



2018 Combined Financial Statements

UMG Groupe VYV - Management Report

G R O U P E
vyv
Entrepreneur du
mieux-vivre

This report for the 2018 financial year was approved by the Board of Directors at the meeting of 28 May 2019 (The Chairman - Thierry Beaudet).



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1. Introduction

1.1 Principles of the UMG Groupe VYV

The UMG Groupe VYV is governed by Book I of the French mutual insurance code (*Code de la Mutualité*). It has a strategic and prudential purpose.

Its core activity involves:

- acquiring and managing holdings as defined in Article L. 310-3 10 of the French Insurance Code (*Code des Assurances*), in the companies mentioned in Articles L. 310-1 or L. 310-1-1 of the French Insurance Code, or in insurance or reinsurance companies whose head office is located outside France;
- developing and managing strong and sustainable financial relationships with insurance companies without share capital, regardless of their institutional nature.

The UMG Groupe VYV was created from the merger by absorption of the UMG Groupe Harmonie by the UMG Groupe Istya. Following the constituent General Assembly of 13 September 2017, the members of such group are as follows:

- | | |
|------------------------------|--------------|
| • Harmonie Fonction Publique | • MGEN |
| • Harmonie Mutuelle | • MGEN Filia |
| • Mare Gaillard | • MGEN Vie |
| • MGEFI | • MNT |

1.1.1 Object of the UMG Groupe VYV

It groups together eight mutual insurance companies via an affiliation agreement, the purpose of which is to:

- Establish strong and sustainable financial relationships between the affiliated members and the UMG in the framework of the financial solidarity mechanism provided for in the Agreement;
- Specify statutory provisions, in particular concerning exercising a dominant influence;
- Define the reciprocal obligations and commitments of the Parties;
- Define the principles and methods of functioning and sharing costs between the UMG and the affiliated members.

The affiliated members have agreed in particular to grant the UMG responsibility for seeking, implementing and coordinating common projects for development and cooperation.

1.1.2 Commitment by the UMG towards the affiliates

The UMG promises the affiliated members that it will:

- Investigate and organise the implementation of strategic coordination, cooperation and the sharing of resources decided on by the Board of Directors of the UMG in the interest of the UMG and the affiliated members;
- Put in place the key functions (risk management, internal audit, compliance, actuarial function) within the UMG and, in consultation with the affiliated members, an appropriate system for running and coordinating these functions with the similar functions within each affiliated member;
- Work out group policies and ensure that these policies are in accord with the policies of each affiliated member;



- Investigate, propose and implement the financial solidarity mechanism in the interest of the UMG and the affiliated members;
- Take the steps required to ensure that the affiliated members comply with the commitments for implementing financial solidarity made under the Agreement;
- Analyse any requests by an affiliated member that are in line with the purpose of the Agreement, or of the UMG, and within this framework, give it the assistance, advice and support it requires.

1.1.3 Commitments by the affiliated members

The affiliated members undertake to:

- Bring their articles of association into compliance with those of the UMG and with the Affiliation Agreement;
- Make payments to the establishment and the solidarity funds, if necessary subscribe for financial securities, pay a statutory contribution to finance the operating costs of the Union, and finance the Union's investments;
- Sign the combination agreement.

1.1.4 Accounts' combination

The UMG Groupe VYV is defined as the combining entity of the group. As such, it prepares the combined financial statements presented below.

1.2 Determination of the combination perimeter

The combination perimeter of the UMG Groupe VYV was defined by listing all of the organisations that gravitate directly or indirectly around the UMG and its members.

Type of organisation	Control/Holding	% interest	Impact on the perimeter
Mutual (combined)	Analysis of governance	Actual governance by the group	Included if a threshold is exceeded
		No governance	excluded
Capital (consolidated)	Capital held by the group	> 20%	Included if a threshold is exceeded
		< 20%	excluded

This review identified 317 organisations (mutual insurance companies, unions, limited companies, simplified joint stock companies, EIGs, property investment partnerships, associations) including 238 controlled by the group (either capital-intensive organisations in which the group has more than a 20% stake, or other organisations that meet the combination criteria).

To make the combined financial statements of the UMG Groupe VYV more meaningful, it was deemed appropriate to define financial thresholds for the following items: own funds, net tangible assets and external financial debts, in order to only include in the combined financial statements, organisations that are significant from an economic point of view.

The following thresholds are applied:

- Own funds > €20m or Own funds < -€3m
- Net tangible assets > €20m
- Financial debts > €20m

These thresholds apply to entities or groups of entities. They are included as soon as one of the thresholds is crossed.



Exceptions were made, to retain a coherent view of the intermediate levels (HDS, HGO, VYV Care and SAFM).

Furthermore, certain exclusions apply, for the following reasons:

- Public housing companies: specific regulations (Opinion 2001-E of 4 July 2001 of the French National Accounting Council - CNC).
- EIG (Economic Interest Grouping): own funds and income valued at zero. However, the assets and liabilities may be subject to consolidation adjustments.

For the former perimeter of the UMG Groupe Istya, there was an intermediate level in the MGEN family comprising MGEN, MGEN Vie, MGEN Filia, MGEN Union, MGEN Centres de Santé and MGEN Action Sanitaire et Sociale, for tax consolidation purposes. This intermediate level was retained for the 2018 Groupe VYV combination.

The 2018 UMG Groupe VYV consolidation perimeter comprises 114 entities.

The combination/consolidation perimeter was therefore defined in accordance with the following regulatory criteria:

- **For the combination:** the organisations are linked to the UMG Groupe VYV or its affiliated members by common interests and decision-making centres. They reflect a group approach and are part of the overall strategy of the UMG Groupe VYV. It includes the mutual insurance companies and unions that have an insurance business (Book II of the French mutual insurance code), mutual insurance companies and unions that offer healthcare and related services (Book III of the French mutual insurance code), unions governed by Book I of the French mutual insurance code, and associations.

A combination agreement exists between the UMG Group VYV and all of the mutual organisations.

