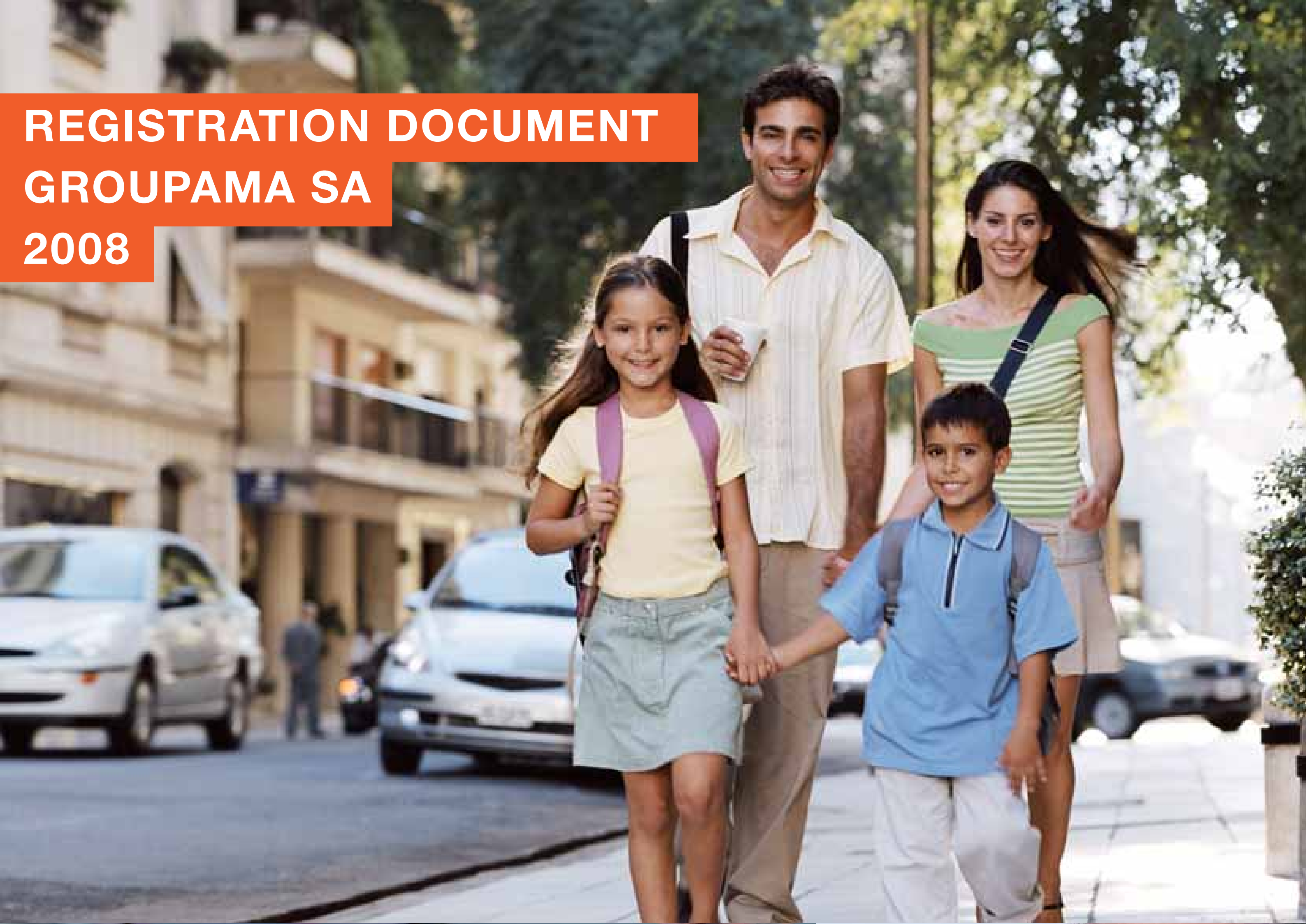
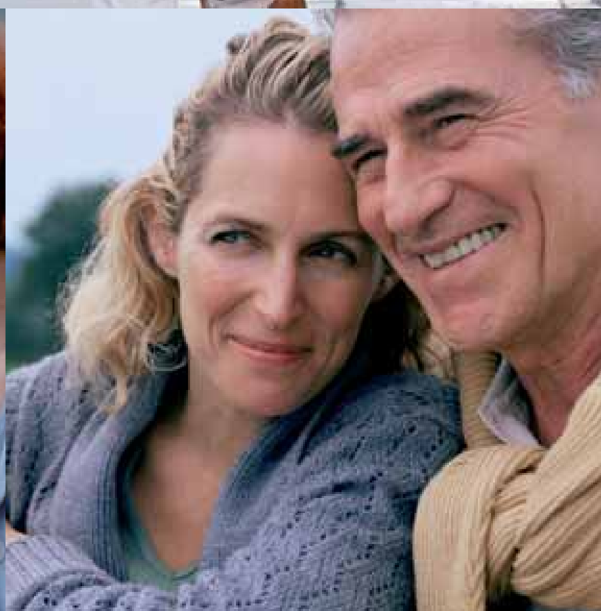
REGISTRATION DOCUMENT
GROUPAMA SA
2008





Groupama

Contents

REGISTRATION DOCUMENT 2008

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In accordance with its general regulation, specifically Article 212-13, the AMF recorded this registration document on 14 April 2009 under number R. 09-017. This document may not be used in support of a financial transaction unless supplemented by a transaction memorandum approved by the AMF. It was prepared by the issuer and is binding on its signatories. Registration, pursuant to Article L. 621-8-1-I of the French Monetary and Finance Code was made after the AMF verified "whether the document is complete and understandable, and whether the information it contains is consistent". It does not imply AMF certification of the accounting and financial information contained therein.

Copies of this registration document are available free of charge from Groupama, 8-10 rue d'Astorg, 75008 Paris, as well as on the Groupama website (www.groupama.com) and on the website of the Autorité des Marchés Financiers (www.amf-france.org).

This is a free translation into English of the French registration document filed with the Autorité des Marchés Financiers (AMF) and which is provided solely for the convenience of English readers.

1 OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

The creation of Groupama is the result of a one hundred year old story. The starting point was the Law of 4 July 1900, which allowed the birth, then the subsequent organisation of the agricultural mutual insurance movement in France.

The Agricultural Mutual Insurance Companies (Assurances Mutuelles Agricoles) were created to protect and serve the farmers who at that time represented 80% of the national wealth. In the 20th century they became the leading European agricultural insurer (source: company).

The Agricultural Mutual Insurance Companies very quickly realised the need to re-invent themselves and to open themselves to other insurance markets and, more recently, to the banking business if they were to continue their vocation of serving the interests of agriculture and passing on the tradition of mutual insurance.

In 1963, the Agricultural Mutual Insurance Companies opened their business to the entire non-life insurance segment. The Group then quickly became the leading insurer of municipalities in France (internal source).

In 1972, they started a life insurance business.

And in 1986, the name "Groupama" was created to cover all the entities of an insurance Group that had adapted to the new economic conditions and the globalisation of the financial markets.

In 1995, the policyholders who were not part of the agricultural world – at the time covered by SAMDA, a subsidiary of Groupama created in 1963 to insure "non-agricultural" customers – became full members of the mutual.

In 1998, at the conclusion of a privatisation procedure, competing against some major international groups, Groupama acquired Gan, a group with business lines complementary to those of Groupama. The new combination resulted in the creation of one of the leading French multi-line insurer.

In 2001, in a desire to expand its offering to banking products, the Group joined forces with Société Générale, the leading French retail banking institution, with a view to creating a multi-channel bank for Groupama's clients (Groupama Banque). Groupama plans to become a global player in financial Insurance-Banking.

In 2001 as well, the Board of Directors of the Central Mutual approved a structure for consolidating the regional mutuals and approved measures aimed at preparing the Group for listing on the stock exchange – the authorisation for which was obtained in 2006. This was done so that any total or partial financing or refinancing requirement that could result from one or more major acquisitions or from a strategic partnership, be that in France and/or abroad, could be met.

A number of mergers and acquisitions were initiated in 2002 in France (acquisition of CGU Courtage, merged with and into Gan Eurocourtage) and at the international level (acquisition of Plus Ultra Generales in Spain).

In 2003, the regional mutuals extended a banking offer to the Groupama members. The Group also obtained a non-life insurance license for China.

Moreover, the Group's national entities were restructured to perfectly match the Group's growth strategy. A Fédération Nationale Groupama was created and Groupama SA became the exclusive reinsurer of the regional mutuals following the dissolution of the Central Mutual, the Caisse Centrale des Assurances Mutuelles Agricoles.

In 2005, the Group acquired Clinicare in Great Britain.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, the 6th-largest insurer in Turkey (source: Foreign Economic Relations Division, 2006 data), as well as the British broker Carole Nash.

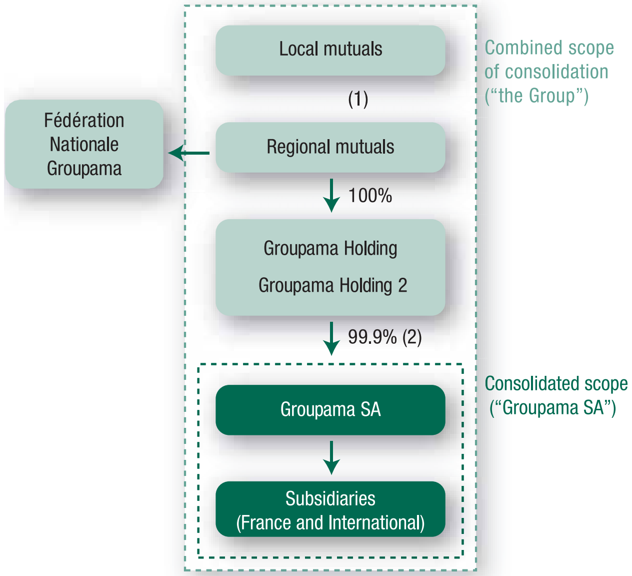
In 2007, the Group's international development intensified with the purchase of Nuova Tirrena insurance company which held some 2% of the Italian non-life insurance market, strengthening the Group's subsidiary in Italy. In the United Kingdom, the Group acquired two new brokers (Bollington Group and Lark Group).

In 2007 and 2008, Groupama made strong advances in Central and Eastern Europe by acquiring the Greek insurer Phoenix Metrolife and Romanian insurance companies BT Asigurari and Asiban, and by strengthening its positions in Turkey, through the purchase of insurance companies Güven Sigorta and Güven Hayat. Groupama also entered into a strategic partnership with OTP Bank, the leading independent bank in Central Europe, resulting in distribution agreements in nine countries and the acquisition of OTP's insurance operations (OTP Garancia), the leading company in Hungary, as well as its insurance subsidiaries in Bulgaria, Romania and Slovakia.

Groupama also acquired a 35% stake in STAR, the leading company in the Tunisian insurance market.

With a view to gaining an urban customer base and new distribution channels in France, in mid-2008 Groupama launched "Amaguiz.com", a new brand intended for web sales only.

1.2 ORGANISATION OF THE GROUP AND OF GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance

(2) 90.91% hold by Groupama Holding and 8.99% hold by Groupama Holding 2

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at the local level (68,000 elected), and they in turn elect their representatives at the regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance Group. They select the Managers who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local (5,400 local mutuals), regional (15 regional mutuals) or national through the federations and the Boards of Directors of Groupama SA and its subsidiaries.

In 2003, Groupama changed its central organisational entities and set up new entities:

- Fédération Nationale, comprised of the 15 Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organisation at the national level, and promote mutual-insurance principles within the Group;
- the role of Groupama SA, which directs the operating activities of the Group and its subsidiaries, was strengthened with the responsibilities of reinsurer for the regional mutuals, a role that was previously performed by Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA);
- Groupama Holding: the function of this intermediate entity is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

The entities share the same Chairman and the same executive management to ensure greater consistency.

There are therefore two scopes within Groupama:

- the combined scope, which includes all the entities of the Group and 100% of the activities of the regional mutuals;
- the consolidated scope in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 40% of the activities of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

1.2.2 GROUPAMA SA

Groupama SA is a French *société anonyme* nearly wholly owned, directly or indirectly, by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("Specialised Mutuals") which form the Mutual Insurance Division of Groupama.

Groupama SA is 99.90% owned by the regional mutuals through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.10%) is held by former and current agents and employees of Groupama SA.

The breakdown of share capital at 31 December 2008 was as follows:

- 90.91% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.10% by the former and current agents and employees of Groupama SA (directly or through umbrella funds (FCPEs)).

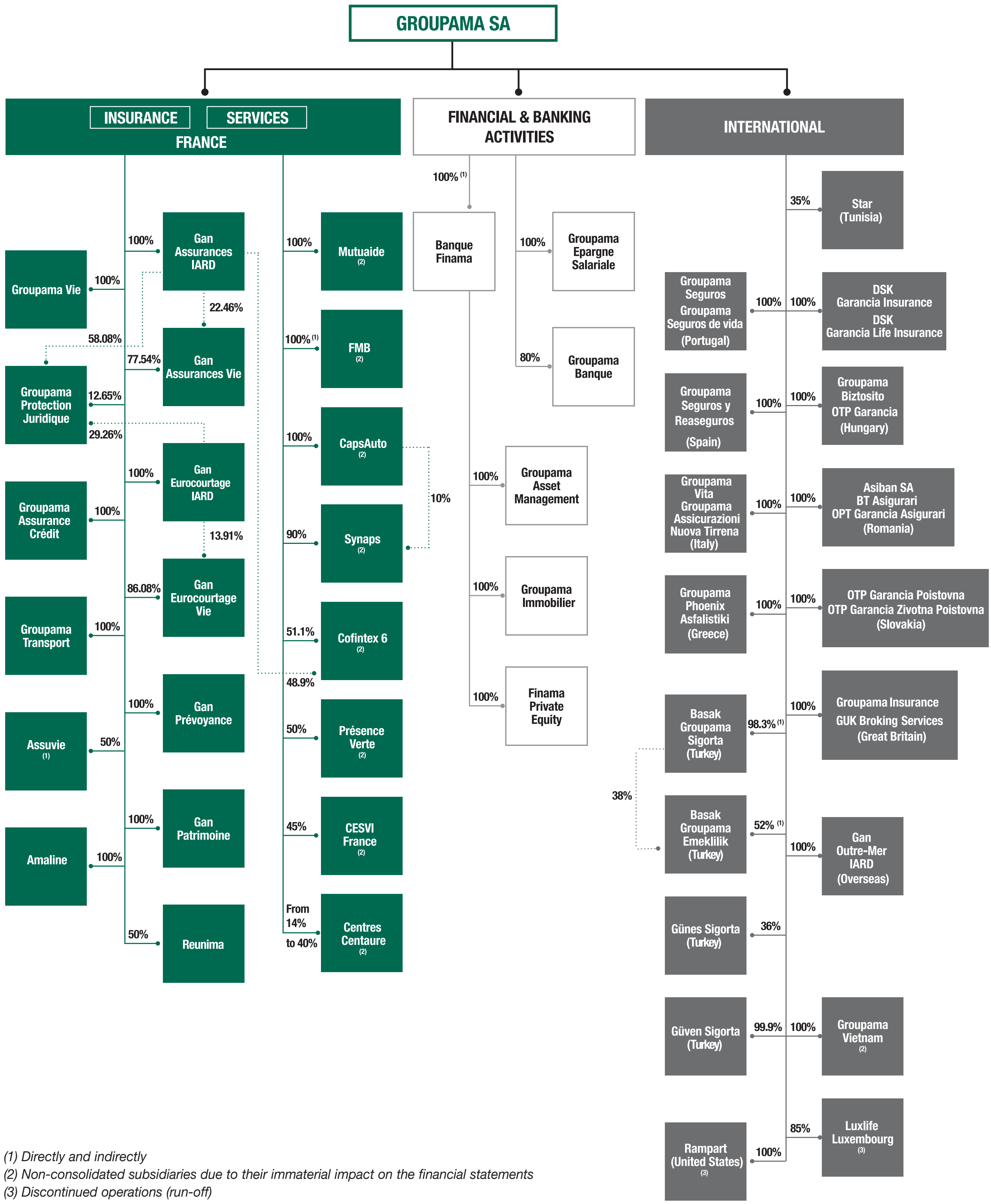
Both Groupama Holding and Groupama Holding 2, which are French *sociétés anonymes*, are wholly owned by the regional mutuals.

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the Equity Management Division of the Groupama group. Its activities are:

- to define and implement the operational strategy of the Groupama group in collaboration with the regional mutuals and in line with the strategies defined by Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the reinsurance programme for the entire Group;
- to manage direct insurance activity;
- to prepare the consolidated and combined financial statements.

In conducting its activities, the Company is governed by the provisions of the Commercial Code and the Insurance Code and is subject to the oversight of the French Autorité de Contrôle des Assurances et des Mutuelles.

FINANCIAL ORGANISATIONAL CHART AS AT 31 DECEMBER 2008



(1) Directly and indirectly
(2) Non-consolidated subsidiaries due to their immaterial impact on the financial statements
(3) Discontinued operations (run-off)

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

Within the Groupama SA division, the ties are of a capitalistic nature. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain autonomy of operations, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control.

In the Mutual Insurance Division, they are governed:

- by an Internal Reinsurance treaty that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole members of Fédération Nationale Groupama"), which was signed on 17 December 2003, effective retroactively on 1 January 2003). This agreement is described more precisely § 3.7 – Opérations with affiliates, and was the object of the special report from the auditors on regulated agreements and commitments § 6.5.

1.3 KEY FIGURES

1.3.1 GROUPAMA SA

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for fiscal years ended 31 December 2006, 2007 and 2008. In accordance with EC Regulation no 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements were prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2008	2007	2006
Revenues (1)	**13,441**	**12,133**	**11,480**
of which France insurance	9,142	8,951	8,826
of which International insurance	3,937	2,832	2,372
of which banking and finance	362	350	282
Combined ratio (2) Property and casualty insurance	**98.0%**	**97.5%**	**98.0%**
Economic operating income (3)	**561**	**375**	**324**
Net result, Group share	**273**	**793**	**600**
Financial structure and soundness			
Group shareholders' equity	3,179	5,918	5,094
Total balance sheet	85,650	88,327	78,550
Debt ratio (4)	40.5%	23.3%	19.8%
Return on equity (ROE) (5)	12.2%	22.5%	20.0%

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this registration document page 314.
(3) Economic operating income corresponds to net profit before (i) net realised capital gains or losses, impairments, gains and losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortisation of value of business acquired (VOBA) and goodwill impairment losses all after tax.
The transition to economic income from net result, Group share is presented in detail in the Report of the Board of Directors (page 162).
(4) Excluding Silic and excluding cash of the holding companies.
(5) Net result (Group share) over average shareholders' equity (see glossary in this registration document page 315).

1.3.2 COMBINED SCOPE OF CONSOLIDATION

The following table shows financial information and ratios from the Group's combined financial statements. It provides a view of the entire scope of consolidation of the mutuals, including the Groupama SA capital ownership scope of consolidation.

(in millions of euros)	2008	2007	2006
Revenues (1)	**16,232**	**14,859**	**14,165**
of which France insurance	11,933	11,677	11,511
of which International insurance	3,937	2,832	2,372
of which banking and finance	362	350	282
Combined ratio (2) Property and casualty insurance	**98.7%**	**99.7%**	**98.9%**
Economic operating income (3)	**661**	**398**	**351**
Net result, Group share	**342**	**938**	**753**
Financial structure and soundness			
Shareholders' equity, Group share	5,562	8,511	7,447
Total balance sheet	91,777	94,882	84,998
Debt ratio (4)	28.3%	17.1%	14.4%
Return on equity (ROE) (5)	9.2%	16.4%	15.0%
Solvency margin (6)	**122.0%**	**277.0%**	**311.0%**
S&P RATING	**A+**	**A+**	**A**

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this registration document page 413.
(3) Economic operating income corresponds to net profit before (i) net realised capital gains or losses, impairments, gains and losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortisation of value of business acquired (VOBA) and goodwill impairment losses all after tax.
(4) Excluding Silic and excluding cash of the holding companies.
(5) Net result (Group share) over average shareholders' equity (see glossary in this registration document).
(6) Pursuant to European directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

On 7 April 2009, Standard & Poor's affirmed Groupama SA's "A+" rating and revised the outlook to negative from stable.

1.4 STRATEGY

Groupama seeks to become one of Europe's leading insurance companies. The Group applies this strategy by optimising its current major competitive advantages, especially its key assets such as its size and multi-line and diversified business model, and specifically: a balanced portfolio in property insurance and life and health insurance, ultra high-profile brands, a multi-channel distribution, presence in all areas of the insurance business with a leading position in several areas, including banking and services, and lastly a large, loyal and diversified customer base.

Over the next few years, the Group will be faced with the challenge of optimising this model and making the most of its competitive advantages, firstly to consolidate and strengthen Groupama's positions in France, and then improve its position internationally to rank amongst the top 10 insurers in Europe.

Groupama will continue to strengthen its size, to allow the Group to optimise its risk diversification, maintain a tighter grip on costs, and have a greater impact on market and industry conditions, with the ultimate aim of continuing to offer its members and clients better-performing services, while ensuring the Group's soundness and long-term existence.

In this context, the Group obtained the authorisation for listing on the stock exchange in 2006, so that any total or partial financing or refinancing requirement that could result from one or more major acquisitions or from a strategic partnership, be that in France and/or abroad, could be met.

ACCELERATE INTERNAL GROWTH IN FRANCE

Groupama is the leading insurer for individual health, farmers, and local authorities, the 2nd-largest home insurer, and the 3rd-largest motor, transport and commercial insurer, and it intends to further strengthen its position as "leading insurer" in the French market.

To continue growing in strength, and accelerate its internal growth in France, Groupama will:

- continue investing in marketing and communications (Groupama, the Gan and Amaguiz brands, customer awareness, etc.);
- diversify its customer portfolio, by growing in urban areas and certain potential customer segments, while continuing to develop its historic positions among other types of customers;
- continue improving the effectiveness of its sales offerings (strengthening of commercial productivity, network size and growing of its multi-channel activities).

The Group also seeks to consolidate its positions in its key property and casualty insurance business by:

- making its offering of products and services a true distinguishing factor (continued product innovation in personal, professional and business risk; general inclusion of a service component in our offerings, etc.);
- taking a position in new distribution channels, such as direct sales (amaguiz.com and groupama.fr) and partnerships.

Groupama is also showing strong ambitions in the life and health insurance market, and seeks:

- to be prepared and take advantage of the forthcoming regulatory changes and the emergence of new provident needs;
- to rely on a complete and differentiated savings offering to firm up its subscription potential for the Group's customer portfolio;
- to continue adapting its Life networks (development of our asset management advisor networks, etc.);
- to take a position in new channels (Provident Institutions and Mutuelles 45, CGPI, etc.).

Finally, the Bank will remain active among customers by increasingly integrating itself into the Groupama sales efforts.

SUCCESSFUL INTERNATIONAL GROWTH

In recent years, the Group has successfully undertaken an extensive reorganisation of its activities internationally, by consolidating its major facilities (Italy, Spain, Great Britain), establishing itself in areas with strong growth potential (Central and Eastern Europe and Mediterranean Basin) and taking positions, with a long-term view, in Vietnam and China.

2008 was a year rich in international acquisitions, having entered into a strategic partnership with the Hungarian bank OTP Bank in Central Europe (taking an 8% stake in the bank's share capital and purchasing its insurance subsidiary, OTP Garancia), purchased Güven Sigorta in Turkey and Asiban in Romania, and acquired 35% of Star in Tunisia (the leading Tunisian insurer). As a result of these purchases, Groupama became No. 3 in Turkey, No. 4 in Hungary, No. 2 in Romania, and gained a foothold in Slovakia and Bulgaria.

Groupama seeks to continue expanding internationally. In this context, we have set ourselves two strategic objectives: strengthening Groupama's position in each country in which it is established, particularly in Southern Europe, and taking a significant position in new countries, with priority in Central and Eastern Europe, which are regions with high potential. The Group must also:

- succeed in its takeovers/mergers in progress (Italy, Hungary, Turkey and Romania);
- accelerate internal growth through increased sales effectiveness (launch of commercial development in certain subsidiaries after the takeover and reorganisation phases, investment in proprietary networks, definition of bancassurance agreements, etc.) and a stronger position in core business lines (Casualty) and potential lines (Life and Health Insurance);
- establish a leading position in subsidiaries with operations in rapidly growing companies through targeted acquisitions;

- pursue its expansion in Central and Eastern Europe through the strategic partnership with OTP Bank;
- assess acquisition opportunities in the Mediterranean region.

STRENGTHEN OPERATING PROFITABILITY AND EFFICIENCY

Finally, the Group must work unceasingly to improve its operating efficiency to enhance the performance of its model.

Optimisation of the business line departments will foster cost synergies while improving the quality of service to customers and members:

- in France, reducing administrative costs to maintain operating profitability within a context of rising acquisition costs (marketing, communications, price tensions, development of non-proprietary networks, etc.);
- internationally, promoting shared functions among subsidiaries and successfully completing the business combinations planned.

Seek critical mass to optimise the costs of support functions:

- pursue the rationalisation of Information Systems (IS) by completing the convergence of IS in France and by mutualising and harmonising the IS of international subsidiaries;
- developing synergies among the support departments, specifically by accelerating the consolidation within the Group of the support departments of the various French subsidiaries, as well as by considering the implementation of an industrialisation process for certain support departments.

Improve our HR efficiency by implementing the Company's social responsibility approach:

- making HR a key lever in fulfilling our ambitions, by giving it the necessary talent to develop the Group, aligning employees in accordance with the Group's strategic objectives, and continuing to further enhance employee commitment;
- implementing a Social and Ethical Responsibility approach consistent with the Group's action principles.

Finally, the Group's international scope opens up new opportunities for development and growth in operating methods; to this end, Groupama must:

- pursue the deployment of our multi-disciplinary business lines internationally;
- continue to expand our operating methods internationally (Group projects, HR policy, etc.)

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

At 31 December 2008, Groupama SA had 22,033 employees (11,120 in metropolitan France/Overseas departments and territories and 10,904 abroad). Total workforce grew 30% (3.8% in metropolitan France/overseas departments and territories and 74% abroad). This growth was primarily fuelled by foreign acquisitions in 2008.

According to the Groupama SA decentralised organisation, each company manages its human resources and social policy as locally as possible, which is consistent with the corporate action principles and guidelines defined by the Group.

In 2008, the companies included in the scope of consolidation hired 1,275 employees under indefinite-term agreements in France to strengthen their sales networks and customer relations platform, and to bolster their management and advisory teams: 18% of the new employees are under 26 years of age, 9% are transfers from other Group companies (111), and 10% are from the conversion of fixed-term agreements into indefinite-term agreements.

At the same time as these new hires, 995 employees left the Group (of which 21% retired, 32% resigned, and 18% were laid off).

The investment for training within the scope of consolidation is estimated at 6% of payroll (of which, 4.75% is exempt expenses).

These efforts cover all professional categories and constitute a major benefit for the development of business and managerial skills which are essential for the success of the projects undertaken by the Group.

Given the sharp increase in international workforce, the Group has engaged managerial, language and cultural training programs with a view to promoting exchanges and cohesive teams within the Group.

In France, companies in the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 89% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and provident schemes, as well as the organisation and duration of work. The Group Work's Council and the European Work's Council are Group-level social bodies.

Regarding the collective wage policy, profit-sharing measures have been implemented in all Group companies. To this end, €16 million and €2.5 million, respectively, of the sums distributed in 2008 have been invested in Company savings plans (PEE) and the Group's collective retirement plan (PERCOI) by employees in the consolidated scope.

The Group's identity is built on its action principles of responsibility, solidarity, and proximity; it is a player with strong convictions as an insurer, professional agricultural organisation, and employer.

It is in this spirit that the Group joined the UN Global Compact on 7 February 2007, and on 26 June 2007 the Diversity Charter (for the France scope of consolidation), and is participating in the corresponding action plans.

Thus, in 2008, a Group Diversity and Equal Opportunity agreement was signed by five of the six union organisations. This agreement, the four main sections of which cover cultural diversity, the employment of disabled workers, gender equality and age management, was entered into for an indefinite period and applies to all Group companies (Groupama SA, its subsidiaries and member companies of the UDSG), *i.e.*, over fifty companies and over 27,000 employees in France.

The Group has also committed to the government's "Hope for the Suburbs" plan, by signing the "National Commitment to Employ Youth from the Suburbs", as well as an active effort to recruit and incorporate disabled individuals.

In March 2008 the Group also carried out an opinion survey of all its employees in France and internationally. 74% of employees participated in it, and 84% of them declared they were confident of the Group's future.

1.5.2 GROUP WORKFORCE

Change in the Groupama SA's salaried workforce

(workforce on payroll at year-end)

The Group's scope of consolidation includes all the companies comprising it. The scope of consolidation contains 50 companies with a total workforce of 22,033 employees.

The following table corresponds to Note 51 of the notes to the consolidated financial statements for fiscal year 2008, as audited by the statutory auditors.

(number registered)	2008			2007	2006
	Insurance	Finance	Total	Total	Total
France	9,933	1,196	11,129	10,661	10,574
Great Britain	1,649		1,649	1,535	1,207
Spain	937		937	916	875
Italy	923		923	940	396
Hungary	2,796		2,796	270	240
Greece	401		401	390	
Romania	3,026		3,026	1,591	
Other EU	382		382	105	114
Outside EU	790		790	513	530
TOTAL	**20,837**	**1,196**	**22,033**	**16,921**	**13,936**

The change in registered personnel as at 31 December 2008 totalled 5,112 employees. This change is primarily due to the acquisitions that took place during fiscal year 2008, *i.e.*:

- Acquisition of brokers in the United Kingdom: 114 employees
- OTP Garancia in Hungary: 2,538 employees
- DSK Garancia in Bulgaria: 107 employees
- OTP Garancia in Slovakia: 140 employees
- OTP Garancia Asigurari in Romania: 329 employees
- Asiban in Romania: 1,149 employees
- Güven Hayat in Turkey: 23 employees
- Güven Sigorta in Turkey: 184 employees

(number registered)	2008	2007	2006
Groupama SA	1,584	1,564	1,531
Registered offices and after-sales services of subsidiaries with customer/network relationship (1)	4,020	3,951	3,951
Sales forces of subsidiaries with customer/network relationship (1)	2,077	2,011	2,045
France insurance/bank and services subsidiaries	1,115	950	861
of which Groupama Bank	464	387	318
Financial and real estate subsidiaries	730	666	629
Support companies (IT, logistics)	1,603	1,519	1,557
Sub-total France	**11,129**	**10,661**	**10,574**
International	10,904	6,260	3,362
TOTAL	**22,033**	**16,921**	**13,936**

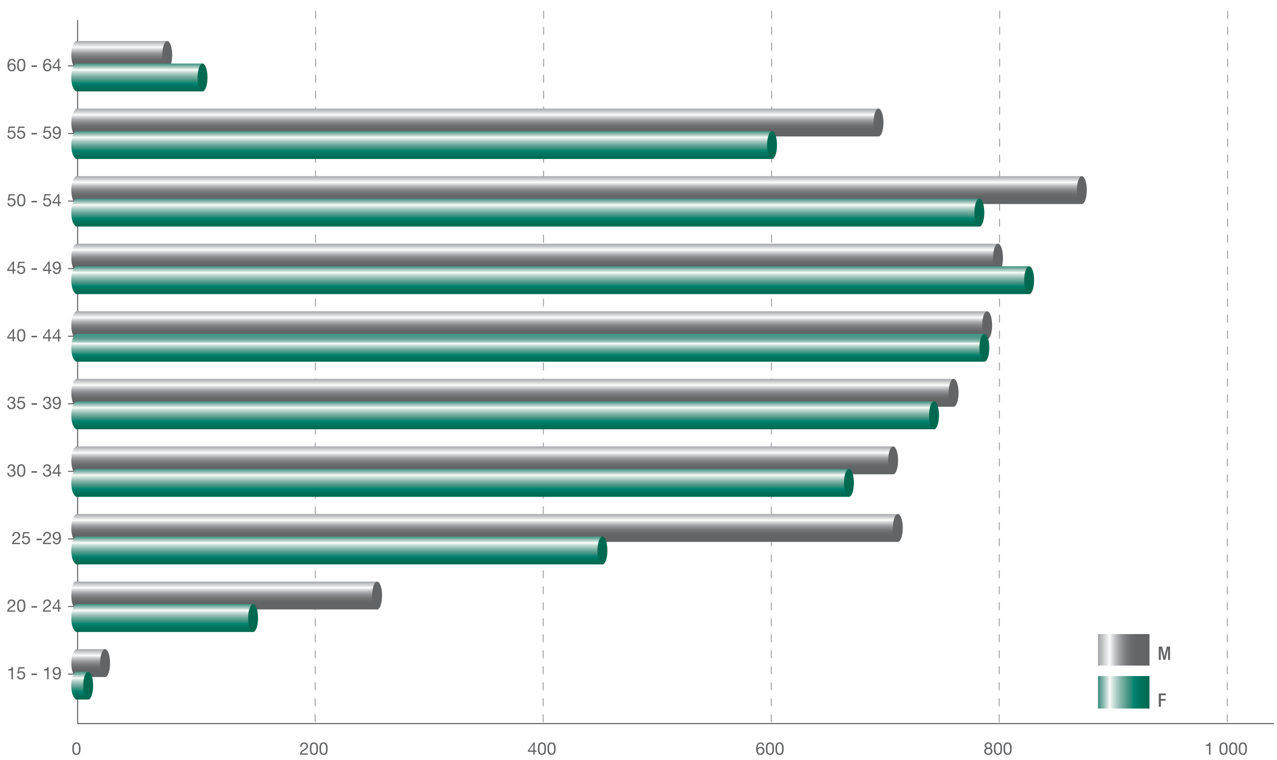
(1) Gan Assurances IARD
Gan Assurances Vie
Gan Eurocourtage IARD
Gan Eurocourtage Vie
Gan Patrimoine
Gan Prévoyance
Groupama Transport
Gan Outre-Mer IARD

Total workforce for the France scope of consolidation was 11,129 employees at 31 December 2008, distributed as follows:

Distribution by gender		Distribution by policy type		Distribution by status type	
Men	**Women**	**OEC**	**FTC**	**NA**	**C**
47%	53%	96%	4%	53%	47%

The age pyramid is broken down as follows:

BREAKDOWN OF WORKFORCE BY AGE GROUPS



1.5.3 PROFIT SHARING AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in fiscal year 2008. As of the date of filing of this registration document, there were no stock subscription or purchase options capable of being exercised.

Each Company Board member holds at least one Company share, in accordance with Article 12 of the bylaws.

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Retirement schemes

The companies of the Group have different retirement schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations.

Usually, entities included in the scope of consolidation use the services of insurance companies internal to the Group: Groupama Vie, Gan Eurocourtage Vie. Reserves are then recognised in the financial statements of the scope of consolidation to cover this commitment. Sums received are invested in appropriate investments.

1.5.4.2 Other long term benefits

The Group has also recognised reserves in its financial statements for other long-term benefits to Group employees, *i.e.*:

- retirement benefits;
- seniority bonuses, and
- anniversary days.

1.6 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

Groupama, a mutual insurance group and locally-based insurer, is naturally socially responsible; it strives for this goal through:

- its mission: support in the face of life's difficulties, whether professional or private. Human concern is at the heart of the Group's vocation; it is the Company's very reason for being;
- and the way it fulfils its mission through these action principles: proximity, responsibility and solidarity, which govern its operations and the way it fulfils its duties.

At Groupama, responsible commitment for over 50 years has resulted in high investment in prevention, the source of our business's social responsibility activities. This strategic orientation has a major effect on the implementation of the firm's three pillars of social responsibility:

- first of all, from an economic standpoint, seeking the Group's long-term growth and sustainable economic performance, specifically through efficient governance. Groupama also affirms its responsible commitment through an offering of products addressing society's major challenges, such as the management of social protection (retirement, health), the aging population (assistance, long-term care). Specifically, through its policyholders, the responsibility approach of the insurance business line yields an active policy of preventing risks in terms of road safety, health, and home safety, both in the Company and through local groups. Moreover, through its asset management subsidiary, Groupama Asset Management, the Group has been innovative in terms of Socially Responsible Investment (SRI) since the early 2000s;
- from a social standpoint:
  - vis-à-vis its employees, Groupama is taking a stance against discrimination and promoting equal opportunity: adherence to the United Nations Global Compact; the diversity charter; signing of an agreement on diversity and the disabled; application of a Code of Ethics; signing of the national agreement to employ youths from sensitive regions; the existence of a social benefits scale; health insurance for employees, etc. Moreover, with its high level of recruitment and centralised structure, Groupama is participating in the dynamics of its territories,
  - vis-à-vis the corporation as a whole, Groupama prevents social exclusion and has instituted measures to discourage inequality through numerous solidarity partnerships (with ADIE for micro-credit, with the Madagascar Solidarity Association, against medical desertification and illiteracy). The commitment for the common good also takes the form of scientific and cultural sponsorship (Groupama Health Foundation, Groupama Gan Cinema Foundation, Risk Foundation);
- from an environmental standpoint, Groupama is engaged in preventing environmental risks among farmers, manufacturers and local authorities and offers an entire range of agreements covering the repair of environmental damage. The Group has also designed innovative products to combat risks related to climate change (climate offerings intended for agricultural workers, the Predict Services offering intended for local authorities). Groupama also encourages virtuous ecological behaviour by offering products such as "Pay As You Drive" or by including in its MRH offerings

cover for renewable energy-producing home equipment. Groupama also practices a promotional rate policy in Property Damage for HQE buildings or for those that have received an energy label.

This respect for the environment may also be found in the desire to control the Group's direct impacts, related to the management of its sites (implementation of the HQE initiative, energy audit of several sites, guide for eco-responsible purchases, reduced paper consumption, gradual replacement of the auto fleet by clean vehicles, etc.).

Created in 2008, the Groupama SA Ethics and Sustainable Development Department is responsible for promoting and coordinating initiatives at the Group level. This department benefits from a capacity for action and mobilisation, specifically by promoting a network of correspondents from all Group entities (French and international subsidiaries, regional mutuals).

2 THE GROUP'S BUSINESS LINES

2.1 ENVIRONMENT, MARKET TRENDS

In an unprecedented period of crisis, both in France and abroad, the French insurance sector has been able to stand firm. Its foundations are solid and its activity stable, even if life insurance deposits have been temporarily affected. In 2008, premium payments (direct business) were estimated at €184 billion, down 6.2%, a result of the decline in total life and health insurance premium income (-8.7%) and the increase in income from property and casualty insurance (+2.5%).

2.1.1 LIFE & HEALTH INSURANCE

In France, for the second year in a row, premium income from life and health insurance (life, health, accidental bodily injuries) declined. It totalled €138.8 billion, down 8.7%, specifically as a result of an economic and financial context quite unfavourable to life insurance. In life insurance and capitalisation, premium payments (direct business) were estimated at €122.6 billion in 2008, down 10.6% from 2007, and net inflows dropped 47.5% to 28.4 billion, given the sharp competition from short-term products. Total deposits under these policies (total policy and profit-sharing reserves) were stable compared to 2007, at €1,142.2 billion at year-end 2008.

Premiums paid for healthcare and accident policies rose to €16.2 billion in 2007, up 8.4%. This growth is the result of several factors: a sharp increase in the number of new policies, an expansion of covers and fee increases due to changes in the general system toward complementary agencies, and the aging population.

2.1.2 PROPERTY & CASUALTY INSURANCE

Total premium income for property and casualty insurance grew in 2008 (+2.5%) to €44.8 billion. The change in the retail market (+2.9%) was greater than that for professionals (+2.0%). Policy income increased in all branches: up 1.3% in motor insurance; up 1.8% in professional property damage insurance; up 3.0% in construction insurance; up 3.0% in non-motor third-party liability insurance; and up 5.0% in multi-risk home policies.

Total payments and provisions grew in 2008 (+4.5%) similar to 2007 (+4.3%), to a total of €32.8 billion. This change was largely due to the growth in motor insurance payments. Moreover, in multi-risk home insurance, claim expenses increased 5%, due in part to the Haumont tornado in August 2008.

2.2 GROUPAMA, A MULTI-LINE AND MULTI-CHANNEL INSURER

A multi-line insurance group member of a large mutual of agricultural origin, Groupama is an independent group, founded at the end of the 19th century by farmers. The expertise developed by the Group through its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player in France (6th-largest French multi-line insurer – Groupama 2007 estimate).

Following the acquisition of the French insurance group Gan in 1998, Groupama benefits from dense complementary distribution networks over the entire French territory: 7,500 sales representatives employed by Groupama's regional mutuals, 1,000 multi-line insurance agents and 330 representatives for Gan Assurances, 2,000 brokers regular partners of Gan Eurocourtage, the network of 600 Gan Patrimoine agents and the network of 1,400 Gan Prévoyance employees. Since each group – Groupama and Gan – has its specific product and service lines, Groupama kept two separate brands on the national market – Groupama and Gan – and the Group currently earns premium income under these two main brands.

The Group carries out its operating activities under the oversight of Groupama SA which centralises and organises the internal and external reinsurance business lines of the Group; Groupama SA is the parent Company of all the operating subsidiaries of the Group in France and abroad.

In France, Groupama SA, through the reinsurance activity of its regional mutuals (on average 40% of the premiums of the regional mutuals) and the activity of its subsidiaries, is a major player on the insurance market, both in the businesses of Property & Casualty insurance and in those of Life & Health insurance, savings, banking services and financial activities.

Internationally, the Group is present in high-potential geographic areas. It is primarily active in Southern, Central and Eastern Europe, where numerous positions have been taken since 2007.

In 2008, Groupama SA reported total consolidated revenues of €13.4 billion, up 10.8% (*i.e.*, a 3.4% increase from comparable data), including €13.0 billion in insurance premiums and €0.4 billion originating from asset management and other financial activities. Approximately 70% of Groupama SA's business is carried out in France.

The table below presents the breakdown of consolidated revenues:

(in millions of euros)	31.12.2008	31.12.2007	31.12.2006	Change 2008/2007(1)
France property and casualty insurance	3,631	3,557	3,495	+2.1%
France life and health insurance	5,501	5,384	5,319	+2.2%
Sub-total France	**9,132**	**8,941**	**8,814**	**+2.1%**
International property and casualty insurance	2,813	1,991	1,651	+5.8%
International life and health insurance	1,125	841	690	8.0%
Sub-total International	**3,938**	**2,832**	**2,341**	**+6.4%**
Discontinued operations (France and international)	10	10	43	0.0%
Banking and finance	362	350	281	+3.4%
TOTAL GROUPAMA SA	**13,441**	**12,133**	**11,479**	**+3.4%**

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

2.2.1 NETWORK STRUCTURE IN FRANCE

The table below presents the structure of consolidated revenues by distribution network in France.

