rose 21% in 2013 to €3.6 billion.
The main contributors to business levels outside France in 2013 were:

- Italy (54% of international revenue), particularly the life business, where revenue rose sharply;
- Luxembourg (37% of international revenue).

Breakdown of Crédit Agricole Assurances Group revenue by type of policy in 2013:



Crédit Agricole Assurances Group consolidated balance sheet

Assets

in millions of euros	31/12/2013	31/12/2012
Intangible assets	1,132	1,137
Insurance-related investments	277,725	260,899
Reinsurers' share of liabilities relating to insurance policies and financial liabilities	1,254	1,184
Other assets	5,836	4,145
Cash and cash equivalents	2,631	6,276
Total assets	**288,578**	**273,641**

The Group's insurance-related investments amounted to €278 billion at 31 December 2013, up 6% relative to 2012.
The increase consisted mainly of greater investments in bonds and other fixed-income securities as net inflows and existing cash was invested in bonds.

Of these investments, 16% relate to unit-linked policies, 73% consist of bonds and other fixed-income securities, 10% of equities and other variable-income securities and 1% investment property.
77% of fixed-income securities have a credit rating of A or higher.

Liabilities and equity

in millions of euros	31/12/2013	31/12/2012
Equity Group share	10,511	10,504
Non-controlling interests	27	27
Total equity	**10,538**	**10,531**
Liabilities related to insurance policies and financial liabilities	256,649	245,275
Contingency and loss provisions	158	176
Financing debts	5,839	5,281
Other liabilities	15,394	12,378
Total equity and liabilities	**288,578**	**273,641**

Group equity totalled €10.5 billion at 31 December 2013. Although this represents almost no change relative to 2012, there was:

- a €1 billion increase arising from 2013 net income;
- a €507 million decrease in March 2013 due to the payment of an interim dividend with respect to 2012;
- a €458 million decrease in December 2013 due to the payment of an interim dividend with respect to 2013.

The €520 million payment of the final 2012 dividend did not affect equity, since the shareholder (Crédit Agricole S.A.) opted to receive it in shares.

Liabilities related to insurance policies and financial liabilities rose €11.4 billion, including €8.7 billion arising from changes in mathematical reserves. This increase was due to net new money in 2013, partly offset by the fall in remeasurement effects on non-unit-linked savings policies caused by the fall in the policyholder participation rate.
At 31 December 2013, those liabilities amounted to €257 billion and consisted mainly of:

- mathematical reserves (excluding reserves for policyholder participation): €192 billion (75% of insurance liabilities),
- policyholder participation reserve: €2.1 billion,
- liabilities relating to unit-linked policies: €43 billion, equal to 17% of insurance liabilities,
- Non life technical reserves: €5 billion.

Financing debts correspond mainly to subordinated debt issued to Crédit Agricole S.A. The 2013 increase included €440 million issued by Crédit Agricole Assurances and subscribed by Crédit Agricole S.A. and €14 million issued by CA Vita and subscribed by Cariparma.

Related parties

The main transactions between related parties, consolidated companies and the Group's main executives in 2013 are described in the "General information – Related party information" in the consolidated financial statements.

Internal control

Under the French financial security act (Loi de Securité Financière or LSF) of 1 August 2003, the Chairman of the Board of Directors must, in a report enclosed with the management report, detail the way in which the Board prepares and organises its work and the internal control procedures implemented by the Group, on a consolidated basis..
That report, which is published in accordance with terms set by the Autorité des Marchés Financiers, comprises two sections:

- the first relates to the work done by the Crédit Agricole Assurances Group's Board of Directors,
- the second contains information about the organisational principles behind the systems for internal control, risk management and risk monitoring within the Crédit Agricole Assurances Group. The second section covers risk management, permanent control, prevention and control of non-compliance risks and periodic control.

The report is made available to the shareholders.

Recent trends and outlook

Outlook

A gradual improvement is expected in 2014 and 2015, although the environment will remain fragile and unfavourable.

Growth is poised to recover virtually across the board in 2014. There will be only a handful of exceptions: China (although still growing by 7.2%), Brazil (growth down to only 1.8%), and Japan (growth stable at 2.0%). The improvement is nevertheless real in most countries, including Southern Europe, where all countries could emerge from recession in 2014.

However, the rebound will be moderate, and, more importantly, it could falter in 2015. In the eurozone, only Germany and Austria are expected to enjoy growth significantly above 1% in 2014. In France, growth is expected to be 0.8% in 2014 and 1.1% in 2015. Growth is proving slow to return to normal, because the global economy has not entered a cycle of self-sustaining growth. In each of the three large regions (Europe, North America and Asia), there is a high risk that growth will not gain pace, or will pick up only slightly in 2015.

The situation is slightly better in the USA than in other developed countries. Fiscal efforts are still dampening growth, but prospects for a recovery in consumer spending are fairly strong, thanks to declining unemployment and a recovery in the residential real-estate market. Against this backdrop, an increase in long bond yields is now likely, even though the US Federal Reserve will take care not to stifle growth.

In the eurozone, indicators released in late 2013 and early 2014 provided signals justifying cautious optimism. Nevertheless, the recovery remains seriously constrained by the ongoing adjustment of public and private balance sheets. Given the fragile recovery and very low inflation, the European Central Bank can be expected at the very least to maintain a highly accommodative monetary policy. In addition to monetary policy, the ability to continue European integration efforts will remain critical for the markets.

In France, a key challenge for economic policy will be to reduce the structural deficit in terms of competitiveness. This is the logic underpinning the introduction of the CICE tax credit in 2014 and further reductions in charges, which should foster a gradual recovery in investment. The other challenge will be to continue reducing public-sector deficits. The French government forecasts that the overall deficit will ease to 3.6% of GDP in 2014, compared with 4.1% in 2013. The structural effort, still focused on tax increases in 2013, will focus on spending cuts starting in 2014. The ratio of public debt to GDP, estimated at 95% in 2014, is not expected to start to decline before 2015.

For the Crédit Agricole Assurances Group

Crédit Agricole Assurances is fully committed to the medium-term plan presented by the Crédit Agricole Group on 20 March 2014.

Crédit Agricole Assurances' ambition is to make the Crédit Agricole Group its customers' preferred insurer and to support the Crédit Agricole Group's growth and leadership in Europe.

It has adopted the following strategic aims:

- savings/pensions: maintain growth in life assets under management by targeting specific priority areas (new products, wealth management customers);
- death and disability, health and creditor insurance: develop Group positions by strengthening product ranges and commercial techniques, and by developing its presence in the collective insurance market;
- non life insurance: increase penetration among individuals, farmers and small businesses;
- international: continue developments, mainly in Europe.

The Crédit Agricole Assurances Group also intends to make an active contribution to the Crédit Agricole Group's efforts to be a leading participant in dealing with issues relating to population ageing in France.

Alongside these strategies, the Group's financial targets for 2016 show how large a role bancassurance will play in developing synergies within the Group:

- revenue growth of 17% for the Group as a whole between 2013 and 2016;
- a cost/income ratio of less than 30% by 2016;
- a 10% increase in life insurance assets under management between now and 2016;
- in health, death and disability and creditor insurance, a 12% increase in revenue by 2016;
- in non life insurance, a 29% increase in revenue by 2016;
- in the international business, further organic growth in the Group's existing markets.

Important information

This presentation includes forward-looking information relating to the Group, which is provided as information on trends and, in many cases, refers to "targets". That information does not represent forecasts within the meaning of European Regulation 809/2004 of 29 April 2004 (chapter 1, article 2, section 10).

The information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. Therefore, the information is by nature subject to random factors that could cause actual results to differ from projections.

The Crédit Agricole Assurances Group makes no undertakings and declines all liability with respect to investors or any other stakeholder for updating or revising any of the statements, forward-looking information, trends or targets contained herein, particularly as a result of new information or future events.

Readers must take all these risk factors and uncertainties into consideration before making their own judgement.

Neither the Crédit Agricole Group, the Crédit Agricole Assurances Group nor their representatives may be held liable for any damages arising in connection with the information appearing in this presentation.

The figures relating to the year ended 31 December 2013 and to financial targets have been prepared in accordance with the IFRS standards adopted by the European Union.

Post-balance sheet events

There were no post-balance sheet events capable of affecting the Crédit Agricole Assurances Group's financial statements.

Financial statements of Crédit Agricole Assurances S.A.

The financial statements of Crédit Agricole Assurances S.A. are prepared in accordance with French GAAP.

Simplified financial statements of Crédit Agricole Assurances S.A.

Assets

in millions of euros	31/12/2013	31/12/2012
Property, plant and equipment and intangible assets	10	8
Long-term financial investments	12,833	12,471
Current assets	1,483	948
Accruals and prepaid expenses	0	4
Total assets	**14,326**	**13,432**

Total assets rose from €13.4 billion at 31/12/2012 to €14.3 billion at 31/12/2013.

The €362 million increase in long-term financial investments broke down as follows:

- a €302 million positive impact from capital increases by several subsidiaries (€272 million for Predica through the partial payment of the dividend in shares, €25 million for CA Vita and €3 million for CA Assicurazioni);
- a €12 million negative impact from impairment losses (€10 million on CA Life Greece, €1.9 million on CA Insurance Greece);
- a €3 million negative impact from a capital decrease at CA Insurance Greece;
- a €2 million negative impact from the exercise of a clawback clause relating to Bes Seguros shares;
- an €80 million positive impact from the increase in receivables connected with equity investments.

Current assets consist mainly of investments in investment securities (€1,451 million at 31/12/2013).

Liabilities and equity

in millions of euros	31/12/2013	31/12/2012
Capital and reserves	8,262	6,670
Net income/(loss) for the year*	1,420	2,099
Interim dividend (current year)	(458)	0
Total equity	**9,224**	**8,769**
Financing debts	3,949	3,509
Contingency and loss provisions	16	15
Amounts due to banks	1,061	1,076
Other liabilities	76	63
Total equity and liabilities	**14,326**	**13,432**

** Details in the simplified income statement on page 9*

The €455 million increase in equity resulted from the combination of:

- the March 2013 payment of a €507 million interim dividend with respect to 2012 (the payment of the final dividend had no impact on equity, since shareholders opted to receive it in shares);
- the payment of a €458 million interim dividend with respect to 2013;
- net income for the year amounting to €1,420 million.

The change in financing debts was related to €440 million of subordinated debt issued by Crédit Agricole Assurances and subscribed by Crédit Agricole S.A.

Supplier payment times

In accordance with articles L.441-6-1 and D.441-4 of the French Commercial Code, Crédit Agricole Assurances S.A. presents the net amount it owes to suppliers in its management report.

At 31 December 2013, the net amount payable was small, amounting to €0.6 million (€1.1 million in 2012). Crédit Agricole Assurances S.A. complies with the payment terms of its suppliers, which are generally paid within 45 days.

Crédit Agricole Assurances S.A. simplified income statement

in millions of euros	**2013**	2012	**% change**
Operating revenue	17	14	21%
Operating expenses	(60)	(60)	0%
Operating income (1)	**(43)**	**(46)**	**(7%)**
Financial income	1,772	2,354	(25%)
Financial expenses	(273)	(237)	15%
Net financial income/(expenses) (2)	**1,499**	**2,118**	**(29%)**
Net non-recurring income/(expenses) (3)	**0**	**45**	**n/a**
Income tax (4)	(36)	(18)	x 2
Net income (1) + (2) + (3) + (4)	**1,420**	**2,099**	**(32%)**

The €679 million fall in net income was due to the change in the financing structure of CAA and its subsidiaries in 2012.

Most of the decline consisted of the €619 million fall in net financial income, which was very high in 2012 after Predica reimbursed €1,514 million of share premiums.

Financial expenses also rose in 2013, since CAA increased its use of subordinated debt as part of its financing arrangements in late 2012.

Operating income represents operating expenses net of expenses that are invoiced onward.

There were no non-recurring items in 2013. In 2012, non-recurring income of €45 million came from disposal gains on shares in Bes Vida (€37 million) and Bancassurance SAL (€8 million).

Five-year financial summary

in euros	2009	2010	2011	2012	2013
Share capital at year-end	1,101,549,210	1,162,542,980	1,162,542,980	1,162,542,980	1,240,569,500
Number of shares in issue	110,154,921	116,254,298	116,254,298	116,254,298	124,056,950
Comprehensive income from operations					
Revenue excluding VAT	2,656,440	7,822,749	15,159,017	13,581,958	16,273,692
Income before tax, depreciation, amortisation and provisions	699,583,076	782,397,158	942,982,669	1,838,427,168	1,473,135,821
Income tax	(15,006,773)	(19,631,598)	(5,543,432)	(17,729,000)	(35,558,383)
Depreciation, amortisation and provisions	(1,695,797)	(2,037,701)	(421,645,384)	278,241,413	(17,981,710)
Income after tax, depreciation, amortisation and provisions	682,880,505	760,727,859	515,793,853	2,098,939,582	1,419,595,728
Dividends paid	874,783,738	904,458,438	377,826,450	1,026,525,429	941,592,251
Earnings per share					
Income after tax but before depreciation, amortisation and provisions	6.21	6.56	8.06	15.66	11.59
Income after tax, depreciation, amortisation and provisions	6.20	6.54	4.44	18.05	11.44
Dividend per share	8.00	7.78	3.25	8.83	7.59
Employees					
Number of employees	106.30	149.30	191.88	188.69	206.00
Total payroll expenses for the period	8,259,421	10,217,117	13,635,163	14,905,085	15,697,969
Cost of benefits paid during the period (employee benefits and social-security contributions)	4,981,348	2,121,855	2,648,255	2,858,791	3,559,903

Recent changes in the share capital

The table below sets out changes in Crédit Agricole Assurances S.A.'s share capital in the last five years

Date and type of transaction	Amount of share capital (in euros)	Number of shares
Increase in share capital	1,037,678,910	103,767,891
Share capital at 31 December 2008	**1,037,878,910**	**103,787,891**
Increase in share capital	63,670,300	6,367,030
Share capital at 31 December 2009	**1,101,549,210**	**110,154,921**
Increase in share capital	60,993,770	6,099,377
Share capital at 31 December 2010	**1,162,542,980**	**116,254,298**
Share capital at 31 December 2011	**1,162,542,980**	**116,254,298**
Share capital at 31 December 2012	**1,162,542,980**	**116,254,298**
Share capital at 31 December 2013	**1,240,569,500**	**124,056,950**

Ownership of Crédit Agricole Assurances S.A.'s share capital at 31 December 2013

	Number of shares	%
CREDIT AGRICOLE S.A.	124,056,944	99.99
Other	6	NM
TOTAL	**124,056,950**	**100.00**

At 31 December 2013, employees owned no shares in Crédit Agricole Assurances S.A.

Dividends

Dividends paid by the Crédit Agricole Assurances Group are presented in note 5.13 to the consolidated financial statements.

Authorisations to increase the company's capital

Table summarising authorisations in force, granted by shareholders to the Board of Directors, to increase the company's capital, and utilisation of those authorisations during the year (information required by the securities reform order 2004-604 of 24 June 2004):

General meetings of shareholders Resolutions	Purpose of the authorisation given to the Board of Directors	Duration and limit of authorisations	Use made in 2013
General meeting of shareholders of 19 May 2013 13th resolution	Increase the share capital on one or more occasions decided by the Board of Directors, through contributions in cash, to be paid up in cash or through the offsetting of due, liquid and certain claims on the company.	**Limit:** The total amount of capital increases may not exceed five hundred million euros. **Duration:** One year from the general meeting of shareholders.	None

Governance and organisation of work done by the Board of Directors

The preparation and organisation of work done by the Board of Directors comply with laws and regulations currently in force, the company's articles of association, the Board of Directors' rules of procedure and internal directives.

Given its status as a wholly owned subsidiary of Crédit Agricole S.A., Crédit Agricole Assurances does not refer to any corporate governance code. The rules it follows, over and above its legal obligations, are described in the Board of Directors' rules of procedure and the Directors' code of conduct, the principles of which are described below.

General presentation of the Board of Directors

◊ General presentation and composition

Crédit Agricole Assurances is governed by a Board of Directors that must have between three and eighteen members, subject to exceptions provided for by the law.

At 31 December 2013, the Board had six members, along with two non-voting members appointed by the Board of Directors on the proposal of the Chairman.

◊ Directors' terms of office

Crédit Agricole Assurances' articles of association state that a director's term of office shall be three years. Directors may be reappointed at the end of their term, but not for more than four consecutive terms.

The average age of Crédit Agricole Assurances' directors is fifty-six. The Company's articles of association specify an age limit of sixty-five.

Non-voting members are appointed by the Board of Directors for a term of three years, renewable up to four times. The Board may terminate their appointment at any time.

◊ Composition of Crédit Agricole Assurances' Board of Directors

At 31 December 2013, there were eight members of the Board of Directors (six directors and two non-voting members).

Board members	Position within the Board	Duties	Date of appointment
Pierre Derajinski	Chairman of the Board of Directors	CEO, CRCAM de Centre Loire	05/11/2013
Xavier Musca	Director	Deputy CEO, Crédit Agricole S.A.	07/11/2012
Jérôme Brunel	Director	Head of public affairs - Crédit Agricole S.A.	21/07/2009
Bernard Delpit	Director	Group CFO - Crédit Agricole S.A.	05/11/2011
François Imbault	Director	Chairman of CADIF	09/05/2012
Raphaël Appert	Director	CEO, CRCAM Centre-Est	05/11/2013
Bruno de Laage de Meux	Non-voting member	Deputy CEO, Crédit Agricole S.A.	17/02/2011
Elisabeth Eychenne	Non-voting member	CEO, CRCAM de Franche Comté	05/11/2013

In 2013, several changes were made within the Board of Directors.

- Board meeting of 30/04/2013:
  - Resignation of Guy Chateau from his position as director, due to retirement.
  - Co-option of Pierre Derajinski as director to replace Guy Chateau.
- Board meeting of 19/06/2013:
  - Renewal of Jérôme Brunel's term of office as director.
  - Renewal of François Imbault's term of office as director.
  - Ratification of Xavier Musca's co-option as director.
- Board meeting of 05/11/2013:
  - Resignation of Gérard Ouvrier-Buffet from his position as director and Chairman, after he was appointed director of Crédit Agricole S.A.
  - Co-option of Raphaël Appert as director to replace Gérard Ouvrier-Buffet.
  - Appointment of Pierre Derajinski as Chairman of the Board of Directors.
  - Appointment of Elisabeth Eychenne as non-voting member.

All offices held by members of the Board of Directors are detailed in appendix 1 of the Crédit Agricole Assurances management report.

◊ Separation of the functions of the Chairman of the Board of Directors from those of the CEO

In accordance with France's new economic regulations act of 15 May 2001 and with general governance rules applicable within the Crédit Agricole Group that separate guidance, decision-making and control functions from executive functions, the functions of the Chairman and CEO are separated within Crédit Agricole Assurances.

Board of Directors' role and operating procedures

The Board of Directors meets as often as the company's interests require and at least four times per year. Meetings are convened by the Chairman. The Board of Directors uses the powers given to it by law and by the Company's articles of association:

- It defines the company's strategy and general policies.
- It approves, on the basis of proposals by the Chief Executive Officer and as applicable, resources, structures and plans designed to implement the strategies and general policies it has defined.
- It makes decisions on all matters concerning the governance of the company referred to it by the Chairman and the Chief Executive Officer.
- It discusses all of the company's operations for which it has sole responsibility.
- It carries out all checks and controls that it deems necessary.

On 21 July 2009, Crédit Agricole Assurances' Board of Directors adopted rules of procedure that define the operating methods of the Board and the company's executive management, taking into account the separation of functions between the Chairman and CEO, along with a Directors' code of conduct. The main provisions of those rules of procedure are set out in this report.

The rules of procedure state the way in which the Board must operate in meetings and in specific committee meetings (such as meetings of the Audit and Accounts Committee).

The Directors' code of conduct, which is attached to the rules of procedure, is a formal statement of provisions set out in statute, regulations and the articles of association relating to the rights and responsibilities of a director (attendance, discretion, protecting the Company's interests, preventing conflicts of interest, right to be informed etc.). It explicitly mentions the possibility of consulting the Group's compliance officer.

The rules of procedure were amended by the Board on 18 February 2010 so that Audit and Accounts Committee meetings may take place via videoconferencing or telephone.

The rules of procedure were amended by the Board on 21 April 2011 after Crédit Agricole S.A. issued a procedural memo (NP 2010-16) relating to the procedure for examining and monitoring investment and divestment projects within the Group, which stated that all investment and divestment projects over €25 million must be examined and validated by Crédit Agricole S.A.'s central functions.

The rules of procedure were amended by the Board on 5 November 2013 after the decision to transfer the functions of Crédit Agricole Assurances' Compensation Committee to Crédit Agricole S.A.'s Compensation Committee.

Article 4 of the rules of procedure ("Powers of the CEO") was amended by the Board on 19 December 2013 in accordance with the decision by Crédit Agricole S.A.'s Group Risk Management Committee on 3 December 2013 relating to the prior agreements that are required before the CEO of Crédit Agricole Assurances takes any investment or divestment decisions.

In accordance with the law and the articles of association, the Chairman of the Board of Directors represents the Board. He/she organises and directs its work, on which he/she reports to the general meeting of shareholders. The Chairman checks that the company's bodies are operating correctly and ensures that directors are able to fulfil their duties.

◊ Board activity in 2013

The Board of Directors held six meetings in 2013, on 19 February, 19 March, 30 April, 1 August, 5 November and 19 December.

The average attendance rate in 2013 was 80%.

The following items, after examination by the Audit and Accounts Committee, were presented to the Board of Directors:

- Interim and annual financial statements,
- All changes relating to the Company's equity, along with the main prudential rules governing the Company's activities,
- The Group risk management strategy and Group risk limit arrangements,
- Internal audit,
- Minutes from Audit and Accounts Committee meetings.

The other matters examined by the Board related to:

- Budget forecasts,
- Financial and investment policy,
- The overall strategy of the insurance business and the guidance from the holding company,
- The activities of subsidiaries in France and abroad,
- The Group's plan to develop its collective insurance business,
- Changes at Médicale de France,
- The Dolcea Vie / Spirica merger plan,
- The gender equality policy,
- The transfer of functions from Crédit Agricole Assurances' Compensation Committee to Crédit Agricole S.A.'s Compensation Committee,
- Directors' fees.

◊ Related-party agreements

These agreements between Crédit Agricole Assurances and any of its executives or shareholders, or between Crédit Agricole Assurances and a company sharing an executive with Crédit Agricole Assurances, are subject to particular supervision due to the potential conflicts of interests that they could produce.

Agreements are described as "related-party agreements" where they are subject to prior authorisation by the Board of Directors.

No related-party agreement was submitted to the Board of Directors for approval in 2013.

Financial and insurance risk management

The Crédit Agricole Assurances Group markets savings, death and disability, non life and creditor insurance within its French and foreign subsidiaries.

Four types of risks are monitored and managed by Crédit Agricole Assurances Group entities:

- market risks, mainly ALM-related: interest rate, equity, foreign exchange, liquidity and surrender risks. These risks are measured based on the guarantees given to the customer (guaranteed minimum return, floor rate, etc.);
- counterparty risks on assets in the portfolio (issuer quality) and on reinsurers;
- technical risks associated with the insurance business, which vary depending on levels of claims and premiums. These mainly depend on pricing, marketing and medical screening. Part of these risks can be reinsured by paying a premium to reinsurance entities;
- operational risks, particularly relating to the execution of processes. These risks may be specific to insurance, but are monitored and managed in accordance with Crédit Agricole S.A. Group standards and procedures.

Crédit Agricole Assurances Group risks are monitored under the current regulatory framework for solvency requirements, known as "Solvency I", which applies at entity level as well as at the consolidated level. The Crédit Agricole Assurances Group is in compliance with all applicable solvency requirements.

The adjusted solvency ratio calculated on the basis of the consolidated financial statements is reported annually to the French Prudential Supervision and Resolution Authority (ACPR).

At the same time, the Crédit Agricole Assurances Group is preparing itself for "Solvency II".

It has planned and launched projects, at subsidiary and Group level, to implement the new rules and monitor their smooth progress towards full compliance with the directive.

In 2013, all the French entities of the Crédit Agricole Assurances Group took part in a preparation exercise based on the 2012 financial statements, at the initiative of the ACPR. Preparation exercises are designed to gradually prepare the market for future regulatory requirements. Accordingly, bodies subject to Solvency II were asked to submit a selection of prudential reports and a qualitative questionnaire by 6 September 2013.

The main entities of the Crédit Agricole Assurances Group took part in the European long term guarantees assessment (LTGA) on the financial statements for the year ended 31 December 2012, at the initiative of the European regulator EIOPA. The aim of this assessment was to quantify the impact of various counter-cyclical measures on long-term guarantees.

The simulations applied to the financial statements at 31 December 2012 showed that capital qualifying under the transitional rules covers the capital requirements defined by Solvency II.

Risk control and management

Risk strategy

Crédit Agricole Assurances Group risks are managed as part of the Crédit Agricole S.A. Group's risk strategy for common and uniform risks in the insurance business. Each entity in France and abroad applies that strategy in drawing up its own risk strategy, based on a schematic mapping of its major risk exposures (market, technical, counterparty and operational risks specific to their business) and their measurement.

These risk strategies, co-ordinated at the level of the Crédit Agricole Assurances holding company by its head of Risk Management and Permanent Controls, are the formal expression of the different policies used by entities to manage their risks (financial, subscription, pricing, provisioning, reinsurance, claims management etc.). They set global limits below which these risk exposures are kept (through asset allocation, counterparty limits and hedging rules, for instance) and prescribe management and supervision procedures. They require approval by Crédit Agricole S.A.'s Group risk management department (DRG), in co-ordination with the heads of Risk Management and Permanent Controls (RCPR) at Crédit Agricole Assurances and its entities. They are submitted for validation to the Group Risk Management Committee chaired by Crédit Agricole S.A.'s CEO.

Operational risk management

Risk management policies defined by each company are reviewed at least once a year and approved by their Board of Directors.

Operational management of the risks specific to each entity's business is based around regular committee meetings (financial or investment committees, ALM committees in life insurance, technical committees, reinsurance committees in non life, etc.). These committees are responsible for monitoring the risk situation, based on the reporting system of the particular business line (investment, actuarial items, ALM reports, etc.), and presenting analyses to support the risk management process. If necessary, they can draw up proposals for action, which are then submitted to the Board of Directors.

Crédit Agricole Assurances has also drawn up a set of standards for foreign subsidiaries to be applied in each subsidiary. Those standards define limits on the scope of decentralised decisions and lay down rules for the decision-making process.

Risk monitoring

Risk monitoring procedures within the entities implement the directives of Crédit Agricole S.A. Group as they apply to the insurance business. They are examined during meetings of the Internal Control or Risk Management and Permanent Control Committees, in light of permanent and periodic control reports. The same committees also examine the risk scorecards that report relevant indicators for each risk type and monitor compliance with limits. The head of Risk Management and Permanent Controls can submit operational limits and alert thresholds to the committees, in addition to the global limits set by the risk management strategy. Any

alteration to these global limits must be resubmitted for approval to the Crédit Agricole S.A. Group's Risk Management and Permanent Controls department.

Whenever execution of financial management is entrusted to investment service providers, delegation agreements are signed setting out in detail the risk management and control procedures as well as the monitoring methods (limit monitoring, monitoring of risk strategy targets, etc.).

Crédit Agricole Assurances has set up a Group-wide Risk Management and Permanent Control Committee to make high-level policy for Risk Management and Permanent Controls in the insurance business and to monitor risks at the consolidated level. Crédit Agricole Assurances thus produces a Group risk scorecard on a quarterly basis, which is updated with entities' management indicators and provides an overall, consolidated view of the Group's risks.

Crédit Agricole Assurances has also strengthened its system with the establishment of a Risk Monitoring Committee that meets twice monthly, providing heads of Risk Management and Permanent Controls with a forum for discussion. That committee analyses the occurrence of, and changes in, risks on an ongoing basis and submits a summary report to Crédit Agricole Assurances' Executive Committee. In addition, the heads of Risk Management and Permanent Controls in companies dealing with a major risk area play a cross-functional role as risk specialists for their area of expertise.

Lastly, as part of its consolidated supervision process, the Crédit Agricole S.A. Group carries out quarterly risk reviews on entities belonging to the Crédit Agricole Assurances Group based on reports provided by the RCPRs to the Crédit Agricole S.A. Risk Management Department (DRG). Committees organised by DRG meet several times a year with each subsidiary. They are attended by the local CEO, local RCPRs and Crédit Agricole Assurances RCPRs to examine risk management and control processes, as well as any current risk issues affecting the entity. The RCPRs alert DRG of any breaches to global limits. An action plan is then drawn up to rectify the breach.

Risk measurement within the savings and pensions businesses

In the savings and pensions businesses, risk measurement relies on modelling to assess an entity's risks by simulating its asset-liability matching on the basis of economic methods. This modelling is used to make MCEV (Market Consistent Embedded Value) and capital requirement calculations under Solvency II. The modelling tool is used in the main entities outside France active in savings and death and disability insurance (Italy, Greece and Japan).

It replicates the insurer's policy choices in different market environments (asset allocation, policy remeasurement, fees charged etc.) and the behaviour of policyholders (mortality tables, simulation of structural and cyclical surrender patterns etc.). It also takes into account the regulatory constraints (minimum policyholder participation, regulatory reserves, asset class limits, etc.). Simulations carried out using this system inform the major decisions made by each company, whether commercial (products, rates paid), financial (asset allocation, hedging, etc.) or underwriting (reinsurance), and contribute to discussions within its governing bodies.

Market risk

In each Crédit Agricole Assurances Group entity, transactions on financial markets are governed by policies appropriate to the entity's asset portfolio and the matching of their liabilities (ALM). Policies take into account regulatory limits, internal limits (those approved under the risk management strategy or operational limits set by the entity), financial analysis based on the market outlook in a range of probable economic scenarios, and stress scenarios.

Crédit Agricole Assurances Group pays constant attention to the management of financial risks. Its strategy of diversifying allocations across all asset classes (fixed income, equities, alternative investment, real estate) allows it to control the total volatility of the value of its investment portfolio. Depending on portfolio size, profit targets and risk profiles, some types of investment may be forbidden or only authorised under certain conditions, e.g. via collective investment vehicles.

The Crédit Agricole Assurances Group's savings, pension and death and disability businesses are particularly affected by market risks owing to the very large volume of financial assets held to cover policyholder liabilities. Market risks are tested under stress scenarios to see how changes in the main risk factors would impact profitability (policyholder participation in company profit or loss) and solvency, i.e. a fall in share prices and a rise in bond yields, looking at their consequences for new inflows and surrenders (based on criteria used in the internal modelling tool).

Interest rate risk

Interest rate risk is the risk of a change in the value of the fixed-income portfolio caused by a change in interest rates. Investments at floating rates expose the Group to fluctuations in future cash flows, whereas investments at fixed rates expose it to variations in the fair value of portfolio instruments.

A fall in rates may reduce the profitability of portfolios and ultimately create problems in meeting guaranteed minimum returns. An increase in rates could make the Crédit Agricole Assurances Group's savings policies less competitive and create a risk of mass surrenders (potentially leading to forced sales of part of the fixed-income portfolio in unfavourable market conditions and at a loss).

The bond portfolio (excluding assets of unit-linked contracts) amounted to €202 billion at 31 December 2013, compared with €188 billion at 31 December 2012.

To address interest-rate risk, Crédit Agricole Assurances Group has drawn up the following hedging and management rules.

- Risk of decline in interest rates, owing to the presence of liabilities that feature a minimum guaranteed return superior to zero: the risk is managed by setting a minimum allocation for bonds, and a minimum weighting for fixed-rate bonds and hedging instruments (swaps, swaptions, floors).
- In France, regulations call for the recognition of a "provision for financial hazard" if the return on assets becomes insufficient to meet the insurer's liabilities to policyholders relating to guaranteed returns. No such provision was recognised by the Crédit Agricole Assurances Group at 31 December 2013 or at 31 December 2012.
- Risk of rate rises, to protect the entity against the risk of policyholders surrendering their policies in the event of a sharp and lasting rise in long-term yields, making savings policies uncompetitive compared with other savings vehicles. The risk is managed by using caps, which protect against a rise in rates and at end-2013 covered more than a quarter of assets managed under the fixed-income portfolio, and by keeping 16% of the portfolio invested in assets that can be quickly mobilised (liquid assets with low capital risk).

The sensitivity to interest-rate risk within the Crédit Agricole Assurances Group's fixed-income portfolio excluding assets relating to unit-linked contracts, assuming a 100 basis points rise or fall in interest rates, is as follows (net of deferred policyholder surplus and tax):

	31/12/2013		31/12/2012	
in millions of euros	Impact on net income	Impact on equity	Impact on net income	Impact on equity
100bp increase in the risk-free rate	(39)	(846)	(31)	(756)
100bp decrease in the risk-free rate	29	819	31	740

Impacts on securities held as available-for-sale financial assets are recognised in equity. Impacts on securities held for trading are recognised in profit or loss.

The Group's technical liabilities are largely insensitive to rate risks for the following reasons.

- Savings reserves (over 90% of technical reserves excluding unit-linked policies): these are based on the pricing rate which does not change over time for any particular policy. As a result, a change in interest rates will have no impact on the value of these commitments.
- Non life reserves: these technical reserves are not discounted to present value, and so changes in interest rates have no impact on the value of these commitments.
- Mathematical reserves for benefits (personal injury, disability): the discount rate used in calculating these reserves is based on the interest rate in force at the calculation date. Therefore, the size of these commitments varies with interest rates. However, given the small amount of these technical commitments, they represent no significant risk for Crédit Agricole Assurances Group.

Borrowings arranged by Crédit Agricole Assurances pay fixed rates. Interest is therefore insensitive to rate changes.

Equity risk

Equity market risk is the risk of a decline in the value of equity investments resulting from a decline in stockmarket indices.

Falls in equity asset values can have multiple consequences: a negative impact on income if values are significantly impaired, along with implications for future profitability, guaranteed minimum return reserves and surrender reserves.

Asset allocation studies performed on a regular basis have led the Group to cap the proportion of diversification assets based on the implied volatility of the equity markets. The optimal long term allocation is estimated accordingly.

The Crédit Agricole Assurances Group has also defined rules for hedging and managing risks relative to the valuation of diversification assets and can use options to partially hedge the risk of a fall in equity markets.

Investments in equities (including mutual funds and excluding assets of unit-linked contracts) amounted to €26.5 billion at 31 December 2013, compared with €26 billion at 31 December 2012.

The Crédit Agricole Assurances Group's sensitivity to equity risk, assuming a 10% rise or decline in equity markets, is as follows (impacts are shown net of deferred policyholder surplus and tax):

in millions of euros	31/12/2013		31/12/2012	
	Impact on net income	**Impact on equity**	**Impact on net income**	**Impact on equity**
10% rise in equity markets	59	91	60	95
10% decline in equity markets	(55)	(91)	(65)	(93)

These sensitivity measurements include the impact of changes in the benchmark equity index on assets measured at fair value, reserves for guaranteed minimum return and reserves relating to policyholders' rights to surrender unit-linked policies as well as any additional impairment provisions required by a decline in equity markets.

Changes to the fair value of available-for-sale financial assets are recognised in reserves for unrealised gains or losses, and all other items are recognised in profit or loss.

Exchange-rate risk

Exchange-rate risk is the risk of a change in the fair value of a financial instrument due to a change in exchange rates.

Crédit Agricole Assurances has only one subsidiary that operates using a foreign currency: Crédit Agricole Life Insurance Japan. This investment is partially hedged by a loan denominated in yen.

The residual exposure to exchange-rate risk arising from this investment is negligible.

Furthermore, the diversification of investments in international financial markets (equities, fixed income) automatically creates exposure to exchange-rate risk. For dollar, yen and sterling pounds assets held through dedicated mutual funds, a minimum coverage ratio is set for each currency. Fixed-income mutual funds are systematically hedged against exchange-rate risk, and direct holdings of securities (bonds, equities) are denominated in euros as a matter of course.

At year-end 2013, residual exchange-rate exposure was low.

Liquidity risk

Liquidity risk is the risk of not being able to cover liabilities when due, as a result of a mismatch between the cash required and the Group's available cash. It is a concern mainly for entities conducting savings and death and disability insurance business.

Liquidity risk can result from:

- illiquid investments. To deal with this risk, Crédit Agricole Assurances Group entities pay specific attention to liquidity when selecting their investments. Most are securities listed on liquid regulated markets. The valuation of other asset classes – private equity, over-the-counter derivatives, etc. – is monitored by the investment managers to whom responsibility has been delegated;
- a mismatch between the maturity schedules of investments (assets) and insurance policies (liabilities). Crédit Agricole Assurances Group entities have established a framework for managing liquidity as part of their ALM policy.

Furthermore, life entities have defined a "responsiveness" ratio intended to reflect the entity's ability to come up with short-term liquidity without risking loss of value. This indicator is calculated as the ratio of assets maturing in less than two years to the total portfolio. Liquid assets maturing in less than two years include cash, money-market mutual funds, fixed-income mutual funds whose sensitivity is controlled, floating-rate and inflation-linked bonds, as well as hedges on two- to five-year CMS indices and fixed-rate bonds with a remaining maturity of less than two years. Also, a payability test analyses the ability of each subsidiary to meet large-scale outflows (i.e. surrenders at three times the historical level).

At times of significant uncertainty in terms of business and, therefore, net inflows, liquidity management may be adjustment by setting targets for amounts of liquidity to be held in the very short term (weeks and months).

In the non life business, internal simulations are also carried out to quantify any liquidity risk arising from shocks affecting liabilities (increase in claims) and/or assets (deterioration in financial markets).

Credit or counterparty risk

A second dimension of the policy for managing financial risks is the mitigation of counterparty risk, i.e. the risk of payment default by one or more issuers of instruments held in the investment portfolio. Counterparty risk on reinsurers is treated in the section on reinsurance (see below).

As with market risks, each Crédit Agricole Assurances Group entity has a policy on controlling credit or counterparty risks tailored to its own portfolio profile, covering both overall risk to the fixed-income portfolio and individual risks.

Accordingly, counterparty risk is mitigated in the first instance by aggregate limits based on issuer credit ratings (Solvency II rating corresponding to the second best of the three S&P, Moody's and Fitch ratings), with the allocation being defined by rating levels.

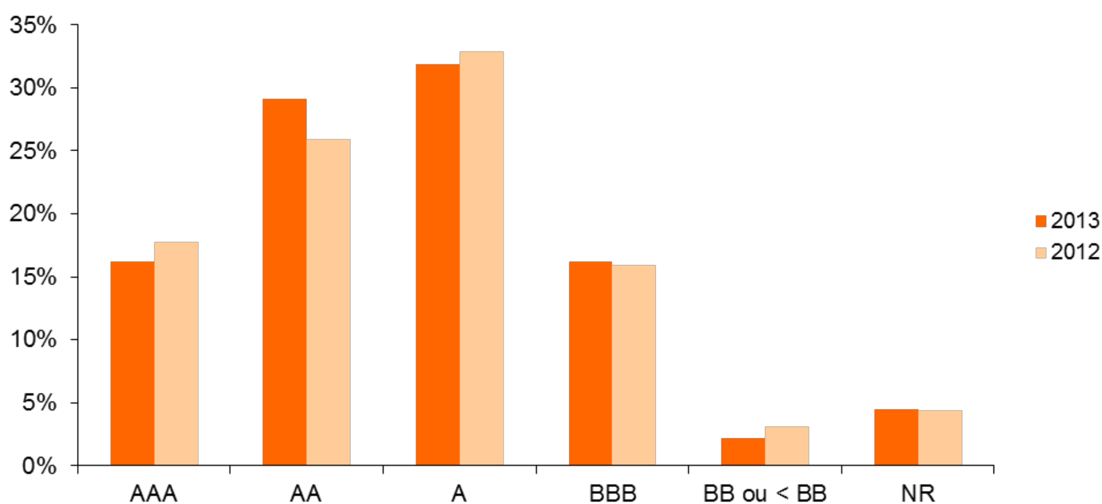
Crédit Agricole Assurances' rules do not allow direct holdings of securities rated lower than BBB, except in the exceptional case of a downgrade that occurred after the securities were purchased, and provided the repayment capacity of the issuer concerned remains intact. Indirect investments in high-yield securities via a specialist fund, when permitted by investment rules, are subject to strict weighting constraints.

At 31 December 2013, non-investment grade bonds held either directly or indirectly made up 5% of Crédit Agricole Assurances Group's total portfolio, compared with 4% at end-2012.

In addition, some subsidiaries have continued to extend their bond investments to issuers that are not rated by at least one of the rating agencies (local authorities and mid-cap companies) but have an internal Crédit Agricole S.A. investment grade rating as a minimum requirement. These investments, which remained minor in 2013 (€2.1 billion) are managed using specific risk policies.

In addition to the concentration ratios imposed by local regulations, entities have also defined risk limits for each issuer, exposure to which – relative to the whole portfolio – is related to its credit quality.

The bond portfolio (excluding unit-linked policies) by credit rating breaks down as follows:



Additional diversification rules may be imposed (on sectors, bank deposits, etc.).

The Crédit Agricole Assurances Group's investment policy remained very conservative in 2013.

Investments were focused on fixed-rate bonds from corporate issuers of good standing. €2.1 billion was invested in bonds issued by unrated local authorities or businesses, via private placements and funds. This strategy perfectly illustrates the Crédit Agricole S.A. Group's goal of supporting the development of its territories.
Residual exposure to the sovereign debt of weakened eurozone countries is set out in Note 6.8 to the consolidated financial statements.

Technical risks

Underwriting risk takes different forms depending on the nature of the insurance, i.e. life or non life.
Risks related to reinsurance are treated separately in the section below.

Technical risks from personal insurance

In the life business, underwriting risk results from the pricing of risks associated with the length of a human life

and the hazards of life at the time the policy is written. It can also arise from mortality shocks (such as a pandemic).

The main businesses concerned are savings, death and disability insurance and creditor insurance, connected with the death-benefit features of the policies.

Underwriting risk arises from the assumptions underlying the pricing of the benefits and the financial options that the policyholder can exercise.

These mainly consist of:

- four elementary biometric risks:
  - mortality risk (benefit paid in the event of death),
  - longevity risk (benefit paid in the event of survival, as on a life annuity or whole life policy, etc.),
  - morbidity risk (benefit paid in the event of disability and need for long term care),
  - disability risk (benefit paid in the event of inability to work);
- behavioural risk is the risk of early surrender (or postponement, switching, termination, etc.) of insurance policies compared with the expected level;
- the risk that loading charges will be insufficient to cover operating expenses and commission paid to distributors.

Underwriting risk is measured on the basis of observed differences between the pricing elements used when the policy was written and the actual annual results on the policy portfolio:

- for biometric risks, statistical tables are established either from national or international statistics or from insurance portfolio statistics (experience tables);
- for surrender risk, probability criteria are based on portfolio observations (for structural redemptions) and primarily on expert opinion (for cyclical surrenders not amenable to statistical observation);
- for loading risk, the relevant difference is that between expenses actually charged and expenses borne by the insurer.

To limit behavioural risk, the policy remuneration strategy, which is partly discretionary, takes into account market conditions on a forward-looking basis. The participation payout strategy relies on tests of sensitivity to market conditions or loss experience. Stress tests are conducted regularly to evaluate different remuneration policies over the course of the next five years, based on analysing impacts on earnings, reserves and solvency.

Similarly, modelling of policyholder behaviour and ex post analysis of their actual behaviour are used to adjust the duration of assets to the duration of liabilities at regular intervals, so as to limit the risk of an unexpected deviation in redemptions.

Given the size and general profile of the portfolios (mass risk, average capital), only catastrophe risk is liable to have any real impact on results in individual or collective death and disability insurance. The French life insurance subsidiary's portfolio benefits from BCAC cover (Bureau Commun des Assurances Collectives), both on Group death benefits (insured loans) and individual death and disability benefits (open Group), as well as, in part, supplementary cover of disability risk.

As regards unit-linked contracts, variations in the value of the underlying assets are borne by the policyholders, provided there is no floor guarantee benefit payable under the policy. In the event that the policyholder dies, the guarantee entitles the beneficiaries to receive at least the amount invested by the policyholder, regardless of the value of the unit-linked account at the date of death. The insurer is thus exposed to a composite risk determined by (i) the probability of death of the policyholder and (ii) the financial risk on the value of the unit-linked account. A technical provision is recognised for the floor guarantee. It is measured using an economic model incorporating the two components.

The performance of unit-linked funds is monitored on a regular basis, via comparison with the competition for funds available on the open market, and in terms of how to apply formula-based funds.

As regards reinsurance, Crédit Agricole S.A. Group entities in the savings and death and disability business in France and internationally make little use of reinsurance.

- The bulk of their business is in individual savings products.
- The death and disability risk policies that they distribute are made up of a very large number of small risks, with the exception of long-term care policies.
- Strong financials and prudent management enable them to exceed the minimum required solvency ratio by a comfortable margin.

Technical risks in non life and creditor insurance

The main businesses concerned are non life policies and non life cover included in creditor insurance policies.

The main risks in non life and creditor insurance are as follows:

- poor selection of risks and under-priced premiums;
- claims management;
- concentration and catastrophe risks.

Technical risk is managed by means of five policies:

- underwriting policy, which is specific to each market or type of policy and which sets the rules that partners must apply in distributing policies;
- pricing policy, which is governed by the entity's development strategy, and in which pricing rules and procedures are formalised as part of the strategy;
- commercial policy, which is part of the risk management strategy aimed at managing the entity's financial equilibrium and long-term solvency;
- partner remuneration policy, which is governed by management agreements;
- claims management policy, which depends on manuals of procedures and controls to be applied by those in charge of managing claims;
- reinsurance policy.

The technical result on non-life business is measured mainly using the claims ratio, which is the ratio of claims paid to premiums earned on the business.

Claims ratios are calculated every month by product line. They are analysed by actuaries in terms of their variation from one quarter to the next and their closeness to the initial targets. They are presented to the relevant Management Committees.

Tracking claims ratios serves to identify products that are structurally unprofitable and therefore require solutions to improve underwriting results (new rate schedule, redefinition of the target customer or underwriting rules, restriction of policy benefits, etc.), and to identify where efforts must be made on pricing, for example, when a product's sales volumes are not satisfactory.

Monitoring of underwriting risk is supplemented by portfolio analysis in respect of changes in production (policyholder profile, etc.), breakdown of claims (frequency, average cost, etc.) and the trend in claims by year of occurrence.

Concentration risk in non-life insurance relates to a concentration of risks and therefore a concentration in claims payable in respect of a single event.

Two types of concentration risks should be distinguished:

- underwriting concentration risk in which policies are written by one or more Group entities on the same risk;
- claims concentration risks, where policies are written by one or more Group entities on risks that are different, but liable to be triggered by a single covered event or the same primary cause.

This type of risk is hedged by a policy of diversifying the risks written in a single region and through reinsurance to limit the financial impact of major events (storms, natural disasters, civil liability claims, serial risks, unemployment, etc.). The reinsurance policy thus seeks to achieve a high level of protection against systemic and/or exceptional events, thereby reducing the volatility of net income and protecting capital (through general hedging of retentions and any overruns in individual reinsurance agreements covering each type of risk).

Reinsurance risk

Reinsurance risks are of three types:

- inappropriate reinsurance (insufficient cover or, on the other hand, payment of too high a premium, which erodes technical margins and competitiveness);
- risk of a reinsurer defaulting and not being able to pay all of its share of claims;
- no or virtually no reinsurance on a given activity or guarantee given.

Risk mitigation measures have been implemented along four lines:

- monitoring the adequacy of reinsurance cover relative to commitments to policyholders;
- monitoring the reinsurers' credit rating;
- monitoring the dispersion of risk across reinsurers;
- monitoring results on each reinsurance agreement.

The reinsurance policy seeks to optimise protection by obtaining good value for money (i.e. a good amount of cover for the price).

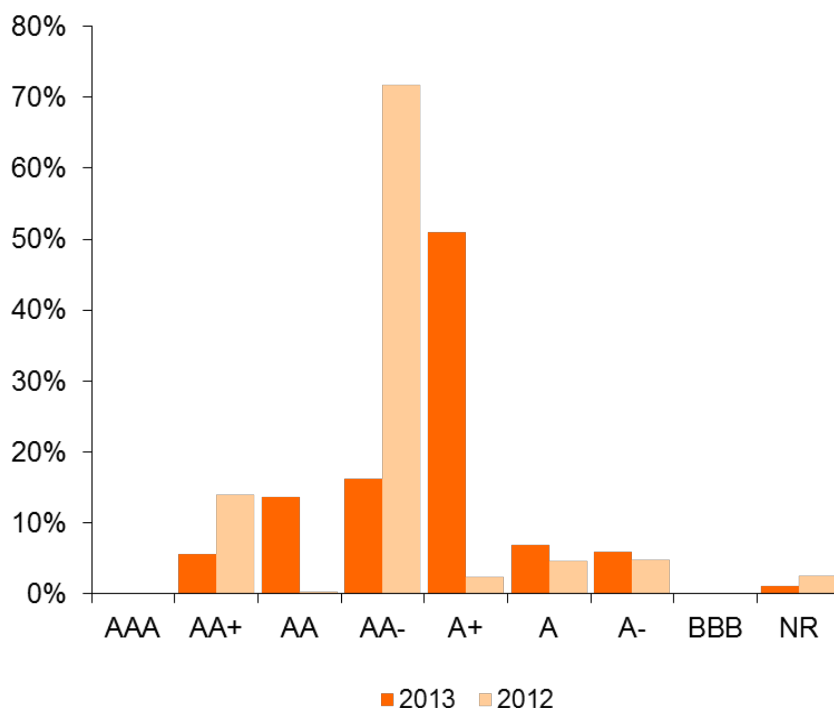
The terms and conditions of reinsurance (premium rates, nature of cover, types of limits, etc.) are for the most part reset annually when reinsurance agreements are renewed.

The reinsurance plan is reviewed annually by the Board of Directors at subsidiary level.

Since the entity will be left to pick up the liabilities of any reinsurer who defaults, financial robustness is a prime criterion in selecting reinsurers. Similarly, limits on the share of risks taken on by each reinsurer both globally and under each agreement, where possible, tends to reduce the impact of a default.

Net outstandings ceded to reinsurers (ceded reserves and current accounts with reinsurers net of cash deposits received) totalled €0.5 billion at 31 December 2013, up 19% with respect to the €0.4 billion figure at 31 December 2012.

Their breakdown by rating is as follows:



Operational risk and non-compliance risk

Operational risk is the risk of loss resulting from shortcomings or failure in internal procedures, human error, information systems or external events. It includes legal risk but not strategic or reputational risk.

Non-compliance risk refers to a potential lack of adherence to rules governing financial and banking activities. These rules may be laws, regulations, professional or ethical standards, instructions, professional codes of conduct, or efforts to combat money laundering, corruption or the financing of terrorism.

Crédit Agricole Assurances entities apply Crédit Agricole Group directives on operational and compliance risk management.

The operational risk management system is thus comprised of the following components:

- identification of the associated operational risks and processes, including an assessment of each known or potential risk event from the qualitative and quantitative (cost) point of view. This mapping is updated annually by entities that have already finished implementing the process.
- identification of losses arising from the realisation of an operational risk and an early-warning system to report significant incidents. The roll-out of this information collection process is complete in virtually all entities.

The Risk Management and Permanent Controls function and, more specifically, the Operational Risks Manager, under the responsibility of the RCPR (Risk Management and Permanent Controls Officer), co-ordinate this system in liaison with operational managers, and track progress on identified action plans in order to mitigate the impact of exceptional risks and the frequency of recurring risks. They may use Crédit Agricole S.A. Group tools designed for operational risk management.

Summaries of the results of this system are presented to management in meetings of the Risk Management and Permanent Controls committee or Internal Control committee.

Non-compliance risks are an integral part of operational risk mapping within entities. Within each entity, the Compliance Officer is responsible for the dedicated monitoring system, which ensures that these risks are controlled and that their impact in terms of financial losses, or legal, administrative or disciplinary sanctions, is minimised. The common objective is to preserve the Group's reputation. In this respect, each entity's new activities and products (NAP) committee is tasked with approving all new activities and products.

Legal risks

As far as Crédit Agricole Assurances is aware, there are no administrative, court or arbitration proceedings that could have or have had, within the previous 12 months, a material effect on the financial position or profitability of the company and/or Group.

Appendix 1 – Positions and duties of corporate officers

At 31 December 2013

General management

Jérôme GRIVET
Main position in the company: CEO

Year of birth	1962	Professional address: **Crédit Agricole Assurances** **16/18 Boulevard Vaugirard** **75015 PARIS**
First appointed	01/12/2010	
Term expires	**OGM 2015**	

Duties performed at 31/12/2013		Other duties performed in last five years	
in companies of the Crédit Agricole Assurances Group			
CEO	- PREDICA	Permanent Representative PREDICA - Director	- La Médicale De France (2011)
Director – Chairman of the Board of Directors	- SPIRICA - DOLCEA VIE	Chairman Vice-Chairman	- CAAIH (2011) - BES VIDA
Non-voting board member	- La Médicale De France		
Director	- CAAGIS - PACIFICA - CA Vita		
Permanent Representative CAA Director	- CACI		
Chairman	- CA LIFE GREECE		
Other			
Director	- CA INDOSUEZ PRIVATE BANKING -KORIAN	Director	- CA Chevreux (2010) - Cedicam (2010) - Newedge Group (2010) - Union de Banques Arabes et Francaises – UBAF (2010) - LCL OBLIGATION EURO (2011)
Permanent Representative PREDICA Director	- FONCIERE DES REGIONS	Chairman & CEO Director	 - Mescas
Permanent Representative PREDICA Member of Supervisory Board	- CA GRANDS CRUS	Permanent Representative PREDICA Member of the Supervisory Board	- CAPE
		Deputy CEO – Member of the Executive Committee	- CA CIB
Non-voting board member	- Aéroport de Paris	Chairman	- SNGI
Permanent Representative PREDICA Non-voting board member	- Siparex Associés	Permanent Representative CA CIB - Director	- Fletirec
Member of Executive Committee	- Crédit Agricole S.A.	Managing Director	- Stiching CLSA Foundation - Crédit Lyonnais Securities Asia CLSA BV Hong-Kong

Board of directors

Pierre DERAJINSKI Main position in the company: Director, Chairman of the Board			
Year of birth	1953	Professional address: **CRCAM Centre Loire** **26 Rue Godde** **45800 SAINT JEAN DE BRAYE**	
First appointed	30/04/2013		
Term expires	**OGM 2015**		
Duties performed at 31/12/2013		**Other duties performed in last five years**	
in companies of the Crédit Agricole Assurances Group			
Director	- PACIFICA		
Chairman of the Board of Directors	- PREDICA		
Other			
CEO	- Centre Loire Regional Bank	Chairman -	- COVERED BONDS (2009) - SNCD (2009)
Director	- CARIPARMA - CA Technologies - CA Services - SACAM Participations - SCICAM - SAS LA BOETIE	Member of Investments Committee	- FONCARIS (2010)
		Member of the Corporate and International Committee	- FNCA (2010)
		Member of Strategic Purchasing Committee Rapporteur of the Banking & Financial Policy Committee	- FNCA (2009) - FNCA (2009)
Chairman	- Centre Loire Promotion - Centre Loire Investissement - Logement Social	Director	- EXAPROD (2010) - ATTICA (2010) - ANCD (2010)
Chairman	- Logiciel Immobilier - SACAM Square Habitat	Member of the Audit Committee	- ATTICA (2010)
Member of the Economy & Territory Committee	- FNCA		
Deputy Secretary General of the Federal Office	- FNCA		
Chairman of Federal Correspondents International	- FNCA		
Member of Management Committee	- GECAM		
Member of Steering Committee	- MULTICANAL		
Member of Management Committee	- UNI EDITIONS		
Chairman of Policy Committee	- UNIVERSITE DES ENTREPRISES		
Member of Working Group	- SQUARE ENERGIE		
Member of Executive Committee	- SACAM SQUARE HABITAT		

Raphaël APPERT
Main position in the company: Director

Year of birth	1961	Professional address: **CR Centre Est** **1 rue Pierre Truchis De Lays** **69 410 CHAMPAGNE AU MONT D'OR**
First appointed	06/11/2013	
Term expires	**OGM 2015**	

Duties performed at 31/12/2013		Other duties performed in last five years	
in companies of the Crédit Agricole Assurances Group			
Director	- PREDICA	Permanent Representative of Attica – Director	- PREDICA (2009) -PACIFICA (2009)
Chairman of the Board	- PACIFICA	Non-voting board member	-CAA
Other			
CEO	- Centre Est Regional Bank	CEO	- Val de France Regional Bank (2009)
		Permanent Representative of Val de France Regional Bank	- COVERED BONDS
Director	- AMUNDI GROUP - Siparex Associés - Crédit Agricole Service - Grameen Crédit Agricole - Crédit Agricole Financement Suisse - Crédit Agricole Technologies - Lyon Place Financière et Tertiaire - Club du Musée des Beaux Arts -CA Banque Polska	Director	- Synergie Service (2009) - Synergie (2009) - Carcentre (2009) - CA HOME LOAN SFH (2012)
		Chairman	- ATTICA (2011) - CAAGIS (2013)
Member of Supervisory Committee	- CA Titres	Chairman of the Board of Directors	- Covered Bonds (2011)
Member	- Cercle de l'Union de Lyon - IMS Entreprendre pour la cité	Member of Executive Committee	- Val de France Regional Bank Real Estate
Vice-Chairman	- Fédération Rhône Alpes du Crédit Agricole	Member of Strategy Committee	- CARVEST (2012)
Rapporteur of Policy & Promotion Committee COP	- FNCA		
Member Economy & Territory Committee	- FNCA		
Member of Steering Committee for Financial Organisation	- FNCA		

Bernard DELPIT **Main position in the company: Director**			
Year of birth	1964	Professional address: **Crédit Agricole S.A.** **12 Place des Etats-Unis** **92127 MONTROUGE CEDEX**	
First appointed	05/10/2011		
Term expires	**OGM 2015**		
Duties performed at 31/12/2013		**Other duties performed in last five years**	
in companies of the Crédit Agricole Assurances Group			
Other			
Group Finance Director	- Crédit Agricole S.A.	Director	- LA POSTE - EMPORIKI BANK
Member of the Executive Committee	- Crédit Agricole S.A.		
Director	- RENAULT SAS - LCL - CACEIS		
Independent Director	- RENAULT SA		

Guy CHATEAU **Main position in the company: Director**	
Year of birth 1951 First appointed 21/07/2009 Term expires **01/04/2013**	Professional address: **CRCAM Aquitaine** **304 Bd du Président Wilson** **33000 BORDEAUX**
Duties performed at 31/12/2013	**Other duties performed in last five years**
in companies of the Crédit Agricole Assurances Group	
	Chairman of the Board - Crédit Agricole Assurances - PREDICA
	Director - Crédit Agricole Assurances - PACIFICA (2013)
Other	
	CEO - Aquitaine Regional Bank(2013)
	Chairman of the Board - Agro-Alimentaire SPA (2013)
	Member of Management Committee - Uni Edition (2013)
	Rapporteur of Human Resources Committee - FNCA (2010)
	Director - GIE CA Technologie (2013) - Groupe AGRICA (2013) - GIE ATLANTICA (2013) - BANCA POPILA FRIULADRIA
	Member of Federal Office - FNCA (2013)

Jérôme BRUNEL
Main position in the company: Director

		Professional address:
Year of birth	1954	**Crédit Agricole SA**
First appointed	OGM 21/07/2009	**50 Avenue Jean Jaurès**
Term expires	**OGM 2016**	**92120 MONTROUGE**

Duties performed at 31/12/2013		**Other duties performed in last five years**	
in companies of the Crédit Agricole Assurances Group			
Other			
Chairman of the Board of Directors	- Amundi Actions Euro ISR	Chairman of the Board of Directors	- Eurofactor (2009) - Finaref (2009) - Sofinco (2009) - FGA Capital S.p.A (2009) - Eurosociétale (2010) - CA Consumer Finances
Director of Public Affairs	- Crédit Agricole SA		
Member of the Executive Committee	- Crédit Agricole SA		
Director	- CA PRIVATE BANKING - AFB		
Chairman	- CFPB	Director	- Crédit Agricole Leasing (2009) - AGOS SPA Italie (2009)
		Director of Specialist Financial Services	- Crédit Agricole S.A. (2009)

Xavier MUSCA **Main position in the company: Director**			
Year of birth	1960	Professional address: **Crédit Agricole S.A.** **12 Place des Etats-Unis** **92127 MONTROUGE CEDEX**	
First appointed	07/11/2012		
Term expires	**OGM 2015**		
Duties performed at 31/12/2013		**Other duties performed in last five years**	
in companies of the Crédit Agricole Assurances Group			
Vice-Chairman – Director	- PREDICA		
PR Crédit Agricole S.A. – Director	- PACIFICA		
Director	- CACI		
Other			
Deputy CEO In charge of International Retail Banking, Asset Management & Insurance	- Crédit Agricole S.A.		
Member of Executive Committee	- Crédit Agricole S.A.		
Director	- Amundi Group - Banco Espirito Santo - Bespar - Cariparma - CACEIS		
Vice-Chairman – Director	- Crédit Agricole Egypt		
Vice-Chairman	- UBAF		
Vice-Chairman of Supervisory Committee	– Crédit du Maroc		

François IMBAULT **Main position in the company: Director**			
Year of birth	1948	Professional address: **Crédit Agricole Ile de France** **26, Quai de la Rapée** **75012 PARIS**	
First appointed	09/05/2012		
Term expires	**AGO 2014**		
Duties performed at 31/12/2013		**Other duties performed in last five years**	
in companies of the Crédit Agricole Assurances Group			
Director	- PACIFICA - PREDICA		
Other			
Chairman	- CADIF - Domaine de la Sablonnière - SPP Opcalia Services du Monde Rural	Member	- Economy & Territory Committee at FNCA - Federal Negotiation Delegation at FNCA and Board of Directors for HR at FNCA
CADIF Representative – Manager	- Société Civile Immobilière Agricole - Société Civile Immobilière Bercy Villiot		
Director	- CACIB - CA Private Banking - CA Indosuez Private Banking		
Vice Chairman – Management Board	- AGECIF CAMA		
Permanent Representative CADIF – Ad.	-SOCADIF		
Member	- Senior Management Committee of Crédit Agricole Group - National Senior Management Remuneration Committee - Chairmen Association at FNCA - CCPMA Prévoyance		

Gérard OUVRIER BUFFET
Main position in the company: Director, Chairman of the Board

Year of birth	1957	Professional address: **CRCAM Loire-Haute Loire** **94 Rue Bergson** **42000 SAINT-ETIENNE**
First appointed	OGM 21/07/2009	
Term expires	**06/11/2013**	

Duties performed at 31/12/2013		Other duties performed in last five years	
in companies of the Crédit Agricole Assurances Group			
		Director	- PREDICA
		Chairman of the Board of Directors	- PACIFICA
Other			
CEO	- Loire Haute Loire Regional Bank		
Director	- Crédit Agricole S.A. - SCICAM - Edokial (ex Inforsud Editique) - La Boetie - Sacam Participations - Espace Solidarité Passerelle - Square Habitat CA Loire Haute Loire *(TUP Immonial et Immonial Haute Loire)* - FRACA (Fédération Rhône Alpes du Crédit Agricole	Permanent Representative de CRCALHL	- Attica (2011)
Chairman of Board of Directors	- Cofam - Sircam - Locam	Director	- 1% Logement Loire - Cité Nouvelle
Chairman	- Logiciel Immobilier - Sacam Square Habitat	Permanent Representative de CRCALHL – Director	- SACICAP - A.M.T
Member of Strategy Committee	- Crédit Agricole S.A.		
Vice-Chairman of Federal Office	- FNCA		
Member of Federal Office	- FNCA		
Member of Management Committee	- Gecam		
Permanent Representative of CRCALHL - Director	- Defitech - Chene Vert - Forez Velay		
Permanent Representative of CRCALHL - Manager Permanent Representative of CRCALHL – Treasurer	- S.C.I Crédit Agricole Loire Haute Loire - Fondation de l'Université Jean Monnet de Saint Etienne		
Member of Management Board	- Uni-Editions		
Member of Supervisory Board	- CREDIT DU MAROC		
Chairman of Audit Committee	- CREDIT DU MAROC		

Bruno DE LAAGE DE MEUX
Main position in the company: Non-voting board member

Year of birth	1951	Professional address: **Crédit Agricole SA** **50 Avenue Jean Jaurès** **92120 MONTROUGE**
First appointed	17/02/2011	
Term expires	**AGO 2014**	

Duties performed at 31/12/2013		Other duties performed in last five years	
in companies of the Crédit Agricole Assurances Group			
Other			
Deputy CEO in charge of Retail Banking France, Specialist Financial Services and Payment Systems & Flows	- Crédit Agricole S.A.	CEO (2010)	- CRCAM de l'Anjou et du Maine
Member of General Management Committee	- Crédit Agricole S.A.	Chairman	- John Deere Crédit SAS (2008) - GIE Atlantica (2009) - BforBank (2010) - Vegepolis - Cedicam
Member of Executive Committee	- Crédit Agricole S.A.		
Director	- LCL - FIRECA - EMPORIKI BANK - BforBank - BESPAR - Crédit Agricole Créditor Insurance - Crédit Agricole Leasing & Factoring - CA PAIEMENT - CA Card & Payments	Director	- Crédit Agricole Titres (2008) - Crédit Agricole Capital-Investissement et Finance (CACF) (2008) - Société Euro Securities Partners (2008) - GIE Atlantica (2010) - Uni Expansion Ouest (2010) - Crédit Agricole S.A. (2010) - CARIPARMA
Director – Vice-Chairman	- Banco Espérito Santo - Crédit Agricole Egypt SAE	Director – Vice-Chairman	- UBAF
Chairman	- CA CONSUMER FINANCE - UNI-EDITIONS	Deputy General Secretary	- FNCA (2010)
Member of Supervisory Board	- Fonds de Garantie des Dépôts	Member of Supervisory Committee	- Crédit du Maroc

Elisabeth EYCHENNE
Main position in the company: Non-voting board member

Year of birth	1958	Professional address: **CRCAM de Franche-Comté** **11 Avenue Elisée Cusenier** **25084 BESANCON Cedex 09**
First appointed	05/11/2013	
Term expires	**06/11/2016**	

Duties performed at 31/12/2013		Other duties performed in last five years	
in companies of the Crédit Agricole Assurances Group			
Director	- PACIFICA		
Other			
CEO	- Franche-Comté Regional Bank	Deputy CEO	- Val de France Regional Bank
Chairman	- CAAGIS		
Director	- CA TECHNOLOGIES - CA SERVICES - CA SOLIDARITE DEVELOPPEMENT - CA FINANCEMENT (Switzerland) - CA TITRES - CA Home Loan SFH - National Association of Senior Managers (ANCD)		
Member of Steering Committee on Internal Financial Organisation Member of Life & Mutualism Committee Member of Economy & Territories Committee Member of Relation Excellence Committee	- FNCA - FNCA - FNCA - FNCA		
Permanent Delegate	-Amicale du Nord et de l'Est		

Appendix 2 – Additional information on corporate officers

Summary of remuneration granted to CAA corporate officers, as required by article L 225-102-1 of the Commercial Code

Xavier Musca Deputy CEO of Crédit Agricole S.A Director of Crédit Agricole Assurances	2013		2012	
	Payable (1)	Paid (2)	Payable (1)	Paid (2)
Fixed remuneration	500 000	500 000	227 084	227 084
Variable remuneration (a)	135 000	40 800	40 800	0
Variable remuneration indexed to the Crédit Agricole S.A. share (a)	45 000	15 232	13 600	0
Deferred and conditional remuneration (b)	270 000	0	81 600	0
Exceptional remuneration	0	0	0	0
Attendance fees (c)	72 590	65 287	14 177	11 677
Benefits in kind	0	0	0	0
TOTAL	**1 022 590**	**621 319**	**377 261**	**238 761**

Xavier Musca has been Deputy CEO of Crédit Agricole S.A. since 19 July 2012.

For 2012, gross amounts are shown. For 2013, net amounts are shown after the following deductions made, as per 2013, from sums payable to physical beneficiaries resident in France: income tax prepayment (21%) and social security contributions (15.50%).

(a) Non-deferred variable remuneration includes a partial payment made in March of year N+1 and a payment made in September of year N+1 that is indexed to the share price performance between March and September.

(b) Deferred variable remuneration is attributed in the form of Crédit Agricole S.A. shares progressively allocated over three years, provided the beneficiary remains within the Group and achieves three performance objectives (Crédit Agricole S.A. gross profit growth performance, relative performance of the Crédit Agricole S.A. share and Crédit Agricole S.A. social performance).

(c) Xavier Musca received attendance fees for his director duties for Cariparma, Crédit Agricole Egypt, Crédit du Maroc, Amundi Group and UBAF.

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(1) The amounts indicated are those allocated for corporate officer duties for the year shown. Part of the variable remuneration is conditional.

(2) Amounts paid for corporate officer duties (during the year shown).

Appendix 3 – Crédit Agricole Assurances S.A. Subsidiaries and Holdings at 31/12/2013

Company name and address	Millions of euros Equity capital	Shareholding Dividends received	Millions of euros Gross value of shares Net value of shares	Loans, advances, guarantees	Revenues Earnings
	en millions d'euros	*(en%)*	*en millions d'euros*		
Dénomination et adresse	**Capital Capitaux Propres**	**Q.P. détenue Dividendes encaissés**	**Val brute titres Val nette titres**	**Prêts, avances Cautions**	**Chiffre d'affaires Résultat**
PREDICA	961	100%	6 475	3 909	18 873
50-56 rue de la procession - 75015 Paris	6 245	1 247	6 475	0	774
CALIE EUROPE	100	94%	146	61	1 212
16 av Pasteur - L2310 Luxembourg	127	8	146	0	11
PACIFICA	249	100%	340	205	4 867
8-10 bd de Vaugirard - 75015 Paris	434	126	340	0	67
SPIRICA	68	100%	63	30	445
50-56 rue de la procession - 75015 Paris	36	0	55	0	(3)
BES SEGUROS	15	50%	38	0	71
Av. C.Bordalo Pinheiro-1070-061 Lisbonne - Portugal	31	3	38	0	7
VERT S.r.l	0	100%	0	0	0
Via universita1 - 43100 Parme - Italie	2	0	0	0	0
CA VITA	144	100%	409	137	2 213
Via universita1 - 43100 Parme - Italie	250	23	409	0	49
CA ASSICURAZIONI	10	100%	35	0	37
Via universita1 - 43100 Parme - Italie	11	0	35	0	(1)
CARE	14	100%	78	1	38
145 rue de Kiem - L8030 Strassen - Luxembourg	14	0	78	0	0
CACI	84	100%	634	122	0
50-56 rue de la procession - 75015 Paris	620	45	597	0	39
CALI JAPAN	76	100%	63	0	(0)
1-9-2 Higashi shimbashi, Minato- ku, Tokyo 105-0021 - Japon	39	0	63	0	0
CA LIFE	13	100%	131	0	24
45 rue Mistropolos&Pandrosou - 10656 Athènes - Grèce	25	0	42	0	1
DOLCEA VIE	27	100%	30	32	58
50-56 rue de la procession - 75015 Paris	22	0	30	0	0
CREDIT AGRICOLE INSURANCE	6	100%	12	0	9
45 rue Mistropolos&Pandrosou - 10656 Athènes - Grèce	10	3	10	0	2
CARI	5	75%	4	0	11
74 rue du Merl - L2146 Luxembourg	6	0	4	0	0
CAAGIS	15	50%	7	0	156
50-56 rue de la procession - 75015 Paris	14	0	7	0	(0)

END OF MANAGEMENT REPORT

UNCONSOLIDATED SHAREHOLDERS EQUITY AND FINANCIAL DEBT

The table below sets forth the shareholders equity and financial debt of the Issuer on an unconsolidated (parent company only) basis as of 31 December 2013, as reported by the Issuer in its standalone French GAAP financial statements.

in millions of euros	**As of 31 December 2013**
Subordinated debt	3,949
Debt to banking establishments	1,061
Total financial debt	**5,010**
Share capital	1,241
Premiums on share issues, mergers, asset contributions	5,833
Statutory reserve	116
Retained earnings	1,072
Net income/(loss) for the year	1,420
Interim dividend (current year)	(458)
Total shareholders equity	**9,224**

Between 31 December 2013 and 31 December 2014, there was no decrease in the Issuer's (parent company only) share capital and no significant increase in the Issuer's subordinated debt or total financial debt except as described below.

On 14 October 2014, the Issuer issued €750,000,000 undated subordinated resettable notes, a portion of whose net proceeds has been used to repay €550,000,000 of perpetual subordinated debt subscribed by Crédit Agricole S.A;

On 12 December 2014, the Board of Directors decided the payment of an interim dividend in the amount of €445,000,000;

On 17 December 2014, the Issuer issued €780,000,000 of senior short-term notes subscribed by Crédit Agricole S.A with a maturity date at 19 January 2015;

On 29 December 2014, the general meeting of the shareholders executed a special distribution of reserves of approximately €1.542 billion (following the reallocation from the "retained earnings" line item to the "other reserves" line item) and carried out a capital increase in the same amount, of which €1.334 billion constituted the issue premium, which was fully subscribed by the Issuer's primary shareholder Crédit Agricole S.A.