- **For the consolidated group:** the organisations are linked to the UMG Groupe VYV or its affiliated members through share ownership. They include all of the simplified joint stock companies, limited companies and property investment partnerships in which the UMG Groupe VYV or its founder members have acquired a stake. Percentages of control and interest are determined according to the group's equity investments and methods of holding (direct or indirect). Different consolidation methods are applied for all of these organisations, depending on the level of control, i.e. full consolidation, proportional consolidation or equity method.

1.3 List of entities within the perimeter at 31/12/2018

The following table lists the 114 entities combined at 31/12/2018. Entities that have merged are listed under the acquiring company.

- The percentage of control (% of voting rights) shows the control chain, and therefore determines the combination perimeter. The combination perimeter is determined solely according to the level of policy control, not financial control. The percentage of control also makes it possible to determine the consolidation method.
- The equity percentage is the share of entitlement to profits (or losses), which generally takes the form of a dividend distribution, and where appropriate, the surplus (loss) on liquidation of the company. It reflects the group's "financial" or "pecuniary" entitlements in its subsidiaries and holdings.



Legal form	Organisation	Consolidation method	% stake	% interest	Change/Comments
Combined unions specified in Book 1 of the French mutual insurance code					
Book 1	UMG Groupe VYV	Full consolidation	100.00%	100.00%	Combining entity
Book 1	VYV Coopération	Full consolidation	100.00%	100.00%	
Book 1	MGEN Union	Full consolidation	100.00%	100.00%	
Unions/mutual insurance companies/combined capital-intensive insurance organisations					
Book 2	Harmonie Mutuelle	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	MGEN	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	MGEN Filia	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	MGEN Vie	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	MGEFI	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	MNT	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	Harmonie Fonction Publique	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	Mare-Gaillard	Full consolidation	100.00%	100.00%	member of the UMG
Book 2	Ressources Mutuelles Assistance (RMA)	Full consolidation	100.00%	100.00%	
Book 2	Union Harmonie Mutualité (UHM)	Full consolidation	100.00%	100.00%	
Limited company (SA)	Sphera Vie	Full consolidation	100.00%	100.00%	
Limited company (SA)	MUTEX SA	Full consolidation	51.00%	51.00%	
Limited company (SA)	Parnasse Garantie	Equity method	20.00%	20.00%	
Unions/mutual insurance companies/other organisations within the VYV Care sub-group					
Book 3	VYV Care	Full consolidation	100.00%	100.00%	
Book 3	Harmonie Santé et Services Grand Ouest (HSSGO)	Full consolidation	100.00%	100.00%	
Book 3	Harmonie Santé et Services Sud Est (HSSSE)	Full consolidation	100.00%	100.00%	
Book 3	MGEN Action Sanitaire et Sociale (MGENASS)	Full consolidation	100.00%	100.00%	
Book 3	MGEN Centres de Soins (MGENC)	Full consolidation	100.00%	100.00%	
Book 3	MNAM Œuvres Mutualistes (MNAM-OM)	Full consolidation	100.00%	100.00%	
Book 3	Sphera Val de France (SVFA)	Full consolidation	100.00%	100.00%	
Book 3	Union Préviaires de Services Mutualistes (UPSM)	Full consolidation	100.00%	100.00%	
Book 3	Union Soins et Services Ile de France (USSIF)	Full consolidation	100.00%	100.00%	
Book 3	Union Thiernoise des Mutuelles (UTM)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française Anjou Mayenne (MFAM)	Full consolidation	100.00%	100.00%	Took over ARTA's Disability business
Book 3	Mutualité Française Centre Val de Loire (MFCVL)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française Bourguignonne (MFBSSAM)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française de la Sarthe (MFS)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française Finistère Morbihan (MFFM)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française des Côtes d'Armor (MFCA)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française Ile et Vilaine (MFIV)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Française de la Vienne (MFV)	Full consolidation	100.00%	100.00%	Entered 2018
Book 3	Union Territoriale Mutualiste Lorraine	Full consolidation	100.00%	100.00%	Entered 2018
Book 3	Les Mutuelles de Vendée	Full consolidation	100.00%	100.00%	
Book 3	UMT- Terres d'Oc (UMTO)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Retraite 44 (MR44)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Retraite 29-56 (MR29-56)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Retraite Cotes d'Armor (MR22)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Santé Services (MSServices)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Santé Social (MSSocial)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Soins et Services à Domicile (MSSAD)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Travail Protégé (MTP)	Full consolidation	100.00%	100.00%	
Book 3	Mutualité Enfance et Famille des Côtes d'Armor (MEF22)	Full consolidation	100.00%	100.00%	
Book 3	Union de gestion Clinique de la Sagesse (UGCS)	Full consolidation	100.00%	100.00%	
Book 3	Union de Gestion Clinique Mutualiste de la Porte de l'Orient (UGCMPPO)	Full consolidation	100.00%	100.00%	
Book 3	Union de Gestion Clinique Mutualiste Jules Verne (UGCMJV)	Full consolidation	100.00%	100.00%	
Book 3	Union de Gestion Clinique Mutualiste de l'Estuaire (UGCME)	Full consolidation	100.00%	100.00%	
Book 3	Union de Gestion Clinique Villa Notre Dame (UGVND)	Full consolidation	100.00%	100.00%	
Association	SCAPA	Full consolidation	100.00%	100.00%	
Organisations within the HDS sub-group					
Simplified joint stock company (SAS)	Harmonie Développement Services (HDS)	Full consolidation	83.16%	83.16%	
Simplified joint stock company (SAS)	Harmonie Médical Service (HMS)	Full consolidation	100.00%	83.16%	
Simplified joint stock company (SAS)	Harmonie Ambulance (Hambulance)	Full consolidation	100.00%	83.16%	Transfer of all assets and liabilities for Groupe LSA and Ambulance Atlantique on 31/5/2018
Simplified joint stock company (SAS)	Harmonie Medical Services Grand Est (HMSGE)	Full consolidation	100.00%	83.16%	