(in millions of euros)	31.12.2008	31.12.2007	31.12.2006	Change 2008/2007 (2)
Groupama SA	1,811	1,761	1,711	+2,8%
Groupama Vie	1,936	1,931	1,929	+0,3%
Gan Assurances	2,405	2,321	2,315	+3,6%
Gan Eurocourtage	1,486	1,472	1,407	+1,0%
Gan Prévoyance	519	498	476	+4,2%
Gan Patrimoine and its subsidiaries	577	591	575	- 2,4%
Groupama Transport	301	278	314	+8,3%
Other group specialised companies	97	89	87	+9,5%
Sub-total insurance (1)	**9,132**	**8,941**	**8,814**	**+2,1%**
Discontinued operations (3)	10	10	12	0,0%
Banking and finance	362	350	281	+3,4%

(1) Excluding discontinued operations.
(2) At constant scope of consolidation, exchange rate, and accounting methods.
(3) See chapter 5.1.

2.2.1.1 The Groupama network

The Groupama network includes regional and local mutuals.

The local mutuals form the basis of the mutual distribution system of Groupama and enable the network to maintain a close relationship with its policyholders (members). In accordance with the rules governing French mutual insurance bodies, the members of local mutuals are comprised of any individual or entity insured by a local mutual.

The regional mutuals fully reinsure the local mutuals. They are responsible for their own operations, management, price policy, range of products, and, in the context of the global strategy of the Group, of their commercial policy. Over the last three years, the eighteen regional mutuals in France (except for French West Indies, Guyana and the Indian Ocean) were gradually combined into eleven regional mutuals today. The purpose of this combination was to achieve better efficiency, greater economies of scale and simplify the decision-making processes.

In the Groupama network, the local mutuals provide insurance services to their respective members; the local mutuals are reinsured exclusively by the regional mutuals, which in turn are reinsured exclusively by Groupama SA for on average 40% of the premiums of the regional mutuals.

2.2.1.2 The Gan networks

(a) Gan Assurances

Backed by more than 1,000 insurance agents, 2,000 employees in insurance agencies, and 330 representatives, Gan Assurances offers a wide range of policies and services adapted to the needs of individuals, professionals and companies: motor, home, health, provident insurance, savings, retirement, investments and professional cover. Gan Assurances, the 5th-largest network of insurance agents in France (Groupama 2007 estimate), earned premium income of €2,405 million, representing 26% of total insurance income in France.

(b) Gan Eurocourtage

Gan Eurocourtage is the 3rd largest brokerage Company in France (Groupama 2007 estimate) and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers. Its product offerings address needs of individuals, professionals, VSEs, and SMEs/SMBs in both the property & casualty insurance and the life & health insurance. Gan Eurocourtage posted premium income of €1,486 million, representing 16.3% of total insurance income in France.

(c) Gan Prévoyance

Gan Prévoyance offers provident insurance, retirement, health and savings products through a network of 1,400 sales representatives. Gan Prévoyance posted premium income of €519 million at 31 December 2008, representing 5.7% of total insurance income in France.

(d) Gan Patrimoine

Gan Patrimoine specialises in savings-life and retirement products and to a lesser extent in provident insurance; it offers its products through a network of more than 600 agents. The premium income of Gan Patrimoine and its subsidiaries (Caisse Fraternelle Vie and Caisse Fraternelle Épargne) were €577 million at 31 December 2008, representing 6.3% of total insurance income in France.

2.2.1.3 The launch of Amaguiz.com

On 1 July 2008, Groupama launched "Amaguiz.com", a new brand intended solely for web-based sales. Conceived according to a new economic model, this brand seeks to fully address the needs and motivations of customers through direct sales channels. Amaguiz.com launched its operations with motor insurance, and over time, will cover all needs of private individuals.

2.3 PROPERTY & CASUALTY INSURANCE (FRANCE)

2.3.1 MOTOR VEHICLE INSURANCE

The Group, as the 3rd-largest insurer in this market in France (source: Argus de l'Assurance, 2007 data) insures 3,797,500 passenger cars excluding fleets*. In 2008, Groupama posted an increase in its fleet vehicles portfolio (excluding business fleets) of 16,700 vehicles*, due to the effects of CAP 2008 and a complete and innovative offering.

2.3.2 MULTI-RISK HOME INSURANCE

The Group is the leading player in this market in France (source: Argus de l'Assurance, 2007 data) in terms of premiums issued, with approximately 3.6 million insured homes*. In a very competitive environment, in 2008 Groupama SA maintained its portfolio in this area.

2.3.3 SERVICES

2.3.3.1 Assistance, remote surveillance, remote alarms

Carried by Mutuaide Assistance, which has operations in all the assistance businesses (automobile breakdown assistance, medical repatriation, travel insurance, home care) this business ranks the Group 6th on this market in France – source: Fédération Française des Sociétés d'Assurances, 2007 data). Premium income was €32 million at 31 December 2008. The leading business line continues to be motor assistance, followed by call rerouting, home assistance, and personal travel insurance.

The remote monitoring services provided by Activeille (property security) and remote assistance provided by Présence Verte (personal security) are gradually gaining strength.

2.3.3.2 Individual service – Fourmi Verte

Fourmi Verte continued to grow in 2008, with a loyal base of urban and active customers, becoming a major player in the individual services sector, particularly through its research and development activities centred around long-term care and seniors.

2.3.3.3 Legal protection

In 2007, Groupama SA strengthened its leading position in France (source: Fédération Française des Sociétés d'Assurances, 2007 data) in the field of legal protection, a cover managed by the regional mutuals on the one hand and Groupama Protection Juridique (a subsidiary of Groupama SA) on the other hand. Through this cover, Groupama provides support to policyholders, whether individual or professional, facing conflicting situations, by assisting them in enforcing their rights and by assuming the corresponding expenses.

The revenue of Groupama Protection Juridique was €38 million as at 31 December 2008.

2.3.3.4 Credit Insurance

Groupama Assurance Crédit is the Group's specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents, and specialised brokers. Its premium income totalled €27 million at 31 December 2008.

2.3.4 AGRICULTURAL INSURANCE

The Group, an undisputed leader in this market in France (source: Fédération Française des Sociétés d'Assurances, 2007 data) saw its activity increase in 2008, specifically through the strong development of insurance covering crop climate risk (+31% in terms of premium income in 2008). The Group continued to deploy its climate multi-risk offering, a unique product in the market with a very complete range.

In the "tractors and agricultural equipment" (TMA) market, in 2008 the Group launched a new offering, "Titane Pro".

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

2.3.5 PROFESSIONAL INSURANCE

This category includes craftspeople, traders, professionals, and Company executives. Largely dominated by the networks of multi-line insurance agents, followed by the mutuals and the brokers, this is a highly-coveted and profitable market. The Group once again affirmed its positioning in the fields of food and retail trade and service business lines.

2.3.6 INSURANCE FOR LOCAL AUTHORITIES

The leading casualty insurer in this market, governed by the Public Markets Code, with a market share estimated at 25% (Groupama 2007 estimate), the Group has continued its partnership with Dexia, a specialist in the financing of local authorities.

In the prevention line, the Group has also continued its partnership with Predict Services, allowing it to assist local authorities in their flood risk management problems.

2.3.7 COMMERCIAL INSURANCE

Although premium income from commercial property damage declined slightly (continuing down cycle), the Group strengthened its positions in motor insurance with premium income growing faster than the market.

In 2008, the regional mutuals enhanced their professionalism in the technical and commercial aspects of their operation.

2.3.8 MARINE AND TRANSPORT INSURANCE

A benchmark player on the French marine and transport insurance market (the 2nd-largest player on the French market – Groupama 2007 estimate), Groupama Transport offers "made-to-measure" policies for all aspects of the business (transporters, logistics, ship-owners, fishing, pleasure craft, ports, inland waterways and aviation). Its premium income totalled €301 million in 2008. Marine insurance contributed a total of €231 million and aviation €70 million, through holdings in the La Réunion Aérienne and La Réunion Spatiale pools.

2.4 LIFE & HEALTH INSURANCE (FRANCE)

2.4.1 INDIVIDUAL HEALTH INSURANCE

At 31 December 2008, with a portfolio of 1.18 million policies, the Group strengthened its leading position in personal health, a position recognized for many years (FFSA reference).

In an environment far from being stabilised and marked by new declines in the interventions of compulsory schemes and an increasingly demanding supplementary sickness insurance structure, 2008 was, in effect, characterised by a growing number of policies. This was due to the launch of the new version of the Groupama Santé Active offering, the specific characteristics of which correspond to the needs expressed by customers: increased modularity of covers (customers may now choose from among 6 levels of covers in three different modules, including one dedicated to hospitalisation expenses), reimbursement even without prior submission to Social Security, preventive measures and improved services, including the networks of surgeon, dentist and optician partners who favour access to quality equipment or treatments with lower co-payments.

2008 was also a year to pursue research and development projects. The Group has, in effect, invested broadly in the analysis and implementation of measures aimed at allowing it to manage risk even more efficiently while preserving the anonymity of health data (the so-called "Babusiaux" experiment) and improving patients' health status (the experiment carried out with Mutualité Sociale Agricole to increase the quality of life of elderly patients).

2.4.2 PROVIDENT, INDIVIDUAL RETIREMENT SAVINGS

The Group posted an increase in its premium income of 9% (around €3.3 billion) from individual retirement savings, in a life and capitalisation market in France that experienced an overall decline of 11% at year-end 2008.

On the individual provident insurance market, the Group continues to be the benchmark player in an increasingly competitive market. Growth in premium income is primarily driven by strong growth in the everyday accident cover (GAV); with a net gain of 26,350 policies and 322,100 policies in inventory, the portfolio grew 12.8% over 2007. Its long-term care portfolio (224,500 policyholders) positions the Group as one of the leaders in this risk.

Groupama Renfort, the leading insurer supplying supplementary income in case of a "hard blow", launched in May 2008, has completed Groupama's range of provident products.

In a context of crisis, the Group's rigorous financial management policy, which favours safe and consistent performance, has allowed it to post a net rate of return that is up for 2008 (4.60% over multi-support policy euro funds and 4.50% over major euro policies).

2.4.3 GROUP INSURANCE

Group Insurance represented €1.3 billion in premium income in 2008, offering Groupama tremendous opportunities for growth and profitability. The Group's three networks (regional mutuals, agents and brokers) offer a complete and consistently renewed range of health, retirement and provident products, both in the mature market of major companies, and for the self-employed, SMEs and VSEs, which are still in the equipment phase.

In terms of development, Gan Eurocourtage Vie and Groupama Vie are continuing their large accounts strategy. Gan Assurances Vie continues to strengthen its image as a VSE specialist, specifically by supporting new development links that constitute partnerships entered into with Cegid and Réunica. The regional mutuals are strengthening their development in Group Insurance through the distribution of all products in the global retirement, provident and health offerings. They have also been able to benefit from the naming of ANIPS, a group partner provident institution, on the branch agreement to implement a provident and health system for non-management agricultural producers.

2.5 INTERNATIONAL INSURANCE

International growth represents a major line in the Group's strategy, namely for purposes of diversifying its risks and revenues.

International insurance business lines totalled €3.9 billion in 2008, an increase, excluding discontinued business lines, of 39.0% (+6.4% on a like-for-like basis).

The growth trend continued, particularly in Spain and Turkey.

2008 saw the operational integration of the Romanian entities Asiban and OTP Garancia Asigurari, the Hungarian, Slovakian and Bulgarian OTP Garancia, as well as the integration of Güven Hayat and Güven Sigorta in Turkey.

Property & Casualty insurance premiums totalled €2,813 million (71.4% of the total). In Life & Health insurance, premium income totalled €1,125 million (28.6% of the total).

Premium income *(in millions of euros)*	31.12.2008	31.12.2007	31.12.2006	Change 2008/2007 (3)
International insurance	**3 938**	**2 832**	**2 372**	**6.4%**
Great Britain	544	597	605	6.0%
Southwest Europe	1,058	954	923	10.9%
Spain	976	870	790	12.2%
Portugal	82	84	133	-1.7%
Southeast Europe	1,985	1,156	700	5.5%
Italy (1)	1,391	701	543	2.6%
Turkey	444	383	157	20.7%
Greece	150	72	0	-4.5%
Central and Eastern European countries (2)	259	41	0	-3.7%
Other countries	92	84	144	8.4%

(1) Including Nuova Tirrena at 1 November 2007.
(2) Hungary, Romania, Bulgaria, Slovakia.
(3) At constant scope of consolidation, exchange rate, and accounting methods.

2.5.1 GREAT BRITAIN

Groupama Insurances distributes its products through a network of brokers to the individual and small and medium-size enterprise markets. Groupama Insurances is ranked 20th in the United Kingdom (source: AXCO, 2007) with premium income of €544 million at 31 December 2008.

Premium income from property and casualty insurance totalled €432 million, representing 79% of the business line. Premium income from life and health insurance totalled €112 million and primarily derives from group branches.

Following the 2006 and 2007 takeover of three specialised brokers (Carole Nash, Bollington Group and Lark Group) in a market largely dominated by brokerage, 2008 was dedicated to consolidating the brokerage division and strengthening operational control. In April 2008, the Group acquired ChoiceQuote, a specialist in niche insurance and non-standard motor risk.

At end-June, the Group launched internet sales business line for Multi-Risk Home products under the brand name Clickinsurance.

2.5.2 SOUTH-WEST EUROPE

2.5.2.1 Spain

Groupama Seguros premium income totalled €976 million, up 12.2%, on a Spanish market up 7.6%. Groupama Seguros is thus ranked 13th in the property insurance market and 35th in life insurance (source: AXCO, 2007).

In property and casualty insurance, premium income of €746 million showed stable growth of 9.2%, compared to 0.9% for the Spanish market as a whole. All segments benefited from this effect. The rapid growth of life and health insurance activities accelerated even further by 23%, to a total of €230 million at 31 December 2008.

Clickseguros, the internet insurance sales subsidiary launched in 2007, posted motor premium income of €5.8 million at 31 December 2008.

2.5.2.2 Portugal

The Groupama Seguros subsidiaries in Portugal offer general insurance products distributed by networks of agents and intermediaries (bancassurance). Premium income earned in 2008 totalled €82 million, with particular strength in group health insurance. Premium income for life and health insurance totalled €76 million in a very competitive Portuguese market. In property and casualty insurance, a stagnant market, Groupama Seguros posted premiums of €6 million.

Groupama Seguros is ranked 24th in the property market and 14th in the Portuguese life market (source: AXCO, 2007).

To promote sales, in 2008 the Portuguese subsidiaries opened new commercial facilities: a new agency at Loures, two offices at Loures and Vialonga, near Lisbon, and a first agency at Funchal, the capital of Madeira.

2.5.3 SOUTH-EAST EUROPE

2.5.3.1 Italy

The subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena are active in the non-life insurance market and are growing in the savings and retirement segments of the life sector. The Group is ranked 10th among non-life insurers and 44th among life insurers in Italy. Its premium income totalled €1,391 million at 31 December 2008.

Premium income in property and casualty insurance totalled €966 million at 31 December 2008. In life and health insurance, premium income totalled €425 million at 31 December 2008, up 7.9%. In a declining market, traditional individual savings grew 27.7%, due in part to positive growth of bank channels, as well as to the success of the guaranteed rate product launched in late 2008.

In 2008, the process of integrating Groupama Assicurazioni and Nuova Tirrena continued, with the search for a shared headquarters for all entities and preparation of a detailed integration plan based on a single model in terms of structure, brand, networks and products.

2.5.3.2 Turkey

The Group strengthened its position in the Turkish market in June 2008 with the purchase of the leading agricultural insurer, Güven Sigorta and Güven Hayat. At the same time, in July 2008, a distribution agreement was signed with the Central Union of Agricultural Credit Cooperatives of Turkey (the UCCCAT).

Groupama is also ranked 2nd in life insurance, with a 16.2% market share, and 5th in property insurance with a 7.4% market share in Turkey (source: AXCO, 2007).

The premium income of the Turkish subsidiaries as at 31 December 2008 was €444 million, up 20.7% on a constant scope-of-consolidation basis. Property and casualty insurance represented €252 million in premium income, and life and health insurance €192 million. Premium income includes only one month of activity for Güven, which entered the scope of consolidation on 1 December 2008.

Basak Groupama's activity was up 13% at 31 December 2008, due specifically to the consolidation of distribution, the strengthening of links with Ziraat Bank, the creation of a specific brokerage organisation, and the offering of new products, specifically in motor and in multi-risk fire.

The merger process between Güven and Basak started in the second half of 2008.

2.5.3.3 Greece

Groupama Phoenix is ranked 8th in the property market and 10th in the Greek life market (source: AXCO, 2007), and posted premium income of €150 million at 31 December 2008.

Following its reorganisation at end-2007, the regional entities are now focusing on the monitoring and promotion of the sales network, as well as on the development of new products. Thus, Groupama Phoenix launched innovative new products in MRH, family provident, life and health insurance in June 2008.

2.5.4 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

The Group is developing in the new CEEC markets (Hungary, Romania, Bulgaria and Slovakia), and holds dominant positions in Hungary and Romania, following the acquisition of OTP Garancia from OTP Bank, Asiban from four Romanian banks, and BT Asigurari from Banca Transilvania.

2.5.4.1 Hungary

In 2008, the Group strengthened its positions in Hungary through the acquisition of the 4th-largest local insurer, OTP Garancia, holding a market share of 10%. This deal gave the Group a No. 3 ranking in non-life insurance and No. 2 in life insurance in the Hungarian market.

The premium income of the Hungarian subsidiaries (Groupama Biztosito and OTP Garancia) totalled €96 million at 31 December 2008, with OTP Garancia not consolidated until 1 October 2008.

The merger process of the subsidiaries Groupama Biztosito and OTP Garancia began in the second half of 2008.

2.5.4.2 Romania

Following the acquisitions at end-2007 (BT Asigurari) and 2008 (Asiban and OTP Garancia), the Group is ranked 3rd in the Romanian market in non-life insurance, with a market share of 13%, and 7th in life insurance, with a market share of 8.4%.

Premium income was €157 million at 31 December 2008, and includes five months of activity for Asiban and three months for OTP Garancia.

The planned merger of the subsidiaries BT Asigurari, OTP Garancia and Asiban was launched in 2008.

2.5.4.3 Bulgaria/Slovakia

The Group took a position in Bulgaria and Slovakia in 2008 with the acquisition of OTP Garancia.

Premium earnings in these two countries totalled €6 million at end-2008, with the activity of OTP Garancia in Bulgaria being integrated into the consolidated financial statements since 1 August 2008 and that of OTP Garancia in Slovakia from 1 October 2008.

2.5.5 OVERSEAS

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €92 million at 31 December 2008.

Premium income increased by 8.4% in 2008, both in the Pacific (+8% to €53 million) and in the Antilles region (+9% to €39 million).

2.5.6 CHINA/VIETNAM

The Group is active in Asia through a non-life branch in the Chinese province of Sichuan, and a non-life subsidiary in Vietnam. Despite significant growth in 2008, these deals currently represent only marginal premium income.

At end-2008, Groupama obtained authorisation to open a life insurance representation office in Beijing.

Distribution agreements with Banque Agricole du Vietnam were reactivated and the partnership with HSBC allowed Groupama Vietnam General to post its first encouraging results.

2.6 FINANCE AND BANKING ACTIVITIES

2.6.1 GROUPAMA BANQUE

Groupama Banque is the Group's retail banking arm, and is 80%-held by Groupama SA and 20%-held by Société Générale. It provides management for bank offerings marketed by the network of regional mutuals, Gan Assurances, and Gan Patrimoine.

Groupama Banque had 445,000 customers at the end of 2008, corresponding to 296,000 accounts (+7%, *i.e.*, a gain of 20,000 accounts). Deposits totalled €827 million at end-2008. Total consumer and real estate loans outstanding increased sharply (+57%) to €472 million at end-2008.

This buoyancy was felt in the growth in premium income which was €62 million at the end of 2008 and in that of net banking income (+35.4%).

2.6.2 BANQUE FINAMA

Banque Finama processes all banking transactions and serves as custodian for the investment portfolios of the Group. It also develops its own customer base, namely in relation to wealth management. In its desire to meet the needs of its clients, the subsidiary places the improvement of the quality of its services and of its profitability at the heart of its strategy. Its product offering is continuously enhanced for that purpose.

In 2008, Banque Finama generated strong 7.8% growth in revenues to €154 million, net banking revenue of €30 million was down 17.2%, with the subsidiary's deposits suffering the negative effects of the financial crisis.

In 2008 the Group launched a plan to merge Banque Finama and Groupama Banque, anticipated in 2009.

2.6.3 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked 6th among French management companies in the AFG ranking.

Groupama Asset Management and Groupama Fund Pickers (alternative management) earned premium income of €125 million at 31 December 2008. Assets under management (AuM) in 2008 totalled €81.3 billion, down 7.5% from 2007, due to the negative impact of the financial markets. Despite a difficult environment, net inflows totalled €0.2 billion and third-parties AuM increased by €2.2 billion, thus representing 18% of total AuM at 31 December 2008.

Groupama Asset Management posted good performance for its funds and received several awards during the year, specifically the Lipper France Fund Awards and the 1st Eurofund European grand prize for the best asset management Company in its class, for the second year in a row.

In 2008, Groupama Asset Management took over management of the assets of Nuova Tirrena, Groupama Insurance and Groupama Phoenix.

2.6.4 GROUPAMA IMMOBILIER

The core businesses of Groupama Immobilier revolve around appreciation of assets under management, the administrative and financial management of leases, and an advisory role for companies of the Group and for third parties.

At year-end 2008, Groupama Immobilier directly managed floor space of 650,000 m^2, with a total value of €4.2 billion.

Groupama Immobilier ensures the security of Groupama real estate activity by firm management of all kinds of risks, and by setting high internal control standards; it obtained a renewal of its ISO 9001-2000 certification.

2.6.5 FINAMA PRIVATE EQUITY

The subsidiary dedicated to non-listed asset management, Finama Private Equity, covers two business lines, which it has developed from niche positions: the "Quartilium" funds, one of the leaders in the French funds of funds market, covering the Europe and North America regions, and the direct funds "Acto Capital" and "Acto Mezanine".

Finama Private Equity continued its growth in 2008 with the creation of 2 new funds of funds. At end-2008, assets under management increased 10% to €1.7 billion, 38% of it on behalf of third parties. Funds of funds represent 78% of assets under management, and direct funds 22%.

2.6.6 GROUPAMA ÉPARGNE SALARIALE

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. It designs products, manages policies and coordinates commercial activity. Its offer is predominantly distributed by the regional mutuals, Gan Assurances and Gan Eurocourtage. Net inflows totalled €51 million at 31 December 2008, and assets under management totalled €1.338 million, up over 70%, specifically following incorporation of the assets of Banque de France.

3 CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2008

Chairman:

- Jean-Luc Baucherel

Vice-Chairman:

- Michel Baylet [1]

Directors:

Representing the controlling shareholder:

- Francis Aussat
- Jean Baligand
- Claude Bartholomeis [2]
- Annie Bocquet [3]
- Amaury Cornut-Chauvinc
- Robert Drouet
- Michel Habig
- Solange Longuet
- François Schmitt [4]

Independent members:

- Anne Bouverot [5]
- Frédéric Lemoine
- Jean Salmon
- Philippe Vassor

Employee representatives:

- Henri Durand
- Christian Garin

Works Council representatives:

- Eric Balfourier [6]

Secretary of the Board:

- Christian Collin

(1) Michel Baylet was appointed Vice-Chairman at the 30 June 2008 meeting of the Board of Directors, replacing Jean-Luc Wibratte.

(2) At its meeting of 11 December 2008, the Board of Directors appointed Jérôme Zanettacci to replace Claude Bartholomeis effective 1 January 2009. The Board will submit his nomination for ratification by the General Meeting of 27 May 2009.

(3) Annie Bocquet was appointed by the Board of Directors on 30 June 2008 to replace Jean-Luc Viet. Her appointment was ratified by the General Meeting of 29 October 2008.

(4) François Schmitt was appointed by the Board of Directors on 30 June 2008 to replace Jean-Luc Wibratte. His appointment was ratified by the General Meeting of 29 October 2008

(5) Anne Bouverot was appointed by the General Meeting of 29 October 2008.

(6) Eric Balfourier will be replaced on 1 January 2009 by Rémi Paris.

3.1.2 TERMS HELD BY THE DIRECTORS

As far as the Company is aware, the other terms held by the Directors during the past five years are those listed below:

JEAN-LUC BAUCHEREL

Date of birth: 21 October 1951

BUSINESS ADDRESS

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

Main position in the Company

Jean-Luc Baucherel has been a Director since 18 December 2003 and Chairman of the Board of Directors since 26 August 2004. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Chairman of Fédération Nationale Groupama
- Chairman of Groupama Loire Bretagne

Current terms of office

Served within the Group in France

Groupama Holding	■ Director	Since 18 December 2003
	■ Chairman of the Board of Directors	Since 22 September 2004
Groupama Holding 2	■ Director	Since 18 December 2003
	■ Chairman of the Board of Directors	Since 22 September 2004

Offices held from 2004 to 2008 no longer held by Mr. Baucherel

Served within the Group in France

Gan Patrimoine	■ Director (end of term 5 October 2004)
Groupama Banque	■ Member of the Supervisory Board (end of term 1 March 2005)
Groupama International	■ Director (end of term 11 July 2006)
Groupama SA	■ Vice-Chairman of the Board of Directors (end of term 19 August 2004)
Groupama Vie	■ Chairman of the Board of Directors (end of term 5 October 2004)

Served within the Group abroad

Groupama Plus Ultra	■ Director (end of term 10 December 2004)
Minster Insurance Company Limited	■ Director (end of term 13 February 2004)

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

GROUPAMA CENTRE-ATLANTIQUE
2, AVENUE DE LIMOGES
BP 8527
79044 NIORT CEDEX 9

Main position in the Company

Michel Baylet has been a Director since 29 June 2006 and Vice-Chairman of the Board of Directors since 30 June 2008. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also a member of the Audit and Accounts Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Centre-Atlantique

Current terms of office

Served within the Group in France

Centaure Centre-Atlantique	■ Director	Since 14 June 2007
Gan Patrimoine	■ Director	Since 8 March 2005
Gan Prévoyance	■ Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	■ Director	Since 29 June 2006
	■ Vice-Chairman of the Board of Directors	Since 27 August 2008
Groupama Holding 2	■ Director	Since 29 June 2006
	■ Vice-Chairman of the Board of Directors	Since 27 August 2008
SCI du Château de Cap de Fouste	■ Member of the Supervisory Board	Since 27 June 2008
SCI du Domaine de Nalys	■ Director	Since 24 January 2008

Terms held from 2004 to 2008 no longer held by Mr. Baylet

Served within the Group in France

SCA du Château d'Agassac	■ Member of the Supervisory Board (end of term 1 January 2008)
Centaure Centre-Atlantique	■ Permanent Representative of Groupama Centre-Atlantique, Director (end of term 14 June 2007)

FRANCIS AUSSAT

Date of birth: 24 October 1950

BUSINESS ADDRESS

GROUPAMA D'OC
20, BOULEVARD CARNOT
31071 TOULOUSE CEDEX

Main position in the Company

Francis Aussat has been a Director since 18 December 2003. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also Chairman of the Compensation and Appointments Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Deputy Chairman of Fédération Nationale Groupama
- Chairman of Groupama d'Oc

Current terms of office

Served within the Group in France

Gan Assurances IARD	■ Director	Since 27 November 2003
Gan Assurances Vie	■ Chairman of the Board of Directors	Since 27 November 2003
Groupama Holding	■ Director	Since 18 December 2003
Groupama Holding 2	■ Director	Since 18 December 2003
SCI du Château de Cap de Fouste	■ Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	■ Director	Since 27 April 2005
	■ Chairman of the Board of Directors	Since 10 December 2008

Terms held from 2004 to 2008 no longer held by Mr. Aussat

Served within the Group in France

Groupama International	■ Director (end of term 11 July 2006)

JEAN BALIGAND

Date of birth: 7 April 1950

BUSINESS ADDRESS

GROUPAMA RHÔNE-ALPES AUVERGNE
50, RUE DE SAINT CYR
69251 LYON CEDEX 9

Main position in the Company

Jean Baligand has been a Director since 18 December 2003. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also a member of the Agreements Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Rhône-Alpes Auvergne

Current terms of office

Served within the Group in France

Groupama Holding	Director	Since 18 December 2003
Groupama Holding 2	Director	Since 18 December 2003
Groupama Vie	Chairman of the Board of Directors	Since 5 October 2004

Terms held from 2004 to 2008 no longer held by Mr. Baligand

Served within the Group in France

Caisse Centrale de Réassurance	Director (end of term 18 August 2004)
Gan Patrimoine	Director (end of term 16 February 2005)
Groupama Holding	Chairman of the Board of Directors (end of term 22 September 2004)
Groupama Holding 2	Chairman of the Board of Directors (end of term 22 September 2004)
Groupama International	Chairman of the Board of Directors (end of term 18 August 2004), then Director (end of term 11 July 2006)
Groupama SA	Chairman of the Board of Directors (end of term 19 August 2004)

Served within the Group abroad

Société Commerciale de Réassurance (SCOR)	Vice-Chairman of the Board of Directors (end of term 9 November 2004)

CLAUDE BARTHOLOMEIS

Date of birth: 15 June 1943

BUSINESS ADDRESS

GROUPAMA ALPES-MÉDITERRANÉE
24, PARC DU GOLF
BP 10359
13799 AIX EN PROVENCE CEDEX 3

Main position in the Company

Claude Bartholomeis has been Director since 15 January 2007. His term expires 1 January 2009.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama
- Chairman of Groupama Alpes-Méditerrannée

Current terms of office

Served within the Group in France

Groupama Holding	■ Adviser	Since 14 March 2007
Groupama Holding 2	■ Adviser	Since 14 March 2007
Groupama Vie	■ Director	Since 7 March 2007
SCI du Château de Cap de Fouste	■ Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	■ Director	Since 16 February 2007

Served within the Group abroad

Groupama Assicurazioni Spa	■ Director	Since 1 March 2007
Groupama Vita Spa	■ Director	Since 1 March 2007
Nuova Tirrena	■ Director	Since 31 October 2007

Terms held from 2004 to 2008 no longer held by Mr. Bartholomeis

None

ANNIE BOCQUET

Date of birth: 28 August 1950

BUSINESS ADDRESS

GROUPAMA NORD-EST
2, RUE LÉON PATOUX
BP 1028
51686 REIMS CEDEX 2

Main position in the Company

Annie Bocquet has been a Director since 30 June 2008. Her term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

She is also a member of the Compensation and Appointments Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Nord-Est

Current terms of office

Served within the Group in France

Banque Finama	Chairman of the Supervisory Board	Since 1 January 2009
Groupama Asset Management	Vice-Chairman of the Board of Directors	Since 26 November 2008
Groupama Banque	Member of the Supervisory Board	Since 9 March 2005
	Chairman of the Supervisory Board	Since 24 September 2008
Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
Groupama Immobilier	Vice-Chairman of the Board of Directors	Since 9 October 2008

Served within the Group abroad

Groupama Assicurazioni Spa	Director	Since 18 December 2003
Groupama Vita Spa	Director	Since 18 December 2003
Nuova Tirrena	Director	Since 31 October 2007

Terms held from 2004 to 2008 no longer held by Ms. Bocquet

Served within the Group in France

Gan Assurances IARD	Director (end of term 8 October 2008)
Gan Assurances Vie	Director (end of term 8 October 2008)
Groupama Holding	Adviser (end of term 27 August 2008)
Groupama Holding 2	Adviser (end of term 27 August 2008)

ANNE BOUVEROT

Date of birth: 21 March 1966

BUSINESS ADDRESS

FRANCE TÉLÉCOM
6, PLACE D'ALLERAY
75505 PARIS CEDEX 15

Main position in the Company

Anne Bouverot has been a Director since 29 October 2008. Her term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2013.

She is also a member of the Audit and Accounts Committee.

Main position outside the Company

- Director of International Development
- Member of the France Télécom Scientific Council

Professional experience / Management expertise

- Since 1992, France Télécom Group
- Since 2006, Director of International Development, France Télécom;
- 2004 to 2006, Director of the Office of the Chairman of Orange Plc;
- 2002 to 2004, Vice-Chairman, IT Services Business Unit, Equant (currently Orange Business Services)
- 1996 to 2001, various positions at Global One (currently Orange Business Services): Director of Network Costs Optimisation, then Director of Internet Services Marketing, then Vice-Chairman for Global Bid Management;
- 1992 to 1995, Manager, International Transmission Resources, France Télécom International Networks and Services.

Current terms of office

Served outside the Group in France

Orange	■ Director	Since 21 May 2007

Served outside the Group abroad

France Télécom North America	■ Chairman	Since 8 February 2007

Terms held from 2004 to 2008 no longer held by Ms. Bouverot

None

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

GROUPAMA SUD
MAISON DE L'AGRICULTURE
BÂTIMENT 2
PLACE CHAPTAL
31261 MONTPELLIER CEDEX 2

Main position in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also a member of the Audit and Accounts Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman Secretary of Fédération Nationale Groupama
- Chairman of Groupama Sud

Current terms of office

Served within the Group in France

Gan Eurocourtage IARD	■ Director	Since 11 December 2008
	■ Chairman of the Board of Directors	Since 1 January 2009
Gan Eurocourtage Vie	■ Director	Since 11 December 2008
	■ Chairman of the Board of Directors	Since 1 January 2009
Groupama Holding	■ Director	Since 17 October 2007
Groupama Holding 2	■ Director	Since 17 October 2007
SCI du Château de Cap de Fouste	■ Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	■ Director	Since 1 January 1999
Groupama Assurance-Crédit	■ Permanent Representative of Groupama Sud, Director	Since 26 May 2005

Served within the Group abroad

Groupama Insurance Company Limited	■ Director	Since 24 May 2005

Served within the Group abroad

Cave de Tain l'Hermitage	■ Chairman of the Board of Directors	Since 27 February 2000
Paysan du Midi	■ Director	Since 6 June 2007
Société du Journal Midi Libre	■ Permanent Representative of Groupama Sud, Member of the Supervisory Board	Since 19 October 2007

Terms held from 2004 to 2008 no longer held by Mr. Cornut-Chauvinc

Served within the Group in France

Groupama Transport	■ Director (end of term 9 October 2007)
Mutuaide Assistance	■ Chairman of the Board of Directors (end of term 31 December 2008)

ROBERT DROUET

Date of birth: 09 June 1944

BUSINESS ADDRESS

GROUPAMA CENTRE-MANCHE
35, QUAI DE JUILLET
BP 169
14010 CAEN CEDEX 1

Main position in the Company

Robert Drouet has been a Director since 18 December 2003. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also a member of the Compensation and Appointments Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Deputy Chief Operating Officer of la Fédération Nationale Groupama
- Chairman of Groupama Centre-Manche

Current terms of office

Served within the Group in France

Centaure Paris Normandie	■ Adviser	Since 10 June 2005
Gan Patrimoine	■ Chairman of the Board of Directors	Since 28 November 2003
Gan Prévoyance	■ Director	Since 10 January 2005
Groupama Assurance-Crédit	■ Director	Since 20 November 2000
Groupama Holding	■ Director	Since 18 December 2003
Groupama Holding 2	■ Director	Since 18 December 2003
Groupama Transport	■ Director	Since 27 November 2003
	■ Chairman of the Board of Directors	Since 30 May 2007

Terms held from 2004 to 2008 no longer held by Mr. Drouet

Served within the Group in France

Centaure Paris Normandie	■ Chairman (end of term 4 February 2005)
Gan Prévoyance	■ Chairman of the Board of Directors (end of term 11 July 2006)
Groupama International	■ Director (end of term 11 July 2006)
SCA du Château d'Agassac	■ Member of the Supervisory Board (end of term 1 January 2008)

Served within the Group abroad

SAFER Haute Normandie	■ Chairman & Chief Executive Officer (end of term 28 April 2006)

MICHEL HABIG

Date of birth: 16 February 1947

BUSINESS ADDRESS

GROUPAMA ALSACE
101, ROUTE DE HAUSBERGEN
BP 30014 - SCHILTIGHEIM
67012 STRASBOURG CEDEX 1

Main position in the Company

Michel Habig has been a Director since 18 December 2003. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama
- Chairman of Groupama Alsace

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 28 November 2003
Gan Prévoyance	Director	Since 28 November 2003
Groupama Holding	Adviser	Since 18 December 2003
Groupama Holding 2	Adviser	Since 18 December 2003

Served within the Group abroad

Groupama Insurance Company Limited	Director	Since 29 December 2003
OTP Garancia	Member of the Supervisory Board	Since 13 November 2008

Terms held from 2004 to 2008 no longer held by Mr. Habig

Served within the Group in France

Groupama International	Director (end of term 11 July 2006)

Served within the Group abroad

SANEP SA	Director (end of term 25 June 2007)

FRÉDÉRIC LEMOINE

Date of birth: 27 June 1965

BUSINESS ADDRESS

AREVA
33, RUE LA FAYETTE
75009 PARIS

Main position in the Company

Frédéric Lemoine has been a Director since 24 February 2005. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2010.

He is also Chairman of the Audit and Accounts Committee and a member of the Compensation and Appointments Committee.

Main position outside the Company

- Chairman of the Supervisory Board of AREVA

Professional experience / Management expertise

- October 2004 to May 2008, Senior advisor with McKinsey in France
- May 2002 to June 2004, Deputy General Secretary in the Office of the President of the French Republic responsible for financial and economic affairs
- May 2000 to May 2002, Deputy General Secretary in charge of finance, Cap Gemini Ernst and Young
- January 2000 to May 2000, Chief Financial Officer Cap Gemini

Current terms of office

Served within the Group abroad

AREVA	Chairman of the Supervisory Board	Since 08 March 2005
Flamel Technologies	Director	Since 27 October 2005
Générale de Santé	Adviser	Since 4 July 2007
Lemoine Conseil et Entreprise (LCE)	Manager	Since 1 October 2004
Wendel	Member of the Supervisory Board	Since 9 June 2008

Terms held from 2004 to 2008 no longer held by Mr. Lemoine

Served within the Group abroad

Générale de Santé	Member of the Supervisory Board (end of term 4 July 2007)

SOLANGE LONGUET

Date of birth: 2 June 1948

BUSINESS ADDRESS

GROUPAMA PARIS VAL DE LOIRE
161, AVENUE PAUL VAILLANT COUTURIER
94250 GENTILLY

Main position in the Company

Solange Longuet has been a Director since 18 December 2003. Her term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

She is also a member of the Compensation and Appointments Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chair/Treasurer of Fédération Nationale Groupama
- Chair of Groupama Paris Val de Loire

Current terms of office

Served within the Group in France

Gan Assurances IARD	■ Chair of the Board of Directors	Since 27 November 2003
Gan Assurances Vie	■ Director	Since 27 November 2003
Groupama Holding	■ Director	Since 18 December 2003
Groupama Holding 2	■ Director	Since 18 December 2003
Mutuaide Assistance	■ Director	Since 17 December 2003
Présence Verte SA	■ Vice-Chair of the Supervisory Board	Since 10 December 2003

Terms held from 2004 to 2008 no longer held by Ms. Longuet

Served within the Group in France

Groupama International	■ Director (end of term 11 July 2006)

JEAN SALMON

Date of birth: 7 November 1947

BUSINESS ADDRESS

5, RUE ABBÉ PHILOUX
22550 HENANBIHEN

Main position in the Company

Jean Salmon has been a Director since 24 February 2005. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2010.

He is also a member of the Agreements Committee.

Main position outside the Company

- Chairman of the regional council for Private Agricultural Education (CREAP) of Brittany

Professional experience / Management expertise

- 2001 to 2007, Vice-Chairman of the Permanent Assembly of the chambers of agriculture and Chairman of the Côtes d'Armor Chamber of Agriculture;
- 1995 to 2001, Deputy Secretary of the Permanent Assembly of the chambers of agriculture.

Current terms of office

None

Terms held from 2004 to 2008 no longer held by Mr. Salmon

None

FRANÇOIS SCHMITT

Date of birth: 6 March 1963

BUSINESS ADDRESS

GROUPAMA GRAND EST
30, BOULEVARD DE CHAMPAGNE
BP 97830
21078 DIJON CEDEX

Main position in the Company

François Schmitt has been a Director since 30 June 2008. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

He is also a member of the Agreements Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Grand Est

Current terms of office

Served within the Group in France

Groupama Holding	■ Director	Since 27 August 2008
Groupama Holding 2	■ Director	Since 27 August 2008
Groupama Vie	■ Director	Since 10 July 2008
Mutuaide Assistance	■ Director	Since 8 October 2008
	■ Chairman of the Board of Directors	Since 1 January 2009
SCI du Domaine de Nalys	■ Director	Since 10 December 2008

Served within the Group abroad

Société d'Investissement Champenoise et Lorraine pour l'Agro-Expansion	■ Member of the Supervisory Board	Since 26 April 2005

Terms held from 2004 to 2008 no longer held by Mr. Schmitt

None

PHILIPPE VASSOR

Date of birth: 11 June 1953

BUSINESS ADDRESS

61, AVENUE CHARLES DE GAULLE
92200 NEUILLY-SUR-SEINE

Main position in the Company

Philippe Vassor has been a Director since 24 February 2005. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2010.

He is also a member of the Audit and Accounts Committee and Chairman of the Agreements Committee.

Main position outside the Company

- Chairman of Baignas SAS

Professional experience / Management expertise

- Since 2005, Chairman of Baignas SAS
- 2000 to 2004, Chairman & Chief Executive Officer in France of Deloitte and member of the Global Executive Group in charge of human resources at Deloitte
- 1997 to 2000, in charge of the auditing business in France at Deloitte

Current terms of office

Served within the Group abroad

Arkéma	■ Director	Since 10 May 2006
Baignas SAS	■ Chairman	Since 1 June 2005
DGI Finance SAS	■ Chairman	Since 30 June 2008
Infovista SA	■ Director	Since 21 July 2005
	■ Chairman of the Board of Directors	Since 18 December 2008

Terms held from 2004 to 2008 no longer held by Mr. Vassor

Served within the Group abroad

Deloitte France	■ Chairman & Chief Executive Officer (end of term 9 July 2004)

JÉRÔME ZANETTACCI

Date of birth: 9 May 1957

BUSINESS ADDRESS

GROUPAMA ALPES-MÉDITERRANÉE
24, PARC DU GOLF
BP 10359
13799 AIX EN PROVENCE CEDEX 3

Main position in the Company

Jérôme Zanetacci has been a Director since 1 January 2009. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama (as of 1 January 2009)
- Chairman of Groupama Alpes-Méditerranée (as of 1 January 2009)

Current terms of office

Served within the Group in France

Gan Assurances IARD	■ Director	Since 7 March 2007
Gan Assurances Vie	■ Director	Since 7 March 2007
Mutuaide Assistance	■ Director	Since 8 March 2007

Terms held from 2004 to 2008 no longer held by Mr. Zanettacci

None

HENRI DURAND

Date of birth: 6 April 1955

BUSINESS ADDRESS

GAN ASSURANCES
4-8, COURS MICHELET
92082 PARIS LA DÉFENSE

Main position in the Company

Henri Durand has been an employee representative on the Board of Directors since 12 February 2004. He was re-elected on 16 January 2008. His term expires after the elections to be held in 2012.