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Crédit Agricole Assurances Consolidated Financial Statements at 31 December 2013

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GENERAL INFORMATION

Presentation of Crédit Agricole Assurances Group

Crédit Agricole Assurances, a *société anonyme* with a Board of Directors, is the Crédit Agricole Group's holding company owning, under the control of Crédit Agricole S.A., the Group's holdings in various insurance and reinsurance companies in France and internationally.

The purpose of Crédit Agricole Assurances is to acquire and manage holdings in insurance and reinsurance companies without directly acting to provide insurance policies or enter into reinsurance contracts.
Crédit Agricole Assurances Group is regulated by the Autorité de Contrôle Prudentiel.

Legal information

- Company name: CREDIT AGRICOLE ASSURANCES
- Company form: French limited liability company (société anonyme) with a Board of Directors
- Registered offices: 50/56, rue de la Procession – 75015 PARIS
- Share capital €1,240,569,500 (last modified 19 June 2013)
- Place of registration: Tribunal de commerce de Paris
- Company Number: 2004 B 01471

INSEE data

- N° Siren: 451 746 077
- Siret: 451 746 077 00036
- Code N0000AF: 6420Z (Holding company activities)
- Legal Category: 5599 (Société anonyme with a Board of Directors)

Tax information

- VAT registration number: FR 27 451 746 077 (EU intra-community number)
- VAT regime: Real normal

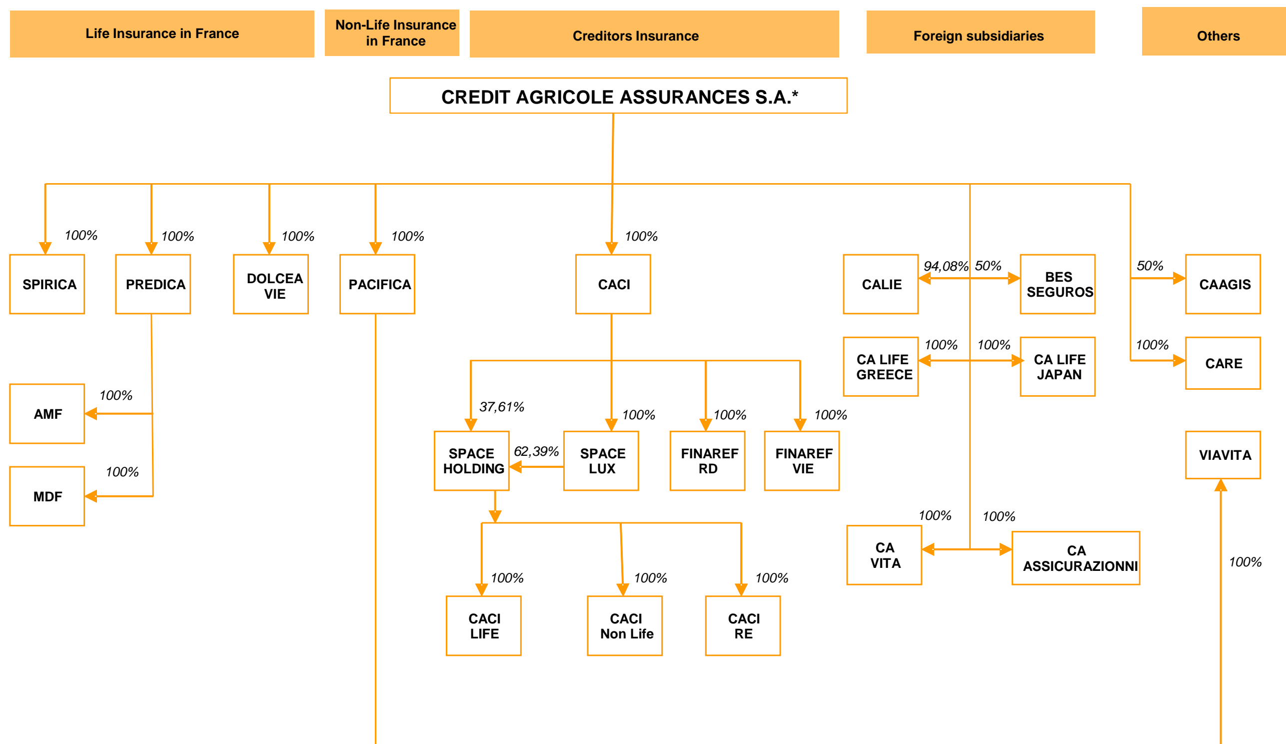
Shareholders

Share capital in Crédit Agricole Assurances consists of 124,056,950 shares of €10 each, held by:

- Crédit Agricole S.A.: 99.99%
- Other Directors: 0.01%

Simplified organisational structure of Crédit Agricole Assurances Group

The diagram below represents the scope of consolidation of the Crédit Agricole Assurances Group, with the exception of consolidated structured entities.



*The Crédit Agricole Assurances S.A. holding company is included under "other" in segment information.

Related party information

Parties related to the Crédit Agricole Assurances Group are companies within the Crédit Agricole S.A. Group and the main Directors of the Crédit Agricole Assurances Group.

Relations with the Crédit Agricole Group

The majority of the financing of Crédit Agricole Assurances is provided by the Crédit Agricole Group.
At 31 December 2013, €2.6 billion perpetual subordinated loan notes and €1.8 billion redeemable subordinated loan notes were issued to Crédit Agricole S.A.

Within its investment portfolio, the Crédit Agricole Assurances Group holds securities issued by Crédit Agricole S.A. for a total of €20.1 billion.

As part of its bancassurance activities in France, Crédit Agricole Assurance delegates certain functions to other entities within the Crédit Agricole Group:

The sale of insurance contracts is carried out through the banking networks of the Regional Banks and LCL in France and abroad and through the networks of international partners (including Cariparma in Italy, Bes in Portugal and Lukas Bank in Poland);

- Administrative management of life insurance contracts sold by banking networks is delegated to the distributors (with Regional Banks in turn delegating some elements of this management to CAAGIS);
- Asset management is delegated to specialist entities in various markets (Amundi, CA Immobilier, CACEIS, etc.);
- Claims handling in France is managed by SIRCA (a company created by Pacifica and the Regional Banks).

Similarly, retirement benefit obligations of the Crédit Agricole S.A. Group are, in part, covered by collective insurance agreements with Predica. These agreements include the creation of collective investment funds for the purpose of covering retirement bonuses and certain pension schemes, to which contributions are paid by the employer, the management of these funds by the insurance companies and the payment to beneficiaries of bonuses and retirement benefits as set out in the various schemes.

Relationship between companies consolidated by the Crédit Agricole Group

The list of companies consolidated by the Crédit Agricole Assurances Group is set out in Note 10 – Consolidation scope.
Transactions between two fully consolidated companies are completely eliminated.

Intragroup transactions that have been subject to eliminations having an effect on the income statement for the year are presented in Note 4 - Segment information.

Relations with main Directors

Information on the compensation paid to the main Directors is set out in Note 7 - Employee benefits and other compensation.

There are no significant transactions between Crédit Agricole Assurances and its main Directors, their families or companies under their control which are not included in the Group's scope of consolidation.

CONSOLIDATED FINANCIAL STATEMENTS

Balance sheet assets

€ millions	Notes	31.12.2013	31.12.2012
Goodwill	Note 5.1	872	874
Value of business in-force	Note 5.2	11	14
Other intangible assets	Note 5.3	249	249
Intangible assets		**1,132**	**1,137**
Real estate investments	Note 5.4	3,493	2,968
Unit-linked real estate investment	Note 5.4	-	-
Financial investments	Note 5.4	230,108	215,490
Unit-linked financial investments	Note 5.4	43,267	41,568
Derivative instruments and separated embedded derivatives	Note 5.5	857	873
Investments from insurance activities		**277,725**	**260,899**
Investments in associated undertakings		-	-
Share of concessionaires and retrocessionaires in liabilities relating to insurance and financial contracts	Note 5.6	**1,254**	**1,184**
Operational real estate and other property, plant and equipment	Note 5.7	237	246
Deferred acquisition costs	Note 5.8	801	790
Deferred participation assets	Note 5.19	-	-
Deferred tax assets	Note 5.9	41	47
Receivables resulting from insurance and assumed reinsurance operations	Note 5.10	1,619	1,556
Receivables resulting from ceded reinsurance operations	Note 5.11	113	90
Current income tax assets		9	29
Other receivables	Note 5.12	3,016	1,387
Other assets		**5,836**	**4,145**
Assets held for sale		-	-
Cash and cash equivalents		**2,631**	**6,276**
TOTAL ASSETS		**288,578**	**273,641**

Balance sheet liabilities

€ millions	Notes	31.12.2013	31.12.2012
Share capital and equivalent		1,240	1,163
Issue, merger and transfer premium		5,833	5,391
Gains and losses recognised directly in equity		1,140	1,170
Retained earnings		1,296	2,030
Consolidated net income		1,002	750
Group shareholders' equity		**10,511**	**10,504**
Minority interests		**27**	**27**
Total shareholders' equity	Note 5.13	**10,538**	**10,531**
Provisions for risks and charges	Note 5.14	**158**	**176**
Subordinated debt	Note 5.15	4,388	3,936
Debt to banking establishments		1,451	1,345
Financial debt		**5,839**	**5,281**
Technical liabilities on insurance contracts		103,151	93,557
Technical liabilities on unit-linked insurance contracts		38,371	37,093
Technical liabilities on insurance contracts	Note 5.17	**141,522**	**130,650**
Technical liabilities on financial contracts with discretionary participation		99,749	99,392
Technical liabilities on financial contracts without discretionary participation		352	360
Technical liabilities on unit-linked financial contracts		4,825	4,493
Technical liabilities on financial contracts	Note 5.17	**104,926**	**104,245**
Deferred participation reserve	Note 5.18	**10,201**	**10,380**
Contract-related liabilities		**256,649**	**245,275**
Deferred tax liabilities	Note 5.9	453	590
Operating debt represented by securities		-	-
Operating debt to banking establishments		2,219	4,402
Receivables resulting from insurance and assumed reinsurance operations	Note 5.19	1,605	1,617
Receivables resulting from ceded reinsurance operations	Note 5.20	1,027	993
Current income tax liabilities		126	178
Derivative instrument liabilities	Note 5.5	8	7
Other debts	Note 5.21	9,956	4,591
Other liabilities		**15,394**	**12,378**
Liabilities of businesses identified for sale or discontinuation		**-**	**-**
TOTAL LIABILITIES		**288,578**	**273,641**

Consolidated income statement

€ millions	Notes	31.12.2013	31.12.2012
Gross written premiums	Note 6.1	25,701	22,563
Change in unearned premiums	Note 6.1	(26)	(53)
Earned premiums	Note 6.1	**25,675**	**22,510**
Revenue or income from other activities	Note 6.1	**94**	**104**
Investment income	Note 6.2	7,725	7,708
Investment expense		(250)	(375)
Gains/(losses) on investment net of reversals of impairment and depreciation	Note 6.2	1,237	(331)
Change in fair value of investments recognised at fair value through profit or loss	Note 6.2	2,344	5,563
Change in impairment on investments	Note 6.2	(311)	(330)
Investment income net of expenses		**10,745**	**12,035**
Service contract expenses	Note 6.4	**(31,207)**	**(29,580)**
Revenue from reinsurance operations		390	391
Expenses from reinsurance operations		(493)	(507)
Net reinsurance income or expense	Note 6.7	**(103)**	**(116)**
Contracts acquisition costs	Note 6.5	(1,900)	(1,834)
Amortization of portfolio assets and similar	Note 6.5	(3)	(4)
Administrative expense	Note 6.5	(1,195)	(1,161)
Other current operating income and expense	Note 6.5	(220)	(213)
Other operating income and expense	Note 6.5	-	(191)
OPERATING INCOME		**1,886**	**1,550**
Financing expense	Note 5.15	(270)	(177)
Share in income from equity affiliates		-	-
Income tax	Note 6.8	(610)	(621)
CONSOLIDATED NET INCOME		**1,006**	**752**
Minority interests		4	2
Net income (Group share)		**1,002**	**750**

Net income and other comprehensive income

€ millions	31.12.2013*	31.12.2012*
Consolidated net income	**1,006**	**752**
Actuarial gains and losses on post-employment benefits	-	(7)
Gains and losses on non-current assets held for sale	-	-
Gross shadow accounting of non-recyclable unrealised gains and losses recognised directly in equity	-	-
Gross shadow accounting of non-recyclable unrealised gains and losses recognised directly in equity, excluding affiliates	**0**	**(7)**
Non-recyclable gains and losses at affiliates recognised directly in equity	-	-
Tax on non-recyclable gains and losses recognised directly in equity, excluding affiliates	-	2
Tax on non-recyclable gains and losses at affiliates recognised directly in equity	-	-
Non-recyclable gains and losses recognised directly in equity	**0**	**(5)**
Foreign exchange translation differences	(13)	(7)
Revaluation of financial assets available for sale	(945)	17,064
Revaluation of hedging derivatives	(116)	120
Shadow accounting gross of deferred tax	966	(14,935)
Recyclable gains and losses before tax recognised directly in equity, excluding affiliates	**(107)**	**2,242**
Group share of recyclable gains and losses before tax at affiliates recognised directly in equity	-	-
Tax on recyclable gains and losses recognised directly in equity, excluding affiliates	76	(723)
Tax on recyclable gains and losses at affiliates recognised directly in equity	-	-
Net recyclable gains and losses recognised directly in equity	**(32)**	**1,519**
NET INCOME AND OTHER COMPREHENSIVE INCOME	**974**	**2,266**
Net income and other comprehensive income, attributable to equity holders of the parent	970	2,218
Net income and other comprehensive income – equity investments not giving control	4	48

* Pro forma figures: figures for 2012 and 2013 now include the totality of income (attributable to equity holders of the parent and minority interests)

Statement of changes in equity

€ millions	Attributable to equity holders of the parent							Minority interests	Total consolidated shareholders' equity
	Issued capital and equivalent	**Issue, merger and transfer premium**	**Gains and losses recognised directly in equity**	**Recyclable IAS reserves relating to changes in value via reserves**	**Non-recyclable IAS reserves relating to changes in value via reserves**	**Retained earnings**	**Total Group share**		
CLOSING AT 31 DECEMBER 2011	**1,163**	**6,975**	**(344)**	**(343)**	**(1)**	**2,589**	**10,383**	**193**	**10,576**
Gains and losses recognised directly in equity	-	-	1,465	1,470	(5)	-	1,465	46	1,511
Consolidated net income	-	-	-	-	-	750	750	2	752
Net income and other comprehensive income	-	-	**1,465**	**1,470**	**(5)**	**750**	**2,215**	**48**	**2,263**
Dividend payout	-	(1,584)	-	-	-	(516)	(2,100)	(2)	(2,102)
Capital operations	-	-	-	-	-	(1)	(1)	1	-
Change in scope[1]	-	-	45	45	-	(42)	3	(213)	(210)
Other changes	-	-	4	4	-	-	4	-	4
CLOSING AT 31 DECEMBER 2012	**1,163**	**5,391**	**1,170**	**1,176**	**(6)**	**2,780**	**10,504**	**27**	**10,531**
Gains and losses recognised directly in equity	-	-	(35)	(35)	-	-	(35)	-	(35)
Consolidated net income	-	-	-	-	-	1,002	1,002	4	1,006
Net income and other comprehensive income	**-**	**-**	**(35)**	**(35)**	**-**	**1,002**	**967**	**4**	**971**
Dividend payout	519	-	-	-	-	(1,484)	(965)	(4)	(969)
Capital operations	(442)	442	-	-	-	-	-	-	-
Change in scope	-	-	-	-	-	3	3	-	3
Other changes	-	-	4	4	-	(2)	2	-	2
CLOSING AT 31 DECEMBER 2013	**1,240**	**5,833**	**1,140**	**1,145**	**(6)**	**2,298**	**10,511**	**27**	**10,538**

(1) The change in scope corresponds to:
- acquisition of minority interests in CA Vita (€175 million)
- disposal of Bes Vida (€38 million)

Cash flow statement

The cash flow statement is presented according to the indirect method model and in accordance with the presentation recommended by the Autorité des Normes Comptables in its recommendation n°2009-R-05 of 2 July 2009.

Operating activities represent those activities generating income for Crédit Agricole Assurances.
Tax payments are presented in their entirety under operating activities.

Investment activities represent transactions relating to investments and linked to property, plant and equipment and intangible assets. Strategic equity holdings included in "financial assets available for sale" are included in this section.

Financing activities result from changes relating to structural financial transactions affecting shareholders' equity and long-term debt.

Net cash includes cash at hand, credit and debit balances with banks and accounts (assets and liabilities) and call loans with lending establishments.

Consolidated financial statements

€ millions	31.12.2013	31.12.2012
Cash and cash equivalents	2,631	6,276
Operating debt to banking establishments	(2,219)	(4,402)
Cash and cash equivalents net of cash liabilities	**412**	**1,874**

€ millions	31.12.2013	31.12.2012
Operating income	**1,887**	**1,550**
Gains and losses on investments	(1,237)	(717)
Net depreciation and amortisation	87	83
Change in deferred acquisition fees	(13)	11
Change in impairment	311	443
Net allocations to technical liabilities on insurance contracts and financial contracts	11,563	9,038
Net other provisions	(18)	(25)
Change in fair value of investments and other financial instruments recognised at fair value through profit or loss (excluding cash and equivalent)	(1,905)	(4,047)
Other non-cash items included in operating income	399	(913)
Correction of items included in operating income that do not correspond to cash movements and reclassification of financing and investment flows	**9,187**	**3,873**
Change in operating receivables and debt	(1,318)	1,492
Change in securities given or received under repurchase agreements	4,727	(1,665)
Net tax payments	(704)	(340)
CASH FLOW FROM OPERATING ACTIVITIES	**13,779**	**4,910**
Acquisitions of subsidiaries and joint ventures net of cash acquired	-	-
Disposals of subsidiaries and joint ventures net of cash transferred	105	(91)
Cash flows relating to changes in consolidation scope	**105**	**(91)**
Cash flows relating to disposals and repayments of financial assets	71,475	89,215
Acquisitions of financial investments (incl. unit-linked) and derivative instruments	(85,537)	(92,603)
Acquisitions of investment real estate	(592)	(298)
Acquisition and/or issuance of investments and derivative instruments from other activities	-	-
Cash flows relating to changes in financial investments	**(14,654)**	**(3,686)**
Disposals of intangible assets and property plant and equipment	4	21
Acquisitions of intangible assets and property plant and equipment	(79)	(111)
Cash flows relating to acquisitions and disposals of intangible assets and property plant and equipment	**(75)**	**(90)**
CASH FLOW FROM INVESTMENT ACTIVITIES	**(14,624)**	**(3,867)**
Issues of capital instruments	-	-
Dividend payments	(969)	(2,102)
Cash flows relating to transactions with shareholders and members	**(969)**	**(2,102)**
Cash generated by issuance of financial debt	679	2,432
Cash allocated to repayment of financial debt	(46)	(733)
Expense relating to financial debt	(273)	(172)
Cash flow from financing activities	**360**	**1,527**
NET CASH FLOW FROM FINANCING ACTIVITIES	**(608)**	**(575)**
Opening cash and cash equivalents	1,874	1,408
Cash flow from operating activities	**13,779**	**4,910**
Cash flow from investment activities	**(14,624)**	**(3,867)**
Cash flow from financing activities	**(608)**	**(575)**
Other non-cash changes	-	-
Impact of translation differences on cash and cash equivalents	(9)	(2)
Cash and cash equivalents	**412**	**1,874**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies applied to the Crédit Agricole Assurances Group, judgments and estimates used

Applicable standards and comparability

In accordance with CE regulation n°1606/2002, annual financial statements have been prepared in accordance with IFRS and IFRIC interpretations applicable at 31 December 2013 as adopted by the European Union (so-called 'carve out' version), and therefore use certain derogations in the application of IAS 39 relating to accounting for macro hedging.

These standards and interpretations are available on the European Commission website, at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.
The standards and interpretations used are identical to those used and described in the financial statement for Crédit Agricole Assurances at 31 December 2012.

They have been completed by the requirements of IFRS as adopted by the European Union at 31 December 2013, whose application became mandatory for the first time in the 2013 financial year.

These cover:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on
Amendments to IAS 1 relating to the presentation of other comprehensive income, new analysis of other capital	5 June 2012 (EU n° 475/2012)	1 July 2013
Amendments to IAS 19 relating to retirement benefits (defined benefit plans)	5 June 2012 (EU n° 475/2012)	1 January 2013
IFRS 13 on fair value measurement	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendments to IAS 12 relating to deferred taxation – recovery of underlying assets	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 1 on severe hyperinflation	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 7 on disclosures relating to offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2013
Amendments relating to IFRS annual improvements, 2009-2011 cycle, affecting the following standards: IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34, IFRIC 2	27 March 2013 (EU n°301/2013)	1 January 2013

- IFRS 13 provides a general framework for fair value measurement, drawing on a new definition on the basis of an exit price notion, and identifies additional disclosures on fair value measurement to be appended to financial statements.

- The main scope of this standard is the recognition of non-execution risk on derivative liabilities (Debit Value Adjustment, or DVA, or own credit risk) using a symmetrical approach on the measurement of counterparty risk on derivative assets (Credit Value Adjustment, or CVA).

- The impact of the first-time application of IFRS 13 at Crédit Agricole Assurances was not material.

- The application of other new measures in IFRS did not have a material impact on the income or financial position for the period.

In effect:

- The amendment to IAS 1 requires, within gains and losses recognised directly in equity, that a distinction be made between recyclable and non-recyclable items. Implementation of this amendment results in a solely presentational impact.
- The amendment to IAS 19 relates primarily to the requirement to recognise actuarial differences on defined benefit retirement plans as gains and losses directly in equity. As this method was already applied by the Group (having been optional in the previous version of IAS 19), the effects of this amendment were very limited and not material (they are recognised in equity in the financial statements at 31 December 2013).
- The purpose of the amendment to IFRS 7 is to reconcile IFRS offsetting rules, as defined in IAS 32, with US offsetting rules under US GAAP, and

requires disclosure of offsetting agreements and arrangements concerning financial assets and liabilities. The result of this amendment is the inclusion of an additional note (note 5.16 "Information on the offsetting of financial assets and liabilities") in the notes to the financial statements at 31 December 2013.

It should also be noted that where early adoption of standards and interpretations adopted by the European Union is optional in an accounting period, the option is not applied by the Group except where specifically stated. For Crédit Agricole Assurances this concerns, in particular:

Standards, Amendments and Interpretations	**Date of publication by the European Union**	**Date of initial mandatory application: accounting periods beginning on**
IFRS 10 on consolidated financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 11 on joint arrangements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 12 on disclosure of interests in other entities	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 27 on separate financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 28 on investments in associates and joint ventures	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendment to IAS 32 on presentation of offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2014
Amendments relative to transitional arrangements for IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities"	4 April 2013 (EU n° 313/2013)	1 January 2014
Amendment to IFRS 10 and IFRS 12 relating to investment entities	20 November 2013 (EU n° 1174/2013)	1 January 2014
Amendments to IAS 36 relating to recoverable amount disclosures for non-financial assets	19 December 2013 (EU n°1374/2013)	1 January 2014
Amendments to IAS 39 on the novation of derivatives and continuation of hedge accounting	19 December 2013 (EU n° 1375/2013)	1 January 2014

The potential expected consequences of the application of IFRS 10 relate to changes in the scope of consolidation on 1 January 2014, due to the consolidation of the underlying funds of unit-linked investment contracts, where the criteria for control set out in the standard are met.

The consolidation of these funds will result primarily in the recognition of non-controlling interests in the form of a debt at fair value through profit or loss as an option.

Standards and interpretations published by the IASB but not yet adopted by the European Union will not take mandatory effect until such adoption and were not therefore applied by the Group at 31 December 2013.

Presentation format of financial statements

In the absence of a model imposed under IFRS, Crédit Agricole Assurances uses the summary document format (balance sheet, income statement, statement of net income and gains and losses recognised directly in other comprehensive income, table of changes in shareholders' equity, cash flow statement) recommended in ANC recommendation n°2013-05 of 7 November 2013.

This presentation, adopted in 2013, has the following features:

- Revenue on contracts without discretionary participation is classified under the heading "Revenue or income on other activities"
- Assets and liabilities are listed on the balance sheet in increasing order of liquidity, as this presentation is more relevant for insurance companies than a classification into current and non-current items, as also allowed under IAS 1.
- Expenses in the income statement are classified by function rather than by nature. This presentation, which is allowed under IAS 1, is used by a large majority of insurance companies. Information on their analysis by nature is provided in the notes.

Accounting principles and policies

Use of judgments and estimates in the preparation of financial statements

The valuations needed to prepare financial statements require the formulation of assumptions and carry risk and uncertainty as to their future materialisation. These serve as the basis for the exercise of judgment, made necessary by the requirement to determine values for assets and liabilities that can not be obtained directly from other sources.

Future materialisation can be affected by a number of factors, notably:

- the activity of national and international markets;
- movements in interest rates and foreign exchange rates;
- economic and political conditions in certain sectors of activity or countries;
- changes in regulations or legislation;
- the behaviour of the policyholders;
- demographic changes.

This list is not exhaustive.

The main balance sheet entries for which valuation requires judgment and the formulation of assumptions are the following:

- goodwill and the values of portfolios acquired, at the time of initial recognition and as part of subsequent impairment tests;
- financial instruments at fair value, including non-consolidated equity holdings;
- liabilities on insurance contracts and financial contracts;
- post-employment benefit schemes and other future employment-related benefits;
- stock option plans;
- lasting impairment on available for sale assets and financial assets held to maturity;
- provisions for risks and charges;
- deferred tax assets;
- deferred profit sharing assets as part of recoverability tests.

Details of the use of judgments and estimates are set out in the relevant paragraphs below.

Annual accounts for Crédit Agricole Assurances are closed on 31 December. They include estimates where information is not available at the closing date. Financial investments are valued at closing prices and transactions carried out in the final month of the period having an impact on income are taken into account.

Exceptionally, a single entity within Crédit Agricole Assurances closes its individual company accounts on a date other than 31 December:

- CA Life Japan, whose closing date is 31 March.

For this entity, accounts are prepared for a 12 month period to 30 September to be consolidated in Group accounts to 31 December. The impact from the difference in closing dates is not material.

Intangible assets and deferred expenses

The main intangible assets are goodwill and value of contracts portfolio, acquired as part of a business combination or separately through the transfer of a portfolio, together with software acquired or developed internally.

◊ Goodwill

Goodwill (see "Principles and policies of consolidation") is assumed to have a perpetual value and is not therefore amortised; however, in accordance with IAS 36 it is subject to impairment testing where there are objective indicators of a loss of value and at least once per year.

For the purposes of these impairment tests, each item of goodwill is allocated to the various cash generating units (CGUs) of the Group that will benefit from the advantages expected to accrue from the business combination. CGUs are defined, within the Group's main business segments, as the smallest identifiable grouping of assets and liabilities operating according to its own business model. In practice, Crédit Agricole Assurances has used an entity-based approach.

Under the impairment tests, the carrying amount of each CGU, including that of the goodwill allocated to it, is compared to its recoverable amount.
The recoverable amount of the CGU is defined as the higher of its market value and its value in use. Value in use is calculated as the current value of estimated future cash flows at the CGU, as based on the medium-term plans drawn up for the purposes of its management.

Where the recoverable amount is lower than the carrying amount, an equivalent charge is made for impairment of the goodwill allocated to the CGU. This is irreversible.

◊ Value of portfolios of contracts acquired (Value of business in-force)

The fair value of portfolios of insurance contracts acquired separately or as part of a business combination is recognised as an asset on the balance sheet. This corresponds to the present value of estimated future profits generated by the existing contracts at the time of acquisition.

These portfolio values are amortised over the life of the contracts as profits materialise. This amortisation is complemented by annual recoverability tests which take account of experience and changes in valuation hypotheses.

◊ Software

Software acquired is recognised at its acquisition cost, less amortisation and depreciation accumulated since the acquisition date.

Software created internally is recognised at its production cost, less amortisation and depreciation accumulated since the date of completion, where these meet the criteria of IAS 38 and in particular where it will generate future economic benefits for the company and where its cost can

be assessed in a reliable manner. Only those expenses incurred during the development phase are capitalised; expenses incurred during the research phase are recognised directly in the income statement for the year.

Software is amortised based on its estimated useful life.

Start-up costs are not capitalised and are recognised directly in expenses for the year in which they arise.

◊ Deferred acquisition costs for insurance contracts and financial contracts with discretionary participation and costs incurred at the inception of financial contracts without discretionary participation

Variable costs incurred at the inception of life insurance contracts and investment contracts with discretionary participation as part of the creation of new business are recognised as assets on the balance sheet. The acquisition costs thus recognised are amortised over the life of the contracts as profits arise.

The recoverability of such assets are tested in tandem with the test of adequacy of liabilities (see below, under "Insurance company liabilities"): any share of acquisition costs which, at the closing date, is not considered to be covered by estimated future gross profits is not classified as recoverable and is therefore recognised as an expense, in accordance with the requirements of CRC regulation 2000-05 which applies to contracts within the scope of IFRS 4.

Acquisition costs of non-life insurance contracts are deferred in proportion to the unearned premiums for the year.

For financial contracts without discretionary participation, which are governed by IAS 39, external acquisition costs incurred on subscription (at inception) are deferred in accordance with IAS 18. IAS 18 does not allow the capitalisation of internal acquisition costs.

Symmetrically with the deferral of expenses incurred on the subscription of contracts, unearned commissions are deferred via an entry in liabilities.
The recognition pattern is identical to that of deferred acquisition costs on insurance contracts.

For Predica, in the savings business segment, the Group does not recognised deferred acquisition costs, with commissions paid offset by commissions received.

Property, plant and equipment

◊ Operating and real estate investment

Operating real estate covers the buildings housing the company's services. Real estate investment covers rental property and shares in unlisted real estate companies.

Crédit Agricole Assurances recognises real estate investment at cost, applying the component method of accounting in accordance with IAS 16 and the option set out in IAS 40.

As an exception, as allowed for under IAS 40, real estate assets backing contracts where the financial risk is borne by the policyholder are valued and recognised at fair value, with changes in fair value being recognised in the income statement.

Properties recognised at cost are analysed into four components, each with its own useful life and renewal schedule:

- major works (superstructure and infrastructure);
- secondary works (roofing, coverings, joinery, façades, external woodwork),
- technical installations (heating, ventilation, air conditioning, lifts, electrical systems);
- fixtures and fittings (decoration, wall and floor finishes, etc.).

Technical studies carried out by Crédit Agricole Assurances lead it to use a residual value corresponding to approximately 90% of the major works component. By definition, this residual value is not depreciated; however, if an element of major works were to suffer a significant and lasting loss of value (technological change, change of use, fall in price) a provision for depreciation would be recognised.

◊ Depreciation of property, plant and equipment

Property, plant and equipment are amortised based on their estimated useful life. The depreciation periods used by Crédit Agricole Assurances are specific to each component and are adapted to its nature and, for property, its location:

Component	Depreciation period
Land	Non-depreciable
Primary structure	30 to 80 years
Secondary structure	8 to 40 years
Technical installations	5 to 25 years
Fixtures and fittings	5 to 15 years
IT equipment	4 to 7 years
Specialist equipment	4 to 5 years

If the carrying amount of the asset is greater than the recoverable amount an additional provision for impairment is created. The recoverable value, calculated where the property presents indicators of a loss of value, is the lower of fair value and value in use.

For buildings, fair value corresponds to an expert valuation, established at least every five years and updated annually by a suitably qualified independent valuer. This value is recorded in the notes to the financial statements (see note 5.4).

Indicators of a loss of value triggering a calculation of recoverable value are based on qualitative and quantitative information (carrying amount of the building more than 20% higher than valued amount).

Financial instruments

Financial assets and liabilities are treated in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, financial assets are valued at fair value including transaction costs (with the exception of financial instruments recognised at fair value through profit or loss).

At each closing date they are valued in accordance with their classification, either at fair value or at amortised cost using the effective interest rate method:

- The effective interest rate is the rate which exactly discounts future cash receipts or payments over the expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net carrying amount of the financial asset or liability.

- IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, on the principal market or the most advantageous market on the measurement date.

◊ Financial investments

Crédit Agricole Assurances recognises securities classified as "Securities held to maturity" and "Loans and receivables" on the date of settlement-delivery. Other securities, of whatever type or category, are recognised on the trading date.

Securities are classified into the four categories of financial assets defined by IAS 39:

- Financial assets at fair value through profit or loss by nature or designation;
- Financial assets held to maturity;
- Financial assets available for sale;
- Loans and receivables.

No financial asset at fair value has been reclassified under loans and receivables under the amendment to IAS 39 published in October 2008.

Financial assets at fair value through profit or loss by nature or designation

In accordance with IAS 39, this portfolio includes securities whose classification as assets at fair value through profit or loss results either from a real intention for their use in a transaction (allocation by nature), or from their designation as such by Crédit Agricole Assurances.

Financial assets at fair value through profit or loss by nature are those assets acquired by the company principally for the purpose of selling them in the short term or that are part of a portfolio of assets managed together for the purpose of short-term profit taking. A financial asset will be classified at being at fair value through profit or loss if, independently of the reasons for which it was acquired, it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

All derivative financial instruments are classified at fair value through profit or loss, except when they are designated as instruments in a cash flow hedge.

Accounting for financial assets at fair value through profit or loss by designation may occur, provided the conditions set out in the standard are met, in the following three cases:

- for hybrid instruments containing one or more embedded derivatives;
- with a view to reducing accounting inconsistencies; or,
- for managed groups of financial assets or liabilities where the performance is assessed according to the fair value method.

In particular, Crédit Agricole Assurances uses classification at fair value by designation for assets backing contracts where the investment risk is borne by the contract holders (unit-linked contracts) in order to avoid a lack of consistency resulting from recognition and valuation of assets and liabilities on a different basis. Changes in liabilities under such contracts reflect changes in the fair value of the corresponding assets and are recorded in the income statement.

Similarly, this accounting approach is generally used by Crédit Agricole Assurances to account for hybrid instruments, with embedded derivatives not, therefore, recognised separately at fair value through profit or loss.

Securities classified as assets at fair value through profit or loss are initially recognised at their fair value, excluding transaction costs directly attributable to the acquisition (which are recognised directly in the income statement) but including accrued interests.

They are subsequently valued at fair value and differences in fair value are recognised in the income statement.

This category of securities is not subject to depreciation.

Financial assets held to maturity

The category "Financial assets held to maturity" (applicable to securities with defined maturity) is open to securities with fixed or determinable income that the Group has the intention and ability to hold to maturity, other than:

- those which the Group has designated at the time of initial recognition as assets at fair value through profit or loss;
- those which meet the definition of loans and receivables. Therefore debt securities that are not listed in an active market may not be classified as assets held to maturity.

Classification in this category entails the mandatory imperative to respect the requirement not to sell the securities prior to maturity other than under the exceptions set out in IAS 39. Amongst these exceptions, IAS 39 allows that in the event of a significant deterioration in the credit quality of the issuer, a security classified as held-to-maturity (HTM) may be sold without resulting in the automatic declassification of all other HTM securities held by the Group. A downgrading of a credit rating that could not have been anticipated would constitute an indicator of a significant deterioration of credit quality.

A held-to-maturity security may not be hedged against interest rate risks, as by definition the supposed intention is to hold the asset to maturity independently of changes in its value or in cash flows that might result from changes in interest rates.

Held-to-maturity securities are initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and accrued interests.

They are subsequently recognised under the amortised cost method with amortisation of the premium or discount by the effective interest rate method.

This category of securities is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Loans and receivables

The "Loans and receivables" category comprises financial assets with fixed or determinable income that are not listed in an active market.

Loans and receivables are initially recognised at their acquisition price, including directly attributable transaction costs and accrued interests.

They are subsequently recognised under the amortised cost method with amortisation of the premium or discount by the effective interest rate method corrected for impairment where appropriate.

This category is subject to impairment under conditions described in a separate section, "impairment of securities", for assets valued at amortised cost.

Financial assets available for sale

The category "Financial assets available for sale" is defined by IAS 39 as the applicable classification by default or designation.

Securities classified as assets available for sale are initially recognised at their fair value, including transaction costs directly attributable to the acquisition and accrued interests.
They are subsequently valued at fair value and differences in fair value are recognised as gains and losses directly in other comprehensive income.

In the event of a sale, the unrealised gains and losses recognised in other comprehensive income are transferred (recycled) to the income statement.

Amortisation of any premium or discount on fixed-income securities is recognised in the income statement using the effective interest rate method.

Accrued interest on assets available for sale is recognised as financial income and recorded as a balance sheet asset on the same line as the fair value of the securities to which it relates.

This category of securities is subject to impairment under conditions described in a separate section, "Impairment of financial investments".

Impairment of financial investments

Impairment must be recognised where there is an objective indicator of loss of value resulting from one or more events occurring after the acquisition of securities other than those at fair value through profit or loss.
For equity securities an objective indicator of loss of value consists of a lasting or significant reduction in the value of the security. For debt securities it consists of a significant worsening of credit risk. Credit, or counterparty, risk is the risk of loss or non-recovery of a loan.

For equity securities, Crédit Agricole Assurances conducts two analyses:

- The first analysis leads to systematic impairment in application of the following quantitative criteria: a fall in value of more than 50% at the closing date, or lastingly observed for more than 3 years.
- The second analysis allows Crédit Agricole Assurances to evaluate the lasting nature of the impairment of other securities held in the portfolio on the basis of indicators of potential impairment. These indicators trigger an analysis on a case-by-case basis based on quantitative criteria (loss of at least 30% of the value of an instrument over a period of 6 consecutive months) and qualitative criteria (financial difficulties at the issuer, short-term prospects, investment horizon for the security, etc.).

For debt securities impairment criteria take account of the risk of non-repayment. However, a reduction in the credit rating of an issuer represents only an indicator and not an established risk of non-recovery of future cash flows relative to debt instruments.

Depreciation is calculated using the weighted average unit cost method. It is recognised through the income statement in accordance with the following rules:

- for securities recognised at amortised cost, depreciation is recognised through the use of a specific account; its amount is calculated by difference between the recoverable value and the net carrying amount of securities and can be reversed in the event of a subsequent improvement;

- —for assets available for sale, impairment is recognised in the income statement; it corresponds to the cumulative loss (difference between the carrying amount and the market value of securities) recognised in other elements of comprehensive income.

In the event of a subsequent increase in the value of debt securities, the loss of value previously recognised through profit or loss is reversed in the income statement where circumstances warrant. For equity securities, a subsequent increase in fair value relative to the carrying amount is recognised in other comprehensive income, with a loss of value resulting in additional impairment being charged against the asset through the income statement. The provision for impairment is only reversed when the security is sold.

Temporary acquisition or disposal of securities

Temporary disposals of securities (security lending/borrowing, repurchase agreements) do not meet the derecognition criteria of IAS 39 (loss of contractual rights, cash flows and/or risks and benefits pertaining to the assets concerned) and are treated as guaranteed financing. Securities loaned or subject to a repurchase agreement are maintained as assets on the balance sheet and, where appropriate, the consideration received, representing the debt to the buyer, is recognised as a liability on the balance sheet. Securities sold or received in a repurchase agreement are not recognised on the buyer's balance sheet but in the event of a subsequent sale, the buyer recognises as an asset the value of its loan to the seller. Income and expense relating to such transactions are recognised in the income statement on a time basis, except where assets and liabilities are recorded at fair value through profit or loss.

◊ Derivative instruments

Derivative instruments are financial assets or liabilities, recognised on the balance sheet at their fair value at the time of the transaction. At each closing date they are valued at fair value, whether they are held for trading purposes or form part of a hedging position.

Revaluation of derivatives on the balance sheet is reflected in the income statement (other than in the specific case of cash flow hedges).

Embedded derivatives

A derivative is a financial instrument whose value varies based on an interest rate, index or other variable and which requires no initial investment or a significantly lower investment than another type of contract seeking to generate the same type of results whose settlement occurs on a future date.

An embedded derivative is that component of a hybrid contract that meets the definition of a derivative product. An embedded derivative must be recognised separately from the host contract if the following three criteria are met:

- the hybrid instrument is not held at fair value through profit or loss;
- when separated from the host contract, the embedded element has the characteristics of a derivative;
- the characteristics of the embedded derivative are not closely linked to those of the host contract.

The main hybrid financial investments held by the Crédit Agricole Assurances Group at 31 December 2013 were certain EMTN and convertible bonds. Crédit Agricole Assurances has elected to recognise these instruments at fair value through profit or loss, with the result that their embedded derivatives are not treated separately.

Hedge accounting

IAS 39 defines three types of hedging:

- **Fair value hedges** provide a hedge against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

Changes in the fair value of the derivative and in the fair value of the hedged items are recognised (symmetrically) through profit or loss. Any inefficiency in the hedge results in a non-zero impact on the income statement.

Crédit Agricole Assurances uses this type of hedge particularly to cover the risk of currency fluctuations on financial assets denominated in foreign currencies.

- **Cash flow hedges** provide a hedge against variability in future cash flows on financial instruments associated with a recognised asset or liability (e.g. all or some future interest payments on variable rate debt) or with a highly probable forecast transaction.

Changes in the fair value of the derivative are recognised on the balance sheet as a balancing entry to a specific gain and loss account recorded directly in other comprehensive income for the effective portion of the hedge, with any ineffective portion recognised in profit or loss. In the case of forecast transactions, gains or losses on derivative instruments accumulated in other comprehensive income are reclassified in profit or loss when the hedged cash flows occur.

- **Hedges of a net investment in a foreign operation** provide a hedge against the risk of an unfavourable change in its fair value related to the exchange rate risk of a foreign investment in a currency other than the euro.

Changes in the fair value of the derivative related to the effective portion of the hedge are recognised in a conversion differences account in other comprehensive income, and any ineffective portion is recognised in profit or loss.

As part of the creation of a hedging relationship and in order to qualify for hedge accounting, formal documentation of the hedge must be prepared from inception and the effectiveness of the hedge must be demonstrated at the time of inception, for the foreseeable future, and must be assessed retrospectively no less frequently than on every closing date.

◊ Financial liabilities

Financial liabilities relating to financial contracts without discretionary participation are described in the section on insurance company contracts.

Crédit Agricole Assurances' other financial liabilities are described below.

Distinction between debt and equity

A debt instrument or financial liability carries a contractual obligation:

- to transfer cash or another financial asset,
- to exchange instruments under conditions which are potentially unfavourable.

An equity instrument is defined in IAS 32 as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).

The amendment to IAS 32 adopted by the EU on 21 January 2009 allowed, under certain conditions, the classification as equity instruments of financial instruments previously classified as debt. These financial instruments include:

- instruments issued by the issuer, that are puttable by the holder;
- instruments creating a contractual obligation for the issuing entity to deliver to the holder a pro rata share of net assets on liquidation.

Thus where these conditions are met, units in UCITS issued as liabilities must be classified as equity.

Subordinated financial liabilities issued by Crédit Agricole Assurance are debt instruments.

Determination of fair value of financial instruments

Fair value of financial instruments is determined in accordance with the provisions of and presented according to the hierarchy set out in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, on the principal market or the most advantageous market on the measurement date.

The Group also applies the recommendations on the valuation of certain types of financial instrument at fair value published by AMF, CNC and ACAM on 15 October 2008.

Where a financial instrument is valued at fair value, the Group considers that the best indication of this is the existence of a quoted price in an active market.

In the absence of such a quoted price, fair value is determined by applying valuation techniques using observable or non-observable data.

Crédit Agricole Assurances incorporates in the fair value of derivatives a measurement of counterparty risk on derivative assets (Credit Value Adjustment, or CVA), and symmetrically, non-execution risk on derivative liabilities (Debit Value Adjustment, or DVA, or own credit risk).

Calculation of CVA/DVA is based on an estimate of projected losses based on the probability of default and loss in the event of default. The method employed is

based on market parameters where the counterparty has a quoted Credit Default Swap (CDS) which is directly or indirectly observable, or historical parameters for other counterparties.

CVA determines potential counterparty losses from the point of view of the Crédit Agricole Group, DVA determines losses relating to the Crédit Agricole Group from the counterparty's point of view.

The standard classifies fair value into three levels based on the observability of the inputs used in measurement, as follows:

◊ Level 1: fair value corresponding to quoted prices (unadjusted) in an active market.

Level 1 presents financial instruments directly quoted in an active market for identical assets and liabilities that the entity can access at the measurement date. In particular these include equities and bonds quoted in active markets (such as Bourse de Paris, London Stock Exchange, New York Stock Exchange), units in investment funds quoted in an active market and derivatives contracted for on an organised market, particularly futures.

A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

◊ Level 2: fair value derived from directly or indirectly observable data other than those included in Level 1.

Such data are either directly observable (i.e. prices) or indirectly observable (i.e. data derived from prices) and generally have the following characteristics: they are not data that are specific to the entity, they are publicly available or accessible and are based on a market consensus.

Level 2 presents:

- equities and bonds quoted in a market considered as inactive, or not quoted in an active market but for which fair value is determined using valuation methods currently used by market participants (such as discounted future cash flow or the Black & Scholes model) based on observable market data.

- Instruments traded 'over-the-counter' which have been valued on the basis of models which use observable market data, that is to say those data which can be obtained on a regular basis from several sources independent of internal sources. For example, the fair value of interest rate swaps is generally determined on the basis of yield curves derived from market interest rates observed at the closing date.

Where the models used are based on standard models and on observable market parameters (such as yield curves or implied volatility surfaces), the margin at inception on the instruments so valued is recognised in profit or loss at the time of initial recognition.

◊ Level 3: fair value where a significant number of the parameters used for determination do not meet the criteria of observability.

The determination of the fair value of certain complex market instruments not quoted in an active market may be based on assumptions not directly backed by data observable on the market for the same instrument. Such instruments are presented in Level 3.

These are generally complex interest rate products, equity derivatives or structured credit whose valuation requires, for example, correlation or volatility parameters which are not directly comparable with market data. Crédit Agricole Assurances primarily includes in Level 3 units in venture capital and private equity investment funds.

Valuation methods and models for financial instruments presented at Level 2 and Level 3 incorporate all factors generally used by market participants in the calculation of prices. Determination of fair value of these instruments takes account of liquidity risk and counterparty risk.

<u>Absence of a recognised valuation technique to determine the fair value of an equity instrument.</u>

In accordance with the provisions of IAS 39, if no technique can be satisfactorily applied, or if the various techniques used give excessively divergent valuations, the instrument remains valued at cost and classified as "financial assets available for sale" as its fair value can not be determined in a reliable manner. In this case, the Group does not communicate a fair value, in accordance with the recommendations of IFRS 7. This mainly concerns equity stakes in companies that are not quoted in an active market and for which it is difficult to produce a reliable fair value.

Investment income net of expenses

This income statement caption includes all income and expense relating to insurance company investments. Details are provided below.

◊ Investment income

This heading includes:

- dividends received on equities and other variable-income securities however classified under IAS 39;
- interest received and accrued on fixed-income securities (AFS and HTM) and loans and receivables;
- amortisation of premiums and discounts on amortisable securities;
- other investment income, notably corresponding to commissions on financial services, rental income from investment properties and foreign exchange gains.

◊ Investment expense

This heading includes:

- interest expense on securities sold under a repurchase arrangement;
- investment expense, including directly incurred expenses (commissions on financial services) or expense by designation;
- other investment expense (foreign currency losses).

◊ Gains and losses on investments net of reversals of impairment or amortisation

This heading records net gains on the disposal of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

◊ Change in fair value of investments recognised at fair value through profit or loss

This heading primarily includes the following items:

- positive and negative adjustments (unrealised gains and losses) to assets included in unit-linked contracts;
- other changes in the fair value of assets and liabilities recognised at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and income on disposal or termination of derivative instruments not forming part of a fair value or cash flow hedge.

This heading also includes the ineffective portions of fair value, cash flow and net investment in a foreign operation hedges.

◊ Change in impairment on investments

This heading records increases and reversals in provisions for impairment of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

Offsetting of financial assets and liabilities

In accordance with IAS 32, Crédit Agricole Assurances offsets a financial asset and a financial liability, presenting a net balance, if and only if it has a legally enforceable right to offset the amounts recognised and if it has the intention of either settling the net amount or simultaneously realising the asset and settling the liability.

Derecognition of financial instruments

A financial asset (or group of financial assets) is derecognised in whole or in part:

- when the contractual rights over the cash flows relating to it expire or are transferred or deemed to be transferred because they belong effectively to one or more beneficiaries, and
- when nearly the entirety of the risks and rewards of ownership of the asset are transferred.

In this case, all rights and obligations created or retained under the transfer are accounted for separately as assets and liabilities.

Where contractual rights over cash flows are transferred but only part of the risks and rewards, together with control, is retained, the entity will continue to recognise the financial asset to the extent of its continuing involvement in this asset.

A financial liability is derecognised in whole or in part only when the liability is extinguished.

Insurance liabilities

◊ Contract categories

Contracts issued by the Group's insurance companies can be divided into two main categories:

- insurance contracts and investment contracts with a discretionary participation feature, which are covered by IFRS 4;
- investment contracts with no discretionary participation feature, which are covered by IAS 39.

Insurance contracts

These are contracts under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event occurs, the insured event affecting adversely the policyholder or another beneficiary.

An insurance risk is defined as a non-financial risk, with financial risks being risks relating to the potential future fluctuation in interest rates, the price of a transferable security, price of a commodity, a currency exchange rate or another non-financial variable that is not specific to one of the parties to the contract (otherwise it would qualify as an insurance risk).

For Crédit Agricole Assurances, for each portfolio of contracts grouped according to uniform characteristics, the significant nature of an insurance risk is analysed on the basis of a representative individual contract. The existence of a scenario (having commercial substance) under which the insurer would be pay significant additional benefits, that is to say of an amount that is significantly greater than that of the benefits that would be paid if no insured event occurred, constitutes a significant insurance risk for all contracts of a uniform portfolio, regardless of the likelihood of the scenario arising. Insurance risk may therefore be significant even where the pooling of risk within a portfolio minimises the probability of a significant loss relative to the financial benefits received from the portfolio as a whole.

The main insurance risks are death (benefits paid on death), longevity (benefits paid on continued life, for example annuities), morbidity (benefits paid on injury), incapacity, illness (medical benefits) or unemployment for individuals, together with civil liability and damage to property.

Investment contracts with a discretionary participation feature

Contracts which do not expose the insurer to a significant insurance risk are classified as investment contracts.
They are classified as investment contracts with a discretionary participation feature if they grant the policyholder the right to receive, in addition to guaranteed benefits, additional benefits:

- that are likely to represent a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer;
- and that are contractually based on the performance of a specified pool of contracts or type of contract, the realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Investment contracts with a discretionary participation feature, are primarily euro-based savings contracts. In the event of a multi-fund contract, where the policyholder has the option at any time of transferring all or some of their savings into a euro-based fund with discretionary participation (with conditions that do not create an impediment to such a transfer), the Crédit Agricole Assurances Group considers the contract as a whole is a contract with discretionary participation, whether or not this option has been exercised by the policyholder.

Investment contracts with no discretionary participation feature

Contracts sold by insurance companies which do not fit into either of the above categories are financial contracts without discretionary participation features.

◊ Accounting for insurance contracts and investment contracts with a discretionary participation feature

As authorised under IFRS 4, insurance contracts and investment contracts with a discretionary participation feature are accounted for using principles adopted by Crédit Agricole Assurances in accordance with French regulations on consolidation (CRC 2000-05), with the exception of specific measures introduced by the standard for equalisation reserves, shadow accounting and liability adequacy tests.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

Non-life insurance

Technical provisions for non-life insurance contracts include (i) claims reserves which remain to be settled and (ii) reserves related to the acquisition of premiums (primarily unearned premiums reserves), which enable recognition in the income statement for a given year of premiums relative to the risks actually covered during that year and defer recognition of written premiums during the year which concern a period of cover after the year end.

Claims reserves result in part from a case-by-case analysis of reported claims which have not been settled and in part from an estimate of delayed claims for events that have occurred but for which claims have not yet been reported or claims reported the valuation of which may be subject to a subsequent change. These reserves are reduced by projected recoveries to be collected, which are estimated on the basis of recoveries collected over previous years, and increased by a reserves for claims management costs, to cover future costs for the management of claims reported but not closed on the inventory date. Claims provisions are not discounted, with the exception of provisions against annuities for incapacity and disability.

Premium and claims reserves may be complemented, where appropriate, by a unexpired risks reserve when unearned premiums do not cover the cost of the claims covered and associated costs for the period covered by such premiums, or reserve fir increasing risks where, for long contracts relating to closed groups, the cost of future risk has exceeded the amount of future premiums.

Life insurance and financial contracts with discretionary participation features

Technical reserves on life insurance contracts and financial contracts with discretionary participation features correspond to the present value of the commitments of the insurer and the policyholder. Reserves are calculated using actuarial methods including assumptions on premiums, the performance of financial assets, the rate of contract redemption and changes in general expenses. In the particular case of unit-linked contracts, the value of the deposits recognised as liabilities is based on the value of the financial assets (the investment units) held under the contracts. Revaluations of assets and liabilities on unit-linked contracts are recognised in the income statement, where they cancel each other out.

Where contracts carry a significant risk of mortality (or longevity) they are also calculated with reference to regulatory mortality tables or experience tables, where these are considered more prudent. More particularly, where a minimum guaranteed death benefit is included in a unit-linked contract, guaranteeing the beneficiary at least the initial capital investment irrespective of changes in the value of units held, this is subject to a provision based on an economic method (stochastic scenarios). Technical reserves are discounted at the technical interest rate (minimum rate of guaranteed return, capped by regulation).

Where commissions received on premiums, assets managed or withdrawals from financial products are observed to be insufficient to cover future management costs, Crédit Agricole Assurances records a provision for management costs assessed per uniform contract class.

Lastly, a participation reserve is recorded where returns exceeding the guaranteed minimum are allocated, by contract or regulation, to the policyholder or other subscribers to individual or collective contracts but have not been distributed during the accounting period. Where required, this provision is completed by deferred profit participation resulting from the application of the principle of shadow accounting.

Application of shadow accounting and deferred participation

Insurance contracts and investment contracts with discretionary participation features are subject to "shadow accounting" in accordance with the option available under IFRS 4. Shadow accounting consists in recognising in a deferred participation account the share of positive or negative movements in the financial assets relating to these contracts together with certain consolidation restatements (e.g. elimination of liquidity risk provisions) that, potentially, revert to the policyholder.

In addition, CRC n°2000-05 requires the recognition of deferred participation on a mandatory basis for deferred participation liabilities and to the recoverable amount for deferred participation assets.

This deferred participation is recorded as a liability (technical liabilities on contracts) or an asset, with a balancing entry on the income statement or in other comprehensive income in a similar manner to the unrealised gains or losses on the assets to which it relates.

For Predica savings contracts deferred participation is determined in two stages:

- by allocating the share of unrealised gains and losses on assets backing insurance or financial contracts with discretionary participation over an historical average of three years;
- secondly, by applying to revaluations relating to insurance contracts with discretionary participation a historical participation rate observed over the preceding three years for amortisable securities, and a participation rate of 100% for other financial assets.

In the case of unrealised losses, a deferred participation asset is only recognised if its imputation, by entity,

against future participation is highly probable. This is most notably the case if the deferred participation asset can be deducted from future participation, either directly by deducting it from deferred participation liabilities recognised as a result of gains on future disposals, or indirectly by being recovered from the future sums paid to the policyholder.

Recoverability tests carried out on deferred participation assets are in accordance with the CNC recommendation of 19 December 2008. They are based:

- firstly, on an analysis of the liquidity of the company; these demonstrate the company's ability to mobilise resources to meet its obligations and its ability to hold assets showing an unrealised loss even in the event of a decline in new premium production. The tests are carried out with and without new production;
- secondly, on a comparison between the average value of future benefits valued using an internal model that replicates the management decisions of the company and the value of the asset as a representation of the market value of obligations; this illustrates the ability of the company to honour its obligations.

Lastly, sensitivity tests on the capacity to capitalise the deferred participation asset are also carried out, notably:

- in the event of a uniform 10% increase in policy redemptions applied to the redemption rate resulting from scenarios similar to those drawn up by the Autorité de Contrôle Prudentiel (formerly Autorité de Contrôle des Assurances et des Mutuelles);
- in the event of an additional 10% fall in equity and real estate markets.

Liability adequacy test

In accordance with IFRS 4 Crédit Agricole Assurances ensures at the end of each reporting period that the liabilities of insurance contracts and financial contracts with discretionary participation features (net of deferred acquisition costs and associated intangible assets) are adequate in the light of future estimated cash flows.

The liability adequacy test applied must meet the following minimum criteria set out in the standard:

- consideration of all contractual cash flows and of related cash flows such as commissions and claims handling costs as well as cash flows from embedded options and guarantees;
- if the test shows that liabilities are inadequate, the entire deficiency is recognised by a provision in profit or loss.

The Group's life insurance companies test liability adequacy using a stochastic approach. The test considers technical reserves on life insurance contracts (excluding unit-linked contracts) grouped into product families with uniform characteristics. The resulting estimates of future cash flows are compared, aggregating all product families, with the sum of the following items: mathematical reserves + participation reserve + share of unrealised gains and losses attributed to the product families concerned. In the event that the result of the estimates is higher than this total, an additional provision is recognised through profit or loss.

The Group's non-life insurance companies conduct annual testing based on "best estimates" of claims provisions. This test covers all provisions for claims to be paid, including provisions for delayed claims, additional provisions relating to annuity conversion and provisions for claims handling costs. The analysis is carried out on data gross of reinsurance by risk segment and by accounting period of occurrence.

"Best estimates" of claims provisions are calculated without discounting or a risk margin and correspond to the probable value of payments required to settle claims against all insured events that have occurred and not yet been fully settled. These are compared to recognised claims reserves, gross of reinsurance. In the event that estimates are greater than the reserves recognised, an additional reserve is recognised through profit or loss.

In addition, where a reserve for inadequacy of premiums is recognised in local accounts (in France an unexpired risk reserve), this is retained in consolidated accounts.

In the specific case of creditor insurance, the adequacy of reserves is tested at the end of each accounting period by comparing reserves recognised with those calculated on the basis of the updated claims/premiums ratio and a margin for risk and uncertainty. This is calculated separately for each partner.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

(i) Premiums

Revenue on life insurance contracts and investment contracts with discretionary participation corresponds to premiums on contracts in force during the accounting period, net of cancellation and corrected for premiums to be issued for the share to be acquired in subsequent periods.

Revenue on non-life insurance contracts corresponds to premiums issued excluding taxes, gross of reinsurance, net of cancellations, reductions and rebates, changes in premiums to be issued and changes in premiums to be cancelled. Premiums issued adjusted for changes in unearned premiums reserves constitute earned premiums.

(ii) Contract service charges

Service charges for insurance contracts and investment contracts with a discretionary participation feature include:

- all benefits where they are the subject of a payment to the beneficiary;
- technical interests and profit participation which may be included in these benefits;
- changes in technical reserves;
- all costs relating to the management and settlement of these benefits.

Service charges on non-life insurance contracts primarily include benefits and costs paid, together with changes in claims reserves. Claims correspond to claims net of recoveries for the period and annuity payments. They also include costs and commissions relating to claims handling and settlement.

◊ Accounting for investment contracts with no discretionary participation feature

This class of investment contracts are treated as financial liabilities and are covered by IAS 39. They are primarily unit-linked contracts without death benefit payment and without the option of switching to an investment vehicle with a discretionary participation feature.

In accordance with IAS 39, liabilities relating to these contracts are recognised as deposits. Thus premiums received and benefits paid, net of charges made by the insurer, are recognised directly on the balance sheet. The only items recognised on the income statement are revenue and expenses relating to the acquisition and management of contracts.

Liabilities relating to unit-linked contracts are valued and recognised with references to the value of financial assets (investment units) backing these contracts at the end of the reporting period. Revaluations of assets and liabilities on unit-linked contracts have no effect on the income statement. This rule applies to all unit-linked contracts, whether they qualify as insurance contracts under the terms of IFRS 4 (for example if they include a guaranteed death benefit), investment contracts with discretionary participation feature (for example, in a multi-investment contract, where they include a clause allowing a switch to an investment vehicle containing a discretionary participation clause), or investment contracts without discretionary participation feature.

◊ Deferred origination costs, charges and unearned deductions

Origination costs for investment contracts without discretionary participation feature are subject to similar treatment to deferred acquisition costs for life insurance contracts covered by IFRS 4.

Symmetrically with the deferral of expenses incurred on origination of contracts, unearned acquisition commissions received are spread over time via an entry in liabilities. These are recognised in income at the same pattern as that of deferred expenses.

◊ Reinsurance operations

Presentation of direct business and assignments to reinsurance

Premiums, claims and reserves are recognised gross of assignments to reinsurance. The share of assigned reinsurance, determined based on reinsurance treaties, is identified in the income statement under separate headings for reinsurance assignment income and reinsurance assignment expense.

The share of reserves covered by reinsurance companies is recognised as an asset.

No reinsurance contract is covered by IAS 39.

Assumed reinsurance

Assumed reinsurance is recognised treaty by treaty on the basis of information provided by the cedants or estimated in the event of receipt of incomplete information. Assumed reinsurance contracts are recognised in the same way as direct insurance contracts.

No reinsurance contract incorporates characteristics (such as the absence of a transfer of risk) that would result in them being classified as a financial contract covered by IAS 39.

Securities given or received as collateral for reinsurance operations are recorded on the table of commitments given and received.

Analysis of general expenses by function

In accordance with paragraph 99 of IAS 1 and recommendation n°2009-R-05 of 2 July 2009, general expenses are analysed by function. Thus consolidated income statement expenses are presented according to the following functions:

- Acquisition and similar expense
- Claims handling expense
- Investment management expense
- Administrative expense
- Other technical expense
- Other non-technical expense

The analysis of expenses by type is presented under the following headings:

- Staff costs
- Commissions
- Taxes and duties
- Other

Provisions (other than for insurance activities)

In accordance with IAS 37, Crédit Agricole Assurances identifies obligations (legal or implied) resulting from a past event where it is probable (probability of over 50%) that an outflow of resources will be required to settle the obligation, where the date and amount of such settlement is uncertain but may be estimated with a reasonable degree of reliability. Such estimates are discounted where the effect of doing so is material.

Therefore, Crédit Agricole Assurances creates provisions which cover, in particular:

- operating risks;
- employee benefits (see paragraph below);
- legal claims and risks;
- tax risks.

The valuation of these provisions relies on judgments and corresponds to the Directors' best estimate, given the information in their possession at the end of the reporting period.

Employee benefits

In accordance with IAS 19, employee benefits are divided into four categories:

- short-term benefits such as salary, social security contributions, paid holidays, bonuses, profit sharing and bonuses fully payable within twelve months of the end of the reporting period in which employees rendered the corresponding services;
- long-term benefits (long-service awards, bonuses and compensation payable more than twelve months after the end of the reporting period);
- termination benefits;
- post-employment benefits, which in turn are classified under the following two headings: defined benefit plans and defined contribution plans.

◊ Long-term benefits

Long-term benefits are benefits to be paid to employees, other than post-employment benefits and termination benefits that are not payable in their entirety within twelve months of the end of the reporting period in which the corresponding services were rendered.

This particularly concerns bonuses and other deferred compensation paid twelve or more months after the end of the reporting period in which they were acquired, but which are not indexed on equity instruments.

The valuation method is similar to that used by the Group for post-employment benefits in the defined benefit plan category.

◊ Post-employment benefits

Defined benefit plans

At the end of each reporting period Crédit Agricole Assurances determines its retirement and associated benefit obligations together with all employment benefits accorded to employees falling into the defined benefit plan category.

In accordance with IAS 19, these obligations are assessed using the projected unit credit method on the basis of actuarial, financial and demographic assumptions. This method consists of allocating to each year of an employee's employment a charge corresponding to the rights acquired over that year. This charge is calculated on the basis of the discounted present value of the future benefit.

Calculations of charges relating to retirement benefits and future employee benefits are established on the basis of assumptions regarding the discount rate, employee turnover rate and changes in salaries and social security costs drawn up by the Directors. If the real figures differ from the assumptions used, the charge relating to retirement benefits may increase or reduce in future reporting periods (see note 7).

Discount rates are determined based on the average duration of the obligation, that is to say the unweighted average of durations calculated between the date of valuation and the date of payment weighted for assumptions on employee turnover.

The expected return on plan assets is also estimated by the Directors. Estimated returns are based on estimated returns from fixed-income securities including notably bond yields.

The expected return on plan assets is determined on the basis of the discount rates used to measure the defined benefit obligation.

In accordance with paragraph 16d of IAS 34 relative to "interim financial reporting", Crédit Agricole Assurances presents the impact of "changes in estimates of amounts reported in prior financial years where such changes have a material effect on the interim reporting period considered."

Crédit Agricole Assurances does not apply the optional corridor method and recognises the actuarial differences observed as gains and losses directly in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation under the defined benefit plan at the end of the reporting period, calculated according to the actuarial method recommended in IAS 19;
- less, where appropriate, the fair value of the assets held to cover these obligations. Such assets may be represented by an insurance contract taken out with a non-related company. Where the obligation is entirely covered by a contract corresponding exactly, in amount and period, to all or part of the benefits to be paid under the plan, the fair value of this contract is considered to be that of the corresponding obligation, (that is to say the amount of the corresponding actuarial liability). In the particular case where obligations are covered by an insurance contract with a consolidated company, they are not offset in liabilities by the associated assets, which are recognised separately as assets.

For non-covered obligations, a provision to cover termination benefits is recognised as a liability under the heading "Provision". This provision corresponds to the obligations relating to employees of entities within Crédit Agricole Assurances, in service at the end of the reporting period and covered by the Collective Employment Agreement of the Crédit Agricole Group, which came into force on 1 January 2005.

A provision to cover the cost of early departures is also included under the heading "Provisions". This provision covers the present value of the additional cost of various early departure agreements signed by Crédit Agricole Group entities which allow employees reaching the required age to cease their activity.

Lastly, supplementary retirement obligations, which generate obligations for the companies concerned, are the subject of provisions determined on the basis of the actuarial debt representing these obligations. These provisions are also recognised as liabilities on the balance sheet under the heading "Provisions" (see note 7.3).

Defined contribution plans

There are various mandatory retirement plans to which "employer" companies contribute. These funds are managed by independent organisations and the contributing companies have no obligation, legal or implied, to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by employees during the reporting period and previous periods. As a result, Crédit Agricole Assurances has no liabilities relating to these plans other than the contributions to be paid for the reporting period in question (see note 7.2).

Share-based payments

IFRS 2, "Share-based payment", requires the recognition of transactions settled by share-based and similar payments in the income statement and balance sheet of the company. This standard applies to transactions entered into with employees and more precisely:

- equity-settled share-based payment transactions;
- cash-settled share-based payment transactions.

The share-based payment plans allocated to employees of Crédit Agricole Assurances and qualifying under IFRS 2 are primarily of the equity-settled type (stock options, free share allocations, variable compensation with indexed cash settlement or settled with equity).

Allocated options are valued on allocation at their fair value primarily by use of the Black & Scholes model. These are recognised as an expense under the heading "staff costs" with a balancing entry in the equity account over the vesting period, which is 4 years for all current plans.

The expense relative to share allocation plans settled with Crédit Agricole S.A. equity instruments is recognised in the financial statements of the entities employing the plan beneficiaries. The impact is recognised in staff costs with a balancing increase in "Consolidated reserves attributable to the Group". See note 7.5.

Current and deferred taxation

In accordance with IAS 12, tax on income includes all taxes based on income whether current or deferred.

This defines current tax as "the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period." Taxable profit is the profit (loss) for a period determined in accordance with the rules of the taxation authorities.

The taxation rates and rules applicable for the determination of the tax charge are those in force in each of the countries in which subsidiaries of Crédit Agricole Assurances are based.

Current tax includes all tax on income, payable or recoverable, whose payment is not subject to the completion of future transactions, even if payment is spread over several periods.

In addition, certain transactions conducted by the entity may have tax consequences not taken into account in the determination of current tax. Differences between the carrying amount of an asset or liability and its tax base are defined by IAS 12 as temporary differences.

The standard requires the recognition of deferred tax assets and liabilities in the following cases:

- A deferred tax liability must be recognised for all taxable temporary differences between the carrying amount of an asset or liability and its tax base, except where the deferred tax liability is the result of:
  - the initial recognition of goodwill;
  - the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction.
- A deferred tax asset must be recognised for all deductible temporary differences between the carrying amount of an asset or liability and its tax base, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.
- A deferred tax asset must also be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The tax rates used are those applicable in each country.

Deferred tax assets and liabilities are not discounted.

Unrealised gains on securities, where these are taxable, do not generate taxable temporary differences between the carrying amount and the tax base. They do not, therefore, generate deferred tax assets or liabilities. Where the securities in question are classified as available for sale, unrealised gains or losses are recognised in equity. Thus the effective tax charge or tax reduction incurred by the entity in relation to these unrealised gains or losses is reclassified by deduction of these entries.

Gains on strategic equity holdings as defined by the French General Tax Code and qualifying for the long-term tax regime are exempt from tax for reporting periods from 1 January 2007 (with the exception of a 12% share of the gain, taxed at the standard tax rate). Therefore, unrealised gains recognised in a reporting period generate a temporary difference giving rise to recognition of deferred taxation on this share.

Current and deferred tax is recognised in profit or loss for the period except to the extent that the tax arises from:

- a transaction or event which is recognised directly in other comprehensive income, in the same or a different period, in which case it is directly credited or debited in other comprehensive income; or
- a business combination, in which case it affects goodwill.

Deferred tax assets and liabilities are offset if, and only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax credits on loan income and securities portfolios, where they are effectively used in the settlement of income tax due for the reporting period, are recognised under the same heading as the income to which they relate. The corresponding tax charge is maintained under the "Tax" heading in the income statement.

However, in view of the legislature's goal of reducing employment costs through the Competitiveness and Employment Tax Credit (Crédit d'Impôt pour la Compétitivité et l'Emploi, or CICE), Crédit Agricole Assurances has elected to recognise CICE (under article 244 quater C of the French General Tax Code) as a deduction from staff costs rather than a reduction in tax.

Foreign currency transactions

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rate on the closing date into the functional currency of the Crédit Agricole Assurances Group, i.e. the euro. Translation difference are recognised in profit or loss. There are two exceptions to this rule:

- for available for sale financial assets, only that component of the translation difference relating to the amortised cost is recognised in profit or loss; the remainder is recognised in other comprehensive income;
- translation differences on items deemed to be part of a cash flow hedge, or forming part of a net investment in a foreign operation, are recognised in other comprehensive income.

The recognition of non-monetary assets varies according to the nature of these assets:

- assets measured in terms of historical cost are translated using the exchange rate at the date of the transaction;

- assets at fair value are translated using the exchange rate on the closing date.

Translation differences on non-monetary items are recognised:
- in profit or loss if the gain or loss on the non-monetary item is recognised in profit or loss;
- in other comprehensive income if the gain or loss on the non-monetary item is recognised in other comprehensive income.

Impairment provisions on assets in foreign currencies are calculated on a basis converted into euros.
Derivative instruments forming part of a hedge of the foreign currency risk of a transaction are recognised in the balance sheet at fair value at the end of the period.

For the conversion of the financial statements of foreign entities please refer to consolidation principles and policies.

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is classified as "held for sale" where their carrying amount is recoverable primarily through a transaction rather than through continued use.
For this to be the case the asset (or disposal group) must be available for an immediate sale in its current condition and its sale must be highly probable.

The assets and liabilities concerned are recognised separately on the balance sheet under the headings “non-current assets held for sale” and “debt relating to non-current assets held for sale”.

These non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. In the event of an unrealised loss, an impairment loss is recognised in profit or loss. In addition, such assets cease to be amortised from the time of their classification as held for sale.

If the fair value of a disposal group less costs to sell is lower than its carrying amount less amortisation of non-current assets, the difference is allocated to other assets in the group of assets held for sale, including financial assets, and recognised in profit or loss for assets held for sale.

Discontinued operations are considered to be any component that has been disposed of or is classified as held for sale and is in one of the following situations:
- it represents a separate major line of business or geographical area of operations;
- it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are presented on a separate line of the income statement:
- net income after tax of discontinued operations up until the date of the sale;
- the profit or loss after tax resulting from the sale or the measurement at fair value less costs to sell of the assets and liabilities constituting discontinued operations.

Principles and policies of consolidation

Consolidated financial statements include the financial statements of Crédit Agricole Assurances and of all companies over which, in accordance with the provisions of IAS 27, IAS 28 and IAS 31, Crédit Agricole Assurances has control or exercises significant influence. Control or significant influence is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly, at least 20% of existing voting and potential voting rights that are exercisable or convertible.

Notions of control

All entities under exclusive control, joint control or significant influence are consolidated, on condition that their contribution is judged to be material.