Legal form	Organisation	Consolidation method	% stake	% interest	Change/Comments
Organisations within the HGO sub-group					
Simplified joint stock company (SAS)	Hospi Grand Ouest (HGO)	Full consolidation	72.22%	72.22%	
Simplified joint stock company (SAS)	Hopital privé des Côtes d'Armor (HPCA)	Full consolidation	100.00%	72.22%	
Simplified joint stock company (SAS)	Clinique Jules Verne	Full consolidation	90.31%	65.22%	
Simplified joint stock company (SAS)	Polyclinique du Trégor	Full consolidation	100.00%	72.22%	
Simplified joint stock company (SAS)	Polyclinique de Quimper (PQS)	Full consolidation	100.00%	72.22%	
Simplified joint stock company (SAS)	Clinique Saint Michel et Sainte Anne (SMSA)	Full consolidation	100.00%	72.22%	
Simplified joint stock company (SAS)	Clinique Sud Vendée	Full consolidation	94.47%	68.23%	
Property investment partnership (SCI)	SCI Les Biquettes	Full consolidation	100.00%	72.22%	
Property investment partnership (SCI)	SCI François Rabelais	Full consolidation	99.98%	68.21%	
Property investment partnership (SCI)	SCI Kerjestin	Full consolidation	100.00%	72.22%	
Property investment partnership (SCI)	SCI Neptune	Full consolidation	100.00%	72.22%	
Property investment partnership (SCI)	SCI Moulin du Duc	Full consolidation	100.00%	72.22%	
Property investment partnership (SCI)	SCI SCHO	Full consolidation	100.00%	72.22%	
Property investment partnership (SCI)	SCI SICAR	Equity method	33.33%	24.07%	
Organisations within the SAFM sub-group					
Limited company (SA)	La Maison des Obsèques - SAFM	Full consolidation	96.67%	96.67%	
Simplified joint stock company (SAS)	Allanic	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Marbrerie Allanic	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Arras Funéraire	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Avignon Funéraire	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Bapaume	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Centre Funéraire Charentais	Full consolidation	100.00%	96.67%	Transfer of all assets and liabilities for Pompes Funèbres Charentaises on 1/1/2018
Simplified joint stock company (SAS)	Etablissements Moreau	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres Dauger	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres Fauchet	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres Leclerq	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres et Marbreries de l'EST (PFME)	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres du Perche	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Pompes Funèbres Richard	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Etablissements Jacques Rondeau	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Service de Groupement Funéraire (SGF)	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Valencienne Funéraire	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	W Invest	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	W Stone	Full consolidation	100.00%	96.67%	
Simplified joint stock company (SAS)	Lefevre Goyon & Associés	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Macon Funéraire	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Serris	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Pompes Funèbres Hervoit	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Hervoit Barbot Pompes Funèbres	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	AD Hervoit Marbreries	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Centre Funéraire du Bassin	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Marbrerie Gendrillon	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Pompes Funèbres Marbrerie Regis	Full consolidation	100.00%	96.67%	Acquisition 2018
Simplified joint stock company (SAS)	Pompes Funèbres Devaucehelle	Full consolidation	100.00%	96.67%	Acquisition 2018
Property investment partnership (SCI)	SCI Boussin	Full consolidation	100.00%	96.67%	
Organisations within the HOSPITALIA sub-group					
Simplified joint stock company (SAS)	Hospitalia	Full consolidation	90.35%	90.35%	sale of Paul Bert SA in 2018
Simplified joint stock company (SAS)	Clinique Benigne Joly	Full consolidation	100.00%	90.35%	
Property investment partnership (SCI)	Talent Roger Renard (TRR)	Full consolidation	100.00%	90.83%	
Organisations within the Foncière HGO sub-group					
Simplified joint stock company (SAS)	Foncière HGO	Full consolidation	58.14%	57.56%	
Property investment partnership (SCI)	SCI Kerlic	Full consolidation	100.00%	57.57%	
Property investment partnership (SCI)	SCI Nantes Est	Full consolidation	100.00%	57.56%	
Property investment partnership (SCI)	SCI Plérin Santé	Full consolidation	100.00%	57.56%	
Property investment partnership (SCI)	SCI Sud Loire	Full consolidation	100.00%	57.56%	
Property investment partnerships					
Property investment partnership (SCI)	SCI Blomet	Full consolidation	100.00%	100.00%	
Property investment partnership (SCI)	SCI Immobilière Harmonie	Full consolidation	100.00%	100.00%	
Property investment partnership (SCI)	SCI Groupe MGEFI	Full consolidation	55.00%	55.00%	
Property investment partnership (SCI)	SCI Marcel Rivière	Full consolidation	100.00%	100.00%	
Property investment partnership (SCI)	SCI Philgen	Full consolidation	100.00%	100.00%	
Other					
Simplified joint stock company (SAS)	VV Invest	Full consolidation	100.00%	100.00%	Created in 2018
Limited company (SA)	EGAMO SA	Full consolidation	64.00%	64.00%	



1.4 Organisation of the businesses

The perimeter is divided into three business sectors.

1.4.1 Insurance business

This business comprises all of the mutual and capital-intensive organisations that carry out insurance activities. It includes the eight mutual insurance companies affiliated to the UMG Groupe VYV, as well as the following entities:

- Capital-intensive companies: Mutex, Sphéria Vie, and Parnasse Garanties.
- Unions governed by Book II of the French mutual insurance code: Ressources Mutuelles Assistance and Union Harmonie Mutualité.

1.4.2 Healthcare and Related Services business

This business comprises the following groups (intermediate levels):