Main position outside the Company

None

Professional experience / Management expertise

Current terms of office

None

Terms held from 2004 to 2008 no longer held by Mr. Durand

None

CHRISTIAN GARIN

Date of birth: 06 April 1947

BUSINESS ADDRESS

GROUPAMA
5-7, RUE DU CENTRE
93199 NOISY LE GRAND

Main position in the Company

Christian Garin has been an employee representative on the Board of Directors since 12 February 2004. He was re-elected on 16 January 2008. His term expires after the elections to be held in 2012.

Main position outside the Company

None

Professional experience / Management expertise

- Chairman of the local mutual of Groupama's employees

Current terms of office

None

Terms held from 2004 to 2008 no longer held by Mr. Garin

None

3.1.3 MANAGEMENT

The Company is run by a Chief Executive Officer, Jean Azéma, pursuant to the decision made by the Company's Board of Directors on 18 December 2003 to separate the positions of Chairman and Chief Executive Officer in application of the provisions of the French Law on New Economic Regulations.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He exercises his authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see sub-section 3.2.1.4).

As far as the Company is aware, the other terms of office held by the Chief Executive Officer are those listed below:

JEAN AZÉMA

Date of birth: 23 February 1953

BUSINESS ADDRESS

GROUPAMA SA
8-10, RUE D'ASTORG
75008 PARIS

Main position in the Company

Jean Azéma has been the Chief Executive Officer since 18 December 2003. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2008.

Main position outside the Company

- Chief Executive Officer of Fédération Nationale Groupama
- Chairman of Fédération Française des Sociétés d'Assurance Mutuelle (FFSAM)
- Vice-Chairman of Fédération Française des Sociétés d'Assurance (FFSA)

Professional experience / Management expertise

- Since June 2000: Chief Executive Officer of Groupama
- 1998: Chief Executive Officer of Groupama Sud
- 1996: Chief Executive Officer of Groupama Sud-Ouest
- 1993: Insurance Director for CCAMA
- 1990: Director of account management and consolidation at Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA)
- 1989: Director of Investissements Groupama
- May 1987: Chief Financial Officer of Groupama Vie
- July 1979 to April 1987: Union Départementale de la Mutualité Agricole de l'Allier - named Chief Financial Officer on 1 February 1983
- 1978 to June 1979: Centre National d'Études Supérieures de Sécurité Sociale (CNESSS)
- 1975: Union Départementale de la Mutualité Agricole des Pyrénées Orientales
- Engineer: École Supérieure d'Agriculture de Purpan (ESAP)

Current terms of office		
Served within the Group in France		
Groupama Holding	■ Non Director Chief Executive Officer	Since 18 December 2003
Groupama Holding 2	■ Non Director Chief Executive Officer	Since 18 December 2003
SCI du Domaine de Nalys	■ Director	Since 10 December 2008
SCI Groupama les Massues	■ Representative Groupama SA, Manager	Since 11 February 2004
Served within the Group abroad		
Société Générale	■ Director	Since 24 September 2003
Véolia Environnement	■ Director	Since 30 April 2003
Bolloré	■ Permanent Representative of Groupama SA, Director	Since 31 March 2004
Served outside the Group abroad		
Mediobanca	■ Director	Since 28 October 2008
Terms held from 2004 to 2008 no longer held by Mr. Azéma		
Served within the Group in France		
Groupama International	■ Chairman of the Board of Directors (end of term 31 December 2008)	
Served within the Group abroad		
Bolloré Investissement	■ Permanent Representative of Groupama Assurance et Services, Director (end of term 31 March 2004)	
Gimar Finance SCA	■ Permanent representative of Groupama Investissements, Member of the Supervisory Board (end of term 6 December 2004)	
Served outside the Group abroad		
Mediobanca	■ Director (end of term 27 June 2007) then member of the Supervisory Board (end of term 28 October 2008)	

3.1.4 THE STEERING COMMITTEE

The Steering Committee assists the Chief Executive Officer of Groupama SA in carrying out his duties in managing the Company. It defines the strategy of Groupama SA in accordance with the Company's general guidelines and runs the French and international subsidiaries.

As the entity that prepares and approves the operating decisions that are the responsibility of Groupama SA, it sets the major priorities for the work of the various divisions of Groupama SA and monitors the implementation of these decisions.

The Committee is made up of 11 members and meets every two weeks with the representatives of Groupama SA's major divisions and the Chief Executive Officer.

3.1.5 THE GROUP EXECUTIVE COMMITTEE

The Group Executive Committee participates in the preparation and operational monitoring of the Group's strategy. It implements strategy in the Group and ensures the operational coordination of all the entities' business lines.

The Group Executive Committee is made of the Chief Executive Officers of the regional mutuals and the Senior Managers of Groupama SA. It is chaired by the Company's Chief Executive Officer. It meets once a month for a day and a half.

There are specialised operating committees (COMOP) - business lines, development, information technology, finance and human resources whose members include the appropriate executives within the Group's entities. They contribute to the preparation of project files for the Group Executive Committee and propose steps to be taken on the operational level in accordance with the strategic guidelines.

3.1.6 RELATIONS WITHIN THE MANAGEMENT BODIES

As far as the Company is aware, there are no family ties among the members of the Company's Board of Directors.

As far as the Company is aware, during the past five years: (i) no member of the Company's Board of Directors has been sentenced for fraud (ii) no member of the Board of Directors has been involved in any bankruptcy or placed in receivership or liquidation, and (iii) no official public charges and/or sanctions have been issued against such persons by statutory or regulatory authorities (including by designated professional agencies).

Furthermore, as far as the Company is aware, no Director has been prevented by any court of law from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or the conduct of the business of any issuer in the past five years.

There is no arrangement or agreement entered into with the principal shareholders, nor with customers or suppliers under which any member of the Board of Directors or of the Company's General Management would have been selected.

There are no restrictions accepted by the members of the Board of Directors concerning the sale of any interests owned by them in the equity of the Company.

3.1.7 CONFLICTS OF INTERESTS IN THE MANAGEMENT BODIES

In order to review the occurrence of any conflicts of interest between the duties of the people referred to in point 3.1 and their respective private and/or professional interests, an Agreements Committee has been established, the role and operation of which are described in 3.2.2.3.

To date, the Committee has not identified any conflicts of interest.

3.1.8 LACK OF SERVICE AGREEMENTS

As of the date of filing of this registration document, there was no service agreement tying the members of the Company's administrative and management bodies to any of its subsidiaries.

Sections 3.2, 3.3 and 3.4 below are the Chairman's Report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was reviewed by the Groupama SA Board of Directors in its meeting of 17 February 2009, is based on the information compiled under the authority of the Groupama SA General Management. It describes the Groupama SA corporate governance, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the Company at the end of 2008 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals). The Groupama internal control structure, as with any control structure, cannot be considered an absolute guarantee for attaining the Company's objectives: rather, it constitutes reasonable assurance of the security of its transactions and control of its income.

3.2 DISCLOSURES AND REPORT ON CORPORATE GOVERNANCE

3.2.1 THE BOARD OF DIRECTORS

3.2.1.1 Membership

The Company is administered by a Board of Directors made up of 17 members, including:

- fifteen Directors appointed by the General Meeting:
  - eleven Directors who are Chairmen of Groupama metropolitan Regional mutuals, representing the controlling shareholders,
  - four independent Directors as defined by the AFEP-MEDEF task force and repeated in the internal rules of the Board of Directors;
- two Directors elected by the employees.

The average age of Directors is 56.

The General Meeting did not use the authority provided for in Article 18 of the Bylaws, to appoint non-voting Directors.

3.2.1.2 Duration of terms of office

The duration of the terms of office of the 15 Directors appointed by the General Meeting is six years. For Directors representing the majority shareholder, these terms of office expire with the 2009 Annual General Meeting convened to rule on the financial statements for the fiscal year ended 31 December 2008; for independent Directors, at the Annual General Meeting of 2011 convened to rule on the financial statements for the year ending 31 December 2010 for Messrs. Frédéric Lemoine, Jean Salmon and Philippe Vassor; and for Ms. Anne Bouverot, at the Annual General Meeting of 2014, convened to rule on the financial statements for the fiscal year ending 31 December 2013.

The terms of the two Directors elected by the Company's employees, of four years, expire in the first half of 2008. Messrs. Henri Durand and Christian Garin were re-elected as Directors representing the employees on 16 January 2008, for a period of four years.

3.2.1.3 Responsibilities

The Board of Directors sets the guidelines for the Company's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

During the year 2008, its membership was affected by the following:

- appointment of Mr. François Schmitt at the Board of Directors meeting of 30 June 2008, replacing Mr. Jean-Luc Wibratte, the ratification of which was approved by the General Meeting of 29 October 2008;
- appointment of Ms. Annie Bocquet at the Board of Directors meeting of 30 June 2008, replacing Mr. Jean-Luc Viet, the ratification of which was approved by the General Meeting of 29 October 2008;
- appointment of Mr. Michel Baylet in the capacity of Vice-Chairman, replacing Mr. Jean-Luc Wibratte at the Board of Directors meeting of 30 June 2008;
- appointment of Ms. Anne Bouverot as Director at the General Meeting of 29 October 2008;
- appointment of Mr. Jérôme Zanettacci, at the Board of Directors meeting of 11 December 2008, replacing Mr. Claude Bartholomeis, effective 1 January 2009, the ratification of which shall be submitted to the General Meeting of 27 May 2009 (see fifth Resolution).

In accordance with its mutualism-based corporate governance practices, the Board of Directors elected to separate the duties of Chairman from those of Chief Executive Officer. Hence, executive duties are given to a non-Director Chief Executive Officer.

3.2.1.4 Authority reserved for the Board of Directors

Under the bylaws of the Company, some operations must be subject to prior approval by the Board:

- amendments and the annual implementation of the reinsurance agreement with the regional mutuals and the agreement governing security and solidarity plans;
- any issues of transferable securities, irrespective of the type, that may result in a change in the share capital;
- any significant operations that may affect the Group's strategy and its business scope.

Furthermore, the following decisions must be made by a two-thirds majority of the Board members present or represented:

- termination of the reinsurance agreement at the initiative of Groupama SA;
- vote by secret ballot: sanctions in the event of disagreement on recovery measures to be adopted by a regional mutual following an audit, pursuant to the agreement on security and solidarity plans;
- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting any pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

The Board of Directors has set the unit amount of the said operations above which the Chief Executive Officer must obtain prior authorisation, as shown below:

- above €100 million:
  - taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- above €30 million:
  - taking out any loans, excluding cash operations conducted with companies that have equity ties to Groupama SA, either directly or indirectly;
- above €15 million:
  - acquiring or disposing of any properties, excluding the insurance investment business;
- above €7.6 million:
  - granting pledges on corporate property.

Groupama is in compliance with the current corporate governance rules in France resulting from the AFEP-MEDEF recommendations published in 2003.

3.2.1.5 Work of the Board in 2008

The Board of Directors met eleven times in fiscal year 2008. The attendance rate of the members of the Board of Directors was 96.5% (93% in 2007). The Corporate Secretary of the Group carried out the duties of Secretary of the Board.

In 2008, the Board deliberated on the semi-annual and annual financial statements, both consolidated and combined, the reinsurance policy, the Group strategy and action plans of the management of the Groupama SA entities, rationalisation actions (merger-takeover of Groupama International), development (launch of Amaline Assurances) and external growth (acquisition of the insurance subsidiaries of OTP Bank in Central Europe, Asiban in Romania, Güven in Turkey, and a 35% interest in Star in Tunisia). The Board also deliberated on the 2009 provisional audit and acknowledged the work of the three Committees of the Board of Directors.

The 2008 financial statements were approved on 17 February 2009 by the Board of Directors, which prepares the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting on 27 May 2009. The 2008 financial statements were presented previously to the Audit and Accounts Committee, which examined them on 13 February 2009.

Moreover, in accordance with the recommendations made within the context of the 2007 evaluation of the Board of Directors, an entire day was dedicated to presentation of the 2012 strategy, as well as to the 2009 goals and action plan.

3.2.1.6 Internal Regulations of the Board of Directors

In its 10 January 2005 meeting, the Board of Directors adopted unanimously a set of Internal Regulations designed to specify its operating methods to supplement the Company's legal, regulatory and statutory provisions and to spell out the rights and obligations of the Board members.

This regulation was amended at the Board of Director meetings of 30 June 2008 and 17 February 2009 in order to, on the one hand, add provisions on preventing insider trading, as well as provisions on conflicts of interest in the taking of interests in unlisted companies doing business with the Group, and on the other hand, to review the draft of the tasks of the Agreements Committee so as to highlight the latter's economic role, which is based on safeguarding the corporate interest of Groupama SA and its future minority shareholders.

These regulations are included in full in chapter 7, § 7.1.4.

3.2.2 THE COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 14 of the bylaws, the Board may decide on the creation of committees in charge of studying issues submitted by it or its Chairman for review and to seek an opinion. In this context, under the Internal Regulations of the Groupama SA Board of Directors, the Board shall be assisted by technical committees in performing its responsibilities.

The committees of the Board of Directors have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. It is up to the Committees to report the findings of their work to the Board of Directors in the form of minutes, proposals, information or recommendations.

In accordance with Article 90, paragraph 2 of the Decree of 23 March 1967 on joint stock companies, the Board of Directors, in its 24 February 2005 meeting, decided to create within it an Audit and Accounts Committee, a Compensation and Appointments Committee, and an Agreements Committee. The Board of Directors is responsible for ensuring the proper operation of the Committees.

The provisions related to the organisation and operation of each of these committees are attached to the Internal Regulations (chapter 7, § 7.1.4).

3.2.2.1 The Audit and Accounts Committee

Through an early application of the 8th European Directive, Groupama created an Audit and Accounts Committee in February 2005.

(a) Membership

The Audit and Accounts Committee is made up of five members appointed by the Board of Directors, including:

- two Directors representing the controlling shareholder: Messrs. Michel Baylet and Amaury Cornut-Chauvinc;
- three independent Directors: Mr. Frédéric Lemoine, Ms. Anne Bouverot (since 29 October 2008) and Mr. Philippe Vassor.

The Audit and Accounts Committee is chaired by Mr. Frédéric Lemoine, an independent Director.

It should be noted that the Chief Executive Officer of Groupama SA does not participate in the work of the Audit and Accounts Committee except by special invitation and he is represented by the Group Chief Financial Officer assisted by his Senior Accountant, the Corporate Secretary, who is also the Secretary of the Committee, and by the Director of the Group's General Auditing and Actuarial Department.

The operating methods of the Audit and Accounts Committee are in full compliance with the recommendations in terms of corporate governance, particularly with regard to the independence of the Directors.

(b) Responsibilities

The main responsibilities of the Audit and Accounts Committee, which are included in the Internal Regulations of the Groupama SA Board of Directors, are listed below:

- examining the combined/consolidated/parent Company draft midyear and annual financial statements as well as the references and scope of consolidation;
- examining the risk management policy;
- examining the performance of their engagement by the statutory auditors and the amount of the fees paid to them;
- examining external growth plans.

(c) Activity Report by the Audit and Accounts Committee for 2008

In fiscal year 2008, the Audit and Accounts Committee met ten times. Five exceptional meetings were devoted to reviewing external growth operations. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 93%.

During fiscal year 2008, the Audit and Accounts Committee reviewed the annual and semi-annual combined, consolidated and parent Company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share.

It also reviewed and informed the Board of its opinion of the Management Report, the Solvency Report and the investment policy, as well as the Reinsurance Report on fiscal year 2007; it also reviewed the principles, rules and options chosen to close the financial statements as at 31 December 2008.

At every meeting devoted to reviewing the financial statements, the Committee heard the statutory auditors without management being present.

The Committee was consulted on renewing the authority for the Company to issue bonds for a total of €2 billion and on the plan to file the Registration document.

It also acknowledged the plan for the merger/takeover of Groupama International by Groupama SA, in the so-called simplified form within the context of a simplification of the Group's financial organisation.

As part of its responsibility for risk control, the Committee reviewed the off-balance sheet commitments of Groupama SA. It also acknowledged reports on internal control, major litigation underway within the Group, the report on anti-money laundering activities, 2009 prospects for the renewal of outside protection measures, execution of the 2008 audit programme and the draft 2009 audit plan. It also presented to the Committee an update on the internal control situation in the Group entities, the Solvency II project, the assessment and classification of major Group risks, and the views of the rating agencies in terms of risks.

The Committee examined the budget for the statutory auditors' fees, under the guidelines it had previously established, *i.e.*, seeking a better balance between the two members of the Groupama SA association of statutory auditors, the appointment of one of them to the subsidiaries as their terms of office expire, and conformance to a reasonable volume with regard to tasks unrelated to the legal audit of the financial statements.

The Committee was also consulted on a plan to amend the Internal Regulation of the Board of Directors to incorporate provisions to prevent insider trading, following the recommendations of the ANSA task force, and provisions on conflicts of interest with regard to taking interests in unlisted companies in relation to business with the Group.

Finally, the Committee examined the impacts of the financial crisis on Groupama SA, particularly actions taken and the various exposures, exposure to reinsurance and the issues related to the close of accounts. With regard to the Group organisation and with a view to preserving its image, it fervently hopes that risks related to the financial management of the various Groupama entities are tightly controlled and coordinated by Group financial management and disclosed to the Audit and Accounts Committee.

3.2.2.2 The Compensation and Appointments Committee

(a) Membership

The Compensation and Appointments Committee is made up of five members, including:

- four Directors representing the controlling shareholder: Messrs. Francis Aussat (Committee Chairman) and Robert Drouet, Ms. Annie Bocquet (replacing Mr. Jean-Luc Wibratte) and Ms. Solange Longuet;
- one independent Director: Mr. Frédéric Lemoine.

The Chairman of Groupama SA does not attend Committee meetings. The Corporate Secretary of Groupama SA represents the Company's management and performs the duties of Secretary of the Committee.

(b) Responsibilities

The responsibilities of the Compensation and Appointments Committee, which are included in the Internal Regulations of the Board of Directors, are listed below:

- submitting for approval by the Board of Directors any proposals relating to the policy for compensating the corporate officers and proposing rules for setting the variable portion of their compensation;
- assessing the operating methods of the Board of Directors;
- participating in the selection of independent Directors and verifying their individual status;
- examining the success plans for the Company's Directors and corporate officers;
- submitting to the Board of Directors all proposals related to the distribution of Directors' fees.

(c) Activity Report by the Compensation and Appointments Committee for 2008

During fiscal year 2008, the Compensation and Appointments Committee met five times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

At these meetings, the Committee:

- proposed an assessment of the 2007 variable compensation for the Chief Executive Officer based on quantitative and qualitative criteria set the previous year; it also undertook to set the criteria for determining the variable compensation of the Chief Executive Officer for fiscal year 2009;
- carried out a review of attendance fees and proposed extending the benefit of attendance fees to all committee members;
- considered the profile of a fourth independent outside Director and, after examination, proposed the candidacy of Ms. Anne Bouverot, who was appointed at the General Meeting of 29 October 2008;
- verified the independent status of the outside Directors of the Board of Directors with regard to criteria from the AFEP-MEDEF recommendations; these criteria are summarised in Appendix 4 of the Internal Regulation provided in chapter 7;
- analysed the results of the assessment of the work of the Board and the Committees for fiscal year 2007, assigned for the first time to a specialised firm, and examined a new draft of a questionnaire it had offered to the Board of Directors to assess the work of the Board and Committees for fiscal year 2008.

3.2.2.3 The Agreements Committee

(a) Membership

The Agreements Committee is made up of four members, including:

- two Directors representing the controlling shareholder: Messrs. Jean Baligand and François Schmitt;
- two independent Directors: Messrs. Philippe Vassor and Jean Salmon.

The Agreements Committee is chaired by an independent outside Director, Mr. Philippe Vassor.

The Corporate Secretary, who performs the duties of Committee Secretary, and the Group's Chief Financial Officer also participate in the work of this committee.

(b) Responsibilities

The responsibilities of the Agreements Committee, which are included in the Internal Regulations of the Groupama SA Board of Directors, are listed below:

- preventing any potential conflict of interest between the regional mutuals, on the one hand, and Groupama SA and its subsidiaries on the other, that are likely to arise from their business relations. Within this context, the Committee will analyse any agreement and addendum to these agreements, entered into between the regional mutuals and Groupama SA and its subsidiaries, according to defined significance thresholds:
  - to ensure their legal security,
  - and specifically to ensure that the conditions of compensation or distribution of the risks between the entities of the mutual and capital divisions are consistent with the corporate interest of Groupama SA;
- analysing the regulated agreements;
- analysing the conditions for applying the reinsurance agreements between Groupama SA and the regional mutuals.

(c) Activity Report by the Agreements Committee for 2008

During fiscal year 2008, the Agreements Committee met three times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

Within the context of the business relations between Groupama SA and the regional mutuals, the Agreements Committee has primarily been consulted on:

- adjustments made to the general agreement on marketing and management entered into between Groupama Banque and the regional mutuals. The first adjustment applied to adaptation of the current IOB term, which constitutes an appendix to such agreement, to make it consistent with the reform of the regulation of the financial markets; the second adjustment applied to the update of the production targets of the regional mutuals for fiscal year 2008, under the annual agreement on marketing and management entered into between the bank and each regional mutual, as well as their compensation and quality objectives;
- the portion of the draft Groupama SA 2008 registration document dedicated to transactions with related parties, in order to validate the presentation of the organisational and operating structure for economic relations between Groupama SA and its subsidiaries, and the regional mutuals;
- the financial monitoring of Groupama SA on the Group's major national programmes for 2008, as well as on the 2009 structural factors. This measure is aimed primarily at harmonising information technology and monitoring the regional mutuals in their efforts to develop the private banking business line, and specifically consumer loans;
- the financial monitoring or athletic sponsorships applied by the regional mutuals for the 2008/2009 season, which is a function of the media spinoffs of the Groupama brand. This effort is being carried out by specialist firms.

The committee has examined the summary list of regulated agreements to be incorporated into the Special Report by the statutory auditors.

It should be noted that in 2008, the Agreements Committee's membership underwent a complete change (retirement of Messrs. Viet and Wibratte), which allowed new members (Messrs. Baligand, Salmon and Schmitt) to update the Committee's role and missions and the means of carrying them out. Within this context, the Committee is looking into:

- significant and lasting economic relations between Groupama SA, its subsidiaries and the regional mutuals, based primarily on reinsurance of the mutuals;
- business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services;
- contractual measures aimed at protecting the security of the whole.

Finally, the Committee undertook a re-examination of the Internal Regulation of the Company's Board of Directors, to verify that its content is consistent with the actual operating methodology of the Board of Directors and the specialised committees, and the principles of governance applied by the Company. Upon completion of these tasks, it proposed reviewing the draft of its own assignments in order to better highlight its economic role based on safeguarding the corporate interests of Groupama SA and its future minority shareholders.

3.2.3 EVALUATION OF THE BOARD OF DIRECTORS

Each year, Groupama SA performs an evaluation of the operating methods of its Board of Directors and committees and, within this context, undertakes an outside evaluation every three years.

Thus, in 2007 it performed an evaluation, by individual interview, entrusted with a specialised outside firm. The interview focused on three major topics: the membership of the Board and reporting system, the operation and effectiveness of the Board and the operation of Board Committees.

Following this evaluation, improvement measures were adopted in 2008 applying primarily to:

- improving the quality of the information given (organisation of an annual seminar of the Board of Directors dedicated to strategy, standardisation and harmonisation of the dossiers for the presentation of acquisition plans, provided to Directors through a summary press review);

- a more in-depth review of certain subjects discussed (annual registration of a status update on social and corporate issues, periodic meetings dedicated to a business line, specialty or subsidiary, outside the Board structure, at the request of Directors);
- improved method of organisation and operation of the Board of Director Committees.

For fiscal year 2008, a questionnaire was sent to Directors aimed at measuring progress achieved with respect to the recommendations from the previous Board evaluation. The results of this evaluation were brought to the knowledge of the Compensation and Appointments Committee meeting of 10 February 2009 and debated at the Board of Directors meeting of 17 February 2009.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY MANAGEMENT

Consistent with the recommendations of the AFEP-MEDEF report dated 6 October 2008, calculation of the compensation of corporate officers is the responsibility of the Board of Directors and is based on the proposals of the Compensation Committee.

Items contributing to the compensation of each corporate officer are reported in accordance with the standardised presentation format recommended by the Afep and the Medef.

3.3.1 COMPENSATION AND BENEFITS PAID TO THE CORPORATE OFFICERS OF GROUPAMA SA

3.3.1.1 Compensation paid to the members of the Board of Directors

A system for paying Directors' fees was authorised by the Board of Directors' meeting of 20 October 2005 and approved by the General Meeting of 29 June 2006. The system involves paying Directors' fees to all the Directors of Groupama SA, except for the Chairman of the Board, who is paid compensation for his duties, and the Directors elected by employees. Thus ten Directors representing the majority shareholder and four outside Directors receive attendance fees.

Attendance fees received by each Director for participating in the work of the Board of Directors and as compensation for their general responsibility comprise a fixed portion totalling €24,000 and a variable portion totalling €2,000 per meeting, paid in accordance with their attendance. At 1 October 2008, the amount of the variable portion was increased, at the decision of the Board of Directors, to €3,000 per meeting.

Participation in the Board Committees' work results in the payment of additional Directors' fees solely to outside Directors, whether they participate in the Committees as Chairman or as a simple member. They are also paid a fixed annual amount of €5,000 per committee as compensation for their general responsibility, and a variable amount of €2,000 for their actual attendance of each session. At 1 October 2008, the payment of attendance fees was extended, at the decision of the Board of Directors, to all Directors participating in the work of the Board committees; similarly, the variable portion was also increased, from €2,000 to €3,000 per meeting.

These Directors' fees are paid quarterly.

Moreover, in 2008 certain Directors of Groupama SA received attendance fees as members of the Board of Directors of the holding Company, Groupama Holding, the breakdown of which is summarised in the following table.

(in euros)	Directors' fees paid in 2007 by Groupama SA	Directors' fees received in 2008		
		By Groupama SA	By Groupama Holding	Total
Francis Aussat	48,000	42,000	20,000	62,000
Jean Baligand	50,000	40,000	15,000	55,000
Claude Bartholomeis	36,000	42,000	-	42,000
Jean-Luc Baucherel	-	-	-	-
Michel Baylet	50,000	42,000	20,000	62,000
Annie Bocquet	-	10,000	15,000	25,000
Anne Bouverot (2) (appointed at the General Meeting of 29 October 2008)	-	-	-	-
Amaury Cornut-Chauvinc	18,000	42,000	15,000	57,000
Robert Drouet	52,000	42,000	17,000	59,000
Henri Durand (1)	-	-	-	-
Christian Garin (1)	-	-	-	-
Michel Habig	46,000	38,000	-	38,000
Frédéric Lemoine (2)	88,000	82,000	-	82,000
Solange Longuet	52,000	42,000	15,000	57,000
Marius Mul	6,000	-	-	-
Roger Pailles	32,000	-	-	-
Jean Salmon (2)	44,000	40,000	-	40,000
François Schmitt	-	12,000	15,000	27,000
Philippe Vassor (2)	92,000	78,000	-	78,000
Jean-Luc Viet	52,000	30,000	-	30,000
Jean-Luc Wibratte	52,000	30,000	-	30,000
Groupama regional mutuals	-	-	135,000	135,000
	718,000	**612,000**	**267,000**	**879,000**

(1) Employee Directors for a period of four years; they do not receive compensation for their term of office.
(2) Independent and outside Directors appointed by the General Meeting for a period of six years.

3.3.1.2 Compensation of the Directors representing the controlling shareholder

With the exception of the Chairman of Groupama SA, who receives compensation paid by Groupama SA, some Directors representing the controlling shareholder receive compensation for their positions as the Chairmen of subsidiaries, the annual amount of which is set by the Board of Directors of the subsidiary on the recommendation of its Compensation Committee.

In addition, the Chairmen have retirement agreements which are vested at the rate of 27.10% of the compensation cited above.

Because of the changes in the governance bodies, the compensation of the Chairmen of subsidiaries was eliminated as from 1 October 2008, with the exception of Gan Eurocourtage IARD, Gan Eurocourtage Vie and Banque Finama, the principle of which was abandoned on 31 December 2008.

	2007			2008			
(in euros)	Gross compensation paid	In-kind benefits (1)	Total paid by Groupama SA & subsidiaries	Gross compensation paid	In-kind benefits (1)	Total paid by Groupama SA & subsidiaries	Origin of the compensation
Francis Aussat	67,275	18,232	85,507	52,956	14,351	67,307	Gan Assurances Vie
Jean Baligand	46,575	12,622	59,197	34,931	9,467	44,398	Groupama Vie
Jean-Luc Baucherel	Details provided in section 3.3.2.1						Groupama SA
Michel Baylet	46,575	12,622	59,197	37,231	10,090	47,321	Gan Prévoyance
Annie Bocquet	-	-	-	-	-	-	
Amaury Cornut-Chauvinc (2)	22,093	5,987	28,080	34,931	9,467	44,398	Mutuaide Assistance (3)
Robert Drouet	67,275	18,232	85,507	50,456	13,674	64,130	Gan Patrimoine
Solange Longuet	46,575	12,622	59,197	37,231	10,090	47,321	Gan Assurances IARD
Roger Pailles	19,406	5,259	24,665	-	-	-	Mutuaide Assistance
Jean-Luc Viet	46,575	12,622	59,197	46,575	12,622	59,197	Gan Eurocourtage Vie & Gan Eurocourtage IARD
Jean-Luc Wibratte	67,275	18,232	85,507	67,275	18,232	85,507	Banque Finama

(1) In-kind benefits consisting of a housing benefit granted to the Chairman and retirement contributions to the Chairman of Groupama SA and the Managing Directors of the subsidiaries of Groupama SA.
(2) Assumed his positions on 30 May 2007.
(3) Assumed his position on 11 July 2007 as Chairman of Mutuaide Assistance.

3.3.2 COMPENSATION AND BENEFITS PAID TO EXECUTIVE MANAGEMENT

3.3.2.1 Compensation

a) The Chairman

The compensation of the Chairman of Groupama SA is set by the Board of Directors of Groupama SA on the recommendation of the Compensation Committee. It comprises:

- gross annual compensation paid monthly over twelve months;
- rights to replacement income following the discontinuance of his business representing 13.6% of his gross annual compensation;
- housing provided by the Company and associated benefits reported as in-kind benefits with no financial impact for the recipient.

SUMMARY TABLE OF COMPENSATION AND OF OPTIONS AND STOCKS AWARDED *(in euros)*

Jean-Luc Baucherel (Chairman of the Board of Directors)	Fiscal year 2007	Fiscal year 2008
Compensation due during the year (detailed in the following table)	330,573	331,585
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**330,573**	**331,585**

SUMMARY TABLE OF COMPENSATION *(in euros)*

	Fiscal year 2007		Fiscal year 2008	
Jean-Luc Baucherel (Chairman of the Board of Directors)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	Not applicable	268,120	Not applicable	268,120
Variable compensation	Not applicable	None	Not applicable	None
Extraordinary compensation	Not applicable	None	Not applicable	None
Directors' fees	Not applicable	None	Not applicable	None
In-kind benefits (1)	Not applicable	62,453	Not applicable	63,465
TOTAL		**330,573**		**331,585**

(1) Of which, in-kind benefits:

- in 2008, housing 27,002 and retirement 36,463;
- in 2007, housing 25,990 and retirement 36,463.

b) Chief Executive Officer

The Chief Executive Officer receives fixed annual compensation paid in twelve instalments, and variable compensation paid at the beginning of the following year. The variable compensation is calculated from quantitative criteria (60%) based on the achievement of key performance indicators and qualitative criteria (40%). The amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

SUMMARY TABLE OF COMPENSATION AND OF OPTIONS AND STOCKS AWARDED *(in euros)*

Jean Azéma (Chief Executive Officer)	**Fiscal year 2007**	**Fiscal year 2008**
Compensation due during the year (detailed in the following table)	1,226,362	1,263,493
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**1,226,362**	**1,263,493**

SUMMARY TABLE OF COMPENSATION *(in euros)*

	Fiscal year 2007		Fiscal year 2008	
Jean Azéma (Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	910,000	910,000	910,000	910,000
Variable compensation (1)	312,500	225,000	349,500	312,500
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
In-kind benefits (2)	3,862	3,862	3,993	3,993
TOTAL	**1,226,362**	**1,138,862**	**1,263,493**	**1,226,493**

(1) Variable compensation for year "n" is paid at the beginning of the following year.
(2) In-kind benefits correspond to a death insurance policy.

3.3.2.2 Stock subscription or purchase options awarded during the year to corporate officers

Name of the corporate officer	Plan No. and date	Type of options (purchase or subscription)	Value of options according to the method used for the consolidated financial statements	Number of shares awarded during the fiscal year	Exercise price	Exercise period
Jean-Luc Baucherel	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Jean Azéma	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.3 Stock subscription or purchase options exercised during the year by corporate officers

Name of the corporate officer	Plan No. and date	Number of options exercised during the year	Exercise price
Jean-Luc Baucherel	Not applicable	Not applicable	Not applicable
Jean Azéma	Not applicable	Not applicable	Not applicable

3.3.2.4 Restricted stock awarded to corporate officers

Restricted stock awarded by the General Meeting during the year to each corporate officer by the issuer and by any Group Company (nominative list)	Plan No. and date	Number of shares awarded during the year	Value of shares according to the method used for the consolidated financial statements	Goodwill	Availability date	Performance conditions
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.5 Restricted stock vesting during the year for corporate officers

Restricted stock vesting for each corporate officer	Plan No. and date	Number of shares vesting during the year	Goodwill
Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.6 History of stock subscription or purchase option awards

INFORMATION ON THE SUBSCRIPTION OR PURCHASE OPTIONS

General Meeting date	Plans
Date of the meeting of the Board of Directors or Management Board	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	Not applicable
Jean-Luc Baucherel	Not applicable
Jean Azéma	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan contains several tranches)	Not applicable
Number of shares subscribed as at 31 Decembre 2008	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year-end	Not applicable

3.3.2.7 Stock subscription or purchase options awarded to the ten highest-paid non-management recipients, and options exercised by the latter

	Total number of options awarded/shares subscribed or purchased	Weighted average price	Plans
Options awarded during the year by the issuer and any Company within the scope of award of the options, to the ten highest-paid employees, for which the number of options thus awarded is the highest (global information)	Not applicable	Not applicable	Not applicable
Options held by the issuer and companies mentioned above, exercised during the year, by the ten employees of the issuer and of these companies for whom the options thus issued or subscribed is the highest (global information)	Not applicable	Not applicable	Not applicable

3.3.2.8 Summary of the status of corporate officers

	Employment Contract		Supplementary retirement system		Payments or benefits due or likely to be due for cessation or change of duties		Payment for non-compete clause	
Corporate Officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Jean-Luc Baucherel Chairman of the Board of Directors Date of start of term: 26 August 2004 Date of end of term: General Meeting of 27 May 2009		X	X			X		X
Jean Azéma Chief Executive Officer Date of start of term: 18 December 2003 Date of end of term: General Meeting of 27 May 2009	X		X			X	X	

3.3.3 MEMBERS OF THE STEERING COMMITTEE

3.3.3.1 Compensation

The other members of the Steering Committee receive fixed compensation and variable compensation, the latter based on the achievement of pre-defined objectives.

The Steering Committee comprised eleven members as at the end of 2008, including the Chief Executive Officer.

	2007	2008
(in euros)	**Gross amount paid during the year**	**Gross amount paid during the year**
Members of the Steering Committee (1)	4,836,203	4,706,415
Average number of members in the year	13	11

(1) The amount indicated for the members of the Steering Committee includes fixed compensation, variable compensation, and various incentive and benefit plans (company car for some members).

3.3.3.2 Retirement commitments made for the members of the Steering Committee

A defined-benefits system established by agreement on 26 June 2001 for the members of the Steering Committee; this agreement was amended by agreement on 22 March 2004, then by agreement on 5 December 2005.

The benefits under this agreement were extended to the Chief Executive Officer, corporate officer, after authorisation by the Board of Directors on 14 December 2005 and approval in the General Meeting as part of the regulated agreements on 29 June 2006.

The members of the Steering Committee may qualify for this system provided they meet the conditions precedent under the agreement.

- rights are calculated by referring to past years in the Group in a management position and/or in a position in the General Management of Groupama SA;
- the resulting income may be neither less than 10% of the benchmark salary defined in the agreement nor more than 30% of the average gross annual compensation for the past 36 months. The additional or supplemental basic systems must not exceed 50% of the gross annual compensation of the beneficiary.

The total amount of the commitment for all the members of the Steering Committee as at 31 December 2008 comes to €14,144,345.

3.4 REPORT ON INTERNAL CONTROL

This report on internal control as well as section 3.2, on the operating methods of the administrative and management bodies and section 3.3, on the compensation of corporate officers correspond to the application of Article L. 225-37 of the Commercial Code while sections 3.2 and 3.4, of Article R. 336-1 correspond to the Insurance Code.

Internal control at Groupama SA has special features due to the fact that the company is a member of Groupama group and has a specific position and role within the Group.

In this context, it is important to consider the Group's general organisation. There is a distinction between the two major divisions: the regional mutuals (Caisses Régionales d'Assurances Mutuelles Agricoles), and Groupama SA, which is the holding company for the other entities in the Group ("subsidiaries").

The relationships between the various entities of the Group are governed by the following:

- within the Groupama SA division, by capital ties. The main subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of internal control.

  A list of the main subsidiaries and sub-subsidiaries is made and updated regularly by the Legal Department within the Administrative Division of Groupama SA. Moreover, the scope of consolidation in the books of Groupama SA is presented in the notes to the consolidated financial statements;
- in the Mutual Insurance Division:
  - by an Internal Reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by a reinsurance agreement the terms of which are updated every year,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama").

As a consolidating entity, Groupama SA is also the lead Company in the tax integration implemented between itself, the subsidiaries owned in the proportion of 95% or more and, since 1 January 2008, the regional mutuals (see application for review of the corporate group regime under Article 53 of the Corrective Finance Law for 2007 dated 25 December 2007).

In addition, a framework agreement setting the general principles applicable to the business relationships between the regional mutuals and Groupama SA and its subsidiaries came into force on 1 January 2006.

Scope of this report

In accordance with Articles L. 345-2 and R. 345-1-1 of the Insurance Code, the Groupama group prepares and releases combined financial statements consisting of all the statements of the regional and local mutuals as well as the consolidated financial statements of the Groupama SA division. In accordance with Article R. 345-1-2 of the Insurance Code, the combining entity of Groupama is Groupama SA.

The scope of the combined financial statements includes the regional mutuals, the local mutuals, Groupama Holding, Groupama Holding 2, Groupama SA and all the subsidiaries in the scope of consolidation with which it has capital ties. A breakdown of the scope of consolidation is included in the notes to the combined financial statements.

This report describes the internal control system at the Group level, both on the scope of the consolidated financial statements and of the combined financial statements.

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Internal control principles and objectives

Establishing a complete and effective internal control system for the Groupama group as a whole is a top priority:

- to enhance operational security and control over earnings;
- to meet current regulatory requirements and to anticipate subsequent requirements, related notably to the future Solvency-II system;
- and to improve the Group's rating vis-à-vis the rating agencies, who now incorporate risk control assessments ("ERM" concept) in their rating processes.

In this context, the general principles, the objectives and the organisation of the Group's internal control were defined by the internal control charter approved by the Groupama Executive Committee on 21 March 2005 and submitted to the Audit and Accounts Committee. This charter was distributed to the entities in the Group and is a common reference to be followed in introducing internal control policies.

The internal control objectives, methodology and organisational principles within the companies are enforced by Groupama SA in accordance with the terms of the Group's internal control charter. The Groupama SA internal control system consists of the following:

- an environment that fosters a general framework allowing the Company to manage its risks and define its control policies;
- a set of tools and procedures related to the identification, evaluation and control of risks and an organised set of reporting procedures designed to inform the Groupama SA management of the trends in terms of risk exposure and the effectiveness of the control policies adopted.

3.4.1.2 Internal control organisation

(a) At the Group level

Permanent services

Group Internal Control and the General Group Audit Department are located in the General Audit Division and Group Actuarials are located within Groupama SA, answering directly to the Chief Executive Officer.

The Managers of the General Group Audit Department and the Group Actuarials Departments report periodically to the Audit and Accounts Committee on the Group's position and any work in progress in terms of internal control and auditing engagements.

GROUP INTERNAL CONTROL

The main responsibilities of the Group Internal Control staff, which comprised five members as at year-end 2008, included:

- managing projects to streamline internal control systems in the Group. It defines priorities and areas to be explored jointly, both in the Groupama SA division and in the Mutual Division within the Audit and Internal Control Working Group (see below).

  In 2007, a coordination function was also put in place for compliance projects in the Group;
- developing benchmarks and internal control methodology tools on behalf of all Group entities; in 2008, in the context of a Community project, the Group resolved to consider implementing an "incidents base" to assist in objectively measuring operational risks; its deployment within the Group is anticipated for 2009;
- supervising the network of internal control officers appointed in each of the entities and arranging interaction and a sharing of experiences amongst the entities in the Group;
- ensuring that the subsidiaries and departments of Groupama SA file reports in terms of internal control, coordinating and drafting the "LSF" and "ACAM" reports by Groupama SA, managing or assisting in the completion of the "ACAM" reports of the insurance subsidiaries or regional mutuals;
- supervising the Technical Risk Committee and the Group Risk Committee (see below).

THE GROUP GENERAL AUDIT DEPARTMENT

The staff consists of twelve auditors.

The Group General Audit Department is responsible for the following:

- engagements involving the periodic monitoring of subsidiaries;
- inter-company projects on special topics. Thus, in 2008 the Group General Audit team performed an internal and external fraud audit among all Group entities. The resulting recommendations, for the Group, enterprises or processes, were incorporated into the 2009 action plans of the entities involved.

Furthermore, Groupama SA conducts an audit of every regional mutual every three years. The purpose of the audit is to verify the economic and financial balances of the regional mutuals, compliance with regulatory requirements and compliance with general reinsurance regulations.

These engagements are decided on and planned by the General Management every year as part of an annual auditing plan. Every auditing engagement involves a review of the situation with regard to internal control in the area of the entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the General Management. The audit is followed up in the period following the end of the auditing engagement to make sure that the recommendations are being followed by the audited entity.

Risk Committees

Two committees are used by the General Management of Groupama SA to regularly monitor the main risks incurred at the Group level. These departments come under the Group Internal Control Department.

