



Caisse Centrale des Assurances Mutuelles Agricoles
(a "caisse de réassurance mutuelles agricoles" established under the laws of France)

Subordinated Step-Up Notes due 2029

consisting of

€ 250,000,000

Subordinated Fixed/Floating Rate Notes due 2029

Issue Price: 99.56 per cent

and

€ 500,000,000

Subordinated Step-Up Floating Rate Notes due 2029

Issue Price: 100 per cent

The € 250,000,000 aggregate principal amount of Subordinated Fixed/Floating Rate Notes due 2029 (the "Fixed Rate Notes") and the € 500,000,000 aggregate principal amount of Subordinated Step-Up Floating Rate Notes due 2029 (the "Floating Rate Notes" and, together with the Fixed Rate Notes, the "Notes") of Caisse Centrale des Assurances Mutuelles Agricoles ("CCAMA" or the "Issuer") will be deemed to be issued outside the Republic of France and will mature, unless previously redeemed or purchased and cancelled, on the Interest Payment Date (as defined herein) falling on, or nearest to, 22 July 2029 at their principal amount, as set out in "Terms and Conditions of the Notes — Redemption and Purchase".

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future direct, unsecured and subordinated obligations of the Issuer, as set out in "Terms and Conditions of the Notes — Status".

The Fixed Rate Notes will bear interest at the rate of 5.875 per cent per annum from, and including, 22 July 1999 to, but excluding, 22 July 2009, and thereafter at a rate of 1.95 per cent above the European inter-bank offered rate for three-month euro deposits ("Euribor"). Interest for the period from, and including, 22 July 1999 to, but excluding, 22 July 2009 will be payable in equal instalments annually in arrears on 22 July of each year, commencing on 22 July 2000 and for the period thereafter quarterly in arrears on the Floating Interest Payment Dates (as defined herein) falling on, or nearest to, 22 October, 22 January, 22 April and 22 July in each year, commencing on the Floating Interest Payment Date falling on, or nearest to, 22 October 2009, as set out in "Terms and Conditions of the Fixed Rate Notes — Interest".

The Floating Rate Notes will bear interest from, and including, 22 July 1999 to, but excluding, the Interest Payment Date falling on, or nearest to, 22 July 2009 at a rate of 0.95 per cent above Euribor and, thereafter, at a rate of 1.95 per cent above Euribor. Interest will be payable quarterly in arrears on the Interest Payment Dates falling on, or nearest to, 22 October, 22 January, 22 April and 22 July in each year, commencing on the Interest Payment Date falling on, or nearest to, 22 October 1999, as set out in "Terms and Conditions of the Floating Rate Notes — Interest".

Payment of interest on the Notes may, in certain circumstances, be deferred at the option of the Issuer, as set out in "Terms and Conditions of the Notes — Interest — Interest Deferral".

The Issuer may at its option, with the consent of the Commission de Contrôle des Assurances, redeem all, but not some only, of the Fixed Rate Notes and/or the Floating Rate Notes at their principal amount (plus accrued interest) on the Interest Payment Date falling on, or nearest to, 22 July 2009 or on any subsequent Interest Payment Date, as set out in "Terms and Conditions of the Notes — Redemption and Purchase — Redemption at the Option of the Issuer". In addition, the Issuer may, and in certain circumstances shall, redeem all, but not some only, of the Fixed Rate Notes and/or the Floating Rate Notes at their principal amount (plus accrued interest) in the event of certain changes affecting French taxes, as set out in "Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons".

Payments in respect of the Notes will be made without deduction for, or on account of, French taxes to the extent set out in "Terms and Conditions of the Notes — Taxation".

Application has been made for the listing of the Notes on the Premier Marché (émissions internationales) of the Paris Stock Exchange with effect from 22 July 1999.

The Notes will be issued in denominations of € 10,000 and € 100,000 each and will at all times, in compliance with article 94-II of French law no. 81-1160 of 30 December 1981, be represented in book entry form (dématérialisé) in the books of the Sicovam Account Holders (as defined in "Terms and Conditions of the Notes — Form, Denomination and Title"). No physical documents of title will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Sicovam S.A. ("Sicovam") which shall credit the accounts of the Sicovam Account Holders, including the depositary banks for Cedelbank and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System ("Euroclear"). The Notes have been accepted for clearance through Sicovam, Euroclear, Cedelbank and Deutsche Börse Clearing.

The Notes have been rated A- by Standard & Poor's-ADEF.

CDC Marchés
Banque Nationale de Paris
Lehman Brothers

J.P. Morgan Securities Ltd.
Goldman Sachs International
Paribas

SG Investment Bank

The date of this Offering Circular is 19 July 1999

The Issuer confirms that this Offering Circular contains all information with respect to the Issuer, the Issuer and its affiliated mutual entities and subsidiaries taken as a whole (the "Group") and the Notes which is material in the context of the issue and offering of the Notes; the statements contained in it relating to the Issuer, the Group and the Notes are in all material respects true and accurate and not misleading; the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and, to the best of the Issuer's knowledge and belief, there are no other material facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this document misleading in any material respect.

In connection with the issue and offering of the Notes, no person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers (as defined in "Subscription and Sale"). Neither the delivery of this Offering Circular, nor any sale made in connection with the issue of the Notes shall, under any circumstances, create any implication that the information in this Offering Circular is correct or complete as of any time subsequent to its date.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

This Offering Circular does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken by the Issuer, the Managers or any other person that would permit a public offering of the Notes or the distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where regulatory action for that purpose is required.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE NOTES AND THE DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "SUBSCRIPTION AND SALE".

Unless otherwise specified or the context requires, references herein to "French francs", "francs", "FRF" and "FF" are to the lawful currency of the Republic of France; to "euro" and "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community.

Any discrepancies in any table in this Offering Circular between totals and the sums of the amounts listed in such table are due to rounding. References to "billions" are to thousands of millions.

Unless otherwise indicated, statements in this Offering Circular relating to market share, ranking and data are derived from management's estimates based on independent industry publications, reports by market research firms or other published independent sources.

In connection with this issue, CDC Marchés may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising will be carried out in accordance with all applicable laws and regulations and will be undertaken solely for the account of CDC Marchés and not for or on behalf of the Issuer.

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TERMS AND CONDITIONS OF THE FIXED RATE NOTES

The € 250,000,000 Subordinated Fixed/Floating Rate Notes (the “Notes”) deemed to be issued outside the Republic of France by Caisse Centrale des Assurances Mutuelles Agricoles (the “Issuer”) have been authorised, together with the simultaneous issue by the Issuer of its € 500,000,000 Subordinated Floating Rate Notes (the “Floating Rate Notes”), pursuant to a resolution of the *Assemblée Générale* of the Issuer adopted on 25 June 1999 and a resolution of the *Conseil d'Administration* of the Issuer also adopted on 25 June 1999. An agency agreement dated 22 July 1999 (the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, Caisse des dépôts et consignations, as fiscal agent (together with any substitute fiscal agent, the “Fiscal Agent”), as agent bank (together with any substitute agent bank, the “Agent Bank”) and as paying agent (together with any substitute or additional paying agents which may be appointed from time to time under the Agency Agreement, the “Paying Agents”). Certain statements in these Terms and Conditions of the Notes (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents. Holders of the Notes (the “Noteholders”) are deemed to have notice of the provisions of the Agency Agreement and are bound by, and entitled to the benefit of, those provisions which relate to their rights under the Notes or are otherwise applicable to them. References in these Conditions to any provision of the Insurance Code (*Code des Assurances*) 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 Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in denominations of € 10,000 (5,000 Notes) and € 100,000 (2,000 Notes). Title to the Notes will be evidenced in accordance with article 94 II of French law no. 81-1160 of 30 December 1981 by book entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Sicovam S.A. (“Sicovam”), which shall credit the accounts of the Sicovam Account Holders. For the purpose of these Conditions, “Sicovam Account Holder” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Sicovam, and includes the depositary banks for Cedelbank and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System (“Euroclear”).

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

“Euro” or “€” means the single currency introduced on 1 January 1999 at the start of the third stage of economic and monetary union, pursuant to the Treaty establishing the European Community.

2 Status

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unsecured and, to the extent referred to in the following paragraph, subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and equally and rateably with any other existing or future direct, unsecured and subordinated obligations of the Issuer with the exception of any *prêts participatifs* granted to, and any *titres participatifs* issued by, the Issuer.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of *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 payment of the Noteholders in respect of principal, interest and other amounts shall be subordinated to the payment in full of all other creditors of the Issuer (including, for the avoidance of doubt, insurance companies and entities referred to in article R 322-132 of the Insurance Code reinsured by the Issuer and holders of insurance policies issued by such entities) whose claims are not for any reason subordinated in any manner provided that, subject to such payment in full, the Noteholders will be paid in priority to lenders of any *prêts participatifs* granted to, and holders of *titres participatifs* issued by, the Issuer and to any distribution of the Issuer's own funds (*fonds propres*).

Pursuant to article L 327-2 of the Insurance Code, a lien over the assets of the Issuer is granted for the benefit of the Issuer's policyholders. Noteholders, even if they are policyholders of the Issuer, do not have the benefit of such lien in relation to amounts due under the Notes. As the Issuer's principal activity is to provide re-insurance, the only persons currently entitled to the benefit of such lien over its assets are the policyholders of Caisse Régionale Antilles-Guyane (which is not licensed as an insurance company) and who, by virtue of

article R 322-132, are deemed to be policyholders of the Issuer, and beneficiaries of annuities in respect of bodily injury claims which occurred prior to 1985 and in respect of which the Issuer has been substituted as obligor for the Caisses Régionales.

3 Interest

(a) Interest Payment Dates

The Notes bear interest from, and including, 22 July 1999 (the “**Issue Date**”) to, but excluding, 22 July 2009 (the “**Fixed Rate Period**”) at the rate of 5.875 per cent per annum payable annually in arrear on 22 July of each year, commencing on 22 July 2000 (each a “**Fixed Interest Payment Date**”). The period from and including the Issue Date to, but excluding, the first Fixed Interest Payment Date and each successive period from, and including, a Fixed Interest Payment Date to, but excluding, the next successive Fixed Interest Payment Date is called a “**Fixed Interest Period**”. If interest is required to be calculated for a period within the Fixed Rate Period of less than one year, it will be calculated on the basis of the actual number of days elapsed in such period divided by 365 (or, if any portion of the days elapsed fall in a leap year, the sum of (A) the actual number of days falling in a leap year divided by 366 and (B) the actual number of days falling in a non-leap year divided by 365) and rounding the resultant figure to the nearest € 0.01 (0.005 being rounded upwards).

Thereafter (the “**Floating Rate Period**”), the Notes will bear interest at the Rate of Interest (as defined in Condition 3(d)) payable quarterly in arrear on 22 October, 22 January, 22 April and 22 July in each year, commencing on 22 October 2009 (each a “**Floating Interest Payment Date**” and together with the Fixed Interest Payment Dates, an “**Interest Payment Date**”). If any Floating Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 3(d)(iv)), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding business day. The period from, and including, 22 July 2009 to, but excluding, the first Floating Interest Payment Date and each successive period from, and including, a Floating Interest Payment Date to, but excluding, the next succeeding Floating Interest Payment Date is called a “**Floating Interest Period**” and, together with the Fixed Interest Periods, an “**Interest Period**”.

(b) Interest Payments

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5. Each Note will cease to bear interest from the date on which it is due to be redeemed, unless payment of principal is improperly withheld or refused on such date. In such event, it shall continue to bear interest in accordance with this Condition (both before and, to the extent permitted by law, after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

(c) Interest Deferral

(1) Optional and Compulsory Interest Payment Dates

An “**Optional Interest Payment Date**” means any Interest Payment Date which is not a Compulsory Interest Payment Date.

A “**Compulsory Interest Payment Date**” means each Interest Payment Date on which the Issuer is deemed to meet the solvency test.

The Issuer is deemed to meet the solvency test on a particular Interest Payment Date if:

- (i) until the adoption of the ministerial decree (*arrêté*) contemplated by article L 334-1 of the Insurance Code, the Issuer has, under the provisions of articles R 334-1 *et seq.* and A 334-1 *et seq.* of the Insurance Code and on the basis of its annual audited non-consolidated accounts for the financial year immediately preceding such Interest Payment Date for which such accounts have been approved by the *Assemblée Générale* of the Issuer, a solvency margin (*marge de solvabilité*) (as determined by the Issuer’s auditors (*commissaires aux comptes*) and notified to the Issuer and the Agent Bank not later than seven days prior to such Interest Payment Date) equal to or greater than 300% of the minimum prescribed solvency margin, and would continue to do so assuming that the interest due on such Interest Payment Date, together with any Arrears of Interest (as defined below) then outstanding and,

as the case may be, the corresponding Additional Interest Amount (as defined in Condition 3(c)(2) below), is paid on such Interest Payment Date; and

- (ii) after the adoption of such *arrêté*, the Issuer has, under the provisions of articles L 334-1, R 334-1 *et seq.* and A 334-1 *et seq.* of the Insurance Code and on the basis of its annual audited consolidated accounts for the financial year immediately preceding such Interest Payment Date for which such accounts have been approved by the *Conseil d'Administration* of the Issuer, a solvency margin (*marge de solvabilité*) (as determined by the Issuer's auditors (*commissaires aux comptes*) and notified to the Issuer and the Agent Bank not later than seven days prior to such Interest Payment Date) equal to or greater than 150% of the minimum prescribed solvency margin, and would continue to do so assuming that any interest due on such Interest Payment Date, together with any Arrears of Interest then outstanding and, as the case may be, the corresponding Additional Interest Amount, is paid on such Interest Payment Date.

On any Optional Interest Payment Date, the Issuer may, at its option, pay all (but not part only) of the interest in respect of the Notes accrued to that date in respect of the Interest Period ending on such Optional Interest Payment Date, but the Issuer shall have no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date in accordance with this Condition shall, so long as it remains outstanding, constitute "**Arrears of Interest**" and shall be payable as set out below.

(2) Arrears of Interest

Arrears of Interest, together with the corresponding Additional Interest Amount, may, at the option of the Issuer, be paid in whole or in part (but if in part, in an amount equal to the whole of the interest (including, for the avoidance of doubt, any Additional Interest Amount) attributable to a particular Interest Period) on any Optional Interest Payment Date, provided that the Issuer has elected to pay the interest due on such Optional Interest Payment Date in respect of the Interest Period ending on such Optional Interest Payment Date. 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 earlier of:

- (i) the next Interest Payment Date if such Interest Payment Date is a Compulsory Interest Payment Date or
- (ii) the date on which the Notes are due to be redeemed pursuant to, and in accordance with, Condition 4.

Arrears of Interest shall bear interest at the same rate as the Notes determined in accordance with Condition 3(a). The amount of such interest (the "Additional Interest Amount") shall be due and payable in accordance with this Condition 3(c)(2) and shall be calculated by the Agent Bank in the same way as interest on the Notes in accordance with this Condition 3; provided that any amount of interest not paid by the Issuer on an Optional Interest Payment Date (other than an Optional Interest Payment Date falling on, or nearest to, 22 July) shall only bear interest as from the next Interest Payment Date falling on, or nearest to, 22 July; provided that the Additional Interest Amount shall only be added to the Arrears of Interest as aforesaid after such Arrears of Interest have accrued for one Fixed Interest Period or, as the case may be, four consecutive Floating Interest Periods.

(3) Notice of Deferral and Payment of Arrears of Interest

The Issuer shall give not less than seven days' prior notice to the Noteholders in accordance with Condition 9 of its election in respect of any Optional Interest Payment Date (i) pursuant to Condition 3(c)(1), not to make the relevant payment of interest which would otherwise have been due on such date and (ii) pursuant to Condition 3(c)(2), to pay on such date all or part of any Arrears of Interest together with any corresponding Additional Interest Amount.

(4) Partial Payment of Arrears of Interest and Additional Interest Amounts

If amounts due in respect of Arrears of Interest and Additional Interest Amount become partially payable, then Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount in respect of any Interest Period shall not be payable until full payment has been made of all Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount that have accrued in respect of all earlier Interest Periods.

(d) Rate of Interest

The rate of interest (the “**Rate of Interest**”) for the Notes for each Floating Interest Period will be determined by the Agent Bank on the following basis:

- (i) On the second business day before the beginning of each Floating Interest Period (each an “**Interest Determination Date**”) the Agent Bank will determine the offered rate, expressed as a rate per annum, for three-month euro deposits commencing on the first day of the relevant Floating Interest Period, as calculated by Bridge Information Systems on behalf of the European Banking Federation and the International Foreign Exchange Dealers’ Association, which appears, for information purposes only, at or about 11.00 a.m. (Brussels time) on the display designated as page “248” on Bridge/Telerate (or such other page or service as may replace it for the purpose of displaying Euribor). The Rate of Interest for such Floating Interest Period shall be the sum of the Margin and the rate which is so calculated and displayed, as determined by the Agent Bank.

In these Conditions, “**Margin**” means 1.95 per cent per annum.

- (ii) If for any reason on any Interest Determination Date such offered rate does not so appear, or if the relevant page or service is unavailable, the Agent Bank shall, on such date, request the principal euro-zone office of each of four major banks in the euro-zone inter-bank market, selected by the Agent Bank after prior consultation with the Issuer (the “**Reference Banks**”) to provide the Agent Bank with its offered quotation, for three-month euro deposits commencing on the first day of the relevant Floating Interest Period to leading banks in the euro-zone inter-bank market, at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Rate of Interest for such Floating Interest Period shall be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Agent Bank.
- (iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the next Floating Interest Period shall be the rate per annum which the Agent Bank determines to be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of the euro lending rates quoted by major banks in the euro-zone (selected by the Agent Bank after prior consultation with the Issuer and being at least two in number) at approximately 11.00 a.m. (Brussels time) on such Interest Determination Date for loans in euro to leading European banks for a period of three months commencing on the first day of the relevant Floating Interest Period, except that, if the banks so selected by the Agent Bank are not quoting on such Interest Determination Date as mentioned above, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period to which one of the preceding paragraphs of this Condition 3(d) shall have applied.
- (iv) In these Conditions (other than in Condition 5), “**business day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (“**TARGET**”) is operating.

(e) Determination of Rate of Interest and calculation of Interest Amount

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable on each Note (the “**Interest Amount**”) for the relevant Floating Interest Period.

The Interest Amount shall be calculated by applying the Rate of Interest to the principal amount of each Note, multiplying such product by the actual number of days in the Floating Interest Period concerned divided by 360 and rounding the resulting figure to the nearest € 0.01 (0.005 being rounded upwards). The Agent Bank shall also (where applicable) determine the Additional Interest Amount payable on the Arrears of Interest for each Floating Interest Period in accordance with the same principles.

(f) Publication of Rate of Interest, Interest Amount and Interest Payment Date

The Agent Bank will cause (i) the Rate of Interest, the Interest Amount for each Floating Interest Period and the relevant Interest Payment Date and (ii) if interest has been previously deferred pursuant to Condition 3(c)(1), also the aggregate amount of the Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount which would be payable on such Interest Payment Date if Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount were to become due on such Interest Payment Date

pursuant to Condition 3(c)(2) to be notified (a) to the Issuer, the Fiscal Agent (if different from the Agent Bank) and each other Paying Agent (if any) and any stock exchange on which the Notes are for the time being listed not later than 3.00 p.m. (Brussels time) on the Interest Determination Date and (b) to the Noteholders in accordance with Condition 9 as soon as possible after their determination but in no event later than the second business day thereafter. The Interest Amount, Interest Payment Date and, if applicable, Arrears of Interest together with any corresponding Additional Interest Amount so published may subsequently be amended by the Agent Bank (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 4(b)(1) or (2) or under Condition 4(d) other than on a Floating Interest Payment Date, the Rate of Interest and the Interest Amount shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 3 but no publication of the Rate of Interest, the Interest Amount or the Arrears of Interest (or any corresponding Additional Interest Amount) so calculated need be made.

(g) Agent Bank

The Issuer reserves the right at any time to vary the appointment of the Agent Bank and to appoint a substitute Agent Bank provided that the Issuer will procure that, so long as any Note is outstanding, there shall at all times be an Agent Bank in respect of the Notes having a specified office in a major European city which, until consolidation of the Notes with the Floating Rate Notes in accordance with Condition 10(b), shall also be the Agent Bank in respect of the Floating Rate Notes. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank, or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amount or (where applicable) any Additional Interest Amount, the Issuer shall appoint some other leading bank engaged in the euro-zone inter-bank market (having a specified office in a major European city) to act as such in its place in respect of the Notes and the Floating Rate Notes. The Agent Bank may not resign its duties until a successor has been appointed.

The Agent Bank shall act as an independent expert and not as agent for the Issuer or the Noteholders.

(h) Certificates etc. to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the Conditions whether by the Reference Banks (or any of them) or the Agent Bank shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, any stock exchange on which the Notes are for the time being listed, the Reference Banks, the Agent Bank, the Paying Agents, the Fiscal Agent and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Reference Banks or the Agent Bank or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

4 Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 22 July 2029. The Issuer shall not be at liberty to redeem the Notes except in accordance with the following provisions of this Condition and the Noteholders shall have only those rights as regards redemption that are set out in this Condition.

(b) 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 of such law or regulation, becoming effective after 19 July 1999, 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 6, the Issuer may, at any time during the Fixed Rate Period and on any Interest Payment Date during the Floating Rate Period, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued 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 next payment of principal or interest in respect of the Notes be obliged to pay additional amounts as specified under Condition 6 and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued 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.

(c) Redemption at the option of the Issuer

The Issuer may, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued to the date fixed for redemption on the Interest Payment Date falling on or about 22 July 2009 or on any Interest Payment Date falling thereafter.

(d) Mandatory Redemption

Each Note shall become immediately due and payable at its principal amount together with all interest accrued to the date of payment (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) if:

- (i) the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity (including, without limitation, pursuant to a *fusion*, *scission* or *apport partiel d'actifs*) and, at the time of such merger, consolidation, amalgamation or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of the Issuer under the Notes whether by operation of law or otherwise;
- (ii) any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of *redressement judiciaire*, the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or the Issuer is liquidated for any reason;

provided that notice in writing declaring the Notes to be due and payable and identifying the relevant event is given to the Fiscal Agent by the Representatives (as defined in Condition 8) and, in either such case, each Note shall become immediately due and payable together with the amounts referred to above upon receipt of such notice by the Fiscal Agent.

(e) Notice of redemption

All Notes in respect of which any notice of redemption is given by the Issuer under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) Purchase

The Issuer or any of its affiliated entities may at any time purchase Notes in the open market or otherwise at any price agreed between the Issuer or such entity and the relevant Noteholder.

(g) Cancellation

All Notes redeemed or purchased by the Issuer will be cancelled and accordingly may not be re-issued or resold.

5 Payments

(a) Method of Payment

Payments of principal, interest (including, for the avoidance of doubt, Arrears of Interest and Additional Interest Amounts) and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Sicovam Account Holders (including depositary banks for Cedelbank or Euroclear).

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

Payments of principal, interest and other amounts in respect of the Notes will be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 6.

(b) Payments on Business Days

If any due date for payment of principal, 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.

In this Condition, “**Business Day**” means a day on which Sicovam is open for business and which is also a day on which the TARGET system is operating.

(c) Fiscal Agent and Paying Agent

The initial specified offices of the initial Fiscal Agent, Agent Bank and Paying Agent are as follows:

FISCAL AGENT, PAYING AGENT AND AGENT BANK

Caisse des dépôts et consignations — Service aux émetteurs
16, rue Berthollet
94113 Arcueil

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times, be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes are listed on the Parisbourse^{SBF} S.A. and the rules of such stock exchange so require, at least one Paying Agent having a specified office in Paris (which may be the Fiscal Agent) and (iii) until consolidation of the Notes with the Floating Rate Notes in accordance with Condition 10(b), the Fiscal Agent and the Paying Agents shall be the same as the Fiscal Agent and the Paying Agents in respect of the Floating Rate Notes.

6 Taxation

(a) The Notes being deemed to be issued outside the Republic of France, under current French law, interest and other revenues in respect of the Notes benefit from the exemption from deduction of tax at source on account of French taxes provided by Article 131 *quater* of the *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) If French law should require that any payment of principal or interest in respect of the Notes be subject to withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax (together, “**taxes**”), the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)):

- (i) who is subject to such taxes, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note; or

- (ii) where such person has not made, but in respect of whom such withholding or deduction would not have been required had such person made, a declaration of non-residence or other similar claim for exemption.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

7 Prescription

Claims in respect of principal and interest under the Notes will become prescribed ten years (in the case of principal) and five years (in the case of interest) from the due date for payment.

8 Representation of the Noteholders

(a) The Masse

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

The *Masse* will be governed, in accordance with Article 339 of French law no. 66-537 of 24 July 1966 (the "*Law*"), by the provisions of (i) the Law (with the exception of the provisions of Articles 295, 306, 313-1° (to the extent that there is no material change in the current objects of the Issuer) and 321 thereof), (ii) French decree no. 67-236 of 23 March 1967 (with the exception of the provisions of Articles 218, 222, 224 and 226 thereof) and (iii) the provisions set out in this Condition 8. Notices calling a general meeting of the Noteholders (a "*General Meeting*") and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 9 below.

(b) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article 293 of the Law, acting in part through two representatives (the "*Representatives*") and in part through a General Meeting.

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.

(c) Representatives

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

- (i) the Issuer and its affiliated mutual entities;
- (ii) any entity at least 10 per cent of the share capital of which is, directly or indirectly, held by the Issuer and/or any of its affiliated mutual entities;
- (iii) any entity guaranteeing all or part of the obligations of the Issuer;
- (iv) any member of the Board of Directors (*Conseil d'Administration*) of the Issuer or any of its affiliated mutual entities or subsidiaries, the Statutory Auditors of the Issuer, or any employee, managing director or director (or their respective ascendants, descendants and spouses) of the entities referred to in (i), (ii) or (iii) above;
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of direction, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Christian Le Hir
51, rue de Lille
75356 Paris 07 SP

Marie-Louise Tournes
51, rue de Lille
75356 Paris 07 SP

In the event of death, retirement or revocation of either one or both Representatives, a replacement will be elected by a General Meeting.

The Issuer shall pay to each Representative an amount of € 305 per year, payable on each Interest Payment Date.

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

(d) Powers of the Representatives

The Representatives shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all action to defend the common interests of the Noteholders.

All legal proceedings by or against the Noteholders must be brought by or against the Representatives, and any legal proceedings which are not brought in accordance with this provision shall not be legally valid.

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

(e) General Meetings

General Meetings may be held at any time, on convocation either by the Issuer or by the Representatives. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representatives a demand for convocation of a General Meeting. If such General Meeting has not been convened within two 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 General Meeting will be published as provided under Condition 9 not less than, in respect of the first convocation, 15 days and, in respect of the second convocation, 6 days prior to the date of the General Meeting.

Each Noteholder has the right to participate in General Meetings in person or by proxy. Each Note carries the right to one vote.

(f) Powers of General Meetings

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representatives and on their dismissal and replacement, and also may 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 Representatives to act at law as plaintiff or defendant.

A General Meeting 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 subordinated securities by the Issuer carrying a right of preference compared to the rights of the Noteholders under the Notes;

it being specified, however, that a General Meeting may not increase amounts payable by the Noteholders, nor establish any unequal treatment between the Noteholders nor decide to convert the Notes into shares of the Issuer or any other entity.

Any modification of the Conditions is subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation).

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at General Meetings shall be taken by a simple majority of votes cast by the Noteholders attending such General Meeting or represented thereat.

(g) Notice of Decisions

Decisions of the General Meetings must be published, in accordance with Condition 9, not more than 90 days after the date of the meeting.

(h) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day or, in the case of a second convocation, 6 day period preceding the holding of each General Meeting, to consult or make a copy of the text

of the resolutions which will be proposed, and of any reports which may be presented, at the General Meeting, which will be available for inspection at the principal office of the Issuer, the specified offices of the Paying Agents and any other place specified in the notice convening the General Meeting.

(i) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and the remuneration of the Representatives.

9 Notices

Any notice to the Noteholders shall be validly given if published in a leading newspaper having general circulation in Paris (which is expected to be *La Tribune* or *Les Echos*). 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 first date on which such publication is made.

In the case only of notices given by the Agent Bank to the Noteholders pursuant to Condition 3(f) (and, if the Notes are at the relevant time listed on Parisbourse^{SBF} S.A., provided the rules of Parisbourse^{SBF} S.A. so permit), if on any Interest Determination Date the Fiscal Agent, in its absolute discretion (a) determines that (i) all Notes outstanding are held as of such date by Sicovam or, as the case may be, any other clearing system (the “**Alternative Clearing System**”), (ii) it is the practice at such time of Sicovam or, as the case may be, such Alternative Clearing System to pass notices to its accountholders and (iii) if its accountholders include other clearing systems, it is the practice at such time of each such other clearing system to pass notices to its accountholders, and (b) so notifies the Agent Bank on such Interest Determination Date, notices to Noteholders will be valid if delivered to Sicovam or, as the case may be, the Alternative Clearing System for communication to the relevant entitled accountholders.

10 Further Issues and Consolidation

(a) 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 save for the amount and date of 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 be grouped together, for the defence of their common interests, in a single *Masse* having legal personality.

(b) Consolidation

The Issuer may also, without the consent of the Noteholders, on giving not less than 30 days’ prior notice to the Noteholders, consolidate the Notes with the Floating Rate Notes issued by it with effect from any business day (as defined in Condition 3(d)(iv)) from, and including, 22 July 2009 provided that the Notes and the Floating Rate Notes shall have, in respect of all periods subsequent to such consolidation, the same terms and conditions. To this end, if, in the opinion of the Agent Bank, amendments of a formal, minor or technical nature would need to be made to the Conditions prior to, and with a view to, such consolidation becoming effective, such amendments may be made by the Issuer and the Agent Bank, subject to the prior written consent of the *Commission de Contrôle des Assurances* as provided in Condition 8(f), without the consent of the Noteholders provided that, in the Agent Bank’s opinion, such amendments do not adversely affect the interests of the Noteholders.

11 Modification of the Agency Agreement

The Agency Agreement may be amended by the parties to it, without the consent of the Noteholders, for the purpose of curing any ambiguity, or correcting or supplementing any defective provision contained in it, or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable provided that, in either case, such amendment does not, in the opinion of the Agent Bank, adversely affect the interests of the Noteholders.

12 Governing Law and Jurisdiction

The Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

TERMS AND CONDITIONS OF THE FLOATING RATE NOTES

The € 500,000,000 Subordinated Step-up Floating Rate Notes (the “Notes”) deemed to be issued outside the Republic of France by Caisse Centrale des Assurances Mutuelles Agricoles (the “Issuer”) have been authorised, together with the simultaneous issue by the Issuer of its € 250,000,000 Subordinated Fixed/Floating Rate Notes (the “Fixed Rate Notes”), pursuant to a resolution of the *Assemblée Générale* of the Issuer adopted on 25 June 1999 and a resolution of the *Conseil d'Administration* of the Issuer also adopted on 25 June 1999. An agency agreement dated 22 July 1999 (the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, Caisse des dépôts et consignations as fiscal agent (together with any substitute fiscal agent, the “Fiscal Agent”), as agent bank (together with any substitute agent bank, the “Agent Bank”) and as paying agent (together with any substitute or additional paying agents which may be appointed from time to time under the Agency Agreement, the “Paying Agents”). Certain statements in these Terms and Conditions of the Notes (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents. Holders of the Notes (the “Noteholders”) are deemed to have notice of the provisions of the Agency Agreement and are bound by, and entitled to the benefit of, those provisions which relate to their rights under the Notes or are otherwise applicable to them. References in these Conditions to any provision of the Insurance Code (*Code des Assurances*) 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 Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in denominations of € 10,000 (10,000 Notes) and € 100,000 (4,000 Notes). Title to the Notes will be evidenced in accordance with article 94 II of French law no. 81-1160 of 30 December 1981 by book entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Sicovam S.A. (“Sicovam”), which shall credit the accounts of the Sicovam Account Holders. For the purpose of these Conditions, “Sicovam Account Holder” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Sicovam, and includes the depositary banks for Cedelbank and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System (“Euroclear”).

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

“Euro” or “€” means the single currency introduced on 1 January 1999 at the start of the third stage of economic and monetary union, pursuant to the Treaty establishing the European Community.

2 Status

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unsecured and, to the extent referred to in the following paragraph, subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and equally and rateably with any other existing or future direct, unsecured and subordinated obligations of the Issuer with the exception of any *prêts participatifs* granted to, and any *titres participatifs* issued by, the Issuer.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of *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 payment of the Noteholders in respect of principal, interest and other amounts shall be subordinated to the payment in full of all other creditors of the Issuer (including, for the avoidance of doubt, insurance companies and entities referred to in article R 322-132 of the Insurance Code reinsured by the Issuer and holders of insurance policies issued by such entities) whose claims are not for any reason subordinated in any manner provided that, subject to such payment in full, the Noteholders will be paid in priority to lenders of any *prêts participatifs* granted to, and holders of *titres participatifs* issued by, the Issuer and to any distribution of the Issuer's own funds (*fonds propres*).

Pursuant to article L 327-2 of the Insurance Code, a lien over the assets of the Issuer is granted for the benefit of the Issuer's policyholders. Noteholders, even if they are policyholders of the Issuer, do not have the benefit of such lien in relation to amounts due under the Notes. As the Issuer's principal activity is to provide re-insurance, the only persons currently entitled to the benefit of such lien over its assets are the policyholders of Caisse Régionale Antilles-Guyane (which is not licensed as an insurance company) and who, by virtue of

article R 322-132, are deemed to be policyholders of the Issuer, and beneficiaries of annuities in respect of bodily injury claims which occurred prior to 1985 and in respect of which the Issuer has been substituted as obligor for the Caisses Régionales.

3 Interest

(a) Interest Payment Dates

The Notes bear interest from, and including, 22 July 1999 (the “**Issue Date**”) and such interest will be payable quarterly in arrear on 22 October, 22 January, 22 April and 22 July in each year, commencing on 22 October 1999 (each an “**Interest Payment Date**”). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 3(d)(iv)), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding business day. The period from, and including, 22 July 1999 to, but excluding, the first Interest Payment Date and each successive period from, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date is called an “**Interest Period**”.

(b) Interest Payments

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5. Each Note will cease to bear interest from the date on which it is due to be redeemed, unless payment of principal is improperly withheld or refused on such date. In such event, it shall continue to bear interest in accordance with this Condition (both before and, to the extent permitted by law, after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

(c) Interest Deferral

(1) Optional and Compulsory Interest Payment Dates

An “**Optional Interest Payment Date**” means any Interest Payment Date which is not a Compulsory Interest Payment Date.

A “**Compulsory Interest Payment Date**” means each Interest Payment Date on which the Issuer is deemed to meet the solvency test.

The Issuer is deemed to meet the solvency test on a particular Interest Payment Date if:

- (i) until the adoption of the ministerial decree (*arrêté*) contemplated by article L 334-1 of the Insurance Code, the Issuer has, under the provisions of articles R 334-1 *et seq.* and A 334-1 *et seq.* of the Insurance Code and on the basis of its annual audited non-consolidated accounts for the financial year immediately preceding such Interest Payment Date for which such accounts have been approved by the *Assemblée Générale* of the Issuer, a solvency margin (*marge de solvabilité*) (as determined by the Issuer’s auditors (*commissaires aux comptes*) and notified to the Issuer and the Agent Bank not later than seven days prior to such Interest Payment Date) equal to or greater than 300% of the minimum prescribed solvency margin, and would continue to do so assuming that the interest due on such Interest Payment Date, together with any Arrears of Interest (as defined below) then outstanding and, as the case may be, the corresponding Additional Interest Amount (as defined in Condition 3(c)(2) below), is paid on such Interest Payment Date; and
- (ii) after the adoption of such *arrêté*, the Issuer has, under the provisions of articles L 334-1, R 334-1 *et seq.* and A 334-1 *et seq.* of the Insurance Code and on the basis of its annual audited consolidated accounts for the financial year immediately preceding such Interest Payment Date for which such accounts have been approved by the *Conseil d’Administration* of the Issuer, a solvency margin (*marge de solvabilité*) (as determined by the Issuer’s auditors (*commissaires aux comptes*) and notified to the Issuer and the Agent Bank not later than seven days prior to such Interest Payment Date) equal to or greater than 150% of the minimum prescribed solvency margin, and would continue to do so assuming that any interest due on such Interest Payment Date, together with any Arrears of Interest then outstanding and, as the case may be, the corresponding Additional Interest Amount, is paid on such Interest Payment Date.