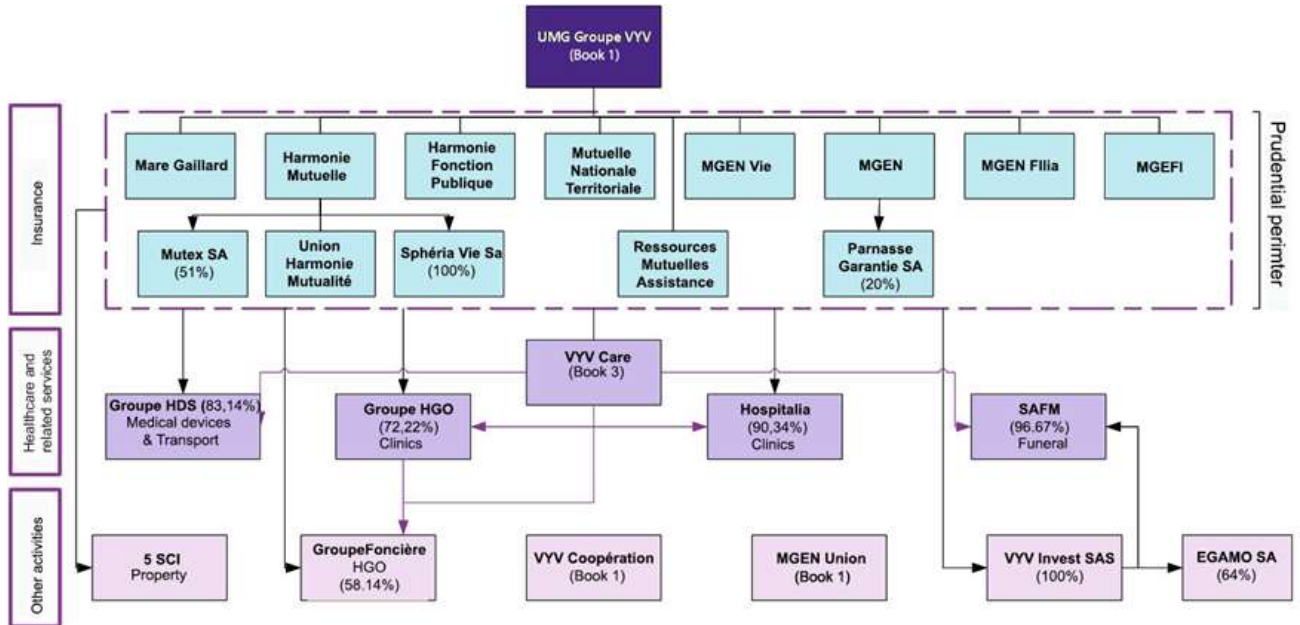
- VYV Care: all Book III unions and associations linked directly or indirectly to VYV Care,
- Groupe HDS: health transport and distribution of medical devices businesses,
- Groupe SAFM: funeral businesses,
- Groupe Hospi Grand Ouest: clinic businesses in capital-intensive form,
- Groupe Hospitalia: clinic businesses in capital-intensive form.

1.4.3 Other activities

- UMG Groupe VYV
- UGM VYV Coopération
- MGEN Union
- The most significant operating property investment partnerships held by the mutual insurance companies: Blomet, Immobilière Harmonie, Philgen, Marcel Rivière, MGEFI
- Groupe Foncière HGO: Foncière HGO holding company owns four property investment partnerships (which own the clinic property)
- VYV Invest: holding company that makes equity investments in strategic fields for the group
- Egamo: asset management company



The organisation of these businesses is summarised below:





2. Highlights

2.1 Concerning the perimeter

- Groupe SAFM: acquisition of 10 funeral companies (detailed in the table showing the perimeter in § 1.3), for €14m, generating goodwill of €10.0m (unamortised since they were acquired after 2016. Impairment tests will be carried out to show that there is no impairment).
- VYV Care: inclusion of two new Book III unions, Mutualité Française de la Vienne and Union Territoriale Mutualiste Lorraine, increasing the level of consolidated own funds by €24m.

2.2 Other highlights

- Creation of VYV Invest: contribution of strategic entities (€54.3m) and cash (€139m) by the mutual insurance companies to VYV Invest. In 2018, consolidation of the entities held by VYV Invest which were previously held by the group's entities:
 - SAFM (previously held by HM/MGEN),
 - Egamo (previously held by MGEN).

The other entities which are individually immaterial (in relation to Groupe VYV) will be consolidated in 2019.

All of the entities contributed generated internal capital gains totalling €11.1m (by Harmonie Mutuelle and MGEN), which were eliminated in the consolidated financial statements.

- Hospitalia: sale of the Paul Bert clinic outside the group (C2S): capital loss of €4.4m
- MFFM (29-56): adjustment of an internal impairment write-down recognised in 2016, written back in 2018 (correction of an error): +€7m
- Groupe HGO: exceptional depreciation of goodwill from clinics totalling -€1.0m following a company valuation engagement carried out by an independent firm.
- Foncière HGO: capital increase subscribed for by HM and VYV Care, increasing the share of capital from 35.05% to 58.14%. The consolidation method applied changed from the equity method to full consolidation, and therefore affected the balance sheet presentation.

2.3 Other changes

2.3.1 Contributions of own funds within the group

Contribution of the child care and Handicap businesses by ARTA, MF Sarthe and HSSGO to MFAM: €9.1m

2.3.2 Capital increase

- | | |
|--------------------------------|--|
| • Foncière HGO (€35.9m): | subscribed for by Harmonie Mutuelle and VYV Care |
| • HMS / HMS Grand Est (€2.2m): | subscribed for by HDS |
| • HPCA/Jules Verne (€9.0m): | subscribed for by HGO |
| • SCI Nantes Est (€7.2m): | subscribed for by Foncière HGO |
| • Sphéria Vie (€20m): | subscribed for by Harmonie Mutuelle |
| • VYV Invest (€202m): | subscribed for by the affiliates of the UMG Groupe VYV |



2.3.3 Mergers

- Groupe HDS: Harmonie Ambulance absorbed Ambulance Atlantique and Groupe LSA
- Groupe SAFM: Centre Funéraire Charente absorbed Pompes Funèbres Charentes



3. Profit and loss account

The consolidated net result for financial year 2018 was a profit of €67.3m compared with a profit of €63.5m in 2017. It is summarised below:

In €m	Insurance	Healthcare and Related Services	Other	31/12/2018	31/12/2017	Variation	%
Premiums earned	6,933.1			6,933.1	6,701.5	231.6	3.5%
Revenue or income from other businesses		1,700.7	52.3	1,753.0	1,698.1	54.9	3.2%
Other operating income	282.3	205.6	7.4	495.2	478.9	16.3	3.4%
Financial income net of charges	262.3	0.4	0.0	262.7	265.9	-3.2	-1.2%
Total current operating income	544.5	1,906.7	59.7	2,510.9	2,443.0	68.0	2.8%
Insurance benefit expenses	(6,001.8)			(6,001.8)	(5,874.0)	-127.7	2.2%
Net charges for or income from reinsurance cessions	(26.8)			(26.8)	(10.6)	-16.1	151.8%
Expenses for other businesses	0.0	(1,896.6)	(299.0)	(2,195.6)	(2,058.5)	-137.1	6.7%
Management expenses	(1,140.8)			(1,140.8)	(1,092.7)	-48.1	4.4%
Total current operating expenses	(7,169.4)	(1,896.6)	(299.0)	(9,365.0)	(9,035.9)	-329.1	3.6%
Intersegment	(244.2)	(24.1)	268.3	0.0	0.0	0.0	
CURRENT OPERATING INCOME	64.1	(14.0)	29.0	79.0	108.6	-29.5	-27.2%
Net investment income	69.0	(2.1)	(4.3)	62.6	101.2	-38.6	-38.2%
Other non-technical net income	(77.7)			(77.7)	(67.5)	-10.2	15.0%
Extraordinary profit or loss	8.0	6.4	(0.2)	14.2	15.1	-0.9	-5.9%
Corporate income tax	10.1	(1.1)	0.1	9.1	(76.8)	85.9	-111.8%
NET INCOME FROM CONSOLIDATED COMPANIES	73.5	(10.8)	24.5	87.1	80.5	6.6	8.2%
Share of profits of companies accounted for using the	0.4	0.0	0.0	0.4	0.1	0.3	296.6%
Amortisation of goodwill	0.0	(3.9)	0.0	(3.9)	(13.2)	9.4	-70.8%
NET INCOME OF THE CONSOLIDATED GROUP	73.9	(14.7)	24.5	83.7	67.4	16.3	24.2%
Minority interests	(18.2)	2.3	(0.5)	(16.4)	(3.8)	-12.5	328.5%
NET RESULT (Group's share)	55.7	(12.3)	24.0	67.3	63.5	3.8	6.0%

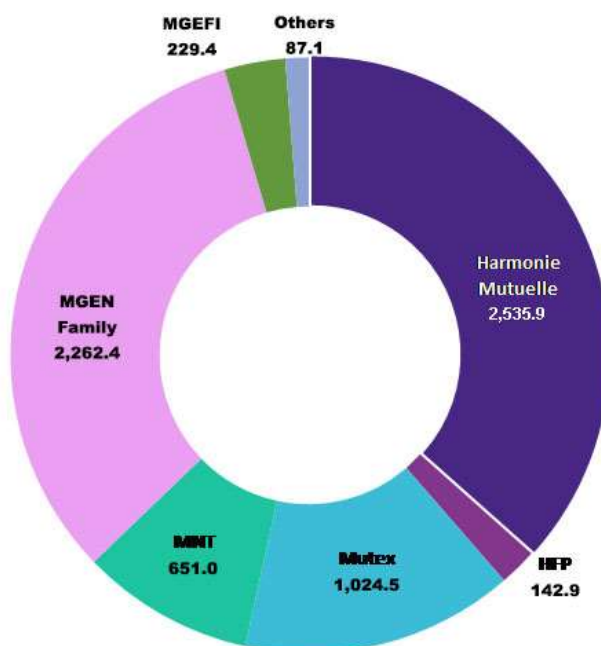
3.1 General comments on business

- Net income from the “**insurance**” business at 31/12/2018 amounted to €55.7m. The main contributors were:
 - Harmonie Mutuelle: +€27.6m
 - Mutex: +€24.9m
 - MNT: +€11.2m
 - MGEFI: +€4.8m
 - Sphéria Vie: -€5.5m
 - MGEN (including MGEN Vie/MGEN Filia): -€8.0m
- The “**Healthcare and Related Services**” business suffered a loss of €12.3m in 2018, mainly due to:
 - losses by the Groupe HGO clinics (-€3.8m),
 - loss on the sale of the Paul Bert clinic (-€4.6m) to C2S,
 - losses made by the Groupe SAFM (-€3.3m).
- “**Other**” showed a profit of €24m mainly due to the earnings of the property investment partnership Philgen.



3.2 Earned premiums

Gross earned premiums in 2018 totalled €6,933m with the following breakdown:



Compared with 2017 there was an increase of €232m mainly due to:

- An increase of €114m for MGEN representing 5.3%,
- An increase of €58m for Harmonie Mutuelle representing 2.4%,
- An increase in premiums of €59m for the other insurance companies which represents an average increase of 2.8% due to an increase in tariffs, and new contracts.

3.3 Current operating income

3.3.1 Revenue - other activities: €1,753m

Revenue from other activities includes:

- Revenue from Healthcare and Related Services totalling €1,701m, i.e. +€62m (+3.8%) compared with 2017. This figure includes the mutual businesses (VYV Care: clinical sectors, convalescence centres, dental care, eyewear, hearing aids, pharmacy, child care and assisted living facilities) as well as the capital-intensive businesses (HGO, HDS, SAFM, Hospitalia). The increase in revenue of €62m is mainly due to:
 - The inclusion of Mutualité Française de la Vienne (+ €18m), and Union Territoriale Mutualiste Lorraine (+€23m) in the combination perimeter,
 - The increase in revenue of Groupe SAFM (+€11m) linked to acquisitions in 2017 and 2018,
 - The increase in revenue of the "HDS" group (+€5m).
- Revenue from the other businesses totalling €52m, i.e. -€4m compared with 2017. This drop was due to lower revenue outside the group in 2018 (total revenue nevertheless remained stable).



3.3.2 Other operating income: €495m.

Other operating income increased by €16m. This change was mainly due to non-recurring technical income in 2018 linked to transfers of general reserves from other insurance companies within Harmonie Mutuelle.

3.3.3 Financial income net of charges: €263m.

This corresponds to the share of the financial result allocated to the technical income. The main contributors were Mutex and MGEN due to their Life business. This amount was stable compared with 2017.