The material nature of the contribution is assessed on the basis of three main criteria, being percentage of total assets, shareholders’ equity and consolidated income.

Exclusive control is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly through subsidiaries, more than half of the existing or potential voting rights in an entity, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Exclusive control also exists where Crédit Agricole Assurances owns half or less than half of the voting rights, including potential rights, in an entity but has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

Joint control exists over jointly controlled entities in which two or more venturers are bound by a contractual arrangement establishing joint control.

Significant influence is the power to participate in the financial and operating policy decisions of a company but without control over those policies. Crédit Agricole Assurances is presumed to have significant influence where it holds, directly or indirectly through subsidiaries, 20% or more of the voting rights in an entity.

◊ Specific case of special purpose entities

The consolidation of special purpose entities (structures created to manage a transaction or group of similar transactions) and more particularly funds under exclusive control, has been set out in SIC 12. In accordance with this interpretation, a special purpose entity is consolidated when it is in substance controlled by Crédit Agricole Assurances even in the absence of an ownership relationship. In particular this concerns dedicated UCITS (100%-owned).

The determination of control is made in particular with regard to the following circumstances:
- The activities of the special purpose entity are being conducted on behalf of a subsidiary of Crédit Agricole Assurances according to its specific business needs so that this company obtains benefits from the special purpose entity’s operation;

- This company has decision-making power to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an 'autopilot' mechanism, the company has delegated these decision-making powers;
- This company has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity; or
- This company retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In accordance with this interpretation, the dedicated UCITS owned by subsidiaries of Crédit Agricole Assurances are consolidated either line by line or using a simplified method consisting of consolidating on a single line the Group's share in the liquidation value of the UCITS. This simplified method is similar to measuring the UCITS as a financial instrument at fair value through profit or loss in accordance with IAS 39.

Dedicated UCITS backing unit-linked units are not consolidated as risks and benefits are carried by the policyholder.

Real estate investment companies (SCI, OPCI, etc.) that are 100%-owned are fully consolidated.

Consolidation methods

Methods of consolidation are determined in accordance with IAS 27, 28 and 31 respectively. They reflect the nature of the control exercised by Crédit Agricole Assurances over consolidated entities whether or not they are active and whether or not they are incorporated:

- full consolidation for entities under exclusive control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- proportionate consolidation for entities under joint control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- the equity method for entities under significant influence. In the event that an entity under joint control is consolidated by the equity method, the information is provided in the notes to financial statements.

Full consolidation consists of substituting the assets and liabilities in each subsidiary for the value of shares held. Non-controlling interests in equity and income are recognised separately on the consolidated balance sheet and in the consolidated income statement.

Non-controlling interests are those which do not give control as defined by IAS 27 and include instruments representing a current interest and which give rights to shares in net assets in the event of liquidation together with other capital instruments issued by the subsidiary which are not owned by the group.

Proportionate consolidation substitutes for the value of the shares in the subsidiary the consolidating company's share of the assets and liabilities and income and expenses of the jointly controlled subsidiary.

The equity method substitutes for the value of the shares held the Group's share in equity and income at the subsidiary company.

Changes in the carrying amount of these securities now reflect changes in goodwill.
In the event of additional acquisitions or partial disposals, with the maintenance of joint control or significant influence, Crédit Agricole Assurances recognises:
in the case of an increase in the percentage interest held, additional goodwill;
in the case of a reduction in the percentage interest held, a gain or loss on disposal/dilution through profit or loss.

Restatements and elimination of intragroup transactions

The restatements necessary to harmonise the measurement methods of the individual financial statements of the consolidated entities, with reference to Group principles, are conducted unless they are considered not material.

In addition to restatement entries, elimination entries eliminate transactions conducted between companies consolidated by the Group:

- Elimination of the effect on the consolidated balance sheet and income statement of transactions within the group, particularly dividend payments and reinsurance operations.
- Elimination of gains and losses resulting from the transfer of assets between consolidated companies; where appropriate, impairment losses are recognised should a lasting loss of value be observed at the time of an internal transfer.

As transactions and balances between fully consolidated Group companies are eliminated in full at the end of the period, only those transactions between fully consolidated companies and companies consolidated by the proportionate method, to the amount of the share of third part co-venturers with the Group in the latter, affect the consolidated financial statements of the Group. Transactions conducted with other entities within the Crédit Agricole S.A. Group which do not fall within the scope of consolidation of Crédit Agricole Assurances are not considered as intragroup transactions for the purposes of these consolidated financial statements.

Foreign currency translation of foreign subsidiaries

Financial statements of foreign subsidiaries are converted into euros in two stages:

- conversion, where necessary, from the local accounting currency to the functional currency (currency of the main economic environment in which the entity operates) on the historical cost method, with translation differences being fully and immediately recognised in profit or loss;
- conversion from the functional currency to euros, the accounting currency of the Group's consolidated financial statements. Assets and liabilities are converted at the closing exchange rate. Income and expenses on the income statement are converted at the average exchange rate for the period. Translation differences arising on the translation of assets, liabilities and the income statement are recognised in other comprehensive income.

Goodwill -- business combinations

◊ General principles

Business combinations are treated in accordance with IFRS 3, except in the following cases:

- the combination of entities or activities under common control;
- the combination of distinct entities or activities to form a joint venture;
- the combination of two or more mutual entities;
- the combination of distinct entities or activities to form an entity presenting financial statements by contract alone without transfer of consideration (for example combinations under which distinct entities are combined by contract alone to form a company with a double market listing).

On the date on which control is obtained, the identifiable assets, liabilities and potential liabilities of the acquired entity which meet the recognition criteria of IFRS 3 are recognised at fair value. However, as allowed under IFRS 4 for the acquisition of an insurance company, the liabilities relating to the life insurance contracts or financial contracts with discretionary participation features acquired are retained at their carrying amount on the balance sheet of the acquired entity (after harmonisation with Crédit Agricole Assurances measurement methods if necessary) and the value of these portfolios of contracts is recognised in assets and amortised over the period of payment of profits. This portfolio value represents the present value of future profits on the contracts acquired and corresponds to the difference between the fair value of contracts and their carrying amount.

No restructuring liability is recognised as a liability of the acquired entity unless the latter, at the time of the acquisition, is obliged to carry out this restructuring.

Price adjustment clauses are recognised at fair value, even if their realisation is not probable. Subsequent changes in fair value of the clauses, which have the characteristics of financial debt, are recognised in profit or loss. Only those price adjustment clauses relating to operations where the acquisition of control took place before 31 December 2009 may still be recognised against goodwill, as such transactions were initially recognised under non-revised IFRS 3 (2004).

The share of holdings which do not give control which are instruments representing a current interest and which give rights to shares in net assets in the event of liquidation may be valued, at the option of the acquiring entity, in one of two ways:

- at fair value on the acquisition date;
- at the fair value of the share of identifiable assets and liabilities in the entity acquired.

These option may be exercised on an acquisition-by-acquisition basis.

The balance of holdings not giving control (equity instruments issued by the subsidiary not owned by the group) must be recognised at fair value on the acquisition date.

The initial valuation of assets, liabilities and potential liabilities may be modified within a maximum period of twelve months from the date of acquisitions.

Certain transactions relating to the acquired entity are recognised separately from the business combination. In particular this concerns:

- transactions which terminate an existing relationship between the acquired entity and the acquirer;
- transactions which compensate employees or selling shareholders in the acquired entity for future services;
- transactions which compensate the acquired entity or its former shareholders for expenses to be borne by the acquirer.

These separate transactions are generally recognised in profit or loss at the acquisition date.

The consideration transferred on the occasion of a business combination (the acquisition cost) is measured as the total of the fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (e.g. cash, equity instruments, etc.).

Costs directly attributable to the combination in question are recognised as expense, separately from the combination. If the transaction has a very high probability of being completed they are recognised under the heading "Net gains or losses on other assets", otherwise they are recognised under "Other operating costs".

The difference between the sum of the cost of the acquisition and non-controlling interests and the net balance, on the date of acquisition of identifiable assets acquired and liabilities transferred, at fair value is recognised, where it is positive, as an asset on the consolidated balance sheet, under the heading "Goodwill" where the acquired entity is fully consolidated or proportionately consolidated and under the heading "Investments in associated undertakings" where the acquired entity is consolidated by the equity method. Where the difference is negative, it is immediately recognised in profit or loss.

Goodwill is recognised on the balance sheet at its initial value denominated in the currency of the acquired entity and translated at the closing exchange rate.

In the event of a phased acquisition of control, the holding acquired prior to the acquisition of control is measured at fair value through profit or loss at the date of acquisition and goodwill is calculated only once, on the basis of the fair value on the acquisition date of the assets acquired and liabilities transferred.

Subsequent measurement of goodwill is described in the note on accounting principles and policies.

In the event of an increase in Crédit Agricole Assurances' percentage holding in an entity over which it already exercises exclusive control, the difference between the acquisition cost and the share of net assets acquired is recognised as a reduction in the heading "Consolidated reserves attributable to the Group". Symmetrically, in the event of a reduction in the percentage share held by the Group in an entity over which it continues to exercise exclusive control, the difference between the sale price and the carrying amount of the related share in net assets sold is also recognised directly in consolidated reserves attributable to the Group. Costs relating to such transactions are recognised in other comprehensive income.

In the event of a loss of control, the result of the disposal is calculated for the entirety of the entity sold and any residual investment retained is recognised on the balance sheet at its fair value on the date of loss of control.

◊ Combination of entities under common control

This type of combination relates to entities which are already controlled by the Group. In this event, transfers and sales are not recognised at fair value but at their net carrying amount in the consolidated financial statements of the parent on the date of the combination, provided always that such values were established in accordance with IFRS. Existing goodwill in the Group's accounts at this date is maintained in the same manner as other assets.

This strict application results in the summing of the equity accounts of the entities concerned. If the transaction price is different to the net carrying amount of the entities acquired, this method results in the recognition of the difference directly in consolidated reserves without recognition of any additional goodwill.

The constitution of Crédit Agricole Assurances in 2008, as a result of a restructuring of the insurance businesses of the Crédit Agricole Group, was conducted on this basis.

Note 2 Changes in the scope of consolidation

The detailed scope of consolidation at 31 December 2013 is shown in note 10.

◊ Newly consolidated companies at 31 December 2013

During the course of 2013, new UCITS and OPCI real estate investment funds were consolidated either transparently or by the simplified method (recognition at fair value through profit or loss).

◊ Companies removed from the scope of consolidation at 31 December 2013

La Foncière Hypersud was deconsolidated at 1 January 2013, in application of consolidation thresholds.

Note 3 Financial management, exposure to risk and management of capital

Financial management

The Asset Liability Technical Management (ALTM) and Corporate Finance functions of Crédit Agricole Assurances have the responsibility for organising financial flows within the Crédit Agricole Assurances Group, for the definition and implementation of financing rules, the allocation of equity, the management of assets and liabilities and the oversight of prudential ratios.
They define and ensure the consistency of the Crédit Agricole Assurances Group's financial management.
Management of risks is conducted by the Group Risk and Permanent Controls department of Crédit Agricole Assurances, in cooperation with the Group Risk Management department of the Crédit Agricole S.A. Group (DRG). This department is responsible for coordinating the management of financial risk, credit risk and the operating risk of subsidiaries.
The description of these systems together with narrative information is included in the Management Report, in the "Risk factors" chapter, as allowed under IFRS 7. The risk exposures of the Crédit Agricole Assurances Group are presented in the risk factors (Management Report, section 3).

Capital management and solvency margins

Applicable regulations for entities within the Crédit Agricole Assurances Group, in France and elsewhere, require that each insurance company maintains a minimum solvency ratio, the main purpose of which is the protection of the policyholder.
At 31 December 2013, the Crédit Agricole Assurances Group and each of its individual subsidiaries met their obligations in the matter of solvency.

The various items considered by the Group as available capital are determined in accordance with the rules applicable under Solvency I, which have not yet been harmonised in Europe pending the introduction of Solvency II.
At 31 December 2013, available capital consisted mainly of IFRS equity adjusted by a prudential filter (for instance deducting intangible assets) and subordinated loan notes.
The calculation of the adjusted solvency ratio is submitted to the Autorité de Contrôle Prudentiel, which is responsible for the application of these directives in France.
In addition, to meet new regulatory requirements, Crédit Agricole Assurances S.A. is coordinating and implementing in its subsidiaries the three pillars of the Solvency II project.

Note 4 Segment information

In accordance with IFRS 8, the information presented is based on the internal reporting used by the Executive Committee for the management of the Crédit Agricole Assurances Group, the evaluation of performance and the allocation of resources to the operating sectors identified.

The operating sectors presented in internal reporting Correspond to the Group's specialised businesses.
Within Crédit Agricole Assurances, businesses are organised into 5 operating segments.

"Life - France" covers the life insurance, savings, retirement, health and provident insurance operations conducted by the French entities of the Group.

"Non-life - France" covers mainly motor, household, agricultural and life accident insurance products sold in France.

"Creditor insurance" covers creditor insurance activities in France (with the exception of those conducted by Predica which are included in the Life - France segment) and abroad.

"International" covers the life and non-life insurance activities conducted outside France.

"Other" covers primarily holding company activities and reinsurance.

The geographical analysis of segment information is based on the location of the accounting recognition of activities.

Sector information for the year ended 31 December 2013

€ millions	31 December 2013						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Written premiums	19,564	2,638	3,639	932	42	(1,113)	25,701
Change in unearned premiums	(1)	(51)	1	26	1	(2)	(26)
Earned premiums	**19,563**	**2,587**	**3,640**	**958**	**43**	**(1,115)**	**25,675**
Revenue or income from other activities	19	72	11	1	9	(18)	94
Investment income net of expenses	**10,006**	**63**	**617**	**34**	**315**	**(289)**	**10,745**
Contract service charges	**(26,164)**	**(1,872)**	**(4,117)**	**(216)**	**(24)**	**1,186**	**(31,207)**
Net reinsurance income or expense	**27**	**(94)**	**113**	**(38)**	**(4)**	**(108)**	**(103)**
Policy acquisition costs	(798)	(400)	(111)	(636)	(9)	55	(1,900)
Amortization of portfolio assets and similar	-	-	(3)	-	-	-	(3)
Administrative expense	(994)	(131)	(56)	(34)	(1)	21	(1,195)
Other current operating income and expense	(76)	(54)	(8)	(5)	(49)	(28)	(220)
Other operating income and expense	-	-	-	-	-	-	-
Operating income	**1,583**	**171**	**84**	**63**	**281**	**(296)**	**1,886**
Financing expense	(268)	(13)	(13)	(16)	(257)	296	(270)
Income tax	(483)	(61)	(19)	(11)	(36)	-	(610)
CONSOLIDATED NET INCOME	**831**	**98**	**53**	**37**	**(13)**	**-**	**1,006**
Equity investments not giving control	-	-	(4)	-	-	-	(4)
Net income attributable to equity holders of the parent	**831**	**98**	**49**	**37**	**(13)**	-	**1,002**

€ millions	31 December 2013						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	**256,871**	**5,334**	**18,382**	**2,132**	**15,075**	**(9,216)**	**288,578**
CONTRACT-RELATED LIABILITIES	**238,832**	**2,913**	**17,852**	**1,430**	**73**	**(4,451)**	**256,649**

Sector information for the year ended 31 December 2012

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Written premiums	16,749	2,483	3,012	964	49	(694)	22,563
Change in unearned premiums	-	(52)	5	(5)	1	(2)	(53)
Earned premiums	**16,749**	**2,431**	**3,017**	**959**	**50**	**(696)**	**22,510**
Revenue or income from other activities	29	62	22	2	6	(17)	104
Investment income net of expenses	**11,221**	**70**	**689**	**33**	**205**	**(183)**	**12,035**
Contract service charges	**(24,774)**	**(1,747)**	**(3,633)**	**(208)**	**(21)**	**803**	**(29,580)**
Net reinsurance income or expense	**5**	**(89)**	**149**	**(33)**	**(5)**	**(143)**	**(116)**
Policy acquisition costs	(745)	(380)	(103)	(643)	(18)	55	(1,834)
Amortization of portfolio assets and similar	-	-	(4)	-	-	-	(4)
Administrative expense	(960)	(121)	(66)	(35)	-	21	(1,161)
Other current operating income and expense	(48)	(78)	(7)	(5)	(46)	(29)	(213)
Other operating income and expense (1)	-	-	(62)	(129)	-	-	(191)
Operating income	**1,476**	**148**	**2**	**(58)**	**170**	**(188)**	**1,550**
Financing expense	(171)	(10)	(13)	(16)	(155)	188	(177)
Income tax (2)	(549)	(53)	2	(7)	(14)	-	(621)
CONSOLIDATED NET INCOME	**756**	**85**	**(9)**	**(81)**	**1**	**-**	**752**
Equity investments not giving control	-	-	(2)	-	-	-	(2)
Net income, attributable to equity holders of the parent	**756**	**85**	**(11)**	**(81)**	**1**	**-**	**750**

(1) - In the International Segment, the figure of -€62 million represents the loss on disposal of shares in Bes Vida
In the Creditor Insurance Segment, the figure of -€129 million represents the impairment loss on goodwill in CACI.
(2) Includes exit tax for a total of -€125 million in the Life - France segment and -€2 million in Property and casualty - France

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	**245,246**	**4,787**	**16,368**	**2,222**	**13,778**	**(8,760)**	**273,641**
CONTRACT-RELATED LIABILITIES	**229,126**	**2,662**	**15,992**	**1,435**	**73**	**(4,013)**	**245,275**

Note 5 Notes to the balance sheet

5.1 Goodwill

(in € million)	31.12.2013			31.12.2012
	Gross amount	Amortisation	Net value	Net value
SPIRICA	3	-	3	3
PREDICA	483	-	483	483
PACIFICA	70	-	70	70
BES SEGUROS (1)	17	-	17	19
CA VITA	19	-	19	19
CACI	409	(129)	280	280
Total	**1,001**	**(129)**	**872**	**874**

(1) Goodwill on Bes Seguros declined by €2 million due to the exercising of the clawback clause on the shares.

Impairment tests were carried out on goodwill at 1 January 2013, based on the assessment of the value in use of the CAA Group's insurance entities. Value in use was determined by discounting the CGU's future cash flows as presented in the medium-term plans drawn up for the Group's steering requirements. The following assumptions were drawn upon:

- Estimated future cash flows: 3-year forward-looking data drawn up as part of the Group's Medium-Term Plan. Forward-looking data covering more than 5 years can be used for some entities in order to take into account the longest economic cycle of the entities concerned;
- Equity allocated to the various business lines corresponded at 31 December 2013 to 100% of the solvency rate for insurance activities by taking into account every entity's economic situation with respect to subordinated debt;
- Perpetual growth rate: 2%
  Discount rate: the rate varies according to geographical area, ranging from 9.24% to 14.5%.

At 31 December 2013, goodwill items continued to be justified.

5.2 Life insurance companies' policy portfolios

(in € million)	31.12.2013			31.12.2012
	Gross amount	Amortisation	Net value	Net value
CA VITA	38	(28)	10	13
SPIRICA	1	-	1	1
Value of portfolios	**39**	**(28)**	**11**	**14**

5.3 Other intangible assets

(in € million)	31.12.2012	Change in scope	Acquisitions/ Depreciation	Disposals / Decreases	Translation adjustments	Other changes	31.12.2013
Distribution right	-	-	-	-	-	-	-
Software programs	645	-	11	(8)	(2)	52	698
Intangible assets in progress	28	-	65	(2)	-	(52)	40
Gross amount	**673**	**-**	**76**	**(10)**	**(2)**	**-**	**738**
Impairment on distribution right	-	-	-	-	-	-	-
Amortisation of software programs	(421)	-	(71)	7	1	-	(484)
Impairment of software programs	(1)	-	(1)	-	-	-	(2)
Amortisation Intangible assets in progress	(2)	-	(1)	-	-	-	(4)
Impairment Intangible assets in progress	-	-	-	-	-	-	-
Depreciation, amortisation & impairment	**(424)**	**-**	**(73)**	**7**	**1**	**-**	**(489)**
Other net intangible assets	**249**	**-**	**3**	**(3)**	**(1)**	**-**	**249**

(in € million)	31.12.2011	Change in scope	Acquisitions / Depreciation	Disposals / Decreases	Translation adjustments	Other changes	31.12.2012
Distribution right	-	-	-	-	-	-	-
Software programs	550	(9)	34	-	(1)	71	645
Intangible assets in progress	47	-	72	(20)	-	(71)	28
Gross amount	**597**	**(9)**	**76**	**(20)**	**(1)**	**-**	**673**
Impairment of distribution right	-	-	-	-	-	-	-
Amortisation of software programs	(369)	8	(60)	-	1	-	(421)
Impairment of software programs	-	-	(1)	-	-	-	(1)
Amortisation Intangible assets in progress	(1)	-	(1)	-	-	-	(2)
Impairment Intangible assets in progress	-	-	-	-	-	-	-
Depreciation, amortisation & impairment	**(371)**	**8**	**(62)**	**-**	**1**	**-**	**(424)**
Other net intangible assets	**226**	**(1)**	**44**	**(20)**	**-**	**-**	**249**

5.4 Financial investments

Investments by type

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value data shown below are estimates made on the reporting date. They are therefore likely to change in subsequent periods due to changes in market conditions or other factors.

(in € million)	31.12.2013	
	Carrying amount	Fair value
Equities and other variable-income securities	18,049	18,049
Bonds and other fixed-income securities	158,419	158,419
Available-for-sale assets	**176,468**	**176,468**
Bonds and other fixed-income securities	14,341	16,245
Held-to-maturity assets	**14,341**	**16,245**
Equities and other variable-income securities	8,466	8,466
Bonds and other fixed-income securities	28,928	28,928
Financial assets at fair value through profit or loss by nature or by option	**37,394**	**37,394**
Loans and receivables	1,905	1,873
FINANCIAL INVESTMENTS	**230,108**	**231,980**
Real estate investment (1)	3,493	5,527
Derivative instruments	857	857
General account investments (A)	**234,458**	**238,364**
Equities and other variable-income securities	26,046	26,046
Bonds and other fixed-income securities	17,221	17,221
UNIT-LINKED FINANCIAL INVESTMENTS	**43,267**	**43,267**
Unit-linked real estate investment (1)	-	-
TOTAL UNIT-LINKED INVESTMENTS (B)	**43,267**	**43,267**
TOTAL INVESTMENTS (A) + (B)	**277,725**	**281,631**

(1) Real estate investment is valued on the basis of expert appraisal.

(in € million)	31.12.2012 Carrying amount	31.12.2012 Fair value
Equities and other variable-income securities	18,952	18,952
Bonds and other fixed-income securities	144,904	144,904
Available-for-sale assets	**163,856**	**163,856**
Bonds and other fixed-income securities	14,602	17,474
Held-to-maturity assets	**14,602**	**17,474**
Equities and other variable-income securities	7,574	7,574
Bonds and other fixed-income securities	28,298	28,298
Financial assets at fair value through profit or loss by kind or on option	**35,872**	**35,872**
Loans and receivables	1,160	1,206
FINANCIAL INVESTMENTS	**215,490**	**218,408**
Real estate investment (1)	2,968	5,106
Derivative instruments	873	873
General account investments (A)	**219,331**	**224,387**
Equities and other variable-income securities	25,139	25,139
Bonds and other fixed-income securities	16,429	16,429
UNIT-LINKED FINANCIAL INVESTMENTS	**41,568**	**41,568**
Unit-linked real estate investment (1)	-	-
TOTAL UNIT-LINKED INVESTMENTS (B)	**41,568**	**41,568**
TOTAL INVESTMENTS (A) + (B)	**260,899**	**265,955**

(1) Real estate investment is valued on the basis of expert appraisal.

Measurement of assets recognised at fair value

Fair value is the price that would be received for selling an asset or paid for the transfer of a liability during a normal transaction between market participants at measurement date. Fair value is defined on the basis of an exit price.

The fair values shown below are estimates made on the reporting date using observable market data wherever possible. They may well change in subsequent periods due to developments affecting market conditions or other factors.

The amounts presented are the best estimate possible of the exit price. It is based on a number of valuation models and assumptions. It is supposed that market participants act in their best economic interests. To the extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

With respect to financial instruments, the best estimate consists in the instrument's market price when it is traded in an active market, i.e. prices are traded and disseminated.
In the absence of a market and of reliable data, fair value is determined using an appropriate method that is consistent with the valuation methods used in financial markets: market value of a comparable instrument, discounted future cash flows, or valuation models.

The calculations carried out represent best estimates. They are based on a number of valuation models and assumptions. Insofar as these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

In the cases where market values have to be estimated, the method used to discount estimated future cash flows is the most widely used.

In application of the amendment to IFRS 7 arising from the regulation of 27 November 2009 (EC no. 1165-2009), relative to information to be disclosed on financial instruments, the following tables present the fair value of instruments according to the hierarchy based on three levels defined in IFRS 7:

- Level 1: fair value corresponding to (unadjusted) quoted prices in an active market.
- Level 2: fair value measured using directly or indirectly observable inputs other than those in level 1.
- Level 3: fair value that is measured using significant unobservable inputs.

The characteristics of these levels of fair value are described in detail in the paragraph on the determination of the fair value of financial instruments of Note 1.

(in € million)	31.12.2013 Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	**150,983**	**24,434**	**1,050**	**176,468**
Equities and other variable-income securities	12,827	4,333	889	18,049
Bonds and other fixed-income securities	138,156	20,101	161	158,419
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	**23,599**	**11,234**	**2,563**	**37,394**
Equities and other variable-income securities	1,177	4,728	2,562	8,466
Bonds and other fixed-income securities	22,422	6,506	1	28,928
Financial assets at fair value through profit or loss on unit-linked option	**30,185**	**13,023**	**59**	**43,267**
Equities and other variable-income securities	25,576	470	-	26,046
Bonds and other fixed-income securities	4,609	12,553	59	17,221
Real estate investment	-	-	-	-
Derivative instruments	**-**	**850**	**(1)**	**849**
Total assets measured at fair value	**204,767**	**49,541**	**3,671**	**257,978**
Transfers from level 1	-	102	-	-
Transfers from level 2	11	-	18	-
Transfers from level 3	-	-	-	-
Total transfers into all levels	11	102	18	-

(in € million)	31.12.2012 Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	**136,146**	**26,719**	**990**	**163,856**
Equities and other variable-income securities	13,857	4,376	719	18,952
Bonds and other fixed-income securities	122,289	22,343	271	144,904
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	**23,435**	**10,195**	**2,242**	**35,872**
Equities and other variable-income securities	1,223	4,110	2,241	7,574
Bonds and other fixed-income securities	22,212	6,085	1	28,298
Financial assets at fair value through profit or loss on a unit-linked option	**29,137**	**12,369**	**63**	**41,568**
Equities and other variable-income securities	24,840	299	-	25,139
Bonds and other fixed-income securities	4,297	12,070	63	16,429
Real estate investment	-	-	-	-
Derivative instruments	**-**	**868**	**(2)**	**866**
Total assets measured at fair value	**188,718**	**50,151**	**3,293**	**242,162**
Transfers from level 1*				
Transfers from level 2*	-	-	-	-
Transfers from level 3*	-	-	-	-
Total transfers into every level	-	-	-	-

* Information on transfers is unavailable.

Changes in balances of level 3 assets

The reconciliation between opening and closing balances of financial assets at fair value measured according to level 3 criteria is presented in the following tables.

Available-for-sale assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total Available-for-sale assets
Balances at 31 December 2012	**719**	**271**	**990**
Gains and losses in the period:	25	15	39
Recognised through profit or loss	(1)	15	13
Recognised through equity	26	-	26
Purchases in the period	211	-	211
Sales in the period	(88)	(125)	(212)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	18	-	18
into level 3	-	-	-
out from level 3	-	-	-
Change in scope	-	-	-
Balances at 31 December 2013	**889**	**161**	**1,050**

Assets at fair value through profit or loss

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total assets at fair value through profit or loss by kind or on option
Balances at 31 December 2012	**2,241**	**1**	**2,242**
Gains and losses in the period:	96	-	96
Recognised through profit or loss	*96*	-	*96*
Recognised through equity	-	-	-
Purchases in the period	783	-	783
Sales in the period	(559)	-	(559)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	-	-	-
into level 3	-	-	-
out from level 3	-	-	-
Change in scope	-	-	-
Balances at 31 December 2013	**2,562**	**1**	**2,563**

Unit-linked financial assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total unit-linked financial assets
Balances at 31 December 2012	**-**	**63**	**63**
Gains and losses in the period:	-	5	5
Recognised through profit or loss	*-*	*5*	*5*
Recognised through equity	-	-	-
Purchases in the period	-	-	-
Sales in the period	-	(9)	(9)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	-	-	-
into level 3	-	-	-
out from level 3	-	-	-
Change in scope	-	-	-
Balances at 31 December 2013	**-**	**59**	**59**

Fair value of real estate investment by valuation model

(in € million)	Estimated market value at 31/12/2013	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Carrying amount at 31/12/2013
Real estate investment not measured at fair value in the balance sheet					
Real estate investment	5,527	-	5,527	-	3,511
Total real estate investment whose fair value is disclosed	**5,527**	**-**	**5,527**	**-**	**3,511**

Fair value of financial assets recognised at cost in the balance sheet

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Estimated market value at 31 December 2013
Loans and receivables	**-**	**2,834**	**371**	**3,205**
Term loans and time deposits	-	885	-	885
Securities bought under repurchase agreements	-	-	-	-
Securities received under repurchase agreements	-	1,332	-	1,332
Subordinated notes	-	-	-	-
Other loans	-	617	371	988
Other loans and receivables	-	-	-	-
Customer receivables	**-**	**-**	**1,732**	**1,732**
Receivables arising on direct insurance and inward reinsurance operations	-	-	1,619	1,619
Receivables arising on ceded reinsurance operations	-	-	113	113
Cash and cash equivalents	**-**	**2,624**	**-**	**2,624**
Cash and cash equivalents	-	2,624	-	2,624
Held-to-maturity financial assets	**16,245**	**-**	**-**	**16,245**
Treasury bills and similar securities	12,590	-	-	12,590
Bonds and other fixed-income securities	3,655	-	-	3,655
Total financial assets whose fair value is disclosed	**16,245**	**5,458**	**2,103**	**23,806**

Fair value of financial liabilities recognised at cost in the balance sheet

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data Level 3	Estimated market value at 31 December 2013
Funding debt	**-**	**5,825**	**-**	**5 825**
Funding debt owed to banking sector companies	-	1,448	-	1 448
Funding debt represented by securities	-	-	-	-
Subordinated debt	-	4,377	-	4,377
Other funding debt	**-**	**5,962**	**-**	**5,962**
Pledged securities	-	-	-	-
Securities given under repurchase agreements	-	5,962	-	5,962
Due to customers	**-**	**2,219**	**2,625**	**4,844**
Payables arising on direct insurance and inward reinsurance operations	-	-	1,598	1,598
Payables arising on ceded reinsurance operations	-	-	1,027	1,027
Operating debt owed to banking sector companies	-	2,219	-	2,219
Total financial liabilities whose fair value is disclosed	**-**	**14,006**	**2,625**	**16,631**

Exposure to sovereign and non-sovereign risk in European countries under supervision

In view of the persistently tough economic context that leads to certain Eurozone countries definitely struggling to keep their public finances under control, Crédit Agricole Assurances Group's exposure to specific European countries is presented below:

Exposure to sovereign debt is presented net of impairment and corresponds to exposure before application of the profit-sharing mechanisms between insurer and policyholder specific to life insurance.

◊ Exposure to sovereign risk on Greece, Ireland, Portugal, Italy and Spain

(in € million)	31.12.2013	31.12.2012
Greece	-	-
Ireland	576	1,045
Portugal	954	1,560
Italy	4,920	4,387
Spain	592	979
Total exposure	7,042	**7,971**

Maturities (excluding trading portfolio

(in € million)	**Residual maturities**	**Gross exposure in 2013**	**Gross exposure in 2012**
Greece	One year		-
	Two years	-	-
	Three years	-	-
	Five years	-	-
	Ten years	-	-
	Over ten years	-	-
	Total Greece	**-**	**-**
Ireland	One year	-	19
	Two years	-	-
	Three years	-	-
	Five years	-	-
	Ten years	576	1,018
	Over ten years	-	8
	Total Ireland	**576**	**1,045**
Portugal	One year	3	3
	Two years	-	3
	Three years	-	4
	Five years	-	110
	Ten years	951	21
	Over ten years	-	1,419
	Total Portugal	**954**	**1,560**
Italy	One year	208	235
	Two years	279	342
	Three years	483	372
	Five years	561	644
	Ten years	2,284	1,206
	Over ten years	1,106	1,588
	Total Italy	**4,921**	**4,387**
Spain	One year	-	-
	Two years	-	-
	Three years	-	-
	Five years	-	-
	Ten years	1	1
	Over ten years	590	978
	Total Spain	**591**	**979**
	Total general gross exposure	**7,042**	**7,971**

Changes between 31 December 2012 and 31 December 2013

Changes in exposure (in € million)	31.12.2012	Change in fair value	Recycling of available-for-sale reserves	Gross exposure	Maturity dates	Disposals net of provision reversals	Acquisitions	31.12.2013
Greece	-	-	-	-	-	-	-	-
Ireland	1,045	70	(26)	(16)	-	(497)	-	**576**
Portugal	1,560	84	90	(7)	-	(771)	-	**954**
Italy	4,387	179	7	10	(21)	(1,717)	2,076	**4,920**
Spain	979	113	(3)	(21)	-	(494)	17	**592**
Total	**7,971**	**446**	**68**	**(34)**	**(21)**	**(3,480)**	**2,093**	**7,042**

◊ Exposure to non-sovereign risk on Greece, Ireland, Portugal, Italy, Spain, Cyprus and Hungary

The exposure of Crédit Agricole Assurances Group to non-sovereign risk in European countries under watch is described in detail below. It involves portfolios of debt instruments and loans and receivables due from customers and credit institutions. Exposures held for trading and off-balance sheet commitments are not included in this analysis. Breakdown by country is by counterparty risk country.

The amounts shown below include the carrying amount of debt instruments classified as available-for-sale financial assets and held-to-maturity financial assets.

	31.12.2013			31.12.2012
(in € million)	Exposure to bonds net of impairment	Exposure to other debt instruments net of impairment	Net exposure of debt instruments	Net exposure of debt instruments
Greece (including Cyprus)	**-**	**-**	**-**	**-**
Banks	*-*	*-*	*-*	*-*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*-*	*-*	*-*	*-*
Corporate and large corporate semi-public	*-*	*-*	*-*	*-*
Local authorities	*-*	*-*	*-*	*-*
Ireland	**265**	**-**	**265**	**332**
Banks	*195*	*-*	*195*	*330*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*70*	*-*	*70*	*2*
Corporate and large corporate semi-public	*-*	*-*	*-*	*-*
Local authorities	*-*	*-*	*-*	*-*
Italy	**3,344**	**-**	**3,344**	**3,660**
Banks	*1,069*	*-*	*1,069*	*1,760*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*2,275*	*-*	*2,275*	*1,900*
Corporate and large corporate semi-public	*-*	*-*	*-*	*-*
Local authorities	*-*	*-*	*-*	*-*
Spain	**3,902**	**-**	**3,902**	**3,923**
Banks	*1,639*	*-*	*1,639*	*2,057*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*1,542*	*-*	*1,542*	*1,495*
Corporate and large corporate semi-public	*478*	*-*	*478*	*155*
Local authorities	*243*	*-*	*243*	*216*
Portugal	**669**	**-**	**669**	**541**
Banks	*367*	*-*	*367*	*472*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*262*	*-*	*262*	*69*
Corporate and large corporate semi-public	*40*	*-*	*40*	*-*
Local authorities	*-*	*-*	*-*	*-*
Hungary	**4**	**-**	**4**	**3**
Banks	*-*	*-*	*-*	*-*
Retail customers	*-*	*-*	*-*	*-*
Corporate and large corporate excluding semi-public	*4*	*-*	*4*	*3*
Corporate and large corporate semi-public	*-*	*-*	*-*	*-*
Local authorities	*-*	*-*	*-*	*-*
Total	**8,184**	**-**	**8,184**	**8,459**

* Prédica only

Maturity schedule of bond portfolio

The following tables show how the bond portfolio breaks down (investments by the insurance activity and other activities), with the exception of investments representative of unit-linked contracts.

(in € million)	31.12.2013			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	8,071	36,512	113,836	158,419
Held-to-maturity assets	211	4,312	9,818	14,341
Financial assets at fair value through profit or loss by nature or by option	413	5,799	22,716	28,928
Total bond portfolio (excluding unit-linked contracts)	**8,695**	**46,623**	**146,370**	**201,688**

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	9,141	35,979	99,784	144,904
Held-to-maturity assets	280	3,584	10,738	14,602
Financial assets at fair value through profit or loss by nature or by option	1,245	5,279	21,774	28,298
Total bond portfolio (excluding unit-linked contracts)	**10,666**	**44,842**	**132,296**	**187,804**

Provisions for impairment of financial assets

(in € million)	31.12.2012	Change in scope	Depreciation charges / Increases	Reversals / Decreases	Translation adjustments	Other changes	31.12.2013
Impairment of held-to-maturity securities	**-**	**-**	**-**	**-**	**-**	-	**-**
Impairment of equities and other variable-income securities	(1,354)	-	(306)	728	-	-	(933)
Impairment of bonds and other fixed-income securities	(214)	-	(8)	22	-	-	(200)
Available-for-sale assets	**(1,568)**	-	**(314)**	**750**	**-**	**-**	**(1,133)**
Impairment of real estate investment (amortised cost) (1)	(15)	12	-	4	-	-	-
Impairment of loans and receivables	-	-	-	-	-	-	-
Impairment of other financial assets	**(15)**	**12**	**-**	**-**	**-**	**-**	**-**
Total impairment	**(1,583)**	**12**	**(314)**	**754**	**-**	**-**	**(1,133)**

(1) The change in scope is related to the deconsolidation of the Foncière Hypersud subsidiary.

Real estate investment (excluding unit-linked contracts)

(in € million)	31.12.2012	Change in scope (1)	Depreciation charges/ Increases	Reversals / Decreases	Translation adjustments	Other changes	31.12.2013
Gross amount	3,032	(183)	592	(92)	-	161	3,510
Depreciation, amortisation and impairment	(64)	44	(2)	4	-	-	(18)
Net value of real estate investment	**2,968**	**(139)**	**590**	**(88)**	-	**161**	**3,492**

(1) The change in scope is related to the deconsolidation of the Foncière Hypersud subsidiary.

Transferred assets not derecognised (IFRS 7.42 A) at 31/12/2013

(in € million)	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Associated liabilities				
Nature of transferred assets	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other (1)	Fair value*	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other	Fair value*
Held for trading	-	-	-	-	-	-	-	-	-	-
Designated at fair value through income statement	**472**	**-**	**472**	**-**	**457**	**472**	**-**	**472**	**-**	**472**
Available for sale	**4,077**	**-**	**3,694**	**383**	**3,996**	**3 768**	**-**	**3,694**	**74**	**3,768**
Equity instruments	383	-	-	383	383	74	-	-	74	74
Debt securities	3,694	-	3,694	-	3,613	3,694	-	3,694	-	3,694
Loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
held to maturity	**1,915**	**-**	**1,915**	**-**	**1,869**	**1,915**	**-**	**1,915**	**-**	**1,915**
Debt securities	1,915	-	1,915	-	1,869	1,915	-	1,915	-	1,915
Total financial instruments	**6,464**	**-**	**6,081**	**383**	**6,322**	**6,155**	**-**	**6,081**	**74**	**6,155**
Total transferred assets	**6,464**	**-**	**6,081**	**383**	**6,322**	**6,155**	**-**	**6,081**	**74**	**6,155**

* In the case when the guarantee given by the related parties to the agreement leading to associated liabilities is limited to transferred financial assets (IFRS 7.42D.(d)

(1) securities lent

Nature of transferred assets *(in € million)*	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities Net fair value	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Held for trading	-	-	-	-
Designated at fair value through income statement	**(15)**	**(15)**	**-**	**-**
Available for sale	**228**	**228**	-	-
Equity instruments	309	309	-	-
Debt securities	(81)	(81)		
Loans and receivables	-	-	-	-
Held to maturity	**(46)**	**(46)**	**-**	**-**
Total financial assets	**167**	**167**	**-**	**-**
Finance leases	**-**	**-**	**-**	**-**
Total transferred assets	**167**	**167**	**-**	**-**

Transferred assets not derecognised (IFRS 7.42 A) at 31/12/2012

Nature of transferred assets (*in € million*)	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Associated liabilities				
	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other (1)	Fair value*	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other	Fair value*
Held for trading	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Designated at fair value through income statement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Available for sale	**1,423**	**-**	**-**	**1,423**	**1,423**	**958**	**-**	**-**	**958**	**958**
Equity instruments	1,423	-	-	1,423	1,423	958	-	-	958	958
Loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Held to maturity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial instruments	**1,423**	**-**	**-**	**1,423**	**1,423**	**958**	**-**	**-**	**958**	**958**
Total transferred assets	**1,423**	**-**	**-**	**1,423**	**1,423**	**958**	**-**	**-**	**958**	**958**

* In the case when the guarantee given by the related parties to the agreement leading to associated liabilities is limited to transferred financial assets (IFRS 7.42D.(d)
(1) securities lent

Nature of transferred assets (*in € million*)	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
	Net fair value			
Held for trading	**-**	**-**	**-**	**-**
Designated at fair value through income statement	**-**	**-**	**-**	**-**
Available for sale	**465**	**465**	**-**	**-**
Equity instruments	465	465	-	-
Loans and receivables	**-**	**-**	**-**	**-**
Held to maturity	**-**	**-**	**-**	**-**
Total financial instruments	**465**	**465**	**-**	**-**
Finance leases	**-**	**-**	**-**	**-**
Total transferred assets	**465**	**465**	**-**	**-**

Significant investments in non-consolidated companies

These securities, held in the portfolio of available-for-sale financial assets, consist of variable-income securities representing a significant percentage of the share capital of the companies that issued them and are intended to be held for the long term.

This item line amounted to €4,072 million at 31 December 2013.
It was composed of a few lines for which the holding rate exceeded 20% but their contribution was not deemed material with respect to possible consolidation in the Group's financial statements.

In 2013, long-term impairment of non-consolidated equity investments totalled €72 million, recognised through profit or loss.

5.5 Derivative instruments

Hedging derivative instruments

Derivative financial instruments used in a hedging relationship are designated according to their intended purpose:

- value hedging: fair value hedges modify the risk of changes in the fair value of a fixed-rate instrument caused by movements in interest rates. These hedges transform fixed-rate assets or liabilities into floating-rate items;
- fair value hedges include in particular the hedging of loans, securities, deposits and subordinated fixed-rate debts;
- hedging future earnings: cash flow hedges modify in particular the risk related to variability in cash flows arising from floating-rate financial instruments.
- cash flow hedges include, in particular, the hedging of floating-rate loans and deposits;
- cash flow hedges include, in particular, the hedging of floating-rate loans and deposits.

Each hedging relationship is formally documented with a description of the strategy, the item hedged and the hedging instrument, and the method drawn upon to measure effectiveness.

Hedging derivative instruments

	31.12.2013		31.12.2012	
	Market value		Market value	
(in € million)	positive	negative	positive	negative
Interest rates	-	-	-	-
Equity	-	-	-	-
Change	-	6	32	-
Other	-	-	-	-
Fair value hedging	**-**	**6**	**32**	**-**
Interest rates	411	-	533	-
Equity	-	-	-	-
Change	-	-	-	-
Other	-	-	-	-
Fair value hedging	**411**	**-**	**533**	**-**
Hedging of net investment in operations in a foreign country	**-**	**-**	**-**	**-**
Total hedging derivative instruments	**411**	**6**	**565**	**-**

	31.12.2013			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total as market value
FRAs	-	-	-	-
Interest rate swaps	-	93	317	410
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**93**	**317**	**410**
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	**-**	**-**	**-**	**-**
Total hedging derivative instruments - Fair value assets	**-**	**93**	**317**	**410**

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total as market value
FRAs	-	-	-	-
Interest rate swaps	-	82	451	533
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**82**	**451**	**533**
Equity and index derivatives	-	-	-	-
Other	32	-	-	32
Other instruments	**32**	**-**	**-**	**32**
Total hedging derivative instruments - Fair value assets	**32**	**82**	**451**	**565**

(in € million)	31.12.2013			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**-**	**-**	**-**
Equity and index derivatives	-	-	-	-
Other	6	-	-	6
Other instruments	6	-	-	6
Total hedging derivative instruments - Fair value liabilities	**6**	**-**	**-**	**6**

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**-**	**-**	**-**
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	-	-	-	-
Total instruments hedging derivative instruments - Fair value liabilities	-	-	-	-

Derivative instruments held for trading

(in € million)	31.12.2013		31.12.2012	
	Market value		Market value	
	positive	negative	positive	negative
FRAs	-	-	-	-
Interest rate swaps	-	-	1	1
Interest rate options	108	-	128	-
Caps, floors, collars	330	-	152	-
Interest rate instruments	**438**	**-**	**281**	**1**
Equity and index derivatives	-	-	-	-
Other	9	1	28	6
Other instruments	**9**	**1**	**28**	**6**
Total derivative instruments held for trading	**447**	**1**	**309**	**7**

(in € million)	31.12.2013			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	24	84	108
Caps, floors, collars	-	85	245	330
Interest rate instruments	**-**	**109**	**329**	**438**
Equity and index derivatives	-	-	-	-
Other	4	5	-	9
Other instruments	**4**	**5**	**-**	**9**
Total derivative instruments held for trading - Fair value assets	**4**	**114**	**329**	**447**

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	-	-	1
Interest rate options	-	21	107	128
Caps, floors, collars	-	71	80	151
Interest rate instruments	**1**	**92**	**187**	**280**
Equity and index derivatives	-	-	-	-
Other	24	5	-	29
Other instruments	**24**	**5**	**-**	**29**
Total derivative instruments held for trading - Fair value assets	**25**	**97**	**187**	**309**

(in € million)	31.12.2013			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**-**	**-**	**-**
Equity and index derivatives	-	-	-	-
Other	-	1	-	1
Other instruments	**-**	**1**	**-**	**1**
Total derivative instruments held for trading - Fair value liabilities	**-**	**1**	**-**	**1**

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	1	-	2
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**1**	**1**	**-**	**2**
Equity and index derivatives	-	-	-	-
Other	-	5	-	5
Other instruments	**-**	**5**	**-**	**5**
Total derivative instruments held for trading - Fair value liabilities	**1**	**6**	**-**	**7**

5.6 Share held by cedants and retrocessonaires in liabilities relating to insurance contracts and financial contracts

(in € million)	31.12.2013	31.12.2012
Mathematical reserves	-	-
Provisions for unearned premiums	154	151
Provisions for claims outstanding	292	268
Other technical reserves	316	267
Reinsurers' share in non-life insurance reserves	**762**	**686**
Mathematical reserves	267	284
Provisions for unearned premiums	192	187
Provisions for claims outstanding	31	26
Other technical reserves	2	-
Profit-sharing provisions	-	-
Reinsurers' share in life insurance reserves	**492**	**498**
Reinsurers' share in provisions for financial contracts	**-**	**-**
Total share held by cedants in liabilities	**1,254**	**1,184**

5.7 Operating property and other property, plant and equipment

(in € million)	31.12.2012	Change in scope	Depreciation charges / Increases	Reversals / Decreases	Translation adjustments	Other changes	31.12.2013
Gross amount	307	-	3	(2)	-	-	308
Depreciation, amortisation and impairment	(61)	-	(11)	1	-	-	(71)
Net value of operating property and other properly, plant and equipment	**246**	**-**	**(8)**	**(1)**	**-**	**-**	**237**

(in € million)	31.12.2011	Change in scope	Depreciation charges / Increases	Reversals / Decreases	Translation adjustments	Other changes	31.12.2012
Gross amount	321	(17)	5	(2)	-	-	307
Depreciation, amortisation and impairment	(58)	7	(11)	1	-	-	(61)
Net value of operating property and other properly, plant and equipment	**263**	**(9)**	**(7)**	**(1)**	**-**	**-**	**246**

5.8 Net deferred acquisition costs

(in € million)	31.12.2013	31.12.2012
Net deferred acquisition costs and similar on insurance and financial contracts with discretionary profit-sharing	448	433
Rights acquired on financial contracts without discretionary profit-sharing	4	6
Net deferred acquisition costs and similar on life activities	**452**	**439**
Deferred acquisition costs on non-life activities	**348**	**351**
Gross deferred acquisition costs	**800**	**790**
Provisions for expenses and unearned deductions	**(10)**	**(12)**
Total deferred acquisition costs	**790**	**778**

5.9 Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are now offset within a same taxable entity.

The deferred tax tables below show a net change of €188 million in the "Accounting/tax mismatch" item mainly accounted for by the reversal of the tax risk provision after the tax audit notice sent to Predica in 2008 was cancelled.

Deferred tax assets

(in € million)	31.12.2013	31.12.2012
Accounting/tax mismatch	50	77
IFRS adjustments through reserves	(9)	(22)
IFRS adjustments through profit or loss	-	(8)
Total deferred tax assets	**41**	**47**

Deferred tax liabilities

(in € million)	31.12.2013	31.12.2012
Accounting/tax mismatch	(141)	(100)
IFRS adjustments through reserves	411	480
IFRS adjustments through profit or loss	183	210
Total deferred tax liabilities	**453**	**590**

5.10 Receivables arising on direct insurance and inward reinsurance operations

	31.12.2013			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	948	-	24	973
Unrecovered written premiums	6	-	-	7
Unwritten earned premiums	26	-	-	26
Other receivables	440	6	4	449
Receivables for cash deposited at ceding companies	59	103	-	164
Total receivables arising on direct insurance and inward reinsurance operations	**1,479**	**110**	**30**	**1,619**

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	909	-	24	933
Unrecovered written premiums	16	1	-	17
Unwritten earned premiums	35	-	-	35
Other receivables	448	4	6	458
Receivables for cash deposited at ceding companies	42	71	-	113
Total receivables arising on direct insurance and inward reinsurance operations	**1,450**	**76**	**30**	**1,556**

5.11 Receivables arising on ceded reinsurance operations

	31.12.2013			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	108	-	5	113
Other receivables from reinsurance operations	-	-	-	-
Total receivables arising on ceded reinsurance operations	**108**	**-**	**5**	**113**

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	88	-	2	90
Other receivables from reinsurance operations	-	-	-	-
Total receivables arising on ceded reinsurance operations	**88**	**-**	**2**	**90**

5.12 Other receivables

(in € million)	31.12.2013	31.12.2012
Employees	1	1
Government, social security agencies	802	771
Accrued income	63	81
Sundry debtors	437	407
Other adjustment accounts	355	122
Securities under repurchase agreements	1,358	5
Total	**3,016**	**1,387**

5.13 Equity

Composition of share capital at 31 December 2013

At 31 December 2013, equity and voting rights broke down as follows:

Shareholders	Shares outstanding	% of capital	% of voting rights
Crédit Agricole S.A.	124,056,944	99.99%	100%
Other	6	0.01%	0%
Total	124,056,950	100%	100%

The par value of shares is €10. These shares have been fully paid up.

Movements in capital of Crédit Agricole Assurances

The General Meeting held on 19 June 2013 decided to pay the balance on the 2012 dividend, totalling €519,656,623.20 with the option of receiving it in new shares.

Following of the exercising of the option by CASA, 7,802,652 shares with a par value of €10 each were issued, i.e. a contribution to equity breaking down as follows:

Increase in share capital: €78,026,520
Increase in issue premium: €441,630,103.20

Preferred shares

Crédit Agricole Assurances has not issued any preferred shares.

Earnings per share

	31.12.2013	31.12.2012
Net income attributable to owners of the parent in the period (in € million)	1,002	750
Weighted average number of ordinary shares outstanding during the period	120,444,215	116,254,298
Earnings per share (€)	8.32	6.45

Dividends

- On 19 June 2013, the General Meeting approved the payment of a final 2012 dividend totalling €1,027 million, or €8.83 per share.
- The General Meeting on 19 June 2013 authorised the Board of Directors to pay possible interim 2013 dividends, either in cash or in shares.

Accordingly, on 19 December 2013 the Board of Directors decided to pay out an interim dividend of €458 million, or €3.69 per share that, in accordance with the choice made by shareholders, was fully paid in cash.

Shareholders will be asked to choose whether the payment of the balance of the dividend due for financial year 2013 is to be in cash or in shares.

	2013 forecast	2012	2011
Net dividend per share (€)	7.59	8.83	3.25
Final dividend (in € million)	942	1,027	378

Breakdown of gains and losses recognised directly in equity

(in € million)	31.12.2013	31.12.2012
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss		
Gains and losses on translation adjustments	**(10)**	**(6)**
Revaluation adjustment in the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	*(10)*	*(6)*
Gains and losses on available-for-sale assets	**(94)**	**2,368**
Gains and losses on available-for-sale assets before profit-sharing	(948)	17,198
Revaluation adjustment in the period	*(18)*	*16,419*
Reclassified to profit and loss	*(927)*	*645*
Other reclassifications	*(3)*	*134*
Change in deferred profit-sharing in the period (1)	854	(14,830)
Gains and losses on hedging derivative instruments	**(3)**	**16**
Gains and losses on hedging derivative instruments before profit-sharing	(116)	121
Revaluation adjustment in the period	*(122)*	*116*
Reclassified to profit and loss	-	-
Other reclassifications	*6*	*5*
Change in deferred profit-sharing in the period (2)	113	(105)
Gains and losses on non-current assets held-for-sale	**-**	**-**
Revaluation adjustment in the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Pre-tax gain and losses directly recognised in equity that may be reclassified to profit and loss on equity-accounted entities	-	-
Income tax on gain and losses directly recognised in equity that may be reclassified to profit and loss excluding equity-accounted entities	77	(717)
Income tax on gain and losses directly recognised in equity that may be reclassified to profit and loss on equity-accounted entities	-	-
Gains and losses directly recognised in equity that may be reclassified subsequently to profit and loss	**(30)**	**1,660**
Gains and losses directly recognised in equity that will not be subsequently reclassified to profit and loss	**-**	-
Actuarial gains and losses on post-employment benefits	-	(7)
Gains and losses on non-current assets held-for-sale	-	-
Pre-tax gains and losses recognised directly in equity that may be reclassified to profit and losses on equity-accounted entities	-	2
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities	-	-
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**-**	**(5)**
Gains and losses recognised directly in equity	**(32)**	**1,655**
o/w Group share	(31)	1,514
o/w non-controlling interests	(1)	141

Breakdown of tax impact relating to gains (losses) directly recognised in equity

(in € million)	31.12.2012				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	3			3	3
Gains and losses on available-for-sale assets	12,713	(11,082)	(493)	1,138	1,137
Gains and losses on hedging derivative instruments	528	(473)	(19)	36	36
Gains and losses on non-current assets held-for-sale	-	-	-	-	-
Net gains and losses recognised directly in equity that will not be reclassified to profit and loss excluding equity-accounted entities	**13,244**	**(11,555)**	**(512)**	**1,177**	**1,176**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	Change				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	(11)			(11)	(11)
Gains and losses on available-for-sale assets	(948)	854	76	(18)	(20)
Gains and losses on hedging derivative instruments	(116)	113	1	(2)	(2)
Gains and losses on non-current assets held-for-sale					-
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss excluding equity-accounted entities	**(1,075)**	**967**	**77**	**(31)**	**(33)**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	31.12.2013				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	(8)			(8)	(8)
Gains and losses on available-for-sale assets	11,765	(10,228)	(417)	1,119	1,118
Gains and losses on hedging derivative instruments	412	(360)	(18)	34	34
Gains and losses on non-current assets held-for-sale	-	-	-	-	-
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss excluding equity-accounted entities	**12,169**	**(10,588)**	**(435)**	**1,145**	**1,144**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	31.12.2012				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	(8)	-	3	(5)	(6)
Gains and losses on non-current assets held-for-sale	-	-	-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**(8)**	**-**	**3**	**(5)**	**(6)**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**(8)**	**-**	**3**	**(5)**	**(6)**
Net gains and losses recognised directly in equity	**13,236**	**(11,555)**	**(509)**	**1,172**	**1,170**

(in € million)	Change				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	-	-	-	-	-
Gains and losses on non-current assets held-for-sale	-	-	-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity	**(1,075)**	**967**	**77**	**(31)**	**(33)**

(in € million)	31.12.2013				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	(8)		3	(5)	(5)
Gains and losses on non-current assets held-for-sale	-	-	-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**(8)**	**-**	**3**	**(5)**	**(5)**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**(8)**	**-**	**3**	**(5)**	**(5)**
Net gains and losses recognised directly in equity	**12,161**	**(10,588)**	**(432)**	**1,140**	**1,139**

5.14 Provisions for risks and charges

(in € million)	31.12.2012	Changes in scope	Depreciation charges	Reversals	Utilisation	Translation adjustments	Other changes	31.12.2013
Provisions for litigation and contingency risks	111	-	9	-	(29)	-	-	92
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	53	-	7	(3)	(3)	-	-	54
Other provisions for risks and charges	12	-	1	-	-	-	-	12
Total	**177**	**-**	**17**	**(3)**	**(32)**	**-**	**-**	**158**

(in € million)	31.12.2011	Changes in scope	Depreciation charges	Reversals	Utilisation	Translation adjustments	Other changes	31.12.2012
Provisions for litigation and contingency risks	293	(17)	30	-	(195)	-	-	111
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	45	-	13	(2)	(2)	-	-	53
Other provisions for risks and charges	15	(2)	1	(1)	(1)	-	-	12
Total	353	(19)	44	(3)	(198)	-	-	177

5.15 Funding debt

Subordinated debt

(in € million)	Currency	31.12.2013				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	3	-	1,800	1,804
Perpetual subordinated debt	EUR	-	7	-	2,577	2,584
Total	EUR	**-**	**10**	**-**	**4,377**	**4,388**

Crédit Agricole Assurances issued €440m subscribed to by Crédit Agricole S.A.

(in € million)	Currency	31.12.2012				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	7	-	1,786	1,793
Perpetual subordinated debt	EUR	-	7	-	2,136	2,143
Total	EUR	**-**	**14**	**-**	**3,922**	**3,936**

Financing charges

(in € million)	31.12.2013	31.12.2012
Redeemable subordinated notes	(90)	(67)
Perpetual subordinated notes	(141)	(75)
Other financing charges	(40)	(35)
Financing charges	**(271)**	**(177)**

5.16 Information on the offsetting of financial assets and financial liabilities

Offsetting – Financial assets

31/12/2013	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
Type of transaction	**Gross amounts of recognised financial assets before offsetting**	**Gross amounts of recognised financial liabilities set off in the financial statements**	**Net amounts of financial assets presented in the financial statements**	**Other amounts that can be offset under given conditions**		**Net amount after all offsetting effects**
				Gross amounts of financial liabilities covered by master netting agreement	**Amounts of other financial instruments received as collateral, including security deposit**	
(in € million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	857	-	857	-	814	43
Reverse repurchase agreements	1,359	-	1,359	-	1,332	26
Securities lent	383	-	383	-	383	-
Other financial instruments	-	-	-	-	-	-
Total financial assets subject to offsetting	**2,599**	**-**	**2,599**	**-**	**2,529**	**69**

31/12/2012	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
Type of transaction	**Gross amounts of recognised financial assets before offsetting**	**Gross amounts of recognised financial liabilities set off in the financial statements**	**Net amounts of financial assets presented in the financial statements**	**Other amounts that can be offset under given conditions**		**Net amount after all offsetting effects**
				Gross amounts of financial liabilities covered by master netting agreement	**Amounts of other financial instruments received as collateral, including security deposit**	
(in € million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	873	-	873	-	812	61
Reverse repurchase agreements	5	-	5			5
Securities lent	1,423	-	1,423	-	1,423	-
Other financial instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total financial assets subject to offsetting	**2,301**	**-**	**2,301**	**-**	**2,235**	**66**

Offsetting – Financial liabilities

31/12/2013	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
Type of transaction	**Gross amounts of recognised financial liabilities before offsetting**	**Gross amounts of recognised financial assets set off in the financial statements**	**Net amounts of financial liabilities presented in the financial statements**	**Other amounts that can be offset under given conditions**		**Net amount after all offsetting effects**
				Gross amounts of financial assets covered by master netting agreement	**Amounts of other financial instruments received as collateral, including security deposit**	
(in € million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	8	-	8	-	-	8
Reverse repurchase agreements	6,081	-	6,081	-	5,962	119
Securities lent	-	-	-	-	-	-
Other financial instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities subject to offsetting	**6,089**	**-**	**6,089**	**-**	**5,962**	**127**

31/12/2012	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
Type of transaction	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial assets covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	
(in € million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	3		3			3
Reverse repurchase agreements	-	-	-	-	-	-
Securities lent	-	-	-	-	-	-
Other financial instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities subject to offsetting	**3**	**-**	**3**	**-**	**-**	**3**

5.17 Liabilities relating to insurance and financial contracts

Technical liabilities relating to insurance contracts

The insurance contracts, whose technical liabilities are presented in the table below, are contracts under which the insurer shoulders a significant insurance risk.

	31.12.2013		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Provisions for unearned premiums	1,383	153	1,230
Provisions for claims	2,826	292	2,534
Profit-sharing provisions	1	-	1
Provisions for shortfall in liabilities	-	-	-
Other provisions	1,316	316	1,000
Technical liabilities relating to non-life insurance contracts	**5,526**	**761**	**4,765**
Provisions for unearned premiums	766	192	574
Mathematical reserves	93,991	267	93,724
Provisions for claims	1,774	31	1,743
Profit-sharing provisions	889	-	889
Provisions for shortfall in liabilities	-	-	-
Other provisions	205	2	203
Technical liabilities relating to life insurance contracts	**97,625**	**492**	**97,133**
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	**38,371**	**-**	**38,371**
Total technical liabilities relating to insurance contracts	**141,522**	**1,253**	**140,269**

Liabilities relating to insurance contracts net of reinsurance amounted to €140.2bn at 31.12.2013 versus €129.5bn at 31.12.2012. This €10.7bn increase mostly resulted from the increase in life mathematical reserves

(in € million)	31.12.2012		
	Before reinsurance	Ceded	Net of reinsurance
Provisions for unearned premiums	1,364	151	1,213
Provisions for claims	2,580	268	2,312
Profit-sharing provisions	1	-	1
Provisions for shortfall in liabilities	-	-	-
Other provisions	1,167	267	900
Technical liabilities relating to non-life insurance contracts	**5,112**	**686**	**4,426**
Provisions for unearned premiums	760	187	573
Mathematical reserves	85,340	284	85,056
Provisions for claims	1,579	26	1,553
Profit-sharing provisions	512	-	512
Provisions for shortfall in liabilities	2	-	2
Other provisions	252	1	251
Technical liabilities relating to life insurance contracts	**88,445**	**498**	**87,947**
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	**37,093**	**-**	**37,093**
Total technical liabilities relating to insurance contracts	**130,650**	**1,184**	**129,466**

Technical liabilities relating to financial contracts

Financial contracts, whose technical liabilities are presented in the table below, are contracts that do not expose the insurer to a significant insurance risk. They are governed by IFRS 4 when they include discretionary profit sharing features and by IAS 39 when they do not.

(in € million)	31.12.2013		
	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,450	-	97,450
Provisions for claims	1,057	-	1,057
Profit-sharing provisions	1,223	-	1,223
Provisions for shortfall in liabilities	-	-	-
Other provisions	19	-	19
Technical liabilities relating to investment contracts in euros with discretionary participation features	**99,749**	**-**	**99,749**
Mathematical reserves	352	-	352
Provisions for claims	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	**352**	**-**	**352**
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,465	-	2,465
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,361	-	2,361
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	**4,826**	**-**	**4,826**
Total technical liabilities relating to financial contracts	**104,927**	**-**	**104,927**

(in € million)	31.12.2012		
	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,471	-	97,471
Provisions for claims	1,116	-	1,116
Profit-sharing provisions	785	-	785
Provisions for shortfall in liabilities	-	-	-
Other provisions	20	-	20
Technical liabilities relating to investment contracts in euros with discretionary participation features	**99,392**	**-**	**99,392**
Mathematical reserves	360	-	360
Provisions for claims	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	**360**	**-**	**360**
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,189	-	2,189
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,304	-	2,304
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	**4,493**	**-**	**4,493**
Total technical liabilities relating to financial contracts	**104,245**	**-**	**104,245**

Changes in gross life mathematical reserves

(in € million)	31 December 2013			
	Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	**122,433**	**99,660**	**2,664**	**224,757**
Premiums	14,962	5,928	524	21,414
Benefits	(10,032)	(7,487)	(549)	(18,068)
Increase in contract prices	4,499	2,485	59	7,043
Changes in provisions relating to technical and actuarial items	(121)	(8)	15	(114)
Transfers	644	(661)	(1)	(18)
Other	11	(2)	-	9
Change in scope	-	-	-	-
Mathematical reserves at end of period	**132,362**	**99,914**	**2,713**	**234,989**

(in € million)	31 December 2012			
	Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	**112,938**	**102,601**	**5,901**	**221,440**
Premiums	12,550	5,427	651	18,628
Benefits	(8,476)	(8,708)	(847)	(18,031)
Increase in contract prices	5,521	3,045	240	8,806
Changes in provisions relating to technical and actuarial items	(839)	(20)	(70)	(929)
Transfers	805	(824)	(35)	(54)
Other	(11)	(9)	-	(20)
Change in scope (1)	(36)	(1,851)	(3,176)	(5,063)
Mathematical reserves at end of period	**122,433**	**99,660**	**2,664**	**224,757**

(1) The change in scope is related to the disposal of Bes Vida.

Change in provisions for non-life claims

(in € million)	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012	2013
Provisions for initially handled gross claims	577	934	1,158	1,421	1,639	1,846	2,057	2,291	2,548	2,794
Exchange rate impact at 31 December 2013	-	-	-	-	-	-	-	-	-	-
Impact of change in scope on 2013	40	40	43	47	51	60	118	59	37	36
Provisions for initially handled gross claims adjusted for exchange rates and consolidation scope in 2013	**618**	**974**	**1,201**	**1,468**	**1,690**	**1,906**	**2,175**	**2,350**	**2,585**	**2,830**
Cumulative payments made	**40**	**40**	**43**	**47**	**51**	**60**	**50**	**59**	**37**	**36**
- one year later	242	313	464	521	573	672	754	800	810	-
- two years later	324	432	591	664	739	868	977	1,033	-	-
- three years later	384	508	676	769	850	991	1 112	-	-	-
- four years later	419	562	743	847	928	1,082	-	-	-	-
- five years later	442	610	799	903	992	-	-	-	-	-
- six years later	462	653	826	949	-	-	-	-	-	-
- seven years later	477	681	849	-	-	-	-	-	-	-
- eight years later	487	703	-	-	-	-	-	-	-	-
- nine years later	494	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Re-estimated final cost								**-**		-
- one year later	640	1,000	1,246	1,468	1,653	1,849	2,087	2,286	2,457	-
- two years later	608	971	1,220	1,420	1,534	1,755	1,966	2,165	-	-
- three years later	598	972	1,189	1,352	1,482	1,695	1,910	-	-	-
- four years later	587	978	1,147	1,325	1,435	1,653	-	-	-	-
- five years later	580	948	1,134	1,296	1,419	-	-	-	-	-
- six years later	559	930	1,114	1,283	-	-	-	-	-	-
- seven years later	559	915	1,105	-	-	-	-	-	-	-
- eight years later	558	917	-	-	-	-	-	-	-	-
- nine years later	556	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Surplus (shortfall) in initial provisions in comparison with the re-estimated final cost at 31 December 2013	**62**	**56**	**96**	**185**	**271**	**253**	**264**	**186**	**127**	**2 830**

(1) Médicale de France data were included in the triangle from 2005 onwards, after the company entered the consolidation scope.

The table describing how claims were handled shows changes in provisions for claims outstanding for the non-life activity. Médicale de France data were included in the triangle as of 2005.

The first line "Provisions for initially handled gross claims" represents the amount of provisions (in the financial year during which the claim occurred and all the previous years) handled at the accounting closing date indicated in the columns.

The line "Provisions for initially handled gross claims adjusted for exchange rates and scope in year Y" shows the same provision as reported in the first line at the exchange rates and consolidation scope of the current year.

The third line "Impact of change in scope on 2013" is related to the inclusion of CARE data.

The "cumulative payments made" section describes in detail the cumulative amount of payments relating to year Y when the claim occurred and previous years. The second section "re-estimate of final cost" describes in detail the Group's commitment for the year in which the claim occurred and previous years. The estimate of the final cost fluctuates in line with the increasing reliability of information about claims still pending.
The surplus or shortfall in initial provisions in comparison with the re-estimated final cost is the difference between the initial provision and the latest estimate of provisions for claims outstanding.

Schedule of insurance liabilities

The estimated unfolding of Crédit Agricole Assurances' insurance liabilities is presented in the following table. These data relate to insurance contracts and financial contracts with the exception of unit-linked contracts, for which policyholders bear the risk.

	31.12.2013			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	**21,453**	**42,683**	**139,115**	**203,251**

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	**17,598**	**41,6855**	**134,025**	**193,308**

These projections are an estimate of the pace at which recognised liabilities will eventuate; therefore they do not match the sums that will be actually paid, partly because of the discounting of recognised provisions, as well as the uncertainty weighing on the assumptions drawn upon.