On any Optional Interest Payment Date, the Issuer may, at its option, pay all (but not part only) of the interest in respect of the Notes accrued to that date in respect of the Interest Period ending on such Optional Interest Payment Date, but the Issuer shall have no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date in accordance with this Condition shall, so long as it remains outstanding, constitute “**Arrears of Interest**” and shall be payable as set out below.

(2) Arrears of Interest

Arrears of Interest, together with the corresponding Additional Interest Amount, may, at the option of the Issuer, be paid in whole or in part (but if in part, in an amount equal to the whole of the interest (including, for the avoidance of doubt, any Additional Interest Amount) attributable to a particular Interest Period) on any Optional Interest Payment Date, provided that the Issuer has elected to pay the interest due on such Optional Interest Payment Date in respect of the Interest Period ending on such Optional Interest Payment Date. 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 earlier of:

- (i) the next Interest Payment Date if such Interest Payment Date is a Compulsory Interest Payment Date or
- (ii) the date on which the Notes are due to be redeemed pursuant to, and in accordance with, Condition 4.

Arrears of Interest shall bear interest at the same rate as the Notes determined in accordance with Condition 3(a). The amount of such interest (the “Additional Interest Amount”) shall be due and payable in accordance with this Condition 3(c)(2) and shall be calculated by the Agent Bank in the same way as interest on the Notes in accordance with this Condition 3; provided that any amount of interest not paid by the Issuer on an Optional Interest Payment Date (other than an Optional Interest Payment Date falling on, or nearest to, 22 July) shall only bear interest as from the next Interest Payment Date falling on, or nearest to, 22 July; provided that the Additional Interest Amount shall only be added to the Arrears of Interest as aforesaid after such Arrears of Interest have accrued for a period of four consecutive Interest Periods.

(3) Notice of Deferral and Payment of Arrears of Interest

The Issuer shall give not less than seven days’ prior notice to the Noteholders in accordance with Condition 9 of its election in respect of any Optional Interest Payment Date (i) pursuant to Condition 3(c)(1), not to make the relevant payment of interest which would otherwise have been due on such date and (ii) pursuant to Condition 3(c)(2), to pay on such date all or part of any Arrears of Interest together with any corresponding Additional Interest Amount.

(4) Partial Payment of Arrears of Interest and Additional Interest Amounts

If amounts due in respect of Arrears of Interest and Additional Interest Amount become partially payable, then Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount in respect of any Interest Period shall not be payable until full payment has been made of all Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount that have accrued in respect of all earlier Interest Periods.

(d) Rate of Interest

The rate of interest (the “**Rate of Interest**”) for the Notes for each Interest Period will be determined by the Agent Bank on the following basis:

- (i) On the second business day before the beginning of each Interest Period (each an “**Interest Determination Date**”) the Agent Bank will determine the offered rate, expressed as a rate per annum, for three-month euro deposits commencing on the first day of the relevant Interest Period, as calculated by Bridge Information Systems on behalf of the European Banking Federation and the International Foreign Exchange Dealers’ Association, which appears, for information purposes only, at or about 11.00 a.m. (Brussels time) on the display designated as page “248” on Bridge/Telerate (or such other page or service as may replace it for the purpose of displaying Euribor). The Rate of Interest for such Interest Period shall be the sum of the Margin and the rate which is so calculated and displayed, as determined by the Agent Bank.

In these Conditions, “**Margin**” means, for the period from, and including, the Issue Date to, but excluding, the Interest Payment Date falling on or about 22 July 2009, 0.95 per cent per annum and, thereafter, 1.95 per cent per annum.

- (ii) If for any reason on any Interest Determination Date such offered rate does not so appear, or if the relevant page or service is unavailable, the Agent Bank shall, on such date, request the principal euro-zone office of each of four major banks in the euro-zone inter-bank market, selected by the Agent Bank after prior consultation with the Issuer (the “**Reference Banks**”) to provide the Agent Bank with its offered quotation, for three-month euro deposits commencing on the first day of the relevant Interest Period to leading banks in the euro-zone inter-bank market, at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Agent Bank.
- (iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the next Interest Period shall be the rate per annum which the Agent Bank determines to be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of the euro lending rates quoted by major banks in the euro-zone (selected by the Agent Bank after prior consultation with the Issuer and being at least two in number) at approximately 11.00 a.m. (Brussels time) on such Interest Determination Date for loans in euro to leading European banks for a period of three months commencing on the first day of the relevant Interest Period, except that, if the banks so selected by the Agent Bank are not quoting on such Interest Determination Date as mentioned above, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period to which one of the preceding paragraphs of this Condition 3(d) shall have applied.
- (iv) In these Conditions (other than in Condition 5), “**business day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (“**TARGET**”) is operating.

(e) Determination of Rate of Interest and calculation of Interest Amount

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable on each Note (the “**Interest Amount**”) for the relevant Interest Period.

The Interest Amount shall be calculated by applying the Rate of Interest to the principal amount of each Note, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest € 0.01 (0.005 being rounded upwards). The Agent Bank shall also (where applicable) determine the Additional Interest Amount payable on the Arrears of Interest for each Interest Period in accordance with the same principles.

(f) Publication of Rate of Interest, Interest Amount and Interest Payment Date

The Agent Bank will cause (i) the Rate of Interest, the Interest Amount for each Interest Period and the relevant Interest Payment Date and (ii) if interest has been previously deferred pursuant to Condition 3(c)(1), also the aggregate amount of the Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount which would be payable on such Interest Payment Date if Arrears of Interest and, as the case may be, the corresponding Additional Interest Amount were to become due on such Interest Payment Date pursuant to Condition 3(c)(2) to be notified (a) to the Issuer, the Fiscal Agent (if different from the Agent Bank) and each other Paying Agent (if any) and any stock exchange on which the Notes are for the time being listed not later than 3.00 p.m. (Brussels time) on the Interest Determination Date and (b) to the Noteholders in accordance with Condition 9 as soon as possible after their determination but in no event later than the second business day thereafter. The Interest Amount, Interest Payment Date and, if applicable, Arrears of Interest together with any corresponding Additional Interest Amount so published may subsequently be amended by the Agent Bank (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 4(b)(2) or under Condition 4(d) other than on an Interest Payment Date, the Rate of Interest and the Interest Amount shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 3 but no publication of the Rate of Interest, the Interest Amount or the Arrears of Interest (or any corresponding Additional Interest Amount) so calculated need be made.

(g) Agent Bank

The Issuer reserves the right at any time to vary the appointment of the Agent Bank and to appoint a substitute Agent Bank provided that the Issuer will procure that, so long as any Note is outstanding, there shall at all times be an Agent Bank in respect of the Notes having a specified office in a major European city which, until consolidation of the Notes with the Fixed Rate Notes in accordance with Condition 10(b), shall also be the Agent Bank in respect of the Fixed Rate Notes. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank, or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amount or (where applicable) any Additional Interest Amount, the Issuer shall appoint some other leading bank engaged in the euro-zone inter-bank market (having a specified office in a major European city) to act as such in its place in respect of the Notes and the Fixed Rate Notes. The Agent Bank may not resign its duties until a successor has been appointed.

The Agent Bank shall act as an independent expert and not as agent for the Issuer or the Noteholders.

(h) Certificates etc. to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the Conditions whether by the Reference Banks (or any of them) or the Agent Bank shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, any stock exchange on which the Notes are for the time being listed, the Reference Banks, the Agent Bank, the Paying Agents, the Fiscal Agent and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Reference Banks or the Agent Bank or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

4 Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 22 July 2029. The Issuer shall not be at liberty to redeem the Notes except in accordance with the following provisions of this Condition and the Noteholders shall have only those rights as regards redemption that are set out in this Condition.

(b) 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 of such law or regulation, becoming effective after 19 July 1999, 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 6, the Issuer may, on any Interest Payment Date, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued 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 next payment of principal or interest in respect of the Notes be obliged to pay additional amounts as specified under Condition 6 and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued 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.

(c) Redemption at the option of the Issuer

The Issuer may, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) accrued to the date fixed for redemption on the Interest Payment Date falling on or about 22 July 2009 or on any Interest Payment Date falling thereafter.

(d) Mandatory Redemption

Each Note shall become immediately due and payable at its principal amount together with all interest accrued to the date of payment (including any Arrears of Interest and, as the case may be, any corresponding Additional Interest Amount) if:

- (i) the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity (including, without limitation, pursuant to a *fusion*, *scission* or *apport partiel d'actifs*) and, at the time of such merger, consolidation, amalgamation or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of the Issuer under the Notes whether by operation of law or otherwise;
- (ii) any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of redressement judiciaire, the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or the Issuer is liquidated for any reason;

provided that notice in writing declaring the Notes to be due and payable and identifying the relevant event is given to the Fiscal Agent by the Representatives (as defined in Condition 8) and, in either such case, each Note shall become immediately due and payable together with the amounts referred to above upon receipt of such notice by the Fiscal Agent.

(e) Notice of redemption

All Notes in respect of which any notice of redemption is given by the Issuer under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) Purchase

The Issuer or any of its affiliated entities may at any time purchase Notes in the open market or otherwise at any price agreed between the Issuer or such entity and the relevant Noteholder.

(g) Cancellation

All Notes redeemed or purchased by the Issuer will be cancelled and accordingly may not be re-issued or resold.

5 Payments

(a) Method of Payment

Payments of principal, interest (including, for the avoidance of doubt, Arrears of Interest and Additional Interest Amounts) and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Sicovam Account Holders (including depositary banks for Cedelbank or Euroclear).

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

Payments of principal, interest and other amounts in respect of the Notes will be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 6.

(b) Payments on Business Days

If any due date for payment of principal, 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.

In this Condition, “**Business Day**” means a day on which Sicovam is open for business and which is also a day on which the TARGET system is operating.

(c) Fiscal Agent and Paying Agent

The initial specified offices of the initial Fiscal Agent, Agent Bank and Paying Agent are as follows:

FISCAL AGENT, PAYING AGENT AND AGENT BANK
Caisse des dépôts et consignations — Service aux émetteurs
16, rue Berthollet
94113 Arcueil

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times, be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes are listed on the Parisbourse^{SBF} S.A. and the rules of such stock exchange so require, at least one Paying Agent having a specified office in Paris (which may be the Fiscal Agent) and (iii) until consolidation of the Notes with the Fixed Rate Notes in accordance with Condition 10(b), the Fiscal Agent and the Paying Agents shall be the same as the Fiscal Agent and the Paying Agents in respect of the Fixed Rate Notes.

6 Taxation

- (a) The Notes being deemed to be issued outside the Republic of France, under current French law, interest and other revenues in respect of the Notes benefit from the exemption from deduction of tax at source on account of French taxes provided by Article 131 *quater* of the *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.
- (b) If French law should require that any payment of principal or interest in respect of the Notes be subject to withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax (together, “**taxes**”), the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)):
 - (i) who is subject to such taxes, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note; or
 - (ii) where such person has not made, but in respect of whom such withholding or deduction would not have been required had such person made, a declaration of non-residence or other similar claim for exemption.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

7 Prescription

Claims in respect of principal and interest under the Notes will become prescribed ten years (in the case of principal) and five years (in the case of interest) from the due date for payment.

8 Representation of the Noteholders

(a) *The Masse*

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (herein referred to as the “*Masse*”).

The *Masse* will be governed, in accordance with Article 339 of French law no. 66-537 of 24 July 1966 (the “*Law*”), by the provisions of (i) the Law (with the exception of the provisions of Articles 295, 306, 313-1° (to the extent that there is no material change in the current objects of the Issuer) and 321 thereof), (ii) French decree no. 67-236 of 23 March 1967 (with the exception of the provisions of Articles 218, 222, 224 and 226 thereof) and (iii) the provisions set out in this Condition 8. Notices calling a general meeting of the Noteholders (a “*General Meeting*”) and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 9 below.

(b) *Legal Personality*

The *Masse* will be a separate legal entity, by virtue of Article 293 of the Law, acting in part through two representatives (the “*Representatives*”) and in part through a General Meeting.

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.

(c) *Representatives*

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

- (i) the Issuer and its affiliated mutual entities;
- (ii) any entity at least 10 per cent of the share capital of which is, directly or indirectly, held by the Issuer and/or any of its affiliated mutual entities;
- (iii) any entity guaranteeing all or part of the obligations of the Issuer;
- (iv) any member of the Board of Directors (*Conseil d'Administration*) of the Issuer or any of its affiliated mutual entities or subsidiaries, the Statutory Auditors of the Issuer, or any employee, managing director or director (or their respective ascendants, descendants and spouses) of the entities referred to in (i), (ii) or (iii) above;
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of direction, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Christian Le Hir
51, rue de Lille
75356 Paris 07 SP

Marie-Louise Tournes
51, rue de Lille
75356 Paris 07 SP

In the event of death, retirement or revocation of either one or both Representatives, a replacement will be elected by a General Meeting.

The Issuer shall pay to each Representative an amount of € 305 per year, payable on each Interest Payment Date.

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

(d) *Powers of the Representatives*

The Representatives shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all action to defend the common interests of the Noteholders.

All legal proceedings by or against the Noteholders must be brought by or against the Representatives, and any legal proceedings which are not brought in accordance with this provision shall not be legally valid.

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

(e) General Meetings

General Meetings may be held at any time, on convocation either by the Issuer or by the Representatives. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representatives a demand for convocation of a General Meeting. If such General Meeting has not been convened within two 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 General Meeting will be published as provided under Condition 9 not less than, in respect of the first convocation, 15 days and, in respect of the second convocation, 6 days prior to the date of the General Meeting.

Each Noteholder has the right to participate in General Meetings in person or by proxy. Each Note carries the right to one vote.

(f) Powers of General Meetings

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representatives and on their dismissal and replacement, and also may 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 Representatives to act at law as plaintiff or defendant.

A General Meeting 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 subordinated securities by the Issuer carrying a right of preference compared to the rights of the Noteholders under the Notes;

it being specified, however, that a General Meeting may not increase amounts payable by the Noteholders, nor establish any unequal treatment between the Noteholders nor decide to convert the Notes into shares of the Issuer or any other entity.

Any modification of the Conditions is subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A 334-3 of the Insurance Code) or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation).

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at General Meetings shall be taken by a simple majority of votes cast by the Noteholders attending such General Meeting or represented thereat.

(g) Notice of Decisions

Decisions of the General Meetings must be published, in accordance with Condition 9, not more than 90 days after the date of the meeting.

(h) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day or, in the case of a second convocation, 6 day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed, and of any reports which may be presented, at the General Meeting, which will be available for inspection at the principal office of the Issuer, the specified offices of the Paying Agents and any other place specified in the notice convening the General Meeting.

(i) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and the remuneration of the Representatives.

9 Notices

Any notice to the Noteholders shall be validly given if published in a leading newspaper having general circulation in Paris (which is expected to be *La Tribune* or *Les Echos*). 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 first date on which such publication is made.

In the case only of notices given by the Agent Bank to the Noteholders pursuant to Condition 3(f) (and, if the Notes are at the relevant time listed on Parisbourse^{SBF} S.A., provided the rules of Parisbourse^{SBF} S.A. so permit), if on any Interest Determination Date the Fiscal Agent, in its absolute discretion (a) determines that (i) all Notes outstanding are held as of such date by Sicovam or, as the case may be, any other clearing system (the “**Alternative Clearing System**”), (ii) it is the practice at such time of Sicovam or, as the case may be, such Alternative Clearing System to pass notices to its accountholders, and (iii) if its accountholders include other clearing systems, it is the practice at such time of each such other clearing system to pass notices to its accountholders, and (b) so notifies the Agent Bank on such Interest Determination Date, notices to Noteholders will be valid if delivered to Sicovam or, as the case may be, the Alternative Clearing System for communication to the relevant entitled accountholders.

10 Further Issues and Consolidation

(a) 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 save for the amount and date of 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 be grouped together, for the defence of their common interests, in a single *Masse* having legal personality.

(b) Consolidation

The Issuer may also, without the consent of the Noteholders, on giving not less than 30 days’ prior notice to the Noteholders, consolidate the Notes with the Fixed Rate Notes issued by it with effect from any business day (as defined in Condition 3(d)(iv)) from, and including, 22 July 2009 provided that the Notes and the Fixed Rate Notes shall have, in respect of all periods subsequent to such consolidation, the same terms and conditions. To this end, if, in the opinion of the Agent Bank, amendments of a formal, minor or technical nature would need to be made to the Conditions prior to, and with a view to, such consolidation becoming effective, such amendments may be made by the Issuer and the Agent Bank, subject to the prior written consent of the *Commission de Contrôle des Assurances* as provided in Condition 8(f), without the consent of the Noteholders provided that, in the Agent Bank’s opinion, such amendments do not adversely affect the interests of the Noteholders.

11 Modification of the Agency Agreement

The Agency Agreement may be amended by the parties to it, without the consent of the Noteholders, for the purpose of curing any ambiguity, or correcting or supplementing any defective provision contained in it, or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable provided that, in either case, such amendment does not, in the opinion of the Agent Bank, adversely affect the interests of the Noteholders.

12 Governing Law and Jurisdiction

The Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds from the issue of the Notes (after deduction of the Managers' commissions and expenses), which will be approximately € 744 million, will be used by the Issuer principally (i) to refinance the € 396 million of short-term financial debt of Groupama S.A. incurred in relation to the acquisition of Gan S.A., (ii) to strengthen Gan S.A.'s financial structure and (iii) more generally to strengthen the Group's balance sheet with hybrid capital.

CAISSE CENTRALE DES ASSURANCES MUTUELLES AGRICOLES

OVERVIEW

CCAMA is the central mutual organisation of France's largest mutual insurance group which comprises 23 regional mutuals and approximately 10,000 local mutuals, forming together the Groupama mutual network, and a number of subsidiaries, which include the newly acquired Gan S.A., grouped under the holding company Groupama S.A. (see "— Group Structure — Description of the Group"). CCAMA is established as a central agricultural reinsurance mutual (*caisse centrale de réassurance mutuelle agricole*) in accordance with article 1235 of the French *Code Rural* and registered with the *Registre du Commerce et des Sociétés* under number D306522616 RCS Paris.

With gross premium income totalling FF 36.8 billion in 1998 for domestic non-life insurance, the Group is the number one provider of agricultural and individual health insurance in France and the second largest French non-life insurer. It is also France's fifth largest life insurer, with FF 24.5 billion in gross premium income in 1998. The Group's insurance activities also include international insurance (16 per cent of its consolidated premium income in 1998) and reinsurance. In addition to its insurance business, the Group is involved in asset management (with managed assets totalling FF 280 billion in 1998) and the provision of other financial services related to its core business of insurance, such as banking and property management.

The following table shows a breakdown of gross premium income by activity:

Gross Premium Income by Activity

	For the year ended 31 December	
	1997	1998 ⁽¹⁾
	(in FF billions)	
France		
Non-life	23.9	36.8
Life	7.5	24.5
TOTAL	<u>31.4</u>	<u>61.3</u>
Overseas		
International insurance	1.6	11.9
Reinsurance	3.5	3
TOTAL	<u>5.1</u>	<u>14.9</u>

Note:

(1) including Gan premium income on a 12-month basis

STRATEGY

The Group's current domestic multi-line strategy is to consolidate its position in a fiercely competitive environment, to maintain sound and sustainable growth by widening its client base and to restore sustainable profitability at Gan S.A. The Group has adopted a multi-distribution strategy using its six complementary distribution networks — the Groupama mutual network and the five new Gan networks (see “— Business Activities — Insurance activities — The GAN networks”). As a part of this multi-distribution approach, the Group has decided to keep two separate brands on the domestic market, Groupama and Gan. However, as a result of its acquisition of Gan S.A., the Group is also seeking to maximise the synergies generated by the acquisition, both through increased cooperation between its constituent parts and through the merger of some of its activities (see “— Business Activities — Insurance activities — Joint insurance activities” and “— Business Activities — Non-insurance activities”).

The Group's overseas' strategy is focused on Europe and on the areas of business in which it has proved successful in France, namely life and non-life insurance for individuals and small and medium sized companies. While giving priority to developing its position in Europe, the Group also has long-term plans for expansion into the emerging markets of Asia, Latin America and Central and Eastern Europe.

SELECTED CONSOLIDATED FINANCIAL DATA OF CCAMA

The selected consolidated financial data of CCAMA as at 31 December 1997 and 1998 set out below has been derived from, should be read in conjunction with, and is qualified in its entirety by, the information contained in the audited consolidated financial statements of CCAMA for the financial years ended 31 December 1997 and 1998 (the "Financial Statements") set out elsewhere in this Offering Circular. The Financial Statements have been prepared in accordance with accounting principles generally accepted in France, which differ in certain respects from the generally accepted accounting principles of certain other countries.

Consolidated Balance Sheet

	As at 31 December	
	1997	1998
	(in FF millions)	
Assets		
Consolidated goodwill	308	8,984
Intangible assets	510	788
Investments	121,559	296,837
Investments representing technical reserves relating to unit-linked contracts	3,185	14,614
Investments accounted for under the equity method	458	4,972
Reinsurers' share of technical reserves	2,085	12,148
Receivables	6,306	22,758
Other assets	2,385	6,566
Accruals	5,013	17,182
TOTAL	<u>141,809</u>	<u>384,849</u>
Liabilities		
Initial capital	209	209
Reserves	26,472	28,049
Unrealised exchange gains or losses	(27)	(301)
Net profit	1,515	905
Total capital and reserves	28,169	28,862
Minority interests	2,080	2,240
Subordinated debt	—	288
Technical reserves	98,527	303,291
Technical reserves relating to unit-linked contracts	3,193	15,532
Provisions for other contingencies and charges	3,324	8,796
Deposits received from reinsurers	142	480
Other liabilities	5,280	23,383
Accruals	1,094	1,977
TOTAL	<u>141,809</u>	<u>384,849</u>

Consolidated Non-Operating Income Statement⁽¹⁾

	For the year ended 31 December	
	1997	1998
	(in FF millions)	
Non-life operating insurance profit/loss	1,494	602
Life operating insurance profit/loss	367	158
Non-life insurance investment income	5,586	8,611
Allocated life insurance investment income	161	300
Non-life insurance investment charges	(2,726)	(3,317)
Transferred non-life insurance investment income	(1,810)	(3,962)
Non-operating investment income	1,211	1,632
Net non-operating income/charges	(82)	(243)
Net exceptional income/charges	(290)	(116)
Consolidated pre-tax profit	2,700	2,033
Income tax	(1,139)	(1,208)
Net profit of consolidated companies after tax	1,561	825
Share in net income of companies accounted under the equity method	51	193
Consolidated net profit	1,612	1,018
Minority interests	97	113
Group share	1,515	905

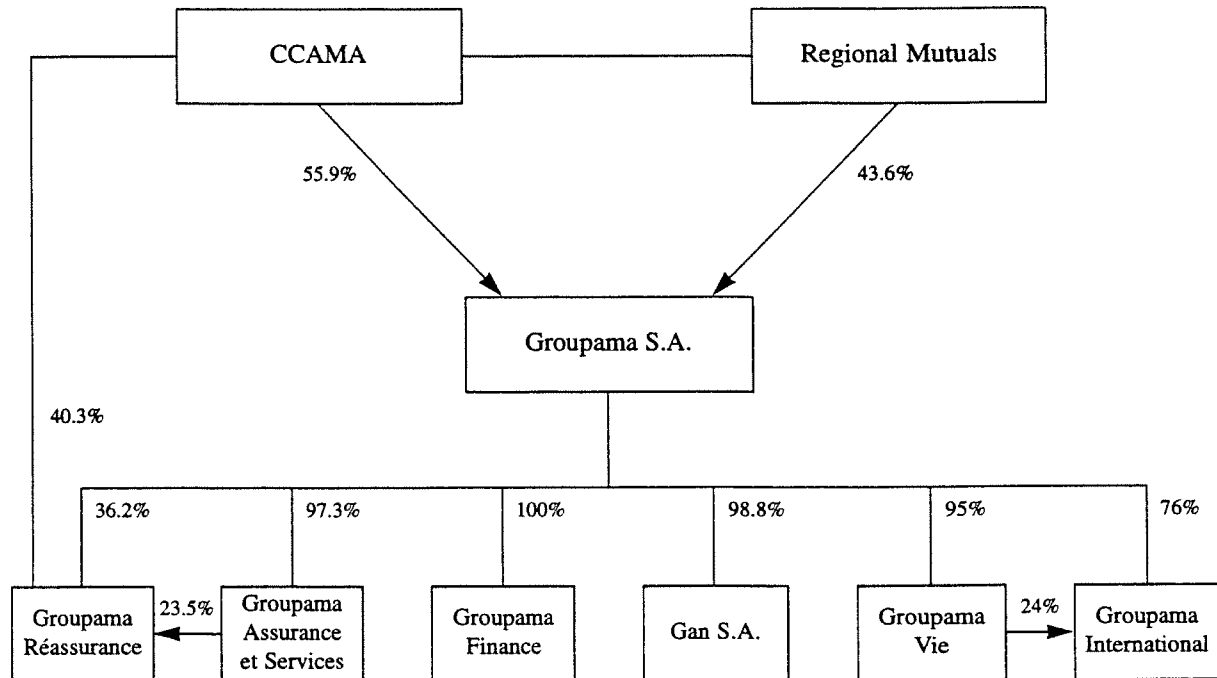
Note:

- (1) References in this table and elsewhere in this Offering Circular to "operating" profit or loss, income, charges and other items are references to such items as they are used for the determination of the technical result ("*résultat technique*").

GROUP STRUCTURE

Group organigramme

The following is a simplified organisational chart which shows the current structure of the Group as at 31 December 1998 and the ownership of the share capital principally of subsidiaries involved in the core activities of insurance, reinsurance and finance:



Description of the Group

CCAMA is the central mutual organisation (*caisse centrale de réassurance mutuelle agricole*) of a mutual insurance network comprising 23 regional agricultural insurance mutuals (*caisses régionales d'assurances mutuelles agricoles*, the "Regional Mutuals") and approximately 10,000 local agricultural insurance mutuals (*caisses locales d'assurances mutuelles agricoles*, the "Local Mutuals"). CCAMA, the Regional Mutuals and the Local Mutuals (together the "Mutuals") form the Groupama mutual network. The Local Mutuals provide insurance services to their respective members (*sociétaires*) and are fully reinsured by the Regional Mutuals who in turn are reinsured by CCAMA. Pursuant to rules governing French mutual organisations, the members of the Local Mutuals consist of any person or entity insured by one of the Local Mutuals. In addition to the Mutuals, the Group also comprises a number of companies (including the newly acquired Gan S.A. and its subsidiaries), grouped under the holding company Groupama S.A., a jointly-owned subsidiary of CCAMA (55.87 per cent) and of the Regional Mutuals (43.63 per cent). The remaining 0.5 per cent of Groupama S.A. is owned by the *Caisse Nationale de Crédit Agricole*.

As the central mutual organisation of the Groupama mutual network, CCAMA determines group strategy by setting a group framework within which the component parts operate and reinsures all classes of non-life insurance written by the Regional Mutuals. The Local Mutuals and Regional Mutuals may only engage in non-life insurance activities (see "— Regulatory Matters"), but also distribute life insurance products written by a subsidiary of Groupama S.A., Groupama Vie.

Since 1990, Groupama S.A., has held the Mutuals' former shareholdings in various French companies. It controls and directs the insurance and non-insurance activities of the Group's subsidiaries (including the Group's joint insurance activities, see "— Business Activities — Insurance Activities") in accordance with Group strategy. The Board of Directors of Groupama S.A. is made up of members of the Board of Directors of CCAMA. Its decisions are implemented by the Groupama-Gan Executive Committee.

The Group is driven and controlled by the Mutuals, but develops its business around three main axes:

- the Mutuals' insurance business, under the Groupama brand ("Groupama"),
- the Gan insurance business in France, operating through five distribution networks ("Gan"), and
- the Group's joint operations.

The Group's joint operations arose from the combination of activities previously carried out by Groupama and Gan on a separate basis, in areas where size is of significant importance, such as international insurance, reinsurance (where the Group benefits from the experience of Groupama's specialist subsidiary, Sorema), marine and aviation insurance, banking, asset management, and property. They also involve the provision of certain products and services which are distributed through the Group's various networks, including certain activities related to insurance, such as remote surveillance of property and direct repair services.

Acquisition of Gan S.A.

In 1998, Groupama S.A. purchased 98.8 per cent of the share capital and voting rights of Gan S.A. This acquisition followed the decision of the French government to transfer Gan S.A. to the private sector, pursuant to a decree dated 22 December 1997. After having submitted its offer in May 1998, Groupama S.A. bought an initial 31,626,257 shares for FF 17.245 billion on 24 July 1998 and a further 4,243,439 shares for FF 2.314 billion on 20 November 1998 after completion of the employee share offer scheme which had been set-up as part of the transfer process. The remaining 1.2 per cent of the share capital of Gan S.A. is therefore owned by the employees, former employees and exclusive agents (*mandataires exclusifs*) of Gan S.A.

The purchase was financed principally by an increase in the share capital of Groupama S.A. of FF 17.5 billion, (subscribed entirely by CCAMA and the Regional Mutuals on 14 August 1998) of which FF 15.248 billion was made available on 14 August 1998 and FF 2.049 billion on 20 November 1998. The French state-owned company which sold Gan S.A. to Groupama S.A. provided certain warranties totalling FF 2.7 billion in relation to the sale of the shares, particularly in relation to the potential liabilities of Gan S.A. arising from warranties it provided to the investment fund LAHC on the sale of its former subsidiary, Gan Life.

CAPITALISATION

The following table sets out the consolidated capitalisation of the Group as at 31 December 1998, and as adjusted to take into account the issue of the Notes:

	As at 31 December 1998	
	Actual	Pro forma as adjusted
	(in FF millions)	
Initial capital	209	209
Reserves	28,049	28,049
Unrealised foreign exchange (gains or losses)	(301)	(301)
Net profit	905	905
Total capital and reserves	28,862	28,862
Subordinated debt	288	5,208
Medium and long term debt	4,341	4,341
Total subordinated, medium and long term debt	4,629	9,549
Total consolidated capitalisation	<u>33,491</u>	<u>38,411</u>

FINANCIAL REVIEW

All amounts given below have been calculated in accordance with French generally accepted accounting principles.

Financial Review of the Group

General

From an economic perspective 1998 was a very good year, combining robust growth and a low rate of inflation. The strong performance of the economy led to a rise in retail consumption and a fall in the level of unemployment. The first half of the year saw a sharp rise in the French stock market, after which it fell following the Asian crisis, before recovering towards the end of the financial year. Interest rates continued to fall as the French government prepared for the launch of the euro. The favourable global financial environment allowed insurance companies to achieve substantial capital gains. The French property market also showed signs of recovery, primarily in the office sector.

The insurance industry in France, however, did not benefit from the improved economic environment which emerged in 1998. Life insurance premiums fell following a change in French taxation, and non-life insurance premiums suffered in a highly competitive market.

Key events

Gan Acquisition

In 1998, the Group became the second largest general insurer in France, following its acquisition of Gan S.A. and its subsidiaries (see “— Group Structure — Acquisition of Gan S.A.”). The acquisition caused the Group to double in size and enabled it to increase its business through a range of different distribution networks. It also created a more balanced distribution of the Group’s business and premium income, both in terms of insurance activities and geographical spread. Group premium income in 1998 totalled FF 76.2 billion (including premium income for Gan S.A. on a 12-month basis), of which FF 61.3 billion was generated in France and FF 14.9 billion abroad (including the reinsurance operations of Sorema S.A.).

Marine and Aviation Insurance

The Group’s marine and aviation insurance business increased considerably in 1998, due in part to the consolidation of Groupama Navigation et Transports, which generated premium income of FF 333 million, and to Gan’s marine and aviation insurance business, which generated premium income of FF 463 million.

Analysis of financial statements

Consolidation structure and method

The consolidated accounts of the Group only include the operations of the Gan entities from 1 July 1998, making it difficult to discern any fundamental trends. Furthermore, Groupama’s valuation methods were applied to the newly consolidated companies, causing Gan’s lower profitability to impact negatively on its results. As regards deferred acquisition costs, a new accounting standard, which is closer to market practice, is now used by the Group. Gan S.A. and its subsidiaries were consolidated into the Group’s accounts at their historic cost, in accordance with the principle of prudence. As a result, the unrealised capital gains relating to the acquired companies are not accounted for in the balance sheet, but are set out in an appendix to the accounts.

Gan International signed a transfer agreement in December 1998 relating to the sale of its Moroccan subsidiaries, Al Wataniya and L’Alliance Africaine, to Moroccan investors. As a result, Al Wataniya and L’Alliance Africaine are not included in the Group’s 1998 consolidated accounts. Chegaray Assurances, Groupama Navigation et Transports and Groupama Asset Management North America were fully consolidated in 1998, while Sorema United Kingdom and GLN, which were sold at the beginning of the 1998 financial year, were deconsolidated.

With the exception of the acquisition of Gan, the other changes in the Group’s perimeter of consolidation in 1998 did not have a significant impact on the Group’s operating income.

Operations and results

The Group’s gross premium income rose to FF 76.2 billion in 1998 (including premium income for Gan S.A. on a 12-month basis), up from FF 36.6 billion in 1997, an increase of 108.3 per cent. As Gan S.A. was

acquired at the beginning of July 1998, figures for premium income for the Gan entities in the Group's consolidated financial statements are those for the second half of 1998. Consolidated gross premium income in the 1998 consolidated accounts amounted to FF 55.17 billion, as compared to FF 36.6 billion in 1997, representing a 50.8 per cent increase.

Life operating income

The life insurance income statement posted an operating profit of FF 158 million. Life premiums increased from FF 7.7 billion in 1997 to FF 17.2 billion in 1998, mainly due to the acquisition of Gan S.A. On a comparable basis, however, there was a decrease in premium income, due to a change in French taxation which adversely affected the entire French life insurance market. Nevertheless, the Group's traditional life insurance networks (Gan Vie and Groupama Vie in particular) suffered to a lesser extent than the Group's bancassurance network, even though the latter's product mix is less sensitive to the economic environment.

Business acquisition and administration expenses amounted to FF 2.4 billion and represented 1.10 per cent of life insurance technical reserves. This proportion is similar to that of the previous financial year on a constant consolidation basis. Investment income allocated to the life operating account net of life-related expenses totalled FF 8.5 billion in 1998. Aside from the impact of the acquisition of Gan S.A., the high level of investment income was mainly due to the strength of the financial markets, which favoured profit-taking. Gan S.A.'s contribution to consolidated capital gains amounted to FF 790 million over 6 months.

The impact of the acquisition of Gan S.A. on the Group's life operating income is as follows:

<u>Life operating income</u>	<u>(in FF millions)</u>
Gross premium income	10,070
Net premium income	10,065
Claims	(8,411)
Change in other technical reserves and profit-sharing reserves	(4,447)
Net life insurance investment income (including unit-linked contracts, adjustments and before transfers between operating and non-operating accounts)	4,666

Non-life operating income

The non-life insurance income statement revealed an operating profit of FF 602 million. Net premiums written totalled FF 35.69 billion in 1998. Net non-life claims amounted to FF 29.74 billion, after cessions in reinsurance and the net claims ratio was 83.3 per cent. The ratio of operation expenses (net of claims administration expenses) to premiums earned came to 26.1 per cent.

The combined non-life ratio rose to 109.4 per cent and increased on a constant consolidation basis. This unfavourable trend is the result of a decline in the operating profit of the motor vehicle and commercial lines insurance divisions, of the policy of increasing technical reserves for annuities relating to bodily injury claims, following the decrease in interest rates, and of the introduction of new mortality tables. Investment income allocated to the non-life operating account net of expenses totalled FF 3.96 billion in 1998. As for life, the high level of non-life investment income resulted from the favourable financial environment.

The impact of the acquisition of Gan S.A. on the Group's non-life operating income is as follows:

<u>Non-life operating income</u>	<u>(in FF millions)</u>
Gross premium income	9,014
Net premium income	8,538
Claims	(8,001)

Non-operating account

In accordance with French insurance accounting regulations, a share of investment income is allocated to the non-operating account, as return on equity. The share which was finally allocated to the non-operating account in 1998 amounted to FF 1.6 billion. The other non-operating charges, which total FF 243 million, are principally accounted for by goodwill amortisation, and in particular by the expense for goodwill amortisation of Gan S.A. since the date of its acquisition, which amounted to FF 222 million in 1998. Exceptional charges comply with the Insurance Chart of Accounts, and do not include any significant item in 1998.