TECHNICAL RISK COMMITTEE

This Committee is made up of Groupama SA department heads appointed as "owners" of the major risks identified (see § 3.4.4.1); it is responsible for the following:

- coordinating the policies of the departments concerned by the treatment of risks;
- identifying and proposing additional policies;
- proposing limits on risks.

The Committee met three times in 2008.

GROUP RISK COMMITTEE

Its membership is the same as that of the Groupama SA Steering Committee.

It is responsible for approving the risk management policy, particularly by setting limits on risks and finding ways of controlling risks.

(b) Within the Mutual Insurance Division

Internal control of the Mutual Division is organised around three systems:

- internal control of every regional mutual;
- operational auditing of every regional mutual;
- the Group general auditing department attached to the Groupama SA General Management.

The first two systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the General Management.

Since 2006, in accordance with Article R336-1 of the Insurance Code, every regional mutual has prepared an annual report on internal control, which it sends to the ACAM after approval by its Board of Directors.

Since end-2008, the regional mutuals, following the example of the subsidiaries, the main intercompany ventures and Groupama SA management, have been providing annual reports to the Group Internal Control, describing the status of their control environment, compliance measures, the content of their risk mapping, methods for carrying out their Activity Continuity Plan and their Crisis Management Plan.

(c) Within the Groupama SA division

Internal control of the Groupama SA division is organised around three systems similar to those of the Mutual Division.

For a given entity (subsidiary or intercompany venture), its Senior Managers are responsible for the proper implementation of the first two control systems. This responsibility is carried out under the authority of the members of the Groupama SA Steering Committee to which these Senior Managers belong.

Since 2006, in accordance with Article R336-1 of the Insurance Code, Groupama SA and every insurance subsidiary prepare an annual report on internal control which is submitted to the ACAM after approval by the Board.

Moreover, all subsidiaries and the main intercompany ventures provide an annual report to Group Internal Control on the same topics as the regional mutuals (see above) describing their internal control measures for preparing the annual financial statements for companies not subject to the Insurance Code.

In addition to the subsidiaries and intercompany ventures, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. The management of Groupama SA has, since 2005, submitted a report to the Group Internal Control Department on the same subjects as the subsidiaries and the intercompany ventures (see above).

(d) Groupama Working Groups (WG)

These working groups are inter-company entities in the Groupama SA Mutual Division responsible for communications, exchanges and coordination and in certain cases involving underwriting decisions. Those working groups that play a significant role in terms of internal control are the following:

Internal Audit and Control WG

With two meetings in 2008, the Internal Audit and Control WG of the regional mutuals, encouraged by Group Internal Control, is a platform for exchanging information on the regional mutuals, and specifically:

- support in implementing consistent risk maps within the Group, Business Continuity Plans and crisis management plans;
- updates on the future solvency II regulations;
- an overview of the issues and projects in the Group in terms of compliance;
- news on recent changes in ethics.

Similarly, within the context of the Internal Audit and Control WG of the France subsidiaries, the internal control correspondents of the Groupama SA France insurance subsidiaries met twice in 2008 on subjects similar to those of the regional mutuals.

Beyond these meetings, subject workshops with the Groupama SA subsidiaries and the regional mutuals were held regularly with reports to the WGs.

Bank Internal Audit and Control - WG

Chaired by the Groupama Banque senior inspector, its members include the internal control officers of each entity selling banking services (regional mutuals, Gan Assurances, Gan Patrimoine), as well as a representative of the Group Internal Control Department.

The purpose of this WG is mainly (solely for the banking business):

- distributing information (new regulations, new internal procedures, etc.);
- designing or validating common internal control procedures to be introduced in the network;
- sharing experience and disseminating good practices in terms of internal control.

When the agenda so requires, this WG can be divided into two separate parts, one dealing with permanent control and the other with periodic control.

Bank Compliance WG

Chaired by the Groupama Banque compliance Manager, it consists of the TRACFIN officers of every entity marketing the banking offering (see above), as well as a representative from the Group Internal Control Department. It has a similar purpose to that of the previous WG.

Steering and Management Control WG

It meets quarterly to validate the steering indicators and tools and to work together to analyse results and estimates. This unit serves as a forum for dialogue on management control issues.

Accounting, Taxes, Consolidation WG

It meets quarterly and is responsible for proposing the implementation of the Group's accounting, regulatory and tax principles to the representatives of the Accounting and Tax Departments of the entities in the Group.

The entities participating in this WG are the regional mutuals, on the one hand, and the Group's profit centres and operating subsidiaries on the other hand. Moreover, this WG is responsible for defining the corporate accounting standards and consolidation standards with the assistance of the representatives of the accounting finance and tax units of all the business sectors in which the Group is involved.

Regional mutuals Reinsurance WG

It meets quarterly and consists of representatives of Groupama SA and the regional mutuals. Its purpose is to validate the reinsurance terms for the following year before submission for approval by the regional mutuals in a meeting of the Managing Directors of the regional mutuals and the Chief Executive Officer of Groupama SA, and then submission for approval by Groupama SA.

3.4.2 COMPLIANCE

3.4.2.1 Compliance in strategy activities

Groupama SA is the parent company of the Groupama subsidiaries division, which is consolidated under it; it is also the parent company of the Groupama regional mutuals As such, it is responsible for defining the Group's strategy.

The Group's strategic guidelines are determined by the Group's management bodies over the medium and long term based on audits and recommendations made by the Group's Strategy Department in particular.

They are listed as short or medium term in accordance with a Group process of Operational Strategic Planning (OSP).

For business lines in France, this OSP process involves the following:

- every three years with:
  - preliminary guidelines set for strategic goals by the Group's management bodies;
  - design of business line OSPs by the Specialist Divisions of Groupama SA and the companies of the Group:
    - *a detailed strategic audit for each business line (environment, profitability, level of growth, etc.),*
    - *framing strategic goals in qualitative and quantitative form;*
- with annual updating, consistent with the estimated finance policy governing:
  - the updating of the Strategic Division diagnostic as needed,
  - business plan figures including the major performance indicators for each business segment in question, as well as the results and objectives targeted,
  - the definition of operational plans (target plan, operating players concerned, execution plan by the entities concerned, the necessary investments, and execution schedule).

The OSP of Group companies, for 2009-2011, was prepared and validated in fiscal year 2008. Its monitoring, in 2009, will apply to:

- whether the operational plans managed by the Groupama SA Specialist Divisions and by the companies have been executed;
- whether or not the Company has met key business objectives by business line: premium income, new business, loss ratio, combined ratio, etc.;
- the policy income statements of the principal business lines of the companies in the Group;
- the targets for the contribution by each company to the Group's earnings.

As with international, an OSP process has also been implemented for each international subsidiary with a sliding annual adjustment, under the management of the International Division (see § 3.4.4.11 b). The 2009-2011 OSP was validated at end-2007 and will be updated in early 2009.

3.4.2.2 Compliance of business activities with laws and regulations

(a) Application of corporate law and the Commercial Code

The Group's Legal Department within the Corporate Offices manages Groupama SA's legal affairs and those of its subsidiaries operating in France and provides legal advice as needed to all the French legal entities of Groupama SA It is responsible for making certain that its transactions and its Directors and executives are on a sound legal footing. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

(b) Application of corporate regulations

By Groupama SA

As part of its responsibilities, the HR Department of Groupama SA carries out internal checks to make certain that corporate laws and regulations are properly enforced, *i.e.*:

- guarantees the reliability and efficiency of payroll transactions and personnel administration;
- compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity charter, principle of non-discrimination, etc.), and to employment contracts, vocational training, and occupational health;
- compliance with legal and contractual obligations relating to the disclosure of statistics, legal reports, etc.

It specifically provides for ongoing payroll management and employee reporting, using specialised software hosted in part by a supplier in order to secure the personnel data base. Access to the information in these databases is fully protected.

By the entities of the Group

Every Groupama SA subsidiary and inter-company venture is responsible for its own HR management and internal control.

Within Groupama SA, the Group HRD, the UDSG Labour Relations Division and the UES Labour Relations Department of the Groupama SA HRD provide information and advice to the entities in terms of labour legislation and regulations.

The Group HRD is also responsible for the orientation and management of the European Enterprise Committee and Group Enterprise Committee, which in 2008 each met twice.

By an agreement dated 22 October 2007, the social dialogue commission was implemented; it was within this body that a framework agreement was negotiated and entered into on 24 October 2008 on diversity and equal opportunity, applicable to all Group businesses in France.

(c) Application of insurance law

The Legal Department in the Groupama SA Corporate Offices provides information and advice to the Specialist Divisions and to the insurance subsidiaries on compliance with insurance laws in their operational activities as well as technical support.

(d) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Corporate Offices is in charge of ensuring that the tax consolidation rules are applied (Article 223A et seq. of the General Tax Code) for the Group trained in the tax plan by Groupama SA, as parent company, the regional mutuals, and its 54 subsidiaries consolidated as at 31 December 2008, as well as the holdings of Groupama Holding and Groupama Holding 2.

This includes calculating the scope, reviewing the calculation of the provisions for the corporate income tax of the parent company and its main consolidated subsidiaries and the regional mutuals; and supervising remote reporting procedures.

INTERIM CLOSINGS AS AT 30 JUNE

Based on the semi-annual individual financial statements, the Group Tax Division reviews with the accounting departements of member entities of the tax integration Group, the tax charge on these entities and of the integrated group.

TAX ON CONSOLIDATED COMPANIES

The Group Accounting Department, working with the Group Tax Department, prepares the report on the tax position of the consolidated companies.

Documentation and electronic archiving procedures in terms of computerised accounting records

In communication with the companies and the tax group of the Groupama Information Systems inter-company ventures concerned, the Group Tax Department helps to define and monitor the implementation of documentation and archiving procedures in terms of computerised accounting records, as required under tax law.

(e) Financial Ethics

An ethics audit to prevent insider trading has been implemented within the Steering Committee and some divisions and departments of Groupama SA that are exposed to this risk. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the audit, and an agent at Groupama SA; Under the procedure adopted, a "Confidentiality Agreement" must be signed by the Groupama SA Managers concerned and a periodic report on their activities must be filed with the Groupama SA ethics agent.

(f) Anti-money laundering measures

In terms of anti-money laundering measures, the Group Corporate Offices (the Group Legal Department), is in charge of coordinating corporate policy with the Group Audit and Actuarial Department, and a network of officers in charge of combating money laundering in the insurance (France and internationally), banking and asset management subsidiaries and the regional mutuals.

Hence, the Group Legal Department:

- supervises a working group that meets twice a year; all the Group's insurance, banking and asset management companies participate in these meetings;
- sends out a newsletter entitled "Anti-money-laundering newsletter" to all the Corporate Offices of the companies.

In addition, anti-money laundering meetings are held:

- for banking transactions related to the WG on "Compliance with anti-money-laundering measures" (see § 3.4.1.2);
- for life insurance transactions carried out by the regional mutuals for Groupama Life.

(g) Protection of medical data

Under the Belorgey Agreement, replaced by the AERAS Agreement on 8 January 2007, appropriate steps to secure the data related to the health of the Group's customers (principals, members and policy-holders) have been taken, as required under the provisions of the Code of Good Conduct and the recommendations of the Provident, Savings and Individual Life Insurance Division ("PREVI") in partnership with physician consultants and in collaboration with Group compliance (DAAG).

These recommendations, in terms of the collection, processing, disclosure and archiving process of registered medical data, are from the Code of Good Conduct of the Belorgey Agreement, the information technology and freedoms act, and the recommendations of the CNIL, and have been applied since 2003. The different entities in the Group (regional mutuals and subsidiaries) are responsible for implementing them. Investigations are conducted as necessary by the PREVI Division in the companies concerned. An evaluation questionnaire was implemented in the 1st quarter of 2008. It measured the Group's level of compliance with the regulation.

The PREVI Division is in charge of training the physician consultants and Managers of the Group's various entities in terms of the confidentiality of medical data, the selection/medical pricing of risks and the management of complex claims.

Monitoring is also carried out in general insurance (common law), non-motor third-party liability and motor third-party liability within the context of the Badinter law. Training is also provided at the Group level, specifically training in "Medical law and common law expertise", specifically dealing with medical confidentiality.

(h) Application of the Data Protection Act

The Group Executive Committee (GEC) meeting of 22 November 2006 decided to appoint an IT and Freedom (ITF) Agent to represent the Group on the French Data Protection Authority (CNIL). This ITF assumed its duties in March 2007. It works in favour of Groupama SA and 50 Group entities (regional mutuals and France and Overseas subsidiaries).

The responsibilities of the ITF Agent are:

- preparing a list of all the processing done by every entity in the Group and provided to the CNIL: appointing an ITF Agent; thereby releases those entities from the requirement to send reports to the CNIL;
- auditing the data processed for compliance with the Data Protection Act;
- conducting post-audits;
- preparing an annual report for the CNIL and General Management;
- producing procedural manuals and Codes of Good Conduct;
- advising the entities of the Group on the application of the law;
- alerting General Management to any malfunctions noted.

The ITF relies on a network of internal representatives (one representative per entity) responsible for relaying its actions within their entity and with which it communicates regularly. It meets with this network twice a year.

3.4.3 MANAGING ASSETS AND LONG-TERM FINANCING

The Group's Finance Division (DFG) is fully responsible for managing the assets and long-term financing of Groupama SA and its subsidiaries.

3.4.3.1 Managing financing and interests owned

In terms of strategic investments for the Group, the Chief Executive Officer reports to the Board of Directors.

The Finance and Investment Department (DFI), which is part of the DFG, is responsible for the following:

- monitoring the debt level of Groupama SA and its subsidiaries, specifically by setting key indicators every quarter and presenting the situation to the Steering Committee;
- the on-going financial monitoring of subsidiaries and strategic holdings that are specific to the Group. In particular, a detailed monthly report must be submitted to the General Management on any specific listed strategic securities;

- calculating the value of the entities recorded on the annual balance sheet of Groupama SA, by preparing an annual valuation report. The work of Groupama SA and its subsidiaries and strategic holdings is calculated every year in order to:
  - perform impairment tests under IFRS on any existing goodwill;
  - update the liquidation rate of the intra-group securities in the investment reports of the shareholding entities and the regional mutuals, as these values are used for internal stock and bond reclassification transactions and also to meet regulatory requirements (valuation of the holdings in the regulatory reporting statistics),
  - meet the requirements of the Autorité des Marchés Financiers (AMF) relating to the liquidity commitment of the Groupama SA share in the "Employee Stock Ownership" and "Agent Shareholders" umbrella funds (FCPE).

  The operating subsidiaries were valued based on the following:
  - Life insurance companies: by calculating the values of in force and new business of each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision;
  - Property and casualty insurance companies and other operating companies: from discounting the profits expected from future periods as demonstrated in the Business Plans of the entities; this is the method used by the DFI.

For each of these points, the DFI can propose corrective measures under the supervision of the Group Chief Financial Officer:

- control of the consistency of the asset valuations in internal transactions, such as restructuring transactions or share reclassifications;
- control of the consistency of the valuations of potential targets in connection with the Group's acquisitions plans or disposals of subsidiaries and equity interests.

3.4.3.2 Monitoring investments

(a) Methods used to measure, evaluate and control investments

For the management of long-term assets, the DFG has assigned:

- to Groupama Asset Management the financial management of listed securities (equities and fixed-income products);
- to Groupama Immobilier for the management of investment property.

Within the DFG, the Finance and Investment Department is responsible for monitoring these duties (see § 3.4.3.3 c) to make certain they are performed properly. It is also responsible for monitoring the Company's cash position, investment management and the filing of reports to the Steering Committee and to the Board of Directors of Groupama SA.

Every year, the authorised Asset Managers send to the DFG a report on the management of the long-term or property assets belonging to Groupama SA, indicating in particular the procedures used to measure, evaluate and monitor investments.

The Finance and Investment Department monitors the capital gains or losses appearing in the securities portfolios and monitors any need to record reserves for contingent liquidity risks.

The Finance and Investment Department monitors the quality of the authorised Asset Managers based on its own management, the performance and the reports filed by each Manager as well as the reports by the rating agencies for Groupama Asset Management.

For Groupama Immobilier, a monthly operating committee meeting brings together its representatives and those of the DFG and validates the proposals. The lease management tasks of Groupama Immobilier are defined in a lease management order. The asset management tasks of Groupama Immobilier are defined in an asset management order. Finally, this Manager is certified ISO 9001-2000 by the AFAQ, for all real estate management activities.

For Finama Private Equity, a quarterly operating committee includes its own representatives and those of the DFG. The management limits are spelled out in the funds (or funds of funds) memoranda signed by the Group's Chief Financial Officer.

(b) Monitoring transactions on forward financial instruments (FFIs)

Transactions on FFIs can be initiated in connection with the hedging of the risks revealed in the asset/liability audit.

This refers to the following risks:

- interest-rate risk;
- credit or counterparty risk;
- equity market risk;
- foreign exchange risk.

These transactions are all covered under the FFI Decree of 4 July 2002. As the case may be, they may be delegated to the Asset Managers, in accordance with the terms of the management mandates. The DFG is in charge of documenting the strategies on the books.

Hedging strategies are presented to the Groupama SA Board of Directors and approved by it.

(c) Assessing the performance and the margins of the financial intermediaries used

Every year, the managing agents assigned to manage the securities submit a report to the Group DFG assessing the performance and the margins of the financial intermediaries used.

3.4.3.3 Internal control of investment management

(a) Organisation of responsibilities amongst the players involved in the investment management process

The investment management process is based on a strict separation of tasks among the entities involved: the Finance and Investment Department, the Group Accounting Department, the Asset Managers and custodians/depositaries:

- the Finance and Investment Department is in charge of asset/liability modelling and the appropriation of assets, managing relations with service providers, monitoring the recording of investment income/loss and the drafting of an asset report;
- the Asset Managers are in charge of building up portfolios and choosing securities up to the strict limits imposed by the mandates, executing transactions, submitting transfer orders and preparing detailed reports for the DFG;
- the custodian/depository is in charge of settlement/delivery, the custody of securities and transmitting transfer orders to the Group Accounting Department;
- the Group Accounting Department is in charge of inputting and validating accounting transactions, of the various reconciliation statements and of releasing the financial statements.

(b) Managing of powers to authorising officers

A list of those persons cleared to authorise transfers to the financial statements is kept updated by the Group's Corporate Offices on the recommendation of the cost monitoring staff of the Group Accounting Department and the Group Chief Financial Officer.

The same applies to a list of those persons cleared to authorise put or call transactions upon approval by the Finance and Investment Department and the Group Chief Financial Officer.

(c) Control of managing agents and managing investments

Control of managing agents

The management authority is formalised as an agency agreement signed by the Group Chief Financial Officer.

These agreements are proof of the financial management delegation given by the entities to the management companies. They are designed to meet the desired conditions of each entity, in accordance with the regulations in force.

They spell out the following:

- the management objectives, the transactions authorised and the limits;
- the management structure and the information in the mandate;
- the obligations and responsibilities of each of the parties;
- technical constraints:
  - liquidity ratios of the interest rate instruments and equities by defining holding limits based on the capital and/or the float, and constructing and managing "liquefaction" curves of the portfolios,
  - internal risk scatter ratios of the interest rate instruments and equities,
  - benchmark in terms of risks, duration, rates and currencies;
- the terms for compensating the agent and the depositary;
- management procedures: committees (role and meetings held), financial reports to the principal;
- other practical conditions (duration of mandate, termination terms, etc.).

The Finance and Investment Department monitors the management companies on an on-going basis for compliance with the objectives in terms of:

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;
- compliance of the performance of the portfolios of the life insurance companies with the regulations on the rates guaranteed by life insurance policies including a cash surrender value, and decisions under the authority of the Group Chief Financial Officer, related to the booking of any provisions for financial contingencies.

In terms of internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the interdepartmental nature of the organisation of the middle office and the back office, the security of computer systems and the protection of access Codes and Surveillance of Atypical Behaviour. They have also established their own control systems for monitoring the proper application of the mandates;
- the principal depositary of the entities in the Group, Banque Finama, as well as the depositaries outside the Group, subject to oversight by the Banking Commission. In particular, Banque Finama has its own internal control system and verifies the powers of authorising officers;
- Groupama Immobilier has its own internal control system, which was enhanced in 2005 with the creation of an Audit and Risk Department.

Financial management procedures

Under its temporary management, Groupama SA has introduced management tools, including the following in particular:

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;

- monitoring capital gains and losses in the securities portfolios and monitoring the need to book provisions for contingent payment risks;
- setting monthly scorecards on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

The Finance and Investment Department is responsible for internal and regulatory reporting procedures:

- setting monthly scorecards on the status of the assets and monitoring them for achievement or estimated achievement;
- reports on financial policy to the Boards of Directors of Groupama SA and every agent company;
- annual solvency reports by Groupama SA and by every agent company.

Transactions by the Finance and Investment Department in connection with the performance of its responsibilities are secured by internal checks, hierarchical checks and partially built-in checks, particularly through secure access to the securities transactions accounting system, to the property assets accounting system and the like, and to the Groupama SA general accounting system. The Financial Reporting and Forecasting Department is in charge of verifying the data for consistency among these different systems.

Permanent oversight of investment management

This oversight is done through committees in charge of monitoring, decision-making and validation:

ASSET ALLOCATION COMMITTEES

Decisions to allocate assets and record investment income/losses (capital gains programmes, etc.) are made at the quarterly meetings of the Asset Allocation Committees.

In every French subsidiary, they meet quarterly. Participants include the Asset Allocation Manager (Finance and Investment Department), the Investment Manager, the Group Chief Financial Officer and the appropriate Managers from the subsidiary, for the main purpose of making Asset Allocation decisions and recording investment income/losses (capital gains programme, etc.).

A similar procedure exists with the main foreign subsidiaries in connection with International General Management (see § 3.4.4.11 b).

For Groupama SA, some financial Management Committees play the role of Asset Allocation Committees.

SECURITIES INVESTMENT COMMITTEES

The asset management and allocation staff meets with these committees every month. They are in charge of implementing the decisions made by the Asset Allocation Committee and of reviewing performance and management. They are assisted by operational theme-based committees on rates, equities and market administration, designed to monitor the mandates for compliance and to monitor Asset Managers more closely.

They are responsible for the following:

- thorough monitoring of funds movements for the previous month, performance and risk indicators of the principal products (sensitivity, volatility, betas, tracking errors, vacancy rate, etc.);
- thorough monitoring of holding limits: Liquidity ratios, scatter ratios, congruency ratios, etc.

In this context, the agent companies are monitored after the fact on a permanent basis to ensure compliance in terms of the following:

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;
- compliance of the portfolios' performance with the financial management targets.

The Property Investment Committees are chaired by the Group Chief Financial Officer.

In these meetings, the members examine reports on the economic situation, management and performance reports, updates on the estimated budget and projects under way (disposals, investments or work in progress). The committee is entitled to make decisions for any sale involving less than €2.4 million. Beyond this, it prepares a proposal for validation by the Chief Executive Officer or by the Board of the Company in question as a function of the thresholds defined by the Boards. Likewise, the Committee issues a preliminary approval of investment proposals that are the ultimate responsibility of the Boards of the companies.

ASSET-LIABILITY COMMITTEES

For Groupama SA and for every subsidiary concerned, these committees meet quarterly. Participants in this meeting include the chief of Asset/Liability Management, the Investment Manager, and the Technical Director or Senior Accountant of the subsidiary. Their primary responsibility is to review the results of Asset/Liability research in preparation for the next meeting of the Asset Allocation Committee.

3.4.3.4 Management of the 2008 financial crisis

In witness to the rules of investment monitoring and internal control described above (see above § 3.4.3.1, 3.4.3.2, and 3.4.3.3), the Group Finance Division implemented rules and processes aimed at guaranteeing the quality of management and investments. The main principle is to resort to assets controlled within the Group, which specifically implies excluding assets currently classified as "toxic" (CDO, CLO, structured products).

Moreover, very precise rules have been developed with Asset Managers:

- delegation of management: financial management delegated to the Groupama Asset Management subsidiary is tightly structured. As an example, exposures (dispersion, ratings, hierarchy, etc.) are limited and controlled;

- choice of instruments under mandatory management: the constant application of cross-processes in the Research and Credit Management Departments results in discarding an instrument if suspicions arise as to the quality of the issuer (for example, Freddy Mac and Fanny Mae were discarded in 2006);
- derivative products: limited to asset/liability hedging and simple instruments capable of being valued internally, the use of derivative products is only authorised with counterparties who have signed framework agreements providing backing in the form of government bonds (weekly margin calls).

In addition to the monitoring of these investment rules, management activities have been specifically adopted to address the financial crisis:

- in equity mutual funds: the adoption of a defensive position (choice of sectors, cash position) allowing for a decrease in sensitivity to the equities market;
- the establishment at the Group level of a cash hoard by taking advantage of windows of liquidity in the bond market, demonstrating the Group's ability to meet its commitments;
- the reduction of contractual exposure to derivative products with counterparties considered risky.

Moreover, exposures to major asset classes are determined as a function of asset/liability studies (risk tolerance model) consisting schematically of calibrating the equity exposure that would allow withstanding a 30% market decline in the first year, followed by two years of zero performance.

The decline in the equity indices in 2008, much greater than the 30% decline in the model, might have consequences that are immediately quantifiable. But at this stage, it does not appear to contradict the results of studies insofar as the lasting nature of a decline of that magnitude has not been demonstrated.

The impacts of the financial crisis result primarily from a severe deterioration in the Group's unrealised capital gains/losses on investment assets, excluding property assets:

- in the wake of the 2008 market declines for the equities portfolio;
- linked to the increase in risk premiums affecting all securities in the Euro zone (with the exception of German government debt) for the bond portfolio.

However, given the equities rules and management rules that have been applied, Groupama's assets portfolio, while penalised by current economic circumstances, contains no structural weaknesses such as exposure to problematic toxic assets in the medium term.

3.4.4 MONITORING OF RISKS

3.4.4.1 General context

In cooperation with the industry and the IFACI, Groupama SA first helped to compile a list of the risks related to the business activities of insurance companies, which was adopted by the Group beginning in 2005; this list serves as a basis for risk mapping in the different entities.

An inventory of major risks was then undertaken in late 2005, aimed at identifying the main measures for controlling these risks and any improvements to be made. For every major risk, an "owner" has been appointed within Groupama SA, who is responsible for monitoring the risk and for the effectiveness of control measures. This approach is used throughout the combined scope of the Group. In 2007, the Group's major risks, after in-depth analysis carried out with the risk-ownership divisions, were subject to an update.

In 2008, the risk classification proposed for future Solvency II regulation was incorporated into the Group's risk listing.

A Technical Risk Committee and a Group Risk Committee at the corporate level, were established to handle the monitoring and management of this system (see § 3.4.1.2).

3.4.4.2 Risk Management related to the Insurance Specialist Divisions

In connection with their oversight activities, the Insurance Specialist Divisions within Groupama SA perform the following for the entities:

- they issue alerts in their areas of expertise;
- they provide advisory services, particularly in terms of pricing and product policies;
- they keep track permanently of any legislative or regulatory trends, in cooperation with the Group Legal Department within the Corporate Offices (see § 3.4.2.2 c).

The Insurance Specialist Divisions cover all the insurance divisions of the Group's insurance companies for every major customer category:

- Life Insurance:
  - individual life: The Individual Provident, Savings and Life Division (PREVI);
  - group life and provident: Group Insurance Division (DAC);
- Health Insurance:
  - individual: Individual Health Insurance Division (DASI);
  - Group: Group Insurance Division (DAC);
- Non-life and Liability Insurance:
  - individuals, professionals and associations: Individual Non-life Insurance Division (DADI);
  - businesses and local authorities: Business and Local Authorities Non-life Insurance Division (DADEC);
  - farmers: Division of Professional Agricultural Risks (DRPA).

For credit-guarantee insurance, legal cover and assistance, oversight and monitoring activities are handled by the operating entities concerned.

Some aspects, which are particularly representative in terms of controlling underwriting risks handled by the Insurance Specialist Divisions, are presented below.

Provident, Pension, Savings and Individual Life Risks

In addition to the work done on funding long-term care claims (see § 3.4.4.5), combating money laundering and medical confidentiality (see § 3.4.2.2 g), the PREVI Division monitors trends in regulations and makes recommendations to the entities in the Group thereby helping to reduce non-compliance risk: in particular, under the DDAC. Act (the law setting forth various provisions for adaptation to EU law in the area of insurance), the intermediation directive and the bill on the requirement to seek beneficiaries of life insurance policies.

The PREVI Business Line Division is also involved in monitoring the development and underwriting results of the life insurance subsidiaries. In addition, the Group Actuarial Department validates the return on new products before they are launched.

Business and Local Authorities Risks

The Group's activities in this area are controlled by the DADEC. using analysis procedures, operational procedures and built-in procedures related to the entities' underwriting business:

- definition of common underwriting rules, updating of joint policies;
- regular analysis of the earnings of each entity contributing to the income of Groupama SA, particularly by comparing the results among entities and with the market;
- individualised monitoring of the most important risks, and analysis of trends in portfolio profiles (Hedging Notes file and Heavy Risks file);
- concerning the joint underwriting business with the regional mutuals and Gan Assurances IARD, monitoring is done on the basis of a dual analysis of the heaviest risks in the interest of sound decisions.

  Moreover, for the joint underwriting business with the regional mutuals, the built-in control is based on the control established for Internal Reinsurance (see § 3.4.4.4 a). In addition to the built-in check, the regularity of transactions is ensured by means of regular monitoring of the rates earned and trends in the portfolio structure reflected by the contents of the computer databases, and by permanent contact with the staff and correspondents of the regional mutuals.

  The joint underwriting business for Gan Assurances IARD includes the same kind of internal check as for the regional mutuals (see above). The direct underwriting business for Gan Assurances IARD is subject to a built-in check through the use of its own computer system and an internal check by coordination with the corresponding staff of Gan Assurances IARD.

  Partial underwriting authority may be delegated subject to the presence of technical referral agents;
- risk engineering activity for the regional mutuals, Gan Assurances IARD and Gan Eurocourtage IARD.

Professional Agricultural Risks

For all the risks in its scope, the, DRPA. defines the underwriting terms and monitors the rates and business commitments by the regional mutuals and by Gan Assurances, with special monitoring of some risks:

- multiple climate risks for crops;
- frost on crops (grape vines, fruit, corn, seeds);
- loss of gross margin after governmental decision to stop production in the event of an epizootic disease;
- third-party liability for products delivered to the US and Canada;
- fire, storm cover on forests.

In this event, for risks for which the General Reinsurance Regulations so require, it issues the necessary hedging notes to the regional mutuals.

Individual Non-life Risks

In addition to the general role played by this Specialist Division on individual, professional and association insurance in the Group, the DADI tracks and monitors the professional risks on the structure by:

- defining the underwriting products and standards, claims management and management in the construction manual common to all the entities in the Group;
- assuming the joint underwriting of risks and the joint management of the claims from the regional mutuals in terms of the Internal Reinsurance regulations. (see § 3.4.4.4 a);
- managing the construction insurance business for Gan Assurances.

Group Insurance Risks

The DAC handles the internal control of the services rendered for Gan Eurocourtage Vie, Gan Eurocourtage IARD, Gan Assurances Vie, Groupama Vie and the regional mutuals in terms of the creation and monitoring of products, pricing and profitability, inventory, modelling and systems operations research and in terms of operating the Group's management systems in Group insurance.

Individual Health Insurance Risks

The DASI operates in several areas, contributing to the internal control of the Group, i.e.:

- it is responsible for the permanent oversight of legal and regulatory trends liable to have a strong impact on the Group's gross margin and return on investment, and as such, it participates in professional associations (FFSA, UNOCAM, etc.);
- it defines products, services, and the corresponding communications tools the Group might offer its shareholders and customers;
- working with the entities of the Group it defines and monitors pricing rules and income targets in the context of OSP (Operational Strategic Planning);

- it defines the underwriting terms for the policies and for claims management; it also defines the parameters and changes in the Group's health information systems;
- it monitors the joint venture agreements entered into with healthcare providers (compliance with policies by partner opticians and dentists) and with the MSA (management proxies for the regional mutuals).

The DASI also monitors the management of operational entities:

- the SGPS (Healthcare Services Management Company), a brokerage firm that manages healthcare production and/or services for entities in the Group;
- the Groupama TPG (Tiers Payant Généralisé) inter-company venture, which manages third party payer flows and exchanges with the partners.

Other general insurance risks

The direct underwriting business of Groupama SA is conducted under the supervision of the National Policies Management Department within the DADI in the "Professionals and Associations Non-life Insurance" Department.

These activities are secured by implementing the common core of Groupama SA general procedures. Underwriting in particular is secured through a cross managerial control procedure and through built-in controls performed implicitly by the IT system.

3.4.4.3 Claims management

The Material Damage ("GCSM") and Physical Injury ("GCSC") Claims Advisory Departments, as well as the Construction Department, for claims specific to that division, within the Individual Non-life Department, handle the controls of the following items related to claims for damages and third-party liability for the Group as a whole, for every entity and for Groupama SA:

- application of the claims funding rules. These rules are defined in the harmonised Groupama-Gan manual;
- compliance with professional standards and inter-company agreements, particularly for inexcusable negligence, IDA (Direct Indemnification of Policyholders) and IRCA (Indemnification and Automotive Physical Recourse);
- management activities:
  - for major claims, using information based on claim notices, for Groupama, thanks to integrated processing on the computer systems of Group entities,
  - for other claims (regardless of amount) through the delivery of renewed and effective management applications to guarantee claim expenses and improve customer service.

The Individual Insurance Claims Advisory Management Department within the Provident, Savings, Individual Life Division also handles the monitoring of management actions and the funding of projects.

The Group Insurance Department is in charge of management and underwriting for the entities, following the example of the operational management of the activities related to the Social Guarantee of Corporate Executives and Managers or the management of part of the Groupama Life claims in Group insurance. It conducts internal checks to better understand and control the risks related to these activities and to supplement the different kinds of checks (internal check, built-in check, hierarchical check) it now performs.

For direct underwriting activities by Groupama SA (National Policies Management Department), within the Individual Non-Life Insurance Division, the claims-settlement activity is specifically secured by a hierarchical control process, with any technical event being subject to dual controls at the level of financial commitments: hence the payment commitment is not done electronically and all payment commitments are subject to a second check and require a second signature, either by the National Policies Management Department or at the same hierarchical level by the accounting staff.

3.4.4.4 Provisions for regulated commitments

As from 2006, the Group Actuarial Department defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating provisions and commenting on results with specific reference to an assessment of the mathematical life expectancy for claims expenses. In this context, the Group Actuarial Department receives and analyses actuarial reports from the entities.

In life and health insurance, the Provident, Savings and Individual Life Department had a long-term care table in the event of illness and a long-term care table in the event of an accident certified by a certified independent actuary.

In Group insurance, the Group Insurance Department defines for the entities concerned, depending on the specific features of the products, funding methods that comply with the rules of the profession and with the Insurance Code. It is responsible for distributing them and ensuring that they are implemented in the Group.

3.4.4.5 Control of the valuation of life insurance portfolios

Since 2006, Groupama has been calculating the Embedded Value of the Group's life insurance subsidiaries in France, in accordance with the principles of the CFO Forum ("Market Consistent Embedded Value"). Unlike the methods for calculating the traditional Embedded Value, this method, which is based on stochastic calculation models, can now highlight the time values of commitments vis-à-vis policyholders through financial options and guarantees. The scope of calculation was extended to the international life insurance subsidiaries in 2007.

These options and guarantees correspond mainly to:

- a combination in the same policy of a minimum guaranteed rate and a profit-sharing clause;
- the risk of early redemption on purchasable policies.

These calculations can better quantify the effects of the risks already identified. They make it possible for all the companies to better assign risks and problem areas.

In addition to their publication within the context of the Group's financial communications, these calculations are the source of the launch of action plans specific to each entity. They may have an impact on both inventory and new business.

These calculations have been reviewed and certified for the scope of consolidation mentioned by BW Deloitte in 2006 and 2007, and were certified by Milliman in 2008.

3.4.4.6 Reinsurance Management

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

Groupama SA is the reinsurer of the Groupama regional mutuals. The framework and the operating terms of the Internal Reinsurance are defined in the Reinsurance Agreement. Internal Reinsurance is monitored for proper application by:

- the Reinsurance and Management Department for policy accounting issues and investments in options;
- the Insurance Specialist Divisions for joint underwriting procedures and claims advice management. These procedures are set forth formally in section II of the Reinsurance Agreement entitled "General Settlement of Reinsurance", the terms of which, particularly the reinsurance thresholds, are re-examined every year.

Concerning the joint underwriting activities and joint claims management, the internal control procedures are presented in parts 3.4.4.2 and 3.4.4.3.

The principal control procedures put in place by the Reinsurance and Management Division are presented below.

BUILT-IN CONTROL

Outward reinsurance operations by the regional mutuals are calculated by a special computer application (IRIS), the database is either input or transmitted by file by the regional mutuals. Its operation is described in a detailed document. The setting of the annual reinsurance parameters (presented in the Groupama document updated annually, "Reinsurance Terms"), accessible in the application, is checked by the appropriate Managers from the regional mutuals.

Reinsured excess claims are first validated by the regional mutuals and by the Groupama SA Claims Advice Management Department (see § 3.4.4.3) based on a "Notice of Claims" application interfaced with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application interfaced with the Internal Reinsurance application.

CONTROL TESTS

The Inward Reinsurance Department - (Estimates by the Internal Reinsurance Division) controls the accuracy of the calculation rules written by the Reinsurance Accounting Department of the Internal Reinsurance Division in the specialised computer application.

The reinsurance sector of every regional mutual also monitors the accuracy of the parameters for calculating reinsurance input by the Reinsurance Accounting Department of the Internal Reinsurance Division of Groupama SA in the specialised computer application.

The results of Internal Reinsurance transactions by every regional mutual are monitored:

- by the regional mutual concerned before the statements are signed approving the contributions and claims;
- by the Group Management Control Department by comparison with the estimates of the regional mutual and with the Groupama SA budget;
- by the Corporate Accounting sector of the Group Accounting Department in connection with the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

Monitoring the Internal Reinsurance of subsidiaries

Concerning the inward business by Groupama SA on the policies of the profit centres and subsidiaries, just as it does for all the inward business by the Group, the External Outward Reinsurance Department ("DCER", see § 3.4.4.4 b) records the accounts of the outward reinsurance companies as they are received.

Moreover, for the profit centres and subsidiaries whose outward reinsurance accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the outward business of the profit centre and the inward business portion Groupama SA.

The profit centres and subsidiaries that manage their own assigned insurance ceded accounting records send to the DCER the data it needs to make estimates in the nearer term. This task also dovetails with the work of preparing reconciliation statements for the consolidation.

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance.

These principles are approved and updated every year by the Groupama SA General Management on the recommendation of the Reinsurance and Management Department within the Group Finance Division. Groupama SA holding levels and hedge ceilings and those of the Group are calculated with the assistance of reinsurance brokers studying the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter “Defining the responsibilities of the External Outward Reinsurance Department”. The job of determining the Groupama SA annual reinsurance scheme and for all the Groupama SA insurance subsidiaries is managed by the External Outward Reinsurance Department (“DCER”) within the Reinsurance and Management Department. This is done in coordination with the appropriate Managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Thus every year, the DCER holds at least two meetings to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the regional mutuals, the meetings are held with the Groupama Vice President for Reinsurance and Management and the person in charge of Internal Reinsurance.

Supervisory Procedures

In general, the DCER at the Group level monitors the standards and procedures in terms of outward reinsurance to make certain they are applied properly, both in the case of annual treaties and optional outward reinsurance operations.

The DCER is responsible for the reinsurance accounting of Groupama SA and of some French subsidiaries. In this area, it verifies the claims of reinsurance policy-holders, the premium bases as well as any specific information required by the reinsurers.

The DCER sets in motion the following procedures, according to the risks involved:

- for its own management transactions, on a built-in control: based on the specialised SIGRE reinsurance software, which contains oversight and alert modules, built-in procedures that are supplemented by meetings of the DCER Steering Committee between the technical and accounting units of the DCER;
- to control the risk of storms in France, some disaster damage modelling/simulations are done using expert software by the reinsurance brokers or by specialised agencies (such as RMS). They also perform for Groupama SA studies on the catastrophic risks (earthquake, flood, etc.) of those subsidiaries exposed (Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, Slovakia, etc.);
- to control the management risk from entities that remain the owners of the data provided to external reinsurance, on a level 2 control implemented by it, or by and authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policy-holder claims, the premium base and specific data required by reinsurers;
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and technical data, audit of compliance with Group procedures, in terms of good outward reinsurance practices and the proper application of the security rules by respecting the list of reinsurers accepted by the Group Security committee.

Reporting procedures

The staff of the DCER produces an internal report daily (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) for the department head. The department head then presents an annual renewal report to the General Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets; The General Management of Groupama SA has to approve the levels of protection and general policy guidelines for external outward reinsurance to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

Reinsurance report

The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACAM This report presents the Group’s policy in terms of outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewing the Groupama SA reinsurance scheme for the current year.

3.4.4.7 Investment monitoring and management

The investment management methods and control structure are described in point 3.4.3.

3.4.4.8 Risk management related to loans, guarantees and off-balance sheet transactions

Groupama SA, in its capacity as a parent holding company, handles the clearing and monitoring of financing and guarantee transactions both internally and outside the Group. The Group Finance Division, working with the Group Legal Department in the Administrative Division, handles the monitoring, and a report is prepared for the ACAM in connection with the adjusted solvency file.

3.4.4.9 Monitoring solvency and profitability

The Finance and Investment Department (DFI), within the DFG, calculates the Group’s adjusted solvency every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFG prepares the Groupama SA solvency report.

The DFI regularly monitors the solvency of Groupama SA and of its subsidiaries, as described below:

- solvency margins verified based on items sent by the subsidiaries;
- hedging of regulated commitments verified (sufficient nature and description of admissible items);
- terms and conditions for appropriating the annual earnings of the subsidiaries verified.

The DFI also closely monitors Groupama SA, especially regarding the following:

- balanced "employment and sources of funds";
- any change in its insurance or holding activity.

The DFI also regularly monitors the return on investment of the subsidiaries of Groupama SA at the consolidated and Group levels based on monthly business indicators and midyear and annual financial statements.

3.4.4.10 Monitoring operating risks

Applying internal control policies led the Group to pay more attention to operating risks. In this area, some work was done to provide the entities in the Group with "Business Continuity Plans" (PCAs) and crisis management plans, including research on scenarios for a pandemic related to bird flu.

(a) Methods of marketing the Company's products

The controls carried out in this area are done in the form of internal checks by each of the Group's insurance companies.

Groupama SA does not have a directly owned sales force and does not distribute insurance policies directly except marginally.

(b) Human resources management

Groupama SA

The Groupama SA Department of Human Resources carries out all its routine operating responsibilities in accordance with the major thrusts of the Groupama SA employment and Human Resources management policy, *i.e.*:

- guaranteeing adherence to the employer's legal and contractual obligations;
- steering and managing HR capital expenditures;
- managing and administering professional development;
- steering and promoting dialog between labour and management.