5.18 Net deferred profit-sharing

(in € million)	31.12.2013	31.12.2012
Profit-sharing/ Remeasurement of assets at FV through profit or loss	492	873
Profit-sharing/ Remeasurement of (AFS) assets at FV	(10,593)	(11,559)
Profit-sharing/ Other adjustments	(101)	306
Net deferred profit-sharing	**(10,202)**	**(10,380)**

5.19 Payables arising on ceded reinsurance operations

(in € million)	31.12.2013	31.12.2012
Fees due	951	924
Claims outstanding	51	100
Cash deposits	-	-
Co-insurers	-	-
Other payables on insurance transactions	594	581
Expenses charged and unearned deductions	10	12
Total payables arising on ceded reinsurance operations	**1,605**	**1,617**

5.20 Payables arising on ceded reinsurance operations

(in € million)	31.12.2013	31.12.2012
Ceded reinsurance payables	-	-
Reinsurers' current accounts	237	303
Ceded deferred acquisition costs	159	132
Cash deposits	631	558
Total payables arising on ceded reinsurance operations	**1,027**	**993**

5.21 Other payables

(in € million)	31.12.2013	31.12.2012
Employee creditors	19	22
Government, social security agencies	841	806
Pension benefits	6,081	-
Miscellaneous creditors	3,015	3,763
Other payables	-	-
Total other payables	**9,956**	**4,591**

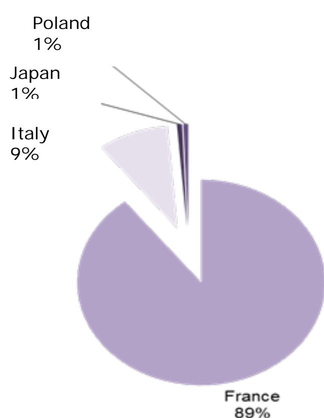
Note 6 Notes to the income statement

6.1 Breakdown of revenue - Revenue by type of risk

(in € million)	31.12.2013		
	Gross	Disposals and retrocessions	Net
Automobile	887	(25)	862
Third-party liability	80	(8)	72
Property & casualty	865	(114)	751
Legal protection	101	-	101
Other non-life	459	(9)	450
Non-life	**2,392**	**(156)**	**2,236**
Assistance insurance	**1**	**-**	**-**
Accidents /death/ disability	**538**	**(44)**	**494**
Natural disasters	**77**	**(26)**	**51**
Credit	**358**	**(81)**	**277**
Healthcare	**513**	**(8)**	**505**
Non-life insurance written premiums	***3,879***	***(315)***	***3,564***
Change in non-life unearned premiums	***(19)***	***5***	***(14)***
Other non-life insurance technical income	***77***	***-***	***77***
Non-life revenue	**3,937**	**(310)**	**3,627**
Accidents /death/ disability	1,135	(117)	1,018
Collective savings	62	-	62
Individual savings	19,918	(1)	19,917
Provident insurance	694	(67)	627
Other life	11	-	7
Life insurance written premiums	***21,820***	***(189)***	***21,631***
Change in unearned life premiums	***(8)***	***5***	***(3)***
Other life insurance technical income	***20***	***-***	***20***
Life revenue	**21,832**	**(184)**	**21,648**
Total revenue	**25,769**	**(494)**	**25,275**

(in € million)	31.12.2012 Gross	Disposals and retrocessions	Net
Automobile	842	(32)	810
Third-party liability	61	(6)	55
Property & casualty	842	(90)	752
Legal protection	93	-	93
Other non-life	484	(12)	472
Non-life	**2,322**	**(140)**	**2,182**
Assistance insurance	**1**	**(1)**	**-**
Provident insurance / Accidents/death/disability	**511**	**(44)**	**467**
Natural disasters	**70**	**(39)**	**31**
Credit	**349**	**(69)**	**280**
Healthcare	**482**	**(10)**	**472**
Non-life insurance written premiums	**3,735**	**(303)**	**3,432**
Change in unearned non-life premiums	**(36)**	**1**	**(35)**
Other non-life insurance technical income	**68**	**-**	**68**
Non-life revenue	**3,767**	**(302)**	**3,465**
Accidents / death / disability	1,133	(105)	1,028
Collective savings	80	-	80
Individual savings	16,779	(44)	16,735
Provident insurance	692	(69)	623
Other life	144	-	144
Life insurance written premiums	**18,828**	**(218)**	**18,610**
Change in unearned life premiums	**(17)**	**12**	**(5)**
Other life insurance technical income	**15**	**-**	**15**
Life revenue	**18,826**	**(206)**	**18,620**
Total revenue	**22,593**	**(508)**	**22,085**

Revenue by geographical area at 31/12/2013



6.2 Investment income net of investment expenses (including dividends)

(in € million)	31.12.2013					
	Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	623	-	-	-	-	623
Available-for-sale assets	5,828	(8)	1,240	(313)	-	6,747
Held-for-trading assets	1	-	-	-	-	1
Assets at fair value through profit or loss by option	744	-	-	-	2,667	3,411
Real estate investment	122	(1)	(4)	2	-	119
Loans and receivables	42	(3)	-	-	(100)	(61)
Derivative instruments	11	(1)	-	-	(223)	(213)
Other	354	(236)	-	-	-	118
Total	**7,725**	**(249)**	**1,236**	**(311)**	**2,344**	**10,745**

(in € million)	31.12.2012					
	Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	763	-	-	-	-	763
Available-for-sale assets	5,839	(5)	(334)	(312)	-	5,188
Held-for-trading assets	2	-	-	-	8	10
Assets at fair value through profit or loss on option	652	-	-	-	5,589	6,241
Real estate investment	166	(5)	-	(16)	-	145
Loans and receivables	17	(5)	3	(2)	(26)	(13)
Derivative instruments	21	(3)	-	-	(207)	(189)
Other	248	(357)	-	-	(1)	(110)
Total	**7,708**	**(375)**	**(331)**	**(330)**	**5,363**	**12,035**

6.3 Gains (losses) from hedge accounting

(in € million)	31.12.2013			31.12.2012		
	Gains	Losses	Net	Gains	Losses	Net
Changes in fair value of hedged items attributable to hedged risks	(100)	-	(100)	(26)	-	(26)
Changes in fair value of hedging derivatives (including terminations of hedges)	95	-	95	20	-	20
Fair value hedges	**(5)**	-	**(5)**	(6)	-	(6)
Changes in fair value of hedging derivatives – ineffective portion	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-
Changes in fair value of hedging derivatives - ineffective portion	-	-	-	-	-	-
Hedges on net investments in operations in a foreign country	-	-	-	-	-	-
Changes in fair value of hedged items	-	-	-	-	-	-
Changes in fair value of hedging derivatives	-	-	-	-	-	-
Fair value hedges of exposure to interest rate risk of financial instruments portfolio	-	-	-	-	-	-
Changes in fair value of hedging instrument – inefficient portion	-	-	-	-	-	-
Hedges of the exposure of the cash flows of a financial instruments portfolio to interest rate risk	-	-	-	-	-	-
Total gains (losses) from hedge accounting	**(5)**	-	**(5)**	**(6)**	**-**	**(6)**

6.4 Claims expense

(in € million)	***31.12.2013***				
	Life insurance contracts	***Financial contracts related to IFRS 4***	***Total life insurance***	***Non-life insurance contracts***	***Total***
Insurance policy servicing expenses	*(7,794)*	*(8,819)*	*(16,613)*	*(2,194)*	*(18,807)*
Change in insurance provisions	*(10,158)*	*(246)*	*(10,404)*	*(246)*	*(10,650)*
Change in provisions for profit-sharing	*(377)*	*(438)*	*(815)*	*(1)*	*(816)*
Change in provisions for deferred profit-sharing	*-*	*-*	*(788)*	*-*	*(788)*
Change in provisions for shortfall in liabilities	*1*	*-*	*1*	*-*	*1*
Change in other technical reserves	*2*	*-*	*2*	*(149)*	*(147)*
Claims expense (1)	***(18,326)***	***(9,503)***	***(28,617)***	***(2,590)***	***(31,207)***

(1) The €1.6bn change in claims expense between 2012 and 2013 is mostly accounted for by the decline in buybacks of individual savings products and by the rise in technical reserves resulting from the positive net inflows.

(in € million)	**31.12.2012**				
	Life insurance contracts	**Financial contracts related to IFRS 4**	**Total life insurance**	**Non-life insurance contracts**	**Total**
Insurance policy servicing expenses	(7,932)	(9,591)	(17,523)	(2,324)	(19,847)
Change in insurance provisions	(9,550)	1,090	(8,460)	-	(8,460)
Change in provisions for profit-sharing	(196)	(236)	(432)	1	(431)
Change in provisions for deferred profit-sharing	-	-	(677)	-	(677)
Change in provisions for shortfall in liabilities	(1)	(2)	(3)	-	(3)
Change in other technical reserves	(80)	1	(79)	(82)	(161)
Claims expense	**(17,759)**	**(8,738)**	**(27,174)**	**(2,405)**	**(29,579)**

6.5 Management expenses

Breakdown by destination

(in € million)	**31.12.2013**
Acquisition costs or similar (1)	(1,912)
Claim management expenses (2)	(178)
Investment management expenses (3)	(52)
Administration expenses	(1,195)
Other technical expenses (4)	(142)
Other non-technical expenses (4)	(107)
Total 2013 management expenses	**(3,586)**

(1) excluding the change in deferred acquisition costs totalling €11 million
(2) presented in the income statement on the "Claims expense" line
(3) presented in the income statement on the "Investment expenses" line
(4) presented in the income statement on the "Other current operating income and expenses" line.

Consolidated financial statements

(in € million)	31.12.2012
Acquisition costs or similar	(1,826)
Claim management expenses	(171)
Investment management expenses	(39)
Administration expenses	(1,161)
Other technical expenses	(135)
Other non-technical expenses	(110)
Total 2012 management expenses	**(3,442)**

Breakdown by nature

(in € million)	31.12.2013
Staff expenses	(242)
Fees	(3,012)
Taxes	(116)
Other	(216)
Total 2013 management expenses	**(3,586)**

(in € million)	31.12.2012
Staff expenses	(241)
Fees	(2,906)
Taxes	(89)
Other	(206)
Total 2012 management expenses	**(3,442)**

6.6 Fees paid to Statutory Auditors

(in € million)	Ernst & Young		PWC	
	2013	2012	2013	2012
Independent audit, certification, review of parent company and consolidated financial statements	1.7	1.9	1.5	1.7
Other ancillary assignments and services directly linked to the Statutory Auditors' mission	0.4	0.3	0.1	0.3
TOTAL	**2.1**	**2.2**	**1.6**	**2.0**

6.7 Net income from ceded reinsurance operations

(in € million)	31.12.2013		
	Life insurance	**Non -life insurance**	**Total**
Expenses from ceded reinsurance operations	(183)	(310)	(493)
Benefits and costs paid (including change in provisions for claims)	59	104	163
Other technical reserves ceded	34	50	84
Fees received from reinsurers	78	65	143
Net income (expenses) from ceded reinsurance operations	**(12)**	**(91)**	**(103)**

(in € million)	31.12.2012		
	Life insurance	**Non -life insurance**	**Total**
Expenses from ceded reinsurance operations	(205)	(302)	(507)
Benefits and costs paid (including change in provisions for claims)	46	113	159
Other technical reserves ceded	79	29	108
Fees received from reinsurers	67	57	124
Net income (expenses) from ceded reinsurance operations	**(13)**	**(103)**	**(116)**

6.8 Tax charge

Breakdown of total tax charge

(in € million)	31.12.2013	31.12.2012
Current tax charge	(666)	(470)
Deferred tax charge	55	(151)
Total tax charge	**(611)**	**(621)**

Reconciliation between recognised tax charge and calculated theoretical tax charge

(in € million)	31.12.2013	31.12.2012
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	**1,616**	**1,502**
Theoretical tax rate (1)	38.00%	36.10%
Theoretical tax charge	**(614)**	**(542)**
Impact of permanent differences	(26)	-
Impact of different tax rates on foreign subsidiaries	13	17
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences	(3)	15
Impact of reduced tax rate	19	1
Impact of other items (2)	-	(112)
Effective tax charge	**(611)**	**(621)**
Effective tax rate (%)	**37.81%**	**41.34%**

(1) The theoretical tax rate is the tax rate applicable under ordinary law (including the additional social contribution and the exceptional contribution to corporate income tax) profits taxable in France at 31 December 2013.
(2) including the exit tax of €127 million on the insurance capitalisation reserve.

Note 7 Employee benefits and other compensation

7.1 Headcount at year-end

Full-time equivalent employees	31.12.2013	31.12.2012
France	2,039	1,999
International	411	405
Total	**2,450**	**2,404**

7.2 Post-employment benefits, defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Accordingly, Crédit Agricole S.A. Group companies have no liability in this respect other than their contributions payable.

Within the Group, there are several compulsory defined contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans, and some supplementary plans in place notably within UES Crédit Agricole S.A.:

Entities	Compulsory supplementary pension plans	Number of employees covered *	
		Estimate at 31.12.2013	Estimate at 31.12.2012
Predica / CAA/CAAGIS/Pacifica	Agricultural sector plan	1,898	1,948
CACI	Sector-specific plan	212	183
Predica /CAA/CAAGIS/Pacifica/CACI	"Article 83" (of the French Tax Code) plan	76	66

* Number of employees on the payroll

7.3 Post employment benefits, defined benefit plans

Change in actuarial liability

(in € million)	31.12.2013	31.12.2012
Actuarial liability at beginning of period	44	**62**
Translation adjustment	-	-
Current service cost during the period	3	2
Financial cost	1	2
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Change in scope	(1)	(29)
Benefits paid	(1)	-
Taxes, administrative expenses and bonuses	-	-
Actuarial gains or losses related to demographic assumptions	(2)	7
Actuarial gains or losses related to financial assumptions	2	-
Actuarial liability at end of period	**46**	**44**

Breakdown of charge recognised in the income statement

(in € million)	31.12.2013	31.12.2012
Service cost	3	2
Net interest income (expense)	1	1
Amortisation of actuarial gains or losses	-	-
Gains or losses on withdrawals and settlement	-	-
Gains or losses on restriction of surpluses	-	-
Impact on income statement	**4**	**3**

Breakdown of charge recognised in other comprehensive income that will not be reclassified to profit and loss

(in € million)	31.12.2013	31.12.2012
Revaluation from net liabilities (from net assets)		
Total amount of cumulative actuarial differences in other comprehensive income items that will not be reclassified to profit and loss	4	(3)
Translation adjustment	-	-
Actuarial gains or losses on assets	-	-
Actuarial gains or losses related to demographic assumptions *	(2)	7
Actuarial gains or losses related to financial assumptions *	2	-
Adjustments in impact of restriction on assets	-	-
Total items recognised immediately in other comprehensive income items	**4**	**4**

(*) o/w actuarial gains/losses related to experience adjustment

Change in fair value of plan assets

(in € million)	31.12.2013	31.12.2012
Fair value of assets at beginning of period	-	-
Translation adjustment	-	-
Interests on assets (income)	-	-
Actuarial gains or losses	-	-
Employer contributions	-	-
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Change in scope	-	-
Taxes, administrative expenses and bonuses	-	-
Benefits paid out under the plan	-	-
Fair value of assets at end of period	**-**	-

Change in fair value of reimbursement rights

(in € million)	31.12.2013	31.12.2012
Fair value of reimbursement rights at beginning of period	1	**16**
Translation adjustment	-	-
Interests on reimbursement rights (income)	-	-
Actuarial gains or losses	-	-
Employer contributions	-	-
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Change in scope	-	(15)
Taxes, administrative expenses and bonuses	-	-
Benefits paid out under the plan	-	-
Fair value of reimbursement rights at end of period	**1**	**1**

Net position of assets (liabilities)

(in € million)	31.12.2013	31.12.2012
Actuarial liability at end of period	46	44
Impact of restriction on assets	-	-
Fair value of plan assets	-	-
Net position of assets (liabilities) at end of period	**46**	**44**
Unrecognised past service costs (plan changes)	-	1
Net position of (liabilities) assets at end of period published at 31/12/2012	-	43

7.4 Other employee benefits

Among the various collective variable compensation plans within Crédit Agricole S.A. Group, the *Rémunération variable collective* (RVC), is a global plan encompassing the discretionary incentive scheme and the compulsory profit-sharing scheme. The amount is calculated in accordance with the Company's performance as measured on the basis of Crédit Agricole Assurances' net income attributable to owners of the parent company.
A given level of net income attributable to owners of the parent company will give rise to an entitlement equal to a given percentage of the total payroll.

The amount of the profit-sharing component is calculated in accordance with the standard legal formula and is deducted from the total RVC to obtain the amount of the discretionary incentive entitlement.
Other employee benefits: in France, the Group's main entities pay long-service awards. The amounts vary according to practices and collective bargaining agreements in place.

7.5 Share-based payments

Under the authorisations granted by the Extraordinary Shareholders Meeting of 17 May 2006, the Board of Directors of Crédit Agricole S.A. implemented a stock option plan in favour of Crédit Agricole Assurances employees.
No new plan was implemented in 2013.

stock option plan

Crédit Agricole S.A. stock option plan	2006
Date of the General Meeting that authorised the plan	17/05/2006
Date of Crédit Agricole S.A. Board of Directors meeting	18/07/2006
Date on which options were allocated	06/10/2006
Term of plan	7 years
Length of lock-up period	4 years
First date on which options could be exercised	06/10/2010
Expiry date of options	05/10/2013
Number of beneficiaries within Crédit Agricole Assurances	42
Number of shares granted within Crédit Agricole Assurances	237,460
Exercise price	30.83
Performance-related conditions	No
Conditions in case of departure from Group	
Resignation	loss
Dismissal	loss
Retirement	retain
Death	retain (1)
Number of options	
Allocated to corporate officers (2)	49 060
Number of shares allocated to 10 largest beneficiaries	125,386
Valuation method	Black & Sholes

(1) Retained if heirs and successors exercise their options within 6 months following death

(2) This table shows the allocations made in favour of the corporate officers in place at 31 December 2012 and not the corporate officers in place at the time when this plan was set up

7.6 Senior executive compensation

Senior Executives include all members of the Executive Committee, namely the Chief Executive Officer and Deputy Chief Executive Officers of Crédit Agricole Assurances, the Chief Executive Officers of the main subsidiaries and the heads of the Group's core business activities.

Compensation and benefits paid to the members of the Executive Committee in 2013 were as follows:

- short-term benefits: €5.4 million with respect to fixed and variable compensation components including social security expenses and benefits in kind;
- post-employment benefits: no end-of-career benefits were paid but €0.14 million was paid under the supplementary pension plan for Group Senior Executive Officers;
- other long-term benefits: not applicable;
- end-of-career benefits: not applicable;
- share-based payments: not applicable.

Total directors' fees paid to members of Crédit Agricole Assurances Board of Directors in 2013 in consideration for serving as Directors of Crédit Agricole Assurances amounted to €68,000.

Note 8 Commitments given and received

(in € million)	31.12.2013	31.12.2012
Guarantee commitments	760	707
Other commitments received	286	302
Commitments received	**1 046**	**1,009**

(in € million)	31.12.2013	31.12.2012
Securities given as guarantees or pledged	1,283	1,164
Property guarantees	-	186
Other commitments given	-	-
Commitments given	**1,283**	**1 350**

Commitments given mainly consist in pledges of securities given to ceding companies. These pledges are aimed at covering the theoretical commitments accepted by Crédit Agricole Assurances under existing reinsurance treaties.

Note 9 Subsequent events

No subsequent event that could materially impact Crédit Agricole Assurances Group's financial statements was recorded.

Note 10 Consolidation scope

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation Method	31.12.2013		31.12.2012	
			control	interest	control	interest
Parent company						
CREDIT AGRICOLE ASSURANCE	France	Parent company	100%	100%	100%	100%
Holding companies						
CREDIT AGRICOLE CREDITOR INSURANCE	France	Full	100%	100%	100%	100%
SPACE HOLDING	Ireland	Full	100%	100%	100%	100%
SPACE LUX	Luxembourg	Full	100%	100%	100%	100%
Insurance companies						
PREDICA	France	Full	100%	100%	100%	100%
MEDICALE DE FRANCE	France	Full	100%	100%	100%	100%
ASSURANCES MUTUELLES FEDERALES	France	Full	100%	100%	100%	100%
PACIFICA	France	Full	100%	100%	100%	100%
CALIE	Luxembourg	Full	94%	94%	94%	94%
SPIRICA	France	Full	100%	100%	100%	100%
BES SEGUROS	Portugal	Full	50%	50%	50%	50%
CA VITA	Italy	Full	100%	100%	100%	100%
FINAREF RISQUES DIVERS	France	Full	100%	100%	100%	100%
FINAREF VIE	France	Full	100%	100%	100%	100%
CACI LIFE	Ireland	Full	100%	100%	100%	100%
CACI NON-LIFE	Ireland	Full	100%	100%	100%	100%
DOLCEA VIE	France	Full	100%	100%	100%	100%
CA LIFE JAPAN	Japan	Full	100%	100%	100%	100%
CA ASSICURAZIONI	Italy	Full	100%	100%	100%	100%
CA LIFE GREECE	Greece	Full	100%	100%	100%	100%
FONCIERE HYPERSUD (1)	France	Non-consolidated	0%	0%	51%	51%
Reinsurance companies						
CACI REINSURANCE	Ireland	Full	100%	100%	100%	100%
CREDIT AGRICOLE REINSURANCE S.A	Luxembourg	Full	100%	100%	100%	100%
Service companies						
VIAVITA	France	Full	100%	100%	100%	100%
CAAGIS	France	Full	50%	50%	50%	50%
CACI GESTION	France	Full	79%	79%	79%	79%
UCITS						
FEDERVAL FCP	France	Full	100%	100%	100%	100%
GRD 2 FCP	France	Full	100%	100%	100%	100%
GRD 3 FCP	France	Full	100%	100%	100%	100%
GRD 4 FCP	France	Full	100%	100%	100%	100%
GRD 5 FCP	France	Full	100%	100%	100%	100%
GRD 7 FCP	France	Full	100%	100%	100%	100%
GRD 10 FCP	France	Full	100%	100%	100%	100%
GRD 12 FCP	France	Full	100%	100%	100%	100%
GRD 14 FCP	France	Full	100%	100%	100%	100%
GRD 16 FCP	France	Full	100%	100%	100%	100%
GRD 17 FCP	France	Full	100%	100%	100%	100%
GRD 18 FCP	France	Full	100%	100%	100%	100%
GRD 19 FCP	France	Full	100%	100%	100%	100%
GRD 20 FCP	France	Full	100%	100%	100%	100%
GRD 11 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A1 FCP	France	Full	100%	100%	100%	100%

(1) Hypersud was deconsolidated on 1 January 2013

Consolidation scope of Crédit Agricole Assurances Group	Country	Method	31.12.2013		31.12.2012	
			control	interest	control	interest
PREDIQUANT A2 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A3 FCP	France	Full	100%	100%	100%	100%
BFT OPPORTUNITES FCP	France	Full	100%	100%	100%	100%
CA-EDRAM OPPORTUNITES FCP 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2005 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2006 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 A 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 C2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMP BIS A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
FCPR ROOSEVELT INVESTISSEMENT PARTS A	France	Full	100%	100%	100%	100%
GRD 1 FCP	France	Full	100%	100%	100%	100%
GRD 8 FCP	France	Full	100%	100%	95%	95%
GRD 9 FCP	France	Full	98%	98%	98%	98%
FCPR PREDICA 2010 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A3	France	Full	100%	100%	100%	100%
FCPR PREDICA INFR 2006-2007 A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART B	France	Full	100%	100%	100%	100%
PREDIQUANT OPPORTUNITES	France	Full	100%	100%	99%	99%
PREDIQUANT STRATEGIES	France	Full	100%	100%	100%	100%
FCPR CAA COMPARTIMENT 1 PART A1	France	Full	100%	100%	100%	100%
FCPR CAA COMPART BIS PART A2	France	Full	100%	100%	100%	100%
FCPR CAA COMP TER PART A3	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II B	France	Full	100%	100%	100%	100%
FCPR UI CAP SANTE A	France	Full	100%	100%	100%	100%
CAA FRANCE CROISSANCE 2 A FCPR	France	Full	100%	100%	100%	100%
CAA PRIV. FINANC. COMP. 1 A1 FIC	France	Full	100%	100%	100%	100%
CAA PRIV. FINANC. COMP. 2 A2 FIC	France	Full	100%	100%	100%	100%
FCPR UI CAP AGRO	France	Full	100%	100%	0%	0%
FCPR CAA 2013	France	Full	100%	100%	0%	0%
FCPR PREDICA SECONDAIRE III A	France	Full	100%	100%	0%	0%
OBJECTIF LONG TERME	France	Full	100%	100%	0%	0%
CAA 2013-A	France	Full	100%	100%	0%	0%
CNP ACP OBLIG	France	Proportionate	50%	50%	0%	0%
CNP ACP 10 FCP	France	Proportionate	50%	50%	0%	0%
CAA 2013-3	France	Full	100%	100%	0%	0%
LRP-CPT JANVIER 2013 .030 13-21 11/01 A	Luxembourg	Full	84%	84%	0%	0%
AMUNDI GRD 22 FCP	France	Full	99%	99%	0%	0%
GRD 13 FCP	France	Full	100%	100%	0%	0%
GRD 21 FCP	France	Full	100%	100%	0%	0%
AMUNDI CORPORATE 3 ANNI	Italy	Full	89%	89%	0%	0%
Collective property investment vehicles						
OPCI Predica Bureau	France	Full	100%	100%	100%	100%
OPCI PREDICA HABITATION	France	Full	100%	100%	100%	100%
OPCI PREDICA COMMERCES	France	Full	100%	100%	100%	100%
OPCI CAMP INVEST	France	Full	69%	69%	0%	0%
OPCI IRIS INVEST 2010	France	Full	80%	80%	0%	0%

OPCI MESSIDOR	France	Full	94%	94%	0%	0%
Consolidation scope of Crédit Agricole Assurances Group	Country	Method	31.12.2013		31.12.2012	
			control	interest	control	interest
Property investment companies						
SCI PORTE DES LILAS - FRERES FLAVIEN	France	Full	100%	100%	100%	100%
SCI LE VILLAGE VICTOR HUGO	France	Full	96%	96%	96%	96%
SCI BAUDIN VELLEFAUX	France	Exit	0%	0%	100%	100%
SCI BMEDIC HABITATION	France	Full	100%	100%	80%	80%
SCI CROIX AU BEAU	France	Exit	0%	0%	100%	100%
SCI FEDALE MIROMESNIL	France	Exit	0%	0%	100%	100%
SCI FEDERALE BARBET DE JOUY	France	Exit	0%	0%	100%	100%
SCI FEDERALE COURNEUVE	France	Exit	0%	0%	99%	99%
SCI FEDERALE GRAMONT	France	Exit	0%	0%	100%	100%
SCI FEDERALE MARIGNAN	France	Exit	0%	0%	100%	100%
SCI FEDERALE VILLIERS	France	Full	100%	100%	100%	100%
SCI FEDERCOM	France	Full	100%	100%	100%	100%
SCI FEDERLOG	France	Full	100%	100%	100%	100%
SCI FEDERLONDRES	France	Full	100%	100%	100%	100%
SCI FEDERLOUVRE	France	Exit	0%	0%	100%	100%
SCI FEDERPIERRE	France	Full	100%	100%	100%	100%
SCI GRENIER VELLEF	France	Full	100%	100%	100%	100%
SCI IMEFA 1	France	Full	100%	100%	100%	100%
SCI IMEFA 10	France	Exit	0%	0%	100%	100%
SCI IMEFA 100	France	Full	100%	100%	100%	100%
SCI IMEFA 101	France	Full	100%	100%	100%	100%
SCI IMEFA 102	France	Full	100%	100%	100%	100%
SCI IMEFA 103	France	Full	100%	100%	100%	100%
SCI IMEFA 104	France	Full	100%	100%	100%	100%
SCI IMEFA 105	France	Full	100%	100%	100%	100%
SCI IMEFA 107	France	Full	100%	100%	100%	100%
SCI IMEFA 108	France	Full	100%	100%	100%	100%
SCI IMEFA 109	France	Full	100%	100%	100%	100%
SCI IMEFA 11	France	Full	100%	100%	100%	100%
SCI IMEFA 110	France	Full	100%	100%	100%	100%
SCI IMEFA 112	France	Full	100%	100%	100%	100%
SCI IMEFA 113	France	Full	100%	100%	100%	100%
SCI IMEFA 114	France	Exit	0%	0%	100%	100%
SCI IMEFA 115	France	Full	100%	100%	100%	100%
SCI IMEFA 116	France	Full	100%	100%	100%	100%
SCI IMEFA 117	France	Full	100%	100%	100%	100%
SCI IMEFA 118	France	Full	100%	100%	100%	100%
SCI IMEFA 119	France	Exit	0%	0%	100%	100%
SCI IMEFA 12	France	Exit	0%	0%	100%	100%
SCI IMEFA 120	France	Full	100%	100%	100%	100%
SCI IMEFA 121	France	Full	100%	100%	100%	100%
SCI IMEFA 122	France	Full	100%	100%	100%	100%
SCI IMEFA 123	France	Full	100%	100%	100%	100%
SCI IMEFA 125	France	Exit	0%	0%	100%	100%
SCI IMEFA 126	France	Full	100%	100%	100%	100%
SCI IMEFA 128	France	Full	100%	100%	100%	100%
SCI IMEFA 129	France	Full	100%	100%	100%	100%
SCI IMEFA 13	France	Full	100%	100%	100%	100%
SCI IMEFA 131	France	Full	100%	100%	100%	100%
SCI IMEFA 16	France	Exit	0%	0%	100%	100%

Consolidation scope of Crédit Agricole Assurances Group	Country	Method	31.12.2013		31.12.2012	
			control	interest	control	interest
SCI IMEFA 17	France	Full	100%	100%	100%	100%
SCI IMEFA 18	France	Full	100%	100%	100%	100%
SCI IMEFA 19	France	Exit	0%	0%	100%	100%
SCI IMEFA 2	France	Exit	0%	0%	100%	100%
SCI IMEFA 20	France	Full	100%	100%	100%	100%
SCI IMEFA 22	France	Exit	0%	0%	100%	100%
SCI IMEFA 25	France	Exit	0%	0%	100%	100%
SCI IMEFA 27	France	Exit	0%	0%	100%	100%
SCI IMEFA 3	France	Exit	0%	0%	100%	100%
SCI IMEFA 32	France	Full	100%	100%	100%	100%
SCI IMEFA 33	France	Full	100%	100%	100%	100%
SCI IMEFA 34	France	Full	100%	100%	100%	100%
SCI IMEFA 35	France	Full	100%	100%	100%	100%
SCI IMEFA 36	France	Full	100%	100%	100%	100%
SCI IMEFA 37	France	Full	100%	100%	100%	100%
SCI IMEFA 38	France	Full	100%	100%	100%	100%
SCI IMEFA 39	France	Full	100%	100%	100%	100%
SCI IMEFA 4	France	Full	100%	100%	100%	100%
SCI IMEFA 40	France	Exit	0%	0%	100%	100%
SCI IMEFA 42	France	Full	100%	100%	100%	100%
SCI IMEFA 43	France	Full	100%	100%	100%	100%
SCI IMEFA 44	France	Full	100%	100%	100%	100%
SCI IMEFA 45	France	Exit	0%	0%	100%	100%
SCI IMEFA 47	France	Full	100%	100%	100%	100%
SCI IMEFA 48	France	Full	100%	100%	100%	100%
SCI IMEFA 49	France	Exit	0%	0%	100%	100%
SCI IMEFA 5	France	Full	100%	100%	100%	100%
SCI IMEFA 50	France	Exit	0%	0%	100%	100%
SCI IMEFA 51	France	Full	100%	100%	100%	100%
SCI IMEFA 52	France	Full	100%	100%	100%	100%
SCI IMEFA 53	France	Exit	0%	0%	100%	100%
SCI IMEFA 54	France	Full	100%	100%	100%	100%
SCI IMEFA 57	France	Full	100%	100%	100%	100%
SCI IMEFA 58	France	Full	100%	100%	100%	100%
SCI IMEFA 6	France	Full	100%	100%	100%	100%
SCI IMEFA 60	France	Full	100%	100%	100%	100%
SCI IMEFA 61	France	Full	100%	100%	100%	100%
SCI IMEFA 62	France	Full	100%	100%	100%	100%
SCI IMEFA 63	France	Full	100%	100%	100%	100%
SCI IMEFA 64	France	Full	100%	100%	100%	100%
SCI IMEFA 66	France	Exit	0%	0%	100%	100%
SCI IMEFA 67	France	Full	100%	100%	100%	100%
SCI IMEFA 68	France	Full	100%	100%	100%	100%
SCI IMEFA 69	France	Full	100%	100%	100%	100%
SA RESICO	France	Full	100%	100%	100%	100%
SCI IMEFA 72	France	Full	100%	100%	100%	100%
SCI IMEFA 73	France	Full	100%	100%	100%	100%
SCI IMEFA 74	France	Full	100%	100%	100%	100%
SCI IMEFA 76	France	Full	100%	100%	100%	100%
SCI IMEFA 77	France	Full	100%	100%	100%	100%
SCI IMEFA 78	France	Full	100%	100%	100%	100%
SCI IMEFA 79	France	Full	100%	100%	100%	100%
SCI IMEFA 8	France	Exit	0%	0%	100%	100%

Consolidation scope of Crédit Agricole Assurances Group	Country	Method	31.12.2013		31.12.2012	
			control	interest	control	interest
SCI IMEFA 80	France	Full	100%	100%	100%	100%
SCI IMEFA 81	France	Exit	0%	0%	100%	100%
SCI IMEFA 82	France	Full	100%	100%	100%	100%
SCI IMEFA 83	France	Exit	0%	0%	100%	100%
SCI IMEFA 84	France	Full	100%	100%	100%	100%
SCI IMEFA 85	France	Full	100%	100%	100%	100%
SCI IMEFA 87	France	Exit	0%	0%	100%	100%
SCI IMEFA 89	France	Full	100%	100%	100%	100%
SCI IMEFA 9	France	Exit	0%	0%	100%	100%
SCI IMEFA 91	France	Full	100%	100%	100%	100%
SCI IMEFA 92	France	Full	100%	100%	100%	100%
SCI IMEFA 94	France	Exit	0%	0%	100%	100%
SCI IMEFA 96	France	Full	100%	100%	100%	100%
SCI MEDI BUREAUX	France	Full	60%	60%	100%	100%
SCI PACIFICA HUGO	France	Full	100%	100%	100%	100%
SCI PETERSBOURG VELLEFAUX	France	Exit	0%	0%	100%	100%
SCI FEDERALE PEREIRE VICTOIRE	France	Full	99%	99%	99%	99%
SCI SEDAINE VELLEFAUX	France	Exit	0%	0%	100%	100%
SCI ST AUGUSTIN	France	Full	100%	100%	100%	100%
SCI VAL HUBERT (SCPI)	France	Full	100%	100%	100%	100%
SCI IMEFA 132	France	Full	100%	100%	100%	100%
SCI IMEFA 139	France	Full	100%	100%	0%	0%
Premium Green						
PREMIUM GREEN 4.72%12-250927	Ireland	Full	79%	79%	100%	100%
PREMIUM GREEN TV2027	Ireland	Full	76%	76%	100%	100%
PREMIUM GR 0% 28	Ireland	Full	95%	95%	0%	0%
PREMIUM GREEN 4,56%/06-21	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN 4,52%/06-21 EMTN	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV 06/22	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV 06-16 EMTN	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV07-17 EMTN	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV/23/052022 EMTN	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN PLC 4.30%2021	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN 4.33%06-29/10/21	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN 4.7% EMTN 08/08/21	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN 4 .54% 06-13.06.21	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN 4.5575%21EMTN	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV 22	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV07/22	Ireland	Full	100%	100%	0%	0%
PREMIUM GREEN TV 26/07/22	Ireland	Full	100%	100%	0%	0%

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S.A.S. à capital variable

Report of the Statutory Auditors on the consolidated financial statements
(For the year ended December 31, 2013)

To the Shareholders,

CREDIT AGRICOLE ASSURANCES
50-56, rue de la Procession
75015 PARIS

This is a free translation into English of the Statutory Auditors' report issued in the French language 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.

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of Credit Agricole Assurances;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by The Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Your company describes in note 1 to the consolidated financial statements, in the paragraphs "Financial instruments" and "Determination of fair value of financial instruments", the valuation methods applied to financial assets and derivatives. We have assessed the correct implementation of the financial asset valuation methodology, and the consistency of their classification with the documentation prepared by the group;

  We examined the valuation and impairment methodology applied to your financial instruments. We assessed the appropriateness of the financial instruments valuation and impairment process implemented, as well as the information disclosed in the notes related to financial instruments;

- As disclosed in note 1 of the financial statements, your company uses internal models to determine the fair value of some financial instruments which are not quoted on an active market. We examined the control process around the utilized models, the assumptions used and how the risks related to these instruments are considered.

- Certain consolidated statement of financial position items that are specific to the insurance and reinsurance business, in assets and liabilities, are estimated on the basis of statistical and actuarial data, such as technical reserves. We examined the methods and assumptions applied, as well as the resulting valuation. We also assessed the appropriateness of the information disclosed in the notes to the financial statements.

- The goodwill is tested for impairment using the methods described in note 1, paragraph "Intangible assets and deferred expenses" to the consolidated financial statements, as soon as objective loss of value indicators appear, or at least once a year. We examined the impairment test implementation and the main parameters and the assumptions used. We also assessed the appropriateness of the information disclosed in the notes to the financial statements.

- As disclosed in the note 1 to the Financial Statements, your company produces other estimations while preparing the consolidated financial statements. These estimations notably refer to pension and future social benefits, as well as deferred tax assets. We examined the methods and assumptions used. We also assessed the resulting accounting estimates are based on documented methods consistent with the principles disclosed in the note 1 to the Financial Statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, on May 16, 2014

The statutory auditors

PricewaterhouseCoopers Audit *ERNST & YOUNG et Autres*

Gérard Courrèges Catherine Pariset Valérie Meeus

Consolidated financial statements of Credit Agricole Assurances at 31 December 2012

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GENERAL INFORMATION

Presentation of Crédit Agricole Assurances Group

Crédit Agricole Assurances, a *société anonyme* with a Board of Directors, is the Crédit Agricole Group's holding company owning, under the control of Crédit Agricole S.A., the Group's holdings in various insurance and reinsurance companies in France and internationally.

The purpose of Crédit Agricole Assurances is to acquire and manage holdings in insurance and reinsurance companies without directly acting to provide insurance contracts or enter into reinsurance contracts.
Crédit Agricole Assurances Group is regulated by the Autorité de Contrôle Prudentiel.

Legal information

- Company name: CREDIT AGRICOLE ASSURANCES
- Company form : French limited liability company (*société anonyme*) with a Board of Directors
- Registered offices : 50/56, rue de la Procession – 75015 PARIS
- Share Capital : €1,162,542,980 (last changed on 7 October 2010)
- Place of registration : Tribunal de commerce de Paris
- Company Number : 2004 B 01471

INSEE data

- N° Siren : 451 746 077
- N° Siret : 451 746 077 00036
- Code N0000AF : 6420Z (Holding company activities)
- Legal Category : 5599 (Société anonyme with a Board of Directors)

Tax information

- VAT registration number : FR 27 451 746 077 (EU intra-community number)
- VAT regime: Real normal

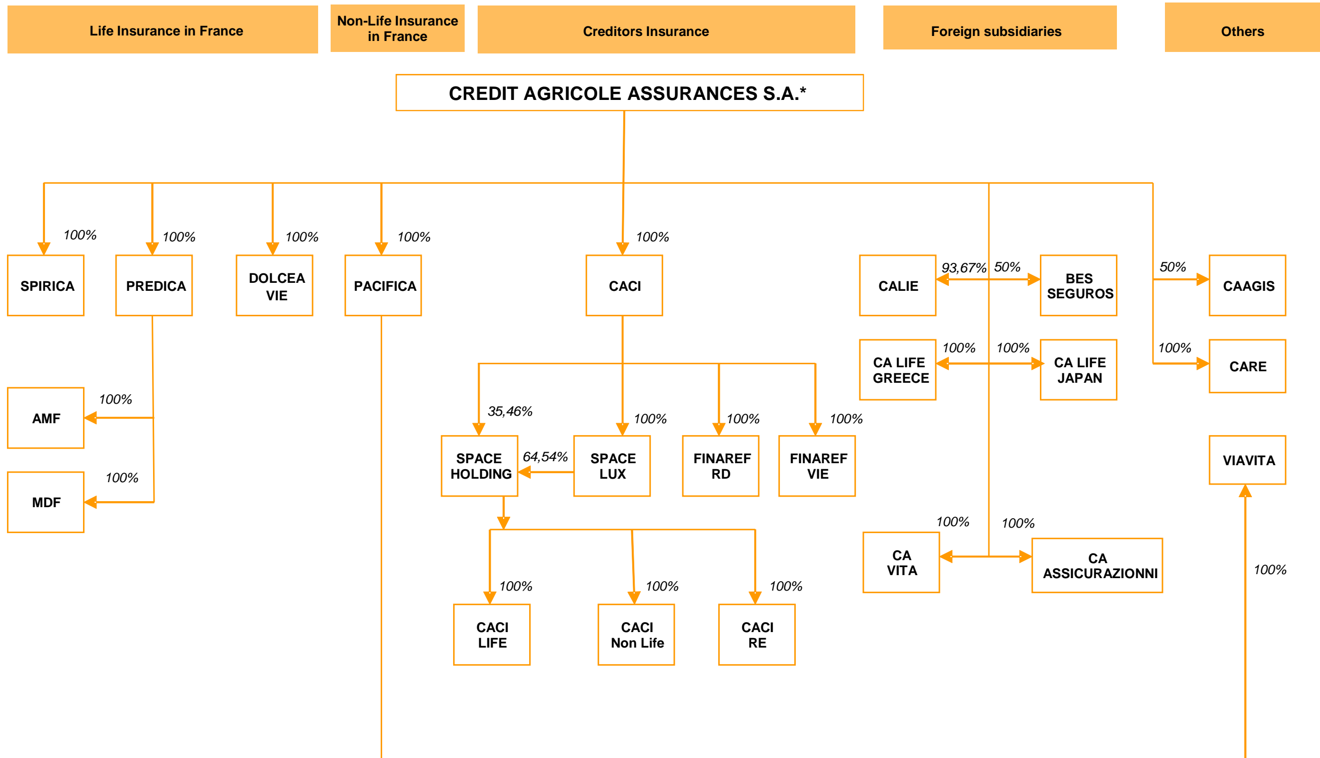
Shareholders

Share capital in Crédit Agricole Assurances consists of 116,254,298 shares of €10 each, held by:

- Crédit Agricole S.A.: 99.99%
- Other Directors: 0.01%

Simplified organizational structure of Crédit Agricole Assurances Group

The diagram below represents the scope of consolidation of the Crédit Agricole Assurances Group, with the exception of consolidated
Real estate and mutual funds vehicles.



* The Crédit Agricole Assurances S.A. holding company is included under “other” in segment information

Related party information

Parties related to the Crédit Agricole Assurances Group are companies within the Crédit Agricole S.A. Group and the main Directors of the Crédit Agricole Assurances Group.

Relations with the Credit Agricole Group

The majority of the financing of Crédit Agricole Assurances is provided by the Crédit Agricole Group.
At 31 December 2012, €2.1 billion perpetual subordinated loan notes and €1.7 billion redeemable subordinated loan notes were issued to Crédit Agricole S.A.

Within its investment portfolio, the Crédit Agricole Assurances Group holds securities issued by Crédit Agricole S.A. for a total of €20.7 billion.

As part of its bancassurance activities in France, Crédit Agricole Assurance delegates certain functions to other entities within the Crédit Agricole Group:

- the sale of insurance contracts is carried out through the banking networks of the Regional Banks and LCL in France and abroad and through the networks of international partners (including Cariparma in Italy, Bes in Portugal and Lukas Bank in Poland);
- administrative management of life insurance contracts sold by banking networks is delegated to the distributors (with Regional Banks in turn delegating some elements of this management to CAAGIS);
- asset management is delegated to specialist entities in various markets (Amundi, CA Immobilier, CACEIS, etc.);
- claims handling in France is managed by SIRCA (a company created by Pacifica and the Regional Banks).

Similarly, retirement benefit obligations of the Crédit Agricole S.A. Group are, in part, covered by collective insurance agreements with Predica. These agreements include the creation of collective investment funds for the purpose of covering retirement bonuses and certain pension schemes, to which contributions are paid by the employer, the management of these funds by the insurance companies and the payment to beneficiaries of bonuses and retirement benefits as set out in the various schemes.

Relationship between companies consolidated by the Crédit Agricole Group Insurance

The list of companies consolidated by the Crédit Agricole Assurances Group is set out in Note 10 – Consolidation scope.
Transactions between two fully consolidated companies are completely eliminated.

Intragroup transactions that have been subject to eliminations having an effect on the income statement for the year are presented in Note 4 - Segment information.

Relations with main Directors

Information on the compensation paid to the main Directors is set out in Note 7 - Employee benefits and other compensation.

There are no significant transactions between Crédit Agricole Assurances and its main Directors, their families or companies under their control which are not included in the Group's scope of consolidation.

CONSOLIDATED FINANCIAL STATEMENTS

Balance sheet assets

€ millions	Notes	31.12.2012	31.12.2011
Goodwill	Note 5.1	874	1,112
Value of business in-force	Note 5.2	14	76
Other intangible assets	Note 5.3	249	226
Intangible assets		**1,137**	**1,414**
Investment in real estate properties	Note 5.4	2,968	2,494
Unit-linked Investment in real estate properties	Note 5.4	-	1
Financial investments	Note 5.4	215,490	195,430
Unit-linked financial investments	Note 5.4	41,568	40,371
Derivative instruments and separated embedded derivatives	Note 5.5	873	825
Investments from insurance activities	**Note 5.4**	**260,899**	**239,121**
Investments in associated undertakings		**-**	**-**
Share of concessionaires and retrocessionaires in liabilities relating to insurance and financial contracts	**Note 5.6**	**1,184**	**1,008**
Operating real estate and other property, plant and equipment	Note 5.7	246	263
Deferred acquisition costs	Note 5.8	790	807
Deferred participation assets	Note 5.19	-	5,257
Deferred tax assets	Note 5.9	47	583
Receivables resulting from insurance and assumed reinsurance operations	Note 5.10	1,556	1,496
Receivables resulting from ceded reinsurance operations	Note 5.11	90	190
Current income tax assets		29	245
Other receivables	Note 5.12	1,387	2,318
Other assets		**4,145**	**11,159**
Assets available for sale		**-**	**-**
Cash and cash equivalents		**6,276**	**4,940**
TOTAL ASSETS		**273,641**	**257,642**

Balance sheet liabilities

€ millions	Notes	31.12.2012	31.12.2011
Share capital and equivalent		1,163	1,163
Issue, merger and transfer premium		5,391	6,975
Gains and losses recognised directly in equity		1,170	(344)
Retained earnings		2,030	2,156
Net income for the year		750	433
Group shareholders' equity		**10,504**	**10,383**
Minority interests		**27**	**193**
Total shareholders' equity	**Note 5.13**	**10,531**	**10,576**
Provisions for risks and charges	**Note 5.14**	**176**	**353**
Subordinated debt	Note 5.15	3,936	2,268
Debt to banking establishments		1,345	1,230
Financial debt		**5,281**	**3,498**
Technical liabilities on insurance contracts		93,557	87,111
Technical liabilities on unit-linked insurance contracts		37,093	33,386
Technical liabilities on insurance contracts	**Note 5.16**	**130,650**	**120,497**
Technical liabilities on financial contracts with discretionary participation		99,392	102,563
Technical liabilities on financial contracts without discretionary participation		360	684
Technical liabilities on unit-linked financial contracts		4,493	7,073
Technical liabilities on financial contracts	**Note 5.16**	**104,245**	**110,320**
Deferred participation reserve	**Note 5.19**	**10,380**	**-**
Contract-related liabilities		**245,275**	**230,817**
Deferred tax liabilities	Note 5.9	590	248
Operating debt represented by securities		-	-
Operating debt to banking establishments		4,402	3,532
Debt resulting from insurance or assumed reinsurance operations	Note 5.20	1,617	1,648
Debt resulting from ceded reinsurance operations	Note 5.21	993	965
Current income tax liabilities		178	109
Derivative instrument liabilities	Note 5.5	7	38
Other debts	Note 5.22	4,591	5,858
Other liabilities		**12,378**	**12,398**
Liabilities of businesses identified for sale or discontinuation		**-**	**-**
TOTAL LIABILITIES		**273,641**	**257,642**

Consolidated income statement

€ millions	Notes	31.12.2012	31.12.2011
Written Premiums	Note 6.1	22,563	24,345
Change in unearned premiums	Note 6.1	(53)	(130)
Earned premiums	**Note 6.1**	**22,510**	**24,215**
Revenue or income from other activities	**Note 6.1**	**104**	**126**
Investment income	Note 6.2	7,708	8,434
Investment expense		(375)	(315)
Gains/(losses) on investment net of reversals of impairment and depreciation	Note 6.2	(331)	816
Change in fair value of investments recognised at fair value through profit or loss	Note 6.2	5,363	(2,851)
Change in impairment on investments	Note 6.2	(330)	(6,164)
Investment income net of expenses		**12,035**	**(80)**
Service Contract expenses	**Note 6.4**	**(29,580)**	**(19,920)**
Revenue from reinsurance operations		391	267
Expenses from reinsurance operations		(507)	(458)
Net reinsurance income or expense	**Note 6.7**	**(116)**	**(191)**
Acquisition costs	Note 6.5	(1,834)	(1,826)
Amortization of portfolio assets and similar	Note 6.5	(4)	(8)
Administrative expense	Note 6.5	(1,161)	(1,223)
Other current operating income and expense	Note 6.5	(213)	(270)
Other operating income and expense	Note 6.5	(191)	(31)
OPERATING INCOME		**1,550**	**792**
Financing expense	Note 5.15	(177)	(170)
Share in income from equity affiliates		-	-
Income tax	Note 6.8	(621)	(283)
CONSOLIDATED NET INCOME		**752**	**339**
Minority interests		2	(94)
Net income (Group share)		**750**	**433**

Net income and gains and losses recognised directly in equity

€ millions	31.12.2012	31.12.2011
Net income – Group share	750	433
Translation differences	(7)	4
Revaluation of financial assets available for sale and hedging derivatives	17,000	(3,148)
Revaluation of hedging derivatives	116	301
Actuarial differences on defined benefits schemes	(7)	3
Shadow accounting before deferred taxes	(14,935)	2,528
Deferred taxes	(702)	87
Total gains and losses recognised directly in equity - Group share	1,465	(223)
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	2,263	34
Of which: Group share	2,215	210
Minority interests	48	(176)

Statement of changes in equity

€ millions	Group share					Minority interests	Total consolidated shareholders' equity
	Issued capital and equivalent	Issue, merger and transfer premium	Gains and losses recognised directly in equity	Retained earnings	Total Group share		
CLOSING POSITION AT 31 DECEMBER 2010	**1,163**	**7,042**	**(134)**	**2,992**	**11,064**	**244**	**11,307**
Gains and losses recognised directly in equity			(223)		(223)	(82)	(305)
Consolidated net income				433	433	(94)	339
Total net income and gains and losses recognised directly in equity			**(223)**	**433**	**210**	**(176)**	**34**
Dividend payout		(67)		(837)	(904)	(3)	(907)
Capital operations						112	113
Change in scope							
Other changes			13	1	14	15	29
CLOSING POSITION AT 31 DECEMBER 2011	**1,163**	**6,975**	**(344)**	**2,589**	**10,383**	**193**	**10,576**
Gains and losses recognised directly in equity			1,465		1,465	46	1,511
Consolidated net income				750	750	2	752
Total net income and gains and losses recognised directly in equity			**1,465**	**750**	**2,215**	**48**	**2,263**
Dividend payout		(1,584)		(516)	(2,100)	(2)	(2,102)
Capital operations				(1)	(1)	1	
Change in scope[1]			45	(42)	3	(213)	(210)
Other changes			4		4		4
CLOSING POSITION AT 31 DECEMBER 2012	**1,163**	**5,391**	**1,170**	**2,780**	**10,504**	**27**	**10,531**

(1) The change in consolidation scope corresponds to:
- acquisition of minority interests in CA Vita (€175 million)
- disposal of Bes Vida (€38 million)

Cash flow statement

The cash flow statement is presented according to the indirect method model and in accordance with the presentation recommended by the Autorité des Normes Comptables in its recommendation n°2009-R-05 of 2 July 2009.

Operating activities represent those activities generating income for Crédit Agricole Assurances.
Tax payments are presented in their entirety under operating activities.

Investment activities represent transactions relating to investments and linked to property, plant and equipment and intangible assets. Strategic equity holdings included in "financial assets available for sale" are included in this section.

Financing activities result from changes relating to structural financial transactions affecting shareholders' equity and long-term debt.

Net cash includes cash at hand, credit and debit balances with banks and accounts (assets and liabilities) and call loans with lending establishments.

€ millions	31.12.2012	31.12.2011
Cash and cash equivalents	6,276	4,940
Operating debt to banking establishments	(4,402)	(3,532)
Cash and cash equivalents net of cash liabilities	1,874	1,408

€ millions	31.12.2012	31.12.2011
Operating income	1,550	792
Gains and losses on investments	(717)	(794)
Net depreciation and amortization	83	74
Change in deferred acquisition fees	11	(16)
Change in impairment	443	6,192
Net allocations to technical liabilities on insurance contracts and financial contracts	9,038	(564)
Net other provisions	(25)	30
Change in fair value of investments and other financial instruments recognised at fair value through profit or loss (excluding cash and equivalent)	(4,047)	1,706
Other non-cash items included in operating income	(913)	629
Correction of items included in operating income that do not correspond to cash movements and reclassification of financing and investment flows	3,873	7,257
Change in operating receivables and debts	1,492	27
Change in securities given or received under repurchase agreements	(1,665)	1,542
Net tax payments	(340)	(553)
CASH FLOW FROM OPERATING ACTIVITIES	4,910	9,065
Acquisitions of subsidiaries and joint ventures net of cash acquired	-	8
Disposals of subsidiaries and joint ventures net of cash transferred	(91)	-
Cash flows relating to changes in consolidation scope	(91)	8
Cash flows relating to disposals and repayments of financial assets	89,215	75,562
Acquisitions of financial investments (incl. unit-linked) and derivative instruments	(92,603)	(84,069)
Acquisitions of investment property	(298)	(190)
Acquisition and/or issuance of investments and derivative instruments from other activities	-	-
Cash flows relating to changes in financial investments	(3,686)	(8,697)
Disposals of intangible assets and property plant and equipment	21	46
Acquisitions of intangible assets and property plant and equipment	(111)	(122)
Cash flows relating to acquisitions and disposals of intangible assets and property plant and equipment	(90)	(77)
CASH FLOW FROM INVESTMENT ACTIVITIES	(3,867)	(8,765)
Issues of capital instruments	-	113
Dividend payments	(2,102)	(907)
Cash flows relating to transactions with shareholders and members	(2,102)	(794)
Cash generated by issuance of financial debt	2,432	885
Cash allocated to repayment of financial debt	(733)	(494)
Expense relating to financial debt	(172)	(173)
Cash flow from financing activities	1,527	219
NET CASH FLOW FROM FINANCING ACTIVITIES	(575)	(575)
Opening cash and cash equivalents	1,408	1,684
Cash flow from operating activities	4,910	9,065
Cash flow from investment activities	(3,867)	(8,765)
Cash flow from financing activities	(575)	(575)
Other non-cash changes	-	-
Impact of translation differences on cash and cash equivalents	(2)	(1)
Cash and cash equivalents	1,874	1,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies applied to the Crédit Agricole Assurances Group, judgments and estimates used

Applicable standards and comparability

In accordance with CE regulation n°1606/2002, annual financial statements have been prepared in accordance with IFRS and IFRIC interpretations applicable at 31 December 2012 as adopted by the European Union (so-called 'carve out' version), and therefore use certain derogations in the application of IAS 39 relating to accounting for macro hedging.

These standards and interpretations are available on the European Commission website, at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The standards and interpretations used are identical to those used and described in the financial statement for Crédit Agricole Assurances at 31 December 2011.

They have been completed by the requirements of IFRS as adopted by the European Union at 31 December 2012, whose application became mandatory for the first time in the 2012 financial year.

These cover:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on
Amendment to IFRS 7 on the transfer of financial assets.	22 November 2011 (EU n° 1205/2011)	1 January 2012

- The application of these new measures did not have a material impact on the income or financial position for the period.

It should also be noted that where early adoption of standards and interpretations adopted by the European Union is optional in an accounting period, the option is not applied by the Group except where specifically stated. For Crédit Agricole Assurances this concerns, in particular:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on
Amendments to IAS 1 relating to the presentation of other comprehensive income, new analysis of other capital	5 June 2012 (EU n° 475/2012)	1 July 2012
Amendments to IAS 19 relating to retirement benefits (defined benefit plans)	5 June 2012 (EU n° 475/2012)	1 January 2013
IFRS 10 on consolidated financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 11 on joint arrangements	11 December 2012 (EU n° 1254/12)	1 January 2014
IFRS 12 on disclosure of interests in other entities	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 27 on separate financial statements	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 28 on investments in associates and joint ventures	11 December 2012 (EU n° 1254/12)	1 January 2014
Amendments to IAS 12 relating to recovery of underlying assets	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 1 on severe hyperinflation; new guide for 1st time adopters who have (or have had) a functional currency affected by severe hyperinflation	11 December 2012 (EU n° 1255/12)	1 January 2013
IFRS 13 on fair value measurement	11 December 2012 (EU n° 1255/12)	1 January 2013
Amendment to IFRS 7 on disclosures relating to offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2013
Amendment to IAS 32 on presentation of offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/12)	1 January 2014

In effect:

- The amendment to IAS 1 requires, within gains and losses recognised directly in equity, that a distinction be made between recyclable and non-recyclable items.
- The amendment to IAS 19 relates primarily to the requirement to recognise actuarial differences on defined benefit plans as gains and losses recognised directly in equity. This method (which is optional under the current version of IAS 19) is already applied by the Group.
- The amendment to IAS 12 relates to a new method for evaluation of deferred tax assets and liabilities arising from temporary differences on certain revalued assets. This approach does not affect the Group, which has not opted for the method of revaluation of non-depreciable property, plant and equipment under IAS 16 nor investment real estate under IAS 40.
- The amendment to IFRS 1 applies only to first-time adopters.

Impact studies are being conducted on the application of IFRS 10, IFRS 12 and IFRS 13.

Standards and interpretations published by the IASB but not yet adopted by the European Union will not take mandatory effect until such adoption and were not therefore applied by the Group at 31 December 2012.

Presentation format of financial statements

In the absence of a model imposed under IFRS, Crédit Agricole Assurances uses the summary document format (balance sheet, income statement, statement of net income and gains and losses recognised directly in other comprehensive income, table of changes in shareholders' equity, cash flow statement) recommended in CNC recommendation n°2009-R-05 of 2 July 2009.

This presentation, adopted in 2009, has the following features:

- Revenue on contracts without discretionary participation feature is classified under the heading "Revenue or income on other activities"
- Assets and liabilities are listed on the balance sheet in increasing order of liquidity, as this presentation is more relevant for insurance companies than a classification into current and non-current items, as also allowed under IAS 1.
- Expenses in the income statement are classified by function rather than by nature. This presentation, which is allowed under IAS 1, is used by a large majority of insurance companies. Information on their analysis by nature is provided in the notes.

Accounting principles and policies

Use of judgments and estimates in the preparation of financial statements

The valuations needed to prepare financial statements require the formulation of assumptions and carry risk and uncertainty as to their future materialisation. These serve as the basis for the exercise of judgment, made necessary by the requirement to determine values for assets and liabilities that can not be obtained directly from other sources.

Future materialisation can be affected by a number of factors, notably:

- the activity of national and international markets;
- movements in interest rates and foreign exchange rates;
- economic and political conditions in certain sectors of activity or countries;
- changes in regulations or legislation;
- the behaviour of policyholders;
- demographic changes.

This list is not exhaustive.

The main balance sheet entries for which valuation requires judgment and the formulation of assumptions are the following:

- goodwill and the values of portfolios acquired, at the time of initial recognition and as part of subsequent impairment tests;
- financial instruments at fair value, including non-consolidated equity holdings;
- liabilities on insurance contracts and financial contracts;
- post-employment benefit schemes and other future employment-related benefits;
- stock option plans;
- lasting impairment on available for sale assets and financial assets held to maturity;
- provisions for risks and charges;
- deferred tax assets;
- deferred profit-sharing assets as part of recoverability tests.

Details of the use of judgments and estimates are set out in the relevant paragraphs below.

Annual accounts for Crédit Agricole Assurances are closed on 31 December. They include estimates where information is not available at the closing date. Financial investments are valued at closing prices and transactions carried out in the final month of the period having an impact on income are taken into account.

Exceptionally, the following two entities within Crédit Agricole Assurances close their individual company accounts on a date other than 31 December:

- Hypersud, whose closing date is 30 September;
- CA Life Japan, whose closing date is 31 March.

For these two entities, accounts are prepared for a 12 month period to 30 September to be consolidated in Group accounts to 31 December. The impact from the difference in closing dates is not material.

Intangible assets and deferred expenses

The main intangible assets are goodwill and values of contracts portfolio, acquired as part of a business combination or separately through the transfer of a portfolio, together with software acquired or developed internally.

◊ Goodwill

Goodwill (see "Principles and policies of consolidation") is assumed to have a perpetual value and is not therefore amortised; however, in accordance with IAS 36 it is subject to impairment testing where there are objective indicators of a loss of value and at least once per year.

For the purposes of these impairment tests, each item of goodwill is allocated to the various cash generating units (CGUs) of the Group that will benefit from the advantages expected to accrue from the business combination. CGUs are defined, within the Group's main business segments, as the smallest identifiable grouping of assets and liabilities operating according to its own business model. In practice, Crédit Agricole Assurances has used an entity-based approach.

Under the impairment tests, the carrying amount of each CGU, including that of the goodwill allocated to it, is compared to its recoverable amount.
The recoverable amount of the CGU is defined as the higher of its market value and its value in use. Value in use is calculated as the current value of estimated future cash flows at the CGU, as based on the medium-term plans drawn up for the purposes of its management.

Where the recoverable amount is lower than the carrying amount, an equivalent charge is made for impairment of the goodwill allocated to the CGU. This is irreversible.

◊ Value of portfolios of contracts acquired (value of business in-force)

The fair value of portfolios of contracts acquired separately or as part of a business combination is recognised as an asset on the balance sheet. This corresponds to the present value of estimated future profits generated by the existing contracts at the time of acquisition.

These portfolio values are amortised over the life of the contracts as profits materialise. This amortization is complemented by annual recoverability tests which take account of experience and changes in valuation hypotheses.

◊ Software

Software acquired is recognised at its acquisition cost, less amortization and depreciation accumulated since the acquisition date.

Software created internally is recognised at its production cost, less amortization and depreciation accumulated since the date of completion, where these meet the criteria of IAS 38 and in particular where it will generate future economic benefits for the company and where its cost can be assessed in a reliable manner. Only those expenses incurred during the development phase are capitalised; expenses incurred during the research phase are recognised directly in the income statement for the year.

Software is amortised based on its estimated useful life.

Start-up costs are not capitalised and are recognised directly in expenses for the year in which they arise.

◊ Deferred acquisition costs for insurance contracts and financial contracts with discretionary participation and costs incurred at the inception of financial contracts without discretionary participation

Variable costs incurred at the inception of life insurance contracts and investment contracts with discretionary participation as part of the creation of new business are recognised as assets on the balance sheet. The acquisition costs thus recognised are amortised over the life of the contracts as profits arise.

The recoverability of such assets are tested in tandem with the test of adequacy of liabilities (see below, "Insurance company liabilities"): any share of acquisition costs which, at the closing date, is not considered to be covered by estimated future gross profits is not classified as recoverable and is therefore recognised as an expense, in accordance with the requirements of CRC regulation 2000-05, which applies to contracts falling within the scope of IFRS 4.

Acquisition costs of non-life insurance contracts are deffered in proportion to the unearned premiums for the year.

For financial contracts without discretionary participation, which are governed by IAS 39, external acquisition costs incurred on subscription (at inception) are deferred in accordance with IAS 18.
IAS 18 does not allow the deferral of internal acquisition costs.

Symmetrically with the deferral of expenses incurred on the subscription of contracts, unearned commissions received are deferred via an entry in liabilities.
The recognition pattern is identical to that of deferred acquisition costs on insurance contracts.

For Predica, in the savings business segment, the Group does not recognised deferred acquisition costs, with commissions paid offset by commissions received.

Property, plant and equipment

◊ Operating and investment property

Operating real estate covers the buildings housing the company's services. Investment property covers rental property and shares in unlisted real estate companies.

Crédit Agricole Assurances recognises investment property at cost, applying the component method of accounting in accordance with IAS 16 and the option set out in IAS 40.

By exception, as allowed for under IAS 40, real estate assets backing contracts where the financial risk is borne by the policyholder are valued and recognised at fair value, with changes in fair value being recognised in the income statement.

Properties recognised at cost are analysed into four components, each with its own useful life and renewal schedule:

- major works (superstructure and infrastructure);
- secondary works (roofing, coverings, joinery, façades, external woodwork),
- technical installations (heating, ventilation, air conditioning, lifts, electrical systems);
- fixtures and fittings (decoration, wall and floor finishes, etc.).

Technical studies carried out by Crédit Agricole Assurances lead it to use a residual value corresponding to approximately 90% of the major works component. By definition, this residual value is not depreciated, however, if an element of major works were to suffer a significant and lasting loss of value (technological change, change of use, fall in price) a provision for depreciation; would be recognised.

◊ Depreciation of property, plant and equipment

Property, plant and equipment are amortised based on their estimated useful life. The depreciation periods used by Crédit Agricole Assurances are specific to each component and are adapted to its nature and, for property, its location:

Component	Depreciation period
Land	Non-depreciable
Primary structure	30 to 80 years
Secondary structure	8 to 40 years
Technical installations	5 to 25 years
Fixtures and fittings	5 to 15 years
IT equipment	4 to 7 years
Specialist equipment	4 to 5 years

If the carrying amount of the asset is greater than the recoverable amount an additional provision for impairment is created. The recoverable value, calculated where the property presents indicators of a loss of value, is the lower of fair value and value in use.

For buildings, fair value corresponds to an expert valuation, established at least every five years and updated annually by a suitably qualified independent valuer. This value is recorded in the notes to the financial statements (see note 5.4).

Indicators of a loss of value triggering a calculation of recoverable value are based on qualitative and quantitative information (carrying amount of the building more than 20% higher than valued amount).

Financial instruments

Financial assets and liabilities are treated in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, financial assets are valued at fair value including transaction costs (with the exception of financial instruments recognised at fair value through profit or loss).

At each closing date they are valued in accordance with their classification, either at fair value or at amortised cost using the effective interest rate method:

- The effective interest rate is the rate which exactly discounts future cash receipts or payments over the expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net carrying amount of the financial asset or liability.
- Rules for the determination of the fair value of financial instruments are set out in a separate section.

◊ Financial investments

Crédit Agricole Assurances recognises securities classified as "Securities held to maturity" and "Loans and receivables" on the date of settlement-delivery. Other securities, of whatever type, are recognised on the trading date.

Securities are classified into the four categories of financial assets defined by IAS 39:

- Financial assets at fair value through profit or loss by nature or designation;
- Financial assets held to maturity;
- Financial assets available for sale;
- Loans and receivables.

No financial asset at fair value has been reclassified under loans and receivables under the amendment to IAS 39 published in October 2008.

Financial assets at fair value through profit or loss by nature or designation

In accordance with IAS 39, this portfolio includes securities whose classification as assets at fair value through profit or loss results either from a real intention for their use in a transaction (allocation by nature), or from their designation as such by Crédit Agricole Assurances.

Financial assets at fair value through profit or loss by nature are those assets acquired by the company principally for the purpose of selling them in the short term or that are part of a portfolio of assets managed together for the purpose of short-term profit taking. A financial asset will be classified as being at fair value

through profit or loss if, independently of the reasons for which it was acquired, it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

All derivative financial instruments are classified at fair value through profit or loss, except when they are designated as instruments in a cash flow hedge.

Accounting for financial assets at fair value through profit or loss by designation may occur, provided the conditions set out in the standard are met, in the following three cases:

- for hybrid instruments containing one or more embedded derivatives;
- with a view to reducing accounting inconsistencies; or,
- for managed groups of financial assets or liabilities where the performance is assessed according to the fair value method.

In particular, Crédit Agricole Assurances uses classification at fair value by designation for assets backing contracts where the investment risk is borne by the contract holders (unit-linked contracts) in order to avoid a lack of consistency resulting from recognition and valuation of assets and liabilities on a different basis. Changes in liabilities under such contracts reflect changes in the fair value of the corresponding assets and are recorded in the income statement.

Similarly, this accounting approach is generally used by Crédit Agricole Assurances to account for hybrid instruments, with embedded derivatives not, therefore, recognised separately at fair value through profit or loss.

Securities classified as assets at fair value through profit or loss are initially recognised at their fair value, excluding transaction costs directly attributable to the acquisition (which are recognised directly in the income statement) but including accrued interests.

They are subsequently valued at fair value and differences in fair value are recognised in the income statement.

This category of securities is not subject to depreciation.

Financial assets held to maturity

The category "Financial assets held to maturity" (applicable to securities with defined maturity) is open to securities with fixed or determinable income that the Group has the intention and ability to hold to maturity, other than:

- those which the Group has designated at the time of initial recognition as assets at fair value through profit or loss;
- those which meet the definition of loans and receivables. Therefore debt securities that are not listed on an active market may not be classified as assets held to maturity.

Classification in this category entails the mandatory imperative to respect the requirement not to sell the securities prior to maturity other than under the exceptions set out in IAS 39. Amongst these exceptions, IAS 39 allows that in the event of a significant deterioration in the credit quality of the issuer, a security classified as held-to-maturity (HTM) may be sold without resulting in the automatic declassification of all other HTM securities held by the Group. For example, a downgrading of a credit rating that could not have been anticipated would constitute an indicator of a significant deterioration of credit quality.

A held-to-maturity security may not be hedged against interest rate risks, as by definition the supposed intention is to hold the asset to maturity independently of changes in its value or in cash flows that might result from changes in interest rates.

Held-to-maturity securities are initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method.

This category of securities is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Loans and receivables

The "Loans and receivables" category comprises financial assets with fixed or determinable income that are not listed on an active market.

Loans and receivables are initially recognised at their acquisition price, including directly attributable transaction costs and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method corrected for impairment where appropriate.

This category is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Financial assets available for sale

The category "Financial assets available for sale" is defined by IAS 39 as the applicable classification by default or designation.

Securities classified as assets available for sale are initially recognised at their fair value, including transaction costs directly attributable to the acquisition and accrued interests.
They are subsequently valued at fair value and differences in fair value are recognised as gains and losses directly in other comprehensive income.

In the event of a sale, the unrealised gains and losses recognised in other comprehensive income are transferred (recycled) to the income statement.

Amortization of any premium or discount on fixed-income securities is recognised in the income statement using the effective interest rate method.

Accrued interest on assets available for sale is recognised as financial income and recorded as a balance sheet asset on the same line as the fair value of the securities to which it relates.

This category of securities is subject to impairment under conditions described in a separate section, "Impairment of financial investments".

Impairment of financial investments

Impairment must be recognised where there is an objective indicator of loss of value resulting from one or more events occurring after the acquisition of securities other than those at fair value through profit or loss. For equity securities an objective indicator of loss of value consists of a lasting or significant reduction in the value of the security. For debt securities it consists of a significant worsening of credit risk. Credit, or counterparty, risk is the risk of loss or non-recovery of a loan.

For equity securities, Crédit Agricole Assurances conducts two analyses:

- The first analysis leads to systematic impairment in application of the following quantitative criteria: a fall in value of more than 50% at the closing date, or lastingly observed for more than 3 years.
- The second analysis allows Crédit Agricole Assurances to evaluate the lasting nature of the impairment of other securities held in the portfolio based on indicators of potential impairment. These indicators trigger an analysis on a case-by-case basis based on quantitative criteria (loss of at least 30% of the value of an instrument over a period of 6 consecutive months) and qualitative criteria (financial difficulties at the issuer, short-term prospects, investment horizon for the security, etc.).

For debt securities impairment criteria take account of the risk of non-repayment. However, a reduction in the credit rating of an issuer represents only an indicator and not an established risk of non-recovery of future cash flows relative to debt instruments.

Depreciation is calculated using the weighted average unit cost method. It is recognised through the income statement in accordance with the following rules:

- for securities recognised at amortised cost, depreciation is recognised through the use of a specific account; its amount is calculated as the difference between the recoverable value and the net carrying amount of securities and can be reversed in the event of a subsequent improvement;
- for available for sale assets, impairment is recognised in the income statement; it corresponds to the cumulative loss (difference between the carrying amount and the market value of securities) recognised in other elements of comprehensive income.

In the event of a subsequent increase in the value of debt securities, the loss of value previously recognised through profit or loss is reversed in the income statement where circumstances warrant. For equity securities, a subsequent increase in fair value relative to the carrying amount is recognised in other comprehensive income, with a loss of value resulting in additional impairment being charged against the asset through the income statement. The provision for impairment is only reversed when the security is sold.

Temporary acquisition or disposal of securities

Temporary disposals of securities (security lending/borrowing, repurchase agreements) do not meet the derecognition criteria of IAS 39 (loss of contractual rights, cash flows and/or risks and benefits pertaining to the assets concerned) and are treated as guaranteed financing. Securities loaned or subject to a repurchase agreement are maintained as assets on the balance sheet and, where appropriate, the consideration received, representing the debt to the buyer, is recognised as a liability on the balance sheet. Securities sold or received in a repurchase agreement are not recognised on the buyer's balance sheet but in the event of a subsequent sale, the buyer recognises as an asset the value of its loan to the seller. Income and expense relating to such transactions are recognised in the income statement on a time basis, except where assets and liabilities are recorded at fair value through profit or loss.

◊ Derivative instruments

Derivative instruments are financial assets or liabilities, recognised on the balance sheet at their fair value at the time of the transaction. At each closing date they are valued at fair value, whether they are held for trading purposes or form part of a hedging position.

Revaluation of derivatives on the balance sheet is reflected in the income statement (other than in the specific case of cash flow hedges).

Embedded derivatives

A derivative is a financial instrument whose value varies based on an interest rate, index or other variable and which requires no initial investment or a significantly lower investment than another type of contract seeking to generate the same type of results whose settlement occurs on a future date.

An embedded derivative is that component of a hybrid contract that meets the definition of a derivative product. An embedded derivative must be recognised separately from the host contract if the following three criteria are met:

- The hybrid instrument is not held at fair value through profit or loss;
- when separated from the host contract, the embedded element has the characteristics of a derivative;
- the characteristics of the embedded derivative are not closely linked to those of the host contract.

The main hybrid financial investments held by the Crédit Agricole Assurances Group at 31 December 2012 were certain EMTN and convertible bonds. Crédit Agricole Assurances has elected to recognise these instruments at fair value through profit or loss, with the result that their embedded derivatives are not treated separately.

Hedge accounting

IAS 39 defines three types of hedging:

- Fair value hedges provide a hedge against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

Changes in the fair value of the derivative and in the fair value of the hedged items are recognised (symmetrically) through profit or loss. Any inefficiency in the hedge results in a non-zero impact on the income statement.

Crédit Agricole Assurances uses this type of hedge particularly to cover the risk of currency fluctuations on financial assets denominated in foreign currencies.

- Cash flow hedges provide a hedge against variability in future cash flows on financial instruments associated with a recognised asset or liability (e.g. all or some future interest payments on variable rate debt) or a highly probable forecast transaction.

Changes in the fair value of the derivative are recognised on the balance sheet as a balancing entry to a specific gain and loss account recorded directly in other comprehensive income for the effective portion of the hedge, with any ineffective portion recognised in profit or loss. In the case of forecast transactions, gains or losses on derivative instruments accumulated in other comprehensive income are reclassified in profit or loss when the hedged cash flows occur.

- Hedges of a net investment in a foreign operation provide a hedge against the risk of an unfavourable change in its fair value related to the exchange rate risk of a foreign investment in a currency other than the euro.

Changes in the fair value of the derivative related to the effective portion of the hedge are recognised in a conversion differences account in other comprehensive income, and any ineffective portion is recognised in profit or loss.

As part of the creation of a hedging relationship and in order to qualify for hedge accounting, formal documentation of the hedge must be prepared from inception, and the effectiveness of the hedge must be demonstrated at the time of inception for the foreseeable future and must be assessed retrospectively no less frequently than on every closing date.