The impact of the acquisition of Gan S.A. on the Group's non-operating account is as follows:

<u>Non operating account</u>	<u>(in FF millions)</u>
Net non-life investments (before transfer between non-operating and operating accounts) ...	1,081

Taxation

Profit before taxation and goodwill amounted to FF 2.5 billion in 1998 and 2.8 billion in 1997, with corporation tax amounting to FF 1.2 billion and FF 1.1 billion in these years, respectively. Corporation tax includes additional taxation contributions of 10% and 15%. Accordingly, the ratio of corporation tax to profit before taxation and goodwill amounted to 48.7% in 1998 compared with 41.0% in 1997. This increase is mainly due to the fact that the Group did not benefit in 1998 from the inclusion of Gan in its tax group. As a result, the Group's net profit was adversely affected due to the fact that there were few tax credits from loss-making subsidiaries and the adoption by the Group of a prudent accounting policy in respect of deferred tax assets.

Net profit

The Group's consolidated pre-tax profit amounted to FF 2.03 billion in 1998. Consolidated net attributable profit amounted to FF 905 million, representing 1.6 per cent of consolidated gross premium income. Net profit, broken down by major business line, was as follows:

	<u>Group share</u>	
	<u>1998</u>	<u>1997</u>
	<u>(in FF millions)</u>	
Domestic insurance	1,456	1,470
International insurance	(418)	(54)
Reinsurance	87	125
Finance	85	30
Holding	(61)	(31)
Goodwill amortisation	<u>(244)</u>	<u>(25)</u>
NET ATTRIBUTABLE PROFIT	<u>905</u>	<u>1,515</u>

Balance Sheet

As at 31 December 1998, total assets amounted to FF 384.9 billion, as compared to FF 373.7 billion in the pro forma accounts of 1997, an increase of three per cent. In 1998, the net book value of the Group's investments increased by FF 18.7 billion (6.4 per cent) from FF 292.8 billion to FF 311.5 billion on a constant consolidation basis. The Group's unrealised capital gains totalled FF 45.7 billion in 1998, and the market value of investments stood at FF 357.2 billion. Group investments break down as follows:

Bonds and fixed-income mutual funds:	67.0 per cent
Equities and variable-income mutual funds:	14.6 per cent
Property:	9.2 per cent
Other (including investments relating to unit-linked contracts)	9.2 per cent

The breakdown of the Group's bond portfolio by rating is as follows:

— rating AAA	48 per cent
— rating AA	24 per cent
— rating A	15 per cent
— others	13 per cent

and by maturity:

— less than 2 years	16 per cent
— between 2 and 5 years	24 per cent
— more than 5 years	60 per cent

The share of technical reserves, totalling FF 318.8 billion in 1998, increased by FF 19.4 billion (6.4 per cent) from 1997 on a constant consolidation basis. This change resulted principally from the increase on the life mathematical provisions and profit allocation to policyholders, and from the aligning of the accounts of Gan S.A. with the accounting principles of Groupama.

The impact of the acquisition of Gan S.A. on the Group's balance sheet is as follows:

	(in FF millions)
Assets	
Goodwill ⁽¹⁾	8,901
Investments	177,862
Investments relating to unit-linked contracts	9,599
Investment accounted for under the equity method	4,633
Reinsurers' share of technical reserves	9,403
Liabilities	
Technical reserves	197,434
Technical reserves relating to unit-linked contracts	10,540

Note:

- (1) This figure relates to the acquisition of Gan and is equal to the difference between the acquisition price (FF 19.6 billion) and Gan's net assets as at 30 June 1998 which amounted to FF 10.7 billion, as shown below:

	(in FF billions)
Gan's net assets as at 31 December 1997	15,4
First half-year result	(0,5)
Impact of accounting method changes	(1,2)
Technical provisions reassessment	(2,4)
Management decisions (euro, Year 2000, information systems provisions)	(1,9)
Gain on future sale of Moroccan subsidiaries	1,4
Minority interests	(0,1)
Gan's net assets as at 30 June 1998 (Group share)	<u>10,7</u>

Gan's unrealised capital gains amounted to FF 22.6 billion as at 31 December 1998, increasing from FF 19.9 billion as at 31 December 1997, after taking into account the realisation of capital gains for amounts of FF 560 million in life and FF 230 million in non-life during the second half of 1998.

As at 31 December 1998, the Group's capital and reserves totalled FF 28.9 billion, up from FF 28.2 billion in 1997. Changes recorded between 31 December 1997 and 31 December 1998 were as follows:

	(in FF millions)
Opening balance	28,169
Change in exchange adjustment	(274)
Change in accounting principles	135
Releases of permanent depreciation reserves	48
Member rebates	(121)
Net income	905
Capital and Reserves as at 31 December 1998	<u>28,862</u>

The change in accounting principles resulted from the fact that deferred acquisition costs on the life side are now based on a deferred asset value approach, in accordance with a more economic stance than the regulatory approach. On 1 January 1999, the exchange adjustment relative to those countries which adopted the euro was irreversibly fixed in consolidated reserves. The amount of this reserve for exchange adjustment stood at minus FF 96.9 million.

Financial Review of CCAMA

Operating and non operating income

Operating income

Total premiums earned amounted to FF 9,614 million in 1998, an amount similar to the 1997 figure. These premiums include earned premiums ceded by the Regional Mutuals for an amount of FF 9,492 million (down 1.1 per cent as compared to 1997). CCAMA assumed in 1998 40.9 per cent of the Regional Mutuals' original premium income against 41.2 per cent in 1997.

Allocations to administrative expenses remained stable and amounted to FF 1,996 million representing 20.8 per cent of assumed premiums.

Claims assumed by CCAMA in 1998 totalled FF 7,052 million, including FF 6,947 million on Regional Mutuals' acceptances (up 4.3 per cent as compared to 1997). The claims/premiums ratio thus works out to 73.5 per cent, a 3.7 per cent deterioration against the 1997 ratio. This situation reflects, on the one hand, a decrease in assumed premiums and, on the other hand, the deterioration of the Regional Mutuals' loss experience in 1998. Release from reserves, excluding construction and natural catastrophe business, totalled FF 206 million in 1998, as compared to FF 300 million in 1997. Half of these releases resulted from larger reserves for annuities in individual insurance and third-party liability due to the reduction in the discount rate included in the tables.

Total claims expense stood at FF 7,496 million (78.2 per cent of premiums and up 12 per cent as compared to 1997), of which claims handling expenses amounted to FF 38 million for the 1998 financial year.

The balance on ceded reinsurance represented a charge of FF 193 million (2 per cent of premiums assumed). The cost of external reinsurance was down from 1997 as a result of loss experience for the year and further improvements achieved at the time of treaty renewals. Ceded premiums totalled FF 1,070 million in 1998 representing 4.6 per cent of original premiums (against 4.9 per cent in 1997).

Central acquisition, administrative and other expenses totalled FF 620 million in 1998 (as in 1997) including acquisition expenses for FF 185 million, administrative expenses for FF 47 million and other expenses for FF 388 million.

Including income from investments allocated to technical reserves (FF 868 million in 1998, representing 52 per cent of total investment income for the year), CCAMA's technical result in 1998 amounted to FF 319 million (3.3 per cent of premiums assumed). CCAMA's operating income decreased by 29 per cent as compared to 1997.

Investment income

Total investment income amounted to FF 1,668 million in 1998 representing a 61 per cent increase from the previous year, which was mainly due to the high level of capital gains realised (FF 894 million) to help finance the acquisition of Gan S.A.

Net profit

The tax charge of FF 403 million was particularly high, and results mainly from the level of capital gains realised in the course of 1998 and taxation of unrealised capital gains on mutual funds (FF 157 million). CCAMA thus recorded a profit of FF 586 million in 1998 (net of corporate tax representing FF 403 million) up 28 per cent compared to 1997.

Balance sheet

CCAMA had a total balance sheet of FF 34,868 million in 1998, an increase of FF 7,954 million over the previous year's figure.

Technical reserves

After deducting the share of non-licensed Regional Mutuals, technical reserves amounted to FF 14,683 million, up 11 per cent (FF 1,437 million) compared to 1997 (FF 13,246 million). The ratio of technical reserves to premiums for the year comes to 153.1 per cent, versus 136.7 per cent in 1997. Technical reserves ceded to reinsurers increased by FF 362 million to FF 1,599 million (compared with FF 1,237 million in 1997).

Reserves for other risks and losses

These totalled FF 834 million, down FF 259 million from the 1997 amount (FF 1,093 million), mainly due to the release from the equalisation reserve for future earnings, which stood at FF 690 million at the end of 1998.

Investments

The book value of CCAMA's investments increased by FF 7,649 million from FF 23,864 million in 1997 to FF 31,513 million in 1998. The bulk of the increase stemmed from transactions related to CCAMA's share in the subscription to Groupama S.A.'s share capital increase, for an amount of FF 10.1 billion, financed through available cash, realised capital gains and borrowings for FF 2.4 billion.

Consequently the structure of assets has changed significantly during the 1998 financial year. In particular, strategic participating interests totalled FF 14,102 million, and now represent 45 per cent of total assets versus 17 per cent in 1997; securities amounted to FF 11,131 million, 35 per cent of the total portfolio, compared with 62 per cent in 1997. The stock of bonds now stands at FF 7,122 million, 23 per cent of the total, versus 41 per cent in 1997. Property investments stood at FF 3,088 million at the end of 1998 representing 9 per cent of the total portfolio, instead of 17 per cent in 1997.

Solvency Margin

The solvency margin for the 1998 financial year stood as follows:

— Solvency margin required by regulatory authorities:	FF 1,401 million
— Items constitutive of the solvency margin:	FF 19,935 million
— including: unrealised capital gains	FF 7,699 million
net assets	FF 12,236 million

Therefore, net assets alone cover 8.7 times the solvency margin required, and, after taking into account unrealised capital gains, the solvency margin is covered 14.3 times, one of the highest ratios in the French insurance market.

BUSINESS ACTIVITIES

The market share, ranking and other data contained herein are based either on independent industry publications, reports by market research firms or other published independent sources, or on the management's own estimates and, in each case, are believed by the management to be reasonable estimates. Unless stated otherwise herein, figures or other data provided for market share percentages, rank or other data are based on information published by the *Fédération Française des Sociétés d'Assurance*. However, market share data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares.

Insurance activities

The Groupama mutual network

The Local Mutuals and Regional Mutuals supply a wide range of non-life insurance products and also distribute the life insurance products of Groupama Vie. They generated FF 31.2 billion in premium income in 1998, compared to FF 31.4 billion the previous year, and contributed FF 1.8 billion to consolidated net profit, representing a year-on-year increase of 17 per cent. Groupama has a network of 3,200 agencies and 11,100 sales staff, including 4,930 mandated secretaries (*secrétaires mandataires*) with administrative and underwriting responsibilities at the level of the Local Mutuals.

The Local Mutuals form the base of the Group's mutual distribution system and enable it to maintain a close relationship with its policyholders/members (*sociétaires*). In addition to providing these members with insurance services, each Local Mutual holds an annual general meeting, at which the members elect their representatives. These 115,000 elected representatives play an active role in the operation of the Local Mutuals. The Regional Mutuals are responsible for their own operations, management, policy-rating, product range, and, within the framework of overall group strategy, for their marketing policy. See "— Group Structure — Description of the Group".

Non-life insurance business

Groupama's domestic non-life insurance business is broadly based and represented approximately 32 per cent of consolidated premium income in 1998. In 1998, Groupama had a 10.2 per cent share of the French non-life insurance market.

Personal lines

Groupama's personal lines business consists of motor vehicle, homeowners and health insurance.

Motor vehicle insurance: Groupama's motor vehicle insurance product range covers the principal risks relating to the use of motor vehicles. Motor vehicle insurance premiums of FF 6.7 billion for Groupama in 1998, down from FF 7 billion in 1997, made it one of the largest motor vehicle insurers in France. In a competitive market, with an increasing number of players, including *bancassureurs*, direct sellers and automobile makers, Groupama insured more than 2,600,000 passenger and commercial vehicles in 1998, almost ten per cent of the estimated 27 to 30 million vehicles on the French market. The loss ratio (claims/premiums) was 86.2 per cent in 1998, up from 82.8 percent in 1997, but less than the 1998 estimated market average of 88 per cent. Underwriting results in 1998 were at a level favourable in comparison to the market average.

In 1997, Groupama launched a new motor vehicle policy, *Conduire*, features of which include an extended range of guarantees, targeted pricing, a choice of three formulas ranging from "no frills" to "premium", extended cover options and driver's bodily injury cover. In recent years, Groupama has also made concerted efforts in the field of prevention and risk and cost management. In particular, it established a road safety experimentation centre (*Centre Cesvi France*) in partnership with Maaf Assurances and Mapfre.

Located at Poitiers, the *Centre Cesvi France* is intended to improve Groupama's cost management know-how by developing new insight into road accident and repair procedures.

In 1998, several of the Regional Mutuals introduced a new package of motor vehicle insurance services, called *Auto Presto* for those involved in traffic accidents. Benefits include the arrival of breakdown services within the hour, the provision of an alternative vehicle during the repair period, a vehicle security check-up, internal and external cleaning and a three-year repair guarantee.

Homeowners insurance: Groupama provides a range of policies to cover a wide variety of residential property risks. In 1998, homeowners insurance generated premium income of FF 2.4 billion, slightly less than the figure of FF 2.5 billion for 1997. Despite the adverse effects of the storms that hit France early in the year, affecting two thirds of the Regional Mutuels and costing FF 200 million, Groupama's loss ratio improved from 58.7 per cent in 1997 to 55.2 per cent in 1998.

Health insurance: Groupama offers its customers a range of individual health insurance policies. In 1998, individual health insurance generated premiums of FF 5.2 billion, making Groupama the number one provider in this sector in France. The market for health insurance in France remained very competitive in 1998 and most insurers saw their premiums stagnate.

The market for Groupama's health insurance products can be divided into four broad segments: farmers, shopkeepers and artisans, salaried workers and senior citizens.

It has proved difficult to increase premium income from farmers, as Groupama is already well entrenched in this segment and the number of farmers is continually declining. In particular, 1998 saw a reduction in premiums from sick pay cover and only a negligible rise in premiums from supplementary health cover.

Conversely, Groupama premium income from shopkeepers and artisans has continued to grow steadily, due in particular to the success of its *Energie* product, eligible for favourable tax treatment under the Madelin Act. Joining the *Réunion des Assureurs Maladie*, scheduled for 1999, will enable Groupama to benefit from a more effective management network and strengthen its position in this field.

Within the salaried workers segment, the Regional Mutuels have sought to develop health insurance products for students and young people, a group where Groupama has little market penetration, with the launch of a new product, *Groupama Santé Active*.

Groupama is the market leader in the provision of health care insurance to senior citizens in France, and it doubled its portfolio in 1998, reaching 84,000 individually subscribed policy holders.

Agricultural insurance

Groupama offers insurance protection against a range of agricultural risks, including agricultural accident and professional agricultural risks. With premium income of FF 5.5 billion in 1998, Groupama is the market leader in the provision of agricultural insurance in France. It is also the number one provider of cover for professional agricultural risks, collecting premiums of FF 4.9 billion in 1997 and again in 1998, and dominates the market for *Assurances Accidents des Exploitations Agricoles* (AAEXA), agricultural accident cover, with a 60 per cent share of the market and premiums of FF 704 million in 1996, FF 702 million in 1997 and FF 660 million in 1998.

Professional agricultural risks: Tractor and farm machinery cover generated premiums of FF 1.1 billion for Groupama in 1998 unchanged from the previous year, while premium income from farmers' legal protection and livestock cover rose by 17.6 per cent. Groupama also provides agricultural fire insurance, farmers' liability protection and crop hail-storm-frost cover, as well as insurance for market gardeners and horticulturalists.

Agricultural accident cover: In 1998 Groupama spent FF 30 million on accident prevention, a figure which represents five per cent of premiums generated in this sector. However, as premiums in this sector are directly linked to the number of farmers, premium income has fallen in recent years.

Commercial, professional and local government

Businesses, artisans and shopkeepers, professionals and public and private institutions between them generated premium income of FF 3.2 billion in 1998, up from FF 3.1 billion in 1997. Groupama provides such customers with a broad range of general non-life insurance products.

Agricultural cooperatives and agribusiness: This sector generated premiums of FF 1.4 billion in 1998, making Groupama the market leader in agribusiness insurance. Groupama maintained a strict selection policy in the context of increasing competition.

Small and medium-sized businesses: With premium income of FF 350 million in 1998, Groupama increased its business by eight per cent in a sector which shrank by three per cent over the year. It continued to concentrate on businesses of between ten and 50 employees, and expanded the areas to which it provides insurance cover to include, for example, textiles and metal work.

Artisans and shopkeepers and professionals: In 1998, premium income of FF 709 million gave Groupama an eight per cent share of the market in this sector. Its products include the *Contrat d'Assurance Multirisques des Professionnels*, a multiple-risk insurance contract aimed at professionals, and the *Plan d'Assurance des Professions Indépendantes*, which covers the private and professional risks of non-salaried workers.

Public and private institutions: Despite a rather flat market, 1998 saw Groupama increase its premium income from public institutions by ten per cent to FF 590 million, while private institutions added a further FF 100 million in premium income, also representing a ten per cent rise on the previous year. This rise is due to the fact that Groupama has developed statutory cover for local government personnel. As the French market leader, it insures 43 per cent of France's municipalities, and provides policies covering the tort liability of elected persons and local government officers and environmental tort liability. For private institutions, it has recently developed the *Plan d'Assurance des Etablissements Sanitaires et Sociaux* and the *Plan d'Assurance des Etablissements d'Enseignement* to provide cover for private schools.

Life insurance business

Groupama's life insurance business is carried out through its subsidiary Groupama Vie, which offers its customers a variety of life insurance products including those relating to savings, sickness-disability, retirement and financial insurance. Groupama Vie generated FF 6.9 billion in premium income in 1998, down 8.6 per cent from FF 7.5 billion in 1997. However, the French life-insurance market as a whole contracted by 15 per cent, a result of the adverse effect of the fourth consecutive year of changes to the French tax regulations governing life insurance, which may have discouraged potential customers. The figures for 1997 may also have been inflated by the effects of tax advantages that were available for those payments made before the 31 December 1997 and which lead to an inflow of funds at the end of that year.

The Local Mutuals and Regional Mutuals distribute Groupama Vie's products, which include *Groupama Agri-Retraite* and *Groupama Modulation*. Launched in 1997, *Groupama Agri-Retraite* is a voluntary contract that allows farmers, their spouses and family helpers to top-up their basic retirement plan, and in 1998 it attracted 100,000 new subscribers. *Groupama Modulation*, a unit-linked life insurance policy, was also launched in 1997 and has attracted approximately 13,000 customers and a total of FF 650 million. Other products introduced in 1998 include two new contracts, one whose performance is linked to the CAC 40, and *Groupama Evolution*, which offers subscribers the opportunity to transfer savings made under previous tax regimes, without altering the tax regime applicable to such savings.

The Gan networks

Gan generated FF 30.1 billion in premium income in 1998, FF 17.6 billion from life insurance and FF 12.5 billion from non-life insurance activities. It held a five per cent share of the French insurance market in 1998, and had more than three million customers and more than 7,000 employees in France. It occupies the number one position in the French market for individual sickness-disability cover, and is in a leading position in the market for group insurance, especially with regard to new businesses, nearly a quarter of which it insures.

The distribution networks

In France, Gan distributes its products through five networks and is in the process of reorganising them into profit centres, so as to promote commercial development and encourage each profit centre to take greater responsibility for its own performance.

Tied agents and chargés de missions

The tied agent network generated premium income of FF 13.1 billion in 1998. Gan employs 1,100 tied agents, the third largest tied agent network in France, and has almost 1,300 sales outlets. It also employs 380 *chargés de missions*, sales staff who specialise in the provision of group insurance for small- and medium-sized businesses. In January 1999, Gan signed a development and management agreement with Snagan, the tied agents' union, designed to ensure sustainable and controlled growth in premium income. The tied agent network has recently been restructured and decentralised. Six new regions have been created, in order to relocate the decision-making centres as close to the clients as possible.

Insurance brokerage

In 1998, the insurance brokerage network generated premium income of FF 3.7 billion through a network of 600 brokers. *Eurocourtage*, Gan's commercial brand, was ranked third in the French insurance brokerage market

in 1998. Since March 1999, *Eurocourtage* has been managing the business of *Groupama Risques Divers* which provides advice and assistance to the Regional Mutuals. In order to facilitate product management, brokers were provided new software and an extranet site, *Club Eurocourtage*.

Specialised family life insurance

The *Branche de Prévoyance Familiale* (BPF) network, which specialises in the provision of sickness-disability cover for individuals, generated FF 2.2 billion in premium income in 1998. Its clientele consists mainly of employees and other workers under the age of 35. Each member of its 1,400-strong salaried sales force is equipped with a lap-top computer and BPF has extended the operating hours of its telephone call centre to improve customer service and to reduce the administrative burden on its sales staff.

Capitalisation

In 1998, the capitalisation network, which specialises in the provision of capitalisation savings and retirement products, generated premium income of FF 3.3 billion, 54 per cent of which came from its life insurance business. It consists of Gan Capitalisation, and its subsidiaries Caisse Fraternelle Vie and Caisse Fraternelle d'Épargne, and employs 1,100 exclusive agents (*mandataires exclusifs*). Its client profile is mainly the over-50s.

Bancassurance

1998 saw the *bancassurance* network generate premiums of FF 5 billion through two joint ventures with CIC (Socapi and Sérénis), the bank in which Gan S.A. has a 23 per cent stake. Socapi, 45 per cent of which is owned by Gan S.A. and 55 per cent by CIC, provides life insurance, while Sérénis, 55 per cent of which is owned by Gan S.A. and 45 per cent by CIC, provides property and liability insurance to individuals.

In the context of an unfavourable tax environment, Socapi generated premiums of FF 8.5 billion in 1998, down 26 per cent on the previous year. However, as at 31 December 1998, it managed assets worth FF 73.8 billion, an increase of 11 per cent over the year, and had over 800,000 policies outstanding. Socapi distributes its products through CIC's 1,380 branches.

From its launch in March 1998 to the end of the year, Sérénis sold 21,000 policies, 40 per cent of which were for motor vehicle cover and 60 per cent for homeowners insurance. Sérénis uses CIC's branches to sell its products and operates a telephone call centre to manage policies and claims.

Non-life insurance business

Gan's non-life French insurance business is broadly based and represented approximately 42 per cent of its premium income in France. In 1998, Gan's tied agents generated FF 8.1 billion in premium income from non-life insurance activities, 44 per cent of which consisted of motor vehicle and home owners insurance. Insuring businesses and professionals also accounted for a large proportion of Gan's property and liability cover. Products include *Gan Habitat*, a multiple-risk homeowners policy launched in 1998 and aimed at professionals in particular, and *Globalys*, which provides cover for businesses.

In the market for business cover (motor vehicle, professional property, tort liability, etc.), *Eurocourtage* generated premium income of FF 981 million in 1998, while providing brokerage services to individuals, professionals, associations, networks and groups, generated a further FF 424 million.

Life insurance business

Gan markets a wide range of life insurance products, but concentrates primarily on the sale of savings, pension and retirement products. Gan's tied agents generated FF 5 billion in premium income from life insurance in 1998, with the flagship life insurance product *Chromatys* accounting for 50 per cent of Gan's individual savings products. The provision of group insurance generated premium income of FF 7.6 billion for Gan in 1998. In 1998, *Eurocourtage* generated FF 259 million in individual life insurance premiums, while selling individual sickness-disability cover to households constituted 60 per cent of BPF's business and 40 per cent concerned savings and retirement products. The capitalisation network saw its life insurance premiums rise by 8.8 per cent in 1998, in a market that shrank by 15 per cent. Its key products include *Gan Capital*, a savings product paying periodic premiums, and *Gan Valeurs*.

Joint insurance activities

The Group's joint insurance activities consist of specialist insurance activities, other insurance related activities and international insurance activities. Since the Group's acquisition of Gan S.A., it has benefited from combining the activities of Groupama and Gan in certain areas of its business and plans to continue the process. The economies of scale generated as a result have improved the efficiency and competitiveness of the Group. The main areas of cooperation include reinsurance, marketing, product ranges, purchasing, technology policy, knowhow and information systems. In addition, the Group has benefited from the increase in the size and scale of its operations, particularly in those markets where size is of increasing importance.

Specialist insurance activities

The Group's specialist insurance activities consist of marine and transport insurance, aviation and space insurance and credit insurance. These activities generated premium income of FF 1.6 billion in 1998.

Marine and transport insurance

The Group provides general marine insurance (for shipping) as well as cover for goods transported and for the various tort liabilities connected to such risks and of those employed in the business. Groupama Navigation et Transports works closely with the underwriting agents Chegaray Assurances, in which Groupama S.A. now has a majority stake.

In 1998, the Group generated FF 863 million in premium income from marine and transport insurance through four different channels: Groupama Navigation et Transports contributed FF 333 million in premium income; the Regional Mutuals, FF 67.4 million; Gan's Paris office, FF 231 million; and the marine insurance department of Gan Insurance in London, FF 232 million.

Aviation and space insurance

The Group provides cover for airlines (for both the aircraft themselves and any related tort liability), aircraft makers (product liability and tort liability) and other aviation risks, in particular for private aircraft. In the field of space insurance, the Group insures satellites, both on launch and for the duration of their orbit.

The Group collected FF 569.5 million in aviation and space insurance premiums in 1998, of which FF 267.5 million was accounted for by Groupama and FF 302 million by Gan. Since 1 January 1999, their aviation and space insurance activities have been managed by two specialist pools, Réunion Aérienne and Réunion Spatiale, both of which are significant players in this global market.

Groupama's participation in the Réunion Aérienne pool was 14 per cent in 1998, up nine points, and generated premium income of FF 178.3 million. Its participation in the Réunion Spatiale pool rose five points to 12.8 per cent in 1998 and generated premiums of FF 89.2 million, an increase of 39 per cent. Having ended its participation in the Assurance Française Aviation pool, it has, since 1 January 1999, had a 10.56 per cent participation in the Réunion Aérienne pool and a 5.91 per cent participation in the Réunion Spatiale pool.

Credit insurance

Gipac S.A., a subsidiary of Groupama S.A., collected FF 156 million in credit insurance premiums in 1998, a 1.5 per cent increase in a flat market. Products include *Millésime*, developed in partnership with the winegrowers' association Confédération Nationale des Caves Particulières, and *Déclit* and *Horacle*, designed to cover the risk of payment default.

Other insurance related activities

The Group engages in several insurance related activities, including assistance services, the remote surveillance of property, direct repair service, the provision of legal expenses cover and accident prevention, which complement its insurance business.

Assistance services

The Group's assistance services are carried out through Mutuaide Assistance, a subsidiary of Groupama S.A., and Mondial Assistance, controlled by a holding company, Sacnas, in which Gan S.A. had a 49.2 per cent stake (see "— Recent Developments"). The Group plans to provide all its assistance services through Mutuaide Assistance from 2000.

Mutuaide Assistance provides assistance services to 15 million people in France, including holders of Eurocard Mastercard, Gold Mastercard and *Carte Carrefour*. Its products include assistance services for business travellers and households and telephone helplines. Its telephone call centre is also available to help customers of the Mutuels outside office hours, 24 hours a day, seven days a week. Mutuaide Assistance generated premium income of FF 131 million in France and FF 276 million in total, including its Spanish and Portuguese subsidiaries.

Remote surveillance of property

This activity, which mainly consists of installing surveillance systems on residential and commercial properties and operating a monitoring centre, is carried out by *Présence Verte*, a subsidiary of Groupama S.A. *Présence Verte* has 21,000 subscribers to its remote assistance service and its remote surveillance systems protect more than 2,000 sites. Its call centre at Bry-sur-Marne dealt with around 450,000 calls in 1998. A common Group structure is in the pipeline and will enable Gan's tied agents to market the same service as that provided by Groupama.

Direct repair service

France Maintenance Bâtiment, a Gan S.A. subsidiary, specialises in repairing the damaged properties of claimants under multiple-risk homeowners insurance policies, as an alternative to making a payment to the policy holder. It finds, approves, manages and controls local builders and sub-contracts the repair work to them. In 1998, turnover from this subcontracted work totalled FF 38 million, a 6.9 per cent decline on the previous year. France Maintenance Bâtiment uses a network of 400 businesses across France and dealt with 9,137 claims in 1998, with a satisfaction rate of more than 96.2 per cent.

Legal expenses cover

Groupama generated FF 447.6 million in premium income from the provision of legal expenses cover in 1998, while Gan S.A.'s specialist subsidiary, *Société Française de Protection Juridique*, collected premiums of FF 82 million. Groupama's main product, *Aide Recours Conseil*, offers personal cover for salaried workers and professional cover for farmers, shopkeepers and artisans, and professionals.

Accident prevention

The Group carries out research into ways of reducing the risk of accidents and offers advice and help on the subject to its members, individuals and businesses alike. It also seeks to reduce the number of traffic accidents by offering training to young people in school, advanced driving tuition to adults at its *Centaure* centres and re-training to senior citizens. Gan Industrie Services, a subsidiary of Gan S.A., offers accident prevention services to businesses, including on-site inspections, analysis of production plans and assessment of emergency procedures.

International insurance activities

Direct insurance

The Group provides both life and non-life cover for individuals, small and medium sized businesses and professionals. In 1998, direct international insurance added FF 11.96 billion to the consolidated premium income of the Group (including premium income for Gan International's subsidiaries on a 12-month basis), up from FF 1.6 billion in 1997. It registered net losses of FF 418 million in 1998 and FF 54 million in 1997. The Group has a network of approximately 4,000 employees in subsidiaries, joint ventures, branches and representative offices that stretches across 21 countries in Europe, the Middle East, Africa, North America and the Asia-Pacific region. Its activities are mainly concentrated in Europe, which generated FF 10.097 billion in premium income in 1998, of which FF 5.325 billion came from the United Kingdom, FF 2.337 billion from Italy and FF 1.46 billion from Spain. The Group closed its loss-making North American subsidiary, Gan North America, in early 1999.

The Group plans to strengthen its position in Europe by merging the subsidiaries of Groupama S.A. and Gan S.A. in the United Kingdom (Lombard and Gan Insurance) and Spain (Groupama Ibérica and Gan España) and, in the long term, to develop its presence in the emerging markets of South-East Asia, South America and Central and Eastern Europe.

Reinsurance

Through its subsidiary Sorema S.A., the Group writes treaty reinsurance business as well as other types of reinsurance, such as facultative reinsurance. The Group generated premium income of FF 3 billion and a net profit of FF 87 million from international reinsurance in 1998, compared to FF 3.5 billion and FF 124 million, respectively, in 1997. Operating in more than 80 countries, Sorema S.A. is rated A+ by Standard & Poor's and A by AM Best, and was placed 25th in AM Best's 1998 global reinsurance rankings. Sorema S.A. operates in all major global markets, apart from the United States, which is the preserve of its subsidiary Sorema NA. In 1998, Sorema S.A. generated premium income of FF 1.7 billion, while Sorema NA added a further FF 1.3 billion. Headquartered in Paris, with offices in Cologne, Singapore, Mexico, Miami, Sao Paulo and London, Sorema S.A. employs more than 200 persons, while Sorema NA engages over 150 employees at its headquarters in New York and at its branches in Chicago, Houston, Phoenix, Hartford and Toronto.

1998 was a particularly difficult year for the international reinsurance market. An unusually large number of natural disasters lead to a tripling of related claims. In addition, competition in the market has intensified greatly.

Management of insurance risks

Risk is an inherent element of the insurance business which the Group manages through the careful analysis, understanding and management of risks both within individual operations and at the overall Group level. This is helped by the Group's wide geographic spread, diverse product range and reinsurance protection.

Actuarial techniques, expertise and judgement are used to determine the appropriate level of claims provision. However, claims for disease, pollution and environmental damage are often subject to significant delay in notification and settlement, and there is considerable uncertainty in assessing the liability and amount of claims on policies written many years ago. In this respect, risks relating to asbestos or pollution represent a rather small percentage of the Group's technical liabilities and are regularly reassessed, in particular at each year-end.

Management of insurance investments

As a major insurer the Group has to manage the potential exposures arising from movements in investment values, interest rates and exchange rates in addition to the risks inherent in the insurance business.

The invested assets of insurance companies are accounted for on a historical cost basis and not at their market value. Accordingly, fluctuations in interest rates have a direct impact on unrealised capital gains relating to bonds and, in relation to net profit, investment income generated by the cash flow available. In non-life insurance, by way of example, a one per cent increase in interest rates is equivalent to an increase in investment income of approximately FF 70 million; at the same time, technical provisions on annuities would be reduced. In life insurance, the equivalent increase in investment income would be approximately FF 300 million, most of which would be allocated to policyholders. In the event of a decrease in interest rates, the relevant impact would be comparable, with an additional decrease in the profit share allocated to policyholders and a potential set-off through an increased ability to realise capital gains on shares, usually revalued upwards when interest rates decrease.

The Group's non-life insurance investment portfolio continues to be weighted towards fixed interest securities to match the insurance and other liabilities of the Mutuels and the Group's subsidiaries, with the balance, broadly matching the shareholders' capital employed, being invested mainly in equities and properties. Life assets are invested to provide an appropriate portfolio to meet future liabilities and the expectations of policyholders. Derivative investment products are only used to a limited extent either for investment and debt hedging purposes or to structure some retail savings products. To this end, only interest rate swaps are of any significance, amounting to a total of FF 3.5 billion at the end of 1998, which represents a small percentage of total invested assets (FF 311.4 billion). Short-term interest rate movements have a relatively modest impact on the Group's operating profits as its non-life insurance interest-bearing investments are predominantly in medium-term securities.

In managing its foreign exchange exposures, the Group does not aim to hedge revenues since these revenues are substantially retained locally to support the growth of the Group's businesses and to meet local regulatory and market requirements. In addition, since the Group's insurance operations are predominantly (approximately 90%) conducted in euro-zone countries, the impact of fluctuations in exchange rates on the Group's financial results is not significant.

Also, the Group maintains an efficient capital structure from a combination of capital and reserves and borrowings consistent with the Group's risk profile and the regulatory and market requirements of its businesses.

Non-insurance activities

The Group's non-insurance activities, which include asset management, banking and property management, contributed FF 85 million to consolidated net profit in 1998 (FF 30 million in 1997) with more than 100,000 bank accounts, a property portfolio of 1,408,000 m², and 530 employees in France and overseas.

Asset management

With assets under management of FF 280 billion in 1998 (FF 120 billion in 1997), the Group is amongst the ten largest French asset managers. The Group's asset management activities, which are currently divided between Groupama Asset Management, Gan's finance department and Gan Asset Management are expected to be merged into a single entity in the autumn of 1999.

Groupama Asset Management manages the financial assets of various Groupama entities and of the mutual funds those entities market to their customers. It also manages assets for the account of institutional investors. In Paris, Groupama Asset Management manages European and Japanese equities on behalf of European clients, while in New York, its subsidiary Groupama Asset Management NA manages U.S. equities on behalf of individuals and U.S. pension funds.

Gan's finance department manages the assets of Gan Vie, Gan Capitalisation and Gan Iard. Gan Asset Management, a specialist subsidiary of Gan S.A., manages the mutual funds relating to the life insurance policies distributed through the Gan networks and the various savings plans of Gan employees.

Banking

The Group's banking activities are carried out by two subsidiaries, Banque Financière Groupama and Banque pour l'Industrie Française, which had a combined net banking income of FF 355 million in 1998. The Group plans to merge the two banks in autumn 1999.

Banque Financière Groupama provides a wide range of banking services to Groupama and its clients. Its activities generated net banking income of FF 142.4 million in 1998, up 5.5 per cent from FF 134.9 million in 1997. After provisions, post-tax profits stood at FF 20 million in 1998, down slightly from FF 20.8 million in 1997, while it had capital worth FF 473 million, up from FF 437 million in 1997. As at 31 December 1998, Banque Financière Groupama's assets under custody represented FF 128 billion. Its cash pooling activities are mainly concentrated on dealing with short-term funds on behalf of the *Institutions de la Mutualité Agricole*. The total assets managed on behalf of more than 100,000 private clients stood at FF 1.41 billion at the end of 1998, compared with FF 1.17 billion and 76,000 clients a year earlier. In 1998, Banque Financière Groupama also engaged in property leasing.