Groupama SA is a member of the Groupama Social Development Unit (UDSG). In this regard, the personnel receives the benefit of agreements signed by this Unit and the trade union organisations at the national level.

Since 2005, Groupama SA has also been a member of the Economic and Social Unit (UES) recognised between Groupama SA, Groupama Systèmes d'Informations, Groupama Logistique and the four profit centres under the Gan brand name. The Groupama SA HRD is in charge of employee relations: Six agreements were signed in 2008.

These provisions are supplemented by collective agreements made at the level of the Groupama SA establishment. Two agreements were signed in 2008 after collective bargaining between labour and management within the Company.

Specifically, the HRD invests in the following:

- managing the performance monitoring procedure: in all Groupama SA departments making annual performance reviews of each member of the staff by his or her superior automatic. Training sessions "to set operating targets and evaluate skills" were taken by all Groupama SA supervisors;
- developing individual and Group skills by: introducing an Individual Right to Training (DIF.) policy; developing apprenticeship and vocational development contracts, supporting V.A.E. (Valuation Based on Background and Experience) projects and individual background assessments;
- involving the employees of the Human Resources Department in diversity within the Company to reflect the signing by the Group of the diversity charter in June 2007, training designed for all the employees of the HRD, the taking of specific measures, and the recruitment of summer employees on fixed-term contracts (CDDs) specifically for those issues;
- mobility within the Group and career management through implementation of professional tracks, identification of key skills, sensitive positions and the construction of succession plans.

In addition, the Groupama SA HRD issues a regular social report on the following topics:

- every month - headcount and employment trends;
- every quarter on work time;
- annually on all the employment data with the drafting of a document entitled "Groupama SA Employment Report", which includes the Employment Assessment, the Professional Equality report, the report by the Workplace Health and Safety Committee ("WHSC");
- annually on the main employment data.

In 2008, the Groupama SA HRD invested in preventive actions such as:

- "Heart attitude", a measure to prevent cardiovascular disease carried out through volunteers from among employees and Groupama Logistique. On a strictly confidential basis, this measure affords each person the opportunity to determine whether he has been exposed to cardiovascular risk, and if so, to obtain the advice of a physician outside the Company to reduce his own risk;
- the organisation of a disabled persons job awareness day, during National Disabled Week, from 17 to 21 November 2008.

Subsidiaries and inter-company ventures.

The HR Department of each of the entities is solely responsible for managing the human resources of the subsidiaries and inter-company ventures.

The Group HRD is responsible for inter-departmental management (internal mobility, management of senior executives, HR advice to entities, internal and employer communications, management, compensation and training).

Within this context, through the Group's senior officers in France and internationally, Groupama University applies information and mobilisation tools to implement the Group's strategy, particularly through the Groupama Demain ("Tomorrow") seminars involving 1,100 Senior Managers and Directors.

The Group's management information system installed since 2005 has gradually been incorporating the main social data from the Group's companies in France. In 2008, a system was installed to collect the social information of international subsidiaries.

This social reporting record has initiated an approach to collect the opinion of all employees in France and internationally, regarding the Group, its strategy, its social practices and the provisional growth of its employees. The second edition of the Group opinion survey was launched in March 2008, and a similar operation will be repeated in 2010.

In addition, a single system allows all the companies in the Group to manage internal and external recruitment transactions using dedicated sites (groupama-gan-recrute.com and Mouvy).

Following the example of the agreement setting forth security and solidarity systems for the Agricultural Reinsurance Mutuals belonging to the Groupama National Federation (rider - December 2004) - Article 3 Appointing the Managing Directors of the regional mutuals - a Group process (referring to Groupama SA, its subsidiaries, the inter-company ventures and the regional mutuals) has been in effect since 2006, applying to the management of the professional careers of senior executives, to talent spotting and management and the appointment of Senior Managers. It is based on establishing job and incubator categories. With the support of the Group HRD, it is supervised and regulated through staff performance reviews conducted by the Managing Director of each company and, at the Group level, by a Technical Career Committee. This committee met ten times in 2008. Fiscal year 2008 was marked by the implementation of staff performance reviews in the Group's new international subsidiaries.

Starting in 2006, the secure, dedicated computer application "Groupama Talent" was installed to gather and share the necessary data.

(c) Control of logistical resources

Groupama SA's logistical resources, including property, plants and equipment, are managed by the inter-company venture Groupama Logistics. This entity manages the logistics of most of Groupama SA's subsidiaries.

Groupama Logistics conducts internal checks on the missions assigned to it, under the authority of its Managing Director, who in turn answers to the Group Procurement and Resources Director. Like the other entities in the Group, Groupama Logistics has done its own risk mapping to verify and if necessary improve existing control procedures.

(d) Control of IT systems

The Groupama SA IT systems are managed by the inter-company venture Groupama Systèmes d'Informations ("GSI"), which performs this task for all its members, *i.e.* most of the subsidiaries of Groupama SA and the regional mutuals.

Upstream, the strategic management, organisation and overall IT budgets, and by customer, operational relations between GSI and its customers and the quality of services are monitored regularly by the Group's control units:

- for quality of service - the Customer Relations Committees;
- for projects, the area committees.

Internal control of computer resources and services is assumed by GSI in the context of the assigned tasks, under the authority of its managing Director.

The inter-company venture is managed by the Group IT Steering Committee made up of the Managing Director and his Managers and backed by the special committees dealing across departments with issues related to finances, procurement, security, logistics, city planning policy and human resources and methods.

In each of these areas, GSI handles its own monitoring and risk control procedures both for its own account and for its customers, e.g.:

- running the IT system;
- managing glitches and the "Help Desk";
- monitoring the implementation of projects;
- monitoring the availability of production services;
- monitoring the security of production transactions;
- tests on data accessibility and recovery plans;
- managing the continuity plan;
- controlling the procurement process;
- budget control.

The sites hosting the machine rooms are audited twice a year: starting in 2007, it has carried out audits every two years, executed either by the Groupama Logistique security services, or by an assigned outside company.

In addition, the people in charge of these sites conduct an annual evaluation on the level of security of the sites through a methodology developed by CLUSIF, an association of major French companies sharing best practices in terms of security.

Operating risks are referenced in a risk mapping updated each year.

Major computer risks from this map are reviewed monthly by the Security Committee, they include:

- evaluates the relevance of existing systems;
- and monitors plans for improvement.

The RSSI (Chief of Security and Information Systems) under the authority of the Managing Director, defines and implements the GSI security policy.

A specific internal control report is prepared for every fiscal year and presented to the GSI Board of Directors.

(e) Control of overhead, trade payables and outsourced activities

Control of the management of overhead by Groupama SA and its subsidiaries

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.4.10.

The overhead expenses of Groupama SA departments are accounted for in the annual budgets discussed by General Management; those budgets are re-estimated once a year, in July.

The expenses, as well as the budgets, of the Groupama SA departments are consolidated with those of the main subsidiaries and are subject to periodic monitoring implemented and coordinated by the Group Management Control Department, in particular through key indicators, overhead reports and financial reports.

Concerning more specifically the monitoring and control of the expenses incurred by the divisions of Groupama SA, the following should also be noted:

- a three-year budget forecast is drafted by the departments every year;
- since 2006, an automatic work flow defined in accordance with precise internal control rules has been applied to the order/procurement process: this system makes it possible to separate the tasks among the requester, the approval body and the payer, and to automate budgetary control and to account for expenses automatically as soon as a commitment is made.

Regarding the management of expense reports, controls carried out by the Group accounting and Group Management Control Departments supplement the automatic controls performed by the SAP tool, the use of which has been decentralised among the Groupama SA divisions since 2007.

Internal control of the Groupama SA procurement process

After approval by the Steering Committee and after its Works Committee gave the go-ahead, Groupama SA attached to its Internal Regulations a procurement ethics charter on 29 March 2006.

As described in the foregoing section, management of the order/purchase process has applied since 2006 to nearly all the purchases made by Groupama SA and Groupama Vie, not including costs, which are directly input into the accounting management system, SAP.

This system is used:

- to monitor all suppliers;
- to account for costs as soon as the commitment is made, using a built-in feature of SAP;
- to secure the separation of tasks amongst the principals, the approval-giving bodies and the Accounting Department;
- to automate budgetary control and the cost distribution process;
- to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;
- to secure supplier payments as related to actual deliveries in keeping with orders;
- to clear all invoices with the cost monitoring unit within the Group Accounting Department.

Control of outsourced activities

Pursuant to the stipulations of the Group's internal control charter:

- the internal control systems delegated within the Group (Groupama Systèmes d'Informations, Groupama Logistique and Asset Managers) by Groupama SA are the responsibility of the proxy;
- for those activities outsourced outside the Group, Groupama SA has established appropriate sub-contracting agreements setting forth the terms and conditions for the control and monitoring of this service, in particular the possibility of a technical audit at the provider's place of business.

3.4.4.11 Monitoring of subsidiaries

(a) General system

Every subsidiary is subject to on-going monitoring by the staff of the division to which it is attached:

- the Group Finance Division for the financial subsidiaries;
- the France Insurance Division for French operating subsidiaries;
- the International General Management for foreign or overseas subsidiaries;
- the Group HR Strategy Administrative Division for the resources for inter-company resource and purchase ventures.

The Group Management Control Department (within the Reinsurance and Management Division) carries out business monitoring procedures (scorecards) for the Group and also monitors the financial reports of the subsidiary companies and the regional mutuals. The aim is the proper degree of anticipation and transparency of results and an understanding of trends in these areas for the Groupama SA General Management and the entities.

This approach is based on a process of estimated management common to all entities. It is implemented and coordinated by the Group Management Control Department and is based on a body of Group standards for designing estimates, approved by the General Management and updated regularly. The process calls for establishing yearly estimates of results for the next three fiscal years, and then updating four times the estimate for the first fiscal year of that three-year period.

In each of these phases, reports by legal entities are prepared by the companies concerned, in accordance with a common presentation and formats. The reporting media are now standardised for all the entities in the Group and are collected through the consolidation application.

(b) Strategic Management of International Subsidiaries

The Managing Directors of the international subsidiaries act in accordance with the authority delegated to them by the Boards of Directors of the companies they run, which for the most part consist of representatives of the Group (elected representatives and Managing Directors of regional mutuals) and the International Managing Director or regional Manager.

In addition to the control exerted through these Boards of Directors, the International Division ("DI") which itself applies internal checks and hierarchical checks common to Groupama SA, has established the special level 2 management and control procedures described below:

Strategy and Planning

Every year, in agreement with the International Managing Director, every subsidiary prepares its budget for the coming year and its strategy for the next three years.

This planning must naturally be part of the strategic and operational plan laid out for all the entities in the Group.

In 2008, three business reviews were held:

- the first one in April for a briefing on the year ended and to validate the objectives for 2008 in light of the initial results for the year;
- the second one in July to examine the financial statements as at 30 June and progress on the action plans;
- the last one in November to validate the estimated year-end income and do a briefing on the status of the main projects under way.

Reporting by the subsidiaries

Periodic feedback according to a common format is organised to monitor each company:

- a monthly report is required showing trends in the activity and the proportion of claims by business sector as well as trends in financial income and overhead;
- every company prepares a quarterly income statement and on that basis, formulates a new estimate of annual income;

Every month a committee in the DI, factoring in the information disclosed, determines the coordinated actions or decisions to be undertaken with the Managers of the subsidiaries in order to define any recovery measures necessary. This report also populates the monthly Group performance indicator.

General Control

Whenever necessary, a general or specific audit is done by a member of the international management (DI) staff at the request of the International Managing Director.

Control of the asset management of the subsidiaries (in contact with the DFG)

The DI and DFG have developed a system, for all subsidiaries, to hold Finance Committee meetings at least three times per year. These are attended by representatives of the subsidiary, the Finance and Investments Division, and the International Division.

These Finance Committees, whose role is to ensure that assets are managed as effectively as possible:

- propose the strategic allocation of assets based on Asset/Liability management tools;
- monitor and analyse the transactions previously conducted;
- analyse the financial performance of Managers;
- decide on the schedule for meeting the target allocation.

Groupama Asset Management is normally assigned to manage the subsidiaries' assets. Sole exception: when a commercial or strategic partnership with a local bank is accompanied by a management contract, or when Groupama Asset Management does not have the resources to intervene directly in the local market. In both cases, the DFG and Groupama Asset Management still validate the Manager's expertise and procedures.

Control of the Asset/Liability management of the subsidiaries

Every subsidiary manages its own Assets/Liabilities using appropriate software and methods under the coordinated supervision of the DI and the DFG, which is exerted notably in the Finance Committee meetings (see above).

Securing acquisition transactions

In 2008, the organisational principles and operating standards applying to merger and acquisition deals were developed and a procedures manual prepared.

This manual determines, at all stages of the process, the role and responsibilities of the various participants (General Management, Group Strategy Division, and Mergers/Acquisitions Division, Support Functions and Business Lines Division).

It also defines the workshops to be carried out, with each of its objectives, its responsible party, participants, and deliverables.

Process of incorporating new subsidiaries

A post-acquisition audit carried out by the Group General Audit and Actuarial Division will identify priority actions to be implemented.

Subsidiaries that are acquired are systematically integrated into the Group processes:

FINANCIAL MANAGEMENT

The Finance and Investments Division, with the assistance of Groupama Asset Management, undertakes a review of assets. A Finance Committee has been implemented to define the strategic allocation of assets and the means of achieving the goal.

REINSURANCE

The External Outward Reinsurance Division includes all new subsidiaries in the Group reinsurance programme and if necessary, suggests immediate decisions for supplementary protection.

ACCOUNTING

New subsidiaries are first integrated into the Group "Magnitude" tool to transfer their accounts and projections.

REPORTS

New subsidiaries are integrated into the reporting circuits implemented by the International Division and Group Management Control.

INTERNAL CONTROL/RISK MANAGEMENT

Group internal control, linked directly to the International Division, ensures the existence in each new subsidiary of an internal control structure consistent with the Group's standards, with priority on the following:

- implementation of a control environment;
- performance of risk mapping;
- the establishment of Business Continuity Plans.

3.4.5 THE RELIABILITY OF FINANCIAL DATA

The Group Accounting Department within the Group Finance Division is responsible for preparing the financial statements and the notes to the shareholders, oversight agencies and tax authorities.

3.4.5.1 Parent company financial statements

The parent company statements are prepared with an ongoing concern for identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The kinds of internal checks performed for that purpose are listed below:

- security procedures and internal checks: every area Manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;
- built-in control and control tests: this refers to all transactions guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:

  • the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,

  • the other actions and tests of a non-computer nature targeting mainly the consistency checks by random sampling done on large-volume transactions, with very low unit amount (e.g., balancing of policyholder balances, tax statements);
- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:

  • within current management:

  - *separation of the functions of commitment to and payment of expenses:*

  Spending of a technical, general or financial nature are in principle ordered by persons outside the Group Accounting Department who are authorised up to a certain ceiling based on the type of expense, payment of such expense is initiated by the Group Accounting Department only after a double signature different from that of the authorising officer,

  - *Monitoring of banking authorities:*

  Banking signature authority delegated to some employees is subject to administrative monitoring and regular updating. This system consists of three levels: single signature limited to the Chief Executive Officer; first signature, second signature. The principle of the double signature referred to above requires a signature by each level (first and second),

  • within inventory management and preparation of the financial statements:

  - *regular review points between the Group Accounting Department and the other Departments designed to provide an overview of all the flows for the year and anticipate incorporating them into the accounting records,*

  - *measuring the consistency between the parent company statements and the estimated statements in collaboration with Group Management Control,*

  - *building up a collection of backup documentation for the financial statements of the year under the supervision of the reviewer's direct superior, then the department head,*

  - *review of parent company and Group tax income/expense with the Group Tax Department,*

  - *internal meetings within the Group Finance Division (DFG) to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements,*

  - *validation of the financial statements by General Management.*

In addition, the Group Accounting Department regularly updates the modelling of its accounting procedures under a dedicated application in order to comply with the regulatory requirements in terms of audit trails and documentation of accounting standards.

Accounting done for other entities in the Groupama SA Division.

In accordance with its position as the parent company of the Group, Groupama SA keeps the books for a certain number of subsidiaries without their own accounting staff (operating SCIs (real estate investment companies), the intercompany venture GIE-Logistique, Holding companies and other subsidiaries); it also handles the investment accounting for the profit centres.

The Group Accounting Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial taxable income/expense (securities and real estate) and drafts the statutory financial statements to be sent to the ACAM.

The tools and procedures used to keep investments auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own Accounting Departments comply with the same internal control criteria as those described previously for the Groupama SA parent company statements (see above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

3.4.5.2 Consolidated financial statements

The internal control procedures used to establish the reliability of the consolidation financial information for the shareholders of Groupama SA are based on five basic principles: checking the appropriateness of skills (internal check), built-in check, parallel control tests, hierarchical supervision, and Group benchmark.

- Security and internal checking procedures: They are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (see above).
- Built-in control: the Group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this base with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

  • the first verification level entails checking the consistency of data standard (all the Group's data is presented in a format that follows a single standard),

  • at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly concern the overall accuracy and consistency of the items entered. In fact, depending on the types of control, this either causes the data input to be blocked automatically (which can only be cancelled if the precise data is input), or else it restores glitches to be corrected. The central level has the audit trail of these controls. The computer system allows a fairly high level of automatic control through the development of interfaces with the upstream systems,

  • at the central level, additional controls are done. These mainly involve the necessary consistency of the data among the different entities in the Group (such as, for example, for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

  The system has an audit trail that can run any cross-checks desired to identify and monitor any data and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios);
- Control tests: includes a set of verification and control tests put in place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:

  • checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied,

  • verification of central processing: accuracy checks are done to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

  Control tests are clearly outlined in a formal review manual.
- Hierarchical control is aimed at ensuring that the principal items affecting the fairness and accuracy of the financial data as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders are clearly understood in the data presented. This control involves the use of several procedures:

  • checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements,

  • meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process),

  • approval meetings with the statutory auditors of the consolidated financial statements,

  • meetings with the Steering Committee to review the consolidated financial statements.

  All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.
- The Group standard of reference

  The accounting standards for the consolidated financial statements are the IFRS. They are distributed at the Group level and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

  • IFRS reference text and a summary of the standard,

  • the area of application and possible options selected by the Group wherever the IFRS leave the possibility of applying options,

  • application methods.

  The consolidation manual is available on a website. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

  This consolidation manual is accompanied by instructions issued during every financial statement approval process to all the entities in the Group. The instructions emphasise the specific items applicable to each approval process.

  Training in both methodology and operations is given regularly to all the players involved in the Group so that the requirements introduced by the IRFS are properly understood and incorporated into the financial statements.

- Pre-closing procedure

  In 2007, the Groupama SA General Management introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called “pre-closing” methodology is based on the data from the final 2007 estimate and helps to apprehend the profit or loss to be contributed by each entity for the current year at its most probable level. This system involves the following:

  • a systematic and critical review of the principal aggregates making up the interim management balances,

  • identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group’s General Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the General Management).

  This gives the General Management an across-the-board picture of 2008 earnings. In order to make the process more effective, analyses of post-closing differences are generally done. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.5.3 Combined financial statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.5.4 Supervision of intra-group accounting transactions

Transactions amongst subsidiaries and Groupama SA (internal loans, subsidiary restructurings, capital increases, dividend pay-outs, etc.) are subject to decisions validated by the Groupama SA General Management, and to technical and operational control by the Group Accounting Department. These supervisions are done by auditing the consolidated financial statements, *i.e.* by reconciling intra-group transactions, monitoring any changes in shareholders’ equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.6 OUTLOOK FOR GROUPAMA’S INTERNAL CONTROL

At the end of 2008, all the entities in the Group, regional mutuals, subsidiaries and Groupama SA are given an internal auditing and control unit related both to its mandate to monitor activities and its on-going mandate to identify and monitor risks.

As of end-2008, most of the Group entities have an Ongoing Business Plan, particularly for the French entities or those in the process of implementation in 2009 for recently acquired international entities.

In 2007, the Group Audit and Actuarial Department within Group Internal Control was given the function of coordinating compliance actions within the Group. Each Groupama SA department and subsidiary now has a compliance correspondent and the same will hold in 2009 for the regional mutuals. In the next few years, this should lead to a significant improvement in oversight measures aimed at detecting risks of non-compliance, whether or not they are regulator in nature, or involve internal procedures within the Group or its entities.

With regard to operating risks, the deployment envisioned for 2009, within the Group, of a community incident management base should contribute significantly to the objective measurement of these risks.

To supplement the systems already in existence, the Group’s major risk monitoring process will be strengthened in 2009 by the implementation of a Group performance indicator.

In 2009, the Group will pursue its preparation for application of the Solvency II reform and will pay particular attention to strengthening internal controls in recently acquired companies.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

Report by the statutory auditors prepared pursuant to Article L. 225-235 of the Commercial Code, and on the report by the Chairman of the Board of Directors.

(Fiscal year ended 31 December 2008)

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Mazars 61, rue Henri Régnault 92400 Courbevoie

Dear Shareholders;

In our capacity as the Statutory Auditors for Groupama SA and pursuant to the provisions of Article L. 225-235 of the Commercial Code, we hereby report to you on the Report prepared by the Chairman of the Board of Directors of your Company in accordance with the provisions of Article L. 225-37 of the Commercial Code for the fiscal year ended 31 December 2008.

It is the responsibility of the Chairman to prepare and submit to the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide any other information as required under Article L. 225-37 pertaining, among other things, to matters of corporate governance.

It is our responsibility to report to you any observations that we may have regarding the data given in the Chairman's report concerning the internal control procedures related to the preparation and treatment of the accounting and financial information.

We have conducted our audit in accordance with the auditing standards applicable in France. Those standards require due and proper care to assess the fairness of the information given in the Chairman's report concerning the internal control procedures related to the preparation and treatment of the accounting and financial information. This consists of the following:

- reviewing the internal control procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comment to make on the information given concerning the Company's internal control procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Courbevoie, 2 March 2009

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

3.6 FEES OF THE STATUTORY AUDITORS

In 2008, the other engagements, which involve audits carried out specifically in connection with external growth transactions, were sharply down. They amounted to €184,900 compared with €686,100 in 2007.

Auditors who are not members of the Group's joint auditors' Group generally work as joint auditors on some subsidiaries of the Group, particularly in real estate.

OVERVIEW OF AUDITORS' FEES

	Année 2008				Année 2007			
(in thousands of euros excluding tax)	Price-waterhouse Coopers	Mazars	Other	Total	Price-waterhouse Coopers	Mazars	Other	Total
1. Legal audit assignments								
1.1. Statutory auditors	**3,444.9**	**2,307.6**	**458.1**	**6,210.6**	**2,794.1**	**2,190.4**	**458.9**	**5,443.4**
Groupama SA	543.5	473.5	0.0	1,017.0	507.4	426.5	0.0	933.9
French subsidiaries	1,755.2	1,185.9	256.9	3,198.0	1,665.1	1,169.8	336.6	3,171.5
International subsidiaries	1,146.2	648.2	201.2	1,995.6	621.6	594.1	122.3	1,338.0
1.2. Other engagements and audits directly related to the services by the auditors	**93.0**	**90.0**	**1.9**	**184.9**	**561.3**	**106.9**	**17.9**	**686.1**
Groupama SA	90.0	90.0	0.0	180.0	85.0	85.0	0.0	170.0
Other subsidiaries	3.0	0.0	1.9	4.9	476.3	21.9	17.9	516.1
SUB-TOTAL, CONSOLIDATED FINANCIAL STATEMENTS	**3,537.9**	**2,397.6**	**460.0**	**6,395.5**	**3,355.4**	**2,297.3**	**476.8**	**6,129.5**
2. Other engagements (technical, accounting and regulatory consulting)	**36.0**	**0.0**	**0.0**	**36.0**	**10.0**	**0.0**	**11.0**	**21.0**
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,573.9**	**2,397.6**	**460.0**	**6,431.5**	**3,365.4**	**2,297.3**	**487.8**	**6,150.5**

3.7 TRANSACTIONS WITH AFFILIATES

Section 3.7 as whole corresponds to Note 50 on transactions with affiliated in the Notes to the Financial Statements for fiscal year 2008, audited by the statutory auditors.

3.7.1 GENERAL PRESENTATION

Groupama SA and its subsidiaries, which make up the Equity Management Division of the Groupama group, maintain major lasting relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group's Mutual Insurance Division. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationship amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the regional mutuals network involves mainly Groupama SA and Groupama Vie. Based on these two entities, the contribution by the network of regional mutuals to consolidated premium income accounts for 27.5% of total consolidated premium income for 2008.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

3.7.1.1 Reinsurance

The regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement, which is a regulatory basis, is set forth in the bylaws of the regional mutuals. This reinsurance exclusivity entails financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing of fate" between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determines the financial return for the whole.

Thus, Groupama SA helps to draft the technical terms and conditions, particularly regarding rates that apply to direct insurance, or else it drafts those conditions itself depending on the nature of the risks reinsured.

In addition, Groupama SA may participate in the management of any claims file and jointly manage any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a certain number of mechanisms can be used to quickly re-establish any imbalances.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to hold true over the long term, and the reinsurance agreement between Groupama SA and the regional mutuals has a life equal to that of Groupama SA, which, unless extended, will end in 2086. Any amendments to the agreement must be added in accordance with a decision-making process based on consensus, which grants the authority for final approval to the Groupama SA Board of Directors.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail in § 3.7.2.1.

3.7.1.2 Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. Those subsidiaries are engaged in the business either of offering products or services designed for members and customers in the areas of insurance, banking or services, or providing financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the 14 December 2005 meeting of the Groupama SA Board of Directors.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are described below:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.*, products or services designed for members or customers) or to the needs of the entities of the Group (*i.e.*, the financial services designed for the entities of the Group) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- The regional mutuals agree to the following:

  • concerning the subsidiaries offering products or services designed for members and customers:

  - not to distribute under any circumstances competing products or services offered by third parties,

  - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,

  - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,

  - to engage in the transport insurance business only in an auxiliary manner, under the aegis of Groupama SA, in coordination with Groupama Transport,

  • concerning subsidiaries offering financial services designed for the entities of the Group:

  - to give preference to those subsidiaries at equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the Groupama Vie life insurance services, the retail banking services offered by Groupama Banque, Groupama Épargne Salariale and a certain number of services subsidiaries (Mutuaide, Capsauto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market; it is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

3.7.1.3 Security systems

(a) The Groupama brand

The Groupama brand is the exclusive property of Groupama SA, which grants the operating license thereof to the regional mutuals and the subsidiaries. Groupama SA is thus the guarantor of the brand's control and the protection of the Group's critical asset.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement for a security and solidarity system aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity.

This is a three-part agreement:

Audit

Once every three years, Groupama SA conducts an audit of all the transactions of the regional mutuals in order to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement.

In addition, an audit is performed in the event of a loss recorded by a regional mutual, which, depending on the nature, if repeated over three fiscal years, would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business.

The level of shareholders' equity and necessary assets is set in accordance with a decision-making process based on consensus, which grants to the Groupama SA Board of Director the authority for final approval.

This level was set substantially above the regulatory requirements in terms of solvency.

If the concerned regional mutual disagrees with the recovery measures recommended by an audit, a reconciliation procedure is used after which the Groupama SA Board of Directors may decide by a two-thirds majority to ask for the resignation of the Board of Directors of the regional mutual and/or the dismissal of the Managing Director.

In the event of refusal, the Groupama SA Board of Directors may decide by a two-thirds majority to propose to the Groupama National Federation to exclude the regional mutual from the Groupama National Federation, which would mean excluding the regional mutual from the Group.

Solidarity fund

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals if their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

The regional mutuals contribute to this fund in proportion to the insurance contributions retained by them; the fund also receives an annual allocation to reserves until the total allocations by the regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance from the solidarity fund, calculated according to the same method as the allocations by the mutuals.

Funding support is possible provided two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business, calculated as mentioned above;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is made by the Groupama SA Board of Directors by a two-thirds majority.

Appointing the Managing Directors of the regional mutuals

The Managing Directors of the regional mutuals are appointed by their Board of Directors after advice by a Senior Executive Careers Committee made up of Groupama SA Managing Directors and those of the regional mutuals and Chairmen of regional mutuals.

(c) The Agreements Committee

The Agreements Committee, a Research Committee of the Groupama SA Board of Directors, is chaired by an independent Director.

In particular, this committee is responsible for reviewing the terms for the annual application of the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, seeing to it that the said agreements are legally sound and that they comply with the interests of the employees of Groupama SA and its future minority shareholders.

3.7.2 AGREEMENTS BETWEEN GROUPAMA SA AND ITS SUBSIDIARIES AND THE REGIONAL MUTUALS

3.7.2.1 The Reinsurance agreement

The need for reinsurance is behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal insurance system grew up amongst the Regional Insurance Mutuals, and a Central Mutual whose reinsurance function is now performed by Groupama SA.

The reinsurance of the regional mutuals with Groupama SA is intended, through internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single Company covering the entire territory. It also limits the use of outside reinsurance to the potential needs of such a company.

In order to achieve this objective, the regional mutuals are insured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and adjustments to the reinsurance agreement

The Permanent principles are listed below:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurances is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk insurance, crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto must be made in the form of a rider in writing, approved by the Groupama SA regional mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- they are then subject to approval by the regional mutuals in a meeting of the Managing Directors of the regional mutuals and the Chief Executive Officer of Groupama SA;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by the Groupama SA Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The adjustments made in the reinsurance agreement in the past two decades were caused by two factors:

- either by changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance amongst them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Most of the risks are classified in three main families, based on the nature of the cover required, which depends on their volatility:

- basic risks: they include professional and individual risks like motor, general third-party liability, Life & Health insurance, individual health and fire, not including natural risks or highly specific risks like construction, long-term care, etc; those risks are characterised by rather low volatility, which requires essentially a cover for claims exceeding a certain threshold;

- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events;
- heavy risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even catastrophic claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

All the risks classified in the same family are included in same-level outward reinsurance operations and adapted to their shared underwriting characteristics.

The risks that do not fall within these three groups because they are new or because of their specific features are handled appropriately based, if possible, on the principles applicable to the risk family which they most resemble. These involve mainly natural disasters (legal system with State reinsurance), construction insurance (ten-year risk), long-term care insurance (recent and very long-term risk), terrorist attack risks (market pool), and climate multi-risk insurance (new risk). These risks are classified under the heading “other risks”.

(c) Basic risks

All basic risks are subject to a 30% quota share outward reinsurance (40% for overseas mutuals), which represented premium income of €1,258.1 million for Groupama SA in 2008.

Thus the regional mutuals keep a high percentage, which is the best guarantee of the balance of their outward reinsurance to Groupama SA, since these risks account for more than 80% of their premium income, specific regulations are provided, however, for the unlikely case where a regional mutual would reinsure outward with Groupama SA a total of two consecutive years of a loss under this quota share reinsurance.

This mandatory quota share reinsurance provides Groupama SA with the wherewithal, the margin and the territory enabling it to be a financially sound reinsurer, providing the mutuals with the appropriate risk cover for high-volatility risks classified in other families, which, on the contrary, have a limited premium pool.

Through this quota share, Groupama SA participates directly in the growth of and the return on the core business of the regional mutuals.

Custody by the mutuals is protected by a claims excess with the same threshold for all the regional mutuals in metropolitan France and is indexed annually. This excess is set at a high level; to limit the scope of this coverage to a share calculated in such a way that the overall amount covered does not exceed for Groupama SA an average of 3% of the total basic risk claims recorded by all the regional mutuals. The mutuals retain an interest in the excess portion, which is therefore not completely transferred, which gives them a stake in the total cost of these claims.

(d) Atmospheric risks

All atmospheric risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €176.9 million for Groupama SA in 2008.

This custody is very significant but this important factor in the empowerment of the mutuals is supplemented by a system allowing a modulation of the contribution base of the contributions transferred based on the history of the claims reports observed over a long period.

This allows Groupama SA to automatically correct the rate charged (set by the mutuals), which determines this base, when the rate does not correspond to the risk balance over time, factoring in specifically the external reinsurance costs, which are substantial in these areas.

Custody by each mutual is protected by an annual stop loss, separately for the storm unit and for the hail unit; thus the total annual claims in a given area are cut back if they exceed a high threshold (higher than the premium income).

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the premium income of the mutual adjusted for its claims history.

Nor is the excess portion completely transferred, and the mutuals retain an interest in the annual claims total with no limitation as to amount.

The portion of the claims paid by the annual stop loss represents an average over a long period of 45% of the claims under custody after reinsurance of the mandatory portion for the storm unit and 10% for hail coverage. These averages cover some substantial differences depending on the number of claims for the fiscal years (an expense most often zero in storm coverage, not including major events).

From its inward reinsurance operations, Groupama SA of course benefited from the coverage underwritten in external reinsurance, the cost of which it includes in the contributions requested from the regional mutuals (this is also valid in the other risk families).

(e) Heavy risks

All heavy risks are subject to a 50% quota share outward reinsurance (65% for overseas mutuals), which represents premium income of €72.6 million for Groupama SA in 2008.

Custody by the mutuals is thus very significant; and it was recently bolstered, which greatly helped in cleaning up the portfolio.

It is protected by a stop loss above a certain threshold, beyond which, like in the other two risk families, the mutuals retain a portion of the total cost of the claim.

The claim expense paid by this coverage represents an average of 15% of the total cost of the claims under custody with the mutuals after reinsurance of the mandatory portion.

In this area with a low premium base, modulation mechanisms comparable to those applied to atmospheric risks would not be significant; on the contrary, the reinsurance agreement enables Groupama SA, which has a central team of specialised underwriters, to participate directly in setting the insurance terms and rates in underwriting heavy risks and in settling claims.

(f) Principal other risks (“other risks”)

In natural disasters, the mutuals transfer a 70% quota share (the minimum outward reinsurance to the CCR being 50%), and the claims under their custody are protected by an annual stop loss.

Construction reinsurance is comparable to basic risks insurance with a quota share outward reinsurance of 30% and a stop loss on custody; however, because of its ten-year balancing and accounting principles, it cannot be classified in that family.

Long-term care is reinsured solely in quota share at the rate of 50%.

Corporate takeover risks are transferred at 100% because they are then completely retroceded to the Gareat market pool.

With regard to a new and as yet experimental business, multi-risk climate insurance is transferred by each regional mutual at the rate of 100% to Groupama SA, but the insurance terms and rates are set by Groupama SA and 50% of the national profit/loss is then retroceded to the mutuals.

In all, these outward reinsurance operations accounted for premium income of €282.2 million for Groupama SA in 2008.

(g) Retrocession

Outward reinsurance by the mutuals with a central reinsurer do not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward business, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA’s quota share inward business for basic risks is not, therefore, affected by the retrocession.

However, a significant percentage (15 to 40% depending on the risks), of the other main reinsurance inward business is retroceded, including the following:

- basic risk stop loss;
- quota share and annual stop loss for atmospheric risks and natural disasters;
- quota share and stop loss for heavy risks.

Transactions retroceded are spread out amongst the regional mutuals in proportion to the gross contributions retained by each of them after the quota share transfer to Groupama SA, including basic, atmospheric and major risks.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(h) Amounts involved in fiscal year 2008

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include reinsurance inwards, with respect to Groupama SA, from the regional mutuals under the Internal Reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2008	31.12.2007
Earned premiums, non-life	1,784	1,729
Insurance policy servicing expenses	(1,009)	(1,068)
Acquisition costs	(154)	(152)
Administrative expenses	(154)	(152)

At 31 December 2008, the net profit on retrocession was (€29) million.

(in millions of euros)	31.12.2008	31.12.2007
Expenses on outward reinsurance	(81)	(70)
Income on outward reinsurance	52	(72)

In summary

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €1,789.6 million in 2008.

3.7.2.2 Groupama Vie

The relations between Groupama Vie and the regional mutuals are governed by identical bilateral agreements. One agreement covers individual life, and another Group insurance.

(a) Individual life agreement

The purpose of this agreement is the distribution and management by the regional mutuals of the individual life insurance products (which include the products underwritten by participation in a voluntary Group policy) from Groupama Vie.

With regard to distribution, Groupama Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the PR and advertising. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals are charged with covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

The distribution and management of the regional mutuals are compensated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (provident products) designed to involve the regional mutual in the quality of its management.

Groupama Vie posted premium income under this agreement of €1,867.7 million in 2008. The fees earned by the regional mutuals amounted to €99.8 million.

(b) Group insurance agreement

The purpose of this agreement is the distribution and management by the regional mutuals of Group insurance policies from Groupama Vie.

Groupama SA, which provides technical support to Groupama Vie, is also a party to this agreement.

At the distribution level, Groupama SA, through a delegation from Groupama Vie, sets the rules for marketing, subscription, and rates for the products as well as the contract documents and communications media. The regional mutuals are responsible for the commercial relationship with customers.

With regard to administration, the regional mutuals are charged with performing all administrative functions for life insurance policies, including medical management, with the exception of certain actions which, because of the type or amount, are performed directly by Groupama SA.

The administration of pension policies and life insurance benefits on these policies is outsourced to Groupama SA.

Groupama SA, is authorised by Groupama Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the regional mutuals.

The regional mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks, which is designed to involve the regional mutual in the quality of its management. As an incentive for the development of Group insurance, the regional mutuals receive a share of the profits from policies managed nationally based on type.

Groupama Vie posted premium income under this agreement of €39.1 million in 2008. The fees earned by the regional mutuals amounted to €6.2 million.

3.7.2.3 Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual, which Groupama Banque licenses to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed annually.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the regional mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €34.1 million in 2008. The fees earned by the regional mutuals amounted to €4.6 million.

3.7.2.4 Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3.7.3 FINANCING OF MAJOR PROGRAMMES

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.7.3.1 Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body proceeds from the regional level; its role is to embody the collective will and steer the policies resulting therefrom, but from a legal standpoint, it does not have the power to impose those policies on a regional level. Financing is one lever that can facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies are most often the ones to generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty and to involve a business risk making return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national size effect that would exist if this combination were not legally divided into thirteen regional mutuals.

3.7.3.2 Interest of the central reinsurer in expanding the business of the regional mutuals

As indicated above (see § 3.7.1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.7.3.3 A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing ceases once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental individual health insurance product launched on an experimental basis in three regional mutuals, then expanded gradually to the other regional mutuals. This new offering entitled "Groupama Active Health" now gives the regional mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading company in the French supplementary health insurance market; It is to be noted that when financial break-even for this business line was achieved in 2007, Groupama SA's financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in nearly all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research initiated several years ago, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals' merging - migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2008, Groupama SA contributed €6.6 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to sales objectives are designed to end when the retail banking business reaches a financial breakeven point forecast for 2010. For the year 2008, the amount of financial support devoted to deploying the banking business came to a total of €6.3 million, net of corporate income tax.

Lastly, Groupama SA has participated since 2007 in funding the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. During the 2007-2008 season, this funding amounted to €0.9 million.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

3.8 MAJOR AGREEMENTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama SA and its subsidiaries.

However, major agreements have been entered into between Groupama SA, its subsidiaries and the Groupama regional mutuals as part of their business relations. These agreements are described in section 3.7.2 above.

4 RISK FACTORS

This chapter corresponds to Note 53 of the Notes to the financial statements for fiscal year 2008, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks, with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly the risks related to interest rates, equity markets, and foreign exchange. The liquidity and credit risks are also specifically monitored by the Group for both its insurance and its financial investment activities. In addition, the Group is subject to operational, regulatory, legal and tax risks like all companies in other business sectors.

4.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The risk control organisation within the Group is described in the Report of the Chairman of the Board of Directors on the status of the work carried out by the Board as well as on the internal control procedures for fiscal year 2008 (see § 3.4 of this document).

The general principles, the objectives and the organisation of risk management in the Group are defined in the internal control charter; shared methods are used within the Group's entities to implement them.

4.1.1 REGIONAL MUTUALS

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement (refer to 3.7.2.1 of the Reinsurance Agreement). For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Vie.

4.1.2 GROUPAMA SA AND ITS SUBSIDIARIES

Risks related to the insurance business lines are monitored by the Business Departments specialising in the area in question; reinsurance risks are managed by the reinsurance and Management Department (see § 4.2 Insurance risk). The Finance and Investment Department is responsible for managing the risks related to assets and Asset/Liability management (see § 4.3 Market risks).

The Board of Directors of Groupama SA has established an Audit and Accounts Committee; the principal duties of this Committee are to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the Annual Report on internal control.

4.1.3 GROUP

The Group General Audit and Actuarial Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities. The audit plan of the Group General Audit and Actuarial Department is approved by the Chief Executive Officer of Groupama SA. It is also presented annually to the Audit and Accounts Committee of Groupama SA.

The mission of the Group Internal Control and Risk Management Department is to coordinate and direct risk management within the Group; this Department is also present within each regional mutual and each subsidiary of Groupama SA. The Internal Control Department is responsible for directing the deployment of internal control procedures within Group companies and for implementing Group-wide action plans to manage risks.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives. Each regional mutual and each subsidiary of Groupama SA also have a Management Control Department.

4.2 INSURANCE RISKS

4.2.1 PRUDENTIAL OVERSIGHT

Pursuant to European directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

Solvency is periodically monitored by each of the companies and by the Group's Finance Department.

Pursuant to the European Directive, the adjusted solvency margin is determined on the basis of the combined financial statements. In this scope of consolidation, the 2008 adjusted solvency margin was 122% of the margin requirement.

4.2.2 OBJECTIVES FOR MANAGING RISKS RESULTING FROM INSURANCE POLICIES AND METHODS TO LIMIT THESE RISKS

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

4.2.2.1 Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore its earnings. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA on behalf of the Group's companies. It is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the Actuarial Department of the Group. The work performed by the specialist insurance teams includes the drafting of the general terms and conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama SA are then responsible for marketing and managing the products. The products are marketed and managed by the entities of the Gan and Groupama SA sales networks.

4.2.2.2 Underwriting and claims management

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist divisions and the entities concerned. In addition, the specialist divisions also act to warn and advise the entities.