◊ Financial liabilities

Financial liabilities relating to financial contracts without discretionary participation are described in the section on insurance company contracts.

Crédit Agricole Assurances' other financial liabilities are described below.

Distinction between debt and equity

A debt instrument or financial liability carries a contractual obligation:

- to transfer cash or another financial asset,
- to exchange instruments under conditions which are potentially unfavourable.

An equity instrument is defined in IAS 32 as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).

The amendment to IAS 32 adopted by the EU on 21 January 2009 allowed, under certain conditions, the classification as equity instruments of financial instruments previously classified as debt. These financial instruments include:

- instruments issued by the issuer, that are puttable by the holder;
- instruments creating a contractual obligation for the issuing entity to deliver to the holder a pro rata share of net assets on liquidation.

Thus where these conditions are met, units in UCITS issued as liabilities must be classified as equity.

Subordinated financial liabilities issued by Crédit Agricole Assurance are debt instruments.

Determination of fair value of financial instruments

Fair value of financial instruments is determined in accordance with the provisions of IAS 39 and presented according to the hierarchy set out in IFRS 7.

The Group also applies the recommendations on the valuation of certain types of financial instrument at fair value published by AMF, CNC and ACAM on 15 October 2008.

Where a financial instrument is valued at fair value, IAS 39 considers that the best indication of this is the existence of a quoted price on an active market.

IAS 39 specifies that in the absence of such a quoted price, fair value is determined by applying valuation techniques using observable or non-observable data.

◊ Level 1: fair value corresponding to quoted prices (unadjusted) in an active market.

Level 1 presents financial instruments directly quoted in an active market. In particular these include equities and bonds quoted in active markets (such as Bourse de Paris, London Stock Exchange, New York Stock Exchange), units in investment funds quoted in an active market and derivatives contracted for on an organised market, particularly futures.

A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

◊ Level 2: fair value derived from directly or indirectly observable data other than those included in Level 1.

Such data are either directly observable (i.e. prices) or indirectly observable (i.e. data derived from prices) and generally have the following characteristics: they are not data that are specific to the entity, they are publicly available or accessible and are based on a market consensus.

Level 2 presents:

- equities and bonds quoted in a market considered as inactive, or not quoted in an active market but for which fair value is determined using valuation methods currently used by market participants (such as discounted future cash flow or the Black & Scholes model) based on observable market data;

- Instruments traded 'over-the-counter' which have been valued on the basis of models which use observable market data, that is to say those data which can be obtained on a regular basis from several sources independent of internal sources. For example, the fair value of interest rate swaps is generally determined on the basis of yield curves derived from market interest rates observed at the closing date.

Where the models used are based on standard models and on observable market parameters (such as yield curves or implied volatility surfaces), the margin at inception on the instruments so valued is recognised in profit or loss at the time of initial recognition.

◊ Level 3: fair value where a significant number of the parameters used for determination do not meet the criteria of observability.

The determination of the fair value of certain complex market instruments not quoted in an active market may be based on assumptions not directly backed by data observable on the market for the same instrument. Such instruments are presented in Level 3.

These are generally complex interest rate products, equity derivatives or structured credit whose valuation requires, for example, correlation or volatility parameters which are not directly comparable with market data. Crédit Agricole Assurances primarily includes in Level 3 units in venture capital and private equity investment funds.

Valuation methods and models for financial instruments presented at Level 2 and Level 3 incorporate all factors generally used by market participants in the calculation of prices. Determination of fair value of these instruments takes account of liquidity risk and counterparty risk.

Absence of a recognised valuation technique to determine the fair value of an equity instrument.

In accordance with the provisions of IAS 39, if no technique can be satisfactorily applied, or if the various techniques used give excessively divergent valuations, the instrument remains valued at cost and classified as "financial assets available for sale" as its fair value can not be determined in a reliable manner. In this case, the Group does not communicate a fair value, in accordance with the recommendations of IFRS 7. This mainly concerns equity stakes in companies that are not quoted in an active market and for which it is difficult to produce a reliable fair value.

Investment income net of expenses

This income statement caption includes all income and expense relating to insurance company investments. Details are provided below.

◊ Investment income

This heading includes

- dividends received on equities and other variable-income securities however classified under IAS 39;
- interest received and accrued on fixed-income securities (AFS and HTM) and loans and receivables;
- amortization of premiums and discounts on amortisable securities;
- other investment income, notably corresponding to commissions on financial services, rental income from investment properties and foreign currency gains.

◊ Investment expense

This heading includes:

- interest expense on securities sold under a repurchase arrangement;
- investment expense, including directly incurred expenses (commissions on financial services) or expenses by function;
- other investment expenses (foreign currency losses).

◊ Gains and losses on investments net of reversals of impairment or amortization

This heading records net gains on the disposal of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

◊ Change in fair value of investments recognised at fair value through profit or loss

This heading primarily includes the following items:

- positive and negative adjustments (unrealised gains and losses) to assets included in unit-linked contracts;
- other changes in the fair value of assets and liabilities recognised at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and income on disposal or termination of derivative instruments not forming part of a fair value or cash flow hedge.

This heading also includes the ineffective portions of fair value, cash flow and net investment in a foreign operation hedges.

◊ Change in impairment on investments

This heading records increases and reversals in provisions for impairment of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

Offsetting of financial assets and liabilities

In accordance with IAS 32, the Crédit Agricole S.A. Group offsets a financial asset and financial liability if and only if it has a legally enforceable right to offset the amounts recognised and if it has the intention of either settling the net amount or simultaneously realising the asset and settling the liability.

Derecognition of financial instruments

A financial asset (or group of financial assets) is derecognised in whole or in part:

- when the contractual rights over the cash flows relating to it expire or are transferred or deemed to be transferred because they belong effectively to one or more beneficiaries and;
- when nearly the entirety of the risks and rewards of ownership of the asset are transferred.

In this case, all rights and obligations created or retained under the transfer are accounted for separately as assets and liabilities.

Where contractual rights over cash flows are transferred but only part of the risks and rewards, together with control, is retained, the entity will continue to recognise the financial asset to the extent of its continuing involvement in this asset.

A financial liability is derecognised in whole or in part only when the liability is extinguished.

Insurance company contract-related liabilities

◊ Contract categories

Contracts issued by the Group's insurance companies can be divided into two main categories:

- insurance contracts and investment contracts with a discretionary participation feature, which are covered by IFRS 4;
- investment contracts with no discretionary participation feature, which are covered by IAS 39.

Insurance contracts

These are contracts under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event occur, the insured event, affecting adversly the policyholder or another beneficiary.

An insurance risk is defined as a non-financial risk, with financial risks being risks relating to the potential future fluctuation in interest rates, the price of a transferable security, price of a commodity, a currency exchange rate or another non-financial variable that is not specific to one of the parties to the contract (otherwise it would qualify as an insurance risk).

For Crédit Agricole Assurances, for each portfolio of contracts grouped according to uniform characteristics, the significant nature of an insurance risk is analysed on the basis of a representative individual contract. The existence of a scenario (having commercial substance) under which the insurer would pay significant additional benefits, that is to say an amount that is significantly greater than that of the benefits that would be paid if no insured event occurred, constitutes a significant insurance risk for all contracts of a uniform portfolio, regardless of the likelihood of the scenario arising. Insurance risk may therefore be significant even where the pooling of risk within a portfolio minimises the probability of a significant loss relative to the financial benefits received from the portfolio as a whole.

The main insurance risks are death (benefits paid on death), longevity (benefits paid on continued life, for example annuities), morbidity (benefits paid on injury), incapacity, illness (medical benefits) or unemployment for individuals, together with civil liability and damage to property.

Investment contracts with a discretionary participation feature

Contracts which do not expose the insurer to a significant insurance risk are classified as investment contracts. They are classified as investment contracts with a discretionary participation feature if they grant the policyholder the right to receive, in addition to guaranteed benefits, additional benefits:

- that are likely to represent a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer;
- and that are contractually based on the performance of a specified pool of contracts or type of contract, the realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Investment contracts with a discretionary participation feature are primarily euro-based savings contracts. In the event of a multi-fund contract, where the policyholder has the option at any time of transferring all or some of their savings into a euro-based fund with discretionary participation (with conditions that do not create an impediment to such a transfer), the Crédit Agricole Assurances Group considers the contract as a whole is a contract with discretionary participation, whether or not this option has been exercised by the policyholder.

Investment contracts with no discretionary participation feature

Contracts sold by insurance companies which do not fit into either of the above categories are financial contracts without discretionary participation features.

◊ Accounting for insurance contracts and investment contracts with a discretionary participation feature

As authorised under IFRS 4, insurance contracts and investment contracts with a discretionary participation feature are accounted for using principles adopted by Crédit Agricole Assurances in accordance with French regulations on consolidation (CRC 2000-05), with the exception of specific measures introduced by the standard for equalisation reserves, shadow accounting and liability adequacy tests.

Technical liabilities on insurance contracts and financial contracts with discretionary participation

Non-life insurance

Technical reserves for non-life insurance contracts include (i) claims reserves which remain to be settled and (ii) reserves related to the acquisition of premiums (primarily unearned premiums reserves), which enable recognition in the income statement for a given year of premiums relative to the risks actually covered during that year and defers recognition of premiums written during the year which concern a period of cover after the year end.

(i) Claims reserves result in part from a case-by-case analysis of reported claims which have not been settled and in part from an estimate of delayed claims for events that have occurred but for which claims have not yet been reported or claims submitted the valuation of which may be subject to a subsequent change. These reserves are reduced by projected recoveries to be collected, which are estimated on the basis of recoveries collected over previous years, and increased by a provision for claims management costs, to cover future costs for the management of claims reported but not closed on the inventory date. Claims reserves are not discounted, with the exception of reserves against annuities for incapacity and disability.

(ii) Premium and claims reserves may be complemented, where appropriate, by an unexpired risks reserve when unearned premiums do not cover the cost of the claims covered and associated costs for the period covered by such premiums, or a reserve for increasing risks where, for long contracts relating to closed groups, the cost of future risk has exceeded the amount of future premiums.

Life insurance and financial contracts with discretionary participation features

Technical reserves on life insurance contracts and financial contracts with discretionary participation features correspond to the present value of the commitments of the insurer and the policyholder. Reserves are calculated using actuarial methods including assumptions on premiums, the performance of financial assets, the rate of contract redemption and changes in general expenses. In the particular case of unit-linked contracts, the value of the deposits recognised as liabilities is based on the value of the financial assets (the investment units) held under the contracts. Revaluations of assets and liabilities on unit-linked contracts are recognised in the income statement, where they cancel each other out.

Where contracts carry a significant risk of mortality (or longevity) they are also calculated with reference to regulatory mortality tables or experience tables, where these are considered more prudent. More particularly, where a minimum guaranteed death benefit is included in a unit-linked contract, guaranteeing the beneficiary at least the initial capital investment irrespective of changes in the value of units held, this is subject to a provision based on an economic method (stochastic scenarios). Technical reserves are discounted at the technical interest rate (minimum rate of guaranteed return, capped by regulation).

Where commissions received on premiums, assets managed or withdrawals from financial products are observed to be insufficient to cover future management costs, Crédit Agricole Assurances records a provision for management costs assessed per uniform contract class.

Lastly, a participation reserve is recorded where returns exceeding the guaranteed minimum are allocated, by contract or regulation, to the policyholder or other subscribers to individual or collective contracts but have not been distributed during the accounting period. Where required, this provision is completed by deferred profit participation resulting from the application of the principle of shadow accounting.

Application of shadow accounting and deferred participation

Insurance contracts and investment contracts with discretionary participation features are subject to "shadow accounting" in accordance with the option available under IFRS 4. Shadow accounting consists in recognising in a deferred participation account the share of positive or negative movements in the financial assets relating to these contracts, together with certain consolidation restatements (e.g. elimination of liquidity risk reserves) that, potentially, revert to the policyholder.

In addition, CRC n°2000-05 requires the recognition of deferred participation on a mandatory basis for deferred participation liabilities and to the recoverable amount for deferred participation assets. This deferred participation is recorded as a liability (technical liabilities on contracts) or an asset, with a balancing entry on the income statement or in other comprehensive income in a similar manner to the unrealised gains or losses on the assets to which it relates.

For Predica savings contracts deferred participation is determined in two stages:

- by allocating the share of unrealised gains and losses on assets backing insurance or financial contracts with discretionary participation using a three-year historical average;
- secondly, by applying to revaluations relating to insurance contracts with discretionary participation a historical participation rate observed over the preceding three years for amortisable securities, and a participation rate of 100% for other financial assets.

In the case of unrealised losses, a deferred participation asset is only recognised if its imputation, by entity, against future participation is highly probable. This is most notably the case if the deferred participation asset can be deducted from future participation, either directly by deducting it from deferred participation liabilities recognised as a result of gains on future disposals, or indirectly by being recovered from the future sums paid to the policyholder.

Recoverability tests carried out on deferred participation assets are in accordance with the CNC recommendation of 19 December 2008. They are based:

- firstly, on an analysis of the liquidity of the company; these demonstrate the company's ability to mobilise resources to meet its obligations and its ability to hold assets showing an unrealised loss even in the event of a decline in new premium production. The tests are carried out with and without new production;
- secondly, on a comparison between the average value of future benefits valued using an internal model that replicates the management decisions of the company and the value of the asset as a representation of the market value of obligations; this illustrates the ability of the company to honour its obligations.

Lastly, sensitivity tests on the capacity to capitalise the deferred participation asset are also carried out, notably:

- in the event of a uniform 10% increase in policy redemptions applied to the redemption rate resulting from scenarios similar to those drawn up by the Autorité de Contrôle Prudentiel (formerly Autorité de Contrôle des Assurances et des Mutuelles);
- in the event of an additional 10% fall in equity and real estate markets.

Liability adequacy test

In accordance with IFRS 4, Crédit Agricole Assurances ensures at the end of each reporting period that the liabilities of insurance contracts and financial contracts with discretionary participation features (net of deferred acquisition costs and associated intangible assets) are adequate in the light of future estimated cash flows.

The liability adequacy test applied must meet the following minimum criteria set out in the standard:

- consideration of all contractual cash flows and of related cash flows such as commissions and claims handling costs as well as cash flows from embedded options and guarantees;
- if the test shows that liabilities are inadequate, the entire deficiency is recognised by a provision in profit or loss.

The Group's life insurance companies test liability adequacy using a stochastic approach. The test considers technical reserves on life insurance contracts (excluding unit-linked contracts) grouped into product families with uniform characteristics. The resulting estimates of future cash flows are compared, aggregating all product families, with the sum of the following items: Technical reserves + participation reserves + share of unrealised gains and losses attributed to the product families concerned. In the event that the result of the estimates is higher than this total, an additional provision is recognised through profit or loss.

The Group's non-life insurance companies conduct annual testing based on "best estimates" of claims reserves. This test covers all reserves for claims to be paid, including reserves for delayed claims, additional reserves relating to annuity conversion and reserves for claims handling costs. The analysis is carried out on data gross of reinsurance by risk segment and by accounting period of occurrence.

"Best estimates" of claims reserves are calculated without discounting or a prudential margin and correspond to the probable value of payments required to settle claims against all insured events that have occurred and not yet been fully settled. These are compared to recognised claims reserves, gross of reinsurance. In the event that the estimates are greater than the reserves recognised, an additional provision is recognised through profit or loss.

In addition, where a reserve for inadequacy of liabilities is recognised in local accounts (in France a provision for on-going risk), this is retained in consolidated accounts.

In the specific case of creditor insurance, the adequacy of liabilities is tested at the end of each accounting period by comparing reserves recognised with those calculated on the basis of the updated claims/premiums ratio and a margin for risk and uncertainty. This is calculated separately for each partner.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

(i) Premiums

Revenue on life insurance contracts and investment contracts with discretionary participation corresponds to premiums on contracts in-force during the accounting period, net of cancellation and corrected for premiums to be issued for the share to be acquired in subsequent periods.

Revenue on non-life insurance contracts corresponds to premiums issued excluding taxes, gross of reinsurance, net of cancellations, reductions and rebates, changes in premiums to be issued and changes in premiums to be cancelled. Premiums issued adjusted for changes in reserves for unearned premiums constitute earned premiums.

(ii) Contract service charges

Service charges for insurance contracts and investment contracts with a discretionary participation feature include:

- all benefits where they are the subject of a payment to the beneficiary;
- technical interests and profit participation which may be included in these benefits;
- changes in technical reserves;
- all costs relating to the management and settlement of these benefits.

Service charges on non-life insurance contracts primarily include benefits and costs paid, together with changes in reserves for unpaid claims. Claims correspond to claims net of recoveries for the period and annuity payments. They also include costs and commissions relating to claims handling and settlement.

◊ Accounting for Investment contracts with no discretionary participation feature

This class of investment contracts are treated as financial liabilities and are covered by IAS 39. They are primarily unit-linked contracts without a death benefit and without the option of switching to an investment vehicle with discretionary participation feature.

In accordance with IAS 39, liabilities relating to these contracts are recognised as deposits. Thus premiums received and benefits paid, net of charges made by the insurer, are recognised directly on the balance sheet. The only items recognised on the income statement are revenue and expenses relating to the acquisition and management of contracts.

Liabilities relating to unit-linked contracts are valued and recognised with reference to the value of financial assets (investment units) backing these contracts at the end of the reporting period. Revaluations of assets and liabilities on unit-linked contracts have no effect on the income statement. This rule applies to all unit-linked contracts, whether they qualify as insurance contracts under the terms of IFRS 4 (for example if they include a guaranteed death benefit), investment contracts with discretionary participation feature (for example, in a multi-investment contract, where they include a clause allowing a switch to an investment vehicle containing a discretionary participation clause), or investment contracts without discretionary participation feature.

◊ Deferred origination costs and unearned commissions

Origination costs for investment contracts without discretionary participation feature are subject to similar treatment to deferred acquisition costs for life insurance contracts covered by IFRS 4.

Symmetrically with the deferral of expenses incurred on origination of contracts, unearned acquisition commissions are deferred via an entry in liabilities. These are recognised in income at the same pattern as that of deferred expenses.

◊ Reinsurance operations

Presentation of direct business and assignments to reinsurance

Premiums, claims and reserves are recognised gross of assignments to reinsurance. The share of assigned reinsurance, determined based on reinsurance treaties, is identified in the income statement under separate headings for reinsurance assignment income and reinsurance assignment expense.

The share of liabilities covered by reinsurance companies is recognised as an asset.

No reinsurance contract is covered by IAS 39.

Assumed Reinsurance

Assumed reinsurance is recognised treaty by treaty on the basis of information provided by the cedants or estimated in the event of receipt of incomplete information. Assumed reinsurance contracts are recognised in the same way as direct insurance contracts.

No reinsurance contract incorporates characteristics (such as the absence of a transfer of risk) that would result in them being classified as a financial contract covered by IAS 39.

Securities given or received as collateral for reinsurance transactions are recorded on the table of commitments given and received.

Analysis of general expenses by function

In accordance with paragraph 99 of IAS 1 and recommendation n°2009-R-05 of 2 July 2009, general expenses are analysed by function. Thus in the Group income statement expenses are presented according to the following functions:

- Acquisition and similar expense
- Claims handling expense
- Investment management expense
- Administrative expense
- Other technical expense
- Other non-technical expense.

The analysis of expenses by type is presented under the following headings:

- Staff costs
- Commissions
- Taxes
- Other.

Provisions (other than for insurance activities)

In accordance with IAS 37, Crédit Agricole Assurances identifies obligations (legal or implied) resulting from a past event where it is probable (probability of over 50%) that an outflow of resources will be required to settle the obligation, where the date and amount of such settlement is uncertain but may be estimated with a reasonable degree of reliability. Such estimates are discounted where the effect of doing so is material.

Therefore, Crédit Agricole Assurances creates provisions which cover, in particular:

- operational risks;
- employee benefits (see paragraph below);
- legal claims and risks;
- Tax risks.

The valuation of these provisions relies on judgments and corresponds to the Directors' best estimate, given the information in their possession at the end of the reporting period.

Employee benefits

In accordance with IAS 19, employee benefits are divided into four categories:

- short-term benefits such as salary, social security contributions and bonuses payable within twelve months of the end of the reporting period;
- long-term benefits (long-service awards, bonuses and compensation payable more than twelve months after the end of the reporting period);
- termination benefits;
- post-employment benefits, which in turn are classified under the following two headings: defined benefit plans and defined contribution plans.

◊ Long-term benefits

Long-term benefits are benefits to be paid to employees, other than post-employment benefits, termination benefits and share-based benefits, that are not payable in their entirety within twelve months of the end of the reporting period in which the corresponding services were rendered.

In particular they include bonuses and other compensation deferred for more than twelve months.

The valuation method is similar to that used by the Group for post-employment benefits in the defined benefit plan category.

◊ Post-employment benefits

Retirement, early retirement and termination benefit obligations - Defined benefit plans

At the end of each reporting period Crédit Agricole Assurances determines its retirement and associated benefit obligations together with all employment benefits accorded to employees falling into the defined benefit plan category.

In accordance with IAS 19, these obligations are assessed using the projected unit credit method on the basis of actuarial, financial and demographic assumptions. This method consists of allocating to each year of an employee's employment a charge corresponding to the rights acquired over that year. This charge is calculated on the basis of the discounted present value of the future benefit.

Calculations of charges relating to retirement benefits and future employee benefits are established on the basis of assumptions regarding the discount rate, employee turnover rate and changes in salaries and social security costs drawn up by the Directors. If the real figures differ from the assumptions used, the charge relating to retirement benefits may increase or reduce in future reporting periods (see note 7).

Discount rates are determined based on the average duration of the obligation, that is to say the unweighted average of durations calculated between the date of valuation and the date of payment weighted for assumptions on employee turnover.

The expected return on plan assets is also estimated by the Directors. Estimated returns are based on estimated returns from fixed-income securities including notably bond yields.

In accordance with paragraph 16d of IAS 34 relative to "interim financial reporting", Crédit Agricole Assurances presents the impact of "changes in estimates of amounts reported in prior financial years where such changes have a material effect on the interim reporting period considered."

Crédit Agricole Assurances does not apply the optional corridor method and recognises the actuarial differences observed as gains and losses directly in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation under the defined benefit plan at the end of the reporting period, calculated according to the actuarial method recommended in IAS 19;
- less, where appropriate, the fair value of the assets held to cover these obligations. Such assets may be represented by an insurance contract taken out with a non-related company. Where the obligation is entirely covered by a contract corresponding exactly, in amount and period, to all or part of the benefits to be paid under the plan, the fair value of this contract is considered to be that of the corresponding obligation, (that is to say the amount of the corresponding actuarial liability).

In the particular case where obligations are covered by an insurance contract with a consolidated company, they are not offset in liabilities by the associated assets, which are recognised separately as assets.

For non-covered obligations, a provision to cover termination benefits is recognised as a liability under the heading "Provision". This provision corresponds to the obligations relating to employees of entities within Crédit Agricole Assurances, in service at the end of the reporting period and covered by the new Collective Employment Agreement of the Crédit Agricole Group, which came into force on 1 January 2005.

A provision to cover the cost of early departures is also included under the heading "Provisions". This provision covers the present value of the additional cost of various early departure agreements signed by Crédit Agricole Group entities which allow employees reaching the required age to cease their activity.

Lastly, supplementary retirement obligations, which generate obligations for the companies concerned, are the subject of provisions determined on the basis of the actuarial debt representing these obligations. These provisions are also recognised as liabilities on the balance sheet under the heading "Provisions" (see note 7.3).

Defined contribution retirement plans

There are various mandatory retirement plans to which "employer" companies contribute. These funds are managed by independent organisations and the contributing companies have no obligation, legal or implied, to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by employees during the reporting period and previous periods. As a result, Crédit Agricole Assurances has no liabilities relating to these plans other than the contributions to be paid for the reporting period in question (see note 7.2).

Share-based payments

IFRS 2, "Share-based payment", requires the recognition of transactions settled by share-based and similar payments in the income statement and balance sheet of the company. This standard applies to plans granted after 7 November 2002, under which rights had not vested by 1 January 2005, and concerns two possibilities:

- equity-settled share-based payment transactions;
- cash-settled share-based payment transactions;

The share-based payment plans allocated to employees of Crédit Agricole Assurances and qualifying under IFRS 2 are primarily of the equity-settled type.

Allocated options are valued on allocation at their fair value primarily by use of the Black & Scholes model. These are recognised as an expense under the heading "staff costs" with a balancing entry in the equity account over the vesting period, which is 4 years for all current plans.

The expense relative to share allocation plans settled with Crédit Agricole S.A. equity instruments is recognised in the financial statements of the entities employing the plan beneficiaries. The impact is recognised in staff costs with a balancing increase in "Consolidated reserves attributable to the Group". See note 7.5.

Current and deferred taxation

In accordance with IAS 12, tax on income includes all taxes based on income whether current or deferred.

This defines current tax as "the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period." Taxable profit is the profit (loss) for a period determined in accordance with the rules of the taxation authorities.

The taxation rates and rules applicable for the determination of the tax charge are those in-force in each of the countries in which subsidiaries of Crédit Agricole Assurances are based.

Current tax includes all tax on income, payable or recoverable, whose payment is not subject to the completion of future transactions, even if payment is spread over several periods.

In addition, certain transactions conducted by the entity may have tax consequences not taken into account in the determination of current tax. Differences between the carrying amount of an asset or liability and its tax base are defined by IAS 12 as temporary differences.

The standard requires the recognition of deferred tax assets and liabilities in the following cases:

- A deferred tax liability must be recognised for all taxable temporary differences between the carrying amount of an asset or liability and its tax base, except where the deferred tax liability is the result of:
  - ◇ The initial recognition of goodwill;
  - ◇ The initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction.
- A deferred tax asset must be recognised for all deductible temporary differences between the carrying amount of an asset or liability and its tax base, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.
- A deferred tax asset must also be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The tax rates used are those applicable in each country.

Deferred tax assets and liabilities are not discounted.

Current and deferred tax is recognised in income statement for the period except to the extent that the tax arises from:

- a transaction or event which is recognised directly in other comprehensive income, in the same or a different period, in which case it is directly credited or debited in other comprehensive income; or
- a business combination, in which case it affects goodwill.

Deferred tax assets and liabilities are offset if, and only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - ◇ the same taxable entity; or
  - ◇ different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax credits on loan income and securities portfolios, where they are effectively used in the settlement of income tax due for the reporting period, are recognised under the same heading as the income to which they relate. The corresponding tax charge is maintained under the "Tax" heading in the income statement.

Foreign currency transactions

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rate on the closing date into the functional currency of the Crédit Agricole Assurances Group, i.e. the euro. Translation difference are recognised in profit or loss. There are two exceptions to this rule:

- for available for sale financial assets, only that component of the translation difference relating to the amortised cost is recognised in profit or loss; the remainder is recognised in other comprehensive income;
- translation differences on items deemed to be part of a cash flow hedge, or forming part of a net investment in a foreign operation are recognised in other comprehensive income.

The recognition of non-monetary assets varies according to the nature of these assets:

- assets measured in terms of historical cost are translated using the exchange rate at the date of the transaction;
- assets at fair value are translated using the exchange rate on the closing date.

Translation differences on non-monetary items are recognised:

- in profit or loss if the gain or loss on the non-monetary item is recognised in profit or loss;
- in other comprehensive income if the gain or loss on the non-monetary item is recognised in other comprehensive income;

Impairment provisions on assets in foreign currencies are calculated on a base converted into euros.
Derivative instruments forming part of a hedge of the foreign currency risk of a transaction are recognised in the balance sheet at fair value at the end of the period.

For the conversion of the financial statements of foreign entities please refer to consolidation principles and policies.

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is classified as "held for sale" where its carrying amount is recoverable primarily through a transaction rather than through continued use.

For this to be the case the asset (or disposal group) must be available for an immediate sale in its current condition and its sale must be highly probable.

The assets and liabilities concerned are recognised separately on the balance sheet under the headings "non-current assets held for sale" and "liabilities of non-current assets held for sale."

These non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. In the event of an unrealised loss, an impairment loss is recognised in profit or loss. In addition, such assets cease to be amortised from the time of their classification as held for sale.

If the fair value of a disposal group less costs to sell is lower than its carrying amount less amortization of non-current assets, the difference is allocated to other assets in the group of assets held for sale, including financial assets, and recognised in profit or loss for assets held for sale.

Discontinued operations are considered to be any component that has been disposed of or is classified as held for sale and is in one of the following situations:

- it represents a separate major line of business or geographical area of operations,
- it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are presented on a separate line of the income statement:

- net income after tax of discontinued operations up until the date of the sale,
- the profit or loss after tax resulting from the sale or the measurement at fair value less costs to sell of the assets and liabilities constituting discontinued operations.

Principles and policies of consolidation

Consolidated financial statements include the financial statements of Crédit Agricole Assurances and of all companies over which, in accordance with the provisions of IAS 27, IAS 28 and IAS 31, Crédit Agricole Assurances has control or exercises significant influence. Control or significant influence is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly, at least 20% of existing voting and potential voting rights that are exercisable or convertible.

Notions of control

All entities under exclusive control, joint control or significant influence are consolidated, on condition that their contribution is judged to be material.

The material nature of the contribution is assessed on the basis of three main criteria being percentage of total assets, shareholders' equity and consolidated income.

Exclusive control is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly through subsidiaries, more than half of the existing or potential voting rights in an entity, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Exclusive control also exists where Crédit Agricole Assurances owns half or less than half of the voting rights, including potential rights, in an entity but has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

Joint control exists over jointly controlled entities in which two or more venturers are bound by a contractual arrangement establishing joint control.

Significant influence is the power to participate in the financial and operating policy decisions of a company but without control over those policies. Crédit Agricole Assurances is presumed to have significant influence where it holds, directly or indirectly through subsidiaries, 20% or more of the voting rights in an entity.

◊ Specific case of special purpose entities

The consolidation of special purpose entities (structures created to manage a transaction or group of similar transactions) and more particularly funds under exclusive control, has been set out in SIC 12. In accordance with this interpretation, a special purpose entity is consolidated when it is in substance controlled by Crédit Agricole Assurances even in the absence of an ownership relationship. In particular this concerns dedicated UCITS (100%-owned).

The determination of control is made in particular with regard to the following circumstances:

- the activities of the special purpose entity are being conducted on behalf of a subsidiary of Crédit Agricole Assurances according to its specific business needs, so that this company obtains benefits from the special purpose entity's operation;
- This company has decision-making power to obtain the majority of the benefits of the activities of the

special purpose entity or, by setting up an 'autopilot' mechanism, the company has delegated these decision-making powers;

- This company has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity; or
- This company retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In accordance with this interpretation, the dedicated UCITS owned by subsidiaries of Crédit Agricole Assurances are consolidated either line by line or using a simplified method consisting of consolidating on a single line the Group's share in the liquidation value of the UCITS. This simplified method is similar to measuring the UCITS as a financial instrument at fair value through profit or loss in accordance with IAS 39.

Dedicated UCITS backing unit-linked units are not consolidated because risks and benefits are carried by the policyholder.

Real estate investment companies (SCI, OPCI, etc.) that are 100%-owned are fully consolidated.

Consolidation methods

Methods of consolidation are determined in accordance with IAS 27, 28 and 31 respectively. They reflect the nature of the control exercised by Crédit Agricole Assurances over consolidated entities whether or not they are active and whether or not they are incorporated:

- full consolidation for entities under exclusive control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- proportionate consolidation for entities under joint control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- the equity method for entities under significant influence. In the event that an entity under joint control is consolidated by the equity method, the information is provided in the notes to financial statements.

Full consolidation consists of substituting the assets and liabilities in each subsidiary for the value of shares held. Minority interests in equity and income are recognised separately on the consolidated balance sheet and in the consolidated income statement.

Minority interests are those which do not give control as defined by IAS 27 and include instruments representing a current interest and which give rights to shares in net assets in the event of liquidation together with other capital instruments issued by the subsidiary which are not owned by the group.

Proportionate consolidation substitutes the consolidating company's share of the assets and liabilities and income and expenses of the jointly controlled subsidiary for the value of the shares in the subsidiary.

The equity method substitutes the Group's share in equity and income at the subsidiary company for the value of the shares held.

Changes in the carrying amount of these securities now reflect changes in goodwill.

Restatements and elimination of intragroup transactions

The restatements necessary to harmonise the measurement methods of the individual financial statements of the consolidated entities, with reference to Group principles, are conducted unless they are considered not material.

In addition to restatement entries, elimination entries eliminate transactions conducted between companies consolidated by the Group:

- Elimination of the effect on the consolidated balance sheet and income statement of transactions within the group, particularly dividend payments and reinsurance transactions;
- Elimination of gains and losses resulting from the transfer of assets between consolidated companies; where appropriate impairment losses are recognised should a lasting loss of value be observed at the time of an internal transfer.

As transactions and balances between fully consolidated Group companies are eliminated in full at the end of the period, only those transactions between fully consolidated companies and companies consolidated by the proportionate method, to the amount of the share of third part co-venturers with the Group in the latter, affect the consolidated financial statements of the Group. Transactions conducted with other entities within the Crédit Agricole S.A. Group which do not fall within the scope of consolidation of Crédit Agricole Assurances are not considered as intragroup transactions for the purposes of these consolidated financial statements.

Foreign currency translation of foreign subsidiaries

Financial statements of foreign subsidiaries are converted into euros in two stages:

- conversion, where necessary, from the local accounting currency to the functional currency (currency of the main economic environment in which the entity operates) on the historical cost method, with translation differences being fully and immediately recognised in profit or loss;
- conversion from the functional currency to euros, the accounting currency of the Group's consolidated financial statements. Assets and liabilities are converted at the closing exchange rate. Income and expenses on the income statement are converted at the average exchange rate for the period. Translation differences arising on the translation of assets, liabilities and the income statement are recognised in other comprehensive income.

Business combinations – goodwill

◊ General principles

Business combinations are treated in accordance with IFRS 3, except in the following cases:

- the combination of entities or activities under common control;
- the combination of distinct entities or activities to form a joint venture;
- the combination of two or more mutual entities;
- the combination of distinct entities or activities to form an entity presenting financial statements by contract alone
without transfer of consideration (for example combinations under which distinct entities are combined by contract alone to form a company with a double market listing).

On the date on which control is obtained, the identifiable assets, liabilities and potential liabilities of the acquired entity which meet the recognition criteria of IFRS 3 are recognised at fair value. However, as allowed under IFRS 4 for the acquisition of an insurance company, the liabilities relating to the life insurance contracts or financial contracts with discretionary participation features acquired are retained at their carrying amount on the balance sheet of the acquired entity (after harmonisation with Crédit Agricole Assurances measurement methods if necessary) and the value of this portfolio of contracts is recognised in assets and amortised over the period of payment of profits. This portfolio value represents the present value of future profits on the contracts acquired and corresponds to the difference between the fair value of contracts and their carrying amount.

No restructuring liability is recognised as a liability of the acquired entity unless the latter, at the time of the acquisition, is obliged to carry out this restructuring.

Price adjustment clauses are recognised at fair value, even if their realisation is not probable. Subsequent changes in fair value of the clauses, which have the characteristics of financial debt, are recognised in profit or loss. Only those price adjustment clauses relating to operations where the acquisition of control took place before 31 December 2009 may still be recognised against goodwill, as such transactions were initially recognised under non-revised IFRS 3 (2004).

The share of holdings which do not give control which are instruments representing a current interest and which give rights to shares in net assets in the event of liquidation may be valued, at the option of the acquiring entity, in one of two ways:

- at fair value on the acquisition date;
- at the fair value of the share of identifiable assets and liabilities in the entity acquired.

These options may be exercised on an acquisition-by-

acquisition basis. The balance of holdings not giving control (equity instruments issued by the subsidiary not owned by the group) must be recognised at fair value on the acquisition date.

The initial valuation of assets, liabilities and potential liabilities may be modified within a maximum period of twelve months from the date of acquisition.

Certain transactions relating to the acquired entity are recognised separately from the business combination. In particular this concerns:

- transactions which terminate an existing relationship between the acquired entity and the acquirer;
- transactions which compensate employees or selling shareholders in the acquired entity for future services;
- transactions which compensate the acquired entity or its former shareholders for expenses to be borne by the acquirer.

These separate transactions are generally recognised in profit or loss at the acquisition date.

The consideration transferred on the occasion of a business combination (the acquisition cost) is measured as the total of the fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (e.g. cash, equity instruments, etc.).

Costs directly attributable to the combination in question are recognised as expense, separately from the combination. If the transaction has a very high probability of being completed they are recognised under the heading "Net gains or losses on other assets", otherwise they are recognised under "Other operating costs".

The difference between the sum of the cost of the acquisition and non-controlling interests and the net balance, on the date of acquisition of identifiable assets acquired and liabilities transferred, at fair value is recognised, where it is positive, as an asset on the consolidated balance sheet, under the heading "Goodwill" where the acquired entity is fully consolidated or proportionately consolidated and under the heading "Investments in associated undertakings" where the acquired entity is consolidated by the equity method. Where the difference is negative, it is immediately recognised in profit or loss.

Goodwill is recognised on the balance sheet at its initial value denominated in the currency of the acquired entity and translated at the closing exchange rate.

In the event of a phased acquisition of control, the holding acquired prior to the acquisition of control is measured at fair value through profit or loss at the date of acquisition and goodwill is calculated only once, on the basis of the fair value on the acquisition date of the assets acquired and liabilities transferred.

Subsequent measurement of goodwill is described in the note on accounting principles and policies.

In the event of an increase in Crédit Agricole Assurances' percentage holding in an entity over which it already exercises exclusive control, the difference between the acquisition cost and the share of net assets acquired is recognised as a reduction in the heading "Consolidated reserves attributable to the Group". Symmetrically, in the event of a reduction in the percentage share held by the Group in an entity over which it continues to exercise exclusive control, the difference between the sale price and the carrying amount of the related share in net assets sold is also recognised directly in consolidated reserves attributable to the Group. Costs relating to such transactions are recognised in other comprehensive income.

In the event of a loss of control, the result of the disposal is calculated for the entirety of the entity sold and any residual investment retained is recognised on the balance sheet at its fair value on the date of loss of control.

◊ Combination of entities under common control

This type of combination relates to entities which are already controlled by the Group. In this event, transfers and sales are not recognised at fair value but at their net carrying amount in the consolidated financial statements of the parent on the date of the combination, provided always that such values were established in accordance with IFRS. Existing goodwill in the Group's accounts at this date is maintained in the same manner as other assets.

This strict application results in the summing of the equity accounts of the entities concerned. If the transaction price is different to the net carrying amount of the entities acquired, this method results in the recognition of the difference directly in consolidated reserves without recognition of any additional goodwill.

The constitution of Crédit Agricole Assurances in 2008, as a result of a restructuring of the insurance businesses of the Crédit Agricole Group, was conducted on this basis.

Note 2 Changes in the scope of consolidation

The detailed scope of consolidation at 31 December 2012 is shown in note 10.

Changes in the scope of consolidation over the period

The CAA holding company acquired from Cariparma 50% of the shares in CA VITA, for a sum of €175 million, thus increasing its holding to 100%. Following this transaction, the minority interest of €104 million was reclassified as equity attributable to shareholders of the parent, and consolidated reserves were reduced by the difference between the acquisition price of the shares and the acquired share of the net assets of the company, or €71 million.

◊ Newly consolidated companies at 31 December 2012

During the first half of 2012, 3 OPCI real estate investment funds were added to the scope of consolidation.

◊ Companies removed from the scope of consolidation at 31 December 2012

- The Italian holding company Vert SRL was deconsolidated.
- On 12 April 2012 Crédit Agricole S.A. and Banco Espirito Santo (BES) signed an agreement for the sale of Crédit Agricole Assurances' 50% holding in BES Vida for €225 million. This disposal resulted on 30 June 2012 in a consolidated loss on disposal of €62 million recognised under other operating income and expense.

Note 3 Financial management, exposure to risk and management of capital

Financial management

The Asset Liability Technical Management (ALTM) and Corporate Finance functions of Crédit Agricole Assurances have responsibility for organising financial flows within the Crédit Agricole Assurances Group, for the definition and implementation of financing rules, the allocation of equity, the management of assets and liabilities and the oversight of prudential ratios.
They define and ensure the consistency of the Crédit Agricole Assurances Group's financial management.
Management of risks is conducted by the Group Risk and Permanent Controls department of Crédit Agricole Assurances, in cooperation with the Group Risk Management department of the Crédit Agricole S.A. Group (DRG). This department is responsible for coordinating the management of financial risk, credit risk and the operating risk of subsidiaries.

The description of these systems together with narrative information is included in the Management Report, in the "Risk factors" chapter, as allowed under IFRS 7.

The risk exposures of the Crédit Agricole Assurances Group are presented in the risk factors (Management Report, section 3).

Capital management and solvency margins

Applicable regulations for entities within the Crédit Agricole Assurances Group, in France and elsewhere, require that each insurance company maintain a minimum solvency ratio, the main purpose of which is the protection of the policyholder.
At 31 December 2012, the Crédit Agricole Assurances Group and each of its individual subsidiaries met their obligations in the matter of solvency.

The various items considered by the Group as available capital are determined in accordance with the rules applicable under Solvency I, which have not yet been harmonised in Europe pending the introduction of Solvency II.

At 31 December 2012, available capital consisted mainly of IFRS equity adjusted by a prudential filter (for instance deducting intangible assets) and subordinated loan notes.
The calculation of the adjusted solvency ratio is submitted to the Autorité de Contrôle Prudentiel, which is responsible for the application of these directives in France.

In addition, to meet new regulatory requirements, Crédit Agricole Assurances S.A. is coordinating and implementing in its subsidiaries the three pillars of the Solvency II project.

Note 4 Segment information

In accordance with IFRS 8, the information presented is based on the internal reporting used by the Executive Committee for the management of the Crédit Agricole Assurances Group, the evaluation of performance and the allocation of resources to the operating sectors identified.

The operating sectors presented in internal reporting correspond to the Group's specialised businesses.
Within Crédit Agricole Assurances, businesses are organised into 5 operating segments.

"Life - France" covers the life insurance, savings, retirement, health and provident insurance operations conducted by the French entities of the Group.

"Non-life - France" covers mainly motor, household, agricultural and life accident insurance products sold in France.

"Creditor insurance" covers creditor insurance activities in France (with the exception of those conducted by Predica which are included in the Life - France segment) and abroad.

"International" covers the life and non-life insurance activities conducted outside France.

"Other" covers primarily holding company activities and reinsurance.

The geographical analysis of segment information is based on the location of the accounting recognition of activities.

Sector information for the year ended 31 December 2012

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Premiums written	16,749	2,483	3,012	964	49	(694)	22,563
Change in unearned premiums	-	(52)	5	(5)	1	(2)	(53)
Earned premiums	16,749	2,431	3,017	959	50	(696)	22,510
Revenue or income from other activities	29	62	22	2	6	(17)	104
Investment income net of expenses	11,221	70	689	33	205	(183)	12,035
Contract service charges	(24,774)	(1,747)	(3,633)	(208)	(21)	803	(29,580)
Net reinsurance income or expense	5	(89)	149	(33)	(5)	(143)	(116)
Contract acquisition costs	(745)	(380)	(103)	(643)	(18)	55	(1,834)
Impairment of portfolio assets and similar	-	-	(4)	-	-	-	(4)
Administrative expense	(960)	(121)	(66)	(35)	-	21	(1,161)
Other current operating income and expense	(48)	(78)	(7)	(5)	(46)	(29)	(213)
Other operating income and expense (1)	-	-	(62)	(129)	-	-	(191)
Operating income	1,476	148	2	(58)	170	(188)	1,550
Financing expense	(171)	(10)	(13)	(16)	(155)	188	(177)
Income tax (2)	(549)	(53)	2	(7)	(14)	-	(621)
CONSOLIDATED NET INCOME	756	85	(9)	(81)	1	-	752
Minority interests	-	-	(2)	-	-	-	(2)
Net income attributable to equity holders of the parent	756	85	(11)	(81)	1	-	750

(1) - In the International Segment, the figure of -€62 million represents the loss on disposal of shares in Bes Vida
- In the Creditor Insurance Segment, the figure of -€129 million represents the impairment loss on goodwill in CACI.

(2) - Includes exit tax for a total of -€125 million in the Life - France segment and -€2 million in non-life - France

€ millions	31 December 2012						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	245,246	4,787	16,368	2,222	13,778	(8,760)	273,641
CONTRACT-RELATED LIABILITIES	229,126	2,662	15,992	1,435	73	(4,013)	245,275

Sector information for the year ended 31 December 2011

€ millions	31 December 2011						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Premiums written	18,627	2,330	2,995	1,025	46	(677)	24,345
Change in unearned premiums	(1)	(75)	(2)	(54)	4	(2)	(130)
Earned premiums	18,625	2,255	2,993	971	50	(679)	24,215
Revenue or income from other activities	47	57	33	-	7	(17)	127
Investment income net of expenses	255	36	(407)	22	178	(165)	(80)
Contract service charges	(15,997)	(1,559)	(2,865)	(204)	(29)	734	(19,920)
Net reinsurance income or expense	(16)	(106)	139	(104)	(2)	(103)	(191)
Contract acquisition costs	(842)	(379)	(118)	(528)	(26)	67	(1,826)
Impairment of portfolio assets and similar	-	-	(8)	-	-	-	(8)
Administrative expense	(972)	(118)	(65)	(91)	-	24	(1,223)
Other current operating income and expense	(143)	(45)	3	(4)	(46)	(35)	(270)
Other operating income and expense (1)	-	-	(31)	-	-	-	(31)
Operating income	958	140	(327)	61	133	(173)	792
Financing expense	(172)	(7)	(9)	(12)	(143)	173	(170)
Income tax	(260)	(49)	42	(4)	(12)	-	(283)
CONSOLIDATED NET INCOME	525	84	(294)	46	(22)	-	339
Minority interests	-	-	94	-	-	-	94
Net income attributable to equity	525	84	(200)	46	(22)	-	433

(1) Impairment of goodwill on Bes Vida

€ millions	31 December 2011						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	226,097	3,818	19,865	2,266	12,402	(6,806)	257,642
CONTRACT-RELATED LIABILITIES	211,209	2,441	19,384	1,383	102	(3,702)	230,817

Note 5 Notes to the balance sheet

5.1 Goodwill

(in € million)	31.12.2012			31.12.2011
	Gross amount	Amortization	Net value	Net value
SPIRICA	3	-	3	3
PREDICA	483	-	483	483
PACIFICA	70	-	70	70
BES VIDA (1)	-	-	-	109
BES SEGUROS	19	-	19	19
CA VITA	19	-	19	19
CACI	409	(129)	280	409
Total	1 003	(129)	874	1,112

(1) Disposal of BES Vida

Impairment tests were carried out on goodwill at 1 January 2012, based on the assessment of the value in use of the CAA Group's insurance entities. Value in use was determined by discounting the CGU's future cash flows as presented in the medium-term plans drawn up for the Group's steering requirements. The following assumptions were drawn upon:

- Estimated future cash flows: 3-year forward-looking data drawn up as part of the Group's Adaptation Plan announced in late September 2012. Forward-looking data covering more than 5 years can be used for some entities in order to take into account the longest economic cycle of the entities concerned;
- Equity allocated to the various business lines corresponds at 31 December 2012 to 100% of the solvency rate for insurance activities by taking into account every entity's economic situation with respect to subordinated debt;
- Perpetual growth rate: 2%
  Discount rate: rates are different according to geographical area, ranging from 9.7% to 12.5%

In 2012, these impairment tests led to the recognition of a depreciation charge of € 129 million in financial year 2012 for CACI.

Sensitivity tests carried out on goodwill at CACI showed that:

- Increasing the discount rate by 0.5 basis point would lead to a change of around 11% in the net value of goodwill at 31 December 2012.
- Lowering the perpetual growth rate by 0.5 basis point would lead to a change of around 4% in the net value of goodwill at 31 December 2012.

With regard to goodwill excluding CACI, a reasonable variation in development, margin or discount rate assumptions does not lead to any further depreciation.

5.2 Life insurance companies' policy portfolios

(in € million)	31.12.2012			31.12.2011
	Gross amount	Amortization	Net value	Net value
BES VIDA	-	-	-	58
CA VITA	38	(25)	13	17
SPIRICA	1	-	1	1
Value of portfolios	39	(25)	14	76

5.3 Other intangible assets

(in € million)	31.12.2011	Change in consolidation scope	Acquisitions /Depreciation charges	Disposals/ Decreases	Translation differences	Other changes	31.12.2012
Distribution right	-	-	-	-	-	-	-
Software programmes	550	(9)	34	-	(1)	71	645
Intangible assets in progress	47	-	72	(20)	-	(71)	28
Gross amount	**597**	**(9)**	**106**	**(20)**	**(1)**	**-**	**673**
Impairment of distribution right	-	-	-	-	-	-	-
Amortization of software programmes	(369)	8	(60)	-	1	-	(421)
Depreciation of software programmes	-	-	(1)	-	-	-	(1)
Amortization of Intangible assets in progress	(1)	-	(1)	-	-	-	(2)
Impairment charges on Intangible assets in progress	-	-	-	-	-	-	-
Amortization and impairment	**(371)**	**8**	**(62)**	**-**	**1**	**-**	**(424)**
Other net intangible assets	**226**	**(1)**	**44**	**(20)**	**-**	**-**	**249**

(in € million)	31.12.2010	Change in consolidation scope	Acquisitions /Depreciation charges	Disposals/ Decreases	Translation differences	Other changes	31.12.2011
Distribution right	-	-	-	-	-	-	-
Software programmes	452	-	16	(1)	-	83	550
Intangible assets in progress	27	4	101	(1)	-	(83)	48
Gross amount	**479**	**4**	**117**	**(2)**	-	-	**598**
Impairment of distribution right	-	-	-	-	-	-	-
Amortization of software programmes	(325)	-	(45)	-	-	-	(370)
Depreciation of software programmes	-	-	-	-	-	(1)	(1)
Amortization on Intangible assets in progress	-	-	(1)	1	-	-	-
Impairment charges on Intangible assets in progress	(2)	-	-		-	1	(1)
Amortization and impairment	**(327)**	**-**	**(47)**	**1**	-	-	**(372)**
Other net intangible assets	**152**	**4**	**70**	**(1)**	**-**	**-**	**226**

5.4 Financial investments

Investments by type

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value data shown below are estimates made on the reporting date. They are therefore likely to change in subsequent periods due to changes in market conditions or other factors.

(in € million)	31.12.2012	
	Carrying amount	Fair value
Equities and other variable-income securities	18,952	18,952
Bonds and other fixed-income securities	144,904	144,904
Available-for-sale assets	163, 856	163, 856
Bonds and other fixed-income securities	14,602	17,474
Held-to-maturity assets	14, 602	17, 474
Equities and other variable-income securities	7,574	7,574
Bonds and other fixed-income securities	28,298	28,298
Financial assets at fair value through profit or loss by kind or by option	35, 872	35, 872
Loans and receivables	1,160	1,206
Financial investments	215, 490	218, 408
Investment property (1)	2,968	5,106
Derivative instruments	873	873
General Account investments (A)	219, 331	224, 387
Equities and other variable-income securities	25,139	25,139
Bonds and other fixed-income securities	16,429	16,429
Unit-linked financial investments	41, 568	41, 568
Unit-linked investment property (1)	-	-
Total unit-linked investments (B)	41,568	41,568
TOTAL INVESTMENTS (A) + (B)	260, 899	265, 955

(1) Investment property is valued on the basis of expert appraisal.

(in € million)	31.12.2011	
	Carrying amount	Fair value
Equities and other variable-income securities	17,042	17,042
Bonds and other fixed-income securities	138,283	138,283
Available-for-sale assets	155, 325	155, 325
Bonds and other fixed-income securities	15,321	16,887
Held-to-maturity assets	15, 321	16, 887
Equities and other variable-income securities	6,935	6,935
Bonds and other fixed-income securities	17,325	17,325
Financial assets at fair value through profit or loss by kind or by option	24, 260	24, 260
Loans and receivables	523	523
Financial investments	195, 429	196, 995
Investment property (1)	2,495	4,507
Derivative instruments	825	825
General Account investments (A)	198, 749	202, 327
Equities and other variable-income securities	26,236	26,236
Bonds and other fixed-income securities	14,135	14,135
Unit-linked financial investments	40, 371	40, 371
Unit-linked investment property (1)	1	1
Total unit-linked investments (B)	40, 372	40, 372
TOTAL INVESTMENTS (A) + (B)	239, 121	242, 699

(1) Investment property is valued on the basis of expert appraisal.

Measurement of assets recognised at fair value

The best estimate of the fair value of financial instruments consists in the instrument's market price when it is traded on an active market, i.e. prices are traded and disseminated.

In the absence of a market and of reliable data, fair value is determined using an appropriate method that is consistent with the valuation methods used in financial markets: market value of a comparable instrument, discounted future cash flows, or valuation models.

The calculations carried out represent best estimates. They are based on a number of valuation models and assumptions. To the extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

In the cases where market values have to be estimated, the method used to discount estimated future cash flows is the most widely used.

In application of the amendment to IFRS 7 arising from the regulation of 27 November 2009 (EC no. 1165-2009), relative to information to be disclosed on financial instruments, the following tables present the fair value of instruments according to the hierarchy based on three levels defined in IFRS 7:

- Level 1: fair value corresponding to (unadjusted) quoted prices in an active market.
- Level 2: fair value measured using directly or indirectly observable inputs other than those in Level 1.
- Level 3: fair value that is measured using significant unobservable inputs.

The characteristics of these levels of fair value are described in detail in the paragraph on the determination of the fair value of financial instruments of Note 1.

(in € million)	31.12.2012			
	Prices quoted in active markets for identical instrument	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	136,146	26,719	990	163,856
Equities and other variable-income securities	13,857	4,376	719	18,952
Bonds and other fixed-income securities	122,289	22,343	271	144,904
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	23,435	10,195	2,242	35,872
Equities and other variable-income securities	1,223	4,110	2,241	7,574
Bonds and other fixed-income securities	22,212	6,085	1	28,298
Financial assets at fair value through profit or loss on a unit-linked asset	29,137	12,369	63	41,568
Equities and other variable-income securities	24,840	299	-	25,139
Bonds and other fixed-income securities	4,297	12,070	63	16,429
Investment property	-	-	-	-
Derivative instruments	-	868	(2)	866
Total assets measured at fair value	188,718	50,151	3,293	242,162

(in € million)	31.12.2011			
	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	117, 632	34, 617	3,076	155, 325
Equities and other variable-income securities	13,523	2,586	933	17,043
Bonds and other fixed-income securities	104,109	32,030	2,143	138,282
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	13, 466	8, 754	2,040	24, 260
Equities and other variable-income securities	1,343	3,553	2,039	6,935
	12,123	5,202	1	17,325
Financial assets at fair value through profit or loss on a unit-linked asset	28, 744	11, 178	450	40, 372
Equities and other variable-income securities	24,189	1,690	357	26,236
Bonds and other fixed-income securities	4,554	9,489	93	14,135
	1	-	-	1
Derivative instruments	-	789	(2)	787
Total assets measured at fair	159, 842	55, 338	5,564	220, 745

Changes in balances of level 3 assets

The reconciliation between opening and closing balances of financial assets at fair value measured according to level 3 criteria is presented in the following tables.

Available-for-sale financial assets

(in € million)	Equities and other variable income securities	Bonds and other fixed-income securities	Total Available-for-sale assets
Balances at 31 December 2011	933	2,143	3,076
Gains and losses in the period:	(6)	(224)	(230)
Recognized through profit or loss	(4)	(222)	(226)
Recognized through equity	(2)	(2)	(4)
Purchases in the period	68	-	68
Sales in the period (1)	(74)	(1,637)	(1,711)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	(327)	-	(327)
into Level 3	-	-	-
out from Level 3	(327)	-	(327)
Change in consolidation scope	125	(11)	114
Balances at 31 December 2012	719	271	990

(1) The significant level of sales is mainly due to the Greek securities sold during the year.

Assets at fair value through profit or loss

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total assets at fair value through profit or loss by kind or by option
Balances at 31 December 2011	2,039	1	2,040
Gains and losses in the period:	59	-	59
Recognized through profit or loss	59	-	59
Recognized through equity	-	-	-
Purchases in the period	2,853	-	2,853
Sales in the period	(2,473)	-	(2,473)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	(238)	1	(237)
into Level 3	-	1	1
out from Level 3	(238)	-	(238)
Change in consolidation scope	-	(1)	(1)
Balances at 31 December 2012	2,241	1	2,242

Unit-linked financial assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total unit-linked financial assets
Balances at 31 December 2011	357	93	450
Gains and losses in the period:	-	1	1
Recognized through profit or loss	-	1	1
Recognized through equity	-	-	-
Purchases in the period	-	-	-
Sales in the period	-	(5)	(5)
Issues in the period	-	-	-
Transactions unwound in the period	-	(19)	(19)
Transfers	-	-	-
into Level 3	-	-	-
out from Level 3	-	-	-
Change in consolidation scope (1)	(357)	(7)	(364)
Balances at 31 December 2012	-	63	63

(1) The change in the consolidation scope is related to the disposal of Bes Vida.

Exposure to sovereign and non-sovereign risk in European countries under supervision

In view of the fact that in the tough economic context certain Eurozone countries are definitely struggling to keep their public finances under control, Crédit Agricole Assurances Group's exposure to specific European countries is presented below:

(in € million)	2012	2011
Greece	-	1,890
Ireland	1,045	1,309
Portugal	1,560	1,871
Italy	4,387	7,077
Spain	979	3,154
Total exposure	7,971	15,301

◊ Exposure to sovereign risk on Greece, Ireland, Portugal, Italy and Spain.

Exposure to sovereign debt is presented net of impairment and corresponds to exposure before application of the profit-sharing mechanisms between insurer and policyholder specific to Life insurance.

Maturity (excluding trading portfolio)

(in € million)	Residual maturities	Gross exposure in 2012	Gross exposure in 2011
Greece	One year	-	12
	Two years	-	31
	Three years	-	22
	Five years	-	29
	Ten years	-	876
	Ten years and over	-	920
	Total Greece	-	1,890
Ireland	One year	19	-
	Two years	-	37
	Three years	-	19
	Five years	-	6
	Ten years	1,018	992
	Ten years and over	8	237
	Total Ireland	1,045	1,291
Portugal	One year	3	671
	Two years	3	99
	Three years	4	35
	Five years	110	27
	Ten years	21	175
	Ten years and over	1,419	862
	Total Portugal	1,560	1,869
Italy	One year	235	123
	Two years	342	157
	Three years	372	428
	Five years	644	881
	Ten years	1,206	4,224
	Ten years and over	1,588	1,265
	Total Italy	4,387	7,078
Spain	One year	-	3
	Two years	-	1
	Three years	-	1,017
	Five years	-	30
	Ten years	1	120
	Ten years and over	978	1,984
	Total Spain	979	3,155
	Total general gross exposure	7,971	15,283

Changes between 31 December 2011 and 31 December 2012

Changes in exposure (in € million)	31.12.2011	Change in fair value	Recycling of available-for-sale reserves	Accrued interest	Maturity dates	Disposals net of reversals of provisions	Acquisitions	31.12.2012
Greece	1,890	(138)	144	(137)	-	(2,273)	514	-
Ireland	1,309	319	(6)	(17)	-	(567)	7	1,045
Portugal	1,871	640	48	(19)	(2)	(993)	16	1,560
Italy	7,077	1,119	129	(39)	(52)	(3,961)	113	4,387
Spain	3,154	(52)	119	(67)	-	(2,193)	17	979
Total	15,301	1,888	434	(279)	(54)	(9,987)	667	7,971

◊ Accounting treatment of exposure to trades in Greek sovereign securities at 31 December 2011

At 31 December 2011, Greek sovereign securities were valued by applying a (level 3 mark-to-model) internal valuation model using a 30% weighting of the market price at 31 December 2011 and a 70% weighting of the valuation based on macroeconomic assumptions (debt/GDP target ratio, level of completion of the privatisation programme, participation of the Greek government's various creditors, etc.). At 31 December 2011, Greek government securities were valued, regardless of their maturity, with an average discount of 74%, i.e. an impairment net of the mechanisms used to share profits between insurer and policyholder specific to life insurance and of tax totalling € 665 million.

◊ Treatment in 2012 of the exchange of Greek bonds held by private creditors

In exchange for their old sovereign bonds issued under Greek law, private investors received in March 2012 new Greek bonds, EFSF bonds and "zero coupon" bonds to finance the accrued interest of the old bonds.
This bond exchange is analysed as a disposal followed by an acquisition: the initial value at which the new bonds issued by the Greek Republic is recognised in the balance sheet corresponds to their fair value on the day of the swap. The EFSF bonds were recognised at 100% of their par value.

All in all, the transaction resulted in a capital loss of 77% of the outstanding bonds tendered to the swap in 2012. Accordingly, the impact of the implementation of the PSI agreements amounts to a charge of € 31 million for the insurance business line (after profit sharing mechanisms and taxes).

The Group's policy of pulling out from its exposure to Greek sovereign debt led the entities of the Insurance business line to sell their entire portfolio.

◊ Exposure to non-sovereign risk on Greece, Ireland, Portugal, Italy, Spain, Cyprus and Hungary

The exposure of Crédit Agricole Assurances Group to non-sovereign risk in European countries under watch is described in detail below. It involves portfolios of debt instruments and loans and receivables due from customers and credit institutions. Exposures held for trading and off-balance sheet commitments are not included in this analysis. Breakdown by country is by counterparty risk country.

The amounts shown include the carrying amount of debt instruments classified as available-for-sale financial assets and held-to-maturity financial assets.

(in € million)	31.12.2012			31.12.2011
	Exposure to bonds net of impairment	Exposure to other debt instruments net of impairment	Net exposure of debt instruments	Net exposure of debt instruments
Greece (including Cyprus)	-	-	-	-
Banks	-	-	-	-
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	-	-	-	-
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Ireland	332	-	332	338
Banks	330	-	330	333
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	2	-	2	5
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Italy	3,660	-	3,660	3,546
Banks	1,760	-	1,760	1,794
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	1,900	-	1,900	1,492
Corporate and large corporate semi-public	-	-	-	260
Local authorities	-	-	-	-
Spain	3,923	-	3,923	3,928
Banks	2,057	-	2,057	1,932
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	1,495	-	1,495	1,383
Corporate and large corporate semi-public	155	-	155	402
Local authorities	216	-	216	211
Portugal	541	-	541	416
Banks	472	-	472	361
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	69	-	69	55
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Hungary	3	-	3	-
Banks	-	-	-	-
Retail customers	-	-	-	-
Corporate and large corporate excluding semi-public	3	-	3	-
Corporate and large corporate semi-public	-	-	-	-
Local authorities	-	-	-	-
Total	8,459	-	8,459	8,228

* Predica only

Maturity schedule of bond portfolio

The following tables show how the bond portfolio breaks down (investments by the insurance activity and other activities), with the exception of investments representative of unit-linked contracts.

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	9,141	35,979	99,784	144,904
Held-to-maturity assets	280	3,584	10,738	14,602
Financial assets at fair value through profit or loss by kind or by option	1,245	5,279	21,774	28,298
Total bond portfolio (excluding unit-linked contracts)	10,666	44,842	132,296	187,804

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Available-for-sale assets	21,978	24,168	92,136	138,282
Held-to-maturity assets	554	3,735	11,032	15,321
Financial assets at fair value through profit or loss by kind or by option	545	3,745	13,035	17,325
Total bond portfolio (excluding unit-linked contracts)	23,077	31,648	116,203	170,928

Provisions for impairment of financial assets

(in € million)	31.12.2011	Change in scope	Impairment /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Impairment of held-to-maturity securities	(57)	-	-	-	-	57	-
Impairment of equities and other variable-income securities	(1,407)	7	(311)	357	-	-	(1,354)
Impairment of bonds and other fixed-income securities *	(5,147)	44	(1)	4,947	-	(57)	(214)
Available-for-sale financial assets	(6,554)	51	(312)	5,304	-	(57)	(1,568)
Impairment of investment property (amortised cost)	(11)	8	(10)	-	-	(2)	(15)
Impairment of loans and receivables	-	-	-	-	-	-	-
Impairment of other financial assets	(11)	8	(10)	-	-	(2)	(15)
Total impairment	(6,622)	59	(322)	5,304	-	(2)	(1,583)

* The €4.9bn reversal is related to the Greek bond swap. These bonds were sold during the year.

Investment property (excluding unit-linked contracts)

(in € million)	31.12.2011	Change in scope (1)	Impairment /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Gross amount	2,559	(75)	298	(214)	-	464	3,032
Depreciation, amortization and impairment	(64)	17	(16)	-	-	-	(64)
Net value of investment property	2,495	(58)	282	(214)	-	464	2,968

(1) The change in the consolidation scope is related to the disposal of Bes Vida

Transferred assets not derecognised (IFRS 7.42 A)

Nature of transferred assets	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Associated liabilities				
	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities sold/bought under repurchase agreements	Other (1)	Fair value*	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities sold/bought under repurchase agreements	Other	Fair value*
Held for trading	-	-	-	-	-	-	-	-	-	-
Designated at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Available for sale	1,423	-	-	1,423	1,423	958	-	-	958	958
Equity instruments	1,423	-	-	1,423	1,423	958	-	-	958	958
Loans and receivable	-	-	-	-	-	-	-	-	-	-
Held to maturity	-	-	-	-	-	-	-	-	-	-
Total financial	1,423	-	-	1,423	1,423	958	-	-	958	958
Total transferred assets	1,423	-	-	1,423	1,423	958	-	-	958	958

* In the case when the guarantee given by the related parties to the agreement leading to associated liabilities is limited to transferred financial assets (IFRS 7.42D.(d)
(1) loans of securities

Nature of transferred assets	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of asset still recognised (continuing involvement)	Carrying amount of associated liabilities
	Net fair value			
Held for trading	-	-	-	-
Designated at fair value through income statement	-	-	-	-
Available for sale	465	465	-	-
Equity instruments	465	465	-	-
Loans and receivables	-	-	-	-
Held to maturity	-	-	-	-
Total financial assets	465	465	-	-
Finance leases	-	-	-	-
Total transferred assets	465	465	-	-

Significant investments in non-consolidated companies

These investments, held in the portfolio of available-for-sale financial assets, consist of variable-income securities representing a significant percentage of the share capital of the companies that issued them and are intended to be held for the long term.

This item line amounted to € 3,265 million at 31 December 2012.
It was composed of a few lines for which the holding rate exceeded 20% but their contribution was not deemed material with respect to possible consolidation in the Group's financial statements.

In 2012, long-term impairment of non-consolidated equity investments totalled € 18 million, recognised through profit or loss.

5.5 Derivative instruments

Hedging derivative instruments

Derivative financial instruments used in a hedging relationship are designated according to their intended purpose:

- value hedging: fair value hedges modify the risk of changes in the fair value of a fixed-rate instrument caused by movements in interest rates. These hedges transform fixed-rate assets or liabilities into floating-rate items;
- fair value hedges include in particular the hedging of loans, securities, deposits and subordinated fixed-rate debts;
- hedging future earnings: cash flow hedges modify in particular the risk related to variability in cash flows arising from floating-rate financial instruments;
- cash flow hedges include, in particular, the hedging of floating-rate loans and deposits;
- hedging of a net investment in foreign currency: hedges of a net investment in foreign currency modify the risk inherent in exchange rate fluctuations related to assets or liabilities held in different currencies from the entity's reference currency.

Each hedging relationship is formally documented with a description of the strategy, the item hedged and the hedging instrument, and the method drawn upon to measure effectiveness.

Hedging derivative instruments

	31.12.2012		31.12.2011	
	Market value		Market value	
(in € million)	positive	negative	positive	negative
Interest rates	-	-	-	-
Equity	-	-	-	-
Currency	32	-	-	-
Other	-	-	-	-
Fair value hedging	32	-	-	-
Interest rates	533	-	417	-
Equity	-	-	-	-
Currency	-	-	-	-
Other	-	-	-	-
Cash flow hedging	533	-	417	-
Hedging of net investment in operations in a foreign country	-	-	-	-
Total hedging derivative instruments	565	-	417	-

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	82	451	533
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	82	451	533
Equity and index derivatives	-	-	-	-
Other	32	-	-	32
Other instruments	32	-	-	32
Total hedging derivative instruments - Fair value assets	32	82	451	565

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	40	377	417
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	40	377	417
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	-	-	-	-
Total hedging derivative instruments - Fair value assets	-	40	377	417

Derivative instruments held for trading

(in € million)	31.12.2012		31.12.2011	
	Market value		Market value	
	positive	negative	positive	negative
FRAs	-	-	-	-
Interest rate swaps	1	1	21	5
Interest rate options	128	-	111	-
Caps, floors, collars	152	-	276	-
Interest rate instruments	281	1	408	5
Equity and index derivatives	-	-	-	-
Other	28	6	-	33
Other instruments	28	6	-	33
Total derivative instruments held for trading	309	7	408	38

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	-	-	1
Interest rate options	-	21	107	128
Caps, floors, collars	-	71	80	151
Interest rate instruments	1	92	187	280
Equity and index derivatives	-	-	-	-
Other	24	5	-	29
Other instruments	24	5	-	29
Total hedging derivative instruments - Fair value assets	25	97	187	309

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	3	17	1	21
Interest rate options	-	11	100	111
Caps, floors, collars	-	123	153	276
Interest rate instruments	3	151	254	408
Equity and index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	-	-	-	-
Total hedging derivative instruments - Fair value assets	3	151	254	408

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	1	1	-	2
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	1	1	-	2
Equity and index derivatives	-	-	-	-
Other	-	5	-	5
Other instruments	-	5	-	5
Total hedging derivative instruments - Fair value liabilities	1	6	-	7

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total market value
FRAs	-	-	-	-
Interest rate swaps	-	2	3	5
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	-	2	3	5
Equity and index derivatives	-	-	-	-
Other	23	6	4	33
Other instruments	23	6	4	33
Total hedging derivative instruments - Fair value liabilities	23	8	7	38

5.6 Share held by cedants and retrocessonaires in liabilities relating to insurance contracts and financial contracts

(in € million)	31.12.2012	31.12.2011
Mathematical reserves	-	-
Reserves for unearned premiums	151	147
Reserves for claims outstanding	268	223
Other technical reserves	267	238
Reinsurers' share in non-life insurance liabilities	686	608
Mathematical reserves	284	205
Reserves for unearned premiums	187	169
Reserves for claims outstanding	26	24
Other technical reserves	1	1
Profit-sharing reserves	-	1
Reinsurers' share in life insurance liabilities	498	400
Reinsurers' share in liabilities for financial contracts	-	-
Total share held by cedants in liabilities	1,184	1,008

5.7 Operating property and other property, plant and equipment

(in € million)	31.12.2011	Change in scope	Depreciation /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2012
Gross amount	321	(17)	5	(2)	-	-	307
Depreciation, amortization and impairment	(58)	7	(11)	1	-	-	(61)
Net value of operating property and other properly, plant and equipment	263	(9)	(7)	(1)	-	-	246

(in € million)	31.12.2010	Change in scope	Depreciation /Increases	Reversals / Decreases	Translation difference	Other changes	31.12.2011
Gross amount	425	1	4	(45)	-	(65)	321
Depreciation, amortization and impairment	(46)	-	(12)	1	-	-	(57)
Net value of operating property and other properly, plant and equipment	379	1	(8)	(44)	-	(65)	263

5.8 Net deferred acquisition costs

(in € million)	31.12.2012	31.12.2011
Net deferred acquisition costs and similar on insurance and financial contracts with discretionary participation features	433	427
Rights acquired on financial contracts without discretionary participation features	6	13
Net deferred acquisition costs and similar on life activities	439	440
Deferred acquisition costs on non-life activities	351	366
Provisions for expenses charged and unearned deductions	(12)	(49)
Total deferred acquisition costs	778	757

5.9 Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are now offset within a same taxable entity.

The deferred tax tables below show a net change of € 188 million in the "Accounting/tax mismatch" item mainly accounted for by the reversal of the tax risk provision after the tax audit notice sent to Predica in 2008 was cancelled.

Deferred tax assets

(in € million)	31.12.2012	31.12.2011
Accounting/tax mismatch	77	367
IFRS adjustments through reserves	(22)	203
IFRS adjustments through profit or loss	(8)	13
Total deferred tax assets	47	583

Deferred tax liabilities

(in € million)	31.12.2012	31.12.2011
Accounting/tax mismatch	(100)	2
IFRS adjustments through reserves	480	9
IFRS adjustments through profit or loss	210	237
Total deferred tax liabilities	590	248

5.10 Receivables arising on direct insurance and inward reinsurance transactions

	31.12.2012			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	909	-	24	933
Unrecovered written premiums	16	1	-	17
Unwritten earned premiums	35	-	-	35
Other receivables	448	4	6	458
Receivables for cash deposited at ceding companies	42	71	-	113
Total receivables arising on direct insurance and inward reinsurance transactions	1,450	76	30	1,556

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	848	1	42	891
Unrecovered written premiums	16	-	-	16
Unwritten earned premiums	53	-	-	53
Other receivables	451	8	-	459
Receivables for cash deposited at ceding companies	77	-	-	77
Total receivables arising on direct insurance and inward reinsurance transactions	1,445	9	42	1,496

5.11 Receivables arising on outward reinsurance transactions

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	88	-	2	90
Other receivables from reinsurance transactions	-	-	-	-
Total receivables arising on outward reinsurance transactions	88	-	2	90

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	188	2	-	190
Other receivables from reinsurance transactions	-	-	-	-
Total receivables arising on outward reinsurance transactions	188	2	-	190

5.12 Other receivables

(in € million)	31.12.2012	31.12.2011
Employees	1	-
Government, social security agencies	771	723
Accrued income	81	87
Miscellanious debtors	407	491
Other adjustment accounts	122	132
Securities bought/sold under repurchase agreements	5	885
Total	1,387	2,318

5.13 Equity

Composition of capital at 31 December 2012

At 31 December 2012, equity and voting rights broke down as follows:

Shareholders	Shares outstanding	% of capital	% of voting rights
Crédit Agricole S.A.	116,254,292	99.99%	100%
Other	6	0.01%	0%
Total	116,254,298	100%	100%

The par value of shares is €10. These shares have been fully paid up.