Banque pour l'Industrie Française provides a wide range of banking services to Gan and its clients. In 1998, Banque pour l'Industrie Française recorded net banking income of FF 213 million, an increase of FF 22 million from the previous year. After a net reduction in provisions, net profit for 1998 was FF 51.3 million, a sharp increase from FF 12.3 million in 1997, while after net income appropriation, it held capital worth FF 307 million. The amount of securities it held in custody totalled FF 143 billion, as at 31 December 1998, up from FF 119 billion a year earlier. Bank loans fell from FF 645 million at the end of 1997, to FF 433 million at the end of 1998.

In addition, as part of the Group's bank insurance strategy, Gan holds a 23% stake in the CIC banking group, the majority of which has been owned, since April 1998, by Crédit Mutuel. CIC is a decentralised retail banking group comprising 10 regional banks and approximately 1,400 branches in France with an estimated market share of approximately 5.5% of all credit distribution in France. CIC's net profit amounted to FF 407 million in 1998 and its net assets totalled FF 20.6 billion, including the fund for general banking risks. CIC's results are accounted for under the equity method in the Group's results.

Property

The Group is currently in the process of merging the property management activities of Groupama and Gan. In 1998, the Group held a property portfolio of 1,408,000 m², with a total value of FF 24 billion, of which Groupama accounted for 485,000 m² (FF 7.7 billion) and Gan 923,000 m² (FF 16.3 billion). The Group's property portfolio is subject to ordinary risks affecting properties generally. In particular the Tour Gan situated in La Défense is currently subject to asbestos removal procedures which should be completed by the end of 1999.

Groupama's portfolio consists mainly of commercial properties. In 1998, sales of property assets totalled FF 144.5 million, while the share of property assets in its asset portfolios remained unchanged. It received rental income of FF 420 million and vacancy rates fell for both its commercial and residential properties.

Gan's portfolio consists largely of residential properties. In 1998, sales of buildings totalled FF 950 million, while sales of apartments generated revenues of FF 528 million. Gan received FF 817 million in rental income in 1998 and vacancy rates fell for both its commercial and residential properties.

COMPETITION

The insurance industry in France is highly competitive and increasingly concentrated among a few large national operators which offer products similar to those offered by the Group and many of which use similar marketing techniques. As certain life insurance products include a savings or investment component, competition for those products from banks, brokerage firms or other financial institutions, such as La Poste, has increased significantly in recent years.

In the general insurance business, competition has increased due to the entry into the market of insurance subsidiaries of banks, continuing competition from other mutuals and the continuing trend towards consolidation of businesses among large insurance companies.

YEAR 2000

In 1997, the Group commenced studies into the impact on each business area of problems relating to the year 2000 and has since taken all necessary actions to deal with the “Millennium bug”. The cost of such actions is estimated to be approximately FF 1 billion, of which about 90 per cent had been charged at the end of the 1998 financial year. The Group’s management received assurances from its suppliers that its main computer systems were year 2000 compliant and anticipates that the appropriate modifications to the Group’s computer systems and software and the year 2000 transition procedures will be completed by the end of 1999.

LITIGATION

The Group is involved in certain legal proceedings arising in the normal course of its business. Management believes that none of these proceedings is material in the context of the issue of the Notes.

REGULATORY MATTERS

The insurance businesses of the Group are subject to detailed, comprehensive regulation in all the jurisdictions in which the Group does business. In addition, European Union ("EU") directives have had, and will continue to have, a significant impact on the regulation of the insurance industry in the EU. Directives no. 92-49 and no. 92-96 of 18 June and 10 November 1992, respectively (the "1992 EU Insurance Directives") relating to direct insurance other than life insurance have been incorporated into French law by law no. 94-5 of 4 January 1994 (which came into effect as from 1 July 1994) (the "1994 Law"), and have greatly rationalised the regulatory structure to which insurance companies are subject in Europe. These directives provide that once an insurance company has been licensed to conduct insurance business in one jurisdiction of the European Union, it may do business directly or through branches in all other jurisdictions of the European Union without being subject to licensing requirements under the laws of each additional jurisdiction. In addition, these directives provide that, since 1 July 1994, the authorisation and supervision of an insurance company shall be the responsibility of the insurance regulatory authority of the member state in which the insurer is domiciled, regardless of where its insured risks may be located within the EU.

The 1992 EU Insurance Directives are founded on the "home country control" principle, according to which the ongoing supervision of insurance companies, including their non-home insurance operations (whether direct (using the "freedom of services" principle) or through branches), will remain the responsibility of the home country insurance regulatory authority. The home country insurance regulatory authority will continue to monitor compliance with applicable regulations, the solvency of the insurer and its technical reserves as well as the assets of the insurer which support such reserves.

The principal French regulations that apply to the Group's insurance operations are summarised below.

The Group comprises insurance mutuals which have the status of *caisses d'assurances mutuelles agricoles* or *caisses de réassurance mutuelles agricoles* (the Local Mutuals, the Regional Mutuals and CCAMA) and insurance companies which have the status of *sociétés anonymes*.

CCAMA, the Local Mutuals and the Regional Mutuals are subject to articles 1235 *et seq.* of the French *Code Rural* and the French Insurance Code as regards their legal status and are governed by the French Insurance Code as regards their insurance activities. They are supervised jointly by the Ministry of Economy and the Ministry of Agriculture on one hand and by the *Commission de Contrôle des Assurances* ("CCA") on the other hand.

The Group's insurance subsidiaries incorporated as *sociétés anonymes* (which include Groupama S.A.'s and Gan S.A.'s respective insurance subsidiaries) are subject to regulations generally applicable to all insurance companies organised in France, contained principally in the French *Code des Assurances* (the "French Insurance Code"), and to the supervision of both the Direction du Trésor of the Ministry of the Economy and the CCA. In addition, Groupama S.A. and Gan S.A. both have the status of *sociétés de participations d'assurances* and, as a result, are subject to the supervision of the CCA.

The principal object of such regulations and supervision is protection of the insured party.

The CCA is an independent administrative authority of the French insurance industry and supervises the compliance with applicable insurance regulations by, and the financial condition and solvency of, insurance companies.

Prior to engaging in one or several categories (*branches*) of insurance activity, all French insurance companies must receive approvals from the relevant supervisory authorities which examine the compliance with statutory standards of the legal, financial, accounting and technical structures of the applicant.

The Local Mutuals are reinsured by the Regional Mutuals and, pursuant to article R 322-132 of the French Insurance Code, the latter are substituted to the Local Mutuals they reinsure for the purpose of satisfying insurance prudential regulations and the Local Mutuals' insurance commitments (*engagements d'assurance*). Such substitution entails that the Local Mutuals are not licensed as insurance companies. The Regional Mutuals of the Group are themselves reinsured by CCAMA but without giving rise to the application of article R 322-132 (except for the Regional Mutual of *Antilles-Guyane*). As a consequence the Regional Mutuals (except for that of *Antilles-Guyane*) are subject to licensing requirements and to all insurance solvency regulations generally applicable to insurance companies.

The CCA supervises adherence to statutory accounting principles and compliance with financial and technical management regulations. In addition, the business accounts of the various entities of the Group are subject to examination at any time by the CCA, and in the case of the *caisses d'assurances mutuelles agricoles*,

such examination is performed jointly with authorised officers of the Ministry of Agriculture. Any change in the articles of association of the Group's French entities must also be approved by the relevant authorities, which means the CCA as regards the *sociétés anonymes* and both the Ministry of the Economy and the Ministry of Agriculture, as regards the *caisses d'assurances mutuelles agricoles* and *caisses de réassurance mutuelles agricoles*.

French insurance companies may not engage in any commercial activity on an ongoing basis other than that of providing insurance cover with respect to the categories of insurance businesses for which they have obtained approval, and directly related activities. The scope of activities which can be carried out by *caisses d'assurances mutuelles agricoles* is limited by law to non-life insurance cover whereas the Group's *sociétés anonymes* can engage in any type of insurance cover. Under French law however, life insurance cover and non-life insurance cover (except with respect to personal injury due to illness or accidents) may not be provided by the same company. The 1994 Law allows life insurance cover and personal injury insurance cover to be provided by the same insurance company.

Investments, Reserves and Solvency

French law subjects French insurance companies to a number of requirements with respect to the administration of their assets and liabilities. These requirements do not apply to the Group's Local Mutuals or its Regional Mutual of *Antilles-Guyane* (as described above). With respect to liabilities, the technical reserves of the regulated insurer, which underwrite the claims reimbursements that may be made by the regulated insurer to the holders or beneficiaries of a policy, must be adequate to allow the regulated insurer to fulfill its contractual commitments to pay on receipt of claims. In the case of life insurance, events which may prematurely terminate an insurance contract (such as the surrender of a policy) must be taken into account in maintaining technical reserves. French law also prescribes the maintenance of a minimum solvency margin and of a guaranty fund (*fonds de garantie*) which must be equivalent to one-third of the statutory minimum solvency margin, but in any event no smaller than the amount stipulated by French insurance regulations. The minimum solvency margin (including a company's capital (or, *fonds d'établissement*, as regards *caisses d'assurances mutuelles agricoles* or *caisses de réassurance mutuelles agricoles*), reserves and profit carry-forwards and, subject to the approval of the CCA and the insurance regulatory authority of the member states in which the insurer operates, its unrealised capital gains and, for life insurance companies, subject to the approval of the CCA, a fraction of its future estimated profits) must be at least equal to a statutory minimum calculated (i) in non-life insurance as a fraction of premiums written from the previous year or the average of claims paid during the last three financial years, whichever is higher, and (ii) in life insurance as a fraction of mathematical reserves and liabilities to holders or beneficiaries of policies providing for payment upon death (after deduction of mathematical reserves), and, in certain cases, life insurance premiums written. One of the principal objectives of the minimum solvency margin is to provide for unexpected shortfalls in underwriting reserves. In addition, in the case of life insurance, French insurance companies are required to allocate a significant portion of profits each year for the benefit of holders of life insurance policies other than term life and unit-linked policies. Formerly, profit participation amounts could be immediately transferred to mathematical reserves, or to a profit participation reserve (*provision pour participation aux excédents*), in which case they had to be transferred to mathematical reserves or allocated to policyholders within five years. Pursuant to a regulation promulgated in July 1993, the period has been extended to eight years. By giving insurers a certain flexibility with respect to the allocation of profit participation amounts, this mechanism permits a more stable allocation of profits to policyholders and provides insurers with a significant cushion for less profitable years.

The Group's French insurance companies manage the assets which support underwriting reserves for potential claims and certain other liabilities to employees and third parties (*engagements réglementés*, or "regulated commitments"), as regulated by French law. In managing such assets, French insurers may invest only in (i) marketable securities and similar securities (primarily securities issued by an entity organised under the laws of an OECD country or securities listed or traded on a stock exchange or regulated market of an OECD country), (ii) real estate assets situated in an OECD country and (iii) deposits and loans to entities or individuals domiciled in an OECD country. In addition, French law limits the proportion of assets that French insurers may invest in certain categories of investments. Assets invested in deposits and loans may not exceed an amount equal to 10 per cent of regulated commitments. Assets invested in real estate, marketable securities and similar securities may not exceed an amount equal to 40 per cent and 65 per cent, respectively, of regulated commitments. French law also imposes restrictions with respect to particular investments. When a regulated commitment is made in one currency, the assets supporting such commitment must be denominated or capable of realisation in that currency. By exception, up to 20 per cent of regulated commitments may be supported by assets that are not denominated or capable of realisation in the same currency as that in which the commitment to pay is

denominated. Similarly, technical reserves representing regulated commitments made in one currency need not be backed by assets held in that currency if the amount of assets held in that currency would not exceed 7 per cent of the assets held in all other currencies.

Auditing Requirements

The system of accounting used by the Group's French insurance companies is subject to French regulatory control. The accounts of a French insurer must conform to a standard form prescribed by the French Insurance Code. French insurers must also file a balance sheet, a general account of profits and losses, an account of general operating costs and a number of accounting and statistical statements with the CCA. In addition, French insurers are required to carry out an annual inventory and to present consolidated accounts.

Products

Notice of information on new types of insurance policies to be marketed in France must be given to the French Minister of the Economy. In addition, the French Minister of the Economy may, in accordance with established procedures, require an insurer to withdraw from the market or to modify any contract which does not comply with applicable laws and regulations.

Taxation

An annual tax on premiums of between 7 per cent and 30 per cent is imposed on most of insurance contracts. An exemption is applicable to certain contracts, including but not limited to, life insurance contracts, group insurance contracts, contracts covering land and sea transportation risks and insurance contract payments which are made to a retirement savings plan.

MANAGEMENT AND EMPLOYEES

In accordance with French law governing *caisses centrales de réassurance mutuelles agricoles*, CCAMA's affairs are managed by a Board of Directors (*Conseil d'Administration*). This has full executive authority to manage the affairs of CCAMA and has broad powers to act on behalf of CCAMA and to represent and bind CCAMA in dealings with third parties and public authorities, subject only to the powers expressly reserved to the general assembly of delegates (which comprises representatives of the Regional Mutuals) by law or by CCAMA's articles of association (*statuts*). The Board of Directors appoints the Executive Management (*Direction Générale*), which currently comprises a Chief Executive Officer (*Directeur Général*) and a Chief Operating Officer (*Directeur Général Délégué*).

The Board of Directors is responsible for the strategic direction of the Group. It is assisted in this task by the Executive Management of CCAMA, the Groupama National Committee (*Comité National Groupama*) and the Groupama-Gan Strategy Committee (*Comité Stratégique Groupama-Gan*), while its decisions are implemented by the Executive Management of CCAMA, assisted by the Groupama-Gan Executive Committee (*Comité Exécutif Groupama-Gan*).

Board of Directors

Pursuant to CCAMA's articles of association, the Board of Directors consists of 18 to 45 Directors (*Administrateurs*) who are elected by the general assembly of delegates and is administered by a *Bureau* which consists, amongst others, of one President, five Vice-Presidents, two Secretaries and one Treasurer appointed from amongst the Directors. Each Director is elected for a term of six years. The Board of Directors also includes two employee-elected Directors, each elected for a four-year term. At present, the Board of Directors consists of 36 Directors.

Directors and Members of the Bureau

President

Jean Baligand (Groupama Rhône-Alpes)

First Vice-President

René Thomas (Groupama Bretagne)

Second Vice-Président

Michel Morcher (Groupama Loire-Bourgogne)

Vice-Presidents

Raymond Boucher (Groupama du Maine)

Jean-Pierre Rousseau (Groupama Centre-Atlantique)

Jean-Luc Wibratte (Groupama Grand Est)

Secretaries

Francis Aussat (Groupama Sud-Ouest)

Albert Pagès (Groupama Alpes-Méditerranée)

Treasurer

Jack Darboux (Groupama Sud)

Other members of the Bureau

Robert Drouet (Groupama Normandie)

Jean-Marc Fabre (Groupama d'Oc)

Michel Habig (Groupama Alsace)

Charles Lacaze (Groupama des Pays Verts)

Solange Longuet (Groupama Picardie-Ile-de-France)

Jean-Jacques Minchin (Groupama Centre Sud)

Jean-Luc Viet (Groupama Nord-Est)

Joseph Vivant (Groupama Pays de la Loire)

Other Directors

Jean-Luc Baucherel (Groupama Bretagne)

Constant Bergé (Groupama Sud-Ouest)

Jean-Jacques Canevet (Groupama Bretagne)

André Clyti (Groupama Nord-Est)

Christian Guillaume (Groupama Grand Est)

Jean Hérault (Groupama Centre-Atlantique)

Jean-Marie Heusèle	(Groupama Picardie-Ile-de-France)
Didier Laluet	(Groupama d'Oc)
Pierre Legeard	(Groupama Normandie)
Jean Masse	(Groupama Nord-Est)
Jean Merle	(Groupama Rhône-Alpes)
Marius Mul	(Groupama Alpes-Méditerranée)
Jean-Paul Nieutin	(Groupama Loire-Bourgogne)
Roger Paillès	(Groupama Sud)
Alain Pargade	(Groupama Centre-Atlantique)
Robert Roque	(Groupama Sud)
Michel Teillon	(Groupama Rhône-Alpes)

Elected Employee Directors

Olivier Combes

Christian Garin

Executive Management

Chief Executive Officer

Bernard Delas

Chief Operating Officer

Gilles Laporte

Employees

At the end of 1998, the Group employed a total of 25,700 people (16,000 Groupama employees and 9,700 Gan employees) including 3,800 employees overseas (1,200 for Groupama and 2,600 for Gan). In addition, the Group's operations in France engaged 8,300 sales staff, 6,000 exclusive savings agents and mandated secretaries (*secrétaires mandataires*) and 1,100 tied agents.

Management believes that the Group's relations with its employees are good. Pursuant to the acquisition, the Group set up a Temporary Committee (*Instance Provisoire de Concertation et de Dialogue Social*) in October 1998 to facilitate dialogue between management and the trade unions representing the Group's employees. As a result, an agreement setting up a Group Works Council was signed on 21 April 1999. Negotiations on reform and reduction of working hours have so far resulted in the signing of 12 agreements, ten at the level of the Regional Mutuels and two with Eurocourtage, the brokerage division of Gan S.A., and Sorema S.A.

RECENT DEVELOPMENTS

As part of the Group's strategy to provide all its assistance services through Mutuaide Assistance, a subsidiary of Groupama, Gan S.A.'s 19.2 per cent stake in Sacnas (the holding company of Mondial Assistance) was sold to the AGF in May 1999, leaving Gan S.A. with a 30 per cent share.

Groupama increased its stake in Chegaray Assurances, the marine underwriting agency, from 40 per cent to 60 per cent in January 1999.

SUBSCRIPTION AND SALE

Underwriting Arrangements

CDC Marchés, J.P. Morgan Securities Ltd., Banque Nationale de Paris, Goldman Sachs International, Lehman Brothers International (Europe), Paribas and Société Générale (the "Managers") have, pursuant to a Subscription Agreement dated 19 July 1999 (the "Subscription Agreement"), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 99.56 per cent of the principal amount of the Fixed Rate Notes and 100 per cent of the principal amount of the Floating Rate Notes, less (i) a selling concession of 0.225 per cent and (ii) a combined management and underwriting commission of 0.40 per cent, in each case of the aggregate principal amount of the Notes. In addition, the Issuer will pay certain costs incurred by it and the Managers in connection with the issue of the Notes. The Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General Restrictions

Each of the Managers has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Offering Circular or any other offering material relating to the Notes. No action has been or will be taken by the Issuer or the Managers that would, or is intended to, permit a public offer of the Notes or possession or distribution of the Offering Circular or any other offering material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has agreed that it will not, directly or indirectly, offer, sell or deliver any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

France

Each of the Managers and the Issuer has acknowledged that the Notes are being issued outside the Republic of France and represented and agreed that, in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and (ii) offers and sales of Notes in the Republic of France will be made in accordance with Article 6 of the Ordinance n° 67-833 dated 28 September 1967, as amended and in Decree n° 98-880 dated 1 October 1998 relating to offers to a limited number of investors and/or qualified investors.

In addition, each of the Managers and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described above.

United States

The Notes have not been and will not be registered under the Securities Act, and, subject to certain exceptions, may not be offered or sold within the United States.

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

United Kingdom

Each Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the date six months after the date of issue of the Notes, will not offer or sell, any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

- (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only issued or passed on, and will only issue and pass on, in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

GENERAL INFORMATION

Corporate Authorisations

The issue of the Notes was authorised, pursuant to a resolution of the *Assemblée Générale* of the Issuer adopted on 25 June 1999, by a resolution of the *Conseil d'Administration* of the Issuer adopted on the same date.

Listing of the Notes

Application has been made for the Notes to be listed on the *Premier Marché (émissions internationales)* of the Paris Stock Exchange with effect from the date of their issue.

For the sole purpose of the listing of the Notes on the Paris Stock Exchange, and pursuant to articles 6 and 7 of the *Ordonnance* n° 67-833 of 28 September 1967 (as amended), this Offering Circular has been submitted to the clearance procedures of the *Commission des Opérations de Bourse* and has received the visa n° 99-994 dated 19 July 1999.

Clearing of the Notes

The Notes have been accepted for clearance through Sicovam, Euroclear, Cedelbank and Deutsche Börse Clearing under the following reference numbers:

Fixed Rate Notes:

ISIN	FR0000495657
Sicovam	49565
Euroclear and Cedelbank Common Code	9962310
Wertpapierkenn-Nummer	314207

Floating Rate Notes:

ISIN	FR0000495665
Sicovam	49566
Euroclear and Cedelbank Common Code	9955461
Wertpapierkenn-Nummer	314208

Euroclear, Cedelbank and Deutsche Börse Clearing have made arrangements to receive Notes through Sicovam.

No Material Adverse Change

As of the date of this Offering Circular, there has been no change which is materially adverse to the financial condition of CCAMA since 31 December 1998.

Litigation

Neither CCAMA, nor any of its affiliated mutual entities and subsidiaries are involved in any litigation, arbitration or administrative proceedings relating to amounts which, individually or in the aggregate, are material in the context of the issue of the Notes and, to the best of the knowledge and belief of CCAMA, there are no such litigation, arbitration or administrative proceedings pending or threatened.

Auditors

Francis Audibert & Associés and PricewaterhouseCoopers, the statutory auditors of CCAMA, have audited, and rendered unqualified reports on, the consolidated and non-consolidated financial statements of CCAMA for the eight years ended 31 December 1998.

Legal Advisers

Legal opinions relating to the validity of the Notes under French law will be given by Linklaters, legal advisers to CCAMA, and Clifford Chance, legal advisers to the Managers.

Documents Available for Inspection

A copy of the Agency Agreement and copies of the most recently published annual report and financial statements of CCAMA will, for so long as any Notes are outstanding, be available free of charge during usual business hours on any weekday (except Saturdays and public holidays) at the specified offices of each Paying Agent.

FINANCIAL INFORMATION

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NON-CONSOLIDATED FINANCIAL STATEMENTS OF CCAMA

GENERAL REPORT OF THE STATUTORY AUDITORS AND CERTIFYING ACCOUNTANTS

Fiscal year ended on 31 December 1998

CAISSE CENTRALE DES ASSURANCES MUTUELLES AGRICOLES

8, and 10, rue d'Astorg
75008 Paris

Dear members,

As appointed by your Annual General Meeting, we have audited Caisse Centrale des Assurances Mutuelles' situation for the fiscal year ended 31 December 1998 and our report is as follows:

- Audit on CCAMA's annual financial statements drawn up in French Francs and as they figure enclosed in this report.
- Specific examinations and information provided by the law.

The annual financial statements were approved by the Board of Directors of Caisse Centrale des Assurances Mutuelles. Our responsibility is to state an opinion on these financial statements.

1 Opinion on the annual financial statements

We conducted our audits in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable certainty that the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence confirming the amounts and disclosures in the financial statements. An audit also consists in assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The tests we carried out provide a reasonable basis for the following opinion.

We certify that these annual financial statements present fairly, in all material respects, the income resulting from the last fiscal year operations, the assets and financial position of the company, in accordance with generally accepted accounting principles.

2 Specific examinations and information

We also conducted in accordance with generally accepted auditing standards, specific examinations provided by the law.

We have no comment to make regarding the accuracy and consistency with the annual financial statements of the information relative to the financial position and to the annual financial statements, provided by the Board of Director's management report and by the documents given to the members.

As stated by law, we verified that all equity and controlling interests information have been conveyed to you through the management report.

Paris, 23 April 1999

The statutory auditors
Members of the Compagnie Régionale de Paris

Francis Audibert et Associés

Francis Audibert

Coopers & Lybrand Audit
Member of PricewaterhouseCoopers

Yves Nicolas

Catherine Thuret

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CCAMA BALANCE SHEET AT 31 DECEMBER 1998

	Net amount at 31 December 1998	Net amount at 31 December 1997
	(in FF)	
ASSETS		
Intangible assets	45,451,134.29	30,635,183.98
Investments		
Land and buildings	3,027,711,566.15	4,067,003,840.92
Investments in subsidiaries and affiliates	16,405,230,582.82	4,361,788,745.61
Other investments	11,930,923,807.87	15,497,245,610.17
Cash deposited with ceding companies	309,633,573.00	
	31,673,499,529.84	23,926,038,196.70
Share of reinsurers and retrocessionnaires in technical reserves		
Unearned premiums reserves	66,473,514.00	49,524,875.00
Claims reserves	1,525,701,472.56	1,179,603,314.42
Equalisation reserves	4,673,641.70	5,019,054.68
Other technical reserves	2,291,400.00	2,895,106.95
Share of non-licensed mutuals in technical reserves		
Unearned premiums reserves		12,538,547.17
Claims reserves	111,715,568.89	91,402,335.14
Other technical reserves	7,300,463.41	8,217,578.19
	1,718,156,060.56	1,349,200,811.55
Accounts receivable		
Direct insurance-related receivables	2,421,331.57	2,627,738.71
Reinsurance-related receivables		
Reinsurance current accounts	697,060,276.18	788,286,340.21
Earned premiums to be written	(104,889,478.51)	(154,850,340.63)
Other receivables		
Personnel	7,914,855.61	17,829,116.45
State, social security, local authorities	8,591,005.66	80,271,040.71
Miscellaneous receivables	441,030,279.92	407,644,710.34
	1,052,128,270.43	1,141,808,605.79
Other assets		
Tangible operating assets	51,842,205.38	34,704,277.97
Bank current accounts and cash at hand	27,260,735.32	21,869,042.70
	79,102,940.70	56,573,320.67
Accrued assets		
Interest and rent earned but not yet matured	163,177,097.29	274,118,769.69
Deferred acquisition costs	95,617,368.65	98,726,685.05
Other accruals	31,434,040.49	23,526,174.53
	290,228,506.43	396,371,629.27
Currency exchange adjustments	9,448,968.25	13,188,924.26
TOTAL ASSETS	<u>34,868,015,410.50</u>	<u>26,913,816,672.22</u>

CCAMA BALANCE SHEET AT 31 DECEMBER 1998

	Net amount at 31 December 1998	Net amount at 31 December 1997
	(in FF)	
LIABILITIES		
Capital and Reserves		
Initial capital	20,000,000.00	20,000,000.00
Other reserves	12,017,897,645.95	11,766,804,711.84
Difference arising out of accounting change at 1 Jan. 1995 ..	(441,931,398.23)	(904,502,911.55)
Retained earnings	100,000,000.00	100,000,000.00
Income for the year	585,589,493.43	457,294,541.78
	12,281,555,741.15	11,439,596,342.07
Gross technical reserves		
Unearned premium reserves	708,797,033.22	780,447,659.64
Claims reserves	12,854,977,091.87	11,444,464,173.42
Equalisation reserves	291,090,886.91	338,754,225.43
Other technical reserves	946,898,613.70	794,417,789.98
	14,801,763,625.70	13,358,083,848.47
Provisions for contingencies and charges	834,324,608.02	1,093,206,720.41
Cash deposits held under reinsurance contracts	156,953,737.19	11,739,523.77
Other liabilities		
Direct insurance-related liabilities	2,186,039.81	2,022,998.87
Reinsurance-related liabilities	726,768,667.63	548,090,558.35
Bank borrowings	4,540,794,709.09	10,109,095.75
Other liabilities:		
Other borrowings, deposits and guarantees received	816,836,266.78	29,281,101.60
Personnel	111,106,149.44	106,225,708.71
State, social security, local authorities	382,845,048.66	60,863,978.40
Miscellaneous accounts payable	96,884,527.11	99,412,736.61
	6,677,421,408.52	856,006,178.29
Accrued liabilities	105,584,790.89	91,033,342.21
Currency exchange adjustments	10,411,499.03	64,150,717.00
TOTAL LIABILITIES	<u>34,868,015,410.50</u>	<u>26,913,816,672.22</u>

1998 OPERATING INCOME STATEMENT

Item	Gross	Retention by non-licensed mutuals	Cessions and retrocessions (in FF)	1998 net	1997 net
Earned premiums	9,706,976,051.62	93,111,210.39	1,377,984,007.55	8,235,880,833.68	8,241,622,450.35
Premiums	9,635,325,425.20	80,572,663.22	1,398,124,913.55	8,156,627,848.43	8,214,447,800.28
Change in unearned premiums	71,650,626.42	12,538,547.17	(20,140,906.00)	79,252,985.25	27,174,650.07
Revenues from allocated investments	868,069,813.95			868,069,813.95	264,202,550.50
Other operating revenues	1,743,692.08			1,743,692.08	(12.64)
Claims expense	(7,459,801,060.78)	(69,610,279.77)	(976,186,184.95)	(6,414,004,596.06)	(5,896,621,085.91)
Claims and expenses paid	(6,049,288,142.33)	(49,297,046.02)	(630,088,026.81)	(5,369,903,069.50)	(5,319,450,935.34)
Claims reserves charges	(1,410,512,918.45)	(20,313,233.75)	(346,098,158.14)	(1,044,101,526.56)	(577,170,150.57)
Other technical reserves	(152,480,823.72)	917,114.78	603,706.95	(154,001,645.45)	5,810,137.61
Acquisition and administrative expenses	(2,226,729,032.90)	0.00	(234,546,416.08)	(1,992,182,616.82)	(1,973,077,062.04)
Acquisition expenses	(1,205,020,240.34)		(5,178,584.00)	(1,199,841,656.34)	(1,148,719,977.07)
Administrative expenses	(1,021,708,792.56)			(1,021,708,792.56)	(1,047,460,689.57)
Commissions received from reinsurers			(229,367,832.08)	229,367,832.08	223,103,604.60
Other technical expenses	(390,407,821.10)			(390,407,821.10)	(424,882,864.56)
Change in equalisation reserve	167,663,338.52		3,537,679.98	164,125,658.54	229,644,398.83
OPERATING RESULT	<u>515,034,157.67</u>	<u>24,418,045.40</u>	<u>171,392,793.45</u>	<u>319,223,318.82</u>	<u>446,698,512.14</u>

1998 NON-OPERATING INCOME STATEMENT

<u>Item</u>	<u>1998 net</u>	<u>1997 net</u>
	(in FF)	
Operating profit/loss	319,223,318.82	446,698,512.14
Investment income	2,978,675,167.22	1,746,521,791.73
Investment revenues	673,334,174.20	828,856,810.17
Other income from investments	709,326,905.43	270,263,965.33
Profit on disposal of investments	1,596,014,087.59	647,401,016.23
Investment expenses	(1,310,950,026.48)	(1,228,139,918.80)
Internal and external investment management and financial expenses	(280,955,918.56)	(158,691,980.31)
Other investment expenses	(140,817,129.16)	(700,843,628.33)
Losses on disposal of investments	(889,176,978.76)	(368,604,310.16)
Transferred investment income	(868,069,813.95)	(264,202,550.50)
Other non-operating income	128,469.35	30,000.71
Other non-operating expenses	(53,211,227.03)	(39,049,229.30)
Extraordinary gains or losses	(77,189,368.50)	(88,395,908.20)
Extraordinary gains	139,304,542.87	41,183,021.58
Extraordinary losses	(216,493,911.37)	(129,578,929.78)
Corporate tax	(403,017,026.00)	(116,168,156.00)
NET PROFIT FOR THE YEAR	<u>585,589,493.43</u>	<u>457,294,541.78</u>

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS OF CCAMA

NOTE 1:

SIGNIFICANT EVENTS

Caisse Centrale des Assurances Mutuelles subscribed to the capital increase of Groupama S.A. in 1998, in order to help the latter finance its acquisition of GAN. This resulted in the purchase of 6,544,169 new shares with a par value of FF 1,000 each, of which FF 982 was paid up, and carrying a premium of FF 554.45. The operation represented an investment of FF 10.17 billion for CCAMA.

This subscription was financed by:

— sales of securities	FF 6.0 billion
— securities lending	FF 0.6 billion
— borrowings from other financial institutions	FF 2.4 billion
— cash	FF 1.1 billion

NOTE 1 BIS:

SUBSEQUENT EVENTS

Caisse Centrale des Assurances Mutuelles has signed a tax-group agreement with Société de Gestion de Prestations de Santé (SGPS) with effect from 1 January 1999.

NOTE 2:

METHODS OF VALUATION AND PRESENTATION

The statutory financial statements of Caisse Centrale des Assurances Mutuelles are prepared and presented in accordance with the French Insurance Code, as amended in particular by decrees nos. 94-481 and 94-482 of 8 June 1994 and the decree of 20 June 1994 implementing European directive 91-674/EEC of 19 December 1994 relating to the statutory and consolidated financial statements of insurance companies.

I — TECHNICAL OPERATIONS

Caisse Centrale des Assurances Mutuelles reinsures all of the Regional Mutuals together with Groupama Assurances et Services, as stipulated in the reinsurance treaties and in keeping with the information communicated by them.

The information provided under this heading refers primarily to business assumed under these treaties.

However, as Caisse Régionale d'Antilles Guyane is not approved by the French administration to conduct insurance business, Caisse Centrale des Assurances Mutuelles therefore substitutes directly for this Mutual for the purpose of these transactions. Consequently, the corresponding figures provided in the accounts refer to "direct business," after deduction of business retained by the Regional Mutual in question.

1) **PREMIUMS**

Premiums include:

- premiums written in the year, net of cancellations;
- change in premiums to be written; and
- change in premiums to be cancelled.

These premiums are reduced by the change in other premium reserves.

2) **UNEARNED PREMIUM RESERVE**

For all policies in effect at the accounts closure date, the unearned premium reserve records the fraction of premiums written, and remaining to be written, pertaining to coverage of the risk in the course of the year or years following the accounting year in review.

3) *ACQUISITION AND ADMINISTRATIVE EXPENSES*

These expenses notably include allocations to administrative expenses paid by Caisse Centrale des Assurances Mutuelles Agricoles to the Regional Mutuals.

4) *DEFERRED ACQUISITION COSTS*

Acquisition costs relating to acceptances of unearned premiums are deferred and recorded under assets in the balance sheet.

5) *CLAIMS*

- Claims assumed in application of reinsurance treaties correspond to the reinsured portion of claims paid net of recoveries received during the accounting year, and annuity installments; they also include claims-related expenses. Additional expenses include, a) annuity installments directly managed by Caisse Centrale des Assurances Mutuelles Agricoles, and b) the Central Mutual's administrative expenses.

An IBNR reserve has been made to cover late reporting of natural catastrophe claims accounts relating to land subsidence resulting from drought in prior years.

An FF 80 million reserve was made to cover late-reported claims arising from this risk at the end of 1997, and the reserve was re-estimated at FF 181 million at the end of 1998.

- Acceptances of reserves for claims payable represent the reinsured portion of the estimated cost, net of recoveries to be received, of all unpaid claims at year-end, whether reported or not.

In construction risks, the reserve for possible future claims is reinsured separately for builder's 10-year general liability and for 10-year property damage guarantees. Originally, each Regional Mutual contributed to this reserve, in accordance with the method laid down in article A331-21 of the French Insurance Code.

Additionally, these reserves for claims payable also include a) mathematical annuity reserves assumed from the Regional Mutuals, and b) a management charge based on actual expenses recorded by the Central Mutual in respect of claims assumed. The mathematical reserves calculated by the Regional Mutuals represent the current value of their liabilities in respect of annuities and related expenses. The tables used to evaluate these reserves apply a discount rate and are based on demographic trends.

A management charge on mathematical reserves for current annuities was introduced in the non-life sector in 1998, in order to cover future expenses relating to the management of these annuities. This resulted in a FF 15.4 million charge on claims expenses.

6) *OTHER TECHNICAL RESERVES*

Reserves for unexpired risks are calculated by the Regional Mutuals and are reinsured on a proportional basis, by applying the ceding rates currently in force. These reserves are set up when the estimated amount of claims (including administrative expenses) that may occur after the end of the accounting year, but covered by contracts concluded before that date, exceeds the unearned premiums reserve.

In addition, Caisse Centrale des Assurances Mutuelles Agricoles reinsures the reserves for increasing long-term care risks set up by the Regional Mutuals.

Additionally, these other technical reserves also include the mathematical annuity reserves managed directly by Caisse Centrale des Assurances Mutuelles Agricoles.