4.2.2.3 Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the insurance divisions in guidelines that are harmonised for all Group entities. Reserves are valued by the claims Managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "technical interest rate". In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the TME), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

(a) Breakdown of the technical reserves of non-life insurance policies by major risks

The breakdown of non-life technical reserves at 31 December 2008, compared to 31 December 2007, is the following:

(in millions of euros)	Reserves for unearned premiums	Outstanding claims reserve	31.12.2008	31.12.2007
Motor Insurance	908	3,061	**3,969**	**4,011**
Property damage	556	1,181	**1,737**	**1,729**
General third party liability	71	1,203	**1,274**	**1,280**
Marine, aviation, transport	16	621	**637**	**592**
Bodily injury	136	450	**586**	**553**
Other risks	224	1,140	**1,364**	**1,379**
Inward business	138	2,873	**3,011**	**3,120**
TOTAL RESERVES, GROSS OF REINSURANCE	**2,047**	**10,530**	**12,577**	**12,665**
Portion reinsured	115	1,270	**1,385**	**1,387**
TOTAL RESERVES, NET OF REINSURANCE	**1,932**	**9,260**	**11,192**	**11,278**

(b) Breakdown of technical reserves for life insurance policies by major risks

The breakdown of life technical reserves at 31 December 2008 compared to 31 December 2007 is as follows:

(in millions of euros)	Life insurance reserves	Outstanding claims reserve	31.12.2008	31.12.2007
Individual insurance	12,765	248	**13,013**	**11,366**
Group policies	7,035	192	**7,227**	**7,039**
Capitalisation	489	46	**535**	**723**
Other risks	2,546	22	**2,568**	**2,529**
Inward business	1,848	34	**1,882**	**1,782**
TOTAL RESERVES, GROSS OF REINSURANCE	**24,684**	**542**	**25,226**	**23,438**
Portion reinsured	49	25	**74**	**67**
TOTAL RESERVES, NET OF REINSURANCE	**24,635**	**516**	**25,151**	**23,371**

The change in total commitments may be explained by inclusions within the scope of consolidation occurring this year following acquisitions made, as well as organic growth in the insurance business line.

(c) Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments

As at 31 December 2008, the breakdown of technical reserves based on fixed-rate, variable rate (*i.e.*, tied to the market rate) or no rate commitments was as follows:

(in millions of euros)	France	International	31.12.2008	31.12.2007
Fixed-rate guaranteed commitments	38,684	3,159	**41,843**	**39,156**
Variable-rate guaranteed commitments	4,903	18	**4,921**	**5,053**
Unit-linked and other products without rate commitment	2,597	838	**3,435**	**3,803**
TOTAL	**46,184**	**4,015**	**50,199**	**48,012**

9.8% of the portfolio is variable rate. This variable rate is a function of an index. In France, in most cases, the index used as the reference for life insurance policies is the A passbook ("livret A") rate. The TME is used for non-life insurance policies.

4.2.2.4 Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the Security and Reinsurance Committee, which is composed of the external outward Reinsurance Division of Groupama SA and several of its subsidiaries, which are based on the ratings from ratings agencies, are designed to control the solvency risk from reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run off.

4.2.3 TERMS AND CONDITIONS OF THE INSURANCE POLICIES WHICH HAVE A MATERIAL IMPACT ON THE AMOUNT, MATURITIES, AND UNCERTAINTY OF THE INSURER'S FUTURE CASH FLOWS

4.2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individualised policies and for businesses in the form of Group contracts.

The main individual insurance contracts in euros offered to our clients are savings policies, term life policies, mixed insurance contracts, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group contracts offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells unit-linked policies that are multi-component policies with one investment component in euros and another in equities.

(a) Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made catastrophes, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural catastrophes in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of catastrophes or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- aging of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability – compensation for bodily injury, etc.).

(b) Specific features of certain life insurance policies

Discretionary profit-sharing clause

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit-sharing must at least correspond to the regulatory and/or contractual constraints. Commercial pressure may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policyholders to participate in financial management results and the underwriting results of the insurance company.

Early redemption options

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. This phenomenon may be intensified in the event of a sharp and lasting increase in interest rates. For some products, redemption penalties are applied in the event of early redemption and allow the insurer to cover a portion of the acquisition costs incurred at the time the policy was signed.

Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder. The insurance company recognises reserves for this risk.

(c) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is known through mortality tables that show the number of persons alive at each age in the human life, based on a given number of persons at birth. On the basis of statistics on mortality for men and women, different mortality tables have been constructed and are regularly revised to take demographic changes into account. In general, these tables correspond to national statistical tables published by the national statistical bodies.

For France, the Group uses the generational and gender mortality tables (known as "TGH" and "TGF"), or tables with annuity forecasts with age differences ("TPRV"), which are both forecasting tables used to define rates for annuity contracts constructed using data from INSEE, the French statistics institute. They take into account the observed trend in decline in mortality.

As at 31 December 2008, the amount of the actuarial reserves for annuities currently being paid was €5,010 million, compared to €4,875 million at 31 December 2007.

(in millions of euros)	France	International	31.12.2008	31.12.2007
Actuarial reserve for life annuities	3,143	20	3,163	3,027
Actuarial reserve for non-life annuity	1,829	18	1,847	1,848
TOTAL	**4,972**	**38**	**5,010**	**4,875**

In life insurance, the share of immediate annuity income outweighs that of immediate temporary annuity income.

In the international segment, the tables used comply with legal requirements.

In the other portfolios, the mortality risk concerns the whole life and deferred capital products.

4.2.4 INFORMATION ON CONCENTRATIONS OF INSURANCE RISK

At the time of a claim, a major concern for the Group is the risk of facing a concentration of risks and therefore an accumulation of the indemnities to be paid.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

4.2.4.1 Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographic risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist insurance division;
- three-year statements of commitments for risks of storms, hail, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

4.2.4.2 Protection

Protection consists of implementing reinsurance coverage which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for Life & Health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.3 MARKET RISKS

There are three categories of different market risks which Groupama might be subject to:

- interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- foreign exchange risk.

4.3.1 INTEREST RATE RISK

4.3.1.1 Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would affect the profitability of assets invested to cover yields for life insurance products. Net financial profits might be affected specifically on debt products that show a change in value inversely proportional to the change in interest rates. Thus, in the event of a drop in interest rates, the Group's financial performance might be limited because of a decline in the spread between interest rates awarded to policyholders, and the return on the Group's investment portfolio.

Conversely, in the event of a sharp increase in rates, the Group may have to face a rash of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions (externalisation of capital losses).

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

4.3.1.2 Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

(a) Asset/Liability management

Tracking the profile of liability flows allows bond management to be defined, taking into account the duration and convexity of these liability flows and any sensitivity of these flows to changes in interest rates.

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different rate environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the volatility of the differential between the real yield from the asset and the rate expected by the policyholder. These strategies include calibrating the durations and convexities of the bond portfolios, the portion of variable- rate bonds, the portion of diversification assets, and the features of the hedging products.

Hedging products are used to re-establish the asymmetry between liabilities profiles and those of traditional bond assets in the different rate environments considered.

(b) Interactions with the redemption risk and profit-sharing clauses

Sensitivity of redemption behaviours to changes in interest rates: an increase in the rates can lead to an increase in the policyholders' expectation of revaluation and, if this expectation cannot be met, the sanction of early redemptions. In addition to the loss of income and an increase in benefits, the risk will be losses related to the disposal of assets at a loss (which could be the case for fixed-rate bonds), which would themselves generate a drop in the rate of return on the asset.

However, in addition to the fact that liabilities that can be redeemed do not represent all commitments, the sensitivity of redemptions to changes in interest rates can vary depending on the product and policyholders' expectations. The objective of Asset/Liabilities Management is to reduce the volatility of redemption rates, using strategies that take into account the various reserves available and bond management strategies coupled with hedging products. These are used to adjust the yield profile for the assets in the different potential interest rate environments in order to ensure policyholder satisfaction.

(c) Interest rate risk related to the existence of guaranteed rates

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through prudential reserve mechanisms.

(d) Rate hedges

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases and declines.

Risk of rate decline

Hedges consist of setting the conditions for reinvestment at the market return rate prevailing on the date the hedge is implemented. This is made possible by using instruments whose cash flow schedules differ from those of the instruments in which the investment is made. At the time it is applied, the instrument allows exchanging a fixed rate received and frozen at the time the hedge was applied, against the short-term variable rate paid at the time. These variable flows are themselves hedged by investing the expected cash flow.

These hedging programmes were primarily applied in 2008.

Risk of rate increase

Hedges are used to ensure a rate of return consistent with the market environment in the event of a rise in interest rates.

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other.

- Purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option;
- Interest rate swap: the hedging strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or to synthetically create a variable rate bond for new investments.

The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. These programmes were subsequently supplemented and expanded. They do not meet the definition of hedge accounting according to IFRS.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

4.3.1.3 Principal features of the bond portfolio

At the end of December 2008, based on market values, the proportion of bonds instruments was 77% of total financial investments excluding unit-linked items, 68% of which was classified as "available-for-sale assets" and 9% as "assets held for trading".

The table below shows the Group's exposure to interest rate risks at the close of each fiscal year. The following points should be specified:

- the data are expressed at market value at the close of each fiscal year;
- bonds callable at the issuer's initiative are assumed to mature on the date of the call (perpetual subordinated debt, etc.);
- the convertible bonds and equity interests are considered to be "without interest rate" like all the other investments (shares, real estate).

(in millions of euros)	31.12.2008 Fixed rate	Variable rate	Total	31.12.2007 Fixed rate	Variable rate	Total
Listed bonds						
available for sale	35,398	2,128	37,526	37,257	2,639	39,896
held for trading	13	4	17	163	10	173
designated as fair value through income	1,039	118	1,157	1,359	165	1,523
Non-listed bonds						
available for sale	16	18	34	15	34	49
held for trading	1	0	1	8	0	8
designated as fair value through income	3	11	14	0	7	7
TOTAL BOND PORTFOLIO	**36,470**	**2,279**	**38,749**	**38,801**	**2,855**	**41,656**

The distribution of the bond portfolio thus shows that the types of investments favoured by the Group are primarily long-term bonds (over 5 years) with fixed rates.

4.3.1.4 Analysis of sensitivity to interest rate risk

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2008 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on shareholders' equity and income are shown net of profit-sharing and corporate tax.

(a) Analysis of the sensitivity of technical insurance liabilities

Non-life insurance

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, *i.e.*, portfolios of current annuities and temporary payments (individual Life & Health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2008, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €575 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was on the order of €269 million.

The result of the analyses of sensitivity to interest rates shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

(in millions of euros)	31.12.2008 Interest rate -1%	Interest rate +1%	31.12.2007 Interest rate -1%	Interest rate +1%
Income impact (net of tax)	(55)	45	(53)	44
Shareholders' equity impact (net of income)	0	0	0	0

Life insurance and financial contracts

The analysis was limited to life commitments with accounts sensitive to changes in interest rates, representing some 5% of all life technical reserves. Most of the Group's technical commitments are restated at fixed rates, which limit the sensitivity of reserves to interest rates. In France, the restated rates used fall within a range of 2% to 4.50% for most of the actuarial reserves.

Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the Group.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2008		31.12.2007	
(in millions of euros)	**Interest rate -1%**	**Interest rate +1%**	**Interest rate -1%**	**Interest rate +1%**
Income impact (net of tax)	(60)	55	(51)	47
Shareholders' equity impact (net of income)	0	0	0	0

(b) Analysis of the sensitivity of financial investments

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the financial investments;
- the current tax rate.

In fiscal year 2008, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 67.62% to 89.97%.

	31.12.2008		31.12.2007	
	Rate risk		**Rate risk**	
(in millions of euros)	**+1%**	**-1%**	**+1%**	**-1%**
Impact on the revaluation reserve	**(617)**	**695**	**(595)**	**668**
Equities				
Equity mutual funds				
Bonds	(611)	688	(588)	661
Rate mutual funds	(6)	6	(7)	7
Derivative instruments and embedded derivatives				
Impact on net income	**3**	**4**	**26**	**(11)**
Equities				
Equity mutual funds				
Bonds	(6)	6	(7)	7
Rate mutual funds	(10)	11	(14)	15
Derivative instruments and embedded derivatives	19	(13)	47	(33)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

(c) Sensitivity analysis on financial debt

Financial debt posted to liabilities on the Group income statement may be posted to debt or shareholders' equity under IFRS.

In fiscal year 2007, the Group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 22.2 – Group shareholders' equity). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in Note 25 – Financial Debt.

The following table shows the net impacts taken into account of a regulatory tax rate of 34.43%.

		Change +1%		Change -1%	
(in millions of euros)		on income	on shareholders' equity	on income	on shareholders' equity
2008	Fixed portion				
	Variable portion	(1)		1	
2007	Fixed portion				
	Variable portion	(1)		1	

With an increase in interest rates, interest expense would increase €1 million. By applying a fixed-rate swap to the variable portion of the debt, the impact on results would be low.

4.3.2 RISK OF VARIATION IN THE PRICE OF EQUITY INSTRUMENTS (STOCKS)

4.3.2.1 Type of and exposure to equity risk

Fluctuations in the financial markets (particularly the equity and debt markets) could have a favourable or unfavourable impact on the sales of Groupama's individual pension, retirement and life insurance products, and on its asset management activity. The Group's ability to earn profits on insurance and investment products depends in part on the return on assets invested in exchange for commitments taken on the products in question. The value of certain specific investments is likely to fluctuate as a function of financial market conditions. For example, any decrease/increase in stock prices would have a direct impact on unrealised capital gains associated with securities in the Group's investment portfolio.

The weight of equity instruments out of total financial investments excluding unit-linked index was 20% in market value, 14% of which were classified as "assets available for sale" and 6% as "assets for transactions". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within Mutual Funds (FCP and SICAV);
- equities in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a risky FCPR.

4.3.2.2 Group risk management

Equity portfolios held by the Group subsidiaries are generally determined within the context of asset/liability studies to ensure capacity to withstand a market shock over a short-term period, taking into account the objectives for gains required to meet the objectives for the period. These studies cover the reserves available elsewhere, such as the profit-sharing funds or unrealised gains.

Equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. They therefore comply with the limits set by financial management, *i.e.*:

- 3% of the Company's capital;
- 10% of the Company's float;
- an amount that must not represent more than 5% of the equity portfolio;
- the portfolio's liquidity must be greater than a minimum liquidity curve.

These management measures, specifically performance, as well as compliance with the defined limits, are tracked at the management Company's monthly committee meetings for reporting to financial management.

4.3.2.3 Breakdown of the equity portfolio by business line

The investment policy is aimed at diversifying the Group's investments by business line to avoid any concentration of risks. At 31 December 2008, the distribution of the equities portfolio by business line was as follows.

Distribution of the equity portfolio by business line (as a %)	31.12.2008	31.12.2007
Energy	14.9	11.6
Basic materials	9.1	6.3
Industrials	19.0	15.4
Consumer goods (cyclical)	7.4	15.9
Consumer goods (non cyclical)	11.0	8.7
Telecommunications	6.0	7.5
Utilities	11.0	10.1
Financial companies	17.9	15.0
Technologies	3.7	6.5
Health		2.9

4.3.2.4 Analysis of the sensitivity of financial investments to equity risk

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the financial investments;
- the current tax rate.

In fiscal year 2008, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 67.62% to 89.97%.

	31.12.2008		31.12.2007	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**225**	**(225)**	**350**	**(350)**
Equities	182	(182)	296	(296)
Equity mutual funds	43	(43)	53	(53)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**12**	**(13)**	**16**	**(16)**
Equities	0	0	7	(7)
Equity mutual funds	13	(13)	14	(14)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives	(1)		(5)	5

4.3.3 FOREIGN EXCHANGE RISKS

4.3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the euro zone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint and the Romanian leu.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under translation adjustment.

4.3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars, yen and Hungarian forints. The documentation is updated each time the accounts are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS regulations.

4.3.3.3 Breakdown of financial investments by currency

	31.12.2008					
(in millions of euros)	Euros (€)	Dollars ($)	Pounds (£)	Yens (¥)	Other	Total
Available-For-Sale assets	**46,258**	**502**	**719**	**82**	**726**	**48,286**
Equities	5,214	147	135	40	380	5,917
Bonds	36,632	27	584	0	317	37,560
Mutual Funds	4,289	322	0	42	29	4,682
Other investments	122	5	0	0	0	128
Assets held for trading	**10,731**	**2**	**0**	**1**	**66**	**10,799**
Equities held for trading	4	0	0	0	0	4
Equities – designated as fair value through profit and loss	3	2	0	0	12	16
Bonds held for trading	18	0	0	0	0	18
Bonds – designated as fair value through profit and loss	1,144	0	0	0	27	1,171
Mutual funds held for trading	4,141	0	0	1	0	4,142
Mutual funds – designated as fair value through profit and loss	5,419	0	0	0	0	5,419
Other investments held for trading	0	0	0	0	0	0
Other investments – designated as fair value through profit and loss	3	0	0	0	26	29
Other financial assets	**680**	**1**	**4**	**0**	**97**	**782**
Loans	205	0	4	0	1	210
Deposits	281	1	0	0	95	378
Other investments	194	0	0	0	0	194
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND ULS)	**57,669**	**504**	**723**	**83**	**888**	**59,868**

	31.12.2007					
(in millions of euros)	Euros (€)	Dollars ($)	Pounds (£)	Yens (¥)	Other	Total
Available-For-Sale assets	**52,131**	**158**	**749**	**48**	**311**	**53,395**
Equities	10,522	74	19	33	70	10,719
Bonds	38,924	66	729	0	226	39,945
Mutual Funds	2,578	6	0	14	15	2,613
Other investments	106	12	0	0	0	118
Assets held for trading	**12,218**	**2**	**24**	**0**	**0**	**12,244**
Equities held for trading	0	0	0	0	0	0
Equities – designated as fair value through profit and loss	7	2	24	0	0	32
Bonds held for trading	181	0	0	0	0	181
Bonds – designated as fair value through profit and loss	1,530	0	0	0	0	1,530
Mutual funds for transaction	6,488	0	0	0	0	6,488
Mutual funds – designated as fair value through profit and loss	3,982	0	0	0	0	3,982
Other investments held for trading	0	0	0	0	0	0
Other investments – designated as fair value through profit and loss	29	0	0	0	0	29
Other financial assets	**587**	**16**	**64**	**0**	**4**	**671**
Loans	123	15	63	0	0	202
Deposits	174	1	1	0	3	179
Other investments	290	0	0	0	1	291
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND ULS)	**64,936**	**175**	**837**	**48**	**315**	**66,310**

4.3.3.4 Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

In fiscal year 2008, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 67.62% to 89.97%.

(in millions of euros)	31.12.2008 Foreign currency risk +10%	-10%	31.12.2007 Foreign currency risk +10%	-10%
Impact on the revaluation reserve	**71**	**(71)**	**(5)**	**5**
Equities	12	(12)		
Equity mutual funds	6	(6)	(2)	2
Bonds	53	(53)	(3)	3
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**(2)**	**2**
Equities				
Equity mutual funds			(2)	2
Bonds	1	(1)		
Rate mutual funds	1	(1)		
Derivative instruments and embedded derivatives				

4.3.4 SUMMARY OF SENSITIVITY ANALYSES TO MARKET RISKS

The following table shows all the sensitivity analyses to market risks for fiscal years 2008 and 2007, broken down by shareholders' equity and income, excluding profit sharing and taxes.

	31.12.2008				31.12.2007			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
(in millions of euros)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)
Interest rate risk	**(617)**	**102**	**695**	**(110)**	**(595)**	**116**	**668**	**(114)**
Operating liabilities		100		(115)		91		(104)
Financial investments	(617)	3	695	4	(595)	26	668	(11)
Financial Debt		(1)		1		(1)		1
Equities risk	**225**	**12**	**(225)**	**(12)**	**350**	**16**	**(350)**	**(16)**
Financial investments	225	12	(225)	(12)	350	16	(350)	(16)
Foreign exchange risks	**(71)**	**2**	**71**	**(2)**	**(5)**	**2**	**5**	**(2)**
Financial investments	(71)	2	71	(2)	(5)	2	5	(2)

We note that the sensitivity criteria applied were the following:

- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for stock risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4.4 LIQUIDITY RISK

4.4.1 NATURE OF EXPOSURE TO LIQUIDITY RISK

The overall liquidity risk is analysed using the asset/liability approach:

- identification of a structural cash requirement, which is the level of cash to be held as an asset, based on the liquidity requirements imposed by liabilities, using:
  - technical cash flow projections in a central scenario,
  - sensitivity scenarios on technical assumptions (production, claims ratio);
- definition of a benchmark for bond management, the results of which support the duration and convexity profile of the liabilities. This approach is based on validated assumptions of liability outflows and takes new business written into consideration.

4.4.2 RISK MANAGEMENT

In addition to the asset/liability approach, the outlines of which have been described above, the liquidity ratios in the equity mandates of the Groupama SA subsidiaries were reinforced in several directions:

- the market value of a security may not exceed:
  - 3% of the capital of the Company in question,
  - 10% of the float of the Company in question;
- individually, it must be possible to convert all equity portfolios into liquid assets (liquidation assumption: 25% of the average daily volume traded on the market during the last three months) under the following rules:
  - 50% in less than two market weeks,
  - 75% in less than one month (20 market days),
  - 95% in less than three months (60 market days).

At 31 December 2008, all these criteria were met as a whole, and the France equities portfolio may be liquidated as follows:

- 92.0% with a 10 day horizon;
- 96.6% with a 20 day horizon (1 trading month);
- 99.4% with a 60 days horizon (3 trading months).

A regular check of these liquidity ratios is performed at each investment committee meeting.

4.4.3 FINANCIAL INVESTMENT PORTFOLIO BY MATURITY

The profile of the annual maturities of the bond portfolios, including consolidated mutual funds, is as follows:

	31.12.2008				31.12.2007			
	Maturity				Maturity			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Listed bonds								
available for sale	2,482	8,787	26,257	37,526	2,430	9,635	27,831	39,896
held for trading	0	2	14	17	161	5	8	174
designated as fair value through profit and loss	119	267	771	1,157	147	367	1,009	1,523
Non-listed bonds								
available for sale	29	5	0	34	23	2	24	49
held for trading	0	1	0	1	6	1	0	8
designated as fair value through profit and loss	3	0	11	14	0	0	7	7
TOTAL BOND PORTFOLIO	**2,633**	**9,062**	**27,053**	**38,749**	**2,766**	**10,010**	**28,880**	**41,656**

4.4.4 TECHNICAL INSURANCE LIABILITIES AND LIABILITIES CORRESPONDING TO FINANCIAL CONTRACTS, BY MATURITY

The profile of annual maturities of technical insurance liabilities is the following:

(in millions of euros)	31.12.2008				31.12.2007			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Non-life technical reserves	5,940	4,305	4,584	14,829	5,358	4,155	5,395	14,908
Technical life provisions- insurance contracts excluding unit-linked items	1,651	5,124	19,501	26,276	1,399	3,328	19,744	24,471
Technical liabilities related to financial contracts with discretionary profit-sharing:	1,325	3,039	16,777	21,141	1,860	2,843	15,771	20,474
Technical liabilities related to financial contracts without discretionary profit-sharing:	18	3	147	168	11	1	155	167
Reserve for deferred liability profit-sharing	2	1	3	6	420	397	2,126	2,943
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**8,936**	**12,472**	**41,012**	**62,420**	**9,048**	**10,724**	**43,191**	**62,963**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The previous table provides an economic overview of the liquidation of technical insurance liabilities.

4.4.5 FINANCIAL DEBT BY MATURITY

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 25 Financial Debt – to the consolidated financial statements in part 6.

4.5 CREDIT RISK

4.5.1 FINANCIAL INVESTMENTS

4.5.1.1 Type and amount of the exposure to credit risk

The rating indicated is an average of the ratings published at year-end 2008 by the three main agencies (S&P, Moody's and Fitch Ratings).

(in millions of euros)	31.12.2008						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
available for sale	19,918	6,253	9,251	1,559	269	276	37,526
held for trading	6	7	4	0	0	0	17
designated as fair value through profit and loss	122	71	556	226	0	182	1,157
Non-listed bonds							
available for sale	7	0	0	8	18	1	34
held for trading	0	1	1	0	0	0	1
designated as fair value through profit and loss	3	1	1	1	0	7	14
TOTAL BOND PORTFOLIO	**20,057**	**6,333**	**9,812**	**1,795**	**287**	**466**	**38,749**

(in millions of euros)	31.12.2007 AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
available for sale	21,345	7,811	9,225	1,277	77	162	39,896
held for trading	5	5	164	0	0	0	174
designated as fair value through profit and loss	131	395	797	153	0	48	1,523
Non-listed bonds							
available for sale	2	0	0	0	23	24	49
held for trading	0	0	0	0	0	8	8
designated as fair value through profit and loss	2	0	4	0	0	1	7
TOTAL BOND PORTFOLIO	**21,485**	**8,210**	**10,189**	**1,430**	**99**	**243**	**41,656**

4.5.1.2 Type and quality of bond issuers

(in millions of euros)	31.12.2008 Net amount	31.12.2007 Net amount
Bonds issued by EU countries	19,442	22,051
Bonds issued by countries outside the EU	81	97
Bonds from public and semi-public sectors	3,057	3,564
Corporates Bonds	16,005	15,533
Other Bonds (including bond funds)	164	411
TOTAL BOND PORTFOLIO	**38,749**	**41,656**

4.5.1.3 Concentration of credit risk

A maximum holding percentage per rating has been implemented under the management mandates of the Groupama SA subsidiaries. These constraints are monitored monthly by the various Investment Committees.

The ratios defined for bonds held are calculated on the market value of the total bond assets of each Company (or isolated assets) based on the official rating written by at least two rating agencies:

- investment grade environment (securities with at least BBB ratings):
  - AAA: regulatory ratios, which is 5% per issuer, with the exception of securities written or guaranteed by a member State of the OECD and CADES securities,
  - AA: 3% maximum per issuer,
  - A: 1% maximum per issuer,
  - BBB: 0.5% maximum per issuer,
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- unrated euro zone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by a member State of the OECD; in this case the prudential ratio of that State applies,
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for bonds without ratings and outside the euro zone and the non-investment grade securities known as “high-yield”.

4.5.1.4 Managing credit risk

The following transactions are systematically covered by guarantee contracts with the banking counterparties in question:

- forward currency sales made to hedge the foreign exchange risk;
- rate swaps (rate risk);
- cap purchases (rate risk).

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

4.5.2 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Group Security Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31.12.2008						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	151	384	172	1	2	799	1,509
Share of reinsurers in life insurance reserves	1	11	33	0	0	44	90
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing	0	0	0	0	0	0	0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing	0	0	0	0	0	2	2
Receivables from outward reinsurance	4	34	14	0	11	78	141
TOTAL REINSURANCE RECEIVABLES	**156**	**429**	**220**	**1**	**13**	**923**	**1,742**

	31.12.2007						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	244	454	224	1	4	583	1,511
Share of reinsurers in life insurance reserves	1	16	25	1	0	48	91
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing	0	0	0	0	0	0	0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing	0	0	0	0	0	1	1
Receivables from outward reinsurance	4	18	14	2	0	80	118
TOTAL REINSURANCE RECEIVABLES	**249**	**488**	**263**	**3**	**5**	**712**	**1,721**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

A share of €180 million (€93 million for fiscal year 2007) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal Reinsurance agreement.

4.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.6.1 OPERATING RISKS

Internal management rules and operational procedures define the manner in which operations must be conducted in the performance of the activities of Groupama SA. They are appropriate to each business and each key process. The formalisation of the rules and procedures constitutes a guarantee of the permanence of the Company's methods and expertise over time. The existing rules and procedures cover major operations. They are described in documentation that is regularly updated and is based on a detailed organisational chart and specific delegations of powers.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The contracts are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

The Group's IT Department has a second IT site to ensure business continuity in the event of a disaster or failure at the first site.

4.6.2 LEGAL AND REGULATORY RISKS

The internal control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

4.6.2.1 Compliance with Company law and the French Commercial Code

The Legal Department under the Secretary of the Board supervision manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

4.6.2.2 Application of insurance law

The Legal Department under the Secretary of the Board supervision provides information and advice to the Business Departments and to insurance subsidiaries on compliance with insurance laws in their operational activities or technical support.

4.6.2.3 Other areas

Special procedures have been set up to meet special requirements:

- ethical control to prevent insider trading; this responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and an agent at Groupama SA;
- to fight money laundering; the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, The Legal Department is responsible for monitoring Group compliance with its obligations to fight money laundering.

4.6.3 TAX RISKS

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements.

4.7 MONITORING AND MANAGING BANKING RISKS

4.7.1 GENERAL PRESENTATION

This division includes three differentiated activities with very specific types of risk: banking, capital management for third parties and real estate management. The banking sector operates under a regulatory framework organised around the risks described thereafter. The common focus for the companies of the division is monitoring the operational risk.

4.7.2 BANK RISKS

Risk management is inherent in this activity. Responsibility for risk control, measurement and general supervision is assigned to a dedicated Risk Department.

While the primary responsibility for risks remains with the divisions and businesses that propose the risks, the task of the Risk Control Department is to ensure that risks taken by the bank are compatible with its risk policies. The department conducts ongoing risk control, before and after transactions. It regularly transmits its principal findings to the Management Board and informs the Board of the measurement methods it has implemented to assess and control the risks.

Risk control is intended to cover all the risks generated by the banking activities and to intervene at all levels in the risk chain. Its permanent tasks consist of formulating recommendations on risk policies, analysing the credit portfolio, issuing an opinion on credit files, and setting limits for risks, guaranteeing the quality and effectiveness of the tracking procedures, defining or validating the risk measurement methods, and ensuring exhaustive and reliable identification of risks for the Management Board.

4.7.2.1 Prudential monitoring (solvency)

Prudential regulations require monitoring the European Solvency Ratio (ESR), which is in the form of a ratio between the level of regulatory equity (Regulation no. 91-05 and 90-02 of the Banking and Financial Regulatory Committee) and the weighted outstanding amounts at risk (credit risk, market risk) based on defined rules. At 31 December 2008, Banque Finama's consolidated ESR was 12.9%; the Groupama Banque ESR was 18.5%.

4.7.2.2 Credit risk

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as when the bank faces counterparty default in market transactions.

(a) Decision-making procedures

The credit decision-making process is based on a set of delegations. The delegations are classified by amount and degree of risks and the customer category. Credit proposals must comply with the principles of the general credit policy and specific policies where applicable and, in all cases, with laws and regulations in force. Ad hoc bodies, after receiving the opinion of risk management, are the final decision-making bodies in terms of taking credit and counterparty risk.

(b) Oversight procedures

An oversight and reporting mechanism is in place and is based on the control teams, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring.

(c) Impairment procedures

All the loans granted to clients in default are periodically reviewed, depending on the institution, by the reserves committee or the Risk Department to determine any reduction in value that should be applied, based on the terms and conditions for application of the accounting rules used. Depending on the loan type, reductions in value may be applied using a statistical approach. The proposals of this committee must be validated by the Management Board. Impairment is established on the basis of the discounted valuation of the probable net recoverable amount, taking into account the liquidation of the securities held.

(d) Total limits

At Banque Finama, the commitment limits per market are defined by the bank's Management Board. The limits and outstanding amounts at 31 December 2008 are shown in the table below. This exposure to credit risk is determined without taking into account the effect of the securities received and is equal to the carrying amount of the financial assets recorded on the balance sheet, net of all write-downs made.

Market (Banque Finama only)	Limits (in millions of euros)	Outstanding amounts (in millions of euros) 31.12.2008	31.12.2007
Institutional	200	74.6	71.2
Businesses/local authorities	200	136.7	112.8
Individuals	200	150.6	126.5
SME	40	17.9	20.5
Mutual Funds	(balance sheet) 200	1,729.4	2,760.9
	(off-bal. sheet) 3,600		
	(regulation) 1,500		
Corporate	300	90.0	178.7
Banks	(balance sheet) 1,500	2,628.6	5,262.9
	(off-bal. sheet) 5,000		
	(regulation) 1,500		
Sovereign States	1,000	678	103.2

The commitments of Groupama Banque are presented in the table below. Recoverables owing from credit institutions consist of cash investments, and the off-balance sheet commitments are for general hedging transactions performed to manage assets and liabilities. Trade recoverables essentially consist of cash loans (€377 million) and housing loans (€99 million); off-balance sheet commitments represent offers for consumer loans written, unused revolving credit reserves, and offers of housing loans. This exposure to credit risk is equal to the carrying amount of the financial assets recorded on and off the balance sheet, net of any write-downs made.

Market (Groupama Banque only)	Outstanding amounts (in millions of euros) 31.12.2008	31.12.2007
Credit institutions		
Receivables	514	616
Off-balance sheet commitments	127	175
Individuals		
Receivables	477	303
Off-balance sheet commitments	128	70

(e) Risk Division rules

Prudential supervision (Regulation no. 93-05 of the Banking and Financial Committee) limits the concentration of commitments by counterparty. This limit is expressed by two components (i) no outstanding amount may be greater than 25% of the regulatory net assets on one group of beneficiaries, and (ii) the aggregate on counterparties exceeding 10% of the regulatory net assets must be less than eight times the regulatory equity. The outstanding amounts taken into account are weighted under codified rules. Groups, as defined by Regulation no. 93-05, are considered to be a single counterparty. This is the case for the entities of the Groupama Group.

At 31 December 2008, two counterparties of Banque Finama presented outstanding amounts greater than 10% of the regulatory net assets, while none of them exceeded the 25% ceiling, for an aggregate amount of €44.6 million.

At Groupama Banque no counterparty has posted weighted outstandings greater than 10% of regulatory shareholders' equity.

4.7.2.3 Market risks

Based on the level of its activity and its assets under management, only Banque Finama, within the Group's Banking Division, is subject to prudential supervision of market transactions.

Based on the limits set for each type of risk, the monitoring of market risk is based on:

- daily calculation of the sensitivity and results of the trading positions;
- daily monitoring of compliance with the limits notified to each business line, with notification of any overrun;
- regular and independent controls of valuations, and the establishment of reconciliations between the results of the trading floor and the accounting results;

- control of compliance with the internal rules for endorsing transactions;
- stress-scenario simulations.

(a) Interest rate risk

This covers any change in value of a fixed-rate financial instrument due to changes in market interest rates as well as any elements of the future results of a variable-rate financial instrument.

The following limits have been defined for transaction and investment portfolios under management, as well as for the associated stop loss. In addition, a stress scenario calculation is performed.

It should be noted that, within the Banking Division, Groupama Banque has no market activity and does not take any trading position for its own account. In the context of managing assets and liabilities, it may, however, use interest rate instruments to conduct transactions to hedge interest rate risk. The liquidity and interest rate positions of Banque Finama are managed in compliance with banking regulations and within limits that have been set by the Management Board. These limits are periodically reviewed, at least once a year, based on changes in the bank's activity and balance sheet. As at end-2008, Groupama Banque's sensitivity to a 1% change in the rate curve was €0.2 million.

Banque Finama's sensitivity to the same change was €2.3 million, below its authorised limit of €6 million.

Total position	Authorisations granted	Amount at risk
Portfolio – long-term rates (e.g., Bund contracts)	100	3
Portfolio – fixed-rate *(in thousands of euros)*	5,000	566
Portfolio – Investment (e.g., Bund contracts)	280	71
Portfolio – short-term swaps *(in thousands of euros)*	200	0

Schedule IV of Regulation no. 95-02 requires supervision of counterparty settlement events for all transactions relating to the trading portfolio and for transactions initiated by Bank customers for which it is a "del credere" agent. In this respect, no event was recorded in 2008.

(b) Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The division does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

(c) Liquidity risk

Transactions on financial instruments generate a liquidity risk, expressing the difficulties the Group may face in collecting the funds needed to honour the commitments related to these financial instruments or commitments to clients. Given its balance sheet structure, the Group is hardly sensitive to this risk. Liquidity risk is therefore primarily monitored within the framework of the regulatory obligations that require monthly measurements of liquidity based on codified rules (Regulation no. 88-01 of the French Banking Regulatory Committee). The monitoring ratio must always be greater than 100%. Over fiscal year 2008, the lowest level was 149% for Groupama Banque and 138% for Banque Finama.

(d) The annual percentage rate risk (ALM)

The rate risk related to commercial transactions is driven by the asset/liability unit and managed in a centralised way by the Treasury and Capital Markets Department. The interest-rate risk related to equity and investments is generally managed in the same way. Position measurements are presented to the monthly Asset/Liability committee meeting by inventory, maturity class and rate category. A "break even" rate for resources is determined and simulations are performed.

(e) Risks related to the change in title deeds

The division does not operate in this type of market.

(f) Commodity risk

The division does not operate in this type of market.

4.7.3 OPERATING RISKS IN BANKING ACTIVITIES

The operating risk management policy is based on the standard method of the "Basel II" agreement, specifically the implementation of risk mapping, which is renewed annually. This approach is increasingly applied in the non-banking subsidiaries.

4.7.3.1 Business Continuity Plan

Each entity in the division has prepared a Business Continuity Plan (BCP) organised around three mechanisms:

- activating the crisis cell;
- back-up of information and IT systems;
- the availability of a disaster recovery site.

The BCPs are updated annually. Technical and user installation tests are conducted for the backup sites with the same frequency.

5 EARNINGS AND FINANCIAL POSITION

5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

After the real estate market in the United States stopped rising in 2007, defaults on the payment of low-quality real estate loans began to occur. The sudden awareness of the excess of securitisations of debt, the large size of bank commitments and the lack of oversight of complex instruments led to a crisis of confidence that brought liquidity flows to a halt. In this context, the sharp discount in complex products caused considerable damage to bank balance sheets, thus leading to a gradual halt in the functioning of the bond market and a subsequent rationing of credit.

The insufficient coordinated actions of central banks and Governments (organisation of buybacks, financing arrangements for Bear Stearns, AIG, etc.) gave way to more concerted efforts (a general lowering of rates) and massive Government support plans for financial institutions (nationalisation of mortgage agencies in the United States, equity stakes or subsidised loans in AIG, banks, etc.).

The euro zone was confronted by a series of shocks to both households (inflation of primary materials prices, falling real estate market in Spain and Ireland, drop in stock markets) and businesses (stronger euro, higher interbank rates, etc.). These shocks caused a drop in private consumption and exports, which in turn led to lower investment spending by businesses and a general slowdown in activity. The 1% drop in GDP in the 3rd quarter marked the beginning of the recession. Following the example of the United States, support measures, first to banks and then to industrial activity, were announced throughout Europe.

The drop in imports and the repatriation of capital towards domestic economies (flight to liquidity) spread the crisis to emerging countries, which experienced a sharp reversal in their activity and caused a drop in their domestic demand and in commodities. The overdependence of emerging countries on foreign capital for the financing of their growth and restrictive monetary policies led to drastic modifications of their exchange rates, a collapse of stock market indices, and threats to their very solvency. Several countries were forced to seek intervention by the IMF. The graphs below illustrate the drop in world trade (freight) and primary materials.

FREIGHT INDEX

CRB METALS INDEX

5.1.1.2 Financial markets

(a) Financial markets in 2008

These successive financial, confidence, and economic crises caused the following things to occur on the financial markets:

- a sharp drop in share prices and very high levels of market volatility;
- flight towards quality for rates and a rise in risk premiums on medium- and low-quality government loans and private issuers;
- a transfer of bank risk to Governments;
- a weaker real estate market;
- a sharp drop in commodities after a rise over the first half of the year;
- a sharp rise in the yen and high volatility for the dollar.

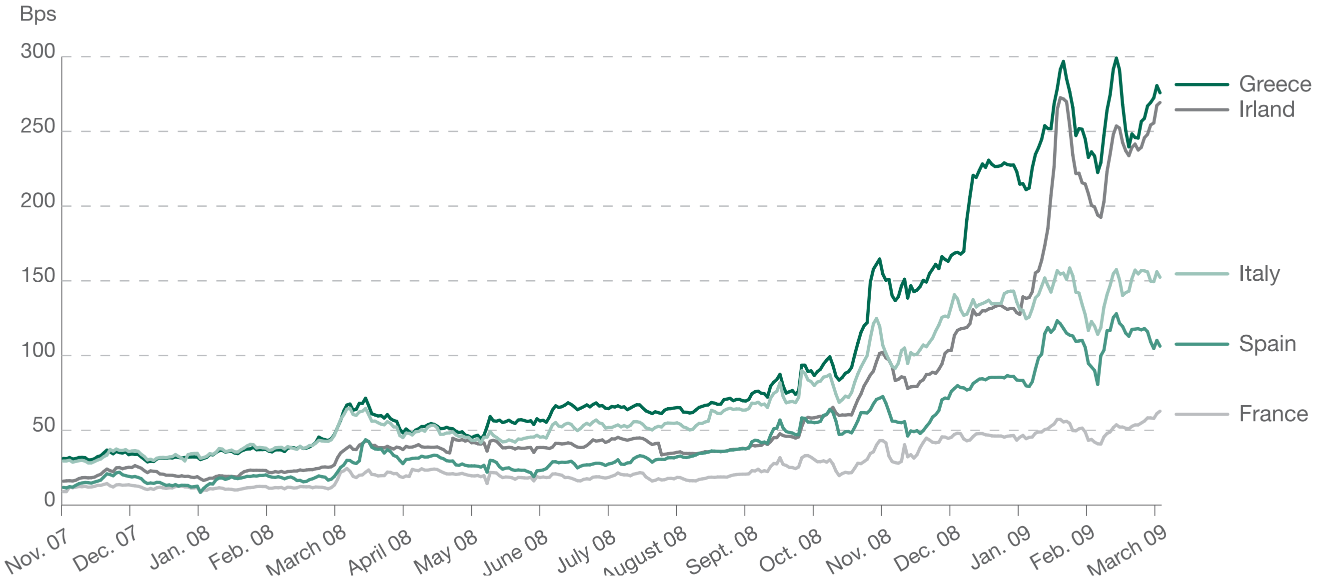
(b) Interest-rate markets

At first, the spectre of inflation drove returns on Government securities upwards. The flight towards high-quality sovereign assets then caused a sharp, simultaneous drop in interest rates, and a general increase in risk premiums was noted for both private issuers of securities and on lower-quality sovereign debts, in the euro zone and emerging countries.

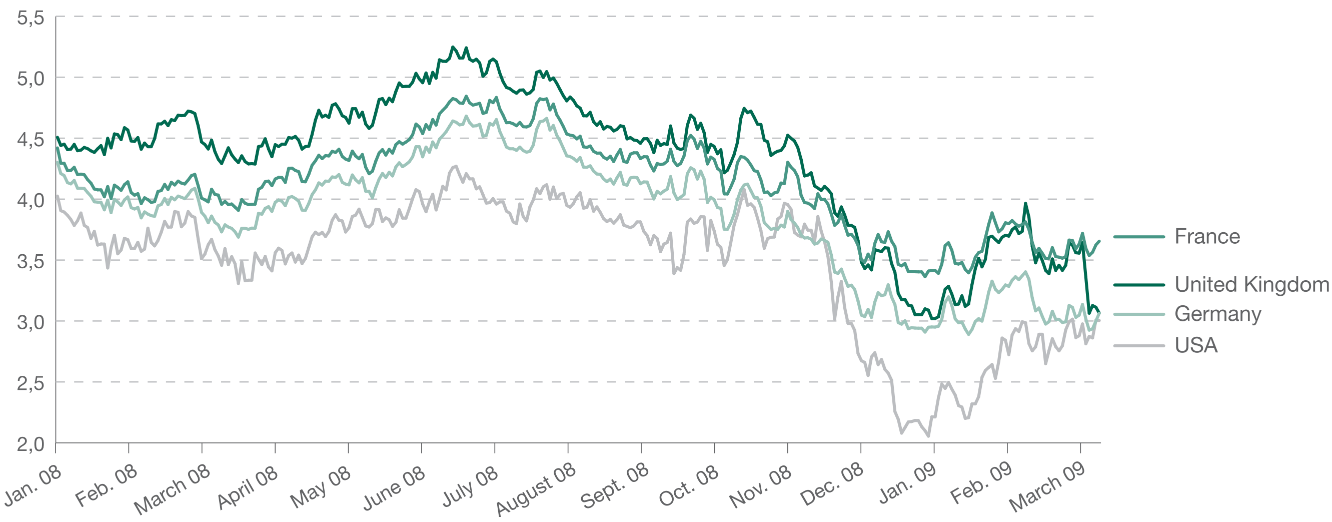
In this context, US 10-year interest rates went down 200 bp to a level of 2.25% at the end of the year. The rates of return on private bonds increased sharply, achieving yield differentials of over 7% with US Government loans for BBB bonds.