3.4 Current operating expenses

3.4.1 Gross insurance benefits expenses: €6,002m

Insurance benefits expenses break down as follows:

Gross insurance benefits expenses in millions of euros	2018 amount	% of the total	2017 amount	% of the total	Variation 2018/2017	Variation (%)
Benefits and Management fees	5,793.2	96.5%	5,564.2	94.7%	229.0	4.1%
Mathematical provisions	(112.1)	-1.9%	(70.4)	-1.2%	-41.6	59.1%
Costs of provisions for claims	125.9	2.1%	195.4	3.3%	-69.4	-35.5%
Variation in the equalisation provision	-1.8	0.0%	(60.4)	-1.0%	58.6	-97.1%
Expenses for other technical provisions	75.7	1.3%	131.8	2.2%	-56.1	-42.5%
Profit-sharing	120.8	2.0%	113.4	1.9%	7.3	6.5%
TOTAL	6,001.8	100.0%	5,874.0	100.0%	127.7	2.2%

Gross benefits expenses increased by €128m compared with 2017. This change is due to the combined effects of:

- An increase in premiums (business effect)
- A one point drop in the number of claims (mainly MGEN/Harmonie Mutuelle).



3.4.2 Ceded reinsurance result: - €27m

The non-group reinsurance result breaks down as follows

Management fees in millions of euros	2018 amount	2017 amount	Variation 2018/2017	Variation (%)
Reinsured premiums	(480.9)	(425.5)	-55.4	13.0%
Reinsured benefits	416.8	377.8	39.0	10.3%
Reinsurance commission	37.3	37.1	0.2	0.6%
TOTAL	(26.8)	(10.6)	-16.1	151.8%

The main contributors to the reinsurance income in 2018 are Mutex, Harmonie Mutuelle and MNT.

3.4.3 Expenses for other businesses: €2,196m

Expenses for other businesses in euros	2018 amount	% of the total	2017 amount	% of the total	Variation 2018/2017	Variation (%)
External purchases and expenses	832,2	37.9%	800,5	38.9%	31,6	4.0%
Taxes and duties	103,1	4.7%	94,1	4.6%	9	9.5%
Payroll expense	1,069,9	48.7%	987,5	48.0%	82,3	8.3%
Other operating charges	55,1	2.5%	52,8	2.6%	2,3	4.4%
Depreciation and provisions	135,3	6.2%	123,5	6.0%	11,8	9.6%
TOTAL	2,195,6	100.0%	2,058,5	100.0%	137,1	6.7%

This item mainly comprises purchases consumed, general expenses, expenses relating to employees (including external employees included under “External purchases and expenses”) as well as the related taxes and duties. The increase in charges was mainly due to the payroll expense. It is related to the expansion of the consolidation perimeter of VYV Care (MF Vienne, UTML) and the new acquisitions for the funeral business.

3.4.4 Management expenses: €1,141m

Management fees in millions of euros	2018 amount	% of the total	2017 amount	% of the total	Variation 2018/2017	Variation (%)
Acquisition costs	279.1	24.5%	270.4	24.7%	8.6	3.2%
Administrative expenses	313.9	27.5%	315.2	28.8%	-1.2	-0.4%
Other technical expenses	547.8	48.0%	507.1	46.4%	40.7	8.0%
TOTAL	1,140.8	100.0%	1,092.7	100.0%	48.1	4.4%

The increase in this item is related to the general increase in the Insurance business (increase in premiums and benefits). The level of management fees was 16.45% in 2018 compared with 16.31% in 2017. This item mainly comprises:

- Acquisition expenses which include in particular the costs of the departments responsible for development and drawing up coverage and application forms,



- Administrative expenses which mainly include management and collection fees, the expenses of the departments responsible for portfolio management and monitoring, of reinsurance accepted and ceded, and the cost of disputes relating to premiums,
- Other technical expenses which cannot be allocated either directly, or by an allocation key, to one of the uses defined in the chart of accounts.

3.5 Non-technical income and charges, extraordinary profit or loss, and tax

3.5.1 Net proceeds from insurance investments: + €63m

The net proceeds from insurance investments concern the share of the financial result not allocated to technical income. The main contributors were:

- MGEN €47m
- Mutex €13m
- MNT €5m
- Harmonie Fonction Publique: €3m
- Harmonie Mutuelle -€2m

The decrease reflects the background of falling interest rates on the financial markets

3.5.2 Miscellaneous revenue net of non-technical charges: -€78m

This is the difference between miscellaneous revenue and other non-technical charges of the insurance companies. The main contributor to this item was Harmonie Mutuelle.

3.5.3 Extraordinary profit or loss: €14m

The extraordinary profit includes the following main items:

- Reversal of negative goodwill for Mutex (amortised over 15 years): +€6m
- Cancellation of internal write-down for impairment, recognised in 2016 but eliminated in 2018 (correction of an error): +€7m

3.5.4 Corporate income tax +€9m

Corporate income tax comprises:

- Social security tax due (net of the competitiveness and employment tax credit - CICE) totalling €3m, for which the amounts are shown in the individual financial statements of the organisations subject to corporate tax.
- Deferred tax totalling €11m (all business sectors taken together).

The big decrease in the income tax expense was due to Harmonie Mutuelle and Mutex which suffered a tax loss in 2018 due to declines in unrealised capital gains from UCITS.



3.6 Share of profits from companies accounted for by the equity method, amortisation of goodwill and minority interests

3.6.1 Share of profits of companies accounted for using the equity method: €0.4m

Two companies are consolidated using the equity method:

- Parnasse Garantie: +€0.4m,
- A Groupe HGO entity (SCI Sicar): -€0.0m

3.6.2 Amortisation of goodwill: -€4m

Goodwill was valued based on the difference between the purchase value and the restated shareholders' equity of the acquired company on the acquisition date.