7) *EQUALISATION RESERVE*

The equalisation reserve is set up to cover exceptional charges on risks referred to in article R 331-6-6 of the French Insurance Code. It is calculated by Caisse Centrale des Assurances Mutuelles Agricoles on the portion of risks reinsured by it. It represented the following amounts at the end of 1998:

— hail-on-crop	FF 15.6 million
— storm	FF 206.1 million
— pollution liability	FF 34.6 million

No allocation was made in 1998 in respect of space or atomic risks or credit insurance.

At the same time, a FF 120 million release was made from the future earnings equalisation reserve at the end of 1998, to offset the deterioration in retained technical margin.

8) RETROCESSIONS

Pursuant to the French General Reinsurance Regulations, Caisse Centrale des Assurances Mutuelles Agricoles retrocedes some of the risks assumed by it. These transactions are recorded as ceded premiums.

9) CEDED REINSURANCE PREMIUMS

Ceded reinsurance premiums are recorded in keeping with treaty terms, with no timing difference. Securities deposited as collateral with reinsurers (both cessionaires and retrocessionaires) are recorded as commitments received and given.

As from 1998, a portion of long-term care risks is ceded on a quota share basis among a number of reinsurers.

10) PORTFOLIO CHANGES

10.1 ACCEPTANCES

Caisse Centrale des Assurances Mutuelles Agricoles, which acts as the cessionaire for Groupama Assurances et Services, has purchased an additional tranche of premiums and claims reserves, Groupama Assurances et Services having increased its share in the Réunion Aérienne et Spatiale (aviation and space reinsurance) pools in 1998.

In long-term care, 50 per cent of the business written by the Regional Mutuals prior to 1998 is now reinsured by Caisse Centrale des Assurances Mutuelles Agricoles, with effect from 1998, compared with 40 per cent beforehand.

10.2 CESSIONS

Pre-1997 treaties placed with reinsurers via Sorema (Société de Réassurance des Assurances Mutuelles Agricoles), Groupama's reinsurance subsidiary, have been assumed directly by these reinsurers with effect from 1 January 1998.

Technical reserves ceded to these reinsurers are credited by them to Caisse Centrale des Assurances Mutuelles Agricoles as from 1998; securities deposited by reinsurers corresponding to this cover have also been transferred in the course of the year.

Non-agricultural treaties subscribed by Groupama Assurances et Services before 1995 have also been assumed directly by Caisse Centrale des Assurances Mutuelles Agricoles' reinsurers with effect from 1 January 1998.

The long-term care reinsurance contract subscribed on a quota share basis as from 1998, similarly applies to business written before 1998.

II – INVESTMENTS

1) OPENING COSTS AND YEAR-END VALUATION

1.1 LAND AND BUILDINGS, SHARES IN REAL ESTATE OR LAND COMPANIES

Buildings and shares in unlisted real estate or land companies are stated at purchase price or cost.

Acquisition costs (stamp duty, fees and legal costs, etc.) are charged to income for the year in which they are incurred.

Buildings are depreciated over their useful lives as estimated at the date of acquisition.

Estimated useful lives:

— operating buildings	50 years
— buildings held as investments	50 years
— fixtures and fittings	10 years

The market value of buildings and shares in unlisted real estate or land companies is calculated in accordance with the rules laid down in the French Insurance Code, based on five-yearly expert appraisals, subject to annual review.

1.2 FIXED-INCOME SECURITIES

Bonds and other fixed-income securities are stated at purchase price net of accrued interest at the date of purchase. Any difference between purchase price and redemption value is charged to income, based on actuarial methods, over the remaining time to maturity.

Premiums or discounts are not amortised in the year of sale of fixed-income securities.

The market value recorded in the year-end financial statements is the closing price on the account closure date. For unlisted securities, fair value is assessed on the basis of the assumed price obtainable in normal market conditions and in the light of their value to the company.

1.3 EQUITY SECURITIES AND OTHER VARIABLE-INCOME SECURITIES

Equity securities and other variable-income securities are stated at purchase price net of accrued interest.

The market value recorded in the year-end financial statements varies corresponds to:

- for listed securities: the closing price on the account closure date;
- for unlisted securities: fair value based on the assumed price obtainable in normal market conditions and in the light of their value to the company; and
- for shares in open and closed-end mutual or investment funds: the last repurchase price published on the account closure date.

1.4 LOANS

Loans made to local authorities, to Groupama S.A. and to certain of Groupama's Regional Mutuals are valued according to the terms of the loan contracts.

2) PROVISIONS

2.1 FIXED-INCOME SECURITIES

In normal circumstances, no provision is made for impairment of value in the event of unrealised losses resulting from comparison of the book value (including premiums or discounts on redemption price) with the market value of these securities. However, a provision for impairment of value is made if there is a risk that the issuer will be unable to honour its commitments with respect either to interest or to principal.

2.2 REAL ESTATE INVESTMENTS, VARIABLE-INCOME SECURITIES, AND LOANS

As required by notice 95-07 of the CNC (French national accounting standards board) of 12 September 1995, the effects of accounting changes resulting from the amendments to the Insurance Code were reflected in the 1995 opening balance sheet, in a specific share capital item labelled "difference arising from accounting change at 1 January 1995."

These changes, totalling FF 1,074,384,579.95, concerned long-lived impairment of assets recorded at 1 January 1995 and not provisioned at the end of 1994.

As stipulated in CNC notice 96-01, account 108 "difference arising from accounting changes" was partially cleared at 31 December 1998 by the transfer of FF 446,598,280.45 from free reserves.

After 1998, charges to reserves and after 1998 recoveries from provisions no longer required, account 108 "difference arising from accounting changes" totalled FF 441,931,398.23 at 31 December 1998.

2.3 RESERVES FOR POSSIBLE PAYMENT OF TECHNICAL LIABILITIES

No reserve for possible payment was recorded at the end of 1998.

3) INVESTMENT INCOME AND EXPENSES

Investment income includes revenues earned from investments during the year (rental income, dividends, coupons, interest on loans and current accounts).

Other investment income notably includes the company's share of amortisation of bond discounts and releases of provisions for impairment of value of investments.

Other investment expenses notably include the company's share of amortisation of bond premiums, together with allocations to amortisation and provisions for impairment of value of investments.

Capital gains or losses on disposals of securities are calculated according to the FIFO method and recorded in income for the year. However, a capitalisation reserve is set up and charged to income for the year in respect of profits resulting from the difference between the sale price and the current value of bonds and other fixed-income securities. In case of loss, a release is made from this capitalisation reserve, up to the amount of the previously constituted reserve.

Also in the course of the year, in which these securities are sold, a release is made from cumulative amortization of the premium or discount recorded at 31 December of the previous year.

In non-life insurance, investment income and expenses are recorded in the non-operating income statement. The portion of net investment income earned on technical reserves is transferred to the non-life operating income statement.

III — OTHER OPERATIONS

1) ADMINISTRATIVE EXPENSES AND COMMISSIONS

Administrative expenses incurred in reinsurance activities are analysed and recorded within the *de facto* Caisse Centrale des Assurances Mutuelles Agricoles management pool; charges incurred by the other members of the pool are rebilled to them. They are then classified by purpose for presentation in the financial statements, according to a set of criteria determined analytically based on the Central Mutual's structure and internal organisation.

Administrative expenses are classified according to five separate categories:

- claims settlement expenses, which include in particular the claims administrative consultancy function provided by Caisse Centrale des Assurances Mutuelles Agricoles;
- acquisition costs, which notably include a percentage of the administrative expenses allocated to the Regional Mutuals, advertising and marketing expenses;
- administrative costs, which notably include a percentage of the administrative expenses allocated to the Regional Mutuals, administrative costs relating to reinsurance assumed;
- investment expenses, which notably include investment management costs, including fees, commissions and brokerage fees paid; and
- other technical expenses, which include charges that cannot be allocated to one of the other purposes either directly or according to a specific criterion.

2) FOREIGN EXCHANGE TRANSACTIONS

In compliance with the new requirements of the French insurance code, foreign exchange-denominated investment transactions are recorded in the currencies in which they are conducted. These are translated into French francs at year-end at the closing exchange rate or, failing that, at the nearest prior date. The same applies to foreign exchange-denominated transactions on securities representing a participating interest as defined in article 20 of decree 83-1020 of 29 November 1983.

The provision for foreign exchange losses is calculated at year-end by netting all foreign exchange adjustments for each currency in assets and liabilities. -

A foreign exchange adjustment of FF 1 million is recorded in liabilities at 31 December 1998.

Foreign exchange adjustments on euro-zone currencies (the "in" currencies) at 31 December 1998 represent a charge to income of FF 9.96 million.

3) ACCOUNTS RECEIVABLE

Accounts receivable are recorded at nominal repayment value (historical cost).

These notably include:

- for acceptances
 - CCAMA's share of premiums to be written, and of premiums to be canceled by ceding companies (Regional Mutuels and Groupama Assurances et Services), net of reinsurance;
 - debit current accounts with these ceding companies; and
 - income receivable in respect of acceptances from these ceding companies;
- for ceded premiums, debit current accounts with these reinsurers; and
- for other receivables, debit current accounts with various other entities.

A provision for impairment of value is made at closure date if the list value of these accounts receivable is less than their book value.

4) ACCRUED ASSETS

The main changes in accrued assets concern:

- income receivable from financial investments;
- bond redemption price differences; and
- deferred acquisition costs, net of reinsurance.

5) PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions for contingencies and charges in the balance sheet total FF 834.32 million. These mainly consist of a FF 689.82 million provision for equalisation of future earnings at 31 December 1991 as Les Assurances Mutuelles Agricoles become liable for tax for the first time.

6) CORPORATE TAX

Caisse Centrale des Assurances Mutuelles Agricoles is the parent company of a tax-group, with a subsidiary called Société Centrale d'Etudes et de Participations.

6.1 NATURE AND SPECIFIC CONTENT OF THE "CORPORATE TAX" ITEM

"Corporate tax" at 31 December 1998 included a charge for the parent company of FF 403.02 million for the year.

6.2 CORPORATE INCOME TAX ALLOCATION MECHANISM

Corporate tax is borne by the tax-consolidated company, as it would be in the absence of tax consolidation.

Tax loss savings achieved by the group are retained by the parent company, Caisse Centrale des Assurances Mutuelles Agricoles; these are treated as an immediate gain for the year rather than as a cash saving.

Tax savings made by the Group other than those arising out of tax losses are also retained by the parent company and deducted from its tax liability.

6.3 IMPACT OF TAX CONSOLIDATION ON CAISSE CENTRALE DES ASSURANCES MUTUELLES AGRICOLES PARENT COMPANY

The difference between actual booked tax liability and the hypothetical tax liability in the absence of tax consolidation represented a gain of FF 30 million in 1998.

6.4 TAX LOSS CARRY-FORWARDS

Parent company long-term tax loss carry-forwards at 31 December 1998 amount to FF 279 million.

7) DEBTS

Debt primarily consists of:

- for acceptances:
 - credit current accounts with ceding companies; and
 - charges payable on business assumed from these ceding companies.
- for cessions, credit current accounts with reinsurers
- other debts:
 - credit current accounts with other entities;
 - balance of income tax payable to the French tax authorities in respect of 1998 accounting year; and
 - bank accounts in credit.

8) ACCRUED LIABILITIES

Changes in accrued liabilities in 1998 concerned the amortisation of bond redemption price premiums and discounts.

9) COMMITMENTS GIVEN AND RECEIVED

Commitments received from subsidiaries and affiliates amounted to FF 96 million.

Other commitments received were related to securities delivered as deposits and received from cessionnaires for an amount of FF 637 million and to securities transactions for an amount of FF 1,203 million.

Commitments given by CCAMA mostly include securities transactions for FF 1,203 million and leasing operations for FF 6 million.

Since 1997, a life insurance contract covers commitments given in relation to retirement indemnities. The present value of these retroactive commitments is based on an estimation of the wages at the time of the retirement.

NOTE 3:

INTANGIBLE ASSETS

- Changes in intangible assets — gross amounts

<u>Account</u>	<u>Gross amount at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>First-time consolidations in the year</u>	<u>Items ceded in the year</u>	<u>Gross amount at year-end</u>
			(in FF thousands)			
Start-up expenses.....						
Other intangible assets	49,416			25,877	603	74,690
TOTAL	<u>49,416</u>			<u>25,877</u>	<u>603</u>	<u>74,690</u>

- Depreciation and provisions

<u>Account</u>	<u>Depreciation and provisions at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>Increase in depreciation and provisions</u>	<u>Decrease in depreciation and provisions due to items ceded</u>	<u>Depreciation and provisions at year-end</u>
				(in FF thousands)		
Start-up expenses						
Other intangible assets	18,781			10,731	271	29,241
TOTAL	<u>18,781</u>			<u>10,731</u>	<u>271</u>	<u>29,241</u>

- Net amounts

<u>Account</u>	<u>Net amount at beginning of year</u>	<u>Net amount at year-end</u>
	(in FF thousands)	
Start-up expenses		
Other intangible assets	30,635	45,449
TOTAL	<u>30,635</u>	<u>45,449</u>

NOTE 4:

INVESTMENTS

4.1 LAND AND BUILDINGS

- Gross amounts

<u>Account</u>	<u>Gross amount at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>First-time consolidations in the year</u>	<u>Items ceded in the year</u>	<u>Gross amount at year-end</u>
	(in FF thousands)					
Fixed assets	1,419,052			79,683	74,868	1,423,867
Company shares	4,214,463			59,342	1,485,339	2,788,466
TOTAL	<u>5,633,515</u>			<u>139,025</u>	<u>1,560,207</u>	<u>4,212,333</u>

- Depreciation and provisions

<u>Account</u>	<u>Depreciation and provisions at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>Increase in depreciation and provisions</u>	<u>Decrease in depreciation and provisions due to items ceded</u>	<u>Depreciation and provisions at year-end</u>
	(in FF thousands)					
Fixed assets	356,555			36,408	4,262	388,701
Company shares	1,209,956				414,035	795,921
TOTAL	<u>1,566,511</u>			<u>36,408</u>	<u>418,297</u>	<u>1,184,622</u>

- Net amounts

<u>Account</u>	<u>Net amount at beginning of year</u>	<u>Net amount at year-end</u>
	(in FF thousands)	
Fixed assets	1,062,497	1,035,166
Company shares	3,004,507	1,992,545
TOTAL	<u>4,067,004</u>	<u>3,027,711</u>

4.2 INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

4.2.1 Shares in subsidiaries and Insurance Company affiliates (accounts 250 and 260)

- Changes in the year — gross amounts

<u>Account</u>	<u>Gross amount at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>First-time consolidations in the year</u>	<u>Items ceded in the year</u>	<u>Gross amount at year-end</u>
	(in FF thousands)					
Subsidiaries	4,219,951		1	10,172,636	167,338	14,225,248
Affiliates	152,280		156	(117,785)	67	34,272
TOTAL	<u>4,372,231</u>		<u>157</u>	<u>10,054,851</u>	<u>167,405</u>	<u>14,259,520</u>

- Depreciation and provisions

<u>Account</u>	<u>Amount at beginning of year</u>	<u>First-time consolidation</u>	<u>Deconsolidation transfers</u>	<u>Increase: allocations for the year</u>	<u>Decrease: recoveries for the year</u>	<u>Amount at year-end</u>
				(in FF thousands)		
Subsidiaries	5,838			100		5,938
Affiliates	5,289					5,289
TOTAL	<u>11,127</u>			<u>100</u>		<u>11,227</u>

- Net amounts

<u>Account</u>	<u>Net amount at beginning of year</u>	<u>Net amount at year-end</u>
	(in FF thousands)	
Subsidiaries	4,214,113	14,219,310
Affiliates	146,991	28,983
TOTAL	<u>4,361,104</u>	<u>14,248,293</u>

*4.2.2 Notes, bonds, loans and advances to subsidiaries and affiliates
(accounts 25 and 26 except 250 and 260)*

- Change in the year — gross amounts

<u>Account</u>	<u>Gross amount at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>First-time consolidation in the year</u>	<u>Items ceded in the year</u>	<u>Gross amount at year-end</u>
				(in FF thousands)		
Subsidiaries	10,272			7,060,000	4,904,359	2,165,913
Affiliates	685				81	604
Cash deposited with ceding companies				309,633		309,633
TOTAL	<u>10,957</u>			<u>7,369,633</u>	<u>4,904,440</u>	<u>2,476,150</u>

- Depreciation and provisions

<u>Account</u>	<u>Amount at beginning of year</u>	<u>First-time consolidation</u>	<u>Deconsolidation transfers</u>	<u>Increase: allocations for the year</u>	<u>Decrease: recoveries for the year</u>	<u>Amount at year-end</u>
				(in FF thousands)		
Subsidiaries	10,272				692	9,580
Affiliates						
Cash deposited with ceding companies ..						
TOTAL	<u>10,272</u>				<u>692</u>	<u>9,580</u>

- Net amounts

<u>Account</u>	<u>Net amount at beginning of year</u>	<u>Net amount at year-end</u>
	(in FF thousands)	
Subsidiaries		2,156,333
Affiliates	685	604
Cash deposited with ceding companies ..		309,633
TOTAL	<u>685</u>	<u>2,466,570</u>

4.3 OTHER INVESTMENTS

(Other than those mentioned in 4.1 and 4.2)

- Changes in the year — gross amounts

<u>Account</u>	<u>Gross amount at beginning of year</u>	<u>First-time consolidation transfers</u>	<u>Deconsolidation transfers</u>	<u>First-time consolidations in the year</u>	<u>Items ceded in the year</u>	<u>Gross amount at year-end</u>
			(in FF thousands)			
Financial investments ...	15,709,511	603,063	649,166	15,995,043	19,585,884	12,072,567
Investments representing technical reserves related to unit-linked contracts						
TOTAL	<u>15,709,511</u>	<u>603,063</u>	<u>649,166</u>	<u>15,995,043</u>	<u>19,585,884</u>	<u>12,072,567</u>

- Depreciation and provisions

<u>Account</u>	<u>Amount at beginning of year</u>	<u>First-time consolidation</u>	<u>Deconsolidation transfers</u>	<u>Increase: allocations for the year</u>	<u>Decrease: items ceded in the year</u>	<u>Gross amount at year-end</u>
				(in FF thousands)		
Financial investments	212,265	755	3,463	45,918	113,833	141,642
Investments representing technical reserves related to unit-linked contracts						
TOTAL	<u>212,265</u>	<u>755</u>	<u>3,463</u>	<u>45,918</u>	<u>113,833</u>	<u>141,642</u>

- Net amounts

<u>Account</u>	<u>Net amount at beginning of year</u>	<u>Net amount at year-end</u>
	(in FF thousands)	
Financial investments	15,497,246	11,930,925
Investments representing technical reserves related to unit-linked contracts		
TOTAL	<u>15,497,246</u>	<u>11,930,925</u>

4.4 SCHEDULE OF INVESTMENTS

Item	1998 Balance Sheet		
	Gross amount	Net amount	Market value
	(in FF thousands)		
I. Investments			
1. Real estate investments and real estate investments in progress			
OECD	2,929,933	2,142,298	3,411,287
Non-OECD			
2. Equity securities and other variable-income securities other than shares in mutual funds			
OECD	15,715,516	15,589,942	18,684,367
Non-OECD			
3. Shares in mutual funds (other than under 4)			
OECD	589,542	588,321	773,369
Non-OECD			
4. Shares in mutual funds exclusively invested in fixed-income securities			
OECD	517,360	517,360	668,457
Non-OECD			
5. Bonds and other fixed-income securities			
OECD	1,429,488	1,397,308	1,492,053
Non-OECD			
6. Mortgage loans			
OECD			
Non-OECD			
7. Other loans and equivalent receivables			
OECD	2,393,840	2,204,142	2,204,172
Non-OECD			
8. Cash deposited with ceding companies			
OECD	9,463,322	8,993,612	11,898,546
Non-OECD			
9. Cash deposits (other than under 8) and guarantees and other investments			
OECD	1,723	1,723	1,723
Non-OECD			
10. Assets related to unit-linked policies			
Real estate investments			
Other variable income securities other than shares in mutual funds			
Shares in mutual funds exclusively invested in fixed-income securities			
Other mutual funds			
Bonds and other fixed-income securities			
11. Total investments	<u>33,040,724</u>	<u>31,434,706</u>	<u>39,133,974</u>

Item	1998 Balance Sheet		
	Gross amount	Net amount	Market value
	(in FF thousands)		
A) Recapitulation by estimation method			
Securities valued according to article R 332-19.....	3,939,989	3,858,684	4,148,921
Securities valued according to article R 332-20.....	29,100,735	27,576,022	34,985,054
Securities valued according to article R 332-5.....			
B) Recapitulation by allocation			
Securities representing technical reserves.....	20,672,081	19,810,363	24,491,626
Securities guaranteeing liabilities to personal benefits institutions or to cover managed investment funds.....			
Securities deposited with ceding companies of which fidelity guarantees.....	9,463,322	8,993,612	11,898,546
Securities allocated to special technical reserves on other French business.....			
Others.....	2,905,322	2,630,732	2,743,801
II. Assets eligible for allocation to represent technical reserves (other than investments and ceded technical reserves)			
III. Securities deposited by personal benefits institutions			
A) Land and buildings			
— Advances.....			
B) Details of land and buildings			
Operating buildings			
— Real titles.....	242,492	180,335	193,739
— Shares in private real estate or land companies.....			
Other fixed assets			
— Real titles.....	1,225,223	890,271	2,068,908
— Shares in private real estate or land companies.....	2,757,266	1,968,093	2,121,831
C) Unamortised portion or unrecovered portion corresponding to premium or discount on redemption price of securities valued according to art. R 332-19.....			1,629,840
— Of which unamortised discount.....			
— Of which unrecovered premium.....			

NOTE 5:

ACCOUNTS RECEIVABLE

Accounts receivable

Accounts	1998 Balance sheet Maturing				1997 Balance sheet Maturing			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
	(in FF thousands)							
6 Receivables								
6a Direct insurance receivables	2,421			2,421	(152,222)			(152,222)
6aa Unwritten earned premiums					(154,850)			(154,850)
6ab Other direct insurance receivables.....	2,421			2,421	2,628			2,628
Insureds.....								
Insurance intermediaries.....								
Coinsurers.....	2,421			2,421	2,628			2,628
Other third parties.....								
6b Reinsurance receivables....	595,782	(3,611)		592,171	788,287			788,287
Reinsurers.....	225,597			225,597	194,055			194,055
Ceding companies.....	433,174			433,174	594,232			594,232
Other intermediaries.....	(62,989)	(3,611)		(66,600)				
6c Other accounts receivable ..	457,536			457,536	505,745			505,745
6ca Personnel.....	7,915			7,915	17,829			17,829
6cb State, social security organisations, local authorities.....	8,591			8,591	80,271			80,271
6cc Other debtors.....	441,030			441,030	407,645			407,645
6d Unpaid portion of capital								
TOTAL 6- accounts receivable	<u>1,055,739</u>	<u>(3,611)</u>		<u>1,052,128</u>	<u>1,141,810</u>			<u>1,141,810</u>

NOTE 6:**ACCRUED ASSETS***Miscellaneous assets and accruals*

<u>ASSETS</u>	<u>1998 amount</u>	<u>1997 amount</u>
	(in FF thousands)	
Accrued assets		
Accrued interest not yet due	163,177	274,119
Accrued rents not yet due		
Deferred acquisition expenses (Life)		
Deferred acquisition expenses (Non-life)	95,617	98,727
Fixed assets acquisition costs to be allocated	344	6,276
Other expenses to be allocated		
Amortisation of bond premiums	28,884	17,383
Other accruals	2,206	(133)
Technical reinsurance estimates		
TOTAL ACCRUED ASSETS	<u>290,228</u>	<u>396,372</u>
Of which: interest income due on receivables		

NOTE 7:**CAPITAL AND RESERVES***Changes in capital and reserves*

<u>Item</u>	<u>1997</u>	<u>Appropriation of 1997 income</u>	<u>Changes in capitalisation reserve</u>	<u>Charge for long-lived impairment of value</u>	<u>Change in the year</u>	<u>1998</u>
			(in FF thousands)			
Capital and reserves						
Initial capital	20,000					20,000
Statutory reserves	11,219,766	457,294			(393,928)	11,283,132
Regulatory reserves						
Capitalisation reserve	547,039		186,691			733,730
Other reserves					1,036	1,036
Difference due to accounting change	(904,503)			462,572		(441,931)
Retained earnings carried forward	100,000					100,000
Net income	<u>457,294</u>	<u>(457,294)</u>			<u>585,589</u>	<u>585,589</u>
TOTAL CAPITAL AND RESERVES	<u>11,439,596</u>		<u>186,691</u>	<u>462,572</u>	<u>192,697</u>	<u>12,281,556</u>

NOTE 8:**NON-LIFE TECHNICAL RESERVES****8.1 ANALYSIS OF TECHNICAL RESERVES**

All Caisse Centrale des Assurances Mutuelles Agricoles technical reserves are stated net of recoveries.

8.2 THREE-YEAR DATA ON CLAIMS SETTLEMENTS BY YEAR OF OCCURRENCE, AND OUTSTANDING CLAIMS RESERVES**Change in earned premiums and claims**

Data refer to the portfolio of the Caisse Régionale d'Assurances Mutuelles Agricoles d'Antilles-Guyane, which is non-licensed from administrative approval.

Item	Year of occurrence				
	1994	1995	1996	1997	1998
	(in FF thousands)				
1996					
Settlements	37,582	253,231	50,754		
Reserves	12,560	59,020	91,235		
Total claims expense(S)	50,142	312,251	141,989		
Earned premiums (P)	65,650	150,932	179,093		
Percentage (S/P)	76.38%	206.88%	79.28%		
1997					
Settlements	39,879	274,327	82,226	55,610	
Reserves	10,027	35,655	65,628	112,644	
Total claims expense(S)	49,906	309,982	147,854	168,254	
Earned premiums (P)	65,650	151,025	181,739	197,274	
Percentage (S/P)	76.02%	205.25%	81.36%	85.29%	
1998					
Settlements	40,743	278,283	89,786	92,766	47,796
Reserves	8,930	25,974	58,041	83,881	108,032
Total claims expense(S)	49,673	304,257	147,827	176,647	155,828
Earned premiums (P)	65,650	151,025	181,739	191,400	209,313
Percentage (S/P)	75.66%	201.46%	81.34%	92.29%	74.45%

8.3 CHANGE IN OPENING CLAIMS RESERVES**Run-off of claims reserves**

Item	1998 amount	1997 amount
	(in FF thousands)	
Opening claims reserves net of expected recoveries	11,269,804	10,433,418
Prior-year claims settled in the year, net of recoveries	(2,196,052)	(2,135,807)
Closing claims reserves for prior-year claims net of expected recoveries	(9,319,350)	(8,143,354)
RELEASES/STRENGTHENINGS	(245,598)	154,257

NOTE 9:**PROVISIONS FOR CONTINGENCIES AND CHARGES****Provisions for contingencies and charges**

Item	1998 amount	1997 amount
	(in FF thousands)	
Provisions for pension liabilities		
Tax reserves		
Reserves for the equalisation of future earnings	689,822	809,868
Other provisions	144,502	283,339
TOTAL	834,324	1,093,207

NOTE 10:**DEBTS*****Debts***

Accounts	1998 Balance sheet Maturing				1997 Balance sheet Maturing			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
	(in FF thousands)							
7 — Other debts								
7a Direct insurance accounts payable	2,186			2,186	2,023			2,023
Insureds								
Insurance intermediaries								
Coinsurers	2,186			2,186	2,023			2,023
Other third parties								
7b Reinsurance accounts payable	715,921	10,848		726,769	548,090			548,090
Reinsurers	161,622			161,622	515,399			515,399
Ceding companies	291,432			291,432	32,691			32,691
Other intermediaries	262,867	10,848		273,715				
7c Bonds (including convertible bonds)								
7d Bank borrowings	2,348,965	1,491,777	700,053	4,540,795	10,108			10,108
7e Other debts	1,383,730	122	23,819	1,407,671	295,783			295,783
7ea Negotiable debt securities issued by the company ...								
7eb Other borrowings, deposits and guarantees received	792,895	122	23,819	816,836	29,281			29,281
7ec Personnel, social security and local authorities	111,106			111,106	106,226			106,226
7ed State, social security	382,845			382,845	60,863			60,863
7ee Miscellaneous accounts payable	96,884			96,884	99,413			99,413
TOTAL	4,450,802	1,502,747	723,872	6,677,421	856,004			856,004

NOTE 11:**ACCRUED LIABILITIES*****Accrued liabilities***

Item	1998 amount	1997 amount
	(in FF thousands)	
Accrued liabilities		
Deferred income to be allocated		
Amortisation deferred over redemption price	105,585	91,033
Deferred commissions received from reinsurers		
Other accrued liabilities		
Technical reinsurance valuations		
TOTAL ACCRUED LIABILITIES	105,585	91,033
Of which accrued interest on debt		

NOTE 12:

ASSETS AND LIABILITIES OF SUBSIDIARIES AND AFFILIATES

Credits and accounts receivable

Account	1998 Balance Sheet				1997 Balance Sheet			
	Subsidiaries	Affiliates	Other	Total	Subsidiaries	Affiliates	Other	Total
(in FF thousands)								
A) Assets								
Intangible assets			45,451	45,451			30,635	30,635
Investments								
Real estate	1,889,648	103,612	1,034,452	3,027,712			4,067,004	4,067,004
Equity securities and other variable-income securities	14,219,310	28,982	7,181,590	21,429,882	4,214,114	146,990	9,010,620	13,371,724
Bonds, negotiable debt securities and other fixed-income securities			4,100,422	4,100,422			6,426,895	6,426,895
Loans	2,156,333	604	638,575	2,795,512		685	49,224	49,909
Other bank deposits								
Other investments			10,339	10,339			10,507	10,507
Deposits with ceding companies	309,633			309,633				

Account	1998 Balance Sheet				1997 Balance Sheet			
	Subsidiaries	Affiliates	Other	Total	Subsidiaries	Affiliates	Other	Total
(in FF thousands)								
Unit-linked related investment								
Share of reinsurers in technical reserves								
unearned premiums (non-life)	66,474			66,474	49,525			49,525
Claims reserves (non-life)	585,241		940,460	1,525,701	697,867		481,736	1,179,603
Share of profits and discounts (non-life)								
Equalisation reserves			4,674	4,674			5,019	5,019
Other technical reserves (non-life) ...	2,291			2,291	2,895			2,895
Direct insurance accounts receivable								
— of which: on direct policyholder ..								
— of which: on insurance intermediary								
— of which: on other third parties ..			2,421	2,421			2,628	2,628
Reinsurance accounts receivable	481,309		110,862	592,171	581,684		51,752	633,436
Personnel			7,915	7,915			17,829	17,829
State, social security, local authorities ..			8,591	8,591			80,271	80,271

Account	1998 Balance Sheet				1997 Balance Sheet			
	Subsidiaries	Affiliates	Other	Total	Subsidiaries	Affiliates	Other	Total
(in FF thousands)								
Miscellaneous accounts receivable	295,351	221	145,458	441,030	294,738	1,675	111,232	407,645
Tangible operating assets			51,842	51,842			34,704	34,704
Bank current accounts and cash at hand			27,261	27,261			21,869	21,869
Accrued interest and rental income not yet due			163,177	163,177			274,119	274,119
Deferred acquisition costs	95,617			95,617	98,727			98,727
Other accrued assets			31,434	31,434			23,526	23,526
Foreign exchange adjustment			9,449	9,449			13,189	13,189
TOTAL	<u>20,101,207</u>	<u>133,419</u>	<u>14,514,373</u>	<u>34,748,999</u>	<u>5,939,550</u>	<u>149,350</u>	<u>20,712,759</u>	<u>26,801,659</u>

Debts and liabilities

Account	1998 Balance Sheet				1997 Balance Sheet			
	Subsidiaries	Affiliates	Other	Total	Subsidiaries	Affiliates	Other	Total
	(in FF thousands)							
B) Liabilities								
Capital and reserves	(402,245)		12,683,801	12,281,556	(815,498)		12,255,094	11,439,596
Gross technical reserves								
Unearned premiums (non-life) ..	707,809		988	708,797	767,199		710	767,909
Claims reserves (non-life)	12,725,334		17,926	12,743,260	11,335,378		17,684	11,353,062
Share of profits and discounts (non-life)								
Equalisation reserves	272,717		18,374	291,091	319,191		19,563	338,754
Other technical reserves (non-life)	840,600		98,999	939,599	786,201			786,201
Provision for contingencies and charges	53,229		781,096	834,325	134,744		958,463	1,093,207
Debts for cash deposits of cessionnaires	130,896		26,058	156,954	7,442		4,297	11,739
Direct insurance accounts payable			2,186	2,186			2,023	2,023
— of which: on direct policyholder								
— of which: on insurance intermediary								
— of which: on other third parties								
Reinsurance accounts payable	641,776		84,993	726,769	408,889		139,202	548,091
Bonds								
Bank borrowings			4,540,795	4,540,795	347		9,762	10,109
Other liabilities								
Other borrowings, deposits and guarantees received	243,752		573,084	816,836	7,732		21,549	29,281
Personnel			111,106	111,106			106,226	106,226
State, social security, local authorities			382,845	382,845			60,864	60,864
Miscellaneous accounts payable ...	6,687	2,616	87,581	96,884	49	2,881	96,483	99,413
Accrued liabilities			105,585	105,585			91,033	91,033
Foreign exchange adjustment			10,411	10,411			64,151	64,151
TOTAL	<u>15,220,555</u>	<u>2,616</u>	<u>19,525,828</u>	<u>34,748,999</u>	<u>12,951,674</u>	<u>2,881</u>	<u>13,847,104</u>	<u>26,801,659</u>

NOTE 13:**FOREIGN CURRENCY ASSETS AND LIABILITIES***Credits and liabilities by currency*

<u>Item</u>	<u>Assets 1998</u>	<u>Liabilities 1998</u>	<u>Foreign exchange adjustment 1998</u>	<u>Assets 1997</u>	<u>Liabilities 1997</u>	<u>Foreign exchange adjustment 1997</u>
	(in FF thousands)					
E) Foreign currency credits and liabilities (translated into FF thousands)						
French Franc						
Belgian-Luxembourg Franc	1,165	(1,992)		7,406	1,181	135
Danish Krone		(509)		7,353	1,440	67
Deutsche Mark	170,713	33,494		666,782	32,210	4,798
Greek Drachma						
Spanish Peseta	120,583	21,453		167,289	30,404	1,594
Finnish Markka	30,375	1,328		26,218	5,185	296
Irish Punt						
Italian Lira	242,520	8,208		186,498	960	2,436
Dutch Guilder	125,340	73,210		230,565	11,456	2,183
Austrian Schilling		18			2,321	
Portuguese Escudo	18,440	3,791		4,944	1,946	135
Swedish Krona	21,267	11,128	2,325	50,360	994	1,023
British Sterling	94,678	4,570	7,113	180,251	23,984	(8,469)
ECU	4,922	2			899	
Swiss Franc	28,941	4,462	(354)	55,265	2,503	(1,030)
US Dollar	385,968	35,643	(10,041)	477,969	(5,421)	(54,127)
Canadian Dollar	3,539		12	4,076	(172)	(525)
Japanese Yen	108	(716)	(17)	8,554	(1,400)	520
Other currencies						
TOTAL	<u>1,248,559</u>	<u>194,090</u>	<u>(962)</u>	<u>2,073,530</u>	<u>108,490</u>	<u>(50,964)</u>

NOTE 14:**COMMITMENTS RECEIVED AND GIVEN***Commitments received and given*

<u>Item</u>	<u>Commitments in respect of senior managers</u>	<u>Commitments in respect of subsidiaries</u>	<u>Commitments in respect of affiliates</u>	<u>Other</u>	<u>1998 TOTAL</u>	<u>1997 TOTAL</u>
	(in FF thousands)					
1. Commitments received		95,926		1,202,889	1,298,815	95,926
2. Commitments given						
2a. Endorsements, sureties and credit guarantees given		8,750			8,750	7,950
2b. Securities and assets acquired under resale agreements						
2c. Other commitments on securities, assets or revenues				1,202,889	1,202,889	
2d. Other commitments given				5,846	5,846	5,846
TOTAL		<u>8,750</u>		<u>1,208,735</u>	<u>1,217,485</u>	<u>13,796</u>
3. Securities received as collateral from insurance and reinsurance companies				636,907	636,907	394,759
4. Securities given by reinsured entities with joint fidelity guarantee						
5. Securities held for personal benefits institutions						
6. Other securities held for third parties						

NOTE 15:**PORTFOLIO CHANGES*****DIRECT business and acceptances***

<u>Item</u>	<u>1998</u> <u>Balance Sheet</u>	<u>1997</u> <u>Balance Sheet</u>
	(in FF thousands)	
Portfolio Entries		
Premiums	33,868	
Claims	58,729	
Portfolio Withdrawals		
Premiums		
Claims		

Main changes in 1998:

- Impact on Caisse Centrale des Assurances Mutuelles Agricoles acceptances of the increase in Groupama Assurances et Services' interest in the Réunion Aérienne and Spatiale pools:
 - One Premiums portfolio entry for FF 24.801 million
 - One Claims portfolio entry for FF 56.422 million
- Increase in Caisse Centrale des Assurances Mutuelles Agricoles' share in the reinsurance of the Regional Mutuals in respect of long-term care insurance:
 - One Premiums portfolio entry for FF 9.064 million
 - One Claims portfolio entry for FF 2.297 million

Cessions

<u>Item</u>	<u>1998</u> <u>Balance Sheet</u>	<u>1997</u> <u>Balance Sheet</u>
	(in FF thousands)	
Portfolio Entries		
Premiums	12,342	
Claims	579,996	
Portfolio Withdrawals		
Premiums	14,841	
Claims	590,611	

Main changes in 1998:

- CCAMA's reinsurers resumed direct control in 1998 of pre-1997 treaties written by Sorema, resulting in Claims portfolio withdrawals of FF 302.107 million
- CCAMA's reinsurers resumed direct control in 1998 of treaties in the pre-1995 non agricultural risks portfolio written by Groupama Assurances et Services, resulting in a Claims portfolio withdrawal of FF 288.504 million
- Resumption of direct control of these treaties by CCAMA's reinsurers has resulted in Claims portfolio entries of FF 579.996 million
- Long-term care risks, which have been ceded to reinsurers as of 1998, have resulted in a Premiums portfolio entry in respect of pre-1998 writings amounting to FF 12.342 million
- A Premiums portfolio withdrawal has also been made at the level of the Caisse Centrale de Réassurance (Central Mutual), amounting to FF 14.841 million,

representing ceded premiums written but not earned at 31 December 1998, as ceded premiums are henceforward calculated solely on premiums earned in the year under review.