Movements in capital of Crédit Agricole Assurances

There were no movements in the capital of Crédit Agricole Assurances in 2012.

Preferred shares

Crédit Agricole Assurances has not issued any preferred shares.

Earnings per share

	31.12.2012	31.12.2011
Net income attributable to owners of the parent in the period (in € million)	750	433
Weighted average number of ordinary shares outstanding during the period	116,254,298	116,254,298
Earnings per share (in euros)	6.45	3.72

Dividends – Exceptional payouts

- On 9 May 2012, the General Meeting approved a total dividend payout of €378 million, i.e. €3.25 per share.

Two payment options will be proposed to shareholders for the 2012 dividend:
- either in cash;
- or in shares.

	2012 forecast	2011	2010
Net dividend per share (in euros)	8.83	3.25	7.78
Final dividend (in € million)	1,027	378	905

- On 7 November 2012, the General Meeting decided to appropriate the entire retained earnings, i.e. a sum of €138 million, to the "Other reserves" line and to pay out this sum, i.e. €1.187 per share. A Board of Directors meeting held on the same day decided to use the delegation of authority it had been granted by the General Meeting of 9 May 2012 to pay out the issue premium to the amount of €1,584 million, or €13.623 per share.

5.14 Provisions for risks and charges

(in € million)	31.12.2011	Changes in scope	Depreciation	Reversals	Utilisation	Translation differences	Other changes	31.12.2012
Provisions for litigation and contingency risks	293	(17)	30	-	(195)	-	-	111
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	45	-	13	(2)	(2)	-	-	53
Other provisions for risks & charges	15	(2)	1	(1)	(1)	-	-	12
Total	353	(19)	44	(3)	(198)	-	-	177

In 2012, the tax authorities dropped the tax adjustment they had notified after a tax inspection carried out at Predica in 2008. Predica carried out a total reversal of the provision (€140 million).

Moreover, Crédit Agricole Assurances was the subject of a tax inspection covering fiscal years 2008 and 2009. Most of the tax adjustment has been challenged and has not been provisioned.

(in € million)	31.12.2010	Changes in scope	Depreciation	Reversals	Utilisation	Translation differences	Other changes	31.12.2011
Provisions for litigation and contingency risks	144	-	54	(1)	(1)	-	97	293
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	37	-	13	(6)	(1)	-	2	45
Other provisions for risks & charges	120	-	2	(2)	(8)	-	(97)	15
Total	301	-	69	(9)	(10)	-	2	353

5.15 Funding debt

Subordinated debt

(in € million)	Currency	31.12.2012				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	7	-	1,786	1,793
Perpetual subordinated debt	EUR	-	7	-	2,136	2,143
Total	EUR	-	14	-	3,922	3,936

Crédit Agricole Assurances issued €1.7bn subscribed to by Crédit Agricole S.A.

(in € million)	Currency	31.12.2011				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Fixed-term subordinated debt	EUR	-	5	-	1,127	1,132
Perpetual subordinated	EUR	-	4	-	1,132	1,136
Total	EUR	-	9	-	2,259	2,268

Financing charges

(in € million)	31.12.2012	31.12.2011
Redeemable subordinated notes	(67)	(67)
Perpetual subordinated notes	(75)	(76)
Other financing charges	(35)	(27)
Financing charges	(177)	(170)

5.16 Liabilities relating to insurance and financial contracts

Technical liabilities relating to insurance contracts

The insurance contracts whose technical liabilities are presented in the table below are contracts under which the insurer shoulders a significant insurance risk.

	31.12.2012		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,364	151	1,213
Mathematical reserves	2,580	268	2,312
Claims reserves	1	-	1
Particiation reserves	-	-	-
Reserves for shortfall in liabilities			
Other provisions	1,167	267	900
Technical liabilities relating to non-life insurance contracts	5,112	686	4,426
Unearned premiums reserves	760	187	573
Mathematical reserves	85,340	284	85,056
Claims reserves	1,579	26	1,553
Participation reserves	512	-	512
Reserves for shortfall in liabilities	2	-	2
Other provisions	252	1	251
Technical liabilities relating to life insurance contracts	88,445	498	87,947
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	37,093	-	37,093
Total technical liabilities relating to insurance contracts	130, 650	1,184	129, 466

Liabilities relating to insurance contracts net of reinsurance amounted to €129.5bn at 31.12.2012 versus €119.4bn at 31.12.2011. This €10bn increase mostly resulted from the rise in life mathematical reserves.

(in € million)	31.12.2011		
	Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,320	147	1,172
Mathematical reserves	-	-	-
Claims reserves	2,344	223	2,121
Particiation reserves	1	-	1
Reserves for shortfall in liabilities	-	-	-
Other provisions	1,086	238	848
Technical liabilities relating to non-life insurance contracts	4,750	608	4,142
Unearned premiums reserves	722	169	553
Mathematical reserves	79,551	205	79,347
Claims reserves	1,571	23	1,548
Participation reserves	317	2	315
Reserves for shortfall in liabilities	2	-	2
Other provisions	197	1	196
Technical liabilities relating to life insurance contracts	82, 361	400	81, 962
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	33, 386	-	33, 386
Total technical liabilities relating to insurance contracts	120, 498	1,008	119, 490

Technical liabilities relating to financial contracts

The financial contracts whose technical liabilities are presented in the table below are contracts that do not expose the insurer to a significant insurance risk. They are governed by IFRS 4 when they include discretionary profit sharing features and by IAS 39 when they do not.

(in € million)	31.12.2012		
	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,471	-	97,471
Claims reserves	1,116	-	1,116
Participation reserves	785	-	785
Reserves for shortfall in liabilities	-	-	-
Other provisions	20	-	20
Technical liabilities relating to investment contracts in euros with discretionary participation features	99, 392	-	99, 392
Mathematical reserves	360	-	360
Claims reserves	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	360	-	360
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,189	-	2,189
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,304	-	2,304
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	4,493	-	4,493
Total technical liabilities relating to financial contracts	104, 245	-	104, 245

The change in technical liabilities relating to financial contracts between 2011 and 2012 amounted to a € 5.3bn loss. It is related to the disposal of Bes Vida.

(in € million)	31.12.2011		
	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	100,750	-	100,750
Claims reserves	1,237	-	1,237
Participation reserves	550	-	550
Reserves for shortfall in liabilities	-	-	-
Other provisions	25	-	25
Technical liabilities relating to investment contracts in euros with discretionary participation features	102, 563	-	102, 563
Mathematical reserves	679	-	679
Claims reserves	5	-	5
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	684	-	684
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	1,851	-	1,851
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	5,222	-	5,222
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	7,073	-	7,073
Total technical liabilities relating to financial contracts	110, 320	-	110, 320

Changes in gross life mathematical reserves

(in € million)	31 December 2012			
	Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	112,938	102,601	5,901	221,440
Premiums	12,550	5,427	651	18,628
Benefits	(8,476)	(8,708)	(847)	(18,031)
Increase in contract prices	5,521	3,045	240	8,806
Changes in reserves relating to technical and actuarial items	(839)	(20)	(70)	(929)
Transfers	805	(824)	(35)	(54)
Other	(11)	(9)	-	(20)
Change in consolidation scope (1)	(36)	(1,851)	(3,176)	(5,063)
Mathematical reserves at end of period	122, 433	99,660	2,664	224, 757

(1) The change in consolidation scope is related to the disposal of Bes Vida.

(in € million)	31 December 2011			
	Life insurance contracts	Financial contracts with discretionary participation features	Financial contracts without discretionary participation features	Total
Life mathematical reserves at beginning of period	105,156	105,934	7,449	218,538
Premiums	14,068	5,633	700	20,401
Benefits	(8,193)	(10,198)	(1,995)	(20,386)
Increase in contract prices	572	2,692	(205)	3,059
Changes in reserves relating to technical and actuarial items	(792)	3	-	(789)
Transfers	1,504	(1,462)	(39)	(2)
Other	1	(1)	(8)	(10)
Change in consolidation scope	622	-	-	622
Mathematical reserves at end of period	112, 938	102, 601	5,901	221, 439

5.17 Change in provisions for non-life claims

(in € million)	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012
Reserves for initially handled gross claims	505	577	974	1,201	1,468	1,690	1,900	2,183	2,350	2,585
Exchange rate impact at 31 December 2012	-	-	-	-	-	-	-	-	-	-
Impact of change in scope on 2012	-	-	(40)	(44)	(47)	(51)	(54)	(58)	(59)	(37)
Reserves for initially handled gross claims adjusted for exchange rates and consolidation scope in 2012	505	577	934	1,158	1,421	1,639	1,846	2,124	2,291	2,548
Cumulative payments made										
- one year later	202	242	313	450	502	554	651	742	778	-
- two years later	273	302	414	575	643	715	846	949	-	-
- three years later	324	362	488	660	743	825	967	-	-	-
- four years later	369	396	542	726	822	902	-	-	-	-
- five years later	392	417	589	782	877	-	-	-	-	-
- six years later	406	436	634	808	-	-	-	-	-	-
- seven years later	421	450	660	-	-	-	-	-	-	-
- eight years later	431	459	-	-	-	-	-	-	-	-
- nine years later	438	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Re-estimated final cost								-		-
- one year later	568	638	971	1,219	1,421	1,603	1,824	2,058	2,258	-
- two years later	536	585	928	1,193	1,374	1,486	1,731	1,937	-	-
- three years later	524	571	929	1,162	1,305	1,435	1,672	-	-	-
- four years later	515	560	936	1,120	1,276	1,409	-	-	-	-
- five years later	509	552	905	1,107	1,268	-	-	-	-	-
- six years later	502	529	909	1,095	-	-	-	-	-	-
- seven years later	489	530	892	-	-	-	-	-	-	-
- eight years later	489	528	-	-	-	-	-	-	-	-
- nine years later	490	-	-	-	-	-	-	-	-	-
- ten years later	-	-	-	-	-	-	-	-	-	-
Surplus (shortfall) in initial reserves in comparison with the re-estimated final cost at 31 December 2012	15	49	41	63	153	230	174	188	33	-

(1) Médicale de France data were included in the triangle from 2005 onwards, after the company entered the consolidation scope.

The table describing how claims were handled shows changes in provisions for claims outstanding for the non-life activity (with the exception of CARE). Médicale de France data were included in the triangle as of 2005.

The first line "Reserves for initially handled gross claims" represents the amount of provisions (in the financial year during which the claim occurred and all the previous years) handled at the accounting closing date indicated in the columns.

The line "Reserves for initially handled gross claims adjusted for exchange rates and scope in year Y" shows the same provision as reported in the first line at the exchange rates and consolidation scope of the current year.

The third line "Impact of change in scope on 2012" is related to the stripping out of CARE.

The "cumulative payments made" section describes in detail the cumulative amount of payments relating to year Y when the claim occurred and previous years. The second section "re-estimate of final cost" describes in detail the Group's commitment for the year in which the claim occurred and previous years. The estimate of the final cost fluctuates in line with the increasing reliability of information about claims still pending.

The surplus or shortfall in initial reserves in comparison with the re-estimated final cost is the difference between the initial provision and the latest estimate of reserves for claims outstanding.

5.18 Schedule of insurance liabilities

The estimated unfolding of Crédit Agricole Assurances' insurance liabilities is presented in the following table. These data relate to insurance contracts and financial contracts with the exception of unit-linked contracts, for which policyholders bear the risk.

(in € million)	31.12.2012			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	17,598	41,685	134,025	193, 308

(in € million)	31.12.2011			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Insurance liabilities	19,126	48,804	122,428	190, 358

These projections are an estimate of the pace at which recognised liabilities will eventuate; therefore they do not match the sums that will be actually paid, partly because of the discounting of recognised reserves, as well as the uncertainty weighing on the hypotheses drawn upon.

5.19 Net deferred participation

(in € million)	31.12.2012	31.12.2011
Participation/ Remeasurement of assets at FV through profit or loss	873	2,195
Participation/ Remeasurement of (AFS) assets at FV through reserves	(11,559)	3,376
Participation/ other adjustments	306	(314)
Net deferred profit-sharing	(10, 380)	5,257

Deferred participation mainly relates to the reserves held to revaluate securities held in the portfolio. In view of developments in financial markets in 2012, net deferred participation to remeasurements of assets at fair value moved from a positive position of €5.6bn in 2011 to a negative position of €10.7bn in 2012.

5.20 Payables arising on outward reinsurance transactions

(in € million)	31.12.2012	31.12.2011
Fees due	924	834
Claims outstanding	100	196
Cash deposits	-	-
Co-insurers	-	-
Other payables on insurance transactions	581	569
Expenses charged and unearned deductions	12	49
Total payables arising on outward reinsurance transactions	1,617	1,648

5.21 Payables arising from outward reinsurance transactions

(in € million)	31.12.2012	31.12.2011
Ceded reinsurance	-	-
payables Reinsurers'	303	366
current accounts Ceded	132	112
deferred acquisition costs	558	486
Total payables arising from outward reinsurance transactions	993	965

5.22 Other payables

(in € million)	31.12.2012	31.12.2011
Employee creditors	22	19
Government, social	806	760
security agencies	-	2,545
Pension benefits	3,763	2,533
Miscellaneous creditors		
Total other payables	4,591	5,858

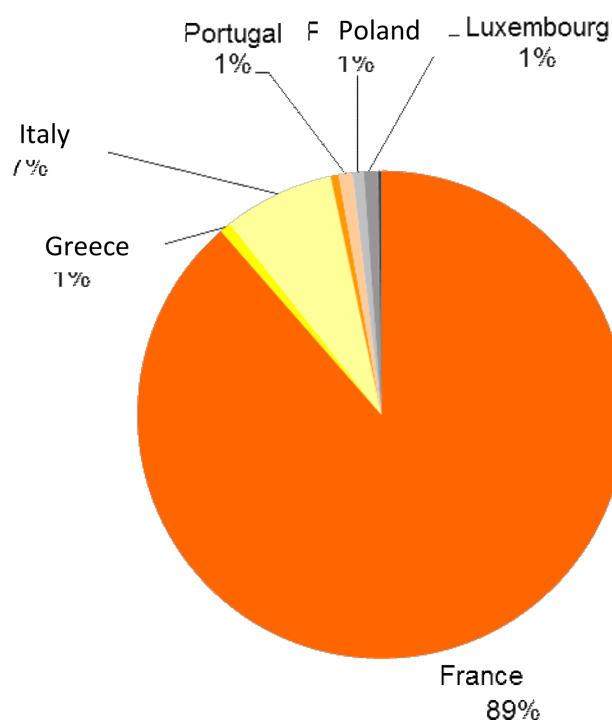
Note 6 Notes to the income statement

6.1 Breakdown of revenue - Revenue by type of risk

(in € million)	31.12.2012		
	Gross	Disposals and retrocessions	Net
Automobile	842	(32)	810
Third-party liability	61	(6)	55
Property damage	842	(90)	752
Legal protection	93	-	93
Other non-Life	484	(12)	472
Non-life	2,322	(140)	2,182
Assistance insurance	1	(1)	-
Accidents/death/disability	511	(44)	467
Natural disasters	70	(39)	31
Credit	349	(69)	280
Healthcare	482	(10)	472
Non-life insurance premiums written	**3,735**	**(303)**	**3,432**
Change in unearned non-life premiums	(36)	1	(35)
Other non-life insurance technical income	68	-	68
Non-life revenue	**3,767**	**(302)**	**3,465**
Accidents/death/disability	1,133	(105)	1,028
Collective savings	80	-	80
Individual savings	16,779	(44)	16,735
Provident insurance	692	(69)	623
Other life	144	-	144
Life insurance premiums written	**18,828**	**(218)**	**18,610**
Change in unearned life premiums	(17)	12	(5)
Other life insurance technical income	15	-	15
Life revenue	**18,826**	**(206)**	**18,620**
Total revenue	**22,593**	**(508)**	**22,085**

(in € million)	31.12.2011		
	Gross	Disposals and retrocessions	Net
Automobile	777	(27)	750
Third-party liability	55	(5)	50
Property damage	798	(83)	715
Legal protection	86	-	86
Other non-life	197	(5)	192
Non-life	1,913	(120)	1,793
Assistance insurance	1	(1)	-
Accidents/death/disability	739	(55)	684
Natural disasters	62	(35)	27
Credit	365	(70)	295
Healthcare	509	(10)	499
Non-life insurance premiums written	**3,588**	**(291)**	**3,297**
Change in unearned non-life premiums	(92)	1	(91)
Other non-life insurance technical income	68	-	68
Non-life revenue	**3,565**	**(290)**	**3,274**
Accidents/death/disability	1,126	(102)	1,024
Collective savings	63	-	63
Individual savings	18,701	(12)	18,688
Provident insurance	718	(69)	649
Other life	150	-	150
Life insurance premiums written	**20,757**	**(183)**	**20,574**
Change in unearned life premiums	(38)	16	(22)
Other life insurance technical income	17	-	17
Life revenue	**20,736**	**(168)**	**20,568**
Total revenue	**24,300**	**(458)**	**23,842**

Revenue by geographical area at 31/12/2012



6.2 Investment income net of investment expenses (including dividends)

The €12.2bn change is mostly accounted for by the change in the fair value of the securities held in the portfolio (mostly unit-linked securities) that totalled €7.3bn, because of a positive trend in markets, and by the €4.9bn depreciation of Greek bonds witnessed in 2011.

	31.12.2012					
(in € million)	Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	763	-	-	-	-	763
Available-for-sale assets	5,839	(5)	(334)	(312)	-	5,188
Held-for-trading assets	2	-	-	-	8	10
Assets at fair value through gain or loss on option	652	-	-	-	5,589	6,241
Investment in real estate properties	166	(5)	-	(16)	-	145
Loans and receivables	17	(5)	3	(2)	(26)	(13)
Derivative instruments	21	(3)	-	-	(207)	(189)
Other	248	(357)	-	-	(1)	(110)
Total	7,708	(375)	(331)	(330)	5,363	12,035

(in € million)	31.12.2011					
	Investment income	Investment expenses	Capital gains and losses on investments net of provision reversals	Change in provisions on investments	Change in fair value	Total
Held-to-maturity assets	906	-	-	(767)	-	138
Available-for-sale assets	6,232	(8)	812	(5,382)	-	1,654
Held-for-trading assets	628	-	-	-	(490)	138
Assets at fair value through gain or loss on option	199	-	-	-	(1,710)	(1,511)
Investment in real estate properties	148	(4)	1	(13)	-	132
	58	(15)	2	(3)	9	51
Loans and receivables	16	(9)	-	-	(660)	(653)
Derivative	247	(279)	-	-	-	(32)
Total	8,434	(315)	816	(6, 164)	(2, 851)	(80)

6.3 Gains and losses from hedge accounting

(in € million)	31.12.2012			31.12.2011		
	Gains	Losses	Net	Gains	Losses	Net
Changes in fair value of hedged items attributable to hedged risks	(26)	-	(26)	9	-	9
Changes in fair value of hedging derivatives (including terminations of hedges)	20	-	20	-	(20)	(20)
Fair value hedges	(6)	-	(6)	9	(20)	(11)
Changes in fair value of hedging derivatives – ineffective portion	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-
Changes in fair value of hedging derivatives - ineffective portion	-	-	-	-	-	-
Hedges on net investments in operations in a foreign country	-	-	-	-	-	-
Changes in fair value of hedged items	-	-	-	-	-	-
Changes in fair value of hedging derivatives	-	-	-	-	-	-
Fair value hedges of exposure to interest rate risk of financial instruments portfolio	-	-	-	-	-	-
Changes in fair value of hedging instrument – ineffective portion	-	-	-	-	-	-
Hedges of the exposure of the cash flows of a financial instruments portfolio to interest rate risk	-	-	-	-	-	-
Total gains and losses from hedge accounting	(6)	-	(6)	9	(20)	(11)

6.4 Claims expenses

(in € million)	31.12.2012				
	Life insurance			Non-life insurance contracts	Total
	Contracts	Financial contracts	Total life insurance		
Insurance servicing expense and changes in claims reserves	(7,932)	(9,591)	(17,523)	(2,324)	(19,847)
Change in insurance liabilities	(9,550)	1,090	(8,460)	-	(8,460)
Change in participation reserves	(196)	(236)	(432)	1	(431)
Change in deferred participation reserves	-	-	(677)	-	(677)
Change in reserves for shortfall in liabilities	(1)	(2)	(3)	-	(3)
Change in other technical reserves	(80)	1	(79)	(82)	(161)
Claims expenses	(17, 759)	(8, 738)	(27, 174)	(2, 405)	(29, 579)

(in € million)	31.12.2011				
	Life insurance			Non-life insurance contracts	Total
	Contracts	Financial contracts	Total life insurance		
Insurance servicing expense and changes in claims reserves	(6,125)	(12,379)	(18,504)	(2,058)	(20,563)
Change in insurance liabilities	(7,745)	3,846	(3,898)	-	(3,898)
Change in participation reserves	1,446	2,285	3,731	1	3,731
Change in deferred participation reserves	-	-	1,021	-	1,021
Change in reserves for shortfall in liabilities	(1)	-	(1)	-	(1)
Change in other technical reserves	(99)	-	(99)	(111)	(210)
Claim expenses	(12, 524)	(6, 248)	(17, 751)	(2, 169)	(19, 920)

6.5 Management expenses

Breakdown by destination

(in € million)	31.12.2012
Acquisition costs or similar (1)	(1,826)
Claim management expenses (2)	(171)
Investment management expenses (3)	(39)
Administration expenses	(1,161)
Other technical expenses (4)	(135)
Other non-technical expenses (4)	(110)
Total 2012 management expenses	(3, 442)

(1) excluding the change in deferred acquisition costs totalling €10 million
(2) presented in the income statement on the "Claims expenses" line
(3) presented in the income statement on the "Investment expenses" line
(4) presented in the income statement on the "Other current operating income and expenses" line.

(in € million)	31.12.2011
Acquisition costs or similar	(1,851)
Claim management expenses	(206)
Investment management expenses	(52)
Administration expenses	(1,223)
Other technical expenses	(204)
Other non- technical expenses	(57)
Total 2011 management expenses	(3,593)

Breakdown by nature

(in € million)	31.12.2012
Staff expenses	(241)
Fees	(2,906)
Taxes (1)	(89)
Other	(206)
Total 2012 management expenses	(3,442)

(1) The decline in tax expenses is mainly accounted for by the impact of the result related to Greek sovereign securities on the calculation basis used for certain French taxes (a negative €69 million impact in 2011 and a positive €45 million one in 2012).

(in € million)	31.12.2011
Staff expenses	(236)
Fees	(2,874)
Taxes	(183)
Other	(300)
Total 2011 management expenses	(3,593)

6.6 Fees paid to Statutory Auditors

(in € million)	Ernst & Young		PWC	
	2012	2011	2012	2011
Independent audit, certification, review of parent company and consolidated financial statements	1.9	2.2	1.7	1.8
Other ancillary assignments and services directly linked to the Statutory Auditors' mission	0.3	0.4	0.3	0.2
TOTAL	2.2	2.6	2.0	2.0

6.7 Net income from ceded reinsurance operations

(in € million)	31.12.2012		
	Life insurance	Non-life insurance	Total
Expenses from ceded reinsurance operations	(205)	(302)	(507)
Benefits and costs paid (including change in reserves for claims)	46	113	159
Other technical reserves ceded	79	29	108
Fees received from reinsurers	67	57	124
Net income from ceded reinsurance operations	(13)	(103)	(116)

(in € million)	31.12.2011		
	Life insurance	Non-life insurance	Total
Expenses from ceded reinsurance operations	(167)	(290)	(458)
Benefits and costs paid (including change in reserves for claims)	39	55	94
Other technical reserves ceded	55	36	91
Fees received from reinsurers	36	45	81
Net income from ceded reinsurance operations	(37)	(154)	(191)

6.8 Tax charge

Breakdown of total tax charge

(in € million)	31.12.2012	31.12.2011
Current tax charge	(470)	(292)
Deferred tax charge	(151)	9
Total tax charge	(621)	(283)

Reconciliation between recognised tax charge and theoretical tax charge

(in € million)	31.12.2012	31.12.2011
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	1,502	652
Theoretical tax rate (1)	36.10%	36.10%
Theoretical tax charge	(542)	(235)
Impact of permanent differences	-	(45)
Impact of different tax rates on foreign subsidiaries	17	(8)
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences	15	4
Impact of reduced tax rate	1	7
Impact of other items (2)	(112)	(6)
Effective tax charge	(621)	(283)
Effective tax rate (%)	41.34%	43.41%

(1) The theoretical tax rate is the tax rate applicable under ordinary law (including the additional social contribution) profits taxable in France at 31 December 2012.
(2) including a €127 million "exit tax" on the insurance capitalisation reserve.

Note 7 Employee benefits and other compensation

7.1 Headcount at year-end

Full-time equivalent employees	31.12.2012	31.12.2011
France	1,999	1,957
International	405	452
Total	2,404	2,409

7.2 Post-employment benefits, defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Accordingly, Crédit Agricole Assurances Group companies have no liability in this respect other than their contributions payable.

Within the Group, there are several compulsory defined contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans :

Entities	Compulsory supplementary pension plans	Number of employees covered *	
		Estimate at 31.12.2012	Estimate at 31.12.2011
Predica / CAA/CAAGIS/Pacifica	Agricultural occupational scheme	1,948	1,906
CACI	Occupational scheme	183	181
Predica /CAA/CAAGIS/Pacifica/CACI	"Article 83" (of the French Tax Code) plan	66	62

* Number of employees on the payroll

7.3 Post-employment benefits, defined-benefit plans

Change in actuarial liability

(in € million)	31.12.2012	31.12.2011
Actuarial liability at beginning of period	**62**	**57**
Current service cost during the period	2	4
Impact of discounting	2	3
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	3
Acquisition, disposal (change in consolidation scope)	(29)	-
End-of-career benefits	-	-
Benefits paid out under plan	-	(2)
Actuarial gains/losses	7	(3)
Actuarial liability at end of period	**44**	**62**

Breakdown of charge recognised in profit or loss

(in € million)	31.12.2012	31.12.2011
Current service cost during the period	2	4
Financial cost	2	3
Impact of discounting	-	-
Expected return on assets over the period	(1)	(1)
Amortization of cost of past services	-	-
Amortization of actuarial gains and losses	-	-
Gains and losses on withdrawals and settlements	-	1
Gains and losses from cap on surpluses	-	-
Charge recognised in profit or loss	3	7

Fair value of plan assets

(in € million)	31.12.2012	31.12.2011
Fair value of plan assets at beginning of period	**16**	**16**
Expected return on assets	-	-
Actuarial gains and losses on plan assets	-	-
Employer contributions	-	-
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Acquisition, disposal (change in consolidation scope)*	(15)	-
End-of-career benefits	-	-
Benefits paid out under the plan	-	-
Fair value of plan assets at end of period	**1**	**16**

* Cession Bes Vida

Net position of assets/liabilities

(in € million)	31.12.2012	31.12.2011
Actuarial liability at end of period	44	62
Fair value of plan assets	16	16
Unrecognised past service costs	1	1
Net position of assets/liabilities	27	45

Items immediately recognised in SoRIE (Statement of recognised income and expense) and recognised in comprehensive income

(in € million)	2012	2011
Actuarial gains or losses generated by post-employment benefit plans	7	(3)
Asset restriction adjustments (including impact of IFRIC 14)	-	-
Total items immediately recognised through SoRIE during the financial year	7	(3)
Total amount of actuarial gains or losses in SoRIE at end of financial year	4	(3)

7.4 Other employee benefits

Among the various collective variable compensation plans within Crédit Agricole Assurances Group, the *Rémunération variable collective* (RVC) is a global plan encompassing the discretionary incentive scheme and the compulsory profit-sharing scheme. The amount is calculated in accordance with the Company's performance as measured on the basis of Crédit Agricole Assurances' net income.

A given level of net income – group share - will give rise to an entitlement equal to a given percentage of the total payroll.

The amount of the profit-sharing component is calculated in accordance with the standard legal formula and is deducted from the total RVC to obtain the amount of the discretionary incentive entitlement.

Other employee benefits: in France, the Group's main entities pay long-service awards. The amounts vary according to practices and collective bargaining agreements in place.

7.5 Share-based payments

Under the authorisations granted by the Extraordinary Shareholders' Meeting of 17 May 2006, the Board of Directors of Crédit Agricole S.A. implemented a stock option plan in favour of Crédit Agricole Assurances employees.

No new plan was implemented in 2012.

2006 stock option plan

Crédit Agricole S.A. stock option plan	2006
Date of the Shareholders' Meeting that authorised the plan	17/05/2006
Date of Crédit Agricole S.A. Board of Directors meeting	18/07/2006
Date on which options were allocated	06/10/2006
Length of plan	7 years
Length of the lock-up period	4 years
First date on which options could be exercised	06/10/2010
Expiry date of options	05/10/2013
Number of beneficiaries within Crédit Agricole Assurances	42
Number of shares granted within Crédit Agricole Assurances	237,460
Exercise price	30.83
Performance-related conditions	No
Conditions in case of departure from Group	
Resignation	loss
Dismissal	loss
Retirement	retain
Death	retain (1)
Number of options	
Allocated to corporate officers (2)	49,060
Number of shares allocated to the 10 largest beneficiaries	125,386
Valuation method	Black & Scholes

(1) If heirs and successors exercise their options within 6 months following death
(2) This table shows the allocations made in favour of the corporate officers in place at 31 December 2012 and not the corporate officers in place at the time when this plan was set up

7.6 Senior Executive compensation

Senior Executives include all members of the Executive Committee, namely the Chief Executive Officer and Deputy Chief Executive Officers of Crédit Agricole Assurances, the Chief Executive Officers of the main subsidiaries and the heads of the Group's core business activities.

Compensation and benefits paid to the members of the Executive Committee in 2012 were as follows:

- short-term benefits: €4.9 million with respect to fixed and variable compensation components including social security expenses and benefits in kind;
- post-employment benefits: no end-of-career benefits were paid but €0.14 million was paid under the supplementary pension plan for Group Senior Executive Officers;
- other long-term benefits: not applicable;
- end-of-career benefits: not applicable;
- share-based payments: not applicable.

Total Directors' fees paid to members of Crédit Agricole Assurances Board of Directors in 2013 in consideration for serving as Directors of Crédit Agricole Assurances amounted to €64,000.

Note 8 Commitments given and received

(in € million)	31.12.2012	31.12.2011
Guarantee commitments	707	650
Other commitments received	302	132
Commitments received	1,009	782

(in € million)	31.12.2012	31.12.2011
Securities given as guarantees or pledged	1,164	1,270
Property guarantees	186	186
Other commitments given	-	-
Commitments given	1,350	1,456

Commitments given mainly consist in pledges of securities given to ceding companies. These pledges are aimed at covering the theoretical commitments accepted by Crédit Agricole Assurances under existing reinsurance treaties.

Note 9 Subsequent events

No post-closing event that could materially impact Crédit Agricole Assurances Group's financial statements was recorded.

Note 10 Consolidation scope

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
Parent company						
CREDIT AGRICOLE ASSURANCE	France	Parent company	100%	100%	100%	100%
Holding companies						
CREDIT AGRICOLE CREDITOR INSURANCE	France	Full	100%	100%	100%	100%
Vert SRL (Ex-CREDIT AGRICOLE ASSURANCE ITALIA HOLDING)	Italy	Full (1)	0%	0%	100%	100%
SPACE HOLDING	Ireland	Full	100%	100%	100%	100%
SPACE LUX	Luxembourg	Full	100%	100%	100%	100%
Insurance companies						
PREDICA	France	Full	100%	100%	100%	100%
MEDICALE DE FRANCE	France	Full	100%	100%	100%	100%
ASSURANCES MUTUELLES FEDERALES	France	Full	100%	100%	100%	100%
PACIFICA	France	Full	100%	100%	100%	100%
CALIE	Luxembourg	Full	94%	94%	94%	94%
FONCIERE HYPERSUD	France	Proportionate	51%	51%	51%	51%
SPIRICA	France	Full	100%	100%	100%	100%
BES VIDA	Portugal	Full (2)	0%	0%	50%	50%
BES SEGUROS	Portugal	Full	50%	50%	50%	50%
CA VITA	Italy	Full	100%	100%	50%	50%
FINAREF RISQUES DIVERS	France	Full	100%	100%	100%	100%
FINAREF VIE	France	Full	100%	100%	100%	100%
CACI REINSURANCE	Ireland	Full	100%	100%	100%	100%
CACI LIFE	Ireland	Full	100%	100%	100%	100%
CACI NON-LIFE	Ireland	Full	100%	100%	100%	100%
DOLCEA VIE	France	Full	100%	100%	100%	100%
CA LIFE JAPAN	Japan	Full	100%	100%	100%	100%
CA ASSICURAZIONI	Italy	Full	100%	100%	100%	100%
EMPORIKI LIFE	Greece	Full	100%	100%	100%	100%
Reinsurance company						
CREDIT AGRICOLE REINSURANCE S.A	Luxembourg	Full	100%	100%	100%	100%
Service companies						
VIAVITA	France	Full	100%	100%	100%	100%
CAAGIS	France	Full	50%	50%	50%	50%
CACI GESTION	France	Full	79%	79%	79%	79%
UCITS						
FEDERVAL FCP	France	Full	100%	100%	100%	100%
GRD 2 FCP	France	Full	100%	100%	100%	100%
GRD 3 FCP	France	Full	100%	100%	100%	100%
GRD 4 FCP	France	Full	100%	100%	100%	100%
GRD 5 FCP	France	Full	100%	100%	100%	100%
GRD 7 FCP	France	Full	100%	100%	100%	100%
GRD 10 FCP	France	Full	100%	100%	100%	100%
GRD 12 FCP	France	Full	100%	100%	100%	100%
GRD 14 FCP	France	Full	100%	100%	100%	100%
GRD 16 FCP	France	Full	100%	100%	100%	100%
GRD 17 FCP	France	Full	100%	100%	100%	100%
GRD 18 FCP	France	Full	100%	100%	100%	100%
GRD 19 FCP	France	Full	100%	100%	100%	100%

(1) Vert was deconsolidated in 2011
(2) Bes Vida was sold in 2012

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
GRD 20 FCP	France	Full	100%	100%	97%	97%
GRD 11 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A1 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A2 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A3 FCP	France	Full	100%	100%	100%	100%
BFT OPPORTUNITES FCP	France	Full	100%	100%	100%	100%
CA-EDRAM OPPORTUNITES FCP 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2005 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2006 PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 A 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 C2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMP BIS A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
FCPR ROOSEVELT INVESTISSEMENT PARTS A	France	Full	100%	100%	100%	100%
GRD 1 FCP	France	Full	100%	100%	100%	100%
GRD 8 FCP	France	Full	94.7%	94.7%	100%	100%
GRD 9 FCP	France	Full	98.49%	98.49%	100%	100%
PNL FCPR PRED INFR	France	Full	100%	100%	100%	100%
PNL FCPR PREDICA 2007	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A3	France	Full	100%	100%	100%	100%
FCPR PREDICA INFR 2006-2007 A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART B	France	Full	100%	100%	100%	100%
PREDIQUANT OPPORTUNITES	France	Full	99%	99%	99%	99%
PREDIQUANT STRATEGIES	France	Full	100%	100%	100%	100%
FCPR CAA COMPARTIMENT 1 PART A1	France	Full	100%	100%	100%	100%
PNL FCPR CAA C1 A1	France	Full	100%	100%	100%	100%
FCPR CAA COMPART BIS PART A2	France	Full	100%	100%	100%	100%
PNL FCPR CAA P A2	France	Full	100%	100%	100%	100%
FCPR CAA COMP TER PART A3	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II B	France	Full	100%	100%	100%	100%
PNL FCPR CAA C1 C1	France	Full	100%	100%	100%	100%
PNL PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
Collective properdty investment vehicles						
OPCI Predica Bureau	France	Full	100%	100%	-	-
OPCI PREDICA HABITATION	France	Full	100%	100%	-	-
OPCI PREDICA COMMERCES	France	Full	100%	100%	-	-
Property investment companies						
SCI PORTE DES LILAS - FRERES FLAVIEN	France	Full	100%	100%	100%	100%
SCI LE VILLAGE VICTOR HUGO	France	Full	96%	96%	96%	96%
SCI BAUDIN VELLEFAUX	France	Full	100%	100%	100%	100%
SCI BMEDIC HABITATION	France	Full	80%	80%	80%	80%
SCI CROIX AU BEAU	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI FEDALE MIROMESNIL	France	Full	100%	100%	100%	100%
SCI FEDERALE BARBET DE JOUY	France	Full	100%	100%	100%	100%
SCI FEDERALE COURNEUVE	France	Full	99%	99%	99%	99%
SCI FEDERALE GRAMONT	France	Full	100%	100%	100%	100%
SCI FEDERALE MARIGNAN	France	Full	100%	100%	100%	100%
SCI FEDERALE VILLIERS	France	Full	100%	100%	100%	100%
SCI FEDERCOM	France	Full	100%	100%	100%	100%
SCI FEDERLOG	France	Full	100%	100%	100%	100%
SCI FEDERLONDRES	France	Full	100%	100%	100%	100%
SCI FEDERLOUVRE	France	Full	100%	100%	100%	100%
SCI FEDERPIERRE	France	Full	100%	100%	100%	100%
SCI GRENIER VELLEF	France	Full	100%	100%	100%	100%
SCI IMEFA 1	France	Full	100%	100%	100%	100%
SCI IMEFA 10	France	Full	100%	100%	100%	100%
SCI IMEFA 100	France	Full	100%	100%	100%	100%
SCI IMEFA 101	France	Full	100%	100%	100%	100%
SCI IMEFA 102	France	Full	100%	100%	100%	100%
SCI IMEFA 103	France	Full	100%	100%	100%	100%
SCI IMEFA 104	France	Full	100%	100%	100%	100%
SCI IMEFA 105	France	Full	100%	100%	100%	100%
SCI IMEFA 107	France	Full	100%	100%	100%	100%
SCI IMEFA 108	France	Full	100%	100%	100%	100%
SCI IMEFA 109	France	Full	100%	100%	100%	100%
SCI IMEFA 11	France	Full	100%	100%	100%	100%
SCI IMEFA 110	France	Full	100%	100%	100%	100%
SCI IMEFA 112	France	Full	100%	100%	100%	100%
SCI IMEFA 113	France	Full	100%	100%	100%	100%
SCI IMEFA 114	France	Full	100%	100%	100%	100%
SCI IMEFA 115	France	Full	100%	100%	100%	100%
SCI IMEFA 116	France	Full	100%	100%	100%	100%
SCI IMEFA 117	France	Full	100%	100%	100%	100%
SCI IMEFA 118	France	Full	100%	100%	100%	100%
SCI IMEFA 119	France	Full	100%	100%	100%	100%
SCI IMEFA 12	France	Full	100%	100%	100%	100%
SCI IMEFA 120	France	Full	100%	100%	100%	100%
SCI IMEFA 121	France	Full	100%	100%	100%	100%
SCI IMEFA 122	France	Full	100%	100%	100%	100%
SCI IMEFA 123	France	Full	100%	100%	100%	100%
SCI IMEFA 125	France	Full	100%	100%	100%	100%
SCI IMEFA 126	France	Full	100%	100%	100%	100%
SCI IMEFA 128	France	Full	100%	100%	100%	100%
SCI IMEFA 129	France	Full	100%	100%	100%	100%
SCI IMEFA 13	France	Full	100%	100%	100%	100%
SCI IMEFA 131	France	Full	100%	100%	100%	100%
SCI IMEFA 16	France	Full	100%	100%	100%	100%
SCI IMEFA 17	France	Full	100%	100%	100%	100%
SCI IMEFA 18	France	Full	100%	100%	100%	100%
SCI IMEFA 19	France	Full	100%	100%	100%	100%
SCI IMEFA 2	France	Full	100%	100%	100%	100%
SCI IMEFA 20	France	Full	100%	100%	100%	100%
SCI IMEFA 22	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI IMEFA 25	France	Full	100%	100%	100%	100%
SCI IMEFA 27	France	Full	100%	100%	100%	100%
SCI IMEFA 3	France	Full	100%	100%	100%	100%
SCI IMEFA 32	France	Full	100%	100%	100%	100%
SCI IMEFA 33	France	Full	100%	100%	100%	100%
SCI IMEFA 34	France	Full	100%	100%	100%	100%
SCI IMEFA 35	France	Full	100%	100%	100%	100%
SCI IMEFA 36	France	Full	100%	100%	100%	100%
SCI IMEFA 37	France	Full	100%	100%	100%	100%
SCI IMEFA 38	France	Full	100%	100%	100%	100%
SCI IMEFA 39	France	Full	100%	100%	100%	100%
SCI IMEFA 4	France	Full	100%	100%	100%	100%
SCI IMEFA 40	France	Full	100%	100%	100%	100%
SCI IMEFA 42	France	Full	100%	100%	100%	100%
SCI IMEFA 43	France	Full	100%	100%	100%	100%
SCI IMEFA 44	France	Full	100%	100%	100%	100%
SCI IMEFA 45	France	Full	100%	100%	100%	100%
SCI IMEFA 47	France	Full	100%	100%	100%	100%
SCI IMEFA 48	France	Full	100%	100%	100%	100%
SCI IMEFA 49	France	Full	100%	100%	100%	100%
SCI IMEFA 5	France	Full	100%	100%	100%	100%
SCI IMEFA 50	France	Full	100%	100%	100%	100%
SCI IMEFA 51	France	Full	100%	100%	100%	100%
SCI IMEFA 52	France	Full	100%	100%	100%	100%
SCI IMEFA 53	France	Full	100%	100%	100%	100%
SCI IMEFA 54	France	Full	100%	100%	100%	100%
SCI IMEFA 57	France	Full	100%	100%	100%	100%
SCI IMEFA 58	France	Full	100%	100%	100%	100%
SCI IMEFA 6	France	Full	100%	100%	100%	100%
SCI IMEFA 60	France	Full	100%	100%	100%	100%
SCI IMEFA 61	France	Full	100%	100%	100%	100%
SCI IMEFA 62	France	Full	100%	100%	100%	100%
SCI IMEFA 63	France	Full	100%	100%	100%	100%
SCI IMEFA 64	France	Full	100%	100%	100%	100%
SCI IMEFA 66	France	Full	100%	100%	100%	100%
SCI IMEFA 67	France	Full	100%	100%	100%	100%
SCI IMEFA 68	France	Full	100%	100%	100%	100%
SCI IMEFA 69	France	Full	100%	100%	100%	100%
SA RESICO	France	Full	100%	100%	100%	100%
SCI IMEFA 72	France	Full	100%	100%	100%	100%
SCI IMEFA 73	France	Full	100%	100%	100%	100%
SCI IMEFA 74	France	Full	100%	100%	100%	100%
SCI IMEFA 76	France	Full	100%	100%	100%	100%
SCI IMEFA 77	France	Full	100%	100%	100%	100%
SCI IMEFA 78	France	Full	100%	100%	100%	100%
SCI IMEFA 79	France	Full	100%	100%	100%	100%
SCI IMEFA 8	France	Full	100%	100%	100%	100%
SCI IMEFA 80	France	Full	100%	100%	100%	100%
SCI IMEFA 81	France	Full	100%	100%	100%	100%
SCI IMEFA 82	France	Full	100%	100%	100%	100%
SCI IMEFA 83	France	Full	100%	100%	100%	100%

Consolidation scope of the Crédit Agricole Assurances Group	Country	Method	31.12.2012		31.12.2011	
			% control	% interest	% control	% interest
SCI IMEFA 84	France	Full	100%	100%	100%	100%
SCI IMEFA 85	France	Full	100%	100%	100%	100%
SCI IMEFA 87	France	Full	100%	100%	100%	100%
SCI IMEFA 89	France	Full	100%	100%	100%	100%
SCI IMEFA 9	France	Full	100%	100%	100%	100%
SCI IMEFA 91	France	Full	100%	100%	100%	100%
SCI IMEFA 92	France	Full	100%	100%	100%	100%
SCI IMEFA 94	France	Full	100%	100%	100%	100%
SCI IMEFA 96	France	Full	100%	100%	100%	100%
SCI MEDI BUREAUX	France	Full	60%	60%	60%	60%
SCI PACIFICA HUGO	France	Full	100%	100%	100%	100%
SCI PERTERSBOURG VELLEFAUX	France	Full	100%	100%	100%	100%
SCI FEDERALE PEREIRE VICTOIRE	France	Full	99%	99%	99%	99%
SCI SEDAINE VELLEFAUX	France	Full	100%	100%	100%	100%
SCI ST AUGUSTIN	France	Full	100%	100%	100%	100%
SCI VAL HUBERT (SCPI)	France	Full	100%	100%	100%	100%
SCI IMEFA 132	France	Full	100%	100%	100%	100%

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ERNST & YOUNG et Autres
1/2, place des saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Report of the Statutory Auditors on the consolidated financial statements
(For the year ended December 31, 2012)

To the Shareholders,

CREDIT AGRICOLE ASSURANCES
50-56, rue de la Procession
75015 PARIS

This is a free translation into English of the Statutory Auditors' report issued in the French language 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.

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2012 on:

- the audit of the accompanying consolidated financial statements of Credit Agricole Assurances;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by The Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

The persistence of an unfavourable economic and financial environment continues to make the choice of economic assumptions related to the preparation of the insurance companies' financial statements particularly complex. Notably, the future evolution of interest rates could be different from the one considered and produce different direct and indirect effect. It is in this context and in accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, that we bring to your attention the following matters:

- Your company describes in note 1 to the consolidated financial statements, in the paragraphs "Financial instruments" and "Determination of fair value of financial instruments", the valuation methods applied to financial assets and derivatives. We have assessed the correct implementation of the financial asset valuation methodology, and the consistency of their classification with the documentation prepared by the group;

  We examined the valuation and impairment methodology applied to your financial instruments. We assessed the appropriateness of the financial instruments valuation and impairment process implemented, as well as the information disclosed in the notes related to financial instruments;

- As disclosed in note 1 of the financial statements, your company uses internal models to determine the fair value of some financial instruments which are not quoted on an active market. We examined the control process around the utilized models, the assumptions used and how the risks related to these instruments are considered.

- Certain consolidated statement of financial position items that are specific to the insurance and reinsurance business, in assets and liabilities, are estimated on the basis of statistical and actuarial data, such as technical reserves. We examined the methods and assumptions applied, as well as the resulting valuation. We also assessed the appropriateness of the information disclosed in the notes to the financial statements.

- The goodwill is tested for impairment using the methods described in note 1, paragraph "Intangible assets and deferred expenses" to the consolidated financial statements, as soon as objective loss of value indicators appear, or at least once a year. We examined the impairment test implementation and the main parameters and the assumptions used. We also assessed the appropriateness of the information disclosed in the notes to the financial statements.

- As disclosed in the note 1 to the Financial Statements, your company produces other estimations while preparing the consolidated financial statements. These estimations

notably refer to pension and future social benefits, as well as deferred tax assets. We examined the methods and assumptions used. We also assessed the resulting accounting estimates are based on documented methods consistent with the principles disclosed in the note 1 to the Financial Statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, on April 11, 2013

The statutory auditors

PricewaterhouseCoopers Audit | *ERNST & YOUNG et Autres*

Gérard Courrèges | Catherine Pariset | Valérie Meeus

CRÉDIT AGRICOLE ASSURANCES CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2014

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GENERAL INFORMATION

Presentation of Crédit Agricole Assurances Group

Crédit Agricole Assurances, a *société anonyme* with a Board of Directors, is the Crédit Agricole Group's holding company owning, under the control of Crédit Agricole S.A., the Group's holdings in various insurance and reinsurance companies in France and internationally.
The purpose of Crédit Agricole Assurances is to acquire and manage equity holdings in insurance and reinsurance companies without directly acting to provide insurance policies or enter into reinsurance contracts.
Crédit Agricole Assurances Group is subject to oversight by the French Prudential and Resolution Supervisory Authority (ACPR).

Legal information

- Company name: CREDIT AGRICOLE ASSURANCES
- Company form: French limited liability company (*société anonyme*) with a Board of Directors
- Registered office: 50/56, rue de la Procession – 75015 PARIS
- Share capital: €1,240,569,500 (last modified on 19 June 2013)
- Place of registration: Paris Commercial Court (*Tribunal de commerce*)
- Company number: 2004 B 01471

INSEE data

- Siren number: 451 746 077
- Siret number: 451 746 077 00036
- N0000AF code: 6420Z (Holding company activities)
- Legal category: 5599 (*Société anonyme* with a Board of Directors)

Tax information

- VAT registration no: FR 27 451 746 077 (EU intra-community number)
- VAT regime: Real normal

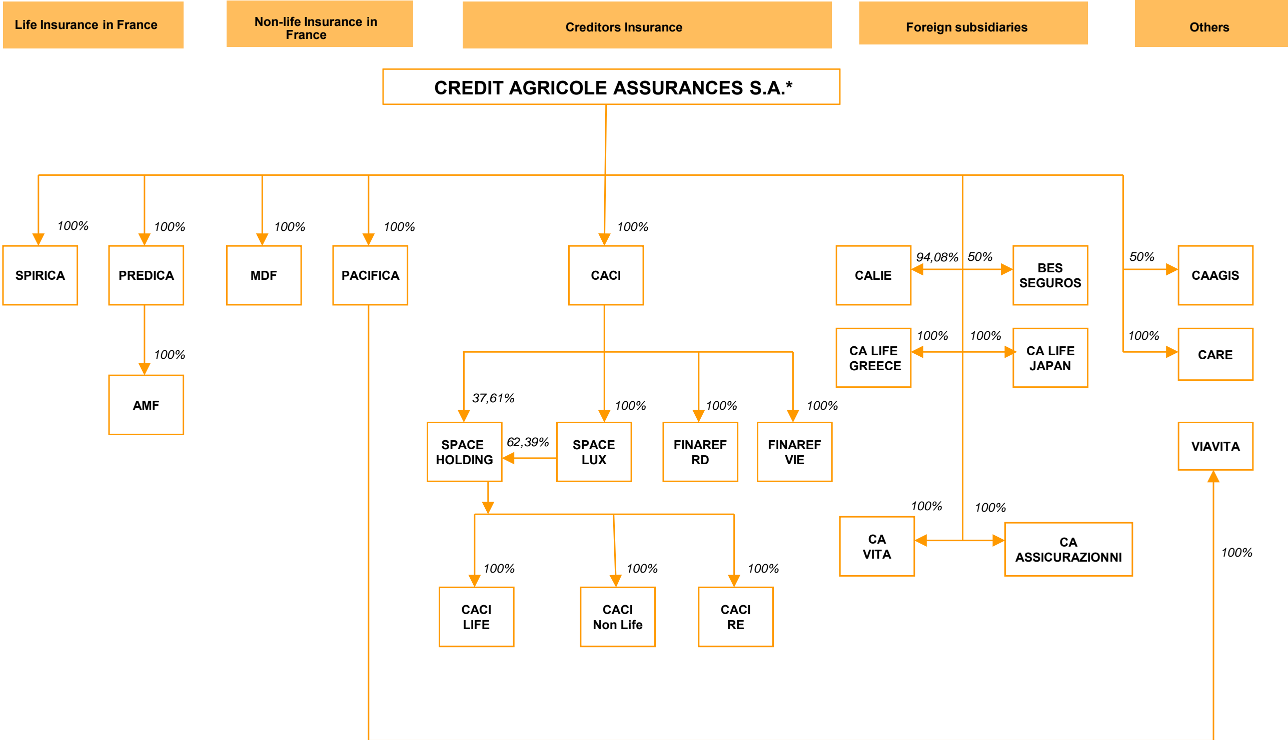
Shareholding

Crédit Agricole Assurances' share capital consists of 124,056,950 shares of €10 each, held by:

- Crédit Agricole S.A.: 99.99%
- Other Directors: 0.01%

Simplified organizational chart of Crédit Agricole Assurances Group

The organizational charter below shows the consolidation scope of the Crédit Agricole Assurances Group, with the exception of consolidated structured entities.



* The Crédit Agricole Assurances S.A. holding company is included under "other" in segment information

Related party information

Parties related to the Crédit Agricole Assurances Group are Crédit Agricole S.A. Group companies and the main Directors of the Crédit Agricole Assurances Group.

Relations with the Crédit Agricole Group

Most of the financing of Crédit Agricole Assurances is provided by the Crédit Agricole Group.
At 30 June 2014, Crédit Agricole S.A. subscribed to €2.6 billion perpetual subordinated loan notes and €1.8 billion in redeemable subordinated loan notes.

The Crédit Agricole Assurances Group holds securities issued by Crédit Agricole S.A. totalling €21.8 billion in its investment portfolio.

As part of its bancassurance activities in France, Crédit Agricole Assurance delegates certain functions to other entities within the Crédit Agricole Group:

- The sale of insurance contracts is carried out through the banking networks of the Regional Banks and LCL in France and abroad and through the networks of international partners including Cariparma in Italy, Bes in Portugal, Lukas Bank in Poland, etc.) ;
- Administrative management of life insurance policies sold by banking networks is delegated to the distributors (with Regional Banks in turn delegating some elements of this management to CAAGIS);
- Asset management is delegated to specialist entities in various markets (Amundi, CA Immobilier, CACEIS, etc.);
- Claim handling in France is managed by SIRCA (a company set up by Pacifica and the Regional Banks).

Likewise, Crédit Agricole S.A. Group's retirement benefit obligations are, in part, covered by collective insurance agreements with Predica. These agreements include the setting up of collective investment funds for the purpose of covering retirement bonuses or covering various pension schemes, in exchange for which contributions are paid by the employer, the management of these funds by the insurance companies and the payment to beneficiaries of bonuses and retirement benefits as set out in the various schemes.

Relationships between companies consolidated by the Crédit Agricole Assurances Group

The list of companies consolidated by the Crédit Agricole Assurances Group is set out in Note 8 – Consolidation scope.

Transactions between two fully consolidated companies are completely eliminated.
Intra-group transactions that have been subject to eliminations having an effect on the income statement for the year are presented in Note 4 - Segment information.

Relationships with main executives

There are no significant transactions between Crédit Agricole Assurances and its main executives, their families or companies under their control that are not included in the Group's consolidation scope.

CONSOLIDATED FINANCIAL STATEMENTS

Balance sheet assets

(in € million)	Note	30.06.2014	31.12.2013 restated *	01.01.2013 restated*
Goodwill	Note 5.1	855	872	874
Insurance contracts portfolios	Note 5.2	10	11	14
Other intangible assets		244	249	249
Intangible assets		**1,109**	**1,132**	**1,137**
Investments in real estate properties	Note 5.3	3,640	3,493	2,968
Unit-linked investments in real estate properties	Note 5.3	-	-	-
Financial investments	Note 5.3	251,470	232,922	217,680
Unit-linked financial investments	Note 5.3	45,432	43,267	41,568
Derivative instruments and separated embedded derivatives		1,021	857	873
Investments from insurance activities		**301,563**	**280,539**	**263,089**
Investments in associated undertakings		-	-	-
Share of concessionaires and retrocessionaires in liabilities relating to insurance and investment contracts	Note 5.4	**1,326**	**1,254**	**1,184**
Operational property and other property, plant and equipment		233	237	246
Deferred acquisition costs	Note 5.5	841	801	790
Deferred participation assets		-	-	-
Deferred tax assets	Note 5.6	41	41	47
Receivables resulting from insurance and assumed reinsurance operations	Note 5.7	2,218	1,619	1,556
Receivables resulting from ceded reinsurance operations	Note 5.8	100	113	90
Current income tax assets		21	9	29
Other receivables	Note 5.9	3,373	3,016	1,387
Other assets		**6,827**	**5,836**	**4,145**
Assets of businesses identified for sale or discontinuation (1)		133	-	-
Cash and cash equivalents		**2,755**	**2,631**	**6,276**
TOTAL ASSETS		**313,715**	**291,392**	**275,831**

(1) Application of IFRS 5 to the Bes Seguros entity.
(*) Consolidation of unit-linked funds pursuant to IFRS 10.

Balance sheet liabilities

(in € million)	Note	30.06.2014	31.12.2013 restated *	01.01.2013 restated *
Share capital or equivalent		1,240	1,240	1,163
Issue, merger and transfer premiums		5,833	5,833	5,391
Gains and losses recognised directly in equity		1,935	1,140	1,170
Retained earnings		1,809	1,296	2,030
Consolidated net income		527	1,002	750
Shareholders' equity attributable to owners of the parent		**11,345**	**10,511**	**10,504**
Minority interests		**29**	**27**	**27**
Total shareholders' equity	Note 5.10	**11,374**	**10,538**	**10,531**
Provisions for risks and charges	Note 5.11	**147**	**158**	**176**
Subordinated debt	Note 5.12	4,510	4,388	3,936
Financing debt owed to banking institutions		1,505	1,451	1,345
Financing debt		**6,015**	**5,839**	**5,281**
Technical liabilities arising from insurance contracts		109,161	103,151	93,557
Technical liabilities arising from unit-linked insurance contracts		40,183	38,371	37,093
Technical liabilities arising from insurance contracts	Note 5.14	**149,344**	**141,522**	**130,650**
Technical liabilities arising from investment contracts with discretionary participating features		100,056	99,749	99,392
Technical liabilities arising from investment contracts with no discretionary participating features		259	352	360
Technical liabilities arising from unit-linked investment contracts		5,282	4,825	4,493
Technical liabilities arising from investment contracts	Note 5.14	**105,597**	**104,926**	**104,245**
Deferred participation liabilities	Note 5.15	**17,827**	**10,201**	**10,380**
Contract-related liabilities		**272,768**	**256,649**	**245,275**
Deferred tax liabilities	Note 5.6	682	453	590
Operating debt represented by securities		-	-	-
Operating debt owed to banking institutions		2,147	2,219	4,402
Debts to unit holders of consolidated UCITS		3,521	2,814	2,190
Debt resulting from direct insurance and assumed reinsurance operations	Note 5.16	1,513	1,605	1,617
Debt resulting from assumed reinsurance operations	Note 5.17	1,090	1,027	993
Current income tax liabilities		108	126	178
Derivative instrument liabilities		11	8	7
Other debts	Note 5.18	14,252	9,956	4,591
Other liabilities		**23,324**	**18,208**	**14,568**
Liabilities of businesses identified for sale or discontinuation (1)		**87**	**-**	**-**
TOTAL LIABILITIES		**313,715**	**291,392**	**275,831**

(2) Application of IFRS 5 to the Bes Seguros entity.
(*) Consolidation of unit-linked funds pursuant to IFRS 10.

Consolidated income statement

(in € million)	Note	30.06.2014	30.06.2013
Gross written premiums		14,974	13,635
Change in unearned premiums		(395)	(345)
Earned premiums		**14,579**	**13,290**
Revenue or income from other activities		**79**	**45**
Investment income		3,999	3,883
Investment expense		(202)	(120)
Gains and losses on disposal of investments net of impairment and amortization reversals		835	668
Change in fair value of investments recognized at fair value through profit or loss		2,463	37
Change in impairment on investments		(152)	(221)
Investment income net of expenses		**6,943**	**4,247**
Service contract expenses	Note 6.1	**(18,946)**	**(14,930)**
Revenu from reinsurance operations		295	166
Expenses from reinsurance operations		(278)	(239)
Net income on business ceded to reinsurers	Note 6.2	**17**	**(73)**
Acquisition costs		(985)	(951)
Amortization of portfolio assets and similar		(1)	(2)
Administrative expenses		(632)	(595)
Other current operating expenses		(117)	(116)
Other operating expenses		-	-
OPERATING INCOME		**937**	**915**
Financing costs		(145)	(136)
Share in income from equity affiliates		-	-
Income tax	Note 6.3	(265)	(255)
After-tax income of discontinued operations (1)		3	-
CONSOLIDATED NET INCOME		**529**	**524**
Minority interests		2	2
Net income - Group share		**527**	**522**

(1) Application of IFRS 5 to the Bes Seguros entity.

Net income and other comprehensive income items

(in € million)	30.06.2014	30.06.2013
Consolidated net income	**529**	**524**
Actuarial gains and losses on post-employment benefits	-	-
Gains and losses on non-current assets held for sale	-	-
Gross shadow accounting of non-recyclable unrealised gains and losses recognised directly in equity	-	-
Gross shadow accounting of non-recyclable unrealised gains and losses recognised directly in equity, excluding affiliates	-	-
Non-recyclable pre-tax gains and losses at affiliates recognised directly in equity	-	-
Tax on non-recyclable gains and losses recognised directly in equity, excluding affiliates	-	-
Tax on non-recyclable gains and losses at affiliates recognised directly in equity	-	-
Net non-recyclable gains and losses recognised directly in equity	-	-
Currency translations differences	2	(8)
Revaluation of available-for-sale financial assets	7,571	(2,560)
Revaluation of hedging derivative instruments	244	(66)
Unrealised gains and losses on discontinued operations and held-for-sale assets (1)	3	
Shadow accounting before deferred tax	(6,683)	2,357
Recyclable pre-tax gains and losses recognised directly in equity, excluding affiliates	**1,137**	**(277)**
Pre-tax recyclable gains and losses at affiliates recognised directly in equity attributable to owners of the parent	-	-
Tax on recyclable gains and losses recognised directly in equity, excluding affiliates	(340)	93
Tax on recyclable gains and losses at affiliates recognised directly in equity	-	-
Net recyclable gains and losses recognised directly in equity	**796**	**(184)**
NET INCOME AND OTHER COMPREHENSIVE INCOME ITEMS	**1,325**	**340**
Net income and other comprehensive income items – Group share	1,322	339
Net income and other comprehensive income – Minority interests	3	2

(1) Application of IFRS 5 to the Bes Seguros entity.

Statement of changes in equity

(in € million)	Group share							Minority interests	Total consolidated shareholders' equity
	Share capital or equivalent	Share premium and similar	Gains and losses recognised directly in equity	Recyclable IAS reserves relating to changes in value through reserves	Non-recyclable IAS reserves relating to changes in value through reserves	Retained earnings	Total Group share		
CLOSING AT 31 DECEMBER 2012	**1,163**	**5,391**	**1,170**	**1,176**	**(6)**	**2,780**	**10,504**	**27**	**10,531**
Gains and losses recognised directly in equity	-	-	(35)	(35)	-	-	(35)	-	(35)
Consolidated net income in the period	-	-	-	-	-	1,002	1,002	4	1,006
Total net income and other comprehensive income items	**-**	**-**	**(35)**	**(35)**	**-**	**1,002**	**967**	**4**	**971**
Dividend payout	519	-	-	-	-	(1,484)	(965)	(4)	(969)
Capital movements	(442)	442	-	-	-	-	-	-	-
Change in scope	-	-	-	-	-	3	3	-	3
Other changes	-	-	4	4	-	(2)	2	-	2
CLOSING AT 31 DECEMBER 2013	**1,240**	**5,833**	**1,140**	**1,145**	**(6)**	**2,298**	**10,511**	**27**	**10,538**
Gains and losses recognised directly in equity	-	-	799	799	-	-	799	1	800
Consolidated net income in the period	-	-	-	-	-	527	527	2	529
Total net income and other comprehensive income items	**-**	**-**	**799**	**799**	**-**	**527**	**1,326**	**3**	**1,329**
Dividend payout	**-**	-	-	-	-	(484)	(484)	(4)	(488)
Capital movements	**-**	**-**	-	-	-	-	-	-	-
Change in scope(1)	-	-	(3)	(3)	-	-	(3)	-	(3)
Other changes(2)	-	-	-	-	-	(4)	(5)	4	(1)
Closing at 30 JUNE 2014	1,240	5,833	1,935	1,941	(6)	2,336	11,345	29	11,374

(1) The change in scope relates to the merger and absorption of Dolcea Life by Spirica.
(2) The "other changes" item line corresponds to the reclassification of the minority earnings in H1 2012 of Ca Vita.

Cash flow statement

The cash flow statement is presented according to the indirect method model and in accordance with the presentation recommended by the *Autorité des Normes Comptables* (French Accounting Standards Authority) in its recommendation no. 2013-05 of 7 November 2013.

Operating activities are the activities that generate income for Crédit Agricole Assurances.
Tax flows are presented in their entirety under operating activities.

Investment activities represent transactions relating to investments and linked to property, plant and equipment and intangible assets. Strategic equity holdings included in "financial assets available for sale" are included in this section.

Financing activities result from changes relating to structural financial transactions affecting shareholders' equity and long-term debt.

Net cash includes cash at hand, credit and debit balances with banks and accounts (assets and liabilities) and call loans with credit institutions debt.

(in € million)	30.06.2014	30.06.2013
Cash and cash equivalents	2,755	6,370
Operating debt to banking institutions	(2,147)	(6,834)
Cash and cash equivalents net of overdrafts	**608**	**(464)**

(in € million)	30.06.2014	30.06.2013
Operating income	**936**	**916**
Gains and losses on investments	(774)	(668)
Net depreciation and amortization	43	42
Change in deferred acquisition costs	(40)	(19)
Change in impairment	152	220
Net allocations to technical liabilities on insurance contracts and investment contracts	8,454	5,839
Net other provisions	(10)	(12)
Change in fair value of investments and other financial instruments recognised at fair value through profit or loss (excluding cash and equivalents)	(2,082)	(4)
Other non-cash items included in operating income	456	37
Correction of items included in operating income that do not correspond to cash movements and reclassification of financing and investment flows	**6,200**	**5,435**
Change in operating receivables and debts	202	(1,111)
Change in securities given or received under repurchase agreements	3,609	6,388
Net tax payments	(406)	(373)
Cash flows from discontinued activities (1)	(2)	-
CASH FLOW FROM OPERATING ACTIVITIES	**10,540**	**11,255**
Acquisitions of subsidiaries and joint ventures net of cash acquired	(228)	-
Disposals of subsidiaries and joint ventures net of cash transferred	373	(14)
Cash flows relating to changes in consolidation scope	**145**	**(14)**
Cash flows relating to disposals and repayments of financial assets	43,960	38,447
Acquisitions of financial investments (incl. unit-linked) and derivative instruments	(53,805)	(51,311)
Acquisitions of investments in real estate properties	(156)	(158)
Acquisition and/or issuance of investments and derivative instruments from other activities	-	-
Cash flows relating to changes in financial investments	**(10,001)**	**(13,022)**
Disposals of intangible assets and property plant and equipment	1	3
Acquisitions of intangible assets and property plant and equipment	(37)	(40)
Cash flows relating to acquisitions and disposals of intangible assets and property plant and equipment	**(36)**	**(37)**
Cash flows from discontinued activities (1)	3	-
CASH FLOW FROM INVESTMENT ACTIVITIES	**(9,889)**	**(13,073)**
Issues of capital instruments	-	-
Dividend payments	(481)	(511)
Cash flows relating to transactions with shareholders and members	**(481)**	**(511)**
Cash generated by issuance of financial debt	49	10
Cash allocated to repayment of financial debt	(16)	(15)
Expense relating to financial debt	(3)	(2)
Cash flow from financing activities	**30**	**(7)**
Cash flows from discontinued activities (1)	(7)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**(458)**	**(518)**
Opening cash and cash equivalents	412	1,874
Cash flow from operating activities	**10,540**	**11,255**
Cash flow from investment activities	**(9,889)**	**(13,073)**
Cash flow from financing activities	**(458)**	**(518)**
Other non-cash changes	-	-
Impact of currency translation differences on cash and cash equivalents	3	(2)
Cash and cash equivalents (2)	610	(464)

(1) Application of IFRS 5 to the Bes Seguros entity.
(2) Including cash of entities reclassified in activities held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles applicable to Crédit Agricole Assurances Group, judgements and estimates used

Applicable standards and comparability

The consolidated summary interim financial statements of Crédit Agricole Assurances at 30 June 2014 have been prepared in accordance with IAS 34 on Interim Financial Reporting, which sets out the minimum content of interim financial reports as well as the principles for recognition and measurement in financial statements presented for an interim period.
The standards and interpretations used for the preparation of interim summary consolidated financial statements are identical to those used by the Crédit Agricole Assurances Group in preparing consolidated financial statements at 31 December 2013, which complied with EU regulation n° 1606/2002, IAS/IFRS standards and IFRIC interpretations as adopted by the European Union (in the so-called "carve out" version).
These standards and interpretations have been completed by the requirements of IFRS as adopted by the European Union at 30 June 2014, whose application became mandatory for the first time during the reporting period. These cover:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial application: accounting periods beginning on	Applicable to the Group
IFRS 10 on consolidated financial statements	11 December 2012 (EU n° 1254/2012)	1 January 2014	Yes
IFRS 11 on joint arrangements	11 December 2012 (EU n° 1254/2012)	1 January 2014	Yes
IFRS 12 on disclosure of interests in other entities	11 December 2012 (EU n° 1254/2012)	1 January 2014	Yes
Amendments to IAS 28 on investments in associates or joint ventures	11 December 2012 (EU n° 1254/2012)	1 January 2014	Yes
Amendment to IAS 32 on presentation of offsetting of financial assets and financial liabilities	13 December 2012 (EU n° 1256/2012)	1 January 2014	Yes
Amendments relative to transitional arrangements for IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities"	4 April 2013 (EU n°313/2013)	1 January 2014	Yes
Amendments to IAS 39 on the novation of derivatives and continuation of hedge accounting	19 December 2013 (EU n° 1375/2013)	1 January 2014	Yes

The consolidation standards IFRS 10, 11 and 12 and amendments to IAS 28 came into force on 1 January 2014. They are subject to retrospective application. They require a review of the nature of interests held with regard to new criteria for control, the consolidation method used in the event of joint control, and the information to be provided in the notes.
IFRS 10 replaces IAS 27 and SIC 12 and defines a framework for a common analysis of control based on three cumulative criteria:
(1) power to direct relevant activities of the investee entity;
(2) exposure, or rights, to variable returns; and
(3) the investor's ability to use its power over the investee to affect the amount of the investor's returns.

The first-time application of IFRS 10 had the primary impact of inclusion in the scope of consolidation of 172 investment funds backing unit-linked contracts.

IFRS 11 replaces IAS 31 and SIC 13. It specifies two types of joint arrangement: joint operations and joint ventures.
For joint operations, the joint operators must account for assets and liabilities pro rata to their rights and obligations. Conversely, joint ventures in which the joint venturers share the rights to assets are no longer

consolidated by the proportionate method, but are recognised by the equity method in accordance with the amended IAS 28.
At 30 June 2014, no joint venture was identified.
The new information to be provided under IFRS 12 will be the subject of a communication at 31 December 2014.

It should also be noted that where early adoption of standards and interpretations adopted by the European Union is optional in an accounting period, the option is not applied by the Group except where specifically stated. For Crédit Agricole Assurances this concerns, in particular

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of initial mandatory application: accounting periods beginning on	Applicable to the Group
IFRIC 21 Levies	13 June 2014 (EU n° 634/2014)	1 January 2015	Yes

Standards and interpretations published by the IASB but not yet adopted by the European Union will not take mandatory effect until such adoption and were not therefore applied by the Group at 30 June 2014.
IFRIC 21 provides further details on the recognition of duties, taxes and other public levies falling within the scope of IAS 37 "Provisions, contingent liabilities and contingent assets" (excluding fines and penalties and excluding income tax which is covered by IAS 12). In particular, it clarifies:
- The date on which such levies should be recognised;
- Whether or not recognition can be progressive over the course of the accounting period.

In the light of these clarifications, implementation of IFRIC 21 could have the effect of changing the obligating event triggering recognition of certain levies (change in date of recognition from one period to another, and/or discontinuation of progressive recognition over the course of the period). The identification of the levies concerned and measurement of the impacts is in progress.
The summary interim consolidated financial statements are intended to update the information provided in Crédit Agricole Assurances' consolidated financial statements at 31 December 2013 and should be read as a complement to these. As a result, only the most significant information on changes in the financial position and performance of Crédit Agricole Assurances are included in these interim financial statements

Presentation format of financial statements

In the absence of a model imposed under IFRS, Crédit Agricole Assurances uses the summary document format (balance sheet, income statement, statement of net income and gains and losses recognised directly in other comprehensive income, table of changes in shareholders' equity, cash flow statement) recommended in ANC recommendation n°2013-05 of 7 November 2013.