The main amortisation expenses concern:

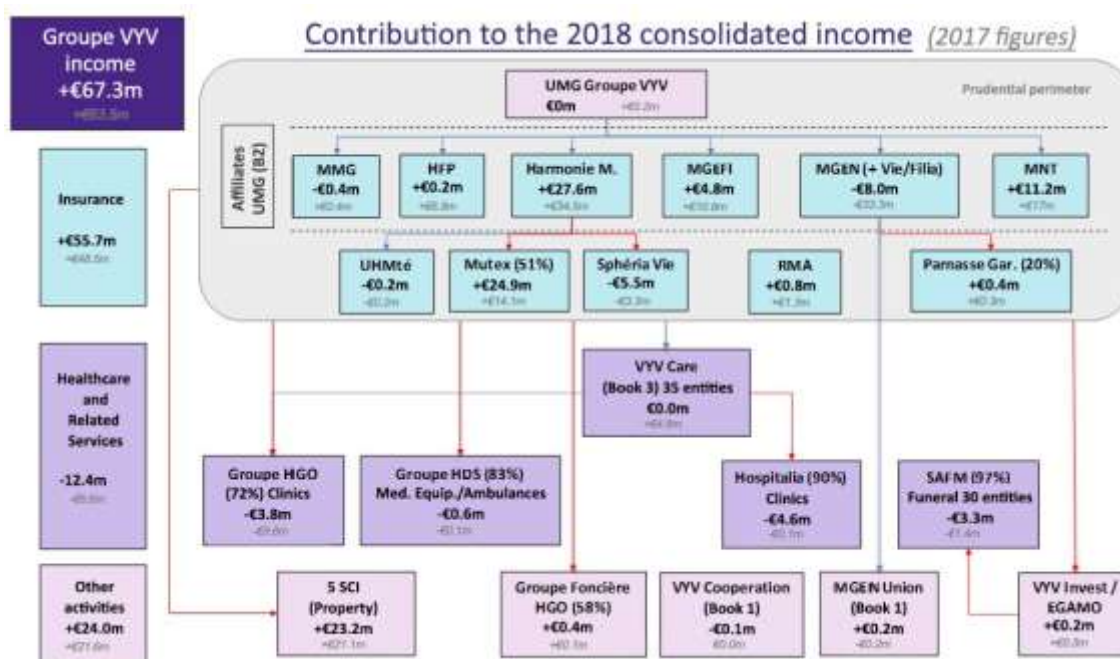
- Groupe HGO: -€2m
- Groupe HDS: -€2m

3.6.3 Minority interests: -€16m

This amount corresponds to the share of profits due to minority interests:

- Mutex: -€18m
- Groupe HGO: +€2m

3.7 Income per entity/sub-group





4. Balance sheet

4.1 Assets (in €m)

	31/12/2018	31/12/2017	Variation
Uncalled subscribed capital	0.0	0.0	0.0
Net goodwill	43.2	36.9	6.2
Intangible assets	101.0	101.3	-0.3
Investments by insurance companies	13,505.1	13,428.3	76.8
Investments by other companies	403.0	326.0	77.0
Equity method investments	22.9	75.2	-52.3
Share of assignees and retrocessionaires in technical provisions	1,488.4	1,358.8	129.6
Receivables	2,306.4	2,133.7	172.8
Share of guarantors in commitments in substitution	0.0	0.0	0.0
Other assets	1,072.5	905.9	166.6
Prepayments and accrued income	496.5	444.2	52.3
Total assets	19,439.0	18,810.4	628.6

4.2 Liabilities (in €m)

	31/12/2018	31/12/2017	Variation
Shareholders' equity	4,849.9	4,775.4	74.5
Minority interests	446.8	401.0	45.9
Subordinated liabilities	14.2	9.9	4.3
Gross technical provisions	10,406.2	10,167.3	238.9
Provisions for liabilities and charges and regulated provisions	254.8	263.9	-9.1
Dedicated funds	24.5	21.3	3.2
Other debts	3,200.8	2,940.6	260.2
Accruals and deferred income	241.7	231.0	10.7
Total liabilities	19,439.0	18,810.4	628.6

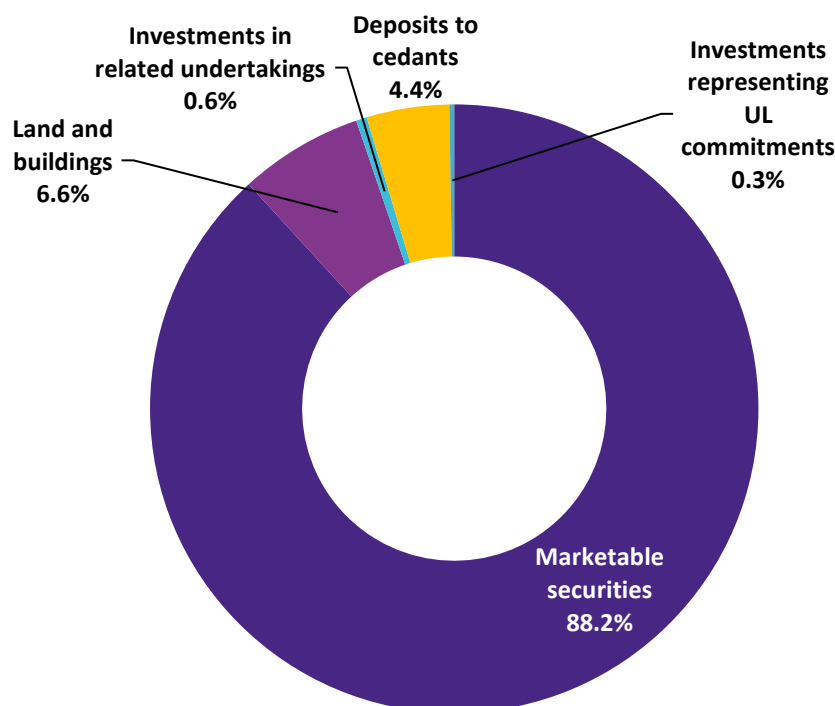
At 31/12/2018 the balance sheet total amounted to €19,439m compared with €18,810m at 31/12/2017. The variation of €629m was mainly due to the following changes:

- Change in technical provisions (+2.3%),
- Full consolidation of Groupe Foncière HGO instead of using the equity method (reduction in "Equity method investments" and increase in "Other assets" and "Receivables").



4.3 Financial investments

Investments by insurance companies (after eliminating equity interests in consolidated companies) amounted to €13,505m in net book value at 31/12/2018, with the following breakdown:



- **Marketable securities** which represent 88.2% of the total amount of investments and mainly comprise bonds, equities and money-market instruments.
- **Property** represents 6.6% of the investments and includes the property held via the securities of property investment partnerships and real assets held directly by the insurance organisations.
- **Investments by related undertakings** represent 0.6%. Groupe VYV has investments of €77m in various companies (limited companies and simplified joint stock companies) not included in the consolidation perimeter.