NOTE 16:

OPERATING INCOME STATEMENT (analysed by class)

	Individual Accident (Cat. 20)	Group Accident (Cat. 21)	Motor, Third Party (Cat. 23)	Motor Damage (Cat. 22)	Total Motor (Cat. 22-23)	Individual Property Damage (Cat. 24)	Professional Property Damage (Cat. 25)
	(in FF thousands)						
1a. Premiums	6,216	383	72,739	52,937	125,676	10,609	24,968
1b. Change in unearned premiums	(353)	(34)	(9,290)	(8,411)	(17,700)	(2,309)	(3,060)
1. Earned premiums	6,569	417	82,029	61,348	143,376	12,918	28,028
2a. Claims and expenses paid	35,242	28	57,118	30,248	87,367	8,480	5,995
2b. Claims reserves charges	76,779	283	46,487	8,249	54,734	(5,431)	9,260
2. Claims expense	112,021	311	103,605	38,497	142,101	3,049	15,255
A. Underwriting Balance	(105,452)	106	(21,576)	22,851	1,275	9,869	12,773
5. Acquisition costs	479	35	6,993	5,287	12,279	1,185	2,633
6. Other net administration costs	570	39	7,334	5,339	12,674	1,155	2,949
B. Acquisition Costs	1,049	74	14,327	10,626	24,953	2,340	5,582
7. Investment income	15,912	12	15,823	736	16,559	427	1,504
8. Profit sharing							
C. Financial Balance	15,912	12	15,823	736	16,559	427	1,504
9. Reinsurers' share of earned premiums	43	2	102	121	223	1,087	2,439
10. Share of non-licensed mutuals in earned premiums	3,526	202	39,619	29,854	69,472	5,709	9,621
10b. Reinsurers' share of claims paid	128	11	3		2	371	1,286
11. Share of non-licensed mutuals in claims paid	1,151	15	24,286	16,216	40,502	2,603	2,932
11b. Reinsurers' share in outstanding claims reserves ...	(725)	(16)	526	67	593	251	453
12. Share of non-licensed mutuals in outstanding claims reserves	(25)	151	12,444	4,781	17,225	(3,017)	2,002
12b. Reinsurers' share of profits ...							
13. Commissions received from reinsurers	12	0	2	0	2	305	629
D. Reinsurance Balance	(3,028)	(43)	(2,460)	(8,911)	(11,371)	(6,283)	(4,758)
Technical Result	(93,617)	1	(22,540)	4,050	(18,490)	1,673	3,933
Off-account							
14. Net unearned premiums reserves (closing)			1		1		
15. Net unearned premiums reserves (opening)	353	34	9,291	8,410	17,701	2,309	3,060
16. Outstanding claims reserves (closing)	10,422	479	248,378	17,443	265,822	6,831	36,381
17. Outstanding claims reserves (opening)	14,041	196	202,370	9,195	211,565	12,262	29,590
18. Other technical reserves (closing)	461,378		115,853		115,853		2,468
19. Other technical reserves (opening)	380,981		115,375		115,375		

	Farm Property Damage	Property Damage (Total)	Natural Catastrophe	General Liability	Legal Expenses	Assistance	Miscellaneous Financial Loss
	(Cat. 26)	(Cat. 24-25-26)	(Cat. 27)	(Cat. 28)	(Cat. 29)	(Cat. 30)	(Cat. 31)
	(in FF thousands)						
1a. Premiums	4,266	39,842	3,413	111	465		
1b. Change in unearned premiums	(6)	(5,375)	(519)	(1)			
1 Earned premiums	4,272	45,217	3,932	112	465		
2a. Claims and expenses paid	2,712	17,187	136	494	2		
2b. Claims reserves charges	2,141	5,968	(5,291)	(238)	92		
2. Claims expense	4,853	23,155	(5,155)	256	94		
A. Underwriting Balance	(581)	22,062	9,087	(144)	371		
5 Acquisition costs	549	4,368	560	10	36		
6 Other net administration costs	484	4,587	564	10	43		
B. Acquisition Costs	1,033	8,955	1,124	20	79		
7 Investment income	302	2,232	494	204	6		
8 Profit sharing							
C. Financial Balance	302	2,232	494	204	6		
9 Reinsurers' share of earned premiums	2,014	5,540	501	26	8		
10 Share of non-licensed mutuals in earned premiums	1,736	17,067	524	54	222		
10b Reinsurers' share of claims paid	1,198	2,853	48	13			
11 Share of non-licensed mutuals in claims paid	1,449	6,984			(1)		
11b Reinsurers' share in outstanding claims reserves	548	1,254	69	18	9		
12 Share of non-licensed mutuals in outstanding claims reserves	2,994	1,979	(1,674)		46		
12b Reinsurers' share of profits							
13 Commissions received from reinsurers	274	1,209	109	3			
D. Reinsurance Balance	2,713	(8,328)	(2,473)	(46)	(176)		
Technical Result	1,401	7,011	5,984	(6)	122		
Off-account							
14 Net unearned premiums reserves (closing)							
15 Net unearned premiums reserves (opening)	6	5,375	519	1			
16 Outstanding claims reserves (closing) ..	7,133	50,344	1,935		238		
17 Outstanding claims reserves (opening)	4,991	46,843	2,717		146		
18 Other technical reserves (closing)		2,468		5,511			
19 Other technical reserves (opening)			4,510	5,750			

	Transportation	Construction Property Damage	Construction Liability	Credit	Surety	Acceptances	Total
	(Cat. 34)	(Cat. 35)	(Cat. 36)	(Cat. 37)	(Cat. 38)	(Cat. 39)	
	(in FF thousands)						
1a. Premiums	140	382	3,669	292		9,454,736	9,635,325
1b. Change in unearned premiums	(12)		(377)			(47,280)	(71,651)
1. Earned premiums	152	382	4,046	292		9,502,016	9,706,976
2a. Claims and expenses paid	74	1,712	1,158			5,905,889	6,049,289
2b. Claims reserves charges	(75)	(1,078)	1,075			1,263,081	1,395,330
2. Claims expense	(1)	634	2,233			7,168,970	7,444,619
A. Underwriting Balance	153	(252)	1,813	292		2,333,046	2,262,357
5. Acquisition costs	13	28	291	51		1,181,690	1,199,840
6. Other net administration costs	14	34	337	53		1,393,193	1,412,118
B. Acquisition Costs	27	62	628	104		2,574,883	2,611,958
7. Investment income	(8)	872	1,175			832,355	869,813
8. Profit sharing							
C. Financial Balance	(8)	872	1,175			832,355	869,813
9. Reinsurers' share of earned premiums	217	8	32	91		1,371,291	1,377,982
10. Share of non-licensed mutuals in earned premiums	73	195	1,775				93,110
10b. Reinsurers' share of claims paid ..	247	3	(5)	48		626,737	630,085
11. Share of non-licensed mutuals in claims paid	40	388	219				49,298
11b. Reinsurers' share in outstanding claims reserves	53	68	107	(4)		340,531	341,957
12. Share of non-licensed mutuals in outstanding claims reserves	(41)	93	1,642				19,396
12b. Reinsurers' share of profits							
13. Commissions received from reinsurers	5	2	6	26		227,993	229,367
D. Reinsurance Balance	14	351	162	(21)		(176,030)	(200,989)
Technical Result	132	909	2,522	167		414,488	319,223
Off-account							
14. Net unearned premiums reserves (closing)				36		708,760	708,797
15. Net unearned premiums reserves (opening)	12		377	36		756,041	780,449
16. Outstanding claims reserves (closing)	13	14,396	20,643			12,490,685	12,854,977
17. Outstanding claims reserves (opening)	88	15,474	19,568			11,133,827	11,444,465
18. Other technical reserves (closing)						532,779	1,117,989
19. Other technical reserves (opening)						626,556	1,133,172

NOTE 17:

INVESTMENT INCOME AND EXPENSES

17.1 Analysis of investment expenses 1998

<u>Item</u>	<u>Subsidiaries</u>	<u>Affiliates</u>	<u>Others</u>	<u>Total</u>
		(in FF thousands)		
Investment Expenses				
5a Internal and external investment management expenses	114,190	21	166,745	280,956
5b Other investment expenses			140,817	140,817
5c Realised capital losses		2	889,175	889,177
TOTAL	114,190	23	1,196,737	1,310,950

17.2 Analysis of investment expenses 1997

<u>Item</u>	<u>Subsidiaries</u>	<u>Affiliates</u>	<u>Others</u>	<u>Total</u>
		(in FF thousands)		
Investment Expenses				
5a Internal and external investment management expenses	38,723	17	119,952	158,692
5b Other investment expenses	504,374	13,503	182,967	700,844
5c Realised capital losses	33,211	7,227	328,166	368,604
TOTAL	<u>576,308</u>	<u>20,747</u>	<u>631,085</u>	<u>1,228,140</u>

17.3 Analysis of investment income 1998

<u>Item</u>	<u>Subsidiaries</u>	<u>Affiliates</u>	<u>Others</u>	<u>Total</u>
		(in FF thousands)		
Investment Income				
3a Investment income	46,560	14,172	612,602	673,334
3aa Income from participating interests	22,695	11,664		34,359
3ab Income from real estate investments	23,865	2,508	127,080	153,453
3ac Income from other investments			485,522	485,522
3ad Other financial income				
3b Other income from investments	536,113	4,751	168,463	709,327
3c Realised capital gains	52,683	138,035	1,405,296	1,596,014
TOTAL	<u>635,356</u>	<u>156,958</u>	<u>2,186,361</u>	<u>2,978,675</u>

17.4 Analysis of investment income 1997

<u>Item</u>	<u>Subsidiaries</u>	<u>Affiliates</u>	<u>Others</u>	<u>Total</u>
		(in FF thousands)		
Investment Income				
3a Investment income	44,106	15,809	768,942	828,857
3aa Income from participating interests	12,675	13,225		25,900
3ab Income from real estate investments	31,431	2,584	104,278	138,293
3ac Income from other investments			664,664	664,664
3ad Other financial income				
3b Other income from investments	138,054	113	132,097	270,264
3c Realised capital gains	963	3,189	643,249	647,401
TOTAL	<u>183,123</u>	<u>19,111</u>	<u>1,544,288</u>	<u>1,746,522</u>

NOTE 18:

EXTRAORDINARY CHARGES

Extraordinary expenses consist primarily of:

- a FF 11 million allocation to the provision for miscellaneous contingencies; and
- a FF 53 million allocation to the general reserve, corresponding to intra-group capital gains realised in 1998.

NOTE 19:

CORPORATE TAX

Tax expense

<u>Item</u>	<u>1998</u>	<u>1997</u>
	<u>Balance Sheet</u>	<u>Balance Sheet</u>
	(in FF thousands)	
Current tax liability	116,168	202,765
Deferred taxes		
Reserve 1998	403,017	116,168
Reserve 1997	(116,168)	(202,785)
TOTAL CORPORATE TAX EXPENSE	<u>403,017</u>	<u>116,168</u>

NOTE 20:**PROPOSED APPROPRIATION OF NET INCOME**• *Proposed appropriation of income (debit)*

<u>Item</u>	<u>1998</u> <u>Debit</u>	<u>1997</u> <u>Debit</u>
	(in FF thousands)	
Prior-year losses brought forward		
1998 loss		
Members' rebates		
Appropriation to capital gains reserves		
Appropriation to other reserves	585,589	457,294
Other allocations		
Retained earnings (income)		
TOTAL	<u><u>585,589</u></u>	<u><u>457,294</u></u>

• *Proposed appropriation of income (credit)*

<u>Item</u>	<u>1998</u> <u>Credit</u>	<u>1997</u> <u>Credit</u>
	(in FF thousands)	
Retained earnings brought forward		
1998 income	585,589	457,294
Retained earnings (loss)		
TOTAL	<u><u>585,589</u></u>	<u><u>457,294</u></u>

NOTE 21:**PERSONNEL EXPENSES**• *Personnel expenses*

<u>Item</u>	<u>1998</u>	<u>1997</u>
	(in FF thousands)	
Salaries	218,047	190,856
Pensions		
Social security contributions	82,902	75,643
Other	<u>7,757</u>	<u>8,288</u>
TOTAL	<u><u>308,706</u></u>	<u><u>274,787</u></u>

These charges refer to the Caisse Centrale des Assurances Mutuelles Agricoles *de facto* group, after allocation to each of its members.

NOTE 22:**CONSOLIDATION**

Caisse Centrale des Assurances Mutuelles Agricoles is Groupama's legal consolidating entity; the consolidated financial statements are published and certified by the statutory auditors of Caisse Centrale des Assurances Mutuelles Agricoles.

NOTE 23:

DATA CONCERNING SUBSIDIARIES AND AFFILIATES

Details of each shareholding whose gross value exceeds 1 per cent of the reporting company's share capital				Capital and reserves excluding capital and 1998 result		% of capital held		Book value of shareholding		1998 revenues		1998 result	
More than 10%-held	Registered Offices	Capital						Gross	Net				
SCEPAR	8-10, rue d'Astorg 75008 Paris	FF	56,182,400	FF	124,660,326	100.0%	FF	59,288,567	FF 59,288,567	FF	5,772,984	FF	104,463,318
SERMVVF	8-10, rue d'Astorg 75008 Paris	FF	420,000	FF	(241,540)	99.9%	FF	5,244,000	FF 175,398	ns		FF	(21,147)
CEP Management	11, rue Aldringen - L-2960 Luxembourg	LUF	5,000,000	LUF	602,310	99.8%	LUF	1,164,529.02	LUF 1,164,529.02	FF	1,349,395	FF	1,040,124
Compagnie Fonciere Parisienne	28, rue de Mogador 75009 PARIS	FF	3,786,274,000	FF	73,756,173	40.9%	FF	2,014,285,926	FF 1,394,238,870	FF	85,155,389	FF	110,847,339
SOREMA Luxembourg	5, place de la Gare L-1616 Luxembourg ...	FF	30,000,000	FF	0	52.0%	FF	15,600,000	FF 15,600,000	FF	36,492,606	FF	0
Groupama-S.A.	8-10, rue d'Astorg 75008 Paris	FF	16,585,616,000	FF	6,306,767,496	55.9%	FF	13,214,687,673	FF 13,214,687,673	FF	0		na
Groupama Reassurance	8-10, rue d'Astorg - 75008 Paris	FF	2,141,000,000	FF	379,952,648	40.4%	FF	863,862,000	FF 863,862,000	FF	355,215	FF	(13,712,431)
Silic	4, place de Rio de Janeiro - 75008 Paris ...	FF	432,423,900	FF	2,161,322,656	39.1%	FF	917,854,533	FF 917,854,533	na			na
Axiome Informatique	30, Bd de Champagne - 21000 Dijon	FF	10,000,000	FF	8,511,093	16.0%	FF	1,759,200	FF 1,539,200	FF	123,133,976	FF	(433,148)
Financiere Sogeparc(*)	40, rue de l'Est-92774 Boulogne Billancourt Cedex	FF	353,079,200	FF	1,155,271,867	10.8%	FF	138,927,906	FF 138,927,906	FF	120,470,528	FF	108,153,773

(*) year-ending June 30

na = Not available

ns = Not significant

NOTE 23:

CCAMA

DATA CONCERNING SUBSIDIARIES AND AFFILIATES

Aggregate data concerning all subsidiaries and affiliates (in FF thousands)	Book value of shareholding		Loans and advances given	Guarantees and sureties given	Dividends received
	Gross	Net			
Subsidiaries					
French	15,757,957	14,957,632	2,191,332	5,500	25,088
Non-French	16,763	16,763	0	0	0
Affiliates					
French	2,015,554	2,014,964	152,205	0	76,976
Non-French	0	0	0	0	0

NOTE 24:**WORK FORCE****Personnel**

<u>Item</u>	<u>1998</u>	<u>1997</u>
SALES PERSONNEL		
Senior managers		
Other managers		
Non-executive grade		
TOTAL SALES PERSONNEL		
OTHER PERSONNEL		
Senior managers	114	109
Other managers	802	756
Non-executive grade	186	195
TOTAL OTHER PERSONNEL	<u>1,102</u>	<u>1,060</u>
TOTAL PERSONNEL	<u>1,102</u>	<u>1,060</u>

NOTE 25:**FIVE-YEAR FINANCIAL SUMMARY**

<u>ITEM</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(in FF)		
I. Financial position at year-end					
a. Initial capital	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
II. Operations and results					
a. Premiums	5,024,607,299	9,800,998,442	9,977,502,109	9,602,373,295	9,519,135,716
b. Income before tax, depreciation and provisions	159,679,979	785,602,729	789,729,633	768,682,469	219,408,504
c. Corporate tax	60,187,803	95,773,582	193,120,071	116,168,156	403,017,026
d. Income after tax, depreciation and provisions	17,900,259	424,965,699	571,531,342	457,294,542	585,589,493
IV. Employees					
a. Number of employees	22	25	28	1,060	1,102
b. Total payroll expense	13,943,669	14,480,351	17,507,737	288,340,479	310,586,312
c. Social security contributions and other employee benefits	5,798,135	5,852,813	7,330,282	95,564,749	98,677,790

CONSOLIDATED FINANCIAL STATEMENTS OF CCAMA

Report of the statutory auditors and certifying accountants on 1998 consolidated financial statements Fiscal year ended on 31 December 1998

As appointed by you, we have audited Groupama's consolidated financial statements for the fiscal year ended 31 December 1998.

The consolidated financial statements were approved by the Board of Directors of Caisse Centrale des Assurances Mutuelles Agricoles. Our responsibility is to state an opinion on these financial statements.

We conducted our audits in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable certainty that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence confirming the amounts and disclosures in the financial statements. An audit also consists in assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

To that end, we obtained the conclusions expressed by the statutory auditors of the Regional Mutuals and subsidiaries with regard to their financial statements as well as other additional information.

The tests we carried out and the conclusions obtained from the statutory auditors of the Regional Mutuals and their subsidiaries provide a reasonable basis for the following opinion.

We certify that these consolidated financial statements present fairly, in all material respects, the assets and financial position of the Group formed by the consolidated companies, in accordance with generally accepted accounting principles.

Without qualifying the aforementioned opinion, we would like to draw your attention to the following points:

- as indicated in Notes 3.1 and 3.2, the legal structure of Assurances Mutuelles Agricoles and the existence of joint interests between the Local and Regional Mutuals has led to the accounts of these entities being aggregated with intra-group transactions being subsequently eliminated before consolidating the subsidiaries;
- furthermore, Note 3.3 describes the change in accounting principles introduced in 1998 with respect to acquisition expenses relating to life insurance policies.

We have also verified the information given in the Group management report. We have no comment to make regarding its accuracy and consistency with the consolidated financial statements.

Paris, 11 May 1999

The statutory auditors
Members of the Compagnie Régionale de Paris

Francis Audibert
Francis Audibert & Associés

Pierre Bernard Anglade, Partner
Yves Nicolas, Partner
For Coopers & Lybrand Audit.
Member of Pricewaterhouse Coopers

Consolidated Groupama Balance sheet
as of 31 December

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		(in FF millions)	
ASSETS			
Goodwill	1	8,984	308
Intangible assets	2	788	510
Investments	3	296,837	121,559
Investments held to cover technical reserves relative to unit-linked contracts		14,614	3,185
Shares in companies accounted for under the equity method	5	4,972	458
Share of reinsurers in technical reserves	11	12,148	2,085
Receivables	6	22,758	6,306
Other assets	7	6,566	2,385
Accruals	8	17,182	5,013
TOTAL		<u>384,849</u>	<u>141,809</u>

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		(in FF millions)	
LIABILITIES			
Initial capital		209	209
Reserves		28,049	26,472
Unrealised foreign exchange gains or losses		(301)	(27)
Net profit		905	1,515
Total capital and reserves	9	<u>28,862</u>	<u>28,169</u>
Minority interests	10	2,240	2,080
Subordinated debt		288	—
Technical reserves	11	303,291	98,527
Technical reserves relative to unit-linked contracts		15,532	3,193
Provisions for contingencies and charges	12	8,796	3,324
Deposits received from reinsurers		480	142
Other liabilities	13 & 14	23,383	5,280
Accruals	15	1,977	1,094
TOTAL		<u>384,849</u>	<u>141,809</u>

1998 Groupama consolidated life operating income statement

	<u>Notes</u>	<u>Gross 1998</u>	<u>Cession 1998</u>	<u>Net 1998</u>	<u>Net 1997</u>
		(in FF millions)			
LIFE OPERATING INCOME STATEMENT	16				
Premiums	17	17,229	(29)	17,200	7,680
Investment income	19	10,874	—	10,874	5,486
Adjustment to unit-linked contracts (capital gains)		915	—	915	332
Claims		(12,751)	80	(12,671)	(6,100)
Benefits and related expenses paid		(13,223)	117	(13,106)	(6,068)
Change in claims reserves		472	(37)	435	(32)
Change in life insurance technical reserves		(1,670)	(99)	(1,769)	(1,151)
Change in technical reserves for unit-linked contracts		(2,845)	—	(2,845)	(805)
Allocation to policyholders' surplus		(6,464)	81	(6,383)	(3,545)
Acquisition and administrative expenses	18	(2,194)	27	(2,167)	(532)
Acquisition expenses		(1,695)	(1)	(1,696)	(388)
Administrative expenses		(499)	—	(499)	(151)
Commissions received from reinsurers		—	28	28	7
Other operating income / charges		(226)	—	(226)	(100)
Investment charges	19	(2,118)	—	(2,118)	(737)
Adjustment to unit-linked policies (capital losses)		(352)	—	(352)	—
Transferred investment income	20	(300)	—	(300)	(161)
LIFE OPERATING PROFIT / LOSS		98	60	158	367

**1998 Groupama consolidated non-life
operating income statement**

	<u>Notes</u>	<u>Gross 1998</u>	<u>Cession 1998</u>	<u>Net 1998</u>	<u>Net 1997</u>
		(in FF millions)			
NON-LIFE OPERATING INCOME STATEMENT	16				
Earned premiums		38,470	(2,780)	35,690	27,072
Premiums	17	37,942	(2,807)	35,135	27,064
Change in unearned premiums		528	27	555	8
Allocated investment income	20	3,962	—	3,962	1,810
Claims		(32,479)	2,734	(29,745)	(20,457)
Claims and related expenses paid		(28,999)	1,977	(27,022)	(18,456)
Change in claims reserves		(3,480)	757	(2,723)	(2,001)
Acquisition and administrative expenses	18	(8,599)	447	(8,152)	(5,699)
Acquisition expenses		(6,577)	103	(6,474)	(4,598)
Administrative expenses		(2,022)	—	(2,022)	(1,298)
Commissions received from reinsurers		—	344	344	197
Other operating income/charges		(1,153)	—	(1,153)	(1,232)
NON-LIFE OPERATING PROFIT/LOSS		201	401	602	1,494

**1998 Groupama non-operating
income statement**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		<u>(in FF millions)</u>	
NON-OPERATING INCOME STATEMENT			
Non-life operating insurance profit/loss		602	1,494
Life operating insurance profit/loss		158	367
Non-life investment income	19	8,611	5,586
Allocated life insurance investment income	20	300	161
Non-life investment charges	19	(3,317)	(2,726)
Transferred non-life insurance investment income	20	(3,962)	(1,810)
Non-operating investment income		1,632	1,211
Net non-operating income/charge	21	(243)	(82)
Net exceptional income/charge	21	(116)	(290)
Consolidated pre-tax profit		2,033	2,700
Corporate tax	22	(1,208)	(1,139)
Net profit of consolidated companies after tax		825	1,561
Share in net income of companies accounted for under the equity method ..	5	193	51
Consolidated net profit		1,018	1,612
Minority interests		113	97
Group share		905	1,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CCAMA

Notes to 1998 consolidated financial statements

1. KEY EVENTS IN FISCAL YEAR 1998

Acquisition of Gan

1998 was marked by the implementation of an external growth policy focused on the insurance business. In May 1998, Groupama filed a firm bid for the acquisition of Gan. This move followed the French government's decision in its decree of 22 December 1997 to transfer its 87.1% stake in Gan SA to the private sector. Groupama SA was chosen from five bidders by the Minister of the Economy, Finance and Industry, after the Commission for the evaluation of share ownership and transfers — a government advisory body — had given its approval. As a result, Groupama acquired 98.8% of the capital and voting rights of Gan SA, the holding company of Groupe Gan, by purchasing 35,869,696 shares for FF 19,559 million.

The acquisition was carried out in two stages:

On 24 July 1998, Groupama purchased 31,626,257 shares for FF 17,245 million; and on 20 November 1998 it bought a further 4,243,439 shares for FF 2,314 million. Between these two transactions, Gan made an offer for sale restricted to employees, former employees and exclusive agents of Gan SA and its subsidiaries.

The acquisition was financed by a capital increase of FF 17,500 million at Groupama SA, fully subscribed by the Central Mutual and the Regional Mutuals on 14 August 1998. The increase was paid up in two tranches: FF 15,248 million was paid on 14 August and FF 2,049 million on 20 November.

As part of the deal, the government guaranteed general and specific Gan risks. Amounting to FF 2,700 million, the specific guarantees came with a 5% exemption.

Other acquisitions

- Operations of the transport insurance arm were boosted by the 100% purchase of Navigation et Transports on 21 February 1998, for FF 87.4 million, and the acquisition of a 40% stake in Chegaray for FF 28 million on 21 February.
- Moreover, the Group subscribed to the FF 2,991 billion capital increase at CIC, decided by the Executive Committee on 17 November, in line with its minority interest of 23%. The Group subscribed to 1,464,006 shares for FF 688 million.

Disposals

- In January 1998, Sorema UK was sold to Trenwick for FF 367 million, generating a consolidated capital gain of FF 13.8 million.
- The Group's stake in GLN was sold to AON for FF 262.5 million on 15 May 1998, generating a consolidated capital gain of FF 111.4 million.
- Approval from the European Commission on 30 June 1997 for the French government's subsidy to Gan in February 1997 came with the proviso, among others, that Gan was to halve its international insurance business. This requirement was met in December 1998 when Moroccan investors agreed to purchase Gan International's shares in its subsidiaries Al Wataniya and Alliance Africaine.

The operations of these two companies were therefore not included in 1998 consolidated income statement. The securities of the two companies were revalued at sale price by transfer to goodwill for first consolidation of Gan SA and its subsidiaries. This revaluation amounted to circa FF 1.4 billion.

2. SUBSEQUENT SIGNIFICANT EVENTS

Groupama increased its stake in Chegaray from 40% to 60%.

3. CONSOLIDATION PRINCIPLES, METHODS AND STRUCTURE

3.1 PRELIMINARY NOTE

Groupama is a group headed by Assurances Mutuelles Agricoles. In 1998, the latter consisted of 10,000 Local Mutuels, 23 Regional Mutuels (after the merger of the Centre Atlantique and Lot-et-Garonne Regional Mutuels) and one Central Mutual.

Incorporation of these entities is governed by Article 1235 of the Rural Code. Their operations fall within the scope of the Insurance Code and their bylaws.

The purpose of Local Mutuels

To practise any type of non-life insurance as provided for under Articles L 322-37 and R 332-120 of the Insurance Code.

The purposes of Regional Mutuels

- Reinsuring Local Mutuels;
- Representing Local Mutuels in setting up the guarantees required by insurance regulations and in discharging the liabilities assumed;
- Setting up guarantees required by insurance regulations and to discharge the liabilities on behalf of licensed Regional Mutuels;
- Reinsuring regional mutual insurance companies that subscribe to the bylaws of the Regional Mutuels;
- Retroceding to a Mutual with national jurisdiction all or part of risks assumed that can be reinsured;
- Reinsuring risks stemming from the retrocession of a Mutual with national jurisdiction, irrespective of the situation of these risks;
- Facilitating the operations of affiliated Mutuels and regional member Mutual companies by representing them and providing technical back-up;
- Conducting any other operation or transaction within the limits set by the legislation applicable to Groupama Mutuels.

The purpose of the Central Mutual

- Ensuring the Group's overall management;
- Reinsuring Regional Mutuels;
- Stepping in for Mutuels exempt from licensing in setting up the guarantees required by insurance regulations and discharging liabilities assumed;
- Reinsuring any insurance or reinsurance Mutual governed by the Insurance Code, regardless of its form, as well as any joint-stock insurance company in which agricultural or non-agricultural mutual insurance or reinsurance companies hold a majority interest and a majority of voting rights;
- Carrying out all retrocession operations;
- Possibly assuming reinsurance from foreign companies conducting similar operations;
- Supporting member Mutuels and organizing any common department that may be required for this purpose;
- Carrying out any other operation or transaction within the limits set by the legislation applicable to the Groupama Mutuels.

All these entities maintain strong and enduring reinsurance ties by virtue of contractual and statutory provisions.

Moreover, their operations are sufficiently co-ordinated to demonstrate that they operate as a united group.

The whole of Local and Regional Mutuels and the Central Mutual is deemed to be the parent company of Groupama. The consolidating company is the Central Mutual, the full French name of which is Caisse Centrale des Assurances Mutuelles Agricoles.

3.2 OVERVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

Act 94-679 of 8 August 1994 introduced the concept of controlled insurance companies and combined accounts in Articles L 345-1 and L 345-2 of the Insurance Code.

“When two or several companies subject to control by the State in application of Article L 310-1 or Article L 310-1 form a group whose cohesion does not result from capital links, one of these companies prepares and publishes combined accounts, which aggregate all the accounts drafted, when relevant on a consolidated basis, by the companies concerned.”

Decree 91-123 of 28 October 1991 that set the application terms of Article L 345-1 was modified by decree 95-883 of 31 July 1995 (Articles R 345-1 to R 345-11 of the Insurance Code).

Consolidated accounts are prepared in compliance with the provisions of the Act of 3 January 1985 relative to the consolidated accounts of certain trading companies and its application decree of 17 February 1986. With regard to the insurance sector, as for previous fiscal years, principles were based on the European Directive of 19 December 1991 and the Insurance Code.

3.2.1 CONSOLIDATION METHOD

The Group forming the parent company is consolidated by aggregating the assets and earnings of the consolidated companies.

Entities exclusively controlled by Groupama are fully consolidated when they are specialised in insurance, reinsurance, travel and related insurance or real estate. They are deemed to be controlled exclusively when the Group, directly or indirectly, controls at least 40 percent of the voting rights and no outside shareholder holds more than 40 percent of the voting rights.

Entities controlled jointly with outside partners and which are specialised in insurance, reinsurance, travel and related insurance or real estate are included according to the French proportional consolidation method.

Entities in which the Group exerts significant influence on management and financial policy are accounted for under the equity method. The Group is deemed to exert significant influence when it holds an interest of 20 percent or more in the company's capital.

Entities controlled by the Group whose business does not fall within the scope of the Group's core business lines (i.e. insurance, reinsurance, travel and related insurance and real estate) are accounted for under the equity method.

Entities whose shares are held on a temporary basis or do not have a significant material effect on the accuracy of the financial statements are not consolidated.

3.2.2 CHANGES IN THE CONSOLIDATION STRUCTURE

The following companies were consolidated for the first time in 1998:

- Gan SA and its subsidiaries (as from 1 July 1998);
- Groupama Navigation et Transports (as from 21 February 1998);
- Chegaray Assurance (as from 21 February 1998);
- Groupama Asset Management North America (as from 1 January 1998).

The following companies were deconsolidated:

- Sorema UK;
- GLN;
- SCI Marne;
- Aide Assistance Milan;
- GIE Groupama Central.

3.2.3 Treatment of Local Mutuals

In 1998, Groupama aggregated the balance sheets and income statements of all Local Mutuals. Group accounts therefore record all items for all group entities as required by Articles L 341-1 and L 345-2 of the Insurance Code.

3.2.4 Closing dates

The statutory books of consolidated companies are closed on 31 December. Companies that close their books on another date prepare an interim statement on 31 December.

3.2.5 Translation of financial statements of foreign companies

Balance sheet items are translated into French francs at the official closing exchange rate except for capital and reserves, excluding profit, which are translated at historical rates. The Group's share of the resulting foreign exchange gains or losses are booked under the "Unrealised foreign exchange gains/losses" item. The balance is booked under "Minority interests".

Income statement transactions are translated at the average rate. The Group's share of the difference between earnings translated at the official rate and earnings converted at the closing rate is booked under the "Unrealised foreign exchange gains/losses" item. The balance is booked under "Minority interests".

3.2.6 Consolidated goodwill

The difference between the purchase price of the shares and their proportional value in respect of the subsidiary's net assets (determined according to the Group's valuation principles defined in Note 4.) at the time of acquisition has been recorded, insofar as possible, under the items of the balance sheet concerned. The positive non-allocated balance is booked in assets under the "Goodwill" item. The balance is amortised over a period adapted to the conditions under which it was acquired but may not exceed twenty years.

3.2.7 Transactions between consolidated companies

Capital gains and losses on intra-group transactions are eliminated.

Nevertheless, in accordance with Article R 345-3 of the Insurance Code, asset acquisitions or disposals which involve assets matching technical reserves are not restated when carried out at market prices.

Changes in value arising from mergers of Regional Mutuals are maintained. Their equivalent sums are transferred to reserves. Said reserves are reduced by long-term reserves when they pertain to these same changes in value. The net reserves are carried over to the income statement when these assets are sold outside the Group.

Intra-Group transactions involving equity investments of consolidated companies are restated.

Reinsurance transactions recognised at a different time are restated before elimination when they are material.

Other transactions between Group companies are eliminated from the balance sheet and income statement.

3.2.8 Regulated and statutory reserves of insurance companies

Allocation to, and transfers from, reserves made in accordance with legal, regulatory and statutory requirements are restated and carried over to the year's income or loss.

3.2.9 Aligning accounts

The individual financial statements of French companies consolidated by Groupama are prepared in compliance with the rules applicable to their business and set out by:

- The Insurance Code for insurance, reinsurance and travel and related insurance;
- The Committee for Bank Regulation (Comité de la Réglementation Bancaire — CRB); for companies subject to the control of the Banking Commission;
- The Revised Accounting Standards for other companies.

The individual financial statements of consolidated foreign companies are prepared according to the accounting principles or the regulations set out by the supervisory authorities of the country in which they carry

out their business, especially for mortality tables and actualisation rates of technical reserves. In aligning these accounts with French standards, allowance is made for the specific nature of the necessary restatements and the internal rationale of the methods applied in various countries, especially with regard to:

- Explicit discounting of technical reserves;
- Booking of assets at market value.