This presentation, adopted in 2013, has the following features:

- Revenue on contracts without discretionary participation is classified under the heading "Revenue or income on other activities" ;
- Assets and liabilities are listed on the balance sheet in increasing order of liquidity, as this presentation is more relevant for insurance companies than a classification into current and non-current items, as also allowed under IAS 1 ;
- Expenses in the income statement are classified by function rather than by nature. This presentation, which is allowed under IAS 1, is used by a large majority of insurance companies. Information on their analysis by nature is provided in the notes.

For all the notes below, figures for previous periods are restated for the effect of the application from 1 January 2014 of the new consolidation standards IFRS 10, 11 and 12, and amended IAS 28.

Use of judgments and estimates in the preparation of financial statements

The valuations needed to prepare financial statements require the formulation of assumptions and carry risk and uncertainty as to their future materialisation. These serve as the basis for the exercise of judgment, made necessary by the requirement to determine values for assets and liabilities that can not be obtained directly from other sources.

Future materialisation can be affected by a number of factors, notably:

- the activity of national and international markets;
- movements in interest rates and foreign exchange rates;
- economic and political conditions in certain sectors of activity or countries;
- changes in regulation or legislation;
- the behaviour of the policyholders;
- demographic changes.

This list is not exhaustive.

The main balance sheet entries for which valuation requires judgment and the formulation of assumptions are the following:

- goodwill and the values of portfolios acquired, at the time of initial recognition and as part of subsequent impairment tests;
- financial instruments at fair value, including non-consolidated equity holdings;
- liabilities on insurance contracts and financial contracts;
- post-employment benefit schemes and other future employment-related benefits;
- stock option plans;
- lasting impairment on available for sale assets and financial assets held to maturity;
- provisions for risks and charges;
- deferred tax assets;
- deferred profit sharing assets as part of recoverability tests.

Details of the use of judgments and estimates are set out in the relevant paragraphs below.

Interim accounts for Crédit Agricole Assurances are closed on 30 June. They include estimates where information is not available at the closing date. Financial investments are valued at closing prices and transactions carried out in the final month of the period having an impact on income are taken into account.

Exceptionally, a single entity within Crédit Agricole Assurances closes its individual interim company accounts on a date other than 30 June:

- CA Life Japan, whose closing date is 31 march.

For this entity, accounts are prepared for a 12 month period to 31 March to be consolidated in Group accounts to 30 June. The impact from the difference in closing dates is not material.

Intangible assets and deferred expenses

The main intangible assets are goodwill and value of contracts portfolios, acquired as part of a business combination or separately through the transfer of a portfolio, together with software acquired or developed internally.

◊ Goodwill

Goodwill (see "Principles and policies of consolidation") is assumed to have a perpetual value and is not therefore amortised; however, in accordance with IAS 36 it is subject to impairment testing where there are objective indicators of a loss of value and at least once per year.

For the purposes of these impairment tests, each item of goodwill is allocated to the various cash generating units (CGUs) of the Group that will benefit from the advantages expected to accrue from the business combination. CGUs are defined, within the Group's main business segments, as the smallest identifiable grouping of assets and liabilities operating according to its own business model. In practice, Crédit Agricole Assurances has used an entity-based approach.

Under the impairment tests, the carrying amount of each CGU, including that of the goodwill allocated to it, is compared to its recoverable amount.
The recoverable amount of the CGU is defined as the higher of its market value and its value in use. Value in use is calculated as the current value of estimated future cash flows at the CGU, as based on the medium-term plans drawn up for the purposes of its management.

Where the recoverable amount is lower than the carrying amount, an equivalent charge is made for impairment of the goodwill allocated to the CGU. This is irreversible.

◊ Value of portfolios of contracts acquired (value of business in-force)

The fair value of portfolios of contracts acquired separately or as part of a business combination is recognised as an asset on the balance sheet. This corresponds to the present value of estimated future profits generated by the existing contracts at the time of acquisition.

These portfolio values are amortised over the life of the contracts as profits materialise. This amortization is complemented by annual recoverability tests which take account of experience and changes in valuation hypotheses.

◊ Software

Software acquired is recognised at its acquisition cost, less amortization and depreciation accumulated since the acquisition date.

Software created internally is recognised at its production cost, less amortization and depreciation accumulated since the date of completion, where these meet the criteria of IAS 38 and in particular where it will generate future

economic benefits for the company and where its cost can be assessed in a reliable manner. Only those expenses incurred during the development phase are capitalised; expenses incurred during the research phase are recognised directly in the income statement for the year.

Software is amortised based on its estimated useful life.

Start-up costs are not capitalised and are recognised directly in expenses.

◊ Deferred acquisition costs for insurance contracts and financial contracts with discretionary participation and costs incurred at the inception of financial contracts without discretionary participation

Variable costs incurred at the inception of life insurance policies and investment contracts with discretionary participation as part of the creation of new business are recognised as assets on the balance sheet. The acquisition costs thus recognised are amortised over the life of the contracts as profits arise.

The recoverability of such assets are tested in tandem with the test of adequacy of liabilities (see below, "Insurance company liabilities"): any share of acquisition costs which, at the closing date, is not considered to be covered by estimated future gross profits is not classified as recoverable and is therefore recognised as an expense, in accordance with the requirements of CRC regulation 2000-05 which applies to contracts within the scope of IFRS 4.

Acquisition costs of non-life insurance contracts are deferred in proportion to the unearned premiums for the year.

For financial contracts without discretionary participation, which are governed by IAS 39, external acquisition costs incurred on subscription (at inception) are spread in accordance with IAS 18. IAS 18 does not allow the capitalisation of internal acquisition costs.

Symmetrically with the deferral of expenses incurred on the subscription of contracts, unearned acquisition commissions are deferred via an entry in liabilities.
The pattern of recognition in profit and loss is identical to that of deferred acquisition costs on insurance contracts.

For Predica, in the savings business segment, the Group does not recognise deferred acquisition costs, with commissions paid offset by commissions receives.

Property, plant and equipment

◊ Operating and investments in real estate properties

Operating real estate covers the buildings housing the company's services. Investment in real estate properties covers rental properties and shares in unlisted real estate companies.

Crédit Agricole Assurances recognises investments in real estate properties at cost, applying the component method of accounting in accordance with IAS 16 and the option set out in IAS 40.

By exception, as allowed for under IAS 40, real estate assets representing contracts where the financial risk is borne by the policyholder are valued and recognised at fair value, with changes in fair value being recognised in the income statement.
Properties recognised at cost are analysed into four components, each with its own useful life and renewal schedule:

- major works (superstructure and infrastructure);
- secondary works (roofing, coverings, joinery, façades, external woodwork),
- technical installations (heating, ventilation, air conditioning, lifts, electrical systems);
- fixtures and fittings (decoration, wall and floor finishes, etc.).

Technical studies carried out by Crédit Agricole Assurances lead it to use a residual value corresponding to approximately 90% of the major works component. By definition, this residual value is not depreciated; however, if an element of major works were to suffer a significant and lasting loss of value (technological change, change of use, fall in price) impairment would be recognised.

◊ Depreciation of property, plant and equipment

Property, plant and equipment are amortised based on their estimated useful life. The depreciation periods used by Crédit Agricole Assurances are specific to each component and are adapted to its nature and, for property, its location:

Component	Depreciation period
Land	Non-depreciable
Primary structure	30 to 80 years
Secondary structure	8 to 40 years
Technical installations	5 to 25 years
Fixtures and fittings	5 to 15 years
IT equipment	4 to 7 years
Specialist equipment	4 to 5 years

If the carrying amount of the asset is greater than the recoverable amount additional impairment is recognised. The recoverable value, calculated where the property presents indicators of a loss of value, is the lower of fair value and value in use.

For buildings, fair value corresponds to an expert valuation, established at least every five years and updated annually by a suitably qualified independent valuer. This value is recorded in the notes to the financial statements (see note 5.3).

Indicators of a loss of value triggering a calculation of recoverable value are based on qualitative and quantitative information (carrying amount of the building more than 20% higher than valued amount).

Financial instruments

Financial assets and liabilities are treated in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, financial assets are valued at fair value including transaction costs (with the exception of financial instruments recognised at fair value through profit or loss).

At each closing date they are valued in accordance with their classification, either at fair value or at amortised cost using the effective interest rate method:

- The effective interest rate is the rate which exactly discounts future cash receipts or payments over the expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net carrying amount of the financial asset or liability.

- IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, on the principal market or the most advantageous market on the measurement date.

◊ Financial investments

Crédit Agricole Assurances recognises securities classified as "Securities held to maturity" and "Loans and receivables" on the date of settlement-delivery. Other securities, of whatever type or category, are recognised on the trading date.

Securities are classified into the four categories of financial assets defined by IAS 39:

- Financial assets at fair value through profit or loss by nature or designation;
- Financial assets held to maturity;
- Financial assets available for sale;
- Loans and receivables.

No financial asset at fair value has been reclassified under loans and receivables under the amendment to IAS 39 published in October 2008.

Financial assets at fair value through profit or loss by nature or designation

In accordance with IAS 39, this portfolio includes securities whose classification as assets at fair value through profit or loss results either from a real intention for their use in a transaction (allocation by nature), or from their designation as such by Crédit Agricole Assurances.

Financial assets at fair value through profit or loss by nature are those assets acquired by the company principally for the purpose of selling them in the short term or that are part of a portfolio of assets managed together for the purpose of short-term profit taking. A financial asset will be classified as being at fair value through profit or loss if, independently of the reasons for which it was acquired, it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

All derivative financial instruments are classified at fair value through profit or loss, except when they are designated as instruments in a cash flow hedge.

Accounting for financial assets at fair value through profit or loss by option may occur, provided the conditions set out in the standard are met, in the following three cases:

- for hybrid instruments containing one or more embedded derivatives;
- with a view to reducing accounting inconsistencies; or,
- for managed groups of financial assets or liabilities where the performance is assessed according to the fair value method.

In particular, Crédit Agricole Assurances uses classification at fair value by option for assets representing contracts where the investment risk is borne by the contract holders (unit-linked contracts) in order to avoid a lack of consistency resulting from recognition and valuation of assets and liabilities on a different basis. Changes in liabilities under such contracts reflect changes in the fair value of the corresponding assets and are recorded in the income statement.

Similarly, this accounting approach is generally used by Crédit Agricole Assurances to account for hybrid instruments, where the characteristics of the derivative are not closely linked to those of the host contract, with embedded derivatives not, therefore recognised separately at fair value through profit or loss.

Securities classified as assets at fair value through profit or loss are initially recognised at their fair value, excluding transaction costs directly attributable to the acquisition (which are recognised directly in the income statement) but including accrued interests.

They are subsequently valued at fair value and differences in fair value are recognised in profit or loss.

This category of securities is not subject to depreciation.

Financial assets held to maturity

The category "Financial assets held to maturity" (applicable to securities with defined maturity) is open to securities with fixed or determinable income that the Group has the intention and ability to hold to maturity, other than:

- those which the Group has designated at the time of initial recognition as assets at fair value through profit or loss;
- those which the Group has designated as being available for sale; and
- those which meet the definition of loans and receivables. Therefore debt securities that are not listed on an active market may not be classified as assets held to maturity.

Classification in this category entails the respect of the requirement not to sell the securities prior to maturity other than under the exceptions set out in IAS 39. Amongst these exceptions, IAS 39 allows that in the event of a significant deterioration in the credit quality of the issuer, a security classified as held-to-maturity (HTM) may be sold without resulting in the automatic declassification of all other HTM securities held by the Group. A downgrading of a credit rating that could not have been anticipated would constitute an indicator of a significant deterioration of credit quality.

A held-to-maturity security may not be hedged against interest rate risks, as by definition the supposed intention is to hold the asset to maturity independently of changes in its value or in cash flows that might result from changes in interest rates.

Held-to-maturity securities are initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method.

This category of securities is subject to impairment under conditions described in a separate section, "impairment of securities", for securities valued at amortised cost.

Loans and receivables

The "Loans and receivables" category comprises financial assets with fixed or determinable income that are not listed on an active market.

Loans and receivables are initially recognised at their acquisition price, including directly attributable transaction costs and accrued interests.

They are subsequently recognised under the amortised cost method with amortization of the premium or discount by the effective interest rate method corrected for impairment where appropriate.

This category is subject to impairment under conditions described in a separate section, "impairment of securities", for assets valued at amortised cost.

Financial assets available for sale

The category "Financial assets available for sale" is defined by IAS 39 as the applicable classification by default or designation.

Securities classified as assets available for sale are initially recognised at their fair value, including transaction costs directly attributable to the acquisition and accrued interests.
They are subsequently valued at fair value and differences in fair value are recognised as gains or losses directly in other comprehensive income.

In the event of a sale, the unrealised gains and losses recognised in other comprehensive income are transferred (recycled) to the income statement.

Amortization of any premium or discount on fixed-income securities is recognised in the income statement using the effective interest rate method.

Accrued interest on assets available for sale is recognised as financial income and recorded as a balance sheet asset on the same line as the fair value of the securities to which it relates.

This category of securities is subject to impairment under conditions described in a separate section, "Impairment of financial investments".

Impairment of financial investments

Impairment must be recognised where there is an objective indicator of loss of value resulting from one or more events occurring after the acquisition of securities other than those at fair value through profit or loss.
For equity securities an objective indicator of loss of value consists of a lasting or significant reduction in the value of the security. For debt securities it consists of a significant worsening of credit risk. Credit, or counterparty, risk is the risk of loss or non-recovery of a loan.

For equity securities, Crédit Agricole Assurances conducts a two-stage analysis:

- The first stage leads to systematic impairment in application of the following quantitative criteria: a fall in value of more than 50% at the closing date, or lastingly observed for more than 3 years.
- The second allows Crédit Agricole Assurances to evaluate the lasting nature of the impairment of other securities held in the portfolio on the basis of objective indicators of impairment. These indicators trigger an analysis on a case-by-case basis based on quantitative criteria (loss of at least 30% of the value of an instrument over a period of 6 consecutive months) and qualitative criteria (financial difficulties at the issuer, insolvency, restructuring, disappearance of an active market, etc.).

For debt securities impairment criteria take account of the risk of non-repayment. However, a reduction in the credit rating of an issuer represents only an indicator and not an established risk of non-recovery of future cash flows relative to debt instruments.

Depreciation is calculated using the weighted average unit cost method. It is recognised through the income statement in accordance with the following rules:

- for securities recognised at amortised cost, depreciation is recognised through the use of a specific account in profit or loss; its amount is calculated by difference between the recoverable value and the net carrying amount of securities and can be reversed in the event of a subsequent improvement;
- for available for sale assets, impairment is recognised in the income statement; it corresponds to the fall in the total fair value of the instrument (excluding accrued interest) from its value at initial recognition. A further fall in the value of an asset that is already impaired must be recognised in profit or loss.

In the event of a subsequent increase in the value of debt securities classified as "financial assets available for sale", the loss of value previously recognised through profit and loss is reversed in the income statement where circumstances warrant. For equity securities classified as "financial assets available for sale", a subsequent increase in fair value relative to the carrying amount is recognised in other comprehensive income.

Temporary acquisition or disposal of securities

Temporary disposals of securities (security lending/borrowing, repurchase agreements) do not meet the derecognition criteria of IAS 39 (loss of contractual rights, cash flows and/or risks and benefits pertaining to the assets concerned) and are treated as guaranteed financing. Securities loaned or subject to a repurchase agreement are maintained as assets on the balance sheet and, where appropriate, the consideration received, representing the debt to the buyer, is recognised as a liability on the balance sheet. Securities sold or received in a repurchase agreement are not recognised on the buyer's balance sheet but in the event of a subsequent sale, the buyer recognises as an asset the value of its loan to the seller. Income and expense relating to such transactions are recognised in the income statement on a time basis, except where assets and liabilities are recorded at fair value through profit or loss.

◊ Derivative instruments

Derivative instruments are financial assets or liabilities, recognised on the balance sheet at their fair value at the time of the transaction. At each closing date they are valued at fair value, whether they are held for trading purposes or form part of a hedging position.

Revaluation of derivatives on the balance sheet is reflected in the income statement (other than in the specific case of cash flow hedges).

Embedded derivatives

A derivative is a financial instrument whose value varies based on an interest rate, index or other variable and which requires no initial investment or a significantly lower

investment than another type of contract seeking to generate the same type of results whose settlement occurs on a future date.

An embedded derivative is that component of a hybrid contract that meets the definition of a derivative product. An embedded derivative must be recognised separately from the host contract if the following three criteria are met:

- the hybrid instrument is not held at fair value through profit and loss;
- when separated from the host contract, the embedded element has the characteristics of a derivative;
- the characteristics of the embedded derivative are not closely linked to those of the host contract.

The main hybrid financial investments held by the Crédit Agricole Assurances Group at 30 June 2014 were certain EMTN and convertible bonds. Crédit Agricole Assurances has elected to recognise these instruments at fair value through profit or loss, with the result that their embedded derivatives are not treated separately.

Hedge accounting

IAS 39 defines three types of hedging:

- **Fair value hedges** provide a hedge against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

Changes in the fair value of the derivative and in the fair value of the hedged items are recognised (symmetrically) through profit or loss. Any inefficiency in the hedge results in a non-zero impact on the income statement.

Crédit Agricole Assurances uses this type of hedge particularly to cover the risk of currency fluctuations on financial assets denominated in foreign currencies.

- **Cash flow hedges** provide a hedge against variability in future cash flows on financial instruments associated with a recognised asset or liability (e.g. all or some future interest payments on variable rate debt) or with a highly probable forecast transaction.

Changes in the fair value of the derivative are recognised on the balance sheet as a balancing entry to a specific gain and loss account recorded directly in other comprehensive income for the effective portion of the hedge, with any ineffective portion recognised in profit or loss. In the case of forecast transactions, gains or losses on derivative instruments accumulated in other comprehensive income are reclassified in profit or loss when the hedged cash flows occur.

- **Hedges of a net investment** in a foreign operation provide a hedge against the risk of an unfavourable change in its fair value related to the exchange rate risk of a foreign investment in a currency other than the euro.

Changes in the fair value of the derivative related to the effective portion of the hedge are recognised in a conversion differences account in other comprehensive income, and any ineffective portion is recognised in profit or loss.

As part of the creation of a hedging relationship and in order to qualify for hedge accounting, formal documentation of the hedge must be prepared from inception and the effectiveness of the hedge must be demonstrated at the time of inception, for the foreseeable future, and must be assessed retrospectively no less frequently than on every closing date.

◊ Financial liabilities

Financial liabilities relating to financial contracts without discretionary participation are described in the section on insurance company contracts.

Crédit Agricole Assurances' other financial liabilities are described below.

Distinction between debt and equity

A debt instrument or financial liability includes a contractual obligation for the issuer:

- to transfer cash or another financial asset,
- to exchange instruments under conditions which are potentially unfavourable.

An equity instrument is defined in IAS 32 as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).

The amendment to IAS 32 adopted by the EU on 21 January 2009 allowed, under certain conditions, the classification as equity instruments of financial instruments previously classified as debt. These financial instruments include:

- instruments issued by the issuer, that are puttable by the holder;
- instruments creating a contractual obligation for the issuing entity to deliver to the holder a pro rata share of net assets on liquidation.

Thus where these conditions are met, units in UCITS issued as liabilities must be classified as equity.

Subordinated financial liabilities issued by Crédit Agricole Assurances are debt instruments.

Determination of fair value of financial instruments

Fair value of financial instruments is determined in accordance with the provisions of and presented according to the hierarchy set out in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, on the principal market or the most advantageous market on the measurement date.

The Group also applies the recommendations on the valuation of certain types of financial instrument at fair value published by AMF, CNC and ACAM on 15 October 2008.

Where a financial instrument is valued at fair value, the Group considers that the best indication of this is the existence of a quoted price on an active market.

In the absence of such a quoted price, fair value is determined by applying valuation techniques using observable or non-observable data.

Crédit Agricole Assurances incorporates in the fair value of derivatives a measurement of counterparty risk on derivative assets (Credit Value Adjustment, or CVA), and symmetrically, non-execution risk on derivative liabilities (Debit Value Adjustment, or DVA, or own credit risk).

Calculation of CVA/DVA is based on an estimate of projected losses based on the probability of default and loss in the event of default. The method employed is based on market parameters where the counterparty has

a quoted Credit Default Swap (CDS) which is directly or indirectly observable, or historical parameters for other counterparties.

CVA determines potential counterparty losses from the point of view of the Crédit Agricole Group, whilst DVA measures potential losses relating to the Crédit Agricole Group from the counterparty's point of view.

The standard classifies fair value into three levels, based on the observability of the inputs used in measurement:

◊ Level 1: fair value corresponding to quoted prices (unadjusted) in an active market.

Level 1 presents financial instruments directly quoted in an active market for identical assets and liabilities that the entity can access at the measurement date. In particular these include equities and bonds quoted in active markets (such as Bourse de Paris, London Stock Exchange, New York Stock Exchange), units in investment funds quoted in an active market and derivatives contracted for on an organised market, particularly futures.

A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

◊ Level 2: fair value derived from directly or indirectly observable data other than those included in Level 1.

Such data are either directly observable (i.e. prices) or indirectly observable (i.e. data derived from prices) and generally have the following characteristics: they are not data that are specific to the entity, they are publicly available or accessible and are based on a market consensus.

Level 2 presents:

- equities and bonds quoted in a market considered as inactive, or not quoted in an active market but for which fair value is determined using valuation methods currently used by market participants (such as discounted future cash flow or the Black and Scholes model) based on observable market data.

- Instruments traded 'over-the-counter' which have been valued on the basis of models which use observable market data, that is to say those data which can be obtained on a regular basis from several sources independent of internal sources. For example, the fair value of interest rate swaps is generally determined on the basis of yield curves derived from market interest rates observed at the closing date.

Where the models used are based on standard models and on observable market parameters (such as yield curves or implied volatility surfaces), the margin at inception on the instruments so valued is recognised in profit or loss at the time of initial recognition.

◊ Level 3: fair value where a significant number of the parameters used for determination do not meet the criteria of observability.

The determination of the fair value of certain complex market instruments not quoted in an active market may be based on assumptions not directly backed by data observable on the market for the same instrument. Such instruments are presented in Level 3.

These are generally complex interest rate products, equity derivatives or structured credit whose valuation requires, for example, correlation or volatility parameters which are not directly comparable with market data. Crédit Agricole Assurances primarily includes in Level 3 units in venture capital and private equity investment funds.

Valuation methods and models for financial instruments presented at Level 2 and Level 3 incorporate all factors generally used by market participants in the calculation of prices. Determination of fair value of these instruments takes account of liquidity risk and counterparty risk.

Absence of a recognised valuation technique to determine the fair value of an equity instrument.

In accordance with the provisions of IAS 39, if no technique can be satisfactorily applied, or if the various techniques used give excessively divergent valuations, the instrument remains valued at cost and classified as "financial assets available for sale" as its fair value can not be determined in a reliable manner. In this case, the Group does not communicate a fair value, in accordance with the recommendations of IFRS 7. This mainly concerns equity stakes in companies that are not quoted in an active market and for which it is difficult to produce a reliable fair value.

Investment income net of expenses

This income statement caption includes all income and expense relating to insurance company investments. Details are provided below.

◊ Investment income

This heading includes:

- dividends received on equities and other variable-income securities however classified under IAS 39;
- interest received and accrued on fixed-income securities (AFS and HTM) and loans and receivables;
- amortization of premiums and discounts on amortisable securities;
- other investment income, notably corresponding to commissions on financial services, rental income from investment properties and foreign exchange gains.

◊ Investment expense

This heading includes:

- interest expense on securities sold under a repurchase arrangement;
- investment expense, including directly incurred expenses (commissions on financial services) or expense by option;
- other investment expense (foreign currency losses).

◊ Gains and losses on investments net of reversals of impairment or amortization

This heading records net gains on the disposal of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

◊ Change in fair value of investments recognised at fair value through profit or loss

This heading primarily includes the following items:

- positive and negative adjustments (unrealised gains and losses) to assets included in unit-linked contracts;
- other changes in the fair value of assets and liabilities recognised at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and income on disposal or termination of derivative instruments not forming part of a fair value or cash flow hedge.

This heading also includes the ineffective portions of fair value, cash flow and net investment in a foreign operation hedges.

◊ Change in impairment on investments

This heading records increases and reversals in provisions for impairment of securities held to maturity, securities available for sale, loans and receivables and real estate assets.

Offsetting of financial assets and liabilities

In accordance with IAS 32, Crédit Agricole Assurances offsets a financial asset and a financial liability, presenting a net balance, if and only if it has a legally enforceable right to offset the amounts recognised and if it has the intention of either settling the net amount or simultaneously realising the asset and settling the liability.

Derecognition of financial instruments

A financial asset (or group of financial assets) is derecognised in whole or in part:

- when the contractual rights over the cash flows relating to it expire or are transferred or deemed to be transferred because they belong effectively to one or more beneficiaries and,
- when nearly the entirety of the risks and rewards of ownership of the asset are transferred.

In this case, all rights and obligations created or retained under the transfer are accounted for separately as assets and liabilities.

Where contractual rights over cash flows are transferred but only part of the risks and rewards, together with control, is retained, the entity will continue to recognise the financial asset to the extent of its continuing involvement in this asset.

A financial liability is derecognised in whole or in part only when the liability is extinguished.

Insurance liabilities

◊ Contract categories

Contracts issued by the Group's insurance companies can be divided into two main categories:

- insurance contracts and investment contracts with a discretionary participation feature, which are covered by IFRS 4;
- investment contracts with no discretionary participation feature, which are covered by IAS 39.

Insurance contracts

These are contracts under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event occurs, the insured event affecting adversely the policyholder or another beneficiary.

An insurance risk is defined as a non-financial risk, with financial risks being risks relating to the potential future fluctuation in interest rates, the price of a transferable security, price of a commodity, a currency exchange rate or another non-financial variable that is not specific to one of the parties to the contract (otherwise it would qualify as an insurance risk).

For Crédit Agricole Assurances, for each portfolio of contracts grouped according to uniform characteristics, the significant nature of an insurance risk is analysed on the basis of a representative individual contract. The existence of a scenario (having commercial substance) under which the insurer would pay significant additional benefits, that is to say of an amount significantly greater than that of the benefits that would be paid if no insured event occurred, constitutes a significant insurance risk for all contracts of a uniform portfolio, regardless of the likelihood of the scenario arising. Insurance risk may therefore be significant even where the pooling of risk within a portfolio minimises the probability of a significant loss relative to the financial benefits received from the portfolio as a whole.

The main insurance risks are death (benefits paid on death), longevity (benefits paid on continued life, for example annuities), morbidity (benefits paid on injury), incapacity, illness (medical benefits) or unemployment for individuals, together with civil liability and damage to property.

Investment contracts with a discretionary participation feature

Contracts which do not expose the insurer to a significant insurance risk are classified as investment contracts.
They are classified as investment contracts with a discretionary participation feature if they grant the policyholder the right to receive, in addition to guaranteed benefits, additional benefits:

- that are likely to represent a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer;
- and that are contractually based on the performance of a specified pool of contracts or type of contract, the realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the

company, fund or other entity that issues the contract.

Investment contracts with a discretionary participation feature are primarily euro-based savings contracts. In the event of a multi-fund contract, where the policyholder has the option at any time of transferring all or some of their savings into a euro-based fund with discretionary participation (with conditions that do not create an impediment to such a transfer), the Crédit Agricole Assurances Group considers the contract as a whole is a contract with discretionary participation, whether or not this option has been exercised by the policyholder.

Investment contracts with no discretionary participation feature

Contracts sold by insurance companies which do not fit into either of the above categories are financial contracts without discretionary participation features.

◊ Accounting for insurance contracts and investment contracts with a discretionary participation feature

As authorised under IFRS 4, insurance contracts and investment contracts with a discretionary participation feature are accounted for using principles adopted by Crédit Agricole Assurances in accordance with French regulations on consolidation (CRC 2000-05) with the exception of specific measures introduced by the standard for equalisation reserves, shadow accounting and liability adequacy tests.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

Non-life insurance

Underwriting reserves for non-life insurance contracts include (i) claims reserves which remain to be settled and (ii) reserves related to the acquisition of premiums (primarily unearned premiums reserves). This enables recognition in the income statement for a given year of premiums relative to the risks actually covered during that year and defers recognition of premiums written during the year which concern a period of cover after the year end.

(i) Claims reserves result in part from a case-by-case analysis of reported claims which have not been settled and in part from an estimate of delayed claims for events that have occurred but for which claims have not yet been reported or claims reported the valuation of which may be subject to a subsequent change. These reserves are reduced by projected recoveries to be collected, which are estimated on the basis of recoveries collected over previous years, and increased by a provision for claims management costs, to cover future costs for the management of claims reported but not closed on the inventory date. Claims reserves are not discounted, with the exception of reserves related to annuities for incapacity and disability.

(ii) Premium and claims reserves may be complemented, where appropriate, by an unexpired risks reserve when unearned premiums do not cover the cost of the claims covered and associated costs for the period covered by such premiums, or a provision for increasing risks where, for long contracts relating to closed groups, the cost of future risk has exceeded the amount of future premiums.

Life insurance and financial contracts with discretionary participation features

Underwriting reserves on life insurance contracts and financial contracts with discretionary participation features correspond to the present value of the commitments of the insurer and the policyholder. Reserves are calculated using actuarial methods including assumptions on premiums, the performance of financial assets, the rate of contract redemption and changes in general expenses. In the particular case of unit-linked contracts, the value of the deposits recognised as liabilities is based on the value of the financial assets (the investment units) held under the contracts. Revaluations of assets and liabilities on unit-linked contracts are recognised in the income statement, where they cancel each other out.
Where contracts carry a significant risk of mortality (or longevity) they are also calculated with reference to regulatory mortality tables or experience tables, where these are considered more prudent. More particularly, where a minimum guaranteed death benefit is included in a unit-linked contract, guaranteeing the beneficiary at least the initial capital investment irrespective of changes in the value of units held, this is subject to a provision based on an economic method (stochastic scenarios). Underwriting reserves are discounted at the technical interest rate (minimum rate of guaranteed return, capped by regulation).

Where acquisition commissions received on premiums, assets managed or withdrawals from financial products are observed to be insufficient to cover future management costs, Crédit Agricole Assurances records a provision for management costs assessed per uniform contract class.

Lastly, a participation reserve is recorded where returns exceeding the guaranteed minimum are allocated, by contract or regulation, to the policyholders or other subscribers to individual or collective contracts but have not been distributed during the accounting period. Where required, this provision is completed by deferred participation reserve resulting from the application of the principle of shadow accounting.

Application of shadow accounting and deferred participation

Insurance contracts and investment contracts with discretionary participation features are subject to "shadow accounting" in accordance with the option available under IFRS 4. Shadow accounting consists in recognising in a deferred participation account the share of positive or negative movements in the financial assets relating to these contracts together with certain consolidation restatements (e.g. elimination of liquidity risk reserves) that, potentially, revert to the policyholders.

In addition, CRC n°2000-05 requires the recognition of deferred profit participation on a mandatory basis for deferred participation liabilities and to the recoverable amount for deferred participation assets.
This deferred participation is recorded as a liability (underwriting liabilities on contracts) or an asset, with a balancing entry on the income statement or in other comprehensive income in a similar manner to the unrealised gains or losses on the assets to which it relates.

For Predica savings contracts deferred participation is determined in two stages:

- by allocating the share of unrealised gains and losses on assets backing insurance or financial contracts with discretionary participation over an historical average of three years;

- secondly, by applying to revaluations relating to insurance contracts with discretionary participation a historical participation rate observed over the preceding three years for amortisable securities, and a participation rate of 100% for other financial assets.

In the case of unrealised losses, a deferred participation asset is only recognised if its imputation, by entity, against future participation is highly probable. This is most notably the case if the deferred participation asset can be deducted from future participation, either directly by deducting it from deferred participation liabilities recognised as a result of gains on future disposals, or indirectly by being recovered from the future sums paid to the policyholders.

Recoverability tests carried out on deferred participation assets are in accordance with the CNC recommendation of 19 December 2008. They are based:

- firstly, on an analysis of the liquidity of the company; these demonstrate the company's ability to mobilise resources to meet its obligations and its ability to hold assets showing an unrealised loss even in the event of a decline in new premium production. The tests are carried out with and without new production;
- secondly, on a comparison between the average value of future benefits valued using an internal model that replicates the management decisions of the company and the value of the asset as a representation of the market value of obligations; this illustrates the ability of the company to honour its obligations.

Lastly, sensitivity tests on the capacity to capitalise the deferred participation asset are also carried out, notably:

- in the event of a uniform 10% increase in policy redemptions applied to the redemption rate resulting from scenarios similar to those drawn up by the Autorité de Contrôle Prudentiel (formerly Autorité de Contrôle des Assurances et des Mutuelles);
- in the event of an additional 10% fall in equity and real estate markets.

Liability adequacy test

In accordance with IFRS 4, Crédit Agricole Assurances ensures at the end of each reporting period that the liabilities of insurance contracts and financial contracts with discretionary participation features (net of deferred acquisition costs and associated intangible assets) are adequate in the light of future estimated cash flows.

The liability adequacy test applied must meet the following minimum criteria set out in the standard:

- consideration of all contractual cash flows and of related cash flows such as commissions and claims handling costs as well as cash flows from embedded options and guarantees;
- if the test shows that liabilities are inadequate, the entire deficiency is recognised by a provision in profit or loss.

The Group's life insurance companies test liability adequacy using a stochastic approach. The test considers underwriting reserves on life insurance contracts (excluding unit-linked contracts) grouped into product families with uniform characteristics. The resulting estimates of future cash flows are compared, aggregating all product families, with the sum of the following items: mathematical reserves + participation reserve + share of unrealised gains and losses attributed to the product families concerned. In the event that the result of the estimates is higher than this total, an additional provision is recognised through profit or loss.

The Group's non-life insurance companies conduct annual testing based on "best estimates" of claims reserves. This test covers all reserves for claims to be paid, including reserves for delayed claims, additional reserves relating to annuity conversion and provisions for claims handling costs. The analysis is carried out on data gross of reinsurance by risk segment and by accounting period of occurrence.

"Best estimates" of claims reserves are calculated without discounting or a prudential margin and correspond to the probable value of payments required to settle claims against all insured events that have occurred and not yet been fully settled. These are compared to recognised claims reserves, gross of reinsurance. In the event that estimates are greater than the reserves recognised, an additional provision is recognised through profit or loss.

In addition, where a provision for inadequacy of premiums is recognised in local accounts (in France an unexpired risks reserve), this is retained in consolidated accounts.

In the specific case of creditor insurance, the adequacy of liabilities is tested at the end of each accounting period by comparing liabilities recognised with those calculated on the basis of the updated claims/premiums ratio and a margin for risk and uncertainty. This is calculated separately for each partner.

Recognition of revenue on insurance contracts and financial contracts with discretionary participation

Note 1 Premiums

Revenue on life insurance contracts and investment contracts with discretionary participation corresponds to premiums on contracts in force during the accounting period, net of cancellation and corrected for premiums to be issued for the share to be acquired in subsequent periods.

Revenue on non-life insurance contracts corresponds to premiums issued excluding taxes, gross of reinsurance, net of cancelations, reductions and rebates, changes in premiums to be issued and changes in premiums to be cancelled. Premiums issued adjusted for changes in reserves for unearned premiums constitute earned premiums.

Note 2 Contract service charges

Service charges for insurance contracts and investment contracts with a discretionary participation feature include:

- all benefits where they are the subject of a payment to the beneficiary;
- underwriting interests and profit participation which may be included in these benefits;
- changes in underwriting reserves;
- all costs relating to the management and settlement of these benefits.

Service charges on non-life insurance contracts primarily include benefits and costs paid, together with changes in claims reserves. Claims correspond to claims net of recoveries for the period and annuity payments. They also include costs and commissions relating to claims handling and settlement.

◊ Accounting for investment contracts with no discretionary participation feature

These investment contracts are treated as financial liabilities and are covered by IAS 39. They are primarily unit-linked contracts without death benefit and without the option of switching to an investment vehicle with a discretionary participation feature.

In accordance with IAS 39, liabilities relating to these contracts are recognised as deposits. Thus premiums received and benefits paid, net of charges made by the insurer, are recognised directly on the balance sheet. The only items recognised on the income statement are revenue and expenses relating to the acquisition and management of contracts.

Liabilities relating to unit-linked contracts are valued and recognised with reference to the value of financial assets (investment units) representing these contracts at the end of the reporting period. Revaluations of assets and liabilities on unit-linked contracts have no effect on the income statement. This rule applies to all unit-linked contracts, whether they qualify as insurance contracts under the terms of IFRS 4 (for example if they include a guaranteed death benefit), investment contracts with discretionary participation feature (for example, in a multi-investment contract, where they include a clause allowing a switch to an investment vehicle containing a discretionary participation clause), or investment contracts without discretionary participation.

◊ Deferred origination costs, charges and unearned deductions

Origination costs for investment contracts without discretionary participation feature are subject to similar treatment to deferred acquisition costs for life insurance contracts covered by IFRS 4.

Symmetrically with the deferral of expenses incurred at inception of contracts, unearned acquisition commission are spread over time via an entry in liabilities. These are recognised in income at to the same pattern as that of deferred expenses.

◊ Reinsurance operations

Presentation of direct business and assignments to reinsurance

Premiums, claims and reserves are recognised gross of assignments to reinsurance. The share of assigned reinsurance, determined based on reinsurance treaties, is identified in the income statement under separate headings for reinsurance assignment income and reinsurance assignment expense.

The share of reserves covered by reinsurance companies is recognised as an asset.

No reinsurance contract is covered by IAS 39.

Assumed reinsurance

Assumed reinsurance is recognised treaty by treaty on the basis of information provided by the cedants or estimated in the event of receipt of incomplete information. Reinsurance contracts written are recognised in the same way as direct insurance contracts.

No reinsurance contract incorporates characteristics (such as the absence of a transfer of risk) that would result in them being classified as a financial contract covered by IAS 39.

Securities given or received as collateral for reinsurance operations are recorded on the table of commitments given and received.

Analysis of general expenses by function

In accordance with paragraph 99 of IAS 1 and recommendation n°2009-R-05 of 2 July 2009, general expenses are analysed by function. Thus consolidated income statement expenses are presented according to the following functions:

- Acquisition and similar expense
- Claims handling expense
- Investment management expense
- Administrative expense
- Other underwriting expense
- Other non-underwriting expense

The analysis of expenses by type is presented under the following headings:

- Staff costs
- Commissions
- Taxes
- Other

Provisions (other than for insurance activities)

In accordance with IAS 37, Crédit Agricole Assurances identifies obligations (legal or implied) resulting from a past event where it is probable (probability of over 50%) that an outflow of resources will be required to settle the obligation, where the date and amount of such settlement is uncertain but may be estimated with a reasonable degree of reliability. Such estimates are discounted where the effect of doing so is material.

Therefore, Crédit Agricole Assurances creates provisions which cover, in particular:

- operating risks;
- employee benefits (see paragraph below);
- legal claims and risks;
- tax risks.

The valuation of these provisions relies on judgments and corresponds to the Directors' best estimate, given the information in their possession at the end of the reporting period.

Employee benefits

In accordance with IAS 19, employee benefits are divided into four categories:

- short-term benefits such as salary, social security contributions, paid holidays, bonuses, profit sharing and bonuses fully payable within twelve months of the end of the reporting period in which employees rendered the corresponding services;
- long-term benefits (long-service awards, bonuses and compensation payable more than twelve months after the end of the reporting period);
- termination benefits;
- post-employment benefits, which in turn are classified under the following two headings: defined benefit plans and defined contribution plans.

◊ Long-term benefits

Long-term benefits are benefits to be paid to employees, other than post-employment benefits and termination benefits that are not payable in their entirety within twelve months of the end of the reporting period in which the corresponding services were rendered.

This particularly concerns bonuses and other deferred compensation paid twelve or more months after the end of the reporting period in which they were acquired, but which are not indexed on equity instruments.

The valuation method is similar to that used by the Group for post-employment benefits in the defined benefit plan category.

◊ Post-employment benefits

Defined benefit plans

At the end of each reporting period Crédit Agricole Assurances determines its retirement and associated benefit obligations together with all employment benefits accorded to employees falling into the defined benefit plan category.

In accordance with IAS 19, these obligations are assessed using the projected unit credit method on the basis of actuarial, financial and demographic assumptions. This method consists of allocating to each year of an employee's employment a charge corresponding to the rights acquired over that year. This charge is calculated on the basis of the discounted present value of the future benefit.

Calculations of charges relating to retirement benefits and future employee benefits are established on the basis of assumptions regarding the discount rate, employee turnover rate and changes in salaries and social security costs drawn up by the Directors. If the real figures differ from the assumptions used, the charge relating to retirement benefits may increase or reduce in future reporting periods.

Discount rates are determined based on the average duration of the obligation, that is to say the unweighted average of durations calculated between the date of valuation and the date of payment weighted for assumptions on employee turnover.

The expected return on plan assets is also estimated by the Directors. Estimated returns are based on estimated returns from fixed-income securities including notably bond yields.

The expected return on plan assets is determined on the basis of the discount rates used to measure the defined benefit obligation.

In accordance with paragraph 16d of IAS 34 relative to "interim financial reporting", Crédit Agricole Assurances presents the impact of "changes in estimates of amounts reported in prior financial years where such changes have a material effect on the interim reporting period considered ".

Crédit Agricole Assurances does not apply the optional corridor method and recognises the actuarial differences observed as gains and losses directly in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation under the defined benefit plan at the end of the reporting period, calculated according to the actuarial method recommended in IAS 19;
- less, where appropriate, the fair value of the assets held to cover these obligations. Such assets may be represented by an insurance contract taken out with a non-related company. Where the obligation is entirely covered by a contract corresponding exactly, in amount and period, to all or part of the benefits to be paid under the plan, the fair value of this contract is considered to be that of the corresponding obligation, (that is to say the amount of the corresponding actuarial liability). In the particular case where obligations are covered by an insurance contract with a consolidated company, they are not offset in liabilities by the associated assets, which are recognised separately as assets.

For non-covered obligations, a provision to cover termination benefits is recognised as a liability under the heading "Provision". This provision corresponds to the obligations relating to employees of entities within Crédit Agricole Assurances, in service at the end of the reporting period and covered by the Collective Employment Agreement of the Crédit Agricole Group, which came into force on 1 January 2005.

A provision to cover the cost of early departures is also included under the heading "Provisions". This provision covers the present value of the additional cost of various early departure agreements signed by Crédit Agricole Group entities which allow employees reaching the required age to cease their activity.

Lastly, supplementary retirement obligations, which generate obligations for the companies concerned, are the subject of provisions determined on the basis of the actuarial debt representing these obligations. These provisions are also recognised as liabilities on the balance sheet under the heading "Provisions".

Defined contribution plans

There are various mandatory retirement plans to which "employer" companies contribute. These funds are managed by independent organisations and the contributing companies have no obligation, legal or implied, to pay additional contributions if the funds to not have sufficient assets to provide all the benefits corresponding to the services rendered by employees during the reporting period and previous periods. As a result, Crédit Agricole Assurances has no liabilities relating to these plans other than the contributions to be paid for the reporting period in question.

Share-based payments

IFRS 2, "Share-based payment", requires the recognition of transactions settled by share-based and similar payments in the income statement and balance sheet of the company. This standard applies to transactions entered into with employees and more precisely:

- equity-settled share-based payment transactions;
- cash-settled share-based payment transactions.

The share-based payment plans allocated to employees of Crédit Agricole Assurances and qualifying under IFRS 2 are primarily of the equity-settled type (stock options, free share allocations, variable compensation with indexed cash settlement or settled with equity).

Allocated options are valued on allocation at their fair value primarily by use of the Black and Scholes model. These are recognised as an expense under the heading "staff costs" with a balancing entry in the equity account

over the vesting period, which is 4 years for all current plans.

The expense relative to share allocation plans settled with Crédit Agricole S.A. equity instruments is recognised in the financial statements of the entities employing the plan beneficiaries. The impact is recognised in staff costs with a balancing increase in "Consolidated reserves attributable to the Group".

Current and deferred taxation

In accordance with IAS 12, tax on income includes all taxes based on income whether current or deferred.

This defines current tax as "the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period." Taxable profit is the profit (loss) for a period determined in accordance with the rules of the taxation authorities.

The taxation rates and rules applicable for the determination of the tax charge are those in force in each of the countries in which subsidiaries of Crédit Agricole Assurances are based.

Current tax includes all tax on income, payable or recoverable, whose payment is not subject to the completion of future transactions, even if payment is spread over several periods.

In addition, certain transactions conducted by the entity may have tax consequences not taken into account in the determination of current tax. Differences between the carrying amount of an asset or liability and its tax base are defined by IAS 12 as temporary differences.

The standard requires the recognition of deferred tax assets and liabilities in the following cases:

- A deferred tax liability must be recognised for all taxable temporary differences between the carrying amount of an asset or liability and its tax base, except where the deferred tax liability is the result of:
  - the initial recognition of goodwill;
  - the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction.
- A deferred tax asset must be recognised for all deductible temporary differences between the carrying amount of an asset or liability and its tax base, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.
- A deferred tax asset must also be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The tax rates used are those applicable in each country.

Deferred tax assets and liabilities are not discounted.

Unrealised gains on securities, where these are taxable, do not generate taxable temporary differences between the carrying amount and the tax base. They do not, therefore, generate deferred tax assets or liabilities. Where the securities in question are classified as available for sale, unrealised gains or losses are recognised in equity. Thus the real tax charge or tax reduction incurred by the entity in relation to these unrealised gains or losses is reclassified by deduction of these entries.

Gains on strategic equity holdings as defined by the French General Tax Code and qualifying for the long-term tax regime are exempt from tax for reporting periods from 1 January 2007 (with the exception of a 12% share of the gain, taxed at the standard tax rate). Therefore, unrealised gains recognised in a reporting period generate a temporary difference giving rise to recognition of deferred taxation on this share.

Current and deferred tax is recognised in profit or loss for the period except to the extent that the tax arises from:

- a transaction or event which is recognised directly in other comprehensive income, in the same or a different period, in which case it is directly credited or debited in other comprehensive income; or
- a business combination, in which case it affects goodwill.

Deferred tax assets and liabilities are offset if, and only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax credits on loan income and securities portfolios, where they are effectively used in the settlement of income tax due for the reporting period, are recognised under the same heading as the income to which they relate. The corresponding tax charge is maintained under the "Tax" heading in the income statement.

However, in view of the legislature's goal of reducing employment costs through the Competitiveness and Employment Tax Credit (Crédit d'Impôt pour la Compétitivité et l'Emploi, or CICE), Crédit Agricole Assurances has elected to recognise CICE (under article 244 quater C of the French General Tax Code) as a deduction from staff costs rather than a reduction in tax.

Foreign currency transactions

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rate on the closing date into the functional currency of the Crédit Agricole Assurances Group, i.e. the euro. Translation differences are recognised in profit or loss. There are two exceptions to this rule:

- for financial assets available for sale, the currency effect on changes in fair value is recognised in recyclable equity, except in the case of impairment

or disposal when it is recognised through profit or loss;
- translation differences on items deemed to be part of a cash flow hedge, or forming part of a net investment in a foreign operation, are recognised in other comprehensive income.

The recognition of non-monetary assets varies according to the nature of these assets:
- assets measured in terms of historical cost are translated using the exchange rate at the date of the transaction;
- assets at fair value are translated using the exchange rate on the closing date.

Translation differences on non-monetary items are recognised:
- in profit or loss if the gain or loss on the non-monetary item is recognised in profit or loss;
- in other comprehensive income if the gain or loss on the non-monetary item is recognised in other comprehensive income.

Impairment on assets in foreign currencies is calculated on a basis converted into euros.
Derivative instruments forming part of a hedge of the foreign currency risk of a transaction are recognised in the balance sheet at fair value at the end of the period.

For the conversion of the financial statements of foreign entities please refer to consolidation principles and policies.

Non-current assets held for sale and discontinued operations

A non-current asset (or disposal group) is classified as "held for sale" where its carrying amount is recoverable primarily through a transaction rather than through continued use.
For this to be the case the asset (or disposal group) must be available for an immediate sale in its current condition and its sale must be highly probable.

The assets and liabilities concerned are recognised separately on the balance sheet under the headings "non-current assets held for sale" and "debts relating to non-current assets held for sale"

These non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. In the event of an unrealised loss, an impairment loss is recognised in profit or loss. In addition, such assets cease to be amortised from the time of their classification as held for sale.

If the fair value of a disposal group less costs to sell is lower than its carrying amount less amortization of non-current assets, the difference is allocated to other assets in the group of assets held for sale, including financial assets, and recognised in profit or loss for assets held for sale.

Discontinued operations are considered to be any component that has been disposed of or is classified as held for sale and is in one of the following situations:
- it represents a separate major line of business or geographical area of operations,
- it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are presented on a separate line of the income statement:
- net income after tax of discontinued operations up until the date of the sale,
- the profit or loss after tax resulting from the sale or the measurement at fair value less costs to sell of the assets and liabilities constituting discontinued operations.

At 30 June 2014, the provisions of IFRS 5 were applied to transactions conducted with BES Seguros in preparation for the sale of this subsidiary to Tranquilidade (see Note 2 - Significant information for the half-year).

Principles and policies of consolidation

Consolidated financial statements include the financial statements of Crédit Agricole Assurances and of all companies over which, in accordance with the provisions of IAS 10, IAS 11 and amended IAS 28, Crédit Agricole Assurances has control or exercises significant influence.
Under IFRS 10, control is identified by consideration of the cumulative effect of the following 3 factors:
- Power over the entity;
- Exposure to the variability of returns from the entity;
- The investor's ability to use its power over the investee to affect the amount of the investor's returns.

In addition, identification of control over an entity varies according to the nature of the entity:
- In the case of a traditional entity, the investor exercises control over the investee through ownership of voting rights;
- In the case of a structured entity, identification of control requires analysis on multiple criteria, as ownership of voting rights is not the dominant factor in establishing control of the entity.

A structured entity is typically characterised by:
- Narrowly defined business activities;
- A precise and well defined corporate purpose;
- Insufficient shareholders' equity to allow the structured entity to finance its activities without recourse to subordinated financial support;
- Financing through the issuance to investors of multiple instruments linked by contract and creating concentrations of credit risk or other risk ("tranches").

Notions of control

All entities under exclusive control, joint control or significant influence are consolidated, on condition that their contribution is judged to be material.
The material nature of the contribution is assessed on the basis of three main criteria being percentage of total assets, shareholders' equity and consolidated income.

In accordance with IFRS 10, exclusive control is presumed to exist where Crédit Agricole Assurances owns, directly or indirectly through subsidiaries, substantive voting rights which give it the real ability to direct the relevant activities of a traditional entity, unless, in exceptional

circumstances, it can be clearly demonstrated that such ownership does not constitute control. Exclusive control also exists where Crédit Agricole Assurances owns half or less than half of the voting rights, including potential rights, in an entity but has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

- In accordance with IFRS 11, joint control exists over joint ventures in which two or more venturers are bound by a contractual arrangement establishing joint control.

Significant influence is the power to participate in the financial and operating policy decisions of a company but without control over those policies. Crédit Agricole Assurances is presumed to have significant influence where it holds, directly or indirectly through subsidiaries, 20% or more of the voting rights in a traditional entity.

◊ Specific case of special purpose entities

In the case of structured entities, control is identified through a multi-criterion analysis (e.g. dedicated nature of the fund, provision of initial capital, guarantees given, financial support, etc.).
The determination of control is made in particular with regard to the following circumstances:

- The activities of the special purpose entity are being conducted on behalf of a subsidiary of Crédit Agricole Assurances according to its specific business needs so that this company obtains benefits from the special purpose entity's operation;
- This company has decision-making power to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an 'autopilot' mechanism, the company has delegated these decision-making powers;
- This company has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity;
- or this company retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In accordance with this interpretation, the dedicated UCITS owned by subsidiaries of Crédit Agricole Assurances are consolidated either line by line or using a simplified method consisting of consolidating on a single line the Group's share in the liquidation value of the UCITS. This simplified method is similar to measuring the UCITS as a financial instrument at fair value through profit or loss in accordance with the fair value option of IAS 39.

Analysis of control over UCITS owned by Crédit Agricole Assurances backing unit-linked contracts is based on a multi-criterion analysis, considering not only the percentage ownership of the fund, but also CAA's involvement in its creation and in the selection of multi-fund contracts.
UCITS controlled by subsidiaries of Crédit Agricole Assurances backing unit-linked contracts are consolidated using a simplified method consisting of consolidating on a single line the entire liquidation value of the UCITS, with any minority interests recognised as a liability. This simplified method is similar to measuring the UCITS and liabilities to holders of minority interests as a financial instrument at fair value through profit or loss in accordance with the fair value option of IAS 39.
Conversely, where a fund is open and CAA is not a dominant investor, CAA considers that control is not established under the terms of IFRS 10. Structured entities over which a multi-criterion analysis does not establish that Crédit Agricole Assurances exercises control are considered as not controlled and are therefore not consolidated.
Consolidation methods
Methods of consolidation are determined in accordance with IFRS 10 and 11 and amended IAS 28 respectively. They reflect the nature of the control exercised by Crédit Agricole Assurances over consolidated entities whether or not they are active and whether or not they are incorporated:

- full consolidation for entities under exclusive control, including entities with different accounting structures, even if their activity is not an extension of that of Crédit Agricole Assurances;
- the equity method for entities under joint control or significant influence. In the event that an entity under joint control is consolidated by the equity method, the information is provided in the notes to financial statements.

Full consolidation consists of substituting the assets and liabilities in each subsidiary for the value of shares held. Minority interests in equity and income are recognised separately on the consolidated balance sheet and in the consolidated income statement.

Minority interests are those which do not give control as defined by IAS 27 and include instruments representing a current interest and which give rights to shares in net assets in the event of liquidation together with other capital instruments issued by the subsidiary which are not owned by the group.

The equity method substitutes for the value of the shares held the Group's share in equity and income at the subsidiary company.
Changes in the carrying amount of these securities now reflect changes in goodwill.
In the event of additional acquisitions or partial disposals, with the maintenance of joint control or significant influence, Crédit Agricole Assurances recognises:

- in the case of an increase in the percentage interest held, additional goodwill;
- in the case of a reduction in the percentage interest held, a gain or loss on disposal/dilution through profit or loss.

Restatements and elimination of intragroup transactions

The restatements necessary to harmonise the measurement methods of the individual financial statements of the consolidated entities, with reference to Group principles, are conducted unless they are considered not material.

In addition to restatement entries, elimination entries eliminate transactions conducted between companies consolidated by the Group:

- Elimination of the effect on the consolidated balance sheet and income statement of transactions within the group, particularly dividend payments and reinsurance operations.
- Elimination of gains and losses resulting from the transfer of assets between consolidated companies; where appropriate, impairment losses are recognised should a lasting loss of value be observed at the time of an internal transfer.

As transactions and balances between fully consolidated Group companies are eliminated in full at the end of the period, only those transactions between fully consolidated companies and companies consolidated by the

proportionate method, to the amount of the share of third part co-venturers with the Group in the latter, affect the consolidated financial statements of the Group. Transactions conducted with other entities within the Crédit Agricole S.A. Group which do not fall within the scope of consolidation of Crédit Agricole Assurances are not considered as intragroup transactions for the purposes of these consolidated financial statements.

Foreign currency translation of foreign subsidiaries

Financial statements of foreign subsidiaries are converted into euros in two stages:

- conversion, where necessary, from the local accounting currency to the functional currency (currency of the main economic environment in which the entity operates) on the historical cost method, with translation differences being fully and immediately recognised in profit or loss;

- conversion from the functional currency to euros, the accounting currency of the Group's consolidated financial statements. Assets and liabilities are converted at the closing exchange rate. Income and expenses on the income statement are converted at the average exchange rate for the period. Translation differences arising on the translation of assets, liabilities and the income statement are recognised in other comprehensive income.

Goodwill - business combinations

◊ General principles

Business combinations are treated in accordance with IFRS 3, except in the following cases:

- the combination of entities or activities under common control;
- the combination of distinct entities or activities to form a joint venture;
- the combination of two or more mutual entities;
- the combination of distinct entities or activities to form an entity presenting financial statements by contract alone without transfer of consideration (for example combinations under which distinct entities are combined by contract alone to form a company with a double market listing).

On the date on which control is obtained, the identifiable assets, liabilities and potential liabilities of the acquired entity which meet the recognition criteria of IFRS 3 are recognised at fair value. However, as allowed under IFRS 4 for the acquisition of an insurance company, the liabilities relating to the life insurance contracts or financial contracts with discretionary participation features acquired are retained at their carrying amount on the balance sheet of the acquired entity (after harmonisation with Crédit Agricole Assurances measurement methods if necessary) and the value of these portfolios of contracts is recognised in assets and amortised over the period of payment of profits. This portfolio value represents the present value of future profits on the contracts acquired and corresponds to the difference between the fair value of contracts and their carrying amount.
No restructuring liability is recognised as a liability of the acquired entity unless the latter, at the time of the acquisition, is obliged to carry out this restructuring.

Price adjustment clauses are recognised at fair value, even if their realisation is not probable. Subsequent changes in fair value of the clauses, which have the characteristics of financial debt, are recognised in profit or loss. Only those price adjustment clauses relating to operations where the acquisition of control took place before 31 December 2009 may still be recognised against goodwill, as such transactions were initially recognised under non-revised IFRS 3 (2004).

The share of holdings which do not give control which are instruments representing a current interest and which give rights to shares in net assets in the event of liquidation may be valued, at the option of the acquiring entity, in one of two ways:

- at fair value on the acquisition date;
- at the fair value of the share of identifiable assets and liabilities in the entity acquired.

These options may be exercised on an acquisition-by-acquisition basis.

The balance of holdings not giving control (equity instruments issued by the subsidiary not owned by the group) must be recognised at fair value on the acquisition date.

The initial valuation of assets, liabilities and potential liabilities may be modified within a maximum period of twelve months from the date of acquisitions.

Certain transactions relating to the acquired entity are recognised separately from the business combination. In particular this concerns:

- transactions which terminate an existing relationship between the acquired entity and the acquirer;
- transactions which compensate employees or selling shareholders in the acquired entity for future services;
- transactions which compensate the acquired entity or its former shareholders for expenses to be borne by the acquirer.

These separate transactions are generally recognised in profit or loss at the acquisition date.

The consideration transferred on the occasion of a business combination (the acquisition cost) is measured as the total of the fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (e.g. cash, equity instruments, etc.).

Costs directly attributable to the combination in question are recognised as expense, separately from the combination. If the transaction has a very high probability of being completed they are recognised under the heading "Net gains or losses on other assets", otherwise they are recognised under "Other operating costs".
The difference between the sum of the cost of the acquisition and minority interests and the net balance, on the date of acquisition of identifiable assets acquired and liabilities transferred, at fair value is recognised, where it is positive, as an asset on the consolidated balance sheet, under the heading "Goodwill" where the acquired entity is fully consolidated or proportionately consolidated and under the heading "Investments in associated undertakings" where the acquired entity is consolidated by the equity method. Where the difference is negative, it is immediately recognised in profit or loss.

Goodwill is recognised on the balance sheet at its initial value denominated in the currency of the acquired entity and translated at the closing exchange rate.

In the event of a phased acquisition of control, the holding acquired prior to the acquisition of control is measured at

fair value through profit or loss at the date of acquisition and goodwill is calculated only once, on the basis of the fair value on the acquisition date of the assets acquired and liabilities transferred.

Subsequent measurement of goodwill is described in the note on accounting principles and policies.

In the event of an increase in Crédit Agricole Assurances' percentage holding in an entity over which it already exercises exclusive control, the difference between the acquisition cost and the share of net assets acquired is recognised as a reduction in the heading "Consolidated reserves attributable to the Group". Symmetrically, in the event of a reduction in the percentage share held by the Group in an entity over which it continues to exercise exclusive control, the difference between the sale price and the carrying amount of the related share in net assets sold is also recognised directly in consolidated reserves attributable to the Group. Costs relating to such transactions are recognised in other comprehensive income.

In the event of a loss of control, the result of the disposal is calculated for the entirety of the entity sold and any residual investment retained is recognised on the balance sheet at its fair value on the date of loss of control.

◊ Combination of entities under common control

This type of combination relates to entities which are already controlled by the Group. In this event, transfers and sales are not recognised at fair value but at their net carrying amount in the consolidated financial statements of the parent on the date of the combination, provided always that such values were established in accordance with IFRS. Existing goodwill in the Group's accounts at this date is maintained in the same manner as other assets.

This strict application results in the summing of the equity accounts of the entities concerned. If the transaction price is different to the net carrying amount of the entities acquired, this method results in the recognition of the difference directly in consolidated reserves without recognition of any additional goodwill.

The constitution of Crédit Agricole Assurances in 2008, as a result of a restructuring of the insurance businesses of the Crédit Agricole Group, was conducted on this basis.

Note 2 Significant information for the half-year

◊ Disposal of Bes Seguros

The disposal of Bes Seguros, in which the Group held a 50% stake and was fully consolidated, was initiated during the second quarter of 2014.

In application of IFRS 5, with regard to a discontinued operation:

- The entity's contribution to the various interim management balances of the income statement is kept and no unrealised loss related to the valuation of Bes Seguros has been identified.
- At 30 June 2014, the assets of Bes Seguros are recognised on a separate item line in the balance sheet assets. Assets of activities to be discontinued, totalling €133 million, and liabilities on a separate line in liabilities, i.e. Liabilities of operations to be discontinued, totalling €87 million.

◊ Analysis of the impact of implementing IFRS 10

The main impact of the first application of IFRS 10 was that 172 funds held to back unit-linked insurance contracts were consolidated.

Although the investment is made on behalf of policyholders, the Crédit Agricole S.A. Group remains directly exposed to the variability of returns on these funds. Control is deemed to be effective when the percentage control is considered significant using the relative approach.

The fact that these funds joined the consolidation scope led to the balance sheet inflating by €2,814 million and had no impact on income (31/12/2013 restated).

Debt owed to holders of consolidated UCITS units is presented on a separate line in balance sheet liabilities.

Note 3 Changes in the consolidation scope

The detailed consolidation scope at 30 June 2014 is shown in Note 8.

◊ Newly consolidated companies at 30 June 2014

In 2014, new UCITS and collective property investment vehicles investment funds were consolidated either transparently or according to the simplified method (recognition at fair value through profit or loss).
In application of IFRS 10, 172 unit-linked funds were consolidated.

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◊ Companies removed from the consolidation scope at 30 June 2014

Spirica absorbed the Dolcea Vie subsidiary

Note 4 Segment information

In accordance with IFRS 8, the information presented is based on the internal reporting used by the Executive Committee for the management of the Crédit Agricole Assurances Group, the assessment of performance and the allocation of resources to the operating sectors identified.

The operating sectors presented in internal reporting correspond to the Group's business lines.
Within Crédit Agricole Assurances, businesses are organised in 5 operating segments.

"Life - France" covers the life insurance, savings, retirement, health and provident insurance transactions conducted by the French entities of the Group.

"Non-Life - France" covers mainly automobile, housing, farming and life accident insurance products sold in France.

"Creditor insurance" covers creditor insurance activities in France (with the exception of those conducted by Predica as they are included in the Life - France segment) and abroad.

"International" covers the life and property and casualty insurance activities conducted outside France.

"Other" covers primarily holding company activities and reinsurance.

The geographical analysis of segment information is based on the location of the accounting recognition of activities.

Sector information for 2014

(in € million)	30 June 2014						
	Life France	Property and casualty France	International	Creditor insurance	Other	Intra-group	Total
Premiums written	10,481	1,894	2,641	484	32	(558)	14,974
Change in unearned premiums	(2)	(382)	(2)	(2)	(6)	-	(395)
Earned premiums	**10,479**	**1,512**	**2,639**	**482**	**26**	**(558)**	**14,579**
Revenue or income from other activities	27	48	9	-	5	(10)	79
Investment income net of expenses	**6,487**	**54**	**367**	**17**	**165**	**(147)**	**6,944**
Claims expense	**(15,307)**	**(1,125)**	**(2,966)**	**(107)**	**(19)**	**579**	**(18,946)**
Net income (expense) on business ceded to reinsurers	**4**	**(36)**	**98**	**(13)**	**(3)**	**(33)**	**17**
Acquisition costs	(371)	(226)	(80)	(326)	(8)	25	(985)
Impairment of investment securities and similar	-	-	(1)	-	-	-	(1)
Administrative expenses	(520)	(82)	(24)	(16)	(1)	10	(632)
Other current operating income and expense	(34)	(34)	(1)	(3)	(28)	(17)	(117)
Other operating income and expense	-	-	-	-	-	-	-
Operating income	**764**	**110**	**40**	**34**	**137**	**(150)**	**936**
Financing costs	(134)	(7)	(7)	(8)	(139)	150	(145)
Income tax expense	(203)	(40)	(9)	(5)	(8)	-	(266)
After-tax income of discontinued operations(1)			3				3
CONSOLIDATED NET INCOME	428	63	27	21	(10)	-	529
Minority interests	-	-	(2)	-	-	-	(2)
Net income attributable to equity holders of the parent	**428**	**63**	**25**	**21**	**(10)**	-	**527**

(1) Application of IFRS 5 to the Bes Seguros entity.

(in € million)	30 June 2014						
	Life France	Property and casualty France	International	Creditor insurance	Other	Intra-group	Total
TOTAL ASSETS	**278,838**	**7,030**	**20,544**	**2,133**	**15,063**	**(9,893)**	**313,715**
CONTRACT-RELATED LIABILITIES	**252,668**	**4,046**	**19,366**	**1,438**	**93**	**(4,843)**	**272,768**

Sector information for 2013

(in € million)	30 June 2013						
	Life France	**Property and casualty France**	**International**	**Creditor insurance**	**Other**	**Intra-group**	**Total**
Premiums written	10,354	1,617	1,799	460	27	(623)	13,635
Change in unearned premiums	(10)	(350)	1	21	(6)	(1)	(345)
Earned premiums	**10,344**	**1,267**	**1,800**	**481**	**21**	**(624)**	**13,290**
Revenue or income from other activities	6	36	6	1	5	(9)	45
Investment income net of expenses	**3,872**	**33**	**308**	**18**	**160**	**(144)**	**4,247**
Claims expense	**(12,516)**	**(916)**	**(2,009)**	**(108)**	**(8)**	**627**	**(14,930)**
Net income (expense) on business ceded to reinsurers	**(5)**	**(50)**	**22**	**(18)**	**(3)**	**(19)**	**(72)**
Acquisition costs	(418)	(183)	(47)	(320)	(8)	25	(951)
Impairment of investment securities and similar	-	-	(1)	-	-	-	(2)
Administrative expenses	(489)	(72)	(28)	(18)	-	11	(596)
Other current operating income and expense	(38)	(30)	(7)	(3)	(24)	(14)	(116)
Other operating income and expense	-	-	-	-	-	-	-
Operating income	**756**	**86**	**44**	**34**	**143**	**(148)**	**915**
Financing costs	(135)	(6)	(6)	(8)	(128)	148	(135)
Income tax expense	(191)	(30)	(8)	(5)	(21)	-	(256)
CONSOLIDATED NET INCOME	**430**	**49**	**30**	**21**	**(7)**	**-**	**524**
Minority interests	-	-	(2)	-	-	-	(2)
Net income attributable to equity holders of the parent	**430**	**49**	**28**	**21**	**(7)**	**-**	**522**

(in € million)	30 June 2013						
	Life France	**Property and casualty France**	**International**	**Creditor insurance**	**Other**	**Intra-group**	**Total**
TOTAL ASSETS	**254,371**	**5,516**	**17,487**	**2,174**	**14,343**	**(9,269)**	**284,622**
CONTRACT-RELATED LIABILITIES	**231,717**	**3,135**	**16,801**	**1,431**	**79**	**(4,305)**	**248,858**

€ millions	31 December 2013						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
Premiums written	19,564	2,638	3,639	932	42	(1,113)	25,701
Change in unearned premiums	(1)	(51)	1	26	1	(2)	(26)
Earned premiums	**19,563**	**2,587**	**3,640**	**958**	**43**	**(1,115)**	**25,675**
Revenue or income from other activities	19	72	11	1	9	(18)	94
Investment income net of expenses	**10,006**	**63**	**617**	**34**	**315**	**(289)**	**10,745**
Contract service charges	**(26,164)**	**(1,872)**	**(4,117)**	**(216)**	**(24)**	**1,186**	**(31,207)**
Net reinsurance income or expense	**27**	**(94)**	**113**	**(38)**	**(4)**	**(108)**	**(103)**
Acquisition costs	(798)	(400)	(111)	(636)	(9)	55	(1,900)
Impairment of portfolio assets and similar	-	-	(3)	-	-	-	(3)
Administrative expense	(994)	(131)	(56)	(34)	(1)	21	(1,195)
Other current operating income and expense	(76)	(54)	(8)	(5)	(49)	(28)	(220)
Other operating income and expense	-	-	-	-	-	-	-
Operating income	**1,583**	**171**	**84**	**63**	**281**	**(296)**	**1,886**
Financing expense	(268)	(13)	(13)	(16)	(257)	296	(270)
Income tax	(483)	(61)	(19)	(11)	(36)	-	(610)
CONSOLIDATED NET INCOME	**831**	**98**	**53**	**37**	**(13)**	**-**	**1,006**
Equity investments not giving control	-	-	(4)	-	-	-	(4)
Net income attributable to equity holders of the parent	**831**	**98**	**49**	**37**	**(13)**	**-**	**1,002**

€ millions	31 December 2013						
	Life France	Non-life France	International	Creditor Insurance	Other	Intragroup	Total
TOTAL ASSETS	**256,871**	**5,334**	**18,382**	**2,132**	**15,075**	**(9,216)**	**288,578**
CONTRACT-RELATED LIABILITIES	**238,832**	**2,913**	**17,852**	**1,430**	**73**	**(4,451)**	**256,649**

Note 5 Notes to the balance sheet

5.1 Goodwill

(in € million)		30.06.2014			31.12.2013
	Gross amount	Amortization	Other variation	Net value	Gross amount
SPIRICA	3	-		3	3
PREDICA	483	-		483	483
PACIFICA	70	-		70	70
BES SEGUROS (1)	17	-	(17)	-	17
CA VITA	19	-		19	19
CACI	409	(129)		280	280
Total	**1,001**	**(129)**	**(17)**	**855**	**872**

(1) Application of IFRS 5 to the Bes Seguros entity.

Impairment tests were carried out on goodwill at 1 January 2014, based on the assessment of the value in use of the CAA Group's insurance entities. Value in use was determined by discounting the CGU's future cash flows as presented in the medium-term plans drawn up for the Group's steering requirements. The following assumptions were drawn upon:

- Estimated future cash flows: 3-year forward-looking data drawn up as part of the Group's Medium-Term Plan. Forward-looking data covering more than 5 years can be used for some entities in order to take into account the longer economic cycle of the entities concerned;
- Equity allocated to the various business lines corresponded at 30 June 2014 to 100% of the solvency rate for insurance activities by taking into account every entity's economic situation with respect to subordinated debt;
- Perpetual growth rate: 2%
  Discount rate: the rate varies according to geographical area, ranging from 9.24% to 14.5%.

As part of the interim accounts closing process and in accordance with Group principles, given the absence of objective indications of impairment, no additional impairment of goodwill was recorded on 30 June 2014.

5.2 Life insurance companies' policy portfolios

(in € million)	30.06.2014			31.12.2013
	Gross amount	Amortization	Net value	Net value
CA VITA	38	(28)	10	10
SPIRICA	1	(1)	-	1
Value of portfolios	**39**	**(29)**	**10**	**11**

5.3 Financial investments

Investments by type

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value data shown below are estimates made on the reporting date. They are therefore likely to change in subsequent periods due to changes in market conditions or other factors.

(in € million)	30.06.2014	
	Carrying amount	Fair value
Equities and other variable-income securities	22,089	22,089
Bonds and other fixed-income securities	163,514	163,514
Available-for-sale assets	**185,603**	**185,603**
Bonds and other fixed-income securities	14,226	16,798
Held-to-maturity assets	**14,226**	**16,798**
Equities and other variable-income securities	12,490	12,490
Bonds and other fixed-income securities	36,813	36,813
Financial assets at fair value through profit or loss by nature or by option	**49,303**	**49,303**
Loans and receivables	2,339	2,307
FINANCIAL INVESTMENTS	**251,470**	**254,010**
Investments in real estate properties (1)	3,640	5,722
Derivative instruments	1,021	1,021
General account investments (A)	**256,131**	**260,753**
Equities and other variable-income securities	26,728	26,728
Bonds and other fixed-income securities	18,704	18,704
UNIT-LINKED FINANCIAL INVESTMENTS	**45,432**	**45,432**
Unit-linked investments in real estate properties (1)	-	-
TOTAL UNIT-LINKED INVESTMENTS (B)	**45,432**	**45,432**
TOTAL INVESTMENTS (A) + (B)	**301,563**	**306,185**

(1) Investments in real estate properties is valued on the basis of expert appraisal.