For the entire euro zone, 10-year interest rates fell to 3.50%. Nonetheless, large disparities occurred among countries. As a result, the interest rate differential reached 150 bp at the end of the year between Italy and Germany, and went as high as 170 bp in Ireland, which was particularly affected by the crisis. For France, the interest rate differential with Germany was 0.50%, with 10-year rates on fungible Treasury bonds at 3.44%, compared to 2.94% for the German BUND. Increases in differentials and changes in interest rate levels are shown in the graphs below.

RISK PREMIUMS ON 10-YEAR INTEREST RATES ON EURO SOVEREIGN ASSETS IN RELATION TO THE BUND



10-YEAR INTEREST RATES IN MAJOR COUNTRIES



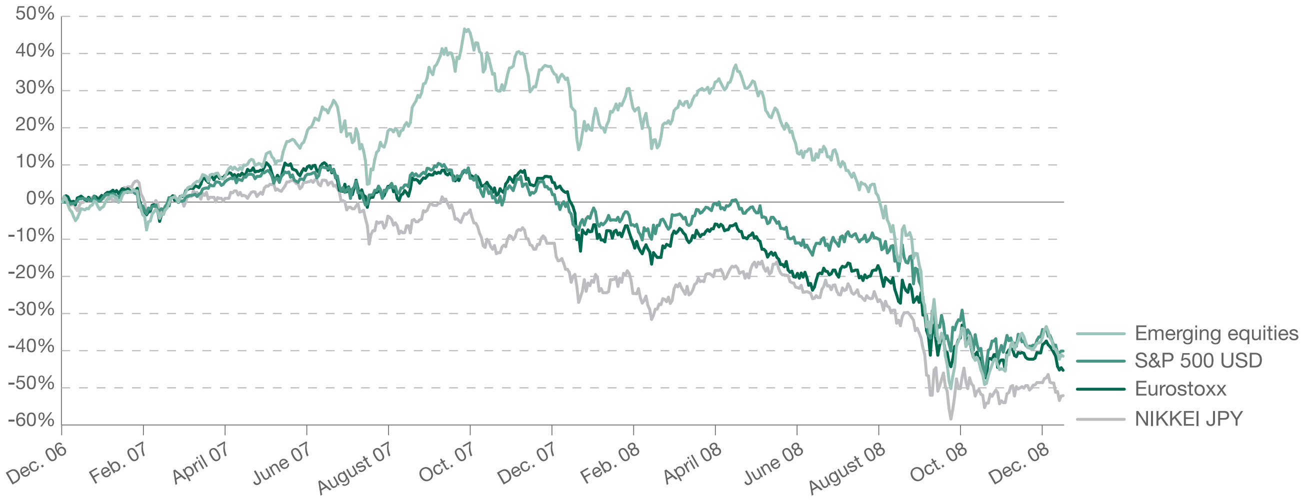
(c) Equity markets

Equity markets saw their worst year since 1931, when the S&P index dropped 47%. No economic area was spared. Major stock markets fell an average of 40%, with record drops of 67% for the Russian stock market and 65% for Shanghai (in local currency).

The drop began very early in the year, and there was a short break in the downward trend following the rescue of Bear Stearns. After the Lehman Brothers debacle, fears of systemic risk were quickly rekindled. The US support plan to the banks and the rescue of Fannie Mae, Freddie Mac and the insurer AIG were supposed to have contained the risk, but they did not restore confidence or fend off the credit crunch. In this context, the volatility of markets reached record levels (over 60%) and 2008 performances dropped considerably. The performances of the principal global indices in local currencies (excluding dividends) are as follows:

- US market: 38.5% drop in the S&P 500 index to 903 points;
- Euro zone market: 44.3% drop in the Eurostoxx 50 index and 42.7% drop in the CAC40 (3,218);
- United Kingdom: 31.5% drop in the FT100 index;
- Japanese market: 42.1% drop in the Nikkei 225 index to 8,860 points.

EQUITY PERFORMANCE INDICES EURO ZONE, US, JAPAN AND EMERGING MARKETS



(d) Foreign exchange markets

The six-year fall of the dollar against the euro continued until summer, reaching USD 1.60 for one euro. The worsening of the crisis, the contamination of the real economy and the Paulson plan restored the dollar to its position as a defensive security. The repatriation of capital to the United States and the liquidation of carry trade positions caused the dollar to shoot up to USD 1.24 against the euro. Since then, the fall of the euro has been partially corrected, with the dollar now at 1.42.

In total, over 2008, the euro was almost stable against the dollar and depreciated against the yen, finishing the year at JPY152 for one euro.

5.1.2 SIGNIFICANT EVENTS

5.1.2.1 Development of the Group

(a) Bancassurance partnership in central and eastern Europe with OTP and purchase of the Hungarian insurance company OTP Garancia

On 11 February 2008, Groupama signed a strategic partnership with OTP Bank, a leader in the Hungarian banking market, with very strong positions in numerous countries of central and eastern Europe (Bulgaria, Ukraine, Romania, etc.). This agreement is the result of long-term bancassurance and assurbanque distribution agreements in the countries in which OTP Bank operates (Hungary, Bulgaria, Romania, Slovakia, Ukraine, Russia, Croatia, etc.), and allows access to ten million customers.

Within the framework of this agreement, Groupama also acquired the insurance activities of OTP (OTP Garancia), a leading company in Hungary (2008 premium income of €301 million), as well as its insurance subsidiaries in Bulgaria, Romania, and Slovakia.

Under the terms of this partnership, Groupama also received a strategic investment stake of 8% in OTP Bank.

The effective closing of these acquisitions (following the lifting of conditions precedent related in particular to the authorisations of the regulatory authorities in the countries affected) took place on 17 September for OTP Garancia, 22 September 2008 for OTP Bank, and throughout August and September 2008 for the non-Hungarian insurance subsidiaries.

(b) Acquisition of the Romanian Insurer Asiban SA

On 9 April 2008, Groupama signed an agreement with Banca Comercialã Românã SA (BCR), BRD-Groupe Société Générale SA (BRD), Banca Transilvania SA (BT), Casa de Economii si Consemnatiuni CEC SA (CEC) for the acquisition of the entire share capital of Asiban SA (Asiban) by Groupama International.

Founded in 1996 by 4 of the biggest Rumanian banks, Asiban is one of the leaders of life and non-life insurance in Romania (number 3 in 2007 with 8% market share). The company has a diversified national distribution base which consists essentially of brokers, agents and a direct distribution network. In 2008, on a full-year basis, the amount of premiums reached €163 million, a 9.4% growth compared to the previous year.

The effective closing of this acquisition took place on 6 August 2008 after the lifting of conditions precedent related in particular to the approval to the regulatory authorities.

(c) Acquisition of the Turkish insurer Güven

At the end of June 2008, Groupama signed an agreement to acquire 100% of the Turkish insurance companies Güven Sigorta and Güven Hayat from the Central Union of Agricultural Credit Cooperatives (UCCCAT).

Güven Sigorta has 2.4% market share in property insurance (13th largest), Güven Hayat is the 15th largest Turkish life insurer with market share of 1.2%. Their 2008 premium income amounted to €108 million and €13 million respectively.

Güven Sigorta is also the leading agricultural insurer in Turkey, a booming market (with growth of 250% since 2002) and strong potential (the agricultural sector employs 30% of the active Turkish population).

Groupama already had a solid position in the Turkish market following the purchase in 2006 of the companies Basak Sigorta and Basak Emeklilik. Through this acquisition, Groupama became the 5th largest property insurer in the Turkish market and consolidated its position as number 2 in the life insurance market. In addition, Groupama will benefit from the network of 1,926 UCCCAT cooperatives and becomes the leader in agricultural insurance.

The effective closing of this acquisition took place on 18 November 2008. The merger process with Basak Groupama was begun at the end of the year.

(d) Strategic partnership with the Tunisian insurer STAR

In early July 2008, the Government of Tunisia chose Groupama's bid for its capital increase of the Société Tunisienne d'Assurances et de Réassurances (STAR).

This operation will enable Groupama to hold 35% of capital and voting rights in the company. The majority of STAR share capital (60%) will be held by the Government of Tunisia and Tunisian public companies.

STAR is a leader in the Tunisian insurance market, holding 1st place in non-life insurance with a market share of 29% and 9th place in life insurance with a market share of 5%. The company made premium income of €117 million on its market over 2008.

The effective closing of this operation took place on 14 October 2008.

5.1.2.2 Other factors

(a) Confirmation of the Group's rating by the S&P rating agency

On 14 October 2008, the rating agency Standard & Poor's confirmed the Group's A+ rating with regard to its financial solidity and counterparty risk. The outlook associated with this rating is stable.

(b) Merger of Groupama SA and Groupama International

With a view to rationalising its legal organisational structure, simplifying its financing cash flows and re-increasing internal dividends within the Group, the holding company Groupama International, which held most of Groupama's investment stakes in its international subsidiaries, was absorbed by Groupama SA in 2008.

This internal operation within the scope of consolidation had no effect on the Group's accounts.

(c) The regional mutuals join a new tax group founded by Groupama SA as from 2008

With effect from 1 January 2008, the tax group system now applies to insurance companies with no capital that are consolidated for accounting purposes. Accordingly, in addition to the 11 domestic regional mutuals, the 2 regional mutuals located in overseas French departments and the specialised mutual Misso, Groupama Holding and Groupama Holding 2 have been added to the current group comprising the vast majority of Groupama SA French subsidiaries representing some 50 companies. Groupama SA will remain the integrating company of this group, as it is at present. All documentation and declarations required for the expansion of this tax group have been completed in accordance with relevant legislation.

This reform, which was introduced by the amended 2006 French finance act, aligns the tax rules for mutual insurance companies to that applying to non-insurance companies. Previously, insurance mutuals without a shareholding link were not permitted to be included as members of a tax group, since they did not meet the shareholding criteria of 95%.

(d) Implementation of hurricane reinsurance coverage

Groupama underwrote a reinsurance policy with Swiss Re that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as at 1 January 2008.

This coverage, with a duration of three years, covers claims exceeding €1,700 million with a potential ceiling of €2 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance remaining the Group's responsibility). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that protects against default of the reinsurer: the cover is rated AAA.

5.1.2.3 Innovation and organic growth

(a) Launch of the brand Amaguiz.com

To strengthen its Internet presence and become the insurer of reference for a new generation, on 1 July 2008, Groupama launched "Amaguiz.com", a new brand designed exclusively for Internet sales.

This brand was conceived using a new economic model. Its ambition is to respond fully to the needs and motivations of its direct sales channel customers, who wish to benefit from a highly flexible offering, a fee calculated to meet their needs and a personalised long-distance relationship with the possibility of having a regular adviser. As a result, the brand offers the great majority of people the option of being insured by each kilometre travelled, at a lower cost and with the utmost flexibility.

This new offer is enabling the Group to strengthen its urban presence in France. In its launch phase, Amaguiz.com offers motor insurance before branching out to other insurance products, so that it may cover individuals' every need over the long term.

A few months after its launch, the results of this new distribution channel are encouraging. The number of underwritten contracts is markedly higher than projected in the business plan. Accordingly, at the end of December 2008, the number of policies underwritten by Amaguiz.com totalled over 7,500.

(b) Launch of Groupama Renfort

In May 2008, Groupama launched "Groupama Renfort", the very first insurance and services offer enabling policyholders to safeguard their budget and to bounce back in case of hardship.

This is a unique policy covering loss of income following three "packaged" events, combined with compensation and advice tailored to the individual situation. In case of redundancy, long-term work interruption or non payment of a living allowance in the event of a divorce or separation, the policy holder receives not only compensation for his loss of income but also practical services such as support for preparing a CV or managing his budget.

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 Klaus storm

On, Saturday 24 January 2009, following an exceptionally strong storm that affected south-western France and northern Spain, Groupama immediately implemented its crisis mechanisms the moment that the weather threat occurred. As a result,

- on Sunday, the 25th, teams of inspectors carried out their first assessment missions;
- sales forces at the agency were mobilised to received policyholders starting Monday morning, while the management telephone platforms were strengthened;
- teams from other regions came in to support local teams in order to help the policyholders affected by the storm more effectively;
- accelerated compensation measures for the torm's victims were put into place.

In early February 2009, the number of case files opened was estimated at around 80,000 claims in both France and Spain.

At this stage, it is difficult to evaluate this event. However, the protections implemented by the Group made it possible to limit the event's cost for the Group to €250 million before taxes.

5.1.3.2 Bancassurance agreement between Groupama and Bancaja in Spain

Groupama and Bancaja strengthened the partnership they began in 2001 by signing, on 12 January 2009, a 10-year bancassurance agreement affecting the multi-risk home insurance policies distributed by Bancaja.

Bancaja is Spain's 3rd-largest savings bank and the country's 6th-largest financial institution. It achieved net profits of €491 million in 2007. With a network of 1,561 banking branches distributed throughout Spain, Bancaja has a portfolio of 2.8 million customers.

This partnership will allow Groupama to strengthen its positions on the Spanish market, where the bancassurance market is in full expansion.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Activity and results

(a) Consolidated revenues

As at 31 December 2008, Groupama's consolidated Insurance premium income reached €13.1 billion, an increase of 11.0% compared to 31 December 2007. By integrating financial activities, the Group's consolidated premium income increased 10.8% to €13.4 billion.

At constant exchange rates and scope of consolidation, the growth in the combined insurance premium income was up 3.4% from the level at 31 December 2007. The Group's total revenues based on constant exchange rates and scope of consolidation increased 3.4%.

As at 31 December 2008, France insurance premium income had grown 2.1%, representing 68.0% of the Group's total activity during the period. International business (29.3% of total premium income) was up 39.0% in actual terms and increase of 6.4% on a like-for-like basis. The Group's other business lines accounted for 2.7% of total revenues.

The Group posted a significant increase in Life & Health insurance premium income, which was up 6.4% in actual terms and 3.1% on a like-for-like basis. In France, Life & Health insurance increased 2.2%. Life & Health insurance premium income in the International sector posted a 33.8% increase in actual terms and 8.0% on a like-for-like basis.

In the areas of Property & Casualty insurance, premium income rose 16.2% in actual terms and 3.7% on a like-for-like basis. Activity in France was up 2.1%, while the International segment posted premium income up 41.4% in actual terms and up 5.8% on a like-for-like basis.

It should be noted that all International activities do not yet contribute to premium income over the year (their contribution begins only as at the date of acquisition). On a full-year basis, international insurance premium income currently accounts for 31.6% of total premium income.

In the next part of the document, figures are expressed in constant exchange rates and scope of consolidation. Data at constant exchange rates correspond to the comparison between the real data as at 31 December 2008 and real data as at 31 December 2007 converted to the average exchange rate of 31 December 2008.

Insurance in France (68.0% of Group premium income in 2008 compared to 73.8% in 2007)

As at 31 December 2008, insurance premium income in France had risen 2.1% compared to 31 December 2007, to a total of €9,142 million.

As for Property and casualty insurance (39.7% of premium income in France), the Group increased 2.1%, which is to the market average (+2.5% at the end of December 2008 according to the FFSA). In a highly competitive environment, the home insurance branch rose 1.4% to €434 million, and the motor branch (including fleets and other vehicles) rose 2.1% to €1,094 million.

Life & Health insurance premium income (60.3% of France premium income) grew 2.2%. Note that in 2007, there was a one-time premium of €100 million, which was not extended to this year (Group retirement policy). When corrected for this one-time premium, growth was 4.1% as at 31 December 2008. In the context of a depressed market, Group life and capitalisation premium income rose 1.8%, an increase far superior to the market as a whole (-10.6% at the end of December 2008). The market is falling more in the bancassurance (-15%) than in the insurance (-3%) networks. As for individual savings/retirement, Group premium income was positively affected by the "CAP 2008" project and increased 5.6% as at 31 December 2008. Savings and retirement in Group insurance dropped 41.7% (following the failure to extend the previously mentioned sizeable Group retirement policy); excluding this policy, there was a drop of 6.7%.

In France, health and bodily injury premium income rose 3.5% in 2008 compared to 31 December 2007.

In a highly deteriorated economic and financial environment, in which the market is showing a drop in savings/retirement net inflows of 47.5% (at the end of December 2008 according to the FFSA), Group net inflows total €835 million, compared to €1,041 million the previous year, for a drop of 19.8% (-11.3% excluding the non-renewal of the retirement policy mentioned above). Net inflows for individual insurance fell 8.3% in 2008.

GROUPAMA SA

Groupama SA premium income totalled €1,811 million in 2008, for an increase of 2.8% over 31 December 2007. This increase is in line with the growth of premium income in the regional mutuals (+2.5%). Life and health insurance activity grew 1.9%, to €474 million, thanks to growth in the individual health branch (+3.2%). In the Property and casualty insurance, premium income increased 3.1%, to €1,337 million as at 31 December 2008, thanks in particular to the growth in crop insurance (+31.4% in climate multi-risk insurance), which benefited from an increase in insured amounts as well as commercial motor (+14.5%) and construction (+13.4%).

GROUPAMA VIE

Groupama Vie had premium income of €1,936 million as at 31 December 2008, an increase of 0.3% compared to 31 December 2007 (+5.8% excluding a Group retirement policy, which increased 2007 premium income with a one-time premium of €100 million).

The growth that occurred in 2008 was carried along by performances in individual insurance, where premiums increased 6.3% (nearly 98% of total activity), which was supported in large part by the increase in the savings branch (+6.8% to €1,737 million). This performance is related to subsequent commercial actions and a high level of investment in the network. It took place in a depressed market environment and was sign of accelerated activity growth.

Group insurance (€47 million) dropped noticeably over the period (effect of a Group policy of €100 million in 2007).

GAN ASSURANCES

The network of general agents posted growth in activity of 3.6% as at 31 December 2008. Premium income totalled €2,405 million at 31 December 2008.

Gan Assurances Vie had premium income of €1,340 million at 31 December 2008, rising 6.3% from 2007. The growth of premium income in individual insurance activity (€860 million) contributed to the 6.9% increase in premiums written. It was carried along by the good performance in savings, where premium income increased 16.3%. Premium income for Group insurance increased 5.3% (€480 million).

Gan Assurances IARD had premium income of €1,065 million at 31 December 2008, up 0.4% over the premium income made as at 31 December 2007. The home, professional risk and construction branches rose 0.3%, 1% and 1.6% respectively, while motor fell slightly following a restructuring of rates.

GAN EUROCOURTAGE

The broker network posted premium income of €1,486 million as at 31 December 2008, up 1% compared to 31 December 2007:

Gan Eurocourtage Vie posted premium income of €655 million as at 31 December 2008, up 2.5% over 31 December 2007. The leading branches of activity posted considerable portfolio growth, especially provident insurance (+9.2% to €145 million) and health (+4.4% to €140 million). The retirement and Group life branches (€110 million) grew 9.5% and 21.1%, respectively. Conversely, the reinsurance and coinsurance branches fell 10.9% and 10.4% following the termination of certain contracts.

Gan Eurocourtage IARD posted premium income of €831 million as at 31 December 2008 (-0.2% compared to 31 December 2007). The individuals and professionals market rose 3.2% (€408 million) due to growth in the home (+2.8%) and passenger car (+3.3%) branches. Conversely, premiums from the commercial market (€390 million) fell 3.7% because of the termination of a major account on 31 December 2007.

GAN PRÉVOYANCE

Gan Prévoyance posted premium income of €519 million as at 31 December 2008, up 4.2% from 31 December 2007. This increase may be explained primarily by the increase in premiums of 6.9% in savings and retirement (€304 million), and up 12.3% in health (€18 million) whereas the provident branch (€197 million) posted slightly lower premium income by -0.4%.

GAN PATRIMOINE AND ITS SUBSIDIARIES

The premium income of Gan Patrimoine and its subsidiaries dropped 2.4% to €577 million as at 31 December 2008. Excluding capitalisation (run-off) activity, profit centre activity rose 0.9% to €542 million as at 31 December 2008. In a difficult financial environment, the increase in one-time premiums continued with a 3.4% rise in revenues (+€17 million) over the period, whereas premium income from unit-linked policies fell 32.8% (-€9 million). Activity was sustained by strong commercial actions conducted in the last quarter of 2008.

GROUPAMA TRANSPORT

Groupama Transport premium income posted an increase of 8.3% as at 31 December 2008 to €301 million. The marine branch rose 12.1% to €231 million, due to the new policies underwritten, especially on the pleasure craft, cargo and logistical transporter markets. In aviation, however, premium income dropped 2.4% due to the drop in premium rates and the selection of policies. The change in the dollar/€ exchange rate worked to the favour of both of these activities.

Other specialist Group companies

Groupama Assurance Crédit premium income increased by 7% as at 31 December 2008, to €27 million.

Mutuaide Assistance posted premium income of €32 million as at 31 December 2008, up 15.8% due to the effect of the growth of already existing contracts in the portfolio.

Groupama Protection Juridique premium income rose 6.3% as at 31 December 2008 and totalled €38 million, due to the continued development of partnerships, especially Sogessur.

International insurance (29.3% of Group premium income in 2008 compared to 23.3% in 2007)

Group International consolidated premium income totalled €3,937 million as at 31 December 2008, up 6.4% over 31 December 2007. Property and casualty insurance posted premium income of €2,813 million in 2008, up 5.8% over 2007. This growth can be explained primarily by growth in the motor (including fleets), (+5.4% to €1,823 million), especially in Spain, England, Turkey and Romania, and home (+9% to €321 million) branches.

Life and health insurance premium income posted sizeable growth of 8.0% to €1,125 million thanks to the rise in both Group insurance of 17.4% to €401 million (primarily in Turkey), and individual insurance of 3.3% to €723 million (especially in Italy and Spain).

SOUTH-WESTERN EUROPE

Premium income for the Spanish subsidiary Groupama Seguros totalled €976 million as at 31 December 2008, up 12.2% over 31 December 2007. Life and health insurance (€230 million) posted growth of 23%. This may be explained by the most part by the high level of development in Group life (+30%), which had a single-premium policy of €23 million, and health (+11.6%). In Property and casualty insurance (€746 million), the 9.2% growth in premiums issued comes from all of the branches in the portfolio, primarily the motor branch excluding fleets (+11.6%). Activity from Clickseguros (the online insurance sales activity), with €5.8 million in premium income, is increasing steadily and is adhering to its business plan.

The 2008 premium income for Portuguese subsidiaries dropped 1.7% to €82 million. In a life insurance market characterised by a high level of competition, life premiums posted a drop of 4.5%. Premium incomes from Property and casualty insurance increased 3.7% thanks in particular to the home (+8.8%) and commercial damages (+19.8%) branches.

SOUTH-EASTERN EUROPE

The overall premium income from the Italian subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena increased 2.6% (at comparable pro forma data) and totalled €1,391 million as at 31 December 2008. In life and health insurance (€425 million), activity rose 7.9%, due primarily to life insurance. In a falling market, traditional individual savings increased 27.7% thanks to the positive development of the bancassurance agreement and the success of the guaranteed rate product launched at the end of 2008. Conversely, the health branch (-6.6%) suffered the withdrawal of the Toro group employee accident and health policy portfolio. In Property and casualty insurance, premium income rose 0.4% to €966 million. This increase may be explained primarily by growth in the home (+8.8%) and other damages (+18.9%) branches. Conversely, the motor branch, which accounts for over 80% of premium income, dropped slightly (-0.2%), which was due primarily to lower fees related to competition and regulatory changes.

The Turkish subsidiaries Basak Groupama Sigorta, Basak Groupama Emeklilik and Güven posted an increase of 20.7% (at comparable pro forma data) of their activity as at 31 December 2008, achieving total premium income of €444 million. Life and health insurance posted an increase of 31.9% (€192 million), thanks in particular to borrower and individual health insurance. In Property and casualty insurance (€252 million), Basak Sigorta posted premium income growth of 13% thanks to the continued good performance of all branches, in particular motor (+10.5%) and home (+23.9%).

Groupama Phoenix premium income as at 31 December 2008 totalled €150 million, for a drop of 4.5%. This situation was due to a particularly difficult market environment (extremely competitive individual market). As a result, Property and casualty insurance (€108 million) fell 5.1%, mainly in motor (-8.5%) and fire (-3%). Life and health insurance, however, decreased 2.4% to €42 million. It must be emphasised, however, that, thanks to the commercial actions that were intended to strengthen proximity with the broker network, this downward trend was successfully reversed in the closing months of the year.

CENTRAL AND EASTERN EUROPE (CEE)

The contribution to premium income from the Hungarian subsidiaries Groupama Biztosito and OTP Garancia totalled €96 million as at 31 December 2008. It includes three months of activity by OTP Garancia, which entered into the scope of consolidation on 30 September 2008. In the context of an economic crisis, life and health insurance activity fell 48.5%, especially in the bancassurance sector. Property and casualty insurance posted a drop of 2.6% despite the good growth in the home branch.

The contribution to premium income from the Romanian subsidiaries BT Asigurari, OTP Garancia Asigurari and Asiban increased 13.8% to €157 million as at 31 December 2008. This amount includes five months of activity for Asiban and three months for OTP Garancia Asigurari, which entered into the scope of consolidation in August and September 2008, respectively. Property and casualty insurance (€145 million) posted a strong increase of 17.5% over the period. All branches are posting continued growth. The motor damage and third-party liability branches, which had growth of, respectively, 5.7% and 15.6%, profited from the natural growth of the market and the increase in the average premium. Premium income in life and health insurance was €12 million.

GREAT BRITAIN

Groupama Insurances premium income increased 6% to €544 million as at 31 December 2008. In Property and casualty insurance (€432 million), the 9.1% growth of premium income was due to good performances in motor (+14.7% to €258 million) and home (+7.8% to €73 million). Life and Health insurance activity posted a drop of 4.3% to €112 million as at 31 December 2008. This was due in particular to the lower premium incomes in Group health (-5.1%) and borrower insurance (-20.4%).

GAN OUTRE-MER

Gan Outre-Mer insurance premiums increased 8.4% to total €92 million as at 31 December 2008. This development may be explained by increased activity in the Pacific (+9% to €53 million) and the Caribbean area (+10% to €39 million). The Caribbean area in particular benefits from rate increases on atmospheric coverage as well as a net recovery of development.

Discontinued business lines

The Assuvie subsidiary's discontinued business line was stable over the period. Its premium income as at 31 December 2008 totalled €10 million, which is stable compared to 2007.

Investment activities

Groupama Banque 2008 premium income rose 35% over 31 December 2007, totalling €62 million. Net bank profit totalled €38 million as at 31 December 2008, up 35.4%. This rise is due to the steady increase of outstanding credits (+70.3%) and outstanding savings (+5.5%). The number of customers at the end of 2008 totalled 445,000, an increase of 4.8% over 31 December 2007.

At 31 December 2008, Banque Finama generated strong premium income growth by 7.8% to €154 million. Net bank profit reached €30 million as at 31 December 2008, dropping 17.2%. Group bank activity suffered the repercussions of the financial crisis.

The case was the same for premium income from asset management subsidiaries, which fell 10.5% to €141 million as at 31 December 2008. This change came for the most part from the activity of Groupama Asset Management, which fell 9.1%, and Groupama Fund Pickers (alternative management), which fell 36.6%. The assets under management by Groupama Asset Management and its subsidiaries totalled €81.3 billion as at 31 December 2008, a decrease of 7.5% compared to 31 December 2007, due to developments in the financial markets. In this environment, the private equity subsidiary Finama Private Equity posted a rise in its premium income totalling €16 million, compared to €14 million as at 31 December 2007, owing to the increased assets under management.

The revenues of Groupama Épargne Salariale totalled €5 million, compared to €4 million as at 31 December 2007. This is largely due to the increase in management fees resulting from an increase in assets under management.

(b) Breakdown of earnings

Net income Group share totalled €273 million as at 31 December 2008, compared to €793 million as at 31 December 2007. Net income Group share by activity broke down as follows:

(in millions of euros)	31.12.2008	31.12.2007	%
Property and Casualty insurance	200	393	-49.0%
Life and Health Insurance	213	358	-40.5%
Investment and banking activities	1	11	NA
Holding company activities	(141)	31	-552.9%
Net income Group share	**273**	**793**	**-65.6%**
of which Scor capital gains		144	
NET INCOME GROUP SHARE EXCLUDING SCOR CAPITAL GAINS	**273**	**649**	**-58.0%**

Note that net income Group share as at 31 December 2007 included:

- capital gains earned by the holding company on the disposal of Scor securities for €144 million (after taxes);
- capital gains from the Tour Gan disposal totalling €158 million (after profit sharing and taxes). This result is considered to be recurrent insofar as it includes non-outsourced financial products also in the life entities portfolio.

Net profits for property and casualty insurance, which totalled €200 million as at 31 December 2008, decreased 49%. Profits for life and health insurance fell 40.5% and totalled €213 million. The financial crisis that struck the global economy is behind the drop in profits because the fundamental techniques remain solid. However, it should be stressed that economic operating income increased noticeably in both life and health insurance and property and casualty insurance (see thereafter).

The contribution from investment and banking activities was also affected by the drop in financial markets. These activities posted profits of €1 million in 2008, a drop of nearly €10 million when compared to the previous year.

Net profit from holding company activity corrected for the impact of the disposal of Scor securities in 2007 dropped 24.8%.

(c) Overview of economic operating income

Economic operating income totalled €561 million in 31 December 2008, compared to €375 million as at 31 December 2007, i.e., up 49.6%. It may be broken down by activity as follows:

(in millions of euros)	31.12.2008	31.12.2007	%
Property and Casualty insurance	346	340	1.8%
Life and Health insurance	359	129	178.3%
Investment and banking activities	1	11	NA
Holding company activities	(145)	(105)	-38.1%
ECONOMIC OPERATING INCOME	**561**	**375**	**49.6%**

Operating profit from Property & Casualty insurance

Operating profit from Property and casualty activity rose 1.8%. In 2008, it totalled €346 million, compared to €340 million as at 31 December 2007. This favourable development may be explained primarily by the growth in recurring financial products. On the contrary, the drop in the combined net ratio and the effective tax rate of nearly 5 points had a negative effect on these profits.

The Group's combined ratio rose 0.5 points to 98.0%, compared to 97.5% in 2007. It decreased operating profit by €19 million net of taxes. This development is due to the increase of the operating expense ratio by 0.5 points, whereas net loss ratio was stable at 68.3%.

In France, the net combined ratio was 96.9% as at 31 December 2008, an improvement of 2.0 points over 2007. The significant drop of 3.0 points in net loss ratio to 66.2% explains this. It must be remembered that, in 2007, sever climatic events (Hurricanes Dean and Gamède, the earthquake in the Caribbean, etc.) had a negative effect on loss experience in France. The operating expense ratio was 30.7% in 2008, compared to 29.7% in 2007. This was due in particular to a growth in marketing and advertising expenses.

Internationally, the net combined ratio increased by 4.5 points in relation to the previous year and totalled 99.4% as at 31 December 2008. This development was mostly the result of the increase in the net loss ratio by 4.3 points to 70.9%. Recent acquisitions had an appreciable negative effect on this ratio insofar as they are not yet up to Group standards as regards subscription and reserving.

Recurring financial income (net of tax) rose 13.2% or €39 million thanks in particular to recent acquisitions.

Operating profit from Life & Health insurance

Economic operating profit in Life and health insurance totalled €359 million and posted an increase of €230 million over 31 December 2007.

The sharp increase (+€139 million before taxes) in net technical activity in health and other bodily injury activity were a major contributor to this noticeable increase. The fall in the net combined ratio of 8.6 points (96.6% in 2008 compared to 105.2% in 2007), which affected entities in France and internationally, explains this development.

In life/capitalisation, the net technical margin rose by €39 million as at 31 December 2008 (+€26 million net of taxes). This increase is primarily due to technical activity, especially in International subsidiaries, some of which were affected by reloading of provisions for forward rate agreements in 2007. The ratio of operating charges to the premiums issued increased 0.8 points to 12.7% in 2008. Back office standardisation charges were behind this increase.

The sharp increase of €87 million in 2008 recurring financial profit (net of profit sharing and taxes) may be explained by the increase in recurring financial income of €44 million. It should be further noted that a strengthening of the profit sharing funds had a negative impact on 2007 profits.

Other non-technical income and expenses (including one-time income and expenses) for fiscal year 2008 totalled -€10 million, compared to -€28 million in 2007.

Operating profit from investment and banking activities

Operating profit from investment and banking activities was €1 million as at 31 December 2008 compared to €11 million in 2007. Despite the Group's increased profits from individual banking of nearly 20%, which remains negative at -€20 million (the development of this entity makes it possible to better absorb its fixed costs, but it is still posting a deficit, in accordance with its business plan), the financial climate has a negative effect on profits, especially asset management activity, whose contribution dropped over 50% to €15 million.

Operating profit from holding company activities

Holding company activities posted an operating loss of -€145 million as at 31 December 2008 compared to a loss of -€105 million as at 31 December 2007. Higher financing charges and expenses related to external growth operation had a negative effect on the period's profits.

(d) Other items from the income statement

These may be broken down as follows:

(in millions of euros)	Life and Health insurance 31.12.08	Life and Health insurance 31.12.07	Property and Casualty insurance 31.12.08	Property and Casualty insurance 31.12.07	Investment and banking activities 31.12.08	Investment and banking activities 31.12.07	Holding company activities 31.12.08	Holding company activities 31.12.07	Total 31.12.08	Total 31.12.07
Economic operating profit/loss	359	129	346	340	1	11	(145)	(105)	561	375
Realised capital gains net of impairment[(1)]	33	234	4	113			(3)	137	34	484
Impairment losses on financial instruments[(1)]	(38)	0	(102)	0			2	0	(138)	0
Fair value adjustments[(1)]	(115)	31	(37)	(19)			5	2	(147)	14
Goodwill impairment	(24)	0	0	0			0	0	(24)	0
Amortisation of intangible assets	(10)	(17)	(23)	(6)			0	(1)	-33	(24)
Exceptional items	8	(19)	12	(35)			0	(2)	20	(56)
INCOME GROUP SHARE	**213**	**358**	**200**	**393**	**1**	**11**	**(141)**	**31**	**273**	**793**

(1) Attributable to shareholders (net of profit sharing and corporate taxes).

Non-recurrent financial earnings

Beyond the good level of operating performance, the Group's earnings were strongly affected by the international financial climate. Non-recurrent financial earnings dropped sharply in relation to 2007 and may be broken down as follows:

(in millions of euros)	2008 AP	2008 ABR	2008 Holding	2008 Total	2007 AP	2007 ABR	2007 Holding	2007 Total	Variation AP	Variation ABR	Variation Holding	Variation Total
Capital gains and losses from disposals net of recoveries	166	7	(4)	169	832	172	142	1,145	(666)	(164)	(145)	(976)
Changes in fair value of investments	(785)	(56)	8	(833)	251	(28)	3	226	(1,036)	(28)	5	(1,059)
Changes in impairment losses on financial instruments	(92)	(121)	3	(211)	(1)	(1)	(7)	(9)	(91)	(120)	9	(201)
TOTAL	**(712)**	**(170)**	**7**	**(875)**	**1,082**	**142**	**138**	**1,361**	**(1,793)**	**(312)**	**(131)**	**(2,236)**

The data above is before profit sharing and taxes.

By type of financial earnings, the analysis is as follows:

- net capital gains and losses have dropped noticeably (-85%), or €976 million. In addition, as was mentioned earlier, 2007 was marked by an exceptional capital gain of €144 million for the disposal of the SCOR securities. No equivalent capital gain was posted in 2008. This change may be explained by a decrease of €164 million in the outsourcing of capital gains in property and casualty insurance (-95%) and €666 million in life and health insurance (-80%) of which €347 million for the disposal of Tour Gan.

  Net of profit sharing and taxes, the impact on Group profit of the drop in capital gains and losses totalled €450 million (of which the real estate capital gain of €158 million net of profit sharing and taxes and €144 million related to the disposal of the Scor securities);
- the pocket of assets valuated in the IFRS financial statements using the fair value per profit methodology (securities classified as trading, held for trading and long-term financial instruments) posted a drop of €1,059 million in the change of fair value. This development was noted for the most part in the life and health insurance branch for €1,036 million. This drop is related to the highly unfavourable situation in the financial markets. Net of profit sharing and taxes, this drop affects 2008 earnings by nearly -€162 million;
- Group investment income was also affected by net allocations to long-term provisions for a total amount of -€201 million, of which -€120 million was in property and casualty insurance and -€91 million in life and health insurance. The impact of these items on Group profits net of profit sharing and taxes was -€138 million.

In summary, the impact of the financial crisis on the Group's net profit (net of profit sharing and taxes) is as follows:

(in millions of euros net of profit sharing and corporate income taxes)	AP	ABR	Holding	Total
Impact of the downturn in financial markets				
Change in realised capital gains	(202)	(108)	(140)	(450)
Change in the fair value of investments	(146)	(19)	3	(162)
Change in impairment losses on financial instruments	(38)	(102)	2	(138)
TOTAL	**(386)**	**(229)**	**(135)**	**(750)**

Other non-financial items

From a tax standpoint, a tax adjustment related to the deferred taxation of the portfolio value in Italy had a favourable effect (+€20 million) on profits. Finally, restructuring costs related to the merger of the international entities were taken into account over the fiscal year for -€8 million, compared to -€17 million in 2007.

The other items primarily affect amortisation costs on intangible insurance assets. As a result, in property and casualty insurance, the amortisation of the portfolio value of Nuova Tirrena and the UK brokers had a negative effect on profits for the year of -€22 million, compared to -€6 million in 2007.

Net profits for life and health insurance include the amortisation of the portfolio value of Basak Emeklilik for the amount of €9 million, compared to €17 million as at 31 December 2007 (net of taxes). Moreover, fiscal 2008 was also marked by the impairment of the goodwill of Cegid (a company accounted for by the equity method) for -€24 million.

Moreover, it should be remembered that 2007 included a one-time investment of €30 million that was intended for a regional mutual in the Paris region to further its development.

Insurance and Services France

In 2008, the insurance and services France division recorded a profit of €287 million, compared to €503 million in 2007.

GROUPAMA VIE

The Groupama Vie's contribution to group consolidated profit was €44.7 million in 2008, compared to €105.4 million in 2007.

The entity's economic operating profit totalled €59 million in 2008, compared to €72 million in 2007.

This drop is related to the underwriting margin net of costs, which was down €29 million in relation to 2007. Within the framework of certain commercial actions intended to rebalance the portfolio towards products that have a better margin profile over the long term, the underwriting margin in individual savings fell sharply (-€11 million in relation to 2007).

The increase in operating costs of €18 million (with the resulting growth of the ratio of operating costs to premiums of 0.8 points over 2007) is attributable to the costs related to the life back-office rationalisation project.

The recurring financial margin (net of profit sharing and taxes) rose nearly €16 million, considering the increased revenue from bonds. However, it should also be mentioned that fiscal 2007 was marked by a strengthening of the profit sharing funds, which had a negative effect on that margin.

Non-recurring financial profit dropped considerably (€48 million net of profit sharing and taxes in relation to 2007). The financial context had an extremely negative impact on that aggregate, especially the negative effects from the change in fair value of financial instruments and assets classified as trading and held for trading.

GAN ASSURANCES

Gan Assurances posted consolidated 2008 net profit of €67 million, compared to €101 million in 2007.

The contribution of Gan Assurances Vie to Group profits totalled €50.8 million over 2008. This is a 38% drop in comparison to 31 December 2007.

The entity's economic operating profit was €83 million in 2008, compared to a loss of €28 million in 2007. This increase may be explained primarily by a high level of growth in the underwriting margin and the recurring financial margin net of profit sharing.

The nearly 61% increase in the underwriting margin is due to both individual and Group insurance. However, individual insurance, which is supported by a positive net inflow of €114 million, also benefitted from one-time real estate revenue of €25 million. Group insurance posted premium excess of +€18 million, and net loss ratio in health and provident insurance fell noticeably (-8.4 points to 105.9%).

Operating costs increased at a rate similar to premium income.

The recurring financial margin (net of profit sharing) totalled €140 million, increasing nearly 48% over 2007 due to a lower level of prudential allocation to the profit sharing fund.

The non-recurring financial margin for the year (net of profit sharing and net of taxes) fell sharply by €143 million in relation to 2007. The significant drop in capital gains and losses made (2007 was marked by the disposal of the Gan tower) and the negative impact of the changes in fair value in assets classified as trading and held for trading explain this development.

Gan Assurances IARD contributed €16.1 million to the Group's combined profit as at 31 December 2008, down from €20.1 million as at 31 December 2007.

The entity's economic operating profit was €18 million in 2008, compared to zero profit 2007. This increase in profit is due to an improvement in the company's technical basics. The underwriting margin rose nearly €21 million from the effect of the improvement of 2.2 points in the net combined ratio (104.9% in 2008, compared to 107.1% in 2007), despite the significant effect of the Haumont disaster (€18.7 million), which drove the current gross loss ratio down 1.7 point.

As with the other entities, the drop in net profit at Gan Assurances IARD by 20% in relation to 2007 may be explained primarily by the lower non-recurring financial margin (net of taxes) of -€22 million owing to the international financial climate.

GAN EUROCOURTAGE

Gan Eurocourtage posted a consolidated 2008 Group profit of €137 million down from €184 million in 2007.

Gan Eurocourtage Vie contributed profit totalled €86.0 million in 2008 versus €79.0 million in 2007.

The entity's economic operating profit totalled €88 million in 2008, compared to nearly €40 million as at 31 December 2007. The increase in the underwriting margin (+€64 million from 31 December 2007) largely explains this development. Continued favourable liquidations of claims, combined with improved loss ratio in provident insurance over the fiscal year (in the work stoppage branch) and health are the reasons for these developments. In addition, operating costs are stable. The recurring financial margin dropped slightly.

Non-recurring financial income net of profit sharing and net of taxes posted a sharp drop of nearly €42 million in relation to 2007. The sharp drop in capital losses and the recognition of changes in negative fair value explain this development.