3.3 CHANGE IN ACCOUNTING METHODS: DEFERRED ACQUISITION COSTS VALUE APPROACH APPLIED TO LIFE INSURANCE POLICIES

As of 1 January 1998, acquisition costs of life insurance policies, booked in the balance sheet's assets, are valued and amortised according to the method described in Note 4.3.2. The impact of this change in method on 1998 financial statements is described in comments in Notes 8 and 9.

3.4 COMPARABILITY OF ACCOUNTS

Financial Statements are presented in conformity with the Revised Insurance Accounting Standards. Their presentation is comparable to that of fiscal year 1997. Thus the income statement comprises a life operating income statement, a non-life operating income statement and the non-operating income statement.

1998 Groupama consolidated financial statements include the operations of Gan SA and its subsidiaries in the second half of 1998.

4. ACCOUNTING PRINCIPLES AND VALUATION METHODS

4.1 INTANGIBLE ASSETS

Intangible assets primarily include software, whether purchased outside or developed in-house, acquisition expenses of fixed assets and goodwill. They are amortised according to the straight-line method over a period ranging from one to five years, except for goodwill which is amortised over a maximum period of twenty years and for which, moreover, a depreciation allowance may be made.

4.2 INVESTMENTS

For French companies, investments and any depreciation in their value are valued according to the Insurance Code.

For foreign companies, any material valuation differences that may arise with respect to local accounting principles are restated in order to align the financial statements of said companies with those of the Group.

4.2.1 Valuation

Land and real estate, holdings in SCIs (i.e. unlisted real estate investment companies): land and real estate are carried at acquisition cost, revalued where relevant, in compliance with general French legislation or legislation specific to the insurance sector (Article R 332-23 of the Insurance Code).

Real estate is depreciated over a period extending from thirty-three to one hundred years, according to their estimated useful life.

Fixed assets held through companies whose primary purpose is to set up and manage real estate assets are depreciated according to the same principle.

Holdings in and shares of unlisted SCIs are carried at acquisition cost, reduced when applicable by a provision for depreciation.

The market value of real estate and holdings in, or shares of, SCIs is determined on the basis of a five-yearly valuation carried out by an expert accepted by the Commission de Contrôle des Assurances in France. During each five-year period, an annual estimation of the asset is carried out and certified by the expert.

Fixed-income securities governed by Article R 332-19 are recorded at acquisition price less accrued interests. Differences between redemption value and acquisition price is spread according to actuarial principles over charges (premium) or income (discount) over the residual life of the securities. When there are several redemption dates, residual life is determined as of the date of the latest reimbursement.

The estimated fair value of fixed-income securities corresponds to their quoted price on the last trading day of the fiscal year or their market value.

Any unrealised capital losses resulting from the comparison between book value and market value do not usually give rise to a provision for depreciation. Nevertheless, a provision for impairment of value is recorded when the debtor defaults.

Variable-income securities: shares and stakes in companies governed by Article R 332-20 are recorded at acquisition price or total acquisition cost.

Non-consolidated controlling interests are recorded at their acquisition cost, which may be revalued in compliance with general French legislation.

Investments matching unit-linked policies (mutual fund units, and so forth) are subject to revaluation aimed at offsetting the correlated movement in technical reserves. Data relative to such policies are presented on a specific line of the income statement.

Tangible fixed assets: tangible fixed assets are carried at acquisition cost and depreciated according to the straight-line method over their estimated useful life.

Repurchase and resale agreements: in conformity with the regulation, repurchase agreements, with the exception of repurchase agreements with a margin call, are not booked as an off-balance sheet commitment, given or received. They are recorded among the balance sheet's assets.

4.2.2 Provisions

Permanent depreciations: regarding investments governed by Article R 332-20, a provision for line-by-line depreciation can be recognised only if there are grounds to suggest that the depreciation is of a durable nature.

Permanent depreciations are set aside insofar as the reference value (going value or financial return value) shows a significant discount given the nature of the asset considered and insofar as it is not likely to be neutralised within a foreseeable future given its magnitude, the general nature of the depreciation affecting the market as a whole or the specific characteristics of said asset in relation to its market.

The reference value is determined on the basis of a valuation that depends on the nature of the assets and the holding strategy.

Liquidity risk provision: a provision for liquidity risk of technical liabilities is recognised when the total book value of investments governed by Article R 332-20 exceeds their market value.

As a precautionary measure, the financial statements of consolidated companies include depreciation allowances, calculated either according to the Insurance Code for insurance companies or according to common law for all other companies.

Nevertheless, the principle of offsetting capital gains and losses on investments governed by Article R 332-20 of the Insurance Code is applied to the entire Group. This has resulted in the cancellation of certain provisions for contingent payment risks in the financial statements.

4.2.3 Disposals

Capital gains and losses on the disposal of investments are determined mostly according to the FIFO method. They are booked in the income statement on the date of realisation.

4.2.4 Allocation of investment

Net investment income is allocated according to the requirements of the Insurance Code. Investment income is spread between the operating income account and the non-operating account of each entity. Allocation to operating income is determined by drawing on the ratio of "technical reserves net of disposals" to "contribution to consolidated capital and reserves and technical reserves net of disposals".

4.3 TECHNICAL INSURANCE OPERATIONS

4.3.1 Non-life insurance

Premiums: premiums written correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates; the change in premiums yet to be written and the change in premiums to be cancelled.

Reserves for unearned premiums: technical provisions for unearned premiums correspond to the share of premiums relating to the period between inventory date and the next renewal date of the policy. They are calculated on a pro rata basis.

Deferred acquisition costs: in non-life insurance, acquisition costs relating to unearned premiums are deferred and booked under assets in the balance sheet.

Reserves for unexpired risks: reserves for unexpired risks are aimed at covering the share of loss experience and related administrative costs that exceeds the fraction of deferred premiums net of deferred acquisition costs.

Claims and related expenses paid: claims and related expenses paid correspond to claims paid net of loss recovery received during the fiscal year, and to annuities payments recorded. They include costs and expenses related to claims handling and settlement.

Outstanding claims reserves: They represent the estimated value of the cost of all claims, net of loss recovery to be received, as of the end of the fiscal year, regardless of whether they have been reported or not. They include a claims handling provision determined on the basis of real cost rates.

In construction risk, excluding reserves for claims to be paid (reported or not), a provision is set aside for claims not yet reported, calculated according to the method set out by Article A 331-21 of the Insurance Code — separately for ten-year guarantees for general liability and ten-year guarantees for property damages.

The Group's provisioning levels are assessed according to the specific nature of the risks covered, notably farm and weather-related risks.

Other technical reserves

Reserve for equalisation: the reserve for equalisation consists of adjusting loss experience of risks in relation to loss occurrence cycles. It is set aside by drawing on operating income.

Mathematical reserves for disability and incapacity annuities and technical reserves in group insurance are calculated according to the new regulations set out by the decrees of 28 March and 20 December 1996. In accordance with regulations, the reserves may be raised to the required level over five years.

Reserve for increasing risks: the reserve for increasing risks is aimed at covering foreseeable expenses when risks rise in line with the insured's age are covered by constant installment premiums.

4.3.2 Life insurance

Premiums: written premiums correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates, net of the change in premiums yet to be written and the change in premiums to be cancelled.

Deferred acquisition costs: costs which may be directly allocated to the acquiring of policies are booked under assets in consolidated financial statements. These amounts cannot under any circumstance exceed the current value of future profits from the policies.

These costs are amortised over the average life of policies according to the pace at which future margins appear for each generation of policies, with future margins being determined by drawing on economic assumptions (profit sharing rate, future return on assets and lapse ratio).

As the deferred asset value approach is now applied to acquisition costs, mathematical reserves in the balance sheet are not presented according to Zillmer's method.

Each year, by homogenous family of products, the likely current value of future margins is compared with total deferred acquisition costs net of amortizations already booked beforehand. If this value is lower, a reserve is recognised as a charge.

Life insurance reserves: mathematical reserves correspond to the difference between the present value of the liabilities assumed by the insurer and the insureds, respectively, taking into account the probability that these commitments will be realised.

Mathematical reserves are booked in the balance sheet's liabilities at their gross technical value before any zillmerisation effect.

With regard to current individual and collective annuity for life policies, the transition from the current table to the so-called “generation tables” (TPRV and TPG) is being phased in over 15 years, and the level obtained by applying the “TV88-90” table will be met — as early as the eighth year.

With regard to policies governed by Article L 441-1 of the Insurance Code, the latter entail the setting aside of a special technical reserve under the conditions set out in Article R 441-7 of the Code. Note that this reserve must cover fully the theoretical mathematical reserve of the annuities concerned, calculated on the basis of the tables and the statutory actualisation rates. The latter include, by 2007, a gradual transition to the tables TV 88-90 then TPG, and the eventual curbing of the actualisation rate at 60% of the TME (Arithmetic mean of the average monthly yields on fixed-rate government bonds with maturities of more than 7 years recorded during the year preceding payment of coupon) with a maximum rate of 3.5%.

Technical reserves for unit-linked policies: the “Technical reserves for unit-linked policies” includes all the reserves relative to unit-linked policies, including the reserves for profit sharing expressed in units as well as additional reserves to cover commitments in French francs at maturity.

Technical reserves for unit-linked policies are valued at the market value of the unit at inventory date.

Reserve for profit sharing: the reserve for profit sharing and rebating of commissions includes the amounts granted to the insureds and beneficiaries of policies under the form of profit sharing and rebates, insofar as such amounts have not been credited to the insured’s account or included in the “Life insurance reserves” item.

Other technical reserves

Reserve for financial contingency: the reserve for financial contingency is set aside when the technical interest and contractually guaranteed profit sharing rate of all policies in relation to mathematical reserves overall exceeds 80% of the rate of return on assets.

Overall management reserve: the overall management reserve is set aside when, for a homogenous set of products, future margins determined in order to calculate deferred acquisition costs are negative.

4.4 REINSURANCE OPERATIONS

Acceptances

Reinsurance acceptances are booked treaty by treaty without any lag on the basis of an assessment of business accepted. In the absence of sufficient information from the primary insurer, additional estimates are carried out.

Cessions

In reinsurance, cessions are booked in compliance with the terms of the various treaties. Securities of reinsurers (be they cessionnaires or retrocessionnaires) delivered as cover are entered in the table of commitments given and received.

4.5 OPERATING COSTS BY ULTIMATE USE

Management costs and commissions related to insurance operations are classified according to their ultimate use, by applying allocation coefficients according to the structure and organisation of each insurance entity.

Operating costs are classified by purpose and divided into the following six classifications:

- acquisition costs;
- administrative expenses;
- claims administration expenses;
- investment charges;
- other underwriting expenses;
- non-operating charges.

4.6 PROVISIONS FOR CONTINGENCIES AND CHARGES

In addition to the usual provisions, provisions are set aside for general risks related to the Group’s business. This primarily concerns developments on the financial and real estate markets.

Rights held by staff working in France with regard to retirement indemnities and commitments undertaken in relation to employees who have retired are provisioned for at their present value. These retirement indemnities and commitments are included in the "reserves for risks and charges" item.

An agreement between employers and trade unions signed on 31 January 1996 set up a new complementary pension scheme for employees of professional agricultural bodies. Included in ARRCO and AGIRC since 1997, the new pension scheme allows retirement rights accumulated beforehand to be maintained and improves pensioners' benefits via the creation of an additional pension scheme. It is financed by the accumulation of employee savings and contributions from the company.

In accordance with the agreement of 2 February 1995, on the complementary pension scheme in insurance, between employers and trade unions, Gan SA and its French subsidiaries set aside mathematical reserves corresponding to the pension rights held as of 31 December 1995. The corresponding reserves were made by drawing on the reserves and were mostly fully paid-up in 1996.

Gan, in application of the 2 February 1995 agreement, dedicates 1% of gross wages to the setting up of a private supplementary pension fund, with a retroactive effect as of 1 January 1996.

4.7 EURO AND YEAR 2000

In application of memorandum 97-01 of the Emergency Committee of the National Accounting Council relative to expenditure stemming from the changeover to the euro, which has in fact been duplicated with regard to spending on preparing the changeover to the Year 2000:

- costs are capitalised according to the usual accounting criteria;
- softwares used during the transitional period are depreciated over this period;
- costs are provisioned for as soon as they are decided, easily identifiable, sufficiently specific and are a supplementary resource in relation to existing resources;
- other costs are booked during the fiscal year in which they occur.

4.8 DEFERRED TAX

4.8.1 Basis

Deferred tax is based on the restatements made to income statements of consolidated entities, in order to harmonise them with the Group's accounting principles as well as tax deferrals found in such income statements, including tax losses and tax credits carry-forwards, when said tax deferrals and restatements generate temporary differences between taxable income and consolidated profit. All temporary differences are taken into account, including those replaced by differences of a similar nature and similar amount.

4.8.2 The effective rate

The tax rate and taxation regulations to be drawn upon are those resulting from prevailing taxation legislation at year-end that will be applied when the future difference occurs. As a consequence, the corporate tax for French companies applicable for all differences is 40%, with the exception of restatements bearing on set aside or realised capitalisation reserves and restated changes in deferred acquisition costs to which a rate of 36.66% has been applied (i.e. 33.33% plus the exceptional 10% hike) given expected developments in taxation policy in the near term.

4.8.3 Recognition of assets and liabilities in the balance sheet

All deferred tax liabilities, as defined in Note 4.8.1, must be recognised. Conversely, deferred tax assets are included in balance sheet assets only if they will probably be recovered.

Deferred tax assets are taken into account only if:

- Their recovery does not depend on future earnings; in such a situation, they are booked to the amount of deferred tax liabilities already reported that will come to maturity in the period during which such assets become or remain recoverable. In this event, it is possible to draw on tax options aimed at lengthening the period between the date on which a tax asset becomes recoverable and that at which it loses that status.

- Or, if the company will probably be able to recover these assets because a taxable profit is expected during this period, it is assumed that such a profit will not exist when the company has suffered losses during the two previous fiscal years unless it can provide convincing arguments to the contrary. For instance, it would have to show that said losses resulted from exceptional circumstances that are unlikely to occur again in the foreseeable future or if exceptional earnings are expected.

In any event, recognition in the balance sheet of a deferred tax asset is authorised only to the amount of profits posted in previous fiscal years that are likely to be drawn upon when calculating the carry-back (assuming that the option offered by the carry-back has not been used or fully used in the statutory accounts) in the local regulations of the entity concerned.

5. NOTES TO GROUPAMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

NOTE 1:

GOODWILL

Changes in "Goodwill" item in 1998

	1998	1997
	(in FF millions)	
Opening net amount	308	324
First consolidation	8,945	9
Gan	8,883	—
Gan Insurance	18	—
Chegaray Assurances	21	—
Navigation and Transports	13	—
Sorema North America	10	—
Lombard	—	9
Deconsolidation	(15)	—
GLN	(15)	—
Depreciation	(254)	(25)
YEAR-END NET AMOUNT	<u>8,984</u>	<u>308</u>

Analysis of goodwill by company as of 31 December

Companies	1998			1997
	Gross goodwill	Cumulative amortisation	Net goodwill	Net goodwill
	(in FF millions)			
Groupama Vie	19	13	6	7
Lombard	241	53	188	203
Gan	8,883	222	8,661	—
Gan Insurance	18	5	13	—
Chegaray Assurances	21	1	20	—
Navigation and Transports	13	1	12	—
Silic	206	152	54	61
GLN	—	—	—	15
Sorema North America	29	4	25	16
Paris Bail	11	6	5	6
TOTAL	<u>9,441</u>	<u>457</u>	<u>8,984</u>	<u>308</u>

Changes in "Goodwill" are accounted for mainly by the acquisition of Gan S.A. and its subsidiaries.

Aligning the accounting principles of Gan S.A. and its subsidiaries with Group accounting principles, notably in the fields relative to technical reserves in life and non-life insurance, deferred acquisition expenses in life insurance (see Note 3.3), and deferring certain information system development costs result in goodwill for first consolidation of FF 8,883 million.

Goodwill amortisation has resulted in an expense of FF 222 million since the acquisition of Gan S.A. and its subsidiaries.

NOTE 2:

INTANGIBLE ASSETS

As of 31 December

	1998			1997
	Gross	Amortisation Provision	Net	Net
	(in FF millions)			
Initial capital and development expenses	82	17	65	8
Business goodwill purchased	421	355	66	33
Other	<u>1,828</u>	<u>1,171</u>	<u>657</u>	<u>469</u>
TOTAL	<u>2,331</u>	<u>1,543</u>	<u>788</u>	<u>510</u>

Goodwill is amortised over a period not to exceed 20 years.

Other intangible assets mainly include expenditure relative to information system projects under way at various Group insurance companies.

NOTE 3:

INVESTMENTS

Breakdown of investments at 31 December

	1998			1997		
	Net book value	Market value	Unrealised Capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
	(in FF millions)					
Real estate investments	28,532	36,043	7,511	14,172	19,970	5,798
Equities and other variable-income securities excluding units in mutual funds	26,528	34,974	8,446	8,476	11,090	2,614
Units in mutual funds holding exclusively fixed-income securities	19,126	21,852	2,726	17,156	19,156	2,000
Units in other mutual funds	19,084	25,134	6,050	9,590	12,481	2,891
Bonds and other fixed-income securities	189,807	210,809	21,002	69,224	74,299	5,075
Loans	5,304	5,304	—	1,191	1,191	—
Deposits	<u>8,576</u>	<u>8,576</u>	<u>—</u>	<u>1,908</u>	<u>1,908</u>	<u>—</u>
SUB-TOTAL	<u>296,957</u>	<u>342,692</u>	<u>45,735</u>	<u>121,717</u>	<u>140,095</u>	<u>18,378</u>
Amortisation of bond premiums and discounts	(120)	(120)	0	(158)	(158)	—
TOTAL	<u>296,837</u>	<u>342,572</u>	<u>45,735</u>	<u>121,559</u>	<u>139,937</u>	<u>18,378</u>

Securities lent and delivered outside the Group under repurchase agreements stood at FF 1,529 million as of 31 December 1998.

Estimation of insurance investments by business and geographical zone as of 31 December

	1998			1997		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Life Business France						
			(in FF millions)			
Real estate investments	11,566	12,651	1,085	501	645	144
Equities and other variable-income securities excluding units in mutual funds	14,815	20,064	5,249	2,088	2,849	761
Units in mutual funds holding exclusively fixed-income securities	8,045	9,093	1,048	7,136	7,839	703
Units in other mutual funds	9,880	13,585	3,705	2,354	3,692	1,338
Bonds and other fixed-income securities . . .	145,736	163,417	17,681	47,714	51,739	4,025
Loans	3,238	3,238	—	720	720	—
Deposits	3,794	3,794	—	18	18	—
TOTAL	<u>197,074</u>	<u>225,842</u>	<u>28,768</u>	<u>60,531</u>	<u>67,502</u>	<u>6,971</u>

	1998			1997		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Non-life Business France						
			(in FF millions)			
Real estate investments	16,089	21,993	5,904	13,537	19,181	5,644
Equities and other variable-income securities excluding units in mutual funds	9,339	12,262	2,923	6,050	7,867	1,817
Units in mutual funds holding exclusively fixed-income securities	11,070	12,746	1,676	10,020	11,317	1,297
Units in other mutual funds	9,014	11,319	2,305	7,221	8,771	1,550
Bonds and other fixed-income securities . . .	27,682	29,832	2,150	17,930	18,919	989
Loans	1,580	1,580	—	434	434	—
Deposits	1,822	1,822	—	1,084	1,084	—
TOTAL NON-LIFE FRANCE	<u>76,596</u>	<u>91,554</u>	<u>14,958</u>	<u>56,276</u>	<u>67,573</u>	<u>11,297</u>

	1998			1997		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
International Life and Non-life Business						
			(in FF millions)			
Real estate investments	877	1,399	522	134	144	10
Equities and other variable-income securities excluding units in mutual funds	2,374	2,648	274	338	374	36
Units in mutual funds holding exclusively fixed-income securities	11	13	2	—	—	—
Units in other mutual funds	190	230	40	15	18	3
Bonds and other fixed-income securities . . .	16,389	17,560	1,171	3,580	3,641	61
Loans	486	486	—	37	37	—
Deposits	2,960	2,960	—	806	806	—
TOTAL	<u>23,287</u>	<u>25,296</u>	<u>2,009</u>	<u>4,910</u>	<u>5,020</u>	<u>110</u>

NOTE 4:

EQUITY INTERESTS IN NON-CONSOLIDATED COMPANIES

As of 31 December

	1998			1997
	% interest	% control	Net value of security (in FF millions)	Net value
French companies				
Axiome Informatique	100	100	9	7
Corpinvest	100	100	40	—
Finance Comm. Dév.	57	57	79	—
Pacifica	40	20	100	100
Prédica	3	3	99	99
Présence Verte	50	50	10	10
Sérénis	55	55	74	—
Siram	82	82	149	122
Sogeparc	11	11	139	144
Sorimase	100	100	53	53
Foreign companies				
Argosz	5	5	2	2
Europa Gan Biztosito	100	100	25	—
Plus Allgemeine	100	100	10	—
Seguros Imperio	10	10	191	—

NOTE 5:

SHARES IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

As of 31 December

	1998		1997	
	Equivalent value	Share of Profit / Loss (in FF millions)	Equivalent value	Share of Profit / Loss
Chegaray Assurances	10	3	—	—
GLN	—	—	151	9
Günes Sigorta	69	17	—	—
Sacnas	141	6	—	—
Socomie	13	4	16	4
Transama	3	(1)	4	(1)
TOTAL INSURANCE	236	29	171	12
BFG	229	(6)	212	0
BIF	358	54	—	—
CIC	4,004	71	—	—
Epargne B. Cerp	11	25	10	10
Etoile Commerciale	59	4	—	—
Finama	22	3	19	3
Groupama Asset Management	46	10	46	26
Groupama Asset Management North America	7	3	—	—
TOTAL BANKING	4,736	164	287	39
TOTAL	4,972	193	458	51

Shares in companies accounted for under the equity method: significant data at 31 December

	1998				
	Premium income	Net banking income	Net profit	Total assets	Capital and reserves
	(in FF millions)				
Insurance					
Chegaray Assurances	209	—	9	445	26
Günes Sigorta	653	—	97	581	209
Sacnas	1,608	—	26	1,844	288
Socomie	74	—	4	50	13
Transama	3	—	(1)	12	—
Banking					
BFG	—	142	21	7,738	473
BIF	—	288	67	4,690	331
CIC	—	17,842	407	685,044	18,334
Epargne B. Cerp.	—	49	25	48	31
Etoile Commerciale	—	132	15	1,100	129
Finama	—	8	5	285	43
Groupama Asset Management	—	88	35	122	109
Groupama Asset Management North America	—	23	3	12	7

Shares in companies accounted for under the equity method: changes during the fiscal year

	1998	1997
	(in FF millions)	
Opening balance	458	430
Share of Profit / Loss	193	51
Dividends	(11)	(23)
Change in exchange adjustment	(19)	—
Consolidation changes	4,351	—
YEAR-END BALANCE	<u>4,972</u>	<u>458</u>

The "Consolidation changes" item arises from:

The first consolidation of the following entities:

CIC: FF 3,933 million
 Sacnas: FF 135 million
 BIF: FF 304 million

The deconsolidation of GLN for an amount of FF 151 million.

NOTE 6:**ACCOUNTS RECEIVABLES****As of 31 December**

	1998		1997	
	Gross	Provisions	Net	Net
	(in FF millions)			
Premiums earned but not written	4,681	—	4,681	377
Coinsurers and other third parties	7,774	484	7,290	3,201
Receivables relating to direct insurance transactions	12,455	484	11,971	3,578
Reinsurer and retrocessionaire accounts	440	50	390	342
Cedant and retrocedant accounts	2,175	19	2,156	511
Receivables relating to reinsurance transactions	2,615	69	2,546	853
Personnel	81	—	81	25
Social security	61	—	61	29
State	1,271	—	1,271	608
Deferred tax assets	71	—	71	62
Miscellaneous debtors	7,168	411	6,757	1,151
Other receivables	8,652	411	8,241	1,875
TOTAL	23,722	964	22,758	6,306

NOTE 7:**OTHER ASSETS****As of 31 December**

	1998		1997	
	Gross	Amortisation	Net	Net
	(in FF millions)			
Tangible fixed assets	3,464	2,383	1,081	578
Cash and current accounts	5,485	—	5,485	1,807
TOTAL	8,949	2,383	6,566	2,385

NOTE 8:**ACCRUALS****As of 31 December**

	1998	1997
	(in FF millions)	
Deferred life insurance acquisition expenses	5,604	64
Deferred non-life insurance acquisition expenses	1,521	797
Differences in redemption price to be collected	1,458	785
Accrued interest not yet due	6,726	2,205
Other accruals	776	45
Reinsurance underwriting valuations	1,039	1,065
Unrealised foreign exchange gain	58	52
TOTAL	17,182	5,013

As indicated in Note 3.3, deferred acquisition costs in life insurance are now based on a deferred asset value approach and are not limited to the zillmerisation difference, in contrast with the regulations of the Insurance Code.

With regard to the statutory accounts of the Group life insurance entities, an additional FF 4,380 million was capitalised. The change in this additional capitalisation amounted to a consolidated net expense of FF 290 million for fiscal year 1998.

Gan Vie and Gan Capitalisation account for most of the change in this item.

NOTE 9:**ANALYSIS OF CHANGE IN CAPITAL AND RESERVES**

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Opening capital and reserves	28,169	26,641
Change in unrealised foreign exchange gains/losses	(274)	133
Change in accounting principles	135	(233)
Releases of permanent depreciation reserves	48	48
Member dividends	(121)	(86)
Occupational retirement plan reserve	—	155
Revaluation resulting from mergers of Regional Mutuals	—	(4)
Net income	<u>905</u>	<u>1,515</u>
YEAR-END CAPITAL AND RESERVES	<u>28,862</u>	<u>28,169</u>

The changeover to the euro on 1 January 1999 irreversibly froze the exchange rate adjustment relative to “in” countries in consolidated reserves.

The amount of this reserve for exchange rate adjustment was minus FF 96.9 million.

The adjustment for changes in accounting principles stems from the principle of economic deferral of acquisition expenses applied to Groupama Vie.

NOTE 10:**ANALYSIS OF THE CHANGE IN MINORITY INTEREST**

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Opening minority interests	2,080	2,009
Change in exchange adjustment	(9)	31
Consolidation changes	142	35
Change in accounting principles	9	3
Dividends	(95)	(95)
Net income	<u>113</u>	<u>97</u>
YEAR-END MINORITY INTERESTS	<u>2,240</u>	<u>2,080</u>

The change in the consolidation structure breaks down as follows:

	(in FF millions)
Buyout of minority shareholders of Sorema North America by the Group:	(119)
Entry of minority shareholders of Gan S.A. and its subsidiaries:	265
Other changes:	<u>(4)</u>
	<u>142</u>

NOTE 11:

TECHNICAL INSURANCE RESERVES

As of 31 December

	1998			1997		
	France	International	TOTAL (in FF millions)	France	International	TOTAL
Technical reserves gross of reinsurance						
Life insurance technical reserves	195,920	9,104	205,024	56,377	150	56,527
Reserves for claims reported but not yet paid	3,051	622	3,673	462	8	470
Policyholders' surplus reserves	6,560	90	6,650	3,246	7	3,253
Other technical reserves	1,003	179	1,182	38		38
TOTAL LIFE INSURANCE	206,534	9,995	216,529	60,123	165	60,288
Reserves for unearned premiums	4,851	3,836	8,687	2,777	1,435	4,212
Outstanding claims reserves	51,214	15,730	66,944	23,192	3,348	26,540
Other technical reserves	10,770	361	11,131	7,195	292	7,487
TOTAL NON-LIFE INSURANCE	66,835	19,927	86,762	33,164	5,075	38,239
TOTAL TECHNICAL RESERVES	273,369	29,922	303,291	93,287	5,240	98,527
Share of reinsurers in technical reserves						
Life insurance technical reserves	143	208	351	18	1	19
Reserves for claims reported but not yet paid	133	30	163	9	5	14
Policyholders' surplus reserves	33	—	33	—	—	—
Other technical reserves	2	—	2	—	—	—
TOTAL LIFE INSURANCE	311	238	549	27	6	33
Reserves for unearned premiums	296	598	894	147	158	305
Outstanding claims reserves	4,471	5,691	10,162	724	709	1,433
Other technical reserves	522	21	543	314	—	314
TOTAL NON-LIFE INSURANCE	5,289	6,310	11,599	1,185	867	2,052
TOTAL SHARE OF REINSURERS IN TECHNICAL RESERVES	5,600	6,548	12,148	1,212	873	2,085
NET TOTAL	267,769	23,374	291,143	92,075	4,367	96,442

In application of statutory provisions regarding the gradual changeover to TV88-90 tables then tables by generation for immediate or deferred life annuity policies in force on 1 July 1993, the amount of reserves yet to be set aside stood at FF 1,365 million at 31 December 1998.

The amount of additional reserves to be set aside before 31 December 2001 to meet the level required by TD88-90 tables for partial or total disability annuities amount to FF 85 million.

These amounts do not include the revaluation of theoretical mathematical provisions of policies governed by Article L 441-1. At 31 December 1998, with regard to these policies, the market value of assets used to match special technical reserve meets the obligation set out in 4.3.2 with regard to the base of TV88-90 applicable on 31 December 2000.

An overall management provision of FF 147 million was set aside for the life insurance subsidiaries, and the consequent change booked in the consolidated income statement was FF 23 million.

In compliance with regulations, there was no need to set aside a provision for financial risk in life insurance subsidiaries.

NOTE 12:**PROVISIONS FOR CONTINGENCIES AND CHARGES**

As of 31 December

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Provision for deferred income tax(a)	1,205	900
Provision for pensions and similar obligations	1,152	195
Negative goodwill	57	51
Other provisions for contingencies and charges(b)	<u>6,382</u>	<u>2,178</u>
TOTAL	<u><u>8,796</u></u>	<u><u>3,324</u></u>

- (a) The provision takes into account the Tax Consolidation Agreement that will take effect on 1 January 1999. Groupama SA will be the company at the top of the tax consolidation group.
- (b) The other provisions for contingencies and charges at 31 December 1998 include mostly the changeover to the euro and Year 2000, certain real estate transactions and guarantees granted in relation to sales of subsidiaries.

NOTE 13:**OTHERS DEBTS**

As of 31 December

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Insured intermediaries and other third parties	2,080	399
Coinsurers	202	68
Debts relating to direct insurance transactions	2,282	467
Reinsurers and retrocessionaires accounts	1,012	255
Cedants and retrocedants accounts	322	235
Other debts/reinsurance transactions	646	191
Debts relating to reinsurance transactions	1,980	681
Bank borrowings	7,028	160
Banks	2,614	822
Other loans, deposits and guarantees received	1,898	450
Amounts owed to employees	1,005	561
Social security	708	304
State	1,345	499
Miscellaneous creditors	4,523	1,336
Other debts	<u>7,581</u>	<u>2,700</u>
TOTAL	<u><u>23,383</u></u>	<u><u>5,280</u></u>

NOTE 14:**DEBTS BY MATURITY**

	<u>Less than</u>	<u>1 to 5</u>	<u>More than</u>	<u>Total</u>
	<u>1 year</u>	<u>years</u>	<u>5 years</u>	
		(in FF millions)		
Debts relating to direct insurance transactions	2,282	—	—	2,282
Debts relating to reinsurance transactions	1,980	—	—	1,980
Bank borrowings	2,687	1,433	2,908	7,028
Banks	2,614	—	—	2,614
Other loans, deposits and guarantees received	1,183	311	404	1,898
Other debts	<u>7,576</u>	<u>5</u>	<u>—</u>	<u>7,581</u>
TOTAL 1998	<u><u>18,322</u></u>	<u><u>1,749</u></u>	<u><u>3,312</u></u>	<u><u>23,383</u></u>
TOTAL 1997	<u><u>4,750</u></u>	<u><u>232</u></u>	<u><u>298</u></u>	<u><u>5,280</u></u>

NOTE 15:**ACCRUALS****As of 31 December**

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Deferred acquisition expenses (share of cessionnaires and retrocessionnaires).....	58	35
Amortisation of differences on redemption price	1,339	627
Other accruals	466	224
Reinsurance technical valuations	40	80
Unrealised exchange loss	74	128
TOTAL	<u>1,977</u>	<u>1,094</u>

NOTE 16:**NON-LIFE AND LIFE OPERATING INCOME STATEMENT IN FRANCE / INTERNATIONAL OPERATIONS**

<u>NON-LIFE BUSINESS</u>	<u>1998</u>			<u>1997</u>		
	<u>France</u>	<u>International</u>	<u>Total</u>	<u>France</u>	<u>International</u>	<u>Total</u>
	(in FF millions)					
Premiums.....	29,698	5,437	35,135	24,252	2,812	27,064
Change in unearned premiums....	694	(139)	555	40	(32)	8
Earned premiums	<u>30,392</u>	<u>5,298</u>	<u>35,690</u>	<u>24,292</u>	<u>2,780</u>	<u>27,072</u>
Allocated investment income	3,427	535	3,962	1,606	204	1,810
Claims and related expenses paid	(23,078)	(3,944)	(27,022)	(16,703)	(1,753)	(18,456)
Change in claims reserves	(2,007)	(716)	(2,723)	(1,675)	(326)	(2,001)
Claims	<u>(25,085)</u>	<u>(4,660)</u>	<u>(29,745)</u>	<u>(18,378)</u>	<u>(2,079)</u>	<u>(20,457)</u>
Acquisition expenses	(5,129)	(1,345)	(6,474)	(3,802)	(796)	(4,598)
Administrative expenses	(1,648)	(374)	(2,022)	(1,097)	(201)	(1,298)
Commissions received from reinsurers	<u>223</u>	<u>121</u>	<u>344</u>	<u>166</u>	<u>31</u>	<u>197</u>
Total acquisition and administrative expenses	<u>(6,554)</u>	<u>(1,598)</u>	<u>(8,152)</u>	<u>(4,733)</u>	<u>(966)</u>	<u>(5,699)</u>
Other operating income / charges	<u>(1,044)</u>	<u>(109)</u>	<u>(1,153)</u>	<u>(1,196)</u>	<u>(36)</u>	<u>(1,232)</u>
NON-LIFE OPERATING PROFIT / LOSS	<u>1,136</u>	<u>(534)</u>	<u>602</u>	<u>1,591</u>	<u>(97)</u>	<u>1,494</u>

LIFE BUSINESS	1998			1997		
	France	International	TOTAL	France	International	TOTAL
	(in FF millions)					
Premiums	16,030	1,170	17,200	7,595	85	7,680
Investment income	10,438	436	10,874	5,469	17	5,486
Adjustments to unit-linked contracts (capital gains)	932	(17)	915	332	—	332
Benefits and related expenses paid	(12,471)	(635)	(13,106)	(6,024)	(44)	(6,068)
Change in claims reserves	449	(14)	435	(34)	2	(32)
Claims	(12,022)	(649)	(12,671)	(6,058)	(42)	(6,100)
Change in life insurance technical reserves	(4,121)	(493)	(4,614)	(1,913)	(43)	(1,956)
Allocation to policyholders' surplus	(6,199)	(184)	(6,383)	(3,541)	(4)	(3,545)
Acquisition expenses	(1,585)	(111)	(1,696)	(376)	(12)	(388)
Administrative expenses	(446)	(53)	(499)	(148)	(3)	(151)
Commissions received from reinsurers	21	7	28	7	—	7
Total acquisition and administrative expenses	(2,010)	(157)	(2,167)	(517)	(15)	(532)
Other operating income/charges	(211)	(15)	(226)	(100)	—	(100)
Investment charges	(2,049)	(69)	(2,118)	(734)	(3)	(737)
Adjustments to unit-linked contracts (capital losses)	(340)	(12)	(352)	—	—	—
Transferred investment income	(252)	(48)	(300)	(159)	(2)	(161)
LIFE OPERATING PROFIT/LOSS	196	(38)	158	374	(7)	367

NOTE 17:

PREMIUM INCOME BY GEOGRAPHICAL ZONE

	1998				1997			
	Life	Non-life	TOTAL	Share	Life	Non-life	TOTAL	Share
	(in FF millions)							
France	15,458	29,078	44,536	81%	7,366	23,654	31,020	85%
EEC (excluding France)	949	4,226	5,175	9%	31	1,927	1,958	5%
United-Kingdom	—	2,526	2,526	5%	—	1,181	1,181	3%
Italy	504	750	1,254	2%	—	15	15	—
Spain	175	931	1,106	2%	31	731	762	2%
Belgium	—	—	—	—	—	—	—	—
Portugal	74	19	93	—	—	—	—	—
Germany	74	—	74	—	—	—	—	—
Luxemburg	122	—	122	—	—	—	—	—
Other countries	248	671	919	2%	56	159	215	1%
Total direct business	16,655	33,975	50,630	92%	7,453	25,740	33,193	91%
Inward reinsurance	574	3,967	4,541	8%	246	3,146	3,392	9%
TOTAL	17,229	37,942	55,171	100%	7,699	28,886	36,585	100%

Analysis of premium income by main line

	1998			1997		
	France	Overseas	TOTAL	France	Overseas	TOTAL
	(in FF millions)					
Life business: single premiums						
Capitalisation	587	26	613	41	1	42
Personal life	6,375	242	6,617	4,023	46	4,069
Group policies	11	69	80	454	5	459
Unit-linked policies	2,584	81	2,665	786	9	795
Other	889	—	889	177	2	179
TOTAL SINGLE PREMIUMS	10,446	418	10,864	5,481	63	5,544
Life business: regular premiums						
Capitalisation	279	75	354	—	—	—
Personal life	2,714	660	3,374	2,049	23	2,072
Group policies	2,485	57	2,542	—	—	—
Unit-linked policies	28	—	28	32	—	32
Other	67	—	67	50	1	51
TOTAL REGULAR PREMIUMS	5,573	792	6,365	2,131	24	2,155
TOTAL LIFE	16,019	1,210	17,229	7,612	87	7,699
Non-life business						
Motor vehicle	9,570	2,282	11,852	8,386	702	9,088
Personal injury	8,543	392	8,935	6,656	167	6,823
Property	9,230	1,550	10,780	8,472	1,157	9,629
General liability	389	664	1,053	194	455	649
Marine, aviation, transport	1,160	379	1,539	334	206	540
Other	2,486	1,297	3,783	1,571	586	2,157
TOTAL NON-LIFE	31,378	6,564	37,942	25,613	3,273	28,886
TOTAL LIFE AND NON-LIFE	47,397	7,774	55,171	33,225	3,360	36,585

NOTE 18:

ACQUISITION AND ADMINISTRATIVE EXPENSES

	1998			1997		
	Life	Non-life	TOTAL	Life	Non-life	TOTAL
	(in FF millions)					
Commissions	(910)	(2,580)	(3,490)	(303)	(1,396)	(1,699)
Change in deferred acquisition expenses ..	(269)	(107)	(376)	(12)	40	28
Other charges	(517)	(3,787)	(4,304)	(73)	(3,242)	(3,315)
Total acquisition costs	(1,696)	(6,474)	(8,170)	(388)	(4,598)	(4,986)
Commissions	(144)	(440)	(584)	(107)	(177)	(284)
Other charges	(355)	(1,582)	(1,937)	(44)	(1,121)	(1,165)
Total administrative expenses	(499)	(2,022)	(2,521)	(151)	(1,298)	(1,449)
Commissions received from reinsurers ..	28	344	372	7	197	204
TOTAL	(2,167)	(8,152)	(10,319)	(532)	(5,699)	(6,231)

Breakdown of acquisition and administrative expenses in life insurance by geographical zone

	Life France		Life overseas		Total	
	1998	1997	1998	1997	1998	1997
	(in FF millions)					
Commissions	(857)	(299)	(53)	(4)	(910)	(303)
Change in deferred acquisition expenses	(266)	(12)	(3)	—	(269)	(12)
Other charges	(462)	(65)	(55)	(8)	(517)	(73)
Total acquisition costs	(1,585)	(376)	(111)	(12)	(1,696)	(388)
Commissions	(126)	(107)	(18)	—	(144)	(107)
Other charges	(320)	(41)	(35)	(3)	(355)	(44)
Total administrative expenses	(446)	(148)	(53)	(3)	(499)	(151)
Commissions received from reinsurers	21	7	7	—	28	7
TOTAL	(2,010)	(517)	(157)	(15)	(2,167)	(532)

Breakdown of acquisition and administrative expenses in non-life insurance by geographical zone

	Non-life France		Non-life overseas		TOTAL	
	1998	1997	1998	1997	1998	1997
	(in FF millions)					
Commissions	(1,518)	(813)	(1,062)	(583)	(2,580)	(1,396)
Change in deferred acquisition expenses	(117)	2	10	38	(107)	40
Other charges	(3,494)	(2,992)	(293)	(250)	(3,787)	(3,242)
Total acquisition costs	(5,129)	(3,803)	(1,345)	(795)	(6,474)	(4,598)
Commissions	(438)	(176)	(2)	(1)	(440)	(177)
Other charges	(1,210)	(921)	(372)	(200)	(1,582)	(1,121)
Total administrative expenses	(1,648)	(1,097)	(374)	(201)	(2,022)	(1,298)
Commissions received from reinsurers	223	166	121	31	344	197
TOTAL	(6,554)	(4,734)	(1,598)	(965)	(8,152)	(5,699)

NOTE 19:

INVESTMENT INCOME AND CAPITAL GAINS/LOSSES

	<u>Income</u>	<u>Capital gains/losses</u>	<u>TOTAL</u>	<u>Income</u>	<u>Capital gains/losses</u>	<u>TOTAL</u>
	(in FF millions)					
Real estate	1,792	(486)	1,306	1,366	(99)	1,267
Equities	390	2,658	3,048	341	648	989
Bonds	8,618	530	9,148	4,829	619	5,448
Equity mutual funds	105	581	686	127	444	571
Bond mutual funds	214	887	1,101	147	513	660
Interest on cash deposits	39	—	39	59	—	59
Other	128	9	137	53	(92)	(39)
Gross income	11,286	4,179	15,465	6,922	2,033	8,955
Investment charges	(1,475)	—	(1,475)	(1,335)		(1,335)
Allowances or releases for impairment of value of investments	—	46	46	—	(42)	(42)
Foreign exchange	—	14	14	—	31	31
NET INVESTMENT INCOME	9,811	4,239	14,050	5,587	2,022	7,609

Investment income and capital gains/losses by non-life business line

NON-LIFE	1998			1997		
	Income	Capital gains/losses	TOTAL	Income	Capital gains/losses	TOTAL
	(in FF millions)					
Real estate	1,378	(547)	831	1,325	(76)	1,249
Equities	283	1,640	1,923	188	403	591
Bonds	1,763	440	2,203	1,411	313	1,724
Equity mutual funds	60	608	668	72	227	299
Bond mutual funds	182	611	793	128	175	303
Interest on cash deposits	25	—	25	41	—	41
Other	104	25	129	13	(92)	(79)
Gross income	3,795	2,777	6,572	3,178	950	4,128
Investment charges	(1,643)	—	(1,643)	(1,256)	—	(1,256)
Allowances or releases for impairment of value of investments	—	326	326	—	(39)	(39)
Foreign exchange	—	39	39	—	27	27
NET INVESTMENT INCOME	<u>2,152</u>	<u>3,142</u>	<u>5,294</u>	<u>1,922</u>	<u>938</u>	<u>2,860</u>

Investment income and capital gains/losses by life business line

LIFE BUSINESS	1998			1997		
	Income	Capital gains/losses	TOTAL	Income	Capital gains/losses	TOTAL
	(in FF millions)					
Real estate	414	61	475	41	(23)	18
Equities	107	1,018	1,125	153	245	398
Bonds	6,855	90	6,945	3,418	306	3,724
Equity mutual funds	45	(27)	18	55	217	272
Bond mutual funds	32	276	308	19	338	357
Interest on cash deposits	14	—	14	18	—	18
Other	24	(16)	8	40	—	40
Gross income	7,491	1,402	8,893	3,744	1,083	4,827
Investment charges	168	—	168	(79)	—	(79)
Allowances or releases for impairment of value of investments	—	(280)	(280)	—	(3)	(3)
Foreign exchange	—	(25)	(25)	—	4	4
NET INVESTMENT INCOME	<u>7,659</u>	<u>1,097</u>	<u>8,756</u>	<u>3,665</u>	<u>1,084</u>	<u>4,749</u>

NOTE 20:

BREAKDOWN OF INVESTMENT INCOME BETWEEN OPERATING AND NON-OPERATING INCOME

	Life		Non-life		1998 TOTAL	1997 TOTAL
	Income	Capital gains/losses	Income	Capital gains/losses		
	(in FF millions)					
Net investment income	7,659	1,097	2,152	3,142	14,050	7,609
Allocation to operating account	7,397	1,059	1,611	2,351	12,418	6,398
Allocation to non-operating account	262	38	541	791	1,632	1,211

NOTE 21:**OTHER NON-OPERATING INCOME AND CHARGES**

	<u>1998</u>	<u>1997</u>
	(in FF millions)	
Other non-operating income	219	88
Other non-operating expenses(*)	(462)	(170)
Total non-operating income and charges	(243)	(82)
Releases of provisions for extraordinary charges	298	236
Releases of provisions for extraordinary depreciation allowances	23	—
Other extraordinary items	187	169
Total extraordinary income	508	405
Allocations to provisions for extraordinary charges	(346)	(371)
Allocations to provisions for extraordinary depreciation allowances	(2)	—
Other extraordinary charges	(276)	(324)
Total extraordinary charges	(624)	(695)
Total extraordinary result	(116)	(290)
NON-OPERATING INCOME AND CHARGES	<u>(359)</u>	<u>(372)</u>

(*) Including goodwill amortisation expense of FF 244 million.

NOTE 22:**CORPORATE TAX**

	<u>1998</u>			<u>1997</u>
	<u>Life</u>	<u>Non-life</u>	<u>Total</u>	<u>Total</u>
	(in FF millions)			
Current corporate tax	(165)	(1,120)	(1,285)	(894)
Deferred corporate tax	14	63	77	(245)
TOTAL	<u>(151)</u>	<u>(1,057)</u>	<u>(1,208)</u>	<u>(1,139)</u>

NOTE 23:**AVERAGE WORKFORCE OF FULLY CONSOLIDATED COMPANIES****As of 31 December**

<u>Average Workforce of Fully Consolidated Companies</u>	<u>1998</u>	<u>1997</u>
France	22,000	14,300
United Kingdom	1,665	470
Spain	759	458
Italy	416	15
Germany	39	—
Other EEC	133	—
Excluding EEC	727	239
TOTAL	<u>25,739</u>	<u>15,482</u>

The change in the number of employees is accounted for mainly by the acquisition of Gan. The workforce of Gan S.A. and its subsidiaries stood at 9,750 employees as of 31 December 1998.

NOTE 24:**BREAKDOWN OF COMMITMENTS GIVEN AND RECEIVED****As of 31 December**

	1998
	(In
	FF millions)
Endorsements, sureties and guarantees received	1,007
Other commitments received	5,548
Total commitments received excluding reinsurance	6,555
Reinsurance commitments received	2,829
Endorsements, sureties and guarantees given	2,414
Other commitments given	7,769
Total commitments given excluding reinsurance	10,183
Reinsurance commitments given	865
Sureties belonging to health and disability institutions	9,673

NOTE 25:

SUBSIDIARIES OF THE GROUP

			1998			1997		
Business	Country line	% Control	% Ownership	Consolidation method	% Control	% Ownership	Consolidation method	
Caisse Centrale d'Ass.								
Mutuelles Agricoles.....	Insurance	France	—	—	A	—	—	A
Caisses Régionales d'Ass.								
Mutuelles Agricoles.....	Insurance	France	—	—	A	—	—	A
Caisses Locales d'Ass.								
Mutuelles Agricoles.....	Insurance	France	—	—	A	—	—	A
Centres Informatiques								
Régionaux	Insurance	France	—	—	A	—	—	A
Groupama SA	Holding	France	99.50	99.50	FC	98.45	98.45	FC
Groupama Réassurance	Holding	France	100.00	99.68	FC	100.00	99.09	FC
Groupama International	Holding	France	100.00	98.31	FC	100.00	97.27	FC
Groupama Finance.....	Holding	France	99.99	99.50	FC	99.99	98.45	FC
Groupama Investissements	Holding	France	100.00	99.51	FC	100.00	99.42	FC
Gan SA	Holding	France	98.78	98.29	FC	—	—	—
Gan International	Holding	France	100.00	98.29	FC	—	—	—
Cofintex	Holding	France	99.98	98.28	FC	—	—	—
Gan Vie	Insurance	France	100.00	98.29	FC	—	—	—
Gan Capitalisation	Insurance	France	100.00	98.29	FC	—	—	—
Caisse Fraternelle d'Épargne ..	Insurance	France	99.90	98.19	FC	—	—	—
Caisse Fraternelle Vie	Insurance	France	99.40	97.70	FC	—	—	—
Assuvie.....	Insurance	France	50.00	49.14	FC	—	—	—
Socapi.....	Insurance	France	45.00	56.66	PC	—	—	—
Cofassur Vie	Insurance	France	99.98	98.27	FC	—	—	—
Groupama Assurances et								
Services	Insurance	France	100.00	99.39	FC	100.00	98.52	FC
Groupama RD	Insurance	France	100.00	99.39	FC	100.00	98.52	FC
Groupama Vie	Insurance	France	95.00	94.53	FC	95.00	93.53	FC
Gipac SA	Insurance	France	100.00	99.39	FC	100.00	98.52	FC
Chegaray Assurances.....	Insurance	France	40.00	39.75	EM	—	—	—
Navigation et Transports	Insurance	France	100.00	99.39	FC	—	—	—
Scepar.....	Investments	France	99.99	99.99	FC	99.99	99.99	FC
Mutaide SA	Assistance	France	99.98	99.37	FC	99.98	98.50	FC
Aide Assistance Barcelone	Assistance	Spain	99.80	99.17	FC	59.80	59.80	FC
Aide Assistance Milan	Assistance	Italy	—	—	—	99.99	98.49	FC
Gan IA	Insurance	France	100.00	98.29	FC	—	—	—
Gan Santé.....	Insurance	France	99.88	98.17	FC	—	—	—
Gan Pacifique IA	Insurance	France	100.00	98.29	FC	—	—	—
STE FSE Protection Juridique ..	Insurance	France	95.67	95.97	FC	—	—	—
Sacnas	Insurance	France	49.17	48.33	EM	—	—	—
Compagnie Générale de								
Garantie	Insurance	France	99.14	97.44	FC	—	—	—
Financière Sorema	Holding	France	93.53	93.23	FC	93.53	92.68	FC
Sorema International	Holding	Netherlands	100.00	97.45	FC	100.00	96.87	FC
Sorema SA	Reinsurance	France	100.00	93.23	FC	100.00	92.68	FC
Sorema North America	Reinsurance	United States	100.00	93.23	FC	90.11	83.52	FC
Sorema UK Group Ltd	Reinsurance	United Kingdom	—	—	—	100.00	92.68	FC
Sorema Luxembourg	Reinsurance	Luxemburg	100.00	99.84	FC	100.00	99.56	FC
Gan Italia Vita	Insurance	Italy	100.00	98.29	FC	—	—	—
Luxlife	Insurance	Luxemburg	85.00	83.55	FC	—	—	—
Gan Portugal Vida	Insurance	Portugal	100.00	98.29	FC	—	—	—
Zenith Vie	Insurance	Switzerland	72.00	70.77	FC	—	—	—
Plus Lebensversicherung AG ..	Insurance	Germany	100.00	98.29	FC	—	—	—
Günes Sigorta	Insurance	Turkey	36.00	35.38	EM	—	—	—
Groupama Iberica	Insurance	Spain	100.00	98.31	FC	100.00	97.27	FC
Groupama UK	Holding	United Kingdom	100.00	98.31	FC	100.00	97.27	FC
Lombard Insurance PLC	Insurance	United Kingdom	100.00	98.31	FC	100.00	97.27	FC
Groupama Côte d'Ivoire	Insurance	Ivory Coast	99.67	98.54	FC	99.66	97.85	FC
Gan Espagne	Insurance	Spain	100.00	98.28	FC	—	—	—
Gan UK PLC.....	Holding	United Kingdom	100.00	98.29	FC	—	—	—
Gan Insurance CO LTD	Insurance	United Kingdom	100.00	98.29	FC	—	—	—
Gan Italia SPA.....	Insurance	Italy	100.00	98.29	FC	—	—	—
Gan Portugal Seguros	Insurance	Portugal	100.00	98.29	FC	—	—	—
Gan Company of Canada LTD	Insurance	Canada	100.00	98.29	FC	—	—	—

			1998			1997		
	Business	Country line	% Control	% Ownership	Consolidation method	% Control	% Ownership	Consolidation method
Gan North America	Insurance	United States	100.00	98.29	FC	—	—	—
Banque Financière Groupama ..	Bank	France	96.41	81.66	EM	82.08	80.80	EM
Finama	Credit	France	51.00	41.65	EM	51.00	41.21	EM
Epargne B. CERP	Asset Mgt	France	100.00	78.51	EM	99.93	77.67	EM
Groupama Asset Management	Asset Mgt	France	96.12	78.51	EM	96.18	77.73	EM
Groupama Asset Management								
North America	Asset Mgt	United States	100.00	81.45	EM	—	—	—
BIF	Bank	France	100.00	98.29	EM	—	—	—
Etoile Commerciale	Surety	France	45.79	45.01	EM	—	—	—
Union Européenne de CIC	Bank	France	23.52	22.61	EM	—	—	—
Silic	Real estate	France	47.55	47.32	FC	47.56	47.48	FC
Sepac	Real estate	France	100.00	47.85	FC	100.00	48.00	FC
Cie Foncière Parisienne	Real estate	France	100.00	96.98	FC	100.00	99.13	FC
Paris Bail	Real estate	France	87.34	84.28	FC	87.18	86.60	FC
Scima	Real estate	France	100.00	96.98	FC	100.00	99.13	FC
Scima 2	Real estate	France	100.00	96.98	FC	100.00	99.13	FC
SCI Défense Astorg	Real estate	France	100.00	96.98	FC	100.00	99.13	FC
SCI Marne	Real estate	France	—	—	—	100.00	98.96	FC
Scifma	Real estate	France	100.00	99.51	FC	100.00	99.42	FC
Actipar SA	Real estate	France	100.00	98.29	FC	—	—	—
Amacam	Holding	France	50.00	49.75	PC	49.99	49.23	PC
GLN	Brokerage	France	—	—	—	29.99	29.99	PC
Transama	Real estate	France	99.92	98.03	EM	99.92	97.49	EM
Socomie	Real estate	France	99.92	47.32	EM	99.92	47.48	EM

A: Aggregate method FC: Full consolidation PC: Proportional consideration EM: Equity method

SUMMARY PRO-FORMA FINANCIAL INFORMATION OF CCAMA

Pro forma financial information for the financial year ended on 31 December 1997

A — METHODS AND PRINCIPLES USED

General points

This financial information was compiled to facilitate reconciliation of consolidated financial statements for the fiscal years closed on 31 December 1998 and 31 December 1997. This information must be read in combination with audited Group consolidated financial information as of 31 December 1998. The following tables present an overview of Group consolidated financial information, prepared on a pro forma basis as if Gan had been bought on 1 July 1997, in other words:

- by including the acquisition of Gan S.A. and its subsidiaries to that date;
- by excluding businesses sold by Groupe Gan during the second half of 1997 and the first half of 1998.

Adjustments of historical financial data

Discontinued businesses

To allow for comparisons of financial data, businesses sold by the new entity in 1998 were restated when preparing 1997 pro forma financial information. Consequently, the contributions of companies that were actually sold on 1 July 1998 were taken out of the balance sheet and other pro forma 1997 consolidated financial data. Similarly, the approach ruled out entities currently being sold even though their sale has yet to become unconditional.

As a result, several transactions were supposed to have occurred before 1 July 1997, including:

- The sale of Gan Vie, effective 31 December 1997.
- The sale of UIS securities to General Electric Capital Corporation that took place in the first half of 1998.
- The sale of 67% of CIC in April 1998 and, as a result of said sale, the change in the stake held in Socapi.
- The disposal of the Moroccan subsidiaries Al Wataniya and Alliance Africaine following the signing of the sale agreement with Moroccan investors.

Pro forma adjustments stemming from the acquisition

The takeover of Gan S.A. led to the full consolidation of Gan in Groupama's consolidated accounts. For the purposes of drawing up our pro forma financial data, this first consolidation was deemed effective as of 30 June 1997.

The pro forma adjustments stemming from this acquisition of a controlling interest are mainly as follows:

- Accounting by the equity method for companies whose activity does not belong to the Group's core businesses, such as Banque pour l'Industrie Française.
- Recognition of goodwill for first consolidation of a gross value of FF 8,883 million and a net book value of FF 8,661 million, replacing the historic goodwill of Groupe Gan.
- Recognition of debt and interest expenses related to the financing of the acquisition of Gan.
- Taking into account minority interests of 1.2%.
- Taking into account the effects of deferred tax at the rate prevailing as of 31 December 1997.

Elimination of inter-company balances

No internal operation between Gan and Groupama was recorded that would have required restating the 1997 pro forma financial data.

B — SUMMARY PRO FORMA CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 1997

All data are expressed in millions of French francs.

	Proforma Groupama 1997	Groupama 1998
ASSETS		
Goodwill for first consolidation	8,987	8,984
Investments	282,208	296,837
Investments held to match technical reserves relative to unit-linked contracts	10,633	14,614
Share of retrocessions in technical reserves	11,782	12,148
Other assets	60,151	52,266
TOTAL ASSETS	<u>373,761</u>	<u>384,849</u>
LIABILITIES		
Group's capital and reserves	29,038	28,862
Technical reserves relative to unit-linked contracts	11,351	15,532
Gross technical reserves	288,121	303,291
Other insurance liabilities	45,251	37,164
TOTAL LIABILITIES	<u>373,761</u>	<u>384,849</u>

C — INVESTMENTS

Breakdown of investments as of 31 December

	Proforma 1997			Groupama 1998		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Real estate investments	28,364	35,919	7,555	28,532	36,043	7,511
Equities and other variable-income securities	29,817	38,669	8,852	45,612	60,108	14,496
Bonds and other fixed-income securities	205,817	224,135	18,318	208,933	232,661	23,728
Loans	11,036	11,036	—	5,304	5,304	—
Deposits	7,332	7,332	—	8,576	8,576	—
SUB-TOTAL	<u>282,366</u>	<u>317,091</u>	<u>34,725</u>	<u>296,957</u>	<u>342,692</u>	<u>45,735</u>
Bond redemption difference	(158)	(158)	—	(120)	(120)	—
SUB-TOTAL	<u>282,208</u>	<u>316,933</u>	<u>34,725</u>	<u>296,837</u>	<u>342,572</u>	<u>45,735</u>

Estimate of insurance investments by business line and geographical zone as of 31 December

	Proforma 1997			Groupama 1998		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Life Insurance France						
Real estate investments	10,785	11,594	809	11,566	12,651	1,085
Equities and other variable-income securities	18,680	24,799	6,119	24,695	33,649	8,954
Bonds and other fixed-income securities	149,271	162,468	13,197	153,781	172,510	18,729
Loans	7,392	7,392	—	3,238	3,238	—
Deposits	3,445	3,445	—	3,794	3,794	—
TOTAL	<u>189,573</u>	<u>209,698</u>	<u>20,125</u>	<u>197,074</u>	<u>225,842</u>	<u>28,768</u>

As of 31 December

	Proforma 1997			Groupama 1998		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Non-life Insurance France						
Real estate investments	16,563	22,840	6,277	16,089	21,993	5,904
Equities and other variable-income securities	8,532	10,822	2,290	18,353	23,581	5,228
Bonds and other fixed-income securities ..	41,110	45,501	4,391	38,752	42,578	3,826
Loans	3,138	3,138	0	1,580	1,580	0
Deposits	1,124	1,124	0	1,822	1,822	0
TOTAL	<u>70,467</u>	<u>83,425</u>	<u>12,958</u>	<u>76,596</u>	<u>91,554</u>	<u>14,958</u>

As of 31 December

	Proforma 1997			Groupama 1998		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
International Business Life and Non-life Insurance						
Real estate investments	1,016	1,485	469	877	1,399	522
Equities and other variable-income securities	2,605	3,048	443	2,564	2,878	314
Bonds and other fixed-income securities ..	15,436	16,166	730	16,400	17,573	1,173
Loans	506	506	0	486	486	0
Deposits	2,763	2,763	0	2,960	2,960	0
TOTAL	<u>22,326</u>	<u>23,968</u>	<u>1,642</u>	<u>23,287</u>	<u>25,296</u>	<u>2,009</u>

D — TECHNICAL RESERVES AS OF 31 DECEMBER

	Proforma 1997			Groupama 1998		
	France	Overseas	TOTAL	France	Overseas	TOTAL
Technical reserves gross of reinsurance						
Reserves for life insurance	185,014	7,997	193,011	195,920	9,104	205,024
Reserves for claims reported but not yet paid	3,479	549	4,028	3,051	622	3,673
Policyholders' surplus reserves	6,526	186	6,712	6,560	90	6,650
Other technical reserves	444	160	604	1,003	179	1,182
TOTAL LIFE INSURANCE	<u>195,463</u>	<u>8,892</u>	<u>204,355</u>	<u>206,534</u>	<u>9,995</u>	<u>216,529</u>
Reserves for unearned premiums	5,064	4,275	9,339	4,851	3,836	8,687
Outstanding claims reserves	48,266	16,089	64,355	51,214	15,730	66,944
Other technical reserves	9,704	368	10,072	10,770	361	11,131
TOTAL NON-LIFE INSURANCE	<u>63,034</u>	<u>20,732</u>	<u>83,766</u>	<u>66,835</u>	<u>19,927</u>	<u>86,762</u>
TOTAL TECHNICAL RESERVES	<u>258,497</u>	<u>29,624</u>	<u>288,121</u>	<u>273,369</u>	<u>29,922</u>	<u>303,291</u>

	Proforma 1997			Groupama 1998		
	France	Overseas	TOTAL	France	Overseas	TOTAL
Share of reinsurers in technical reserves						
Life insurance technical reserves	117	229	346	143	208	351
Reserves for claims reported but not yet paid	110	38	148	133	30	163
Policyholders' surplus reserves	5	0	5	33	0	33
Other technical reserves	0	0	0	2	0	2
TOTAL LIFE INSURANCE	232	267	499	311	238	549
Reserves for unearned premiums	248	755	1,003	296	598	894
Outstanding claims reserves	4,039	5,924	9,963	4,471	5,691	10,162
Other technical reserves	317	0	317	522	21	543
TOTAL NON-LIFE INSURANCE	4,604	6,679	11,283	5,289	6,310	11,599
TOTAL SHARE OF REINSURERS IN TECHNICAL RESERVES	4,836	6,946	11,782	5,600	6,548	12,148
NET TOTAL	253,661	22,678	276,339	267,769	23,374	291,143

E — PREMIUM INCOME

<u>Premiums</u>	<u>Proforma 1997</u>	<u>Groupama 1998</u>
Non-life		
Earned premiums	35,161	35,135
Life		
Premiums	18,841	17,255

CARACTERISTIQUES PRINCIPALES DES EMISSIONS

La présente description des caractéristiques principales des obligations est un résumé des modalités des “titres subordonnés” contenues dans le présent Prospectus.

Emetteur : Caisse Centrale des Assurances Mutuelles Agricoles

Co-Chefs de file : CDC Marchés et J.P. Morgan Securities Ltd.

Caractéristiques spécifiques des titres à taux fixe

Montant nominal total : 250.000.000 euros divisés en 5.000 titres subordonnés de 10.000 euros de nominal chacun et 2.000 titres subordonnés de 100.000 euros de nominal chacun (“les Titres à Taux Fixe”).

Prix d'émission : 99,56 % du nominal.

Intérêts : 5,875 % l'an pour la période du 22 juillet 1999 (inclus) au 22 juillet 2009 (exclu), payable à terme échu, le 22 juillet de chaque année et pour la première fois le 22 juillet 2000, et

Euribor 3 mois, plus 1,95 % l'an pour la période du 22 juillet 2009 jusqu'à l'échéance des Titres, payable à terme échu, trimestriellement les 22 octobre, 22 janvier, 22 avril et 22 juillet de chaque année (sous réserve d'ajustement en raison des jours ouvrés, la période d'intérêts étant ajustée en conséquence).

L'obligation de l'Emetteur de procéder au paiement des intérêts est subordonnée au respect par l'Emetteur du test de solvabilité (voir “Intérêts Différés” ci-après).

Caractéristiques spécifiques des titres à taux variable

Montant nominal total : 500.000.000 euros divisés en 10.000 titres subordonnés de 10.000 euros de nominal chacun et 4.000 titres subordonnés de 100.000 euros de nominal chacun (“les Titres à Taux Variable”).

Prix d'émission : 100 % du nominal.

Intérêts : Euribor 3 mois, plus 0,95 % l'an pour la période du 22 juillet 1999 (inclus) au 22 juillet 2009 (exclu), et Euribor 3 mois, plus 1,95 % l'an pour la période du 22 juillet 2009 (inclus) jusqu'à l'échéance des Titres. Les intérêts seront payables à terme échu, trimestriellement les 22 octobre, 22 janvier, 22 avril et 22 juillet de chaque année et pour la première fois le 22 octobre 1999 (sous réserve d'ajustement en raison des jours ouvrés, la période d'intérêts étant ajustée en conséquence).

L'obligation de l'Emetteur de procéder au paiement des intérêts est subordonnée au respect par l'Emetteur du test de solvabilité (voir “Intérêts Différés” ci-après).

Caractéristiques communes des Titres à Taux Fixe et des Titres à Taux Variable (les “Titres”)

Echéance : 22 juillet 2029.

Date de jouissance et de règlement : 22 juillet 1999.

Forme des Titres : Au porteur dématérialisés. Les Titres seront admis aux opérations de Sicovam, d'Euroclear et de Cedelbank à partir du 22 juillet 1999.

Rang des Titres : En cas de liquidation de l'Emetteur, les intérêts et le remboursement du principal dus au regard des Titres seront subordonnés au paiement complet de toutes sommes dues aux créanciers non subordonnés de l'Emetteur, à l'exception des créances dues au titre de prêts participatifs et aux

détenteurs de titres participatifs, et seront payés par priorité à toute dévolution des fonds propres de l'Emetteur.

Intérêts Différés :

L'Emetteur sera tenu de payer les intérêts dus à une date de paiement des intérêts s'il respecte le test de solvabilité. L'Emetteur est réputé respecter le test de solvabilité à une date de paiement d'intérêts si :

- (i) jusqu'à l'adoption de l'arrêté ministériel tel que prévu à l'article L 334-1 du Code des Assurances (tel qu'éventuellement modifié), et en application des articles R 334-1 et suivants et A 334-1 et suivants du Code des Assurances (tel qu'éventuellement modifié), sur la base de ses comptes annuels approuvés et certifiés mais non consolidés de l'exercice précédent, l'Emetteur a une marge de solvabilité supérieure ou égale à 300 % de la marge de solvabilité réglementaire, et s'il continuait de maintenir une telle marge de solvabilité dans l'hypothèse où il procéderait au paiement de tous intérêts qui seraient dus à la date de paiement d'intérêts concernée ; et
- (ii) après l'adoption dudit arrêté, et en application des articles L 334-1, R 334-1 et suivants et A 334-1 et suivants du Code des Assurances (tel qu'éventuellement modifié), sur la base de ses comptes annuels approuvés, certifiés et consolidés de l'exercice précédent, l'Emetteur a une marge de solvabilité supérieure ou égale à 150 % de la marge de solvabilité réglementaire, et s'il continuait de maintenir une telle marge de solvabilité dans l'hypothèse où il procéderait au paiement de tous intérêts qui seraient dus à la date de paiement d'intérêts concernée.

Au cas où l'Emetteur ne serait pas réputé respecter le test de solvabilité à une date de paiement d'intérêts, il aura la faculté de différer le paiement des intérêts qui sont dus à cette date. Les intérêts qui ne seraient pas payés à cette date constitueront des arriérés d'intérêts. L'Emetteur pourra différer le paiement des arriérés d'intérêts s'il est présumé ne pas respecter le test de solvabilité. A moins que les intérêts ne soient différés à une date de paiement des intérêts tombant un 22 juillet, les arriérés d'intérêts porteront intérêts à compter de la première date de paiement des intérêts survenant un 22 juillet.

Amortissement normal :

Au pair, en totalité le 22 juillet 2029.

Amortissement anticipé à l'initiative de l'Emetteur :

L'Emetteur se réserve la faculté, à chaque date de paiement d'intérêts à compter du 22 juillet 2009, de procéder au remboursement intégral des Titres à Taux Fixe et/ou des Titres à Taux Variable au pair, majoré des intérêts courus. L'Emetteur se réserve également la faculté de procéder au remboursement intégral des Titres à Taux Fixe et/ou des Titres à Taux Variable au pair, majoré des intérêts courus, dans le cas où l'Emetteur serait amené à payer des montants supplémentaires au titre d'une imposition en France. L'Emetteur se réserve enfin à tout moment le droit de procéder à des achats de Titres en bourse ou hors bourse. Les Titres rachetés par l'Emetteur seront annulés.

Amortissement anticipé obligatoire :

Le remboursement anticipé des Titres pourra être demandé en cas de fusion, scission ou apport partiel d'actifs affectant l'Emetteur et emportant transfert de la totalité ou d'une partie substantielle de ses actifs et à la condition que l'entité survivante ne reprenne pas l'intégralité des obligations incombant à l'Emetteur au regard des Titres, ou si l'Emetteur fait l'objet d'une liquidation amiable ou judiciaire.

Assimilation :

L'Emetteur pourra assimiler les Titres avec d'autres titres à émettre par lui-même ayant les mêmes modalités et autorisant une telle assimilation.

Consolidation :	L'Emetteur sera en droit de consolider les Titres à Taux Fixe et les Titres à Taux Variable à la condition que lesdits Titres aient les mêmes modalités à compter de la date de leur consolidation. L'Emetteur et l'Agent de Calcul pourront, sans consulter les porteurs, procéder à toutes modifications formelles ou minimales, n'affectant pas les intérêts des porteurs qui s'avéreraient nécessaires à cet effet.
Cotation :	Les Titres ont fait l'objet d'une demande d'admission au Premier Marché (émissions internationales) de PARISBOURSE ^{SBF} SA.
Régime fiscal :	<p>Les Titres étant réputés émis hors de France, les paiements effectués par l'Emetteur bénéficieront de l'exonération de tout prélèvement à la source en France prévue par l'article 131 <i>quater</i> du Code Général des Impôts.</p> <p>Si la réglementation fiscale française venait à imposer un prélèvement ou une retenue à la source, l'Emetteur payera, dans toute la mesure permise par la loi, le montant supplémentaire nécessaire afin que les porteurs, malgré un tel prélèvement ou retenue à la source, reçoivent le montant alors dû et exigible.</p>
Service financier :	Le service financier des Titres sera assuré par la Caisse des dépôts et consignations — Service aux émetteurs agissant en qualité d'agent centralisateur/payeur.
Agent de calcul :	Caisse des dépôts et consignations.
Droit applicable :	Droit français.
Introduceur en bourse :	CDC Marchés.
Membre de marché spécialiste de la cotation :	CDC Bourse.

PERSONNES QUI ASSUMENT LA RESPONSABILITE DU PROSPECTUS

1 Au nom de l'émetteur

A la connaissance de l'émetteur, les données du présent prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

*Caisse Centrale des Assurances Mutuelles Agricoles
Monsieur Bernard Delas
Directeur Général*

*Monsieur Gilles Laporte
Directeur Général Délégué*

2 Au nom de l'établissement présentateur

A la connaissance de l'établissement présentateur, les données du présent Prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

CDC Marchés

*Olivier Allard
Co-responsable des marchés de crédit*

VISA DE LA COMMISSION DES OPERATIONS DE BOURSE

A l'occasion de la cotation des obligations à la Bourse de Paris et par application des articles 6 et 7 de l'ordonnance n° 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a apposé sur le présent Prospectus le visa n° 99-994 en date du 19 juillet 1999.

La notice légale sera publiée au Bulletin des Annonces Légales Obligatoires ("BALO") du 21 juillet 1999.

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