(in € million)	31.12.2013 restated*	
	Carrying amount	Fair value
Equities and other variable-income securities	18,049	18,049
Bonds and other fixed-income securities	158,419	158,419
Available-for-sale assets	**176,468**	**176,468**
Bonds and other fixed-income securities	14,341	16,245
Held-to-maturity assets	**14,341**	**16,245**
Equities and other variable-income securities	11,280	11,280
Bonds and other fixed-income securities	28,928	28,928
Financial assets at fair value through profit or loss by nature or by option	**40,208**	**40,208**
Loans and receivables	1,905	1,873
FINANCIAL INVESTMENTS	**232,922**	**234,794**
Investments in real estate properties (1)	3,493	5,527
Derivative instruments	857	857
General account investments (A)	**237,272**	**241,178**
Equities and other variable-income securities	26,046	26,046
Bonds and other fixed-income securities	17,221	17,221
UNIT-LINKED FINANCIAL INVESTMENTS	**43,267**	**43,267**
Unit-linked investments in real estate properties (1)	-	-
TOTAL UNIT-LINKED INVESTMENTS (B)	**43,267**	**43,267**
TOTAL INVESTMENTS (A) + (B)	**280,539**	**284,445**

(1) Investments in real estate properties is valued on the basis of expert appraisal.
(*) Consolidation of unit-linked funds pursuant to IFRS 10.

Measurement of assets recognised at fair value

Fair value is the price that would be received for selling an asset or paid for the transfer of a liability during a normal transaction between market participants at measurement date. Fair value is defined on the basis of an exit price.

The fair values shown below are estimates made on the reporting date using observable market data wherever possible. They may well change in subsequent periods due to developments affecting market conditions or other factors.

The amounts presented are the best estimate possible of the exit price. It is based on a number of valuation models and assumptions. It is supposed that market participants act in their best economic interests. To the extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

With respect to financial instruments, the best estimate consists in the instrument's market price when it is traded on an active market, i.e. prices are traded and disseminated.
In the absence of a market and of reliable data, fair value is determined using an appropriate method that is consistent with the valuation methods used in financial markets: market value of a comparable instrument, discounted future cash flows, or valuation models.

The calculations carried out represent best estimates. They are based on a number of valuation models and assumptions. Insofar as these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

In the cases where market values have to be estimated, the method used to discount estimated future cash flows is the most widely used.

In application of the amendment to IFRS 7 arising from the regulation of 27 November 2009 (EC no. 1165-2009), relative to information to be disclosed on financial instruments, the following tables present the fair value of instruments according to the hierarchy based on three levels defined in IFRS 7:

- Level 1: fair value corresponding to (unadjusted) quoted prices in an active market.
- Level 2: fair value measured using directly or indirectly observable inputs other than those in level 1.
- Level 3: fair value that is measured using significant unobservable inputs.

The characteristics of these levels of fair value are described in detail in the paragraph on the determination of the fair value of financial instruments of Note 1.

(in € million)	30.06.2014			
	Prices quoted in active markers for identical instruments: Level 1	**Valuation based on observable data: Level 2**	**Valuation based on unobservable data: Level 3**	**Total**
Available-for-sale assets	**158,056**	**26,344**	**1,204**	**185,603**
Equities and other variable-income securities	15,713	5,343	1,034	22,089
Bonds and other fixed-income securities	142,343	21,001	170	163,514
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	**31,833**	**14,650**	**2,821**	**49,303**
Equities and other variable-income securities	1,316	8,354	2,820	12,490
Bonds and other fixed-income securities	30,517	6,296	1	36,814
Financial assets at fair value through profit or loss on unit-linked option	**31,609**	**13,763**	**60**	**45,432**
Equities and other variable-income securities	26,084	644	-	26,728
Bonds and other fixed-income securities	5,525	13,119	60	18,704
Investments in real estate properties	-	-	-	-
Derivative instruments (assets net of liabilities)	**-**	**1,010**	**(1)**	**1,009**
Total assets measured at fair value	**221,498**	**55,767**	**4,084**	**281,349**
Transfers from level 1	-	82	-	-
Transfers from level 2	3	-	-	-
Transfers from level 3	-	94	-	-
Total transfers into all levels	3	176	-	-

(in € million)	31.12.2013 restated* Prices quoted in active markets for identical instruments:: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3	Total
Available-for-sale assets	**150,983**	**24,434**	**1,050**	**176,468**
Equities and other variable-income securities	12,827	4,333	889	18,049
Bonds and other fixed-income securities	138,156	20,101	161	158,419
Financial assets at fair value through profit or loss by kind or by option (excluding unit-linked assets)	**23,599**	**14,048**	**2,563**	**40,210**
Equities and other variable-income securities	1,177	7,542	2,562	11,281
Bonds and other fixed-income securities	22,422	6,506	1	28,928
Financial assets at fair value through profit or loss on unit-linked option	**30,185**	**13,023**	**59**	**43,267**
Equities and other variable-income securities	25,576	470	-	26,046
Bonds and other fixed-income securities	4,609	12,553	59	17,221
Investments in real estate properties	-	-	-	-
Derivative instruments	**-**	**850**	**(1)**	**849**
Total assets measured at fair value	**204,767**	**52,355**	**3,671**	**260,792**
Transfers from level 1	-	102	-	-
Transfers from level 2	11	-	18	-
Transfers from level 3	-	-	-	-
Total transfers into all levels	11	102	18	-

(*) Consolidation of unit-linked funds pursuant to IFRS 10.

Changes in balances of level 3 assets

The reconciliation between opening and closing balances of financial assets at fair value measured according to level 3 criteria is presented in the following tables.

Available-for-sale financiel assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total available-for-sale assets
Balances at 31 December 2013	**889**	**161**	**1,050**
Gains and losses in the period:	13	9	22
Recognized through profit or loss	*-*	*9*	*9*
Recognized through equity	*13*	*-*	*13*
Purchases in the period	462	-	462
Sales in the period	(237)	-	(237)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	(94)	-	(94)
into level 3	*-*	*-*	*-*
out from level 3	*(94)*	*-*	*(94)*
Change in scope	-	-	-
Balances at 30 June 2014	**1,034**	**170**	**1,203**

Assets at fair value through profit or loss

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total assets at fair value through profit or loss by kind or on option
Balances at 31 December 2013	**2 562**	**1**	**2 563**
Gains and losses in the period:	82	-	82
Recognized through profit or loss	*82*	-	*82*
Recognized through equity	-	-	-
Purchases in the period	357	-	357
Sales in the period	(181)	-	(181)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	-	-	-
into level 3	-	-	-
out from level 3	-	-	-
Change in scope	-	-	-
Balances at 30 June 2014	**2 820**	**1**	**2 821**

Unit-linked financial assets

(in € million)	Equities and other variable-income securities	Bonds and other fixed-income securities	Total unit-linked financial assets
Balances at 31 December 2013	**-**	**59**	**59**
Gains and losses in the period:	-	7	7
Recognized through profit or loss	-	*7*	*7*
Recognized through equity	-	-	-
Purchases in the period	-	-	-
Sales in the period	-	(6)	(6)
Issues in the period	-	-	-
Transactions unwound in the period	-	-	-
Transfers	-	-	-
into level 3	-	-	-
out from level 3	-	-	-
Change in scope	-	-	-
Balances at 30 June 2014	**-**	**60**	**60**

Fair value of investments in real estate properties by valuation model

(in € million)	Estimated market value at 30/06/2014	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Carrying amount at 30/06/2014
Investments in real estate properties not measured at fair value in the balance sheet					
Investments in real estate properties	5,722	-	5,722	-	3,658
Total investments in real estate properties whose fair value is disclosed	**5,722**	**-**	**5,722**	**-**	**3,658**

(in € million)	Estimated market value at 31/12/2013	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Carrying amount at 31/12/2013
Investments in real estate properties not measured at fair value in the balance sheet					
Investments in real estate properties	5,527	-	5,527	-	3,511
Total investments in real estate properties whose fair value is disclosed	**5,527**	**-**	**5,527**	**-**	**3,511**

Fair value of financial assets recognised at cost in the balance sheet

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Estimated market value at 30 June 2014
Loans and receivables	**5**	**3,721**	**381**	**4,107**
Term loans and time deposits	-	784	-	784
Securities bought under repurchase agreements	-	-	-	-
Securities received under repurchase agreements	-	1,800	-	1,800
Subordinated notes	-	-	-	-
Other loans	5	1,137	381	1,523
Other loans and receivables	-	-	-	-
Customer receivables	**-**	**-**	**2,320**	**2,320**
Receivables arising on direct insurance and inward reinsurance operations	-	-	2,220	2,220
Receivables arising on outward reinsurance operations	-	-	100	100
Cash and cash equivalents	**-**	**2,755**	**-**	**2,755**
Cash and cash equivalents	-	2,755	-	2,755
Held-to-maturity financial assets	**16,799**	**-**	**-**	**16,799**
Treasury bills and similar securities	13,026	-	-	13,026
Bonds and other fixed-income securities	3,773	-	-	3,773
Total financial assets whose fair value is disclosed	**16,804**	**6,476**	**2,701**	**25,981**

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Estimated market value at 31 December 2013
Loans and receivables	**-**	**2,834**	**371**	**3,205**
Term loans and time deposits	-	885	-	885
Securities bought under repurchase agreements	-	-	-	-
Securities received under repurchase agreements	-	1,332	-	1,332
Subordinated notes	-	-	-	-
Other loans	-	617	371	988
Other loans and receivables	-	-	-	-
Customer receivables	**-**	**-**	**1,732**	**1,732**
Receivables arising on direct insurance and inward reinsurance operations	-	-	1,619	1,619
Receivables arising on outward reinsurance operations	-	-	113	113
Cash and cash equivalents	**-**	**2,624**	**-**	**2,624**
Cash and cash equivalents	-	2,624	-	2,624
Held-to-maturity financial assets	**16,245**	**-**	**-**	**16,245**
Treasury bills and similar securities	12,590	-	-	12,590
Bonds and other fixed-income securities	3,655	-	-	3,655
Total financial assets whose fair value is disclosed	**16,245**	**5,458**	**2,103**	**23,806**

Fair value of financial liabilities recognised at cost in the balance sheet

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Estimated market value at 30 June 2014
Funding debt	**-**	**5,860**	**-**	**5,860**
Funding debt owed to banking institutions	-	1,483	-	1,483
Funding debt represented by securities	-	-	-	-
Subordinated debt	-	4,377	-	4,377
Other funding debt	**-**	**10,131**	**-**	**10,131**
Pledged securities	-	-	-	-
Securities given under repurchase agreements	-	10,131	-	10,131
Due to customers	**-**	**2,146**	**2,612**	**4,758**
Payables arising on direct insurance and inward reinsurance operations	-	1	1,518	1,519
Payables arising on outward reinsurance operations	-	(2)	1,094	1,092
Operating debt owed to banking sector companies	-	2,147	-	2,147
Total financial liabilities whose fair value is disclosed	**-**	**18,137**	**2,612**	**20,749**

(in € million)	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3	Estimated market value at 31 December 2013
Funding debt	**-**	**5,825**	**-**	**5,825**
Funding debt owed to banking institutions	-	1,448	-	1,448
Funding debt represented by securities	-	-	-	-
Subordinated debt	-	4,377	-	4,377
Other funding debt	**-**	**5,962**	**-**	**5,962**
Pledged securities	-	-	-	-
Securities given under repurchase agreements	-	5,962	-	5,962
Due to customers	**-**	**2,219**	**2,625**	**4,844**
Payables arising on direct insurance and inward reinsurance operations	-	-	1,598	1,598
Payables arising on outward reinsurance operations	-	-	1,027	1,027
Operating debt owed to banking sector companies	-	2,219	-	2,219
Total financial liabilities whose fair value is disclosed	**-**	**14,006**	**2,625**	**16,631**

Financial liabilities recognised at fair value

(in € million)	Total 30/06/2014	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3
Financial liabilities held for trading	-	-	-	-
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to customers				
Due to credit institutions				
Derivative instruments				
Financial liabilities at fair value through profit or loss on option	3,521		3,521	
Hedging derivative instruments	-	-	-	-
Total financial liabilities measured at fair value	3,521	-	3,521	-
Transfers from level 1				
Transfers from level 2				
Transfers from level 3				
Total transfers into all levels	-	-	-	-

(in € million)	Total 31/12/2013 Restated*	Prices quoted in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on non-observable data: Level 3
Financial liabilities held for trading	-	-	-	-
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to customers				
Due to credit institutions				
Derivative instruments				
Financial liabilities at fair value through profit or loss on option	2,814	-	2,814	-
Hedging derivative instruments	-	-	-	-
Total financial liabilities measured at fair value	2,814	-	2,814	-
Transfers from level 1				
Transfers from level 2				
Transfers from level 3				
Total transfers into all levels		-	-	-

(*) Consolidation of unit-linked funds pursuant to IFRS 10.

Exposure to sovereign risk in European countries under supervision

In view of the persistently tough economic context that leads to certain Eurozone countries definitely struggling to keep their public finances under control, Crédit Agricole Assurances Group's exposure to specific European countries is presented below:

◊ Exposure to sovereign risk on Greece, Ireland, Portugal, Italy and Spain

Exposure to sovereign debt corresponds to the carrying amount net of impairment before application of the participation mechanisms between insurer and policyholder specific to life insurance ("shadow accounting").

(in € million)	30.06.2014	31.12.2013
Greece	-	-
Ireland	610	576
Portugal	81	954
Italy	5,608	4,920
Spain	718	592
Total exposition	**7,018**	**7,042**

Changes between 31 December 2013 and 30 June 2014

Changes in exposure (in € million)	31.12.2013	Change in fair value	Recycling of available-for-sale reserves	Accrued interest	Maturing debts	Disposals net of provision reversals	Acquisitions	30.06.2014
Greece	-	-	-	-	-	-	-	-
Ireland	**576**	45	-	(12)	-		-	**610**
Portugal	**954**	169	(50)	(7)	-	(996)	12	**81**
Italy	**4,920**	295	13	7	(20)	(419)	812	**5,608**
Spain	**592**	115	-	5	-	(1)	7	**718**
Total	**7,042**	**625**	**(37)**	**(7)**	**(20)**	**(1,416)**	**831**	**7,018**

Changes between 31 December 2012 and 31 December 2013

Changes in exposure (in € million)	31.12.2012	Change in fair value	Recycling of available-for-sale reserves	Accrued interest	Maturing debts	Disposals net of provision reversals	Acquisitions	31.12.2013
Greece	-	-	-	-	-	-	-	-
Ireland	1,045	70	(26)	(16)	-	(497)	-	**576**
Portugal	1,560	84	90	(7)	-	(771)	-	**954**
Italy	4,387	179	7	10	(21)	(1,717)	2,076	**4,920**
Spain	979	113	(3)	(21)	-	(494)	17	**592**
Total	**7,971**	**446**	**68**	**(34)**	**(21)**	**(3,480)**	**2,093**	**7,042**

Provisions for impairment of financial assets

(in € million)	31.12.2013	Change in scope	Depreciation charges / Increases	Reversals / Decreases	Translation adjustments	Other changes	30.06.2014
Impairment of held-to-maturity securities	**-**	**-**	**-**	**-**	**-**	-	**-**
Impairment of equities and other variable-income securities (1)	(933)	-	(152)	161	-	-	(924)
Impairment of bonds and other fixed-income securities	(200)	-		16	-	-	(184)
Available-for-sale assets	**(1,133)**	-	**(152)**	**177**	**-**	**-**	**(1,108)**
Impairment of investments in real estate properties (amortised cost)	-	-	-	-	-	-	-
Impairment of loans and receivables	-	-	-	-	-	-	-
Impairment of other financial assets	**-**	-	**-**	**-**	**-**	**-**	**-**
Total impairment	**(1,133)**	-	**(152)**	**177**	**-**	**-**	**(1,108)**

(1) including the €131m impairment of BES securities

Transferred assets not derecognised (IFRS 7.42 A) at 30/06/2014

(in € million)	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Associated liabilities				
Nature of transferred assets	**Carrying amount**	**o/w securitisation (non-deconsolidating)**	**o/w securities bought under repurchase agreements**	**Other (1)**	**Fair value***	**Carrying amount**	**o/w securitisation (non-deconsolidating)**	**o/w securities bought under repurchase agreements**	**Other**	**Fair value***
Held for trading	-	-	-	-	-	-	-	-	-	-
Designated at fair value through income statement	**5,127**	**-**	**5,127**	**-**	**5,129**	**5,127**	**-**	**5,127**	**-**	**5,127**
Available for sale	**4,119**	**-**	**3,849**	**270**	**4,166**	**3,879**	**-**	**3,848**	**31**	**3,882**
Equity instruments	270	-	-	270	270	31	-	-	31	31
Debt securities	3,849	-	3,849	-	3,897	3,848	-	3,848	-	3,852
Loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
held to maturity	**1,152**	**-**	**1,152**	**-**	**1,134**	**1,152**	**-**	**1,152**	**-**	**1,152**
Debt securities	1,152	-	1,152	-	1,134	1,152	-	1,152	-	1,152
Total financial instruments	**10,397**	**-**	**10,128**	**270**	**10,430**	**10,158**	**-**	**10,158**	**31**	**10,161**
Total transferred assets	**10,397**	**-**	**10,128**	**270**	**10,430**	**10,158**	**-**	**10,158**	**31**	**10,161**

(1) securities lent

* In the case when the guarantee given by the related party or parties to the agreement leading to associated liabilities is limited to transferred financial assets (IFRS 7.42D.(d)

Nature of transferred assets (in € million)	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
	Net fair value			
Held for trading	-	-	-	-
Designated at fair value through income statement	**2**	**2**	**-**	**-**
Available for sale	**284**	**284**	-	-
Equity instruments	239	239	-	-
Debt securities	45	45		
Loans and receivables	**-**	**-**	**-**	**-**
Held to maturity	**(17)**	**(17)**	**-**	**-**
Total financial assets	**268**	**268**	**-**	**-**
Finance leases	**-**	**-**	**-**	**-**
Total transferred assets	**268**	**268**	**-**	**-**

Transferred assets not derecognised (IFRS 7.42 A) at 31/12/2013

(in € million)	Transferred assets not derecognised in full									
	Transferred assets still recognised in full									
	Transferred assets					Transferred assets				
Nature of transferred assets	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other (1)	Fair value*	Carrying amount	o/w securitisation (non-deconsolidating)	o/w securities bought under repurchase agreements	Other	Fair value*
Held for trading	-	-	-	-	-	-	-	-	-	-
Designated at fair value through income statement	**472**	**-**	**472**	**-**	**457**	**472**	**-**	**472**	**-**	**472**
Available for sale	**4,077**	**-**	**3,694**	**383**	**3,996**	**3,768**	**-**	**3,694**	**74**	**3,768**
Equity instruments	383	-	-	383	383	74	-	-	74	74
Debt securities	3,694	-	3,694	-	3,613	3,694	-	3,694	-	3,694
Loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
held to maturity	**1,915**	**-**	**1,915**	**-**	**1,869**	**1,915**	**-**	**1,915**	**-**	**1,915**
Debt securities	1,915	-	1,915	-	1 869	1,915	-	1,915	-	1,915
Total financial instruments	**6,464**	**-**	**6,081**	**383**	**6,322**	**6,155**	**-**	**6,081**	**74**	**6,155**
Total transferred assets	**6,464**	**-**	**6,081**	**383**	**6,322**	**6,155**	**-**	**6,081**	**74**	**6,155**

* In the case when "the guarantee given by the related party or parties to the agreement leading to associated liabilities is limited to transferred financial assets" (IFRS 7.42D.(d)

(1) securities lent

Nature of transferred assets *(in € million)*	Transferred assets not derecognised in full			
	Transferred assets still fully recognised	Transferred assets but recognised to the extent of the entity's continuing involvement		
	Assets and associated liabilities Net fair value	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Held for trading	-	-	-	-
Designated at fair value through income statement	**(15)**	**(15)**	**-**	**-**
Available for sale	**228**	**228**	-	-
Equity instruments	309	309	-	-
Debt securities	(81)	(81)		
Loans and receivables	**-**	**-**	**-**	**-**
held to maturity	**(46)**	**(46)**	**-**	**-**
Debt securities	**167**	**167**	**-**	**-**
Total financial instruments	**-**	**-**	**-**	**-**
Total transferred assets	**167**	**167**	**-**	-

5.4 Ceded and retroceded liabilities relating to insurance and investment contracts

(in € million)	30.06.2014	31.12.2013
Mathematical reserves	-	-
Unearned premiums reserves	176	154
Claims reserves	319	292
Other technical reserves	330	316
Reinsurers' share in non-life insurance provisions	**825**	**762**
Mathematical reserves	287	267
Unearned premiums reserves	179	192
Claims reserves	33	31
Other technical reserves	2	2
Participation reserves	-	-
Reinsurers' share in life insurance liabilities	**501**	**492**
Reinsurers' share in investment contracts liabilities	**-**	**-**
Total share held by cedants in liabilities	**1,326**	**1,254**

5.5 Net deferred acquisition costs

(in € million)	30.06.2014	31.12.2013
Net deferred acquisition costs and similar on insurance and investment contracts with discretionary profit-sharing	456	448
Rights acquired on investment contracts without discretionary profit-sharing	4	4
Net deferred acquisition costs and similar on life activities	**460**	**452**
Deferred acquisition costs on non-life activities	**381**	**348**
Gross deferred acquisition costs	**841**	**800**
Provisions for expenses and unearned deductions	**(9)**	**(10)**
Total deferred acquisition costs	**832**	**790**

5.6 Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are now offset within a same taxable entity.

Deferred tax assets

(in € million)	30.06.2014	31.12.2013
Accounting/tax mismatch	47	50
IFRS adjustments through reserves	(13)	(9)
IFRS adjustments through profit or loss	7	-
Total deferred tax assets	**41**	**41**

Deferred tax liabilities

(in € million)	30.06.2014	31.12.2013
Accounting/tax mismatch	(95)	(141)
IFRS adjustments through reserves	740	411
IFRS adjustments through profit or loss	37	183
Total deferred tax liabilities	**682**	**453**

5.7 Receivables resulting from direct insurance and assumed reinsurance operations

	30.06.2014			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	1,247	-	-	1,247
Unrecovered written premiums	7	1	-	8
Unwritten earned premiums	81	-	-	81
Other receivables	690	7	2	699
Receivables for cash deposited at ceding companies	50	18	115	183
Total receivables resulting from direct insurance and assumed reinsurance operations	**2,075**	**26**	**117**	**2,218**

	31.12.2013			
(in € million)	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Receivables due from policyholders	948	-	24	973
Unrecovered written premiums	6	-	-	7
Unwritten earned premiums	26	-	-	26
Other receivables	440	6	4	449
Receivables for cash deposited at ceding companies	59	103	-	164
Total receivables resulting from direct insurance and assumed reinsurance operations	**1,479**	**110**	**30**	**1,619**

5.8 Receivables resulting from reinsurance operations

(in € million)	30.06.2014			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	100	-	-	**100**
Other receivables from reinsurance operations	-	-	-	-
Total receivables resulting from reinsurance operations	**100**	**-**	-	**100**

(in € million)	31.12.2013			
	Under 1 year	Between 1 and 5 years	Over 5 years	Total
Current accounts – ceding and retroceding companies	108	-	5	113
Other receivables from reinsurance operations	-	-	-	-
Total receivables resulting from reinsurance operations	**108**	**-**	**5**	**113**

5.9 Other receivables

(in € million)	30.06.2014	31.12.2013
Employees	1	1
Government, social security agencies	148	802
Accrued income	61	63
Miscellanious receivables	1,075	437
Other adjustment accounts	288	355
Repurchase agreements	1,800	1,358
Total	**3,373**	**3,016**

5.10 Equity

Composition of capital at 30 June 2014

At 30 June 2014, equity and voting rights broke down as follows:

Shareholders	**Shares outstanding**	**% of capital**	**% of voting rights**
Crédit Agricole S.A.	124,056,944	99.99%	100%
Other	6	0.01%	0%
Total	124,056,950	100%	100%

The par value of shares is €10. These shares have been fully paid up.

Movements in capital of Crédit Agricole Assurances

No movement in the capital of Crédit Agricole Assurances was recorded in the first half of 2014.

Preferred shares

Crédit Agricole Assurances has not issued any preferred shares.

Earnings per share

	30.06.2014	31.12.2013
Net income attributable to owners of the parent in the period (in € million)	527	1,002
Weighted average number of ordinary shares outstanding during the period	124,056,950	120,444,215
Earnings per share (€)	4.25	8.32

Dividends

On 17 June 2014, with respect to retaining 2013 earnings, the General Meeting after taking note of the payment of an interim dividend totalling €457,770,145.50, decided by the Board of Directors at its meeting held on 19 December 2013 and paid on 20 December 2013, decided to set the balance of the dividend to be paid in cash at €483,822,105.00; thereby setting the payment of a final 2013 dividend at €941,592,250.50.

This payout was carried out as follows:

- €458 million in cash as an interim dividend paid on 20 December 2013
- €484 million in cash paid on 26 June 2014

Breakdown of gains and losses recognised directly in equity

(in € million)	30.06.2014	31.12.2013
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss		
Gains and losses on translation adjustments	**2**	**(10)**
Revaluation adjustment in the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	*2*	*(10)*
Gains and losses on available-for-sale assets	**1,099**	**(94)**
Gains and losses on available-for-sale assets before profit-sharing	7,571	(948)
Revaluation adjustment in the period	*8,261*	*(18)*
Reclassified to profit and loss	*(683)*	*(927)*
Other reclassifications	*(6)*	*(3)*
Change in deferred profit-sharing in the period	(6,472)	854
Gains and losses on hedging derivative instruments	**32**	**(3)**
Gains and losses on hedging derivative instruments before profit-sharing	244	(116)
Revaluation adjustment in the period	*245*	*(122)*
Reclassified to profit and loss	-	-
Other reclassifications	*(1)*	*6*
Change in deferred profit-sharing in the period	(211)	113
Gains and losses on non-current assets held to be sold or discontinued	**3**	**-**
Revaluation adjustment in the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications (1)	*3*	-
Pre-tax gain and losses directly recognised in equity that may be reclassified to profit and loss on equity-accounted entities	-	-
Income tax on gain and losses directly recognised in equity that may be reclassified to profit and loss excluding equity-accounted entities	(340)	77
Income tax on gain and losses directly recognised in equity that may be reclassified to profit and loss on equity-accounted entities	-	-
Gains and losses directly recognised in equity that may be reclassified subsequently to profit and loss	**796**	**(30)**
Gains and losses directly recognised in equity that will not be subsequently reclassified to profit and loss	**-**	**-**
Actuarial gains and losses on post-employment benefits	-	-
Gains and losses on non-current assets held-for-sale	-	-
Pre-tax gains and losses recognised directly in equity that may be reclassified to profit and losses on equity-accounted entities	-	-
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities	-	-
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**-**	**-**
Gains and losses recognised directly in equity	**797**	**(32)**
o/w attributable to the equity holders of the parent	796	(31)
o/w minority interests	1	(1)

(1) Application of IFRS 5 to the Bes Seguros entity.

Breakdown of tax impact relating to gains (losses) directly recognised in equity

(in € million)	31.12.2013				
	Gross	**Deferred profit-sharing**	**Tax**	**Net**	**o/w net Group share**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	(8)			(8)	(8)
Gains and losses on available-for-sale assets	11,765	(10,228)	(417)	1,119	1,118
Gains and losses on hedging derivative instruments	412	(360)	(18)	34	34
Gains and losses on non-current assets held for sale	-	-	-	-	-
Net gains and losses recognised directly in equity that will not be reclassified to profit and loss excluding equity-accounted entities	**12,169**	**(10,588)**	**(435)**	**1,145**	**1,144**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	Change				
	Gross	**Deferred profit-sharing**	**Tax**	**Net**	**o/w net Group share**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	2			2	2
Gains and losses on available-for-sale assets	7,571	(6,472)	(328)	771	771
Gains and losses on hedging derivative instruments	244	(211)	(11)	21	21
Gains and losses on non-current assets held for sale or to be discontinued	3	-	(1)	3	1
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss excluding equity-accounted entities	**7,820**	**(6,683)**	**(340)**	**796**	**796**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	30.06.2014				
	Gross	**Deferred profit-sharing**	**Tax**	**Net**	**o/w net Group share**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss					
Gains and losses on translation adjustments	(6)	-	-	(6)	(6)
Gains and losses on available-for-sale assets	19,336	(16,700)	(746)	1,890	1,890
Gains and losses on hedging derivative instruments	656	(571)	(29)	56	56
Gains and losses on non-current assets held for sale	3	-	(1)	3	1
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss excluding equity-accounted entities	**19,990**	**(17,272)**	**(776)**	**1,942**	**1,940**
Net gains and losses recognised directly in equity that may be subsequently reclassified to profit and loss on equity-accounted entities	**-**	**-**	**-**	**-**	**-**

(in € million)	31.12.2013				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	(8)		3	(5)	(5)
Gains and losses on non-current assets held-for-sale	-		-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**(8)**	**-**	**3**	**(5)**	**(5)**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**		**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**(8)**	**-**	**3**	**(5)**	**(5)**
Net gains and losses recognised directly in equity	**12,161**	**(10,588)**	**(432)**	**1,140**	**1,139**

(in € million)	Change				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	-		-	-	-
Gains and losses on non-current assets held-for-sale	-		-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**-**	**-**	**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**		**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**-**		**-**	**-**	**-**
Net gains and losses recognised directly in equity	**7,820**	**(6,683)**	**(340)**	**797**	**796**

(in € million)	30.06.2014				
	Gross	Deferred profit-sharing	Tax	Net	o/w net Group share
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss					
Actuarial gains and losses on post-employment benefits	(8)		3	(6)	(5)
Gains and losses on non-current assets held-for-sale	-		-	-	-
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss, excluding equity-accounted entities	**(8)**	**-**	**3**	**(6)**	**(5)**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss on equity-accounted entities	**-**		**-**	**-**	**-**
Net gains and losses recognised directly in equity that will not be subsequently reclassified to profit and loss	**(8)**	**-**	**3**	**(5)**	**(5)**
Net gains and losses recognised directly in equity	**19,982**	**(17,272)**	**(773)**	**1,937**	**1,935**

5.11 Provisions for risks and charges

(in € million)	31.12.2013	Changes in scope	Depreciation charges	Reversals	Utilisation	Translation adjustments	Other changes	30.06.2014
Provisions for litigation and contingency risks	92	-	-	-	(11)	-	(1)	80
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	54	-	7	(5)	(1)	-	1	56
Other provisions for risks and charges	12	-	-	-	-	-	(1)	11
Total	**158**	**-**	**7**	**(5)**	**(12)**	**-**	**(1)**	**147**

(in € million)	31.12.2012	Changes in scope	Depreciation charges	Reversals	Utilisation	Translation adjustments	Other changes	31.12.2013
Provisions for litigation and contingency risks	11	-	9	-	(29)	-	-	92
Restructuring provisions	-	-	-	-	-	-	-	-
Provisions for employee retirement benefits	53	-	7	(3)	(3)	-	-	54
Other provisions for risks and charges	12	-	1	-	-	-	-	12
Total	**17**	**-**	**17**	**(3)**	**(32)**	**-**	**-**	**158**

5.12 Funding debt

Subordinated debt

(in € million)	Currency	30.06.2014				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Under 5 years	Total
Fixed-term subordinated debt	EUR	-	44	-	1,801	1,845
Perpetual subordinated debt	EUR	-	89	-	2,577	2,666
Total	EUR	-	**133**	**-**	**4,378**	**4,511**

(in € million)	Currency	31.12.2013				
		Under 3 months	Between 3 months and 1 year	Between 1 and 5 years	Under 5 years	Total
Fixed-term subordinated debt	EUR	-	3	-	1,800	1,804
Perpetual subordinated debt	EUR	-	7	-	2,577	2,584
Total	EUR	**-**	**10**	**-**	**4,377**	**4,388**

Financing charges

(in € million)	30.06.2014	31.12.2013
Redeemable subordinated notes	(44)	(90)
Perpetual subordinated notes	(81)	(141)
Other financing charges	(20)	(40)
Financing charges	**(145)**	**(271)**

5.13 Information on the offsetting of financial assets and financial liabilities

Offsetting – Financial assets

30/06/2014	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
Type of transaction	**Gross amounts of recognised financial assets before any offsetting**	**Gross amounts of recognised financial liabilities offset in the financial statements**	**Net amounts of financial assets presented in the financial statements**	**Other amounts that can be offset under given conditions**		**Net amount after all offsetting effects**
				Gross amounts of financial liabilities covered by master netting agreement	**Amounts of other financial instruments received as collateral, including security deposit**	
(in € million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	1,021	-	1,021	-	976	45
Reverse repurchase agreements	1,800	-	1,800	-	1,800	-
Securities lent	270	-	270	-	270	-
Other financial instruments	-	-	-	-	-	-
Total financial assets subject to offsetting	3,090	-	3,090	-	3,046	45

31/12/2013	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
Type of transaction	**Gross amounts of recognised financial assets before any offsetting**	**Gross amounts of recognised financial liabilities offset in the financial statements**	**Net amounts of financial assets presented in the summary financial statements**	**Other amounts that can be offset under given conditions**		**Net amount after all offsetting effects**
				Gross amounts of financial liabilities covered by master netting agreement	**Amounts of other financial instruments received as collateral, including security deposit**	
(€ million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	857	-	857	-	814	43
Reverse repurchase agreements	1,359	-	1,359	-	1,332	26
Securities lent	383	-	383	-	383	-
Other financial instruments	-	-	-	-	-	-
Total financial assets subject to offsetting	**2,599**	**-**	**2,599**	**-**	**2,529**	**69**

Offsetting – Financial liabilities

30/06/2014	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
Type of transaction	Gross amounts of recognised financial liabilities before any offsetting	Gross amounts of recognised financial assets offset in the financial statements	Net amounts of financial liabilities presented in the summary financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial assets covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	
(€ million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	11	-	11	-	-	11
Reverse repurchase agreements	10,131	-	10,131	-	9,933	198
Securities lent	-	-	-	-	-	-
Other financial instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities subject to offsetting	**10,142**	**-**	**10,142**	**-**	**9,933**	**209**

31/12/2013	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
Type of transaction	Gross amounts of recognised financial liabilities before any offsetting	Gross amounts of recognised financial assets offset in the financial statements	Net amounts of financial liabilities presented in the summary financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial assets covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	
(€ million)	(a)	(b)	(c) = (a)-(b)	(d)		(e)=(c) - (d)
Derivatives	8	-	8	-	-	8
Reverse repurchase agreements	6,081	-	6,081	-	5,962	119
Securities lent	-	-	-	-	-	-
Other financial instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities subject to offsetting	**6,089**	**-**	**6,089**	**-**	**5,962**	**127**

5.14 Liabilities relating to insurance and investment contracts

Technical liabilities relating to insurance contracts

The insurance contracts, whose technical liabilities are presented in the table below, are contracts under which the insurer shoulders a significant insurance risk.

	30.06.2014		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,743	177	1,566
Claims reserves	2,967	319	2,648
Participation reserves	2	-	2
Liabilities adequacy reserves	-	-	-
Other provisions	1,366	330	1,036
Technical liabilities relating to non-life insurance contracts	**6,078**	**826**	**5,252**
Unearned premiums reserves	777	179	598
Mathematical reserves	98,933	287	98,646
Claims reserves	1,822	33	1,789
Participation reserves	1,359	-	1,359
Liabilities adequacy reserves	-	-	-
Other provisions	193	2	191
Technical liabilities relating to life insurance contracts	**103,084**	**501**	**102,583**
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	**40,182**	**-**	**40,182**
Total technical liabilities relating to insurance contracts	**149,344**	**1,327**	**148,018**

Liabilities relating to insurance contracts net of reinsurance amounted to €148bn at 30.06.2014 versus €140.2bn at 31.12.2013. This €7.8bn rise mostly resulted from the increase in life mathematical reserves.

	31.12.2013		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Unearned premiums reserves	1,383	153	1,230
Claims reserves	2,826	292	2,534
Participation reserves	1	-	1
Liabilities adequacy reserves	-	-	-
Other provisions	1,316	316	1,000
Technical liabilities relating to non-life insurance contracts	**5,526**	**761**	**4,765**
Unearned premiums reserves	766	192	574
Mathematical reserves	93,991	267	93,724
Claims reserves	1,774	31	1,743
Participation reserves	889	-	889
Liabilities adequacy reserves	-	-	-
Other provisions	205	2	203
Technical liabilities relating to life insurance contracts	**97,625**	**492**	**97,133**
Technical liabilities relating to insurance contracts when financial risk is borne by the policyholder	**38,371**	**-**	**38,371**
Total technical liabilities relating to insurance contracts	**141,522**	**1,253**	**140,269**

Technical liabilities relating to investment contracts

Investment contracts, whose technical liabilities are presented in the table below, are contracts that do not expose the insurer to a significant insurance risk. They are governed by IFRS 4 when they include discretionary profit sharing features and by IAS 39 otherwise.

	30.06.2014		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,308	-	97,308
Claims reserves	1,128	-	1,128
Participation reserves	1,600	-	1,600
Liabilities adequacy reserves	-	-	-
Other provisions	20	-	20
Technical liabilities relating to investment contracts in euros with discretionary participation features	**100,056**	-	**100,056**
Mathematical reserves	**259**	-	**259**
Claims reserves	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	**259**	-	**259**
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,747	-	2,747
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,535	-	2,535
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	**5,282**	-	**5,282**
Total technical liabilities relating to investment contracts	**105,597**	-	**105,597**

	31.12.2013		
(in € million)	Before reinsurance	Ceded	Net of reinsurance
Mathematical reserves	97,450	-	97,450
Claims reserves	1,057	-	1,057
Participation reserves	1,223	-	1,223
Liabilities adequacy reserves	-	-	-
Other provisions	19	-	19
Technical liabilities relating to investment contracts in euros with discretionary participation features	**99,749**	-	**99,749**
Mathematical reserves	352	-	352
Claims reserves	-	-	-
Other provisions	-	-	-
Technical liabilities relating to investment contracts in euros without discretionary participation features	**352**	-	**352**
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, with discretionary participation features	2,465	-	2,465
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder, without discretionary participation features	2,361	-	2,361
Technical liabilities relating to investment contracts where financial risk is borne by the policyholder	**4,826**	-	**4,826**
Total technical liabilities relating to investment contracts	**104,927**	-	**104,927**

5.15 Net deferred participation

(in € million)	30.06.2014	31.12.2013
Deferred participation/ Remeasurement of assets at FV through profit or loss	22	492
Deferred participation / Remeasurement of (AFS) assets at FV through reserves	(17,276)	(10,593)
Deferred participation / Other adjustments	(573)	(101)
Net deferred participation	**(17,827)**	**(10,202)**

5.16 Payables related to direct insurance and assumed reinsurance operations

(in € million)	30.06.2014	31.12.2013
Fees due	768	951
Claims outstanding	47	51
Cash deposits	-	-
Co-insurers	-	-
Other payables on insurance transactions	689	594
Expenses charged and unearned deductions	9	10
Total payables arising on outward reinsurance operations	**1,513**	**1,605**

5.17 Payables related to reinsurance operations

(in € million)	30.06.2014	31.12.2013
Ceded reinsurance payables	-	-
Reinsurers' current accounts	283	237
Ceded deferred acquisition costs	139	159
Cash deposits	668	631
Total payables arising from outward reinsurance operations	**1,090**	**1,027**

5.18 Other payables

(in € million)	30.06.2014	31.12.2013
Employee creditors	19	19
Government, social security agencies	547	841
Pension benefits	10,131	6,081
Miscellaneous creditors	3,555	3,015
Other payables	-	-
Total other payables	**14,252**	**9,956**

Note 6 Notes to the income statement

6.1 Service contract expenses

(in € million)	30.06.2014				
	Life insurance contracts	Investment contracts related to IFRS 4	Total life insurance	Non-life insurance contracts	Total
Insurance contracts servicing expenses	(3,813)	(4,978)	(8,791)	(1,121)	(9,912)
Change in insurance technical liabilities	(6,602)	(432)	(7,034)	(174)	(7,208)
Change in participation reserves	(469)	(376)	(845)	-	(845)
Change in deferred participation reserves	-	-	(942)	-	(942)
Change in liabilities adequacy reserves	-	-	-	-	-
Change in other technical reserves	20	(1)	19	(58)	(39)
Service contract expenses (1)	**(10,864)**	**(5,787)**	**(17,593)**	**(1,353)**	**(18,946)**

(1) The €4bn rise between 2013 and 2014 is mostly accounted for by the increase in technical reserves resulting from the positive net inflows and the recognition of deferred profit-sharing conditional on the capitalisation reserve (€453m).

(in € million)	30.06.2013				
	Life insurance contracts	Investment contracts related to IFRS 4	Total life insurance	Non-life insurance contracts	Total
Insurance contracts servicing expenses	(3,537)	(4,728)	(8,265)	(1,045)	(9,310)
Change in insurance technical liabilities	(4,554)	(116)	(4,670)	(164)	(4,834)
Change in participation reserves	(284)	(326)	(610)	-	(610)
Change in deferred participation reserves	-	-	(109)	-	(109)
Change in liabilities adequacy reserves	1	-	1	-	1
Change in other technical reserves	(20)	-	(20)	(47)	(67)
Service contract expenses	**(8,394)**	**(5,170)**	**(13,673)**	**(1,257)**	**(14,929)**

6.2 Net income (expenses) from outward reinsurance operations

(in € million)	30.06.2014		
	Life insurance	Non -life insurance	Total
Expenses from outward reinsurance operations	(124)	(154)	(278)
Benefits and costs paid (including change in or claims)	55	71	126
Other technical reserves ceded	51	14	65
Fees received from reinsurers	70	34	104
Net income (expenses) from outward reinsurance operations	**52**	**(35)**	**17**

(in € million)	30.06.2013		
	Life insurance	Non -life insurance	Total
Expenses from outward reinsurance operations	(87)	(151)	(238)
Benefits and costs paid (including change in provisions for claims)	29	48	77
Other technical reserves ceded	17	11	28
Fees received from reinsurers	33	29	62
Net income (expenses) from outward reinsurance operations	**(8)**	**(63)**	**(71)**

6.3 Tax charge

Breakdown of total tax charge

(in € million)	30.06.2014	30.06.2013
Current tax charge	(368)	(313)
Deferred tax charge	103	56
Total tax charge	**(265)**	**(257)**

Note 7 Subsequent events

◊ Subsequent events

On 3 August 2014, the Bank of Portugal announced the application of resolution measures to Banco Esperito Santo S.A. The information available to date on these measures is described in depth in a Bank of Portugal press release. The stake held by the Crédit Agricole Assurances Group in Banco Esperito Santo S.A was fully written off on 30 June 2014 (€131m).

After the closing, it has been decided to place CA Life Greece in run-off. The IFRS net equity of this subsidiary on 30 June 2014 is 52 M€, including a deferred tax asset of 13.8M€ related to the potential tax saving generated by the realized losses on the Greek government bonds.

The net book value of the CA Life Greece shares in the statutory accounts of Credit Agricole Assurances holding is 42 M€.

Note 8 Consolidation scope

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
Parent company						
CREDIT AGRICOLE ASSURANCE	France	Parent company	100%	100%	100%	100%
Holding companies						
CREDIT AGRICOLE CREDITOR INSURANCE	France	Full	100%	100%	100%	100%
SPACE HOLDING	Ireland	Full	100%	100%	100%	100%
SPACE LUX	Luxembourg	Full	100%	100%	100%	100%
Insurance companies						
PREDICA	France	Full	100%	100%	100%	100%
MEDICALE DE FRANCE	France	Full	100%	100%	100%	100%
ASSURANCES MUTUELLES FEDERALES	France	Full	100%	100%	100%	100%
PACIFICA	France	Full	100%	100%	100%	100%
CALIE	Luxembourg	Full	94%	94%	94%	94%
SPIRICA	France	Full	100%	100%	100%	100%
BES SEGUROS	Portugal	Full	50%	50%	50%	50%
CA VITA	Italy	Full	100%	100%	100%	100%
FINAREF RISQUES DIVERS	France	Full	100%	100%	100%	100%
FINAREF VIE	France	Full	100%	100%	100%	100%
CACI LIFE	Ireland	Full	100%	100%	100%	100%
CACI NON-LIFE	Ireland	Full	100%	100%	100%	100%
DOLCEA VIE	France	Full	0%	0%	100%	100%
CA LIFE JAPAN	Japan	Full	100%	100%	100%	100%
CA ASSICURAZIONI	Italy	Full	100%	100%	100%	100%
CA LIFE GREECE	Greece	Full	100%	100%	100%	100%
Reinsurance companies						
CACI REINSURANCE	Ireland	Full	100%	100%	100%	100%
CREDIT AGRICOLE REINSURANCE S.A	Luxembourg	Full	100%	100%	100%	100%
Service companies						
VIAVITA	France	Full	100%	100%	100%	100%
CAAGIS	France	Full	50%	50%	50%	50%
CACI GESTION	France	Full	82%	79%	79%	79%
UCITS						
FEDERVAL FCP	France	Full	98%	98%	100%	100%
GRD 2 FCP	France	Full	100%	100%	100%	100%
GRD 3 FCP	France	Full	100%	100%	100%	100%
GRD 4 FCP	France	Full	100%	100%	100%	100%
GRD 5 FCP	France	Full	100%	100%	100%	100%
GRD 7 FCP	France	Full	100%	100%	100%	100%
GRD 10 FCP	France	Full	100%	100%	100%	100%
GRD 12 FCP	France	Full	100%	100%	100%	100%
GRD 14 FCP	France	Full	100%	100%	100%	100%
GRD 16 FCP	France	Full	100%	100%	100%	100%
GRD 17 FCP	France	Full	100%	100%	100%	100%
GRD 18 FCP	France	Full	100%	100%	100%	100%
GRD 19 FCP	France	Full	100%	100%	100%	100%
GRD 20 FCP	France	Full	100%	100%	100%	100%
GRD 11 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A1 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A2 FCP	France	Full	100%	100%	100%	100%
PREDIQUANT A3 FCP	France	Full	100%	100%	100%	100%
BFT OPPORTUNITES FCP	France	Full	87%	87%	100%	100%
CA-EDRAM OPPORTUNITES FCP 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2005 PART A	France	Full	100%	100%	100%	100%

FCPR PREDICA 2006 PART A	France	Full	100%	100%	100%	100%
Consolidation scope of Crédit Agricole Assurances Group	**Country**	**Consolidation method**	**30.06.2014**		**31.12.2013**	
			Control %	**Interest %**	**Control %**	**Interest %**
FCPR PREDICA 2007 A 3DEC	France	Full	100%	100%	100%	100%
FCPR PREDICA 2007 C2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMP BIS A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2008 COMPAR TER A3	France	Full	100%	100%	100%	100%
FCPR ROOSEVELT INVESTISSEMENT PARTS A	France	Full	100%	100%	100%	100%
GRD 1 FCP	France	Full	100%	100%	100%	100%
GRD 8 FCP	France	Full	100%	100%	100%	100%
GRD 9 FCP	France	Full	97%	97%	98%	98%
FCPR PREDICA 2010 A1	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A2	France	Full	100%	100%	100%	100%
FCPR PREDICA 2010 A3	France	Full	100%	100%	100%	100%
FCPR PREDICA INFR 2006-2007 A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE I PART B	France	Full	100%	100%	100%	100%
PREDIQUANT OPPORTUNITES	France	Full	100%	100%	100%	100%
PREDIQUANT STRATEGIES	France	Full	100%	100%	100%	100%
FCPR CAA COMPARTIMENT 1 PART A1	France	Full	100%	100%	100%	100%
FCPR CAA COMPART BIS PART A2	France	Full	100%	100%	100%	100%
FCPR CAA COMP TER PART A3	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II A	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRES II B	France	Full	100%	100%	100%	100%
FCPR UI CAP SANTE A	France	Full	100%	100%	100%	100%
CAA FRANCE CROISSANCE 2 A FCPR	France	Full	100%	100%	100%	100%
CAA PRIV. FINANC. COMP. 1 A1 FIC	France	Full	100%	100%	100%	100%
CAA PRIV. FINANC. COMP. 2 A2 FIC	France	Full	100%	100%	100%	100%
FCPR UI CAP AGRO	France	Full	100%	100%	100%	100%
FCPR CAA 2013	France	Full	100%	100%	100%	100%
FCPR PREDICA SECONDAIRE III A	France	Full	100%	100%	100%	100%
OBJECTIF LONG TERME	France	Full	100%	100%	100%	100%
CAA 2013-A	France	Full	100%	100%	100%	100%
CAA 2013 FCPR B1	France	Full	100%	100%	100%	100%
CAA 2013 FCPR C1	France	Full	100%	100%	100%	100%
CAA 2013 FCPR D1	France	Full	100%	100%	100%	100%
CAA 2013 COMPARTIMENT 5 A5	France	Full	100%	100%	100%	100%
CNP ACP OBLIG	France	Proportionate	50%	50%	50%	50%
CNP ACP 10 FCP	France	Proportionate	50%	50%	50%	50%
CAA 2013-3	France	Full	100%	100%	100%	100%
LRP-CPT JANVIER 2013 .030 13-21 11/1:00 AM	Luxembourg	Full	84%	84%	84%	84%
AMUNDI GRD 22 FCP	France	Full	100%	100%	99%	99%
GRD 13 FCP	France	Full	100%	100%	100%	100%
GRD 21 FCP	France	Full	100%	100%	100%	100%
AMUNDI CORPORATE 3 ANNI	Italy	Full	100%	100%	89%	89%
GRD 23	France	Full	100%	100%	0%	0%
CAA 2013-2	France	Full	100%	100%	100%	100%
Unit-linked funds						
INDO.FLEX.100 -C-3D	France	Full	95%	95%	0%	0%
LCL PREM. J VIE 2014	France	Full	96%	96%	0%	0%
LCL TRIPLE H AV J14	France	Full	100%	100%	0%	0%
TRIANANCE N°5 C	France	Full	49%	49%	0%	0%
ACTICCIA VIE	France	Full	99%	99%	0%	0%
CAPITOP MONDOB.P 3D	France	Full	51%	51%	51%	51%
ATOUT QUANTEUROL.3D	France	Full	41%	41%	41%	41%

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
OPTALIS EXPAN.-C-3D	France	Full	44%	44%	44%	44%
OPTALIS DYNAM.-C-3D	France	Full	93%	93%	93%	93%
OPTALIS EQUIL.-C-3D	France	Full	83%	83%	83%	83%
OPTAL.SERENITE-C-3D	France	Full	85%	85%	85%	85%
OPTALIME 3DEC	France	Full	100%	100%	100%	100%
INDOCAM FLAMME 3DEC	France	Full	100%	100%	100%	100%
CA MASTER PATRIM.3D	France	Full	85%	85%	87%	87%
CA MASTER EUROPE 3D	France	Full	52%	52%	53%	53%
VENDOME INVEST.3DEC	France	Full	92%	92%	92%	92%
LCL OB.INF.EUR-C-3D	France	Full	44%	44%	46%	46%
GRD IFC 97 3D	France	Full	100%	100%	100%	100%
LCL ORIENTA.DYN.3D	France	Full	89%	89%	0%	0%
LCL ORIENT.EQUI.	France	Full	90%	90%	0%	0%
LCL ORIENT.PRUD.3D	France	Full	92%	92%	92%	92%
GRD FCR 99 3DEC	France	Full	100%	100%	100%	100%
OBJECTIF PRUDENCE	France	Full	99%	99%	99%	99%
OBJECTIF DYNAMISME	France	Full	100%	100%	100%	100%
GRD CAR 39	France	Full	100%	100%	93%	93%
OBJECTIF MEDIAN	France	Full	99%	99%	100%	100%
INDOS.EUROP.EXP.D	France	Full	57%	57%	56%	56%
ANTINEA	France	Full	56%	56%	57%	57%
MDF 89	France	Full	100%	100%	100%	100%
ATOUT SERENACTIONS	France	Full	100%	100%	100%	100%
AM.PULSACTIONS 3D	France	Full	91%	91%	91%	91%
LCL ALLOC.EQ.-D-3D	France	Full	49%	49%	50%	50%
LCL ALLOC.DYNAM.3D	France	Full	49%	49%	50%	50%
AMUN.ACT.EUR.P C 3D	France	Full	58%	58%	57%	57%
VAR FLAMME	France	Full	100%	100%	100%	100%
ATOUT FRANCE-C-3DEC	France	Full	42%	42%	42%	42%
ATOUT EUROPE -C- 3D	France	Full	81%	81%	81%	81%
ATOUT MONDE -C-3DEC	France	Full	88%	88%	88%	88%
FLORISS.DYNAM.3DEC	France	Full	100%	100%	100%	100%
FLORIS.EQUIL.3DEC	France	Full	100%	100%	100%	100%
FLORISS.EXPAN.3DEC	France	Full	100%	100%	100%	100%
FLORIS.PRUDEN.3DEC	France	Full	100%	100%	100%	100%
PROTEIN'VIE 3 3D	France	Full	100%	100%	100%	100%
PULSIA VIE ECHU	France	Full	100%	100%	100%	100%
CPR CONSOM ACT P 3D	France	Full	64%	64%	66%	66%
DOLCEYS 1 ECHU	France	Full	96%	96%	99%	99%
JAYANNE 3DEC	France	Full	100%	100%	100%	100%
RSD 2006 3DEC	Luxembourg	Full	100%	100%	100%	100%
JAYANNE 2 3DEC	France	Full	100%	100%	100%	100%
ATOUT HORIZ.DUO 3D	France	Full	74%	74%	74%	74%
AMUNDI ACT.MONDE P	France	Full	60%	60%	60%	60%
JAYANNE 3 3DEC	France	Full	100%	100%	100%	100%
DOLCEYS 2 3DEC	France	Full	99%	99%	100%	100%
JAYANNE 4 3DEC	France	Full	100%	100%	100%	100%
RONDEYS 3DEC	France	Full	100%	100%	100%	100%
PIMENTO 3 3DEC	France	Full	100%	100%	100%	100%
LCL MG.FL.0-100 3D	France	Full	81%	81%	81%	81%
LCL MGEST 60 3 DEC	France	Full	89%	89%	88%	88%
INVEST RESP S3 3D	France	Full	69%	69%	71%	71%
JAYANNE 5 3DEC	France	Full	100%	100%	100%	100%
RONDEYS 2 - 3DEC	France	Full	100%	100%	100%	100%
OBJECTIF RDT 1 3DEC	Luxembourg	Full	100%	100%	100%	100%
OPT.BEST TIM.II 3D	France	Full	82%	82%	83%	83%
PIMENTO 4 3DEC	France	Full	100%	100%	100%	100%

JAYANNE 6 3DEC	France	Full	100%	100%	100%	100%

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
RONDEYS 3 3DEC	France	Full	100%	100%	100%	100%
JAYANNE 7 3DEC	France	Full	100%	100%	100%	100%
PIMENTO 5 3DEC	France	Full	100%	100%	100%	100%
ATOUT PREM'S ACT.3D	France	Full	99%	99%	99%	99%
OCELIA 3DEC	France	Full	100%	100%	100%	100%
OPTIMANCE ECHU	France	Full	99%	99%	100%	100%
LCL GARA.100 -AV-3D	France	Full	100%	100%	100%	100%
OCELIA 2 3DEC	France	Full	100%	100%	100%	100%
LCL STRAT.100 3DEC	France	Full	60%	60%	61%	61%
PERSPECTIVE 3DEC	France	Full	100%	100%	100%	100%
LCL SECUR.100 AV 3D	France	Full	100%	100%	100%	100%
CPR REAX.0-100 3D	France	Full	94%	94%	94%	94%
CPR R.CIB.100 P 3D	France	Full	68%	68%	64%	64%
ORIANCE VIE 3D	France	Full	100%	100%	100%	100%
AM.AFD AV.D.P1 3D	France	Full	61%	61%	59%	59%
INDOSUEZ CRESCENDO	France	Full	47%	47%	48%	48%
RAVIE	France	Full	100%	100%	100%	100%
AM.C.EU.ISR -P-3D	France	Full	61%	61%	67%	67%
ENIUM 3D	France	Full	100%	100%	100%	100%
ECOFI MULTI OPP.3D	France	Full	87%	87%	87%	87%
SEVALES 3D	France	Full	69%	69%	69%	69%
LCL FLEX 30	France	Full	69%	69%	0%	0%
LCL CAPT.40 VIE 3D	France	Full	99%	99%	99%	99%
AXA EUR.SM.CAP E 3D	France	Full	64%	64%	0%	0%
PREFER.RDM 3D	France	Full	100%	100%	100%	100%
PREF.RDM EXCLUS.3D	France	Full	100%	100%	100%	100%
VEND.DOUBLE OPP.3D	France	Full	41%	41%	41%	41%
CPR SILVER AGE P 3D	France	Full	50%	50%	43%	43%
EMERITE 3D	France	Full	100%	100%	100%	100%
EXPANSIA VIE 3D	France	Full	100%	100%	100%	100%
LCL S.106 AV(03.10)	France	Full	100%	100%	100%	100%
LCL V.RDM 8 AV 3D	France	Full	100%	100%	100%	100%
VEND.DOUB.OPP.II 3D	France	Full	44%	44%	43%	43%
LCL PERSP.4.6.8 ANS	France	Full	85%	85%	85%	85%
EXPANSIA VIE 2 FCP	France	Full	100%	100%	100%	100%
FIXEO VIE	France	Full	100%	100%	100%	100%
LCL D.CAPT.JU.10 3D	France	Full	85%	85%	85%	85%
EXPANSIA VIE 3 3D	France	Full	100%	100%	100%	100%
FIXEO VIE 2 3D	France	Full	100%	100%	100%	100%
LCL F.S.AV.(S.10)3D	France	Full	100%	100%	100%	100%
EMERITE 2 3DEC	France	Full	100%	100%	100%	100%
EXPANSIA VIE 4 3D	France	Full	100%	100%	100%	100%
CPR REFL SOLID P 3D	France	Full	54%	54%	54%	54%
CPR REFL SOLID 3D	France	Full	54%	54%	100%	100%
PARC.RETRAIT.21 3D	France	Full	99%	99%	94%	94%
PARCOURS RETRAITE 26	France	Full	74%	74%	65%	65%
PARC.RETRAIT.31 3D	France	Full	59%	59%	49%	49%
SONANCE VIE 3DEC	France	Full	100%	100%	100%	100%
AUTO.PREM.10 MONET.C	France	Full	98%	98%	98%	98%
OPALIA VIE 3D	France	Full	100%	100%	100%	100%
LCL FSF.AV(F.11)3D	France	Full	100%	100%	100%	100%
IND.CAP EMERG.-C-3D	France	Full	66%	66%	54%	54%
LCL T.H.AV(AV.11)3D	France	Full	100%	100%	100%	100%
LCL F.S.F.AV.11 3D	France	Full	100%	100%	100%	100%
LCL A.V.11.10/20 3D	France	Full	98%	98%	98%	98%

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
SONANCE VIE 2 3D	France	Full	100%	100%	100%	100%
OPALIA VIE 2 3D	France	Full	100%	100%	100%	100%
LCL SEC.100(J.11)3D	France	Full	49%	49%	49%	49%
SONANCE VIE 3 3D	France	Full	100%	100%	100%	100%
OPALIA VIE 3 3D	France	Full	100%	100%	100%	100%
OPCIMMO -PREM O.-5D	France	Full	96%	96%	89%	89%
OPCIMMO -LCL OP.-5D	France	Full	93%	93%	92%	92%
DNA 0%11-231216 INDX	Luxembourg	Full	77%	77%	78%	78%
CPR RE.S.0-100 P 3D	France	Full	100%	100%	100%	100%
CPR R.ST.0-100E.0-1	France	Full	100%	100%	100%	100%
SONANCE VIE 4 3D	France	Full	100%	100%	100%	100%
AMUNDI PATRIMOINE C	France	Full	71%	71%	71%	71%
SONANCE VIE 5 3D	France	Full	100%	100%	100%	100%
DNA 0%12-240418 INDX	Luxembourg	Full	83%	83%	84%	84%
DNA 0% 23/07/18 EMTN INDX	Luxembourg	Full	77%	77%	78%	78%
DNA 0% 27/06/18 INDX	Luxembourg	Full	76%	76%	83%	83%
SELECTANCE 2017 3D	France	Full	100%	100%	100%	100%
SONANCE VIE 6 3D	France	Full	100%	100%	100%	100%
DNA 0% 16/10/2020	Luxembourg	Full	91%	91%	95%	95%
LCL V RDM (N 12) 3D	France	Full	79%	79%	79%	79%
DNA 0% 21/12/20 EMTN	Luxembourg	Full	71%	71%	70%	70%
DNA 0% 21/12/2020	Luxembourg	Full	93%	93%	96%	96%
SOLIDARITE IN SANTE	France	Full	49%	49%	48%	48%
SONANCE VIE 7 3D	France	Full	97%	97%	97%	97%
LCL DH 2-4AV M13 3D	France	Full	100%	100%	100%	100%
SONANCE VIE N8 3D	France	Full	99%	99%	99%	99%
TRIANANCE 3 3DEC	France	Full	44%	44%	44%	44%
LCL T HOR AV J13 3D	France	Full	100%	100%	100%	100%
AM GLOB. M MUL ASS P	France	Full	71%	71%	72%	72%
LCL H AV (S13) C 3D	France	Full	100%	100%	100%	100%
SONANCE VIE N9 C 3D	France	Full	98%	98%	98%	98%
LCL DH 2-4AV(N13)3D	France	Full	100%	100%	100%	100%
AMUNDI B GL COR AEC	Luxembourg	Full	54%	54%	59%	59%
AMUNDI EQ E IN AHEC	Luxembourg	Full	76%	76%	70%	70%
UNIPIERRE ASSURANCE (SCPI)	France	Full	100%	100%	100%	100%
SCI VICQ D'AZIR VELL	France	Full	100%	100%	100%	100%
PREMIUM PLUS 0% 09-17 EMTN	Ireland	Full	100%	100%	100%	100%
PREMIUM PLUS PLC 0% 09-17 IND	Ireland	Full	99%	99%	99%	99%
PREMIUM PLUS PLC 0% 09-17	Ireland	Full	100%	100%	99%	99%
ATOUT VERT HOR.3DEC	France	Full	34%	34%	0%	0%
LCL DEVELOPPEM.PME C	France	Full	94%	94%	0%	0%
LCL T.H. AV(04/14) C	France	Full	100%	100%	0%	0%
LCL PREMIUM VIE 14 C	France	Full	99%	99%	0%	0%
TRIANANCE N6 C	France	Full	49%	49%	0%	0%
ACTICCIA VIE N2 C	France	Full	99%	99%	0%	0%
AF INDEX EQ USA A4E	Luxembourg	Full	86%	86%	0%	0%
AF INDEX EQ JAPAN AE CAP	Luxembourg	Full	47%	47%	0%	0%
AMUNDI B EU COR AEC	Luxembourg	Full	44%	44%	4%	4%
AM CR 1-3 EU PC 3D	France	Full	70%	70%	0%	0%
LCL ACT.USA ISR 3D	France	Full	40%	40%	39%	39%
ARC FLEXIBOND-D	France	Full	65%	65%	0%	0%
JPM-US S E P-AEURA	Luxembourg	Full	96%	96%	0%	0%
FONDS AV ECHUS NÂ°1	France	Full	96%	96%	0%	0%
Collective property investment vehicles						
Nexus 1	Italy	Full	100%	100%	-	-
OPCI Predica Bureau	France	Full	100%	100%	100%	100%
OPCI PREDICA HABITATION	France	Full	100%	100%	100%	100%

OPCI PREDICA COMMERCES	France	Full	100%	100%	100%	100%
Consolidation scope of Crédit Agricole Assurances Group	**Country**	**Consolidation method**	**30.06.2014**		**31.12.2013**	
			Control %	**Interest %**	**Control %**	**Interest %**
OPCI CAMP INVEST	France	Full	69%	69%	69%	69%
OPCI IRIS INVEST 2010	France	Full	80%	80%	80%	80%
OPCI MESSIDOR	France	Full	94%	94%	94%	94%
Property investment companies						
SCI PORTE DES LILAS - FRERES FLAVIEN	France	Full	100%	100%	100%	100%
SCI LE VILLAGE VICTOR HUGO	France	Full	96%	96%	96%	96%
SCI BMEDIC HABITATION	France	Full	100%	100%	100%	100%
SCI FEDERALE VILLIERS	France	Full	100%	100%	100%	100%
SCI FEDERCOM	France	Full	100%	100%	100%	100%
SCI FEDERLOG	France	Full	100%	100%	100%	100%
SCI FEDERLONDRES	France	Full	100%	100%	100%	100%
SCI FEDERPIERRE	France	Full	100%	100%	100%	100%
SCI GRENIER VELLEF	France	Full	100%	100%	100%	100%
SCI IMEFA 1	France	Full	100%	100%	100%	100%
SCI IMEFA 100	France	Full	100%	100%	100%	100%
SCI IMEFA 101	France	Full	100%	100%	100%	100%
SCI IMEFA 102	France	Full	100%	100%	100%	100%
SCI IMEFA 103	France	Full	100%	100%	100%	100%
SCI IMEFA 104	France	Full	100%	100%	100%	100%
SCI IMEFA 105	France	Full	100%	100%	100%	100%
SCI IMEFA 107	France	Full	100%	100%	100%	100%
SCI IMEFA 108	France	Full	100%	100%	100%	100%
SCI IMEFA 109	France	Full	100%	100%	100%	100%
SCI IMEFA 11	France	Full	100%	100%	100%	100%
SCI IMEFA 110	France	Full	100%	100%	100%	100%
SCI IMEFA 112	France	Full	100%	100%	100%	100%
SCI IMEFA 113	France	Full	100%	100%	100%	100%
SCI IMEFA 115	France	Full	100%	100%	100%	100%
SCI IMEFA 116	France	Full	100%	100%	100%	100%
SCI IMEFA 117	France	Full	100%	100%	100%	100%
SCI IMEFA 118	France	Full	100%	100%	100%	100%
SCI IMEFA 120	France	Full	100%	100%	100%	100%
SCI IMEFA 121	France	Full	100%	100%	100%	100%
SCI IMEFA 122	France	Full	100%	100%	100%	100%
SCI IMEFA 123	France	Full	100%	100%	100%	100%
SCI IMEFA 126	France	Full	100%	100%	100%	100%
SCI IMEFA 128	France	Full	100%	100%	100%	100%
SCI IMEFA 129	France	Full	100%	100%	100%	100%
SCI IMEFA 13	France	Full	100%	100%	100%	100%
SCI IMEFA 131	France	Full	100%	100%	100%	100%
SCI IMEFA 17	France	Full	100%	100%	100%	100%
SCI IMEFA 18	France	Full	100%	100%	100%	100%
SCI IMEFA 20	France	Full	100%	100%	100%	100%
SCI IMEFA 32	France	Full	100%	100%	100%	100%
SCI IMEFA 33	France	Full	100%	100%	100%	100%
SCI IMEFA 34	France	Full	100%	100%	100%	100%
SCI IMEFA 35	France	Full	100%	100%	100%	100%
SCI IMEFA 36	France	Full	100%	100%	100%	100%
SCI IMEFA 37	France	Full	100%	100%	100%	100%
SCI IMEFA 38	France	Full	100%	100%	100%	100%
SCI IMEFA 39	France	Full	100%	100%	100%	100%
SCI IMEFA 4	France	Full	100%	100%	100%	100%

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
SCI IMEFA 42	France	Full	100%	100%	100%	100%
SCI IMEFA 43	France	Full	100%	100%	100%	100%
SCI IMEFA 44	France	Full	100%	100%	100%	100%
SCI IMEFA 47	France	Full	100%	100%	100%	100%
SCI IMEFA 48	France	Full	100%	100%	100%	100%
SCI IMEFA 5	France	Full	100%	100%	100%	100%
SCI IMEFA 51	France	Full	100%	100%	100%	100%
SCI IMEFA 52	France	Full	100%	100%	100%	100%
SCI IMEFA 54	France	Full	100%	100%	100%	100%
SCI IMEFA 57	France	Full	100%	100%	100%	100%
SCI IMEFA 58	France	Full	100%	100%	100%	100%
SCI IMEFA 6	France	Full	100%	100%	100%	100%
SCI IMEFA 60	France	Full	100%	100%	100%	100%
SCI IMEFA 61	France	Full	100%	100%	100%	100%
SCI IMEFA 62	France	Full	100%	100%	100%	100%
SCI IMEFA 63	France	Full	100%	100%	100%	100%
SCI IMEFA 64	France	Full	100%	100%	100%	100%
SCI IMEFA 67	France	Full	100%	100%	100%	100%
SCI IMEFA 68	France	Full	100%	100%	100%	100%
SCI IMEFA 69	France	Full	100%	100%	100%	100%
SA RESICO	France	Full	100%	100%	100%	100%
SCI IMEFA 72	France	Full	100%	100%	100%	100%
SCI IMEFA 73	France	Full	100%	100%	100%	100%
SCI IMEFA 74	France	Full	100%	100%	100%	100%
SCI IMEFA 76	France	Full	100%	100%	100%	100%
SCI IMEFA 77	France	Full	100%	100%	100%	100%
SCI IMEFA 78	France	Full	100%	100%	100%	100%
SCI IMEFA 79	France	Full	100%	100%	100%	100%
SCI IMEFA 80	France	Full	100%	100%	100%	100%
SCI IMEFA 82	France	Full	100%	100%	100%	100%
SCI IMEFA 84	France	Full	100%	100%	100%	100%
SCI IMEFA 85	France	Full	100%	100%	100%	100%
SCI IMEFA 89	France	Full	100%	100%	100%	100%
SCI IMEFA 91	France	Full	100%	100%	100%	100%
SCI IMEFA 92	France	Full	100%	100%	100%	100%
SCI IMEFA 94	France	Sortie	100%	100%	0%	0%
SCI IMEFA 96	France	Full	100%	100%	100%	100%
SCI MEDI BUREAUX	France	Full	100%	100%	60%	60%
SCI PACIFICA HUGO	France	Full	100%	100%	100%	100%
SCI FEDERALE PEREIRE VICTOIRE	France	Full	99%	99%	99%	99%
SCI ST AUGUSTIN	France	Full	0%	0%	100%	100%
SCI VAL HUBERT (SCPI)	France	Full	100%	100%	100%	100%
SCI IMEFA 132	France	Full	100%	100%	100%	100%
SCI IMEFA 139	France	Full	100%	100%	100%	100%
SCI IMEFA 22	France	Full	100%	100%	100%	100%
SCI IMEFA 83	France	Full	100%	100%	100%	100%
Premium Green						
PREMIUM GREEN 4.72%12-250927	Ireland	Full	79%	79%	79%	79%
PREMIUM GREEN TV2027	Ireland	Full	76%	76%	76%	76%
PREMIUM GR 0% 28	Ireland	Full	95%	95%	95%	95%
PREMIUM GREEN 4,56%/06-21	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN 4,52%/06-21 EMTN	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV 06/22	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV 06-16 EMTN	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV07-17 EMTN	Ireland	Full	100%	100%	100%	100%

Consolidation scope of Crédit Agricole Assurances Group	Country	Consolidation method	30.06.2014		31.12.2013	
			Control %	Interest %	Control %	Interest %
PREMIUM GREEN TV/23/052022 EMTN	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN PLC 4.30%2021	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN 4.33%06-29/10/21	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN 4.7% EMTN 08/08/21	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN 4 .54% 06-13.06.21	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN 4.5575%21EMTN	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV 22	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV07/22	Ireland	Full	100%	100%	100%	100%
PREMIUM GREEN TV 26/07/22	Ireland	Full	100%	100%	100%	100%
Subsidiaries						
CALIE EUROPE SUCCURSALE France	France	Full	100%	100%	100%	100%
CALIE EUROPE SUCCURSALE Poland	Poland	Full	100%	100%	100%	100%
CACI VIE - a CACI LIFE subsidiary	France	Full	100%	100%	100%	100%
CACI NON VIE - a CACI NON-LIFE subsidiary	France	Full	100%	100%	100%	100%
CACI VITA - a CACI LIFE subsidiary	Italy	Full	100%	100%	100%	100%
CACI DANNI - a CACI NON-LIFE subsidiary	Italy	Full	100%	100%	100%	100%
PREDICA PREVOYANCE DIALOGUE DU CREDIT AGRICOLE, subsidiary in Spain	Spain	Full	100%	100%	100%	100%

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

This is a free translation into English or a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Crédit Agricole Assurances

Period from January 1 to June 30, 2014

Statutory auditors' review report on the condensed half-yearly consolidated financial statements

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Crédit Agricole Assurances

Period from January 1 to June 30, 2014

Statutory auditors' review report on the condensed half-yearly consolidated financial statements

To the Chief Executive Officer,

In our capacity as statutory auditors of Crédit Agricole Assurances and in accordance with your request, we have performed a review of the condensed half-yearly consolidated financial statements, the accompanying "Financial Information" of Crédit Agricole Assurances for the period from January 1 to June 30, 2014.

The preparation of this Financial Information is the responsibility of your board of directors. Our role is to express a conclusion on this Financial Information based on our review.

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to notes 1 and 2 to the condensed half-yearly consolidated financial statements which disclose the impact of the first application of IFRS 10 related to the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, September 16, 2014

The statutory auditors
French original signed by

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