4.4 Equity method investments

Equity method investments mainly concern Parnasse Garantie, totalling €23m.

4.5 Own funds

The consolidated own funds of the UMG Groupe VYV amounted to €5,297m at 31/12/2018, divided between the share belonging to the UMG Groupe VYV and the share belonging to minority interests.



4.5.1 Own funds belonging to the UMG Groupe VYV: €4,850m

The increase of €75m was mainly due to:

- The profit achieved in financial year 2018: +€67m
- Inclusion of companies in the perimeter (MF Vienne/UTML): +€24m
- Foncière HGO adjustment: -€20m
- Other: +€4m

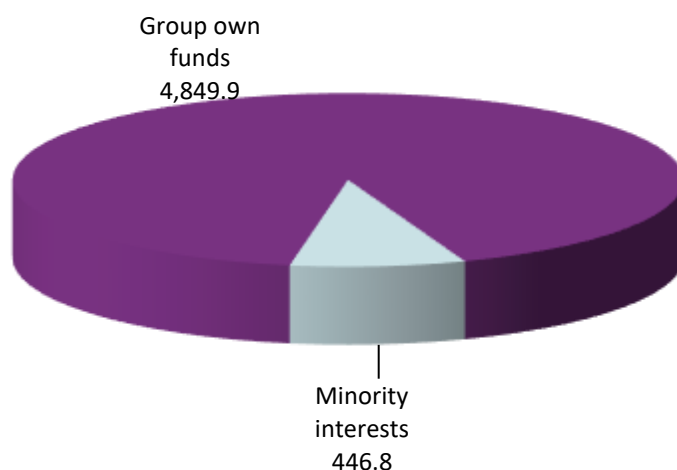
4.5.2 Own funds held by minority shareholders: €447m

The own funds held by minority shareholders: (shareholders outside the group) amounted to €447m at 31/12/2018 and concerned:

- Mutex: €396m
- Foncière HGO: €33m
- Groupe HGO: €5m
- Groupe HDS: €5m
- Property investment partnerships: €6m
- Egamo: €2m
- Groupe SAFM: €1m

4.5.3 Breakdown of consolidated own funds

Breakdown of group own funds/minority interests (in €m)





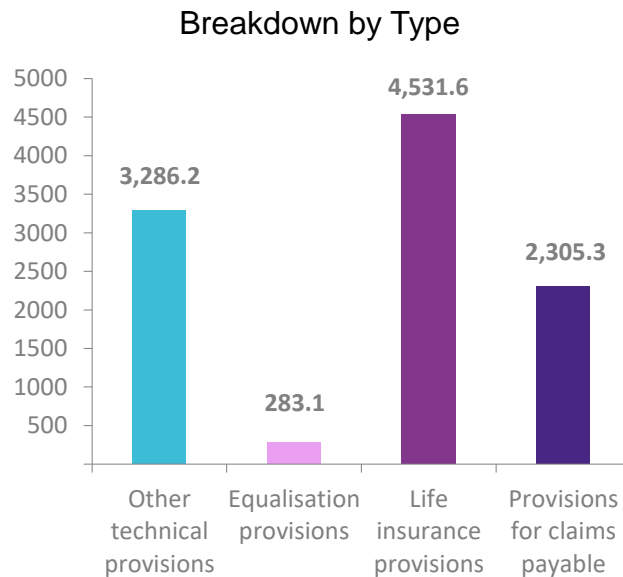
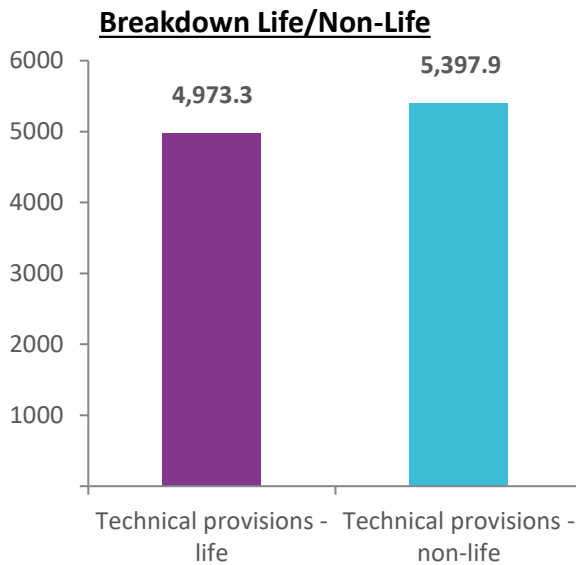
4.6 Technical provisions

Technical provisions gross of reinsurance capitalised at 31/12/2018 totalled €10,406m. This item corresponds to:

- For the non-life business: mainly provisions for claims payable, contractual equalisation provisions and other technical provisions (mathematical provisions).
- For the life business: mathematical provisions.

The following graphs show the breakdown of the technical provisions (excluding unit-linked provisions and technical provisions in substitution) into two types:

- Life/non-life businesses
- Type of technical provisions





5. Post-balance sheet events

None

6. Future developments

6.1 New affiliations

On 1 January 2019, two new entities joined UMG Groupe VYV:

- The mutual insurance company CHORUM;
- The mutual insurance company SMACL ASSURANCES.

Their membership was approved by the Board of Directors of UMG Groupe VYV during the 2018 financial year. These two entities will be required to sign an affiliation agreement as well as an amendment to the combination agreement, both of which will enter into effect on 1 January 2019. Contributions will also be made to own funds (initial capital/solidarity fund).

6.2 Groupe Arcade

In 2019, VYV Invest plans to acquire an interest in Groupe Arcade-VYV, amounting to 40-42% of the voting rights. This group carries out public housing management and property development activities.

7. Additional information

7.1 Corporate social responsibility (CSR)

In accordance with Article R. 225-105-1 of the French Commercial Code concerning the social and environmental transparency obligations of companies, the organisations concerned present a Corporate Social Responsibility report for financial year 2018. It should be noted that the UMG Groupe VYV is not subject to this obligation.

* * *



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