Gan Eurocourtage IARD made a contribution of €51.3 million to the Group's consolidated income as at 31 December 2008 versus €105.0 million in 2007.

The entity's economic operating profit totalled over €59 million in 2008 versus €81 million as at 31 December 2007. This drop may be explained by a net combined ratio in property and casualty insurance of 98.8% in 2008 versus 96.3% in 2007. The year 2008 was marked by the occurrence of several serious claims that had a negative impact of 5.4 points on the current loss ratio. Reinsurance coverage was very effective and made it possible to absorb a significant portion of this. Surpluses on previous years of €90 million in 2008 remain significant but still have dropped €20 million compared to 2007. The entity's current financial income (€86 million) is almost stable compared to 31 December 2007.

Conversely, the non-recurring financial margin (net of taxes) fell €33 million, in line with the drop in realised capital gains in 2008.

GAN PRÉVOYANCE

Gan Prévoyance made a contribution to Group profit of €29.0 million versus €57.7 million as at 31 December 2007.

The entity's economic operating profit totalled €30 million versus €11 million in 2007. This improvement is due in particular to the 3.4% rise in the underwriting margin. It should be noted that the impact from the implementation of the Marini amendment had been anticipated since 2007 and had a negative effect on the entity's general costs in particular. In 2008, the impact of this new regulation still has a negative effect of €11 million. Thanks to these actions, Gan Prévoyance adapted itself to this structuring development in its regulatory environment and was able to continue its development strategy. The recurring financial margin net of profit sharing increased €12 million thanks to a smaller contribution to the profit sharing funds than in 2007.

Non-recurring financial profit (net of profit sharing and taxes) fell nearly €48 million thanks to the effect primarily from the changes in fair value on derived instruments.

GAN PATRIMOINE AND ITS SUBSIDIARIES

The contributed net income of Gan Patrimoine and its subsidiaries came as a loss of €14.1 million compared to a profit of €29.5 million as at 31 December 2007. This loss is related to the financial environment and does not affect the entity's economic model, whose performance is still improving, even though it incurs the occasional non-recurring expense.

The division's economic operating profit totalled €8 million versus €13 million in 2007. The 2008 underwriting margin dropped 8% in relation to 2007 under the effect of a lower loading rate on premium and a drop in the periodic premium profile (whose loading rate on premium is high). Conversely, the loading rate on works in progress is rising. These technical actions on the portfolio are meant to structurally improve margins, but they represent an expense in a transitory period. Operating costs increased 9.1%, primarily due to back-office rationalisation for individual life. In 2008, the recurring financial margin increased nearly €8 million.

The drop of nearly €40 million in the non-recurring financial margin (net of profit sharing and taxes) is due to the recognition of significant unrealised capital losses on assets classified as trading and held for trading as well as on derivatives instruments.

GROUPAMA TRANSPORT

Groupama Transport posted contributed profit of €9.9 million in 2008 versus €13.1 million in 2007.

Economic operating income fell €2 million in relation to 2007 and totalled €10 million. The increase in the net combined ratio of 2.3 points explains this development. The year 2008 was marked in shipping by major claims whose negative effects were nonetheless lessened by shortfalls on previous favourable years and good reinsurance coverage. In aviation, 2008 was penalised by the factoring in of excesses on a pool in run-off (Waig).

The drop of nearly €1 million in the non-recurring financial margin (net of taxes) may be attributed to unrealised capital losses on assets classified as held for trading.

OTHER SPECIALIST GROUP COMPANIES

As at 31 December 2008, the other specialised companies in the Group made a total contribution to the Group's consolidated profit of €8.6 million versus €8.8 million in 2007. This may be broken down as follows:

Groupama Assurance Crédit contributed €1.0 million to Group profit, versus €1.7 million in 2007. The entity's economic operating profit is stable at €1.4 million.

Mutuaide Assistance's contributed profit totalled €3.7 million as at 31 December 2008 versus €3.1 million in 2007. The entity had a stable operating profit of nearly €3 million.

Groupama Protection Juridique's 2008 contribution is stable in relation to fiscal 2007 and totals €4.0 million. The improvement of the combined net ratio of 2.1 points explains the increase in the company's operating profit of nearly €1 million to total €5 million in 2008.

Discontinued business lines in France

Assuvie's contributed profit totalled €5.2 million versus €4.0 million as at 31 December 2007.

International and Overseas France Insurance

International Insurance (including international holding companies) posted a contributed profit of €50 million versus €151 million in 2007.

SOUTH-EASTERN EUROPE

The Italian subsidiaries posted a loss of €78.9 million, compared to a profit of €26.0 million in 2007. Note that Nuova Tirrena has been integrated only since November 2007.

The contribution by Nuova Tirrena to the Group's profits posted a loss of €67.0 million in 2008 versus a profit of €8.5 million as at 31 December 2007 (representing two months of activity).

Economic operating income for 2008 totalled €36 million, due primarily to life and health insurance. The combined ratio for property and casualty insurance totalled 106.5%. The recurring financial margin net of profit sharing is €76 million.

Non-recurring financial profit suffered as the result of a long-term impairment of €102 million (net of profit sharing and taxes). Market conditions made arbitration extremely difficult for the acquired asset portfolio, which was fixed according to IFRS standards at fair value at the date of acquisition on 1 November 2007. This led to significant impairments on the share pocket and on a few structured product lines. Management of the financial portfolio was taken over by Groupama Asset Management on 1 January 2008. Other income and non-recurring expenses (net of tax) include a -€15 million amortisation of value of business acquired and a -€5 million restructuring cost.

Conversely, a tax shortfall of €19.7 million related to the deferred taxes on the value of the portfolio contributed favourably to 2008 profit.

Groupama Italia Vita recorded a profit of €3.1 million in 2008 versus €7.9 million in 2007.

The improved underwriting margin combined with higher recurring financial income contributed to the increase of €1 million in the entity's economic operating profit (€7 million). However, its profit was weighed down by non-recurring financial profit, which was affected by the market crisis.

Groupama Assicurazioni posted a loss of €15.1 million in 2008 versus a profit of €9.7 million in 2007.

The entity's economic operating profit posted a loss of €6 million versus a profit of €6 million in 2007. This drop was a result of the rise of the combined net ratio (+9.4 points) for property and casualty insurance to 109.9%, owing to the recognition of significant excess claims in the motor branch in particular. The underwriting margin in life and health insurance showed a slight surplus at €1 million. The recurring financial margin grew €2 million and totalled €26 million owing to the increase in income from bonds.

However, the non-recurring financial margin, which was affected by market conditions, dropped nearly €9 million (net of taxes).

Groupama Phoenix, the Group's Greek subsidiary, posted a loss of €13.5 million versus a loss of €25.0 million for the second half of 2007.

Economic operating profit totalled €1 million versus loss of €3 million for the last six months of 2007. In property and casualty insurance, the violent demonstrations that took place in Athens in December had a negative effect of nearly 5 points on the entity's combined ratio, which was 109.4% as at 31 December 2008. The underwriting margin for life and health insurance totalled €5 million in 2008.

The recurring financial margin totalled €7 million, whereas non-recurring financial losses accounted for an expense of -€18 million related to the change in the fair value of the financial assets. In 2007, one-time expenses of €23 million related to restructuring costs appeared in the financial statements.

The Turkish subsidiaries made a contribution to consolidated profit totalling €25 million versus €14 million in 2007.

The contributed profit of Basak Groupama Sigorta totalled €8.4 million, which is almost stable in relation to 31 December 2007.

The Company's economic operating profit totalled €6.5 million versus €8.5 million in 2007. The net combined ratio for property and casualty insurance rose 8.7 points to 107.9%, due to the rise in net loss ratio (+9 points). This affected the TPL motor branch in particular (increase in frequency and average cost of claims) while an improved (-2.8 points) loss ratio in the motor damage branch was noted. The recurring financial margin increased nearly €6 million because of the higher share dividends paid in 2008.

Basak Emeklilik posted contributed profit of €14.1 million in 2008 versus €7.2 million as at 31 December 2007.

The entity's operating income (€23 million) was almost stable in relation to 2007. The underwriting margin net of operating costs for life and health insurance totalled €7.3 million in 2008 and increased nearly €2 million over 2007 whereas recurring financial profit, which totalled €24 million, dropped on the order of €3 million.

Amortisation (net of taxes) of the value of the business acquired, distribution network and customer relations was -€9 million in 2008 versus -€17 million the previous year.

The contributed profit of Groupama Bosphorus (the top holding company for the subsidiaries located in Turkey) was virtually nil in 2008 (€0.1 million) versus a loss of €3.1 million in 2007.

The contributed profit of Güven Hayat and Güven Sigorta totalled €0.3 million for fiscal 2008.

It should be noted that the consolidated financial statements also include €1.8 million in the Group's share of earnings of Günes Sigorta.

SOUTH-WESTERN EUROPE

Groupama Seguros in Spain contributed €103.5 million to the Group's profit as at 31 December 2008 versus €96.6 million in 2007.

The entity posted an economic operating profit of €114 million in 2008 versus nearly €90 million in 2007. This rise may be attributed to the improved net underwriting margin in property and casualty insurance (+€38 million) and the growth of underwriting margins in life and health insurance (+€13 million).

The combined net ratio for property and casualty insurance improved more than 4 points owing to a lower loss ratio over the current year (-3.7 points in relation to 2007) and an increase in surpluses over previous fiscal years, which remained at a high level (€138.7 million in 2008 versus €127.3 million in 2007).

In life and health insurance, the improvement in the net combined ratio in health of 6.6 points as well as a positive impact related to mathematical provision adjustments on the reinsurance balance explain the branch's improved underwriting margin.

The recurring financial margin increased 8.6% in relation to 2007 and totalled €41 million in 2008. This development may be attributed to increased income from bonds over the year.

Considering the difficult position of the financial markets, the subsidiary recorded a provision for long-term provisions on financial assets of €19.3 million. Realised capital gains fell nearly €9 million in relation to 2007. These two phenomena led to a drop in the non-recurring financial margin in relation to the previous fiscal year of €17 million net of profit sharing and taxes.

Subsidiaries in Portugal posted a loss of €0.8 million versus a profit of €1.3 million in 2007. This development may be explained primarily by the economic and financial crisis.

In Tunisia, profit from using the equity method for STAR totalled €1.5 million.

CENTRAL AND EASTERN EUROPE

The Hungarian subsidiaries posted a contributed profit of €7.0 million in 2008 versus a profit of virtually nil as at 31 December 2007.

The contribution of Groupama Biztosito confirms its recovery, with a positive profit of €2.8 million versus profit of virtually nil in 2007. Operating profit increased in the same proportions and totalled €2.8 million. These good profits may be attributed to the drop in the combined ratio for property and casualty insurance of 11.2 points to 94.5%.

OTP Garancia, the subsidiary consolidated starting 30 September 2008, made a consolidated profit of €4.0 million. Operating profit was €5 million. Its combined ratio for property and casualty insurance totalled 90.4%.

In Hungary, the Group undertook a process to merge its two subsidiaries, which should grow their future profit capacity.

In Romania, the subsidiaries of Groupama BT Asigurari, OTP Garancia and Asiban posted a contributed loss of €23.7 million in 2008. In this country, the Group undertook subsequent works to standardise its network and exploit the synergies resulting from the pooling of portfolios of these three entities. BT Asigurari, the only entity consolidated for the entire year, posted a combined ratio of 132.7% which does not yet benefit from the network professionalization measures and the standardisation of the management has been undertaken by the Group in Romania.

The Slovak subsidiaries posted a loss of €0.8 million corresponding to three months of activity.

In Bulgaria, the contribution to Group result by the two subsidiaries is -€0.6 million and represents five months of activity.

OTHER COUNTRIES

Great Britain

The contribution of Groupama Insurances totalled €23.1 million in 2008 versus €37 million as at 31 December 2007.

The entity posted an operating profit of €26 million in 2008 versus €40 million in 2007. The combined net ratio increased by more than 1 point and amounted to 102.6% in 2008. It should be noted that 2007 was marked by flooding of exceptional severity. Because of this, in 2008, the reinsurance balance appeared to have fallen because of the increase in coverage and fewer recoveries of claims. The effect from reinsurance hides the clear improvement in the loss ratio. For property and casualty insurance, the loss ratio over the current fiscal year dropped 4.1 points, of which, -3.9 points in motor, -6.4 points in fleets and -18.7 points in home insurance (this development was, however, related to the high degree of flooding in 2007). The loss ratio net of life and health insurance rose 5.5 points primarily due to the decrease in the Group provident insurance branch. The unfavourable development in the pound sterling/euro exchange rate is attributable to the drop of €6 million in the recurring financial margin, qui which totalled €41 million.

Non-recurring financial profit is stable. It is hiding an increase in realised capital gains that was absorbed by the provision for long-term impairment.

The brokerage subsidiaries (Carole Nash, Bollington and Lark) posted contributed profits of €4.9 million in 2008 versus a loss of €1.2 million in 2007. The year 2008 included an expense of €7.3 million (net of taxes) for the amortisation of the portfolio values allocated as part of the opening balance sheet of these structures. The operating profit of these subsidiaries totalled €12 million versus €6 million in 2007.

The profits of Gan UK (the chief holding company of the brokerage firms in the United Kingdom) totalled -€0.9 million versus -€2.1 million in 2007, which was marked by a non-recurring exchange rate profit.

Gan Outre-Mer posted as at 31 December 2008 a contribution to consolidated profit of €4.6 million versus €3.2 million in 2007. The entity's operating income totalled €6 million in 2008 and increased over €3 million in relation to 2007. These profits are to be compared with the improved combined net ratio, which is down 5.9 points to 90.7% in comparison to the previous period, which was marked by climatic events (earthquake and cyclone).

Finance and banking business lines

Finance and banking business lines posted a profit of €1 million versus €11 million as at 31 December 2007.

Groupama Banque lost €20 million versus €24.9 million in 2007. Net banking income before cost of risk increased sharply (41.4%) for the second year in a row and totalled €40.8 million in 2008. This performance may be explained by the growth in activity over the period and in particular the average outstanding amounts in consumer credit (up 70.3%) and in customer deposits (up 5.5%). Operating costs increased 9.2% at a lower proportion than activity.

The contribution of Banque Finama is a loss of €2.3 million versus a loss of €1.8 million as at 31 December 2007. The financial climate had a negative effect on net banking income before cost of risk, which fell 7.1%, due in particular to a provisioning of an unrealised capital loss on bond securities.

The contributed profit of the asset management subsidiaries (Groupama Asset Management and its subsidiaries) is €14.6 million versus €30.3 million in 2007. Financial stagnation led to a decrease in assets under management (-€6.6 billion in relation to 2007), but it should be stressed that inflows from third parties increased nearly €2.8 billion. The commissions sitting on the assets under management pulled back, triggering a drop of over 14% of net banking income. At the same time, operating costs increased 8% due to the strengthening of development and IT Investment policy.

The contribution of Finama Private Equity totalled €2.9 million versus €1.6 million in 2007. Increased activity may be seen through the assets under management.

Groupama Épargne Salariale's results were stable, but nevertheless showed a loss of €0.8 million.

The contribution of Groupama Immobilier, the Group's real estate asset management subsidiary, rose slightly by €0.7 million to €6.8 million in 2008.

Analysis of Groupama SA and holding companies

Groupama SA (including its operational activity) and holding companies posted a loss of €42 million in 2008, compared to a profit of €128 million in 2007.

GROUPAMA SA

The Groupama SA entity posted a loss of €48.5 million in 2008 versus €129.5 million in 2007 (pro forma integrating the 2007 Groupama International contributed profit absorbed by Groupama SA in 2008). The disposal of Scor securities, which was borne primarily by Groupama SA, led to a favourable impact of €144 million on 2007 profit.

Groupama SA operating profit in 2008 (on its operating activity) totalled €118 million in 2008 versus €67 million as at 31 December 2007. This increase is related to the improved net loss ratio in property and casualty insurance and life and health insurance (of, respectively, -6.4 points to 59.9% and -1.6 points à 70.6%). This improvement is influenced by atmospheric risks for which the lowest level of climatic activity in 2008 compared to 2007 considerably lowered loss ratio but also by the strength of basic risks, especially in the legal liability and agricultural fire branches. The reinsurance balance had a negative effect of over -€28 million in relation to fiscal 2007, considering the implementation of new reinsurance programmes (especially catastrophe and hurricane coverage) and because of less interplay between coverage. The entity's recurring financial income was almost stable at €92 million (or €60 million net of taxes).

Non-recurring financial profit went down by nearly €230 million (net of taxes) in relation to 2007. Restated for the disposal of Scor securities, this drop totalled €86 million.

From an analytic standpoint, Groupama SA's net profit can be broken down into operating profit (with a positive contribution of €96 million) and net income from its holding company activities, with a negative contribution of €144 million.

(e) Consolidated balance sheet

As at 31 December 2008, Groupama's total consolidated balance sheet stood at €85.6 billion, versus €88.3 billion in 2007, for a drop of 3.0%.

Goodwill

Goodwill totalled €3.5 billion versus €2.6 billion as at 31 December 2007. Entries within the scope of consolidation (OTP, Asiban, Güven, Star, UK brokerage firms), which account for +€1.1 billion, are behind this development. This item also includes relative adjustments to recent acquisitions, especially as part of the provisional purchase price allocation (an amount of -€171 million was transferred as amortisable value of business acquired for Nuova Tirrena). Finally, changes in exchange rates (pound sterling, new Turkish lira, Hungarian forint, Romanian leu) decreased this item by €172 million.

Other intangible assets

Other intangible assets totalling €601 million in 2008 (versus €320 million in 2007) are composed primarily of amortisable portfolio securities (€441 million) and computer software. The change in this item is primarily linked to the recognition of value of business acquired related to recent acquisitions:

- allocation of the first consolidation goodwill of brokerage firms in the United Kingdom for €10 million;
- definitive allocation of Nuova Tirrena life and non-life value of business acquired (a total of €333 million).

Investments (including unit-linked investments)

Insurance investments totalled €67.4 billion in 2008 versus €74.1 billion in 2007, a decrease of €6.7 billion (or -9.0%). This was caused by unfavourable developments in the financial markets. It should be noted that the major portion of investments on the balance sheet (over 89%) is evaluated at market value according to IFRS. Group unrealised capital gains (including property assets) reached €1.0 billion as at 31 December 2008 versus €7.5 billion as at 31 December 2007. The drop in equity markets (the CAC 40 index fell 42.7%) is the reason for the decrease of €5.9 billion in unrealised capital gains on shares. Unrealised capital gains on real estate fell slightly (-€382 million) in relation to 31 December 2007.

Unrealised capital losses on financial assets attributable to the Group totalled -€1.3 billion as at 31 December 2008 versus €1.2 billion as at 31 December 2007. The amounts are recorded on the financial statements as revaluation reserve. Unrealised capital gain on real estate attributable to the Group (net of taxes, deferred profit sharing and minority interests) totalled €1.63 billion as at 31 December 2008 versus €1.77 billion as at 31 December 2007. These do not appear on the balance sheet. Overall, the portion of the unrealised capital gains attributable to the shareholder totalled €0.3 billion in 2008 versus €3 billion in 2007.

The structure of these investments at market value is the following:

	2008	2007
Bonds and shares of fixed-income mutual funds	63%	56%
Bonds and shares of variable income mutual funds	17%	21%
Real estate	11%	10%
Investments in unit-linked investments	5%	5%
Others (including underlying bonds related to repurchase transactions)	4%	8%

Shareholders' equity

As at 31 December 2008, Groupama consolidated shareholders' equity totalled €3.1 billion versus €5.9 billion as at 31 December 2007.

This growth can be summarised as follows:

(in millions of euros)

SHAREHOLDERS' EQUITY AT THE OPENING OF 2008	**5,918**
Change in revaluation reserve: fair value of AFS shares	(6,010)
Change in revaluation reserve: shadow accounting	3,750
Change in revaluation reserve: deferred taxes	(223)
Foreign exchange adjustment	(299)
Dividends	(196)
Others	(34)
Profit	273
SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2008	**3,179**

The unfavourable changes in the financial markets are behind the drop in the revaluation reserve of securities classified as available for sale.

Subordinated liabilities, financing and other debts

Total subordinated debt as at 31 December 2008 was €1.25 billion, the same amount as the preceding year.

External Group debt totalled €2,039 million, an increase of €1,098 million over 31 December 2007. This development may be explained by the drawdown of €1 billion on the line of credit and the financing of the development of the Silic property.

Underwriting reserves

Gross underwriting reserves (including deferred profit sharing) totalled €65.9 billion as at 31 December 2008 versus €66.8 billion as at 31 December 2007. The lowering of the deferred profit sharing liabilities of -€2.9 billion (following the fall in the financial equity markets) entirely absorbs the rise in provisions subsequent to the development of activity (by internal growth).

In accordance with IFRS, in 2008 the Group posted a deferred profit sharing asset of €1.6 billion. The Group verified and documented the recoverability of the deferred profit sharing asset.

Provisions for risks and charges

Provisions for risks and charges fell €184 million over the period and totalled €399 million as at 31 December 2008. This development is due primarily to the liquidation of the Soréma liability guarantee in the Groupama SA financial statements. The economic impact of this operation is neutral.

5.1.5 SOLVENCY

Adjusted solvency, including future earnings from life activities, is valued in accordance with regulatory provisions at the scale of the combined scope of consolidation. On this scope, adjusted solvency, including future profits from life business lines, leads to a coverage ratio of the solvency margin requirements for the 2008 combined financial statements of 122%. The sharp drop in this coverage is due to the international financial climate.

The consideration of future benefits in this ratio represents 12 basis points of margin coverage, as it did last year.

The debt-to-equity ratio excluding revaluation reserves (including subordinated debts and minority interests) of Groupama SA totalled 65.9% in 2008 versus 51.1% in 2007. This development is related to the drawdown of a line of credit of €1 milliard in 2008. It should be noted that the perpetual bond loan of super-subordinated securities for €1 billion is included in the amount of the subordinated debt. A significant part of this debt is attributable to the listed real estate subsidiary Silic, which borrowed to finance growth in its real estate portfolio. Corrected for this item, the Group Insurance debt-to-equity ratio totalled 49% in 2008 versus 40.0% in 2007.

5.1.6 RISK MANAGEMENT

Risk management is addressed in the internal control report (see § 3.4).

5.1.7 POLICY ON FINANCIAL INSTRUMENTS

Several years ago, the Group implemented systematic studies on the exposure of Groupama SA's subsidiaries to financial market risks.

5.1.7.1 Interest-rate risk

Hedges are used to ensure a rate of return consistent with the market environment in the event of a rise in interest rates.

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other. The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

All over-the-counter transactions are secured by a "collateralisation" system with Groupama SA's top tier banking counterparties.

5.1.7.2 Exchange rate risk and other market risks

Ownership of international shares entails dollar and yen foreign exchange risk, which is systematically hedged through forward sales. These shares have been regularly renewed ever since they were put in place in 2001, as long as the underlying security is not disposed of.

As with interest rate risk, all over-the-counter transactions are secured by a "collateralisation" system with Groupama SA's top tier banking counterparties.

The Group is also constantly monitoring the exposure of its insurance subsidiaries to market risks (equities), credit risk (corporate bonds), and counterparty risk, and may decide, if necessary, to hedge them using forward financial instruments.

5.1.8 ANALYSIS OF THE CORPORATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Income (loss)

Earned premiums totalled €1,961.3 million, up 4.3% compared to 2007, when they were €1,880.3 million. They came primarily from contributions received from the regional mutuals (€1,784.4 million) and contributions from the Group's profit centres and subsidiaries (€156.6 million).

The charge for claims (including claims management fees), annuities and other underwriting reserves totalled €1,114.1 million, a decrease of 3.9% in relation to 2007. This development comes from a drop in the loss ratio for the year in particular in natural catastrophes (fiscal 2007 was marked by the occurrence of one-time events such as hurricane Dean and the Caribbean earthquake) and crops.

The balance of outward reinsurance and retrocessions yielded an expense of €270.2 million, up €58.3 million from 2007, due to the ceding of natural catastrophe claims.

After taking into account insurance accepted commissions totalling €339.2 million, the net operating margin was €237.8 million, 12.1% of earned premiums, up €58.1 million compared to 2007 (€179.7 million).

Groupama SA's total operating expenses were €235.8 million, compared to 204.5 million in 2007.

Total financial income reached €415.4 million, versus €413.1 million in 2007 (€622.0 million if financial income made by Groupama International is included). It is made up primarily of dividends from subsidiaries and equity stakes (€537.9 million), loan charges (-€182.9 million) and shortfalls resulting from the merger with Groupama International (€42.0 million).

Exceptional items represented a net expense of €20.9 million versus €49.4 million pro forma in 2007.

The "Taxes" item represents income of €76.9 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama SA as the Group's parent company.

As a result, net profit from the fiscal year was a profit of €445.6 million, compared to €379.0 million in 2007 (€568.1 million in pro forma after merger-absorption of Groupama International).

5.1.8.2 Balance sheet

The total 2008 Groupama SA balance sheet totalled €11,435.6 million, an increase of €1,458.6 million in relation to 2007 (before the merger-absorption of Groupama International). This sharp increase is related to the acquisitions of financial subsidiaries, particularly: OTP Garancia Hungary (€588.6 million), Asiban (€388.2 million), Güven Sigorta (€178.4 million), OTP Bank (€90.2 million), OTP Garancia Bulgaria (€78.6 million), STAR (€77.6 million), OTP Garancia Slovakia (€50.9 million).

Shareholders' equity totalled €3,084.1 million as at 31 December 2008 versus €2,795.0 million as at 31 December 2007. The increase in shareholders' equity is largely attributable to the net profit for the year (+€445.6 million) and the distribution of dividends payable for the 2007 financial year (-€155.1 million).

Gross underwriting reserves reached €3,223.4 million, a drop of €58.3 million or -1.8% in relation to year-end 2007. They represent 164.4% of insurance premiums acquired over the fiscal year. Underwriting reserves ceded and retroceded totalled €564.7 million, down €26.0 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €10,090 million (including differences between bond repayments payable and receivables associated with investments). Strategic assets represented 76% of total assets and include equity investments (€7,052 million) and intra-group loans (€562 million).

As a realisable value, Groupama SA investments totalled €13,802 million, including unrealised capital gains of €3,712 million that come primarily from strategic intra-group participations (€3,410 million).

5.1.8.3 Income for the year and proposed allocation

Earnings for the year totalled €445,591,544.54, which we propose allocating as follows:

- as shareholder dividend: €53,248,396.64
- and the balance to "retained earnings": €392,343,147.90

5.1.9 DISCLOSURES ON SHARE CAPITAL

5.1.9.1 Shareholders

In compliance with Article L. 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L 233-7 and L 233-12 of said code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds or nineteen twentieths of the Company's share capital or voting rights at the general meetings:

- Groupama Holding: 90.91%
- Groupama Holding 2: 8.99%

5.1.9.2 Employee shareholders

Pursuant to Article L. 225-102 of the French Commercial Code, employees, former employees, and Directors of the Company held 0.10% of Groupama SA's share capital as at 31 December 2008.

5.1.10 DISCLOSURES ON CORPORATE DIRECTORS AND OFFICERS

5.1.10.1 Compensation of Directors

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the total compensation and benefits of any kind paid to each Director during the financial year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Commercial Code. During the year, payments were as follows:

- Mr. Jean-Luc Baucherel: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €331,585 (gross annual compensation of €268,120, retirement benefit of €36,463, and housing allowance of €27,002);
- Mr. Francis Aussat: gross annual compensation (including benefits in kind) paid by Gan Assurances Vie in his capacity as Chairman of the Board of Directors €67,307 (including gross annual compensation €52,956 and retirement benefit €14,351) and Directors' fees paid by Groupama SA: €42,000 and by Groupama Holding: €20,000;
- Mr. Jean Baligand: gross annual compensation (including benefits in kind) paid by Groupama Vie to him in his capacity as Chairman of the Board of Directors: €44,398 (of which, gross annual compensation of €34,931 and retirement benefit €9,467) and Directors' fees paid by Groupama SA: €40,000 and by Groupama Holding: €15,000;
- Mr. Claude Bartholomeis: Directors' fees paid by Groupama SA: €42,000;
- Mr. Michel Baylet: gross annual compensation (including benefits in kind) paid by Gan Prévoyance to him in his capacity as Chairman of the Board of Directors: €47,321 (of which, gross annual compensation of €37,231 and retirement benefit €10,090) and Directors' fees paid by Groupama SA: €42,000 and by Groupama Holding: €20,000;
- Ms. Annie Bocquet: Directors' fees paid by Groupama SA: €10,000 and by Groupama Holding: €15,000;
- Ms. Anne Bouverot, outside Director, appointed on 29 October 2008: no Directors' fees paid by Groupama SA during the year;
- Mr. Amaury Cornut-Chauvinc: gross annual compensation (including benefits in kind) paid by the company Mutuaide Assistance to him in his capacity as Chairman of the Board of Directors: €44,398 (of which, gross annual compensation of €34,931 and retirement benefit €9,467) and Directors' fees paid by Groupama SA: €42,000 and by Groupama Holding: €15,000;
- Mr. Robert Drouet: gross annual compensation (including benefits in kind) paid by Gan Patrimoine to him in his capacity as Chairman of the Board of Directors: €64,130 (of which, gross annual compensation of €50,456 and retirement benefit €13,674) and Directors' fees paid by Groupama SA: €42,000 and by Groupama Holding: €17,000;
- Mr. Michel Habig: Directors' fees paid by Groupama SA: €38,000;
- Mr. Frédéric Lemoine, outside Director: Directors' fees paid by Groupama SA: €82,000;
- Ms. Solange Longuet: gross annual compensation (including benefits in kind) paid by Gan Assurances IARD to her in her capacity as Chair of the Board of Directors: €47,321 (of which, gross annual compensation of €37,231 and retirement benefit €10,090) and Directors' fees paid by Groupama SA: €42,000 and by Groupama Holding: €15,000;
- Mr. Jean Salmon, outside Director: Directors' fees paid by Groupama SA: €40,000;
- Mr. François Schmitt: Directors' fees paid by Groupama SA: €12,000 and by Groupama Holding: €15,000;
- Mr. Philippe Vassor: outside Director: Directors' fees paid by Groupama SA: €78,000;
- Mr. Jean-Luc Viet: gross annual compensation (including benefits in kind) paid by Gan Eurocourtage IARD and GAN Eurocourtage Vie to him in his capacity as Chairman of the Board of Directors of these companies: €59,197 total (of which, gross annual compensation of €46,575 and retirement benefit of €12,622) and Directors' fees paid by Groupama SA: €30,000;
- Mr. Jean-Luc Wibratte: gross annual compensation (including benefits in kind) paid by Banque Finama to him in his capacity as Chairman of the Supervisory Board: €85,507 (of which, gross annual compensation of €67,275 and retirement benefit of €18,232) and Directors' fees paid by Groupama SA: €30,000;
- Mr. Jean Azéma, Chief Executive Officer: gross annual compensation (including benefits in kind) received for his duties within the Group: €1,226,493 (of which €910,000 was gross annual compensation, €312,500 was a bonus, and €3,993 was a provident savings-death benefit), and policies covering provident savings, medical care and retirement for the benefit of members of Groupama SA's General Management.

Lastly, the cumulative gross annual compensation (including benefits in kind) for members of the General Management Committee of Groupama SA totalled €4,706,415. The total liability for retirement contracts as at 31 December 2008 was €14,144,345.

5.1.10.2 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors and the Chief Executive Officer is also attached.

5.1.10.3 Co-optation approval

We propose that you ratify the appointment of Mr. Jérôme Zanettacci in his capacity as Director, which occurred at the Board of Directors' meeting of 11 December 2008, to replace Mr. Calude Bartholomeis, who resigned, for the remaining duration of the latter's term of office, *i.e.*, until the ordinary general meeting convened in 2009 to approve the financial statements for the fiscal year ended 31 December 2008.

5.1.10.4 Renewal of terms of office

As the terms of office of Mmes. Annie Bocquet and Solange Longuet and Messrs. Francis Aussat, Jean Baligand, Jean-Luc Baucherel, Michel Baylet, Amaury Cornut-Chauvinc, Robert Drouet, Michel Habig, François Schmitt, and Jérôme Zanettacci expire at this general meeting, we propose that you renew all of their terms of office, for a period of six years, *i.e.*, until the ordinary general meeting convened to approve the financial statements for the fiscal year ending 31 December 2014.

5.1.11 HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

The social and environmental consequences of the activity, covered by Article L. 225-102, part 4 of the Commercial Code, as well as the information contained in Articles D. 148-2 and D. 148-3, are discussed in the 2008 Groupama SA Annual Report.

5.1.12 AMENDMENT OF THE BYLAWS

We propose that you modify Article 2 of the bylaws relating to the corporate purpose in order to extend the corporate purpose to include reinsurance operations abroad with any entity of any legal form and to use this expanded purpose to facilitate the signing of any future reinsurance partnerships. As reformulated, this article commercial insurance companies, mutuals, and provident institutions in France as well as their foreign equivalents may be reinsured under this Article.

5.1.13 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, part 7 of the Commercial Code, is a summary table of the delegation of competence and authority granted by the general meeting to the Board of Directors to increase the share capital pursuant to Articles L. 225-129-1 and L. 225-129-2 of said Code.

We also propose that you renew in advance the financial authorisations previously approved by the general meeting of 28 May 2008, which fall within the jurisdiction of the extraordinary general meeting and have a term of 18 months. Among these are:

- the delegation of power to the Board of Directors to award bonus shares to the employees that we propose that you adapt to the new legal provisions, in the Law on the Modernisation of the Economy of 4 August 2008, which makes it possible to award shares to all Group employees included within the scope of the combined financial statements.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved to Groupama Holding and/or Groupama Holding 2 and/or certain categories of investors. This delegation of authority is important to the extent that it may be used by Groupama SA on the occasion:
  - of the financing of a major external growth deal, to the extent that this capital increase will be reserved to Groupama Holding,
  - of the refinancing of this transaction by Groupama SA on the market. In this case, the capital increase within the framework of initial public offering might be to the benefit specifically of defined investor categories. Thus the following categories may be defined: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups, (ii) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals.

  The delegation of authority will be granted for a period of 18 months after this date, up to a maximum par value of €1.1 billion; it will replace the delegation of authority awarded by the general meeting of 28 May 2008.

We also propose that you extend, for another period of 18 months, the authorisation granted to the Board of Directors to buy back company shares under certain terms and conditions; this authorisation, which is the authority of the annual general meeting, will replace the authority awarded by the general meeting of 28 May 2008.

5.1.14 REGULATORY AGREEMENTS

We also request that you approve the agreements cited in Article L. 225-38 of the Commercial Code and R. 322-7 of the Insurance

Code referred to in the special report prepared by the Statutory Auditors.

5.1.15 OUTLOOK

The year 2009 will be known for its difficult macroeconomic environment. Market indicators remain unfavourable for this fiscal year, even if the massive plans put into place by governments and central banks should gradually begin to produce results. In 2009, lower household consumption, a sharp reduction in business investment and a slowdown in global trade will undoubtedly affect the United States and the European Union severely, while growth in Asia is expected to slow down noticeably.

For 2009, the Group is maintaining its customer service development goals, while it focuses on searching for synergies both in France and internationally, all the while depending on the mobilisation of its workforce.

In France, Groupama will try to strengthen its market share in life and health insurance, while consolidating them in main property and casualty insurance businesses and developing assurbanque activities.

The Group will continue to intensify its policy of conquest it has deployed since the start of 2008. This strategy depends on:

- a stronger brand policy supported by national marketing campaigns shored up by local marketing;
- the renovation of distribution schemes through the creation of urban agencies in Paris and other cities and the implementation of a multichannel mechanism (internet, customer relations centres and a home sales force);
- wider product offering and innovation;
- the development of new channels of distribution (such as the direct insurance offering "Amaguiz.com") and strategic or technical partnerships.

Internationally, the Group will strengthen its positions in geographical areas where it is present and exploit synergies:

- the conquest of new positions will succeed thanks to investments in distribution (creation of new branches), by developing partnerships and bancassurance agreements, by continuing investments in web distribution and capitalising on Group skills in various businesses;
- the Group will strengthen its operating efficiency by exploiting the synergies it has thanks to the coverage that its strong positions in several countries where it is present offers it. Operating mergers have just been undertaken in four countries in which the Group has strengthened its positions through acquisitions made in 2008. In addition, the Group will pursue synergies related to support businesses (especially reinsurance, asset management and assistance).

This strategy will make it possible to improve the Group's profitability even more through strengthened efficiency, by fully capitalising on the size effect and increasing cost control programmes. In the longer term, the Group will stay on course to fulfil its ambition to be among the 10 largest general insurers in Europe.

5.2 EMBEDDED VALUE

Groupama has been calculating its European Embedded Value (EEV) since 31 December 2006 in line with the CFO Forum principles. The covered business corresponds to the Life and Health activities in France and in almost all of the international subsidiaries. For the 2008 calculation a fast close procedure has been used in order to produce the EEV figures with the 2008 annual account.

EEV includes the following two components:

Adjusted Net Asset Value (ANAV)

The ANAV corresponds, under CFO guidelines, to the market value of assets backing the shareholders' net equity and other reserves attributable to Groupama's shareholders. As at 31 December 2008, the ANAV includes the tangible net asset based on the local statutory account, a share of the unrealised capital gains/losses backing shareholders' net equity, a share of the unrealised capital gains/losses backing non modelled non participating products and the cost related to the holding expenses. These correspond to the present value of Groupama SA's holding expenses attributable to the Group's Life business.

Value of Business in Force (VIF)

The VIF corresponds to the present value of future profits for the in-force portfolio, net of (i) financial options and guarantees costs, (ii) cost of locking-in the required capital and (iii) cost of non-financial risks.

The VIF includes the following components:

- the value of the in-force portfolio without risk premium (also called the Certainty Equivalent value - CE), corresponding to the present value of future profits calculated using the following method:
  - use of best estimate assumptions for all the non economic assumptions. These best estimate assumptions have been derived from Groupama's portfolio,
  - determination of the projected rates of return without allowance of any risk premium,
  - discounting all the future cash flows using the reference rates. The reference rates are derived from the swap rate curve increased by 70bp on a uniform basis to allow for the current dislocated market conditions in term of liquidity (liquidity premium);
- the time value of financial options and guarantees corresponding to the difference between the stochastic value of future profits and their present value calculated using the certainty equivalent approach. The stochastic value of the portfolio is equal to the average discounted future earnings of 5,000 scenarios;
- cost of capital. Groupama has locked-in a capital representing 100% of the minimum solvency margin required by European regulations currently in force (Solvency I). The cost of capital is made up of the spread between the reference rate and the reference rate net of tax and net of investment expenses;
- cost of non-financial risks:
  - the operational risk has been taken into account using a risk premium,
  - in addition, some blocks of business are also exposed to risk factors not taken into account elsewhere. These risk factors consist of, among other things, risk of adverse deviation of claims assumptions (mortality, morbidity, longevity…). An additional risk premium has thus been added to take into account these non financial risks,
  - the total of these two risk premiums (for operational risks and technical risks) has been included in the cost of capital calculation in order to assess the cost of non-financial risks.

5.2.1 SCOPE

The covered business corresponds to the Life and Health activities in France and in almost all of the international subsidiaries.

5.2.1.1 France

The scope of calculation represents 93% of the technical reserves.

In 2008, the scope has been extended for the co-insurance and reinsurance of the Provident business.

5.2.1.2 International

In 2008, the values for all the international life subsidiaries have been calculated using the CFO Forum EEV principles, with the exception of Turkey and Greece (calculated using a traditional EV approach). The scope of the calculation has been expanded in comparison with 2007 by including Groupama Phoenix and Nuova Tirrena.

With regards to the Turkish subsidiary, the calculation has been done using a traditional approach with financial return assumptions based on the Turkish risk-free rate as at 31 December 2008. With regards to the Greek subsidiary, the calculation has been done using a traditional approach with financial return assumptions corresponding to the Greek government bonds as at 10 December 2008 (before the widening of risk premiums that occurred following the riots at year-end).

The risk discount rate used for the calculation of these two subsidiaries includes a risk premium covering both financial and non-financial risks.

The scope of the EEV calculation covers 93% of the technical reserves of the Life international subsidiaries, and excludes the newly acquired subsidiaries.

The Health portfolio (collective and individual) of all the international subsidiaries has also been included in the calculation (including Groupama Phoenix and Nuova Tirrena).

5.2.2 MAIN CHANGES COMPARED TO THE 2007 EEV

5.2.2.1 Adjustment of the risk-free rate curve

The methodology used implied that future investment returns are calculated such that discounted future cash flows using the reference rate curve match the market value of the assets. Hence, credit risks, as estimated by the market at the valuation date, have been deducted from the coupon which implies a reduction of the future investment return.

For the 2008 calculation, the reference rate used was in excess of the swap rate by 70bp on a uniform basis to allow for the current dislocated market conditions in term of liquidity. In other term, a liquidity premium of 70bp has been added to the swap rate curve.

This liquidity premium has been estimated through the use of market index for credit risks and considering the percentage of corporate bonds in the portfolio.

The liquidity premium used is identical for all the entities (France and International) with the exception of the Turkish and Greece subsidiaries for which a traditional EV approach has been used.

5.2.2.2 Scope

Expansion of the modelling scope (see previous section).

A value-added analysis has been carried out for the international scope, excluding Nuova Tirrena and Groupama Phoenix, which have been included this year in the calculation scope.

5.2.3 RESULTS

5.2.3.1 Analysis of movements

(France and International, excluding Groupama Phoenix and Nuova Tirrena)

(in millions of euros)	ANAV	VIF	EV
VALUE AS AT 31 DECEMBER 2007	**2,603.8**	**2,405.2**	**5,009.0**
Model changes and scope adjustments	(142.7)	180.4	37.7
Adjusted value as at 31 December 2007	**2,461.1**	**2,585.6**	**5,046.7**
New business contributions	(74.4)	117.3	42.8
Expected contributions	333.7	108.6	442.3
Difference in non-economic experience	89.2	(186.8)	(97.6)
Changes in non-economic assumptions	0.0	85.3	85.3
Contribution from operating businesses	**348.4**	**124.3**	**472.8**
Economic environment contribution	**(694.4)**	**(2,019.8)**	**(2,714.2)**
EEV contribution	**(346.0)**	**(1,895.4)**	**(2,241.4)**
Capital movements	(187.5)	0.0	(187.5)
Exchange rate movements impact	(11.3)	(2.5)	(13.8)
EEV of business acquired/sold during the period	107.5	30.9	138.4
VALUE AS AT 31 DECEMBER 2008	**2,023.8**	**718.5**	**2,742.3**
Operating return	**14.2%**	**4.8%**	**9.4%**
EEV contribution	**-14.1%**	**-73.3%**	**-44.4%**

The total return on EEV in 2008 was -44.4% before capital movements, before the exchange rate movements and before taken into account the EEV of the entities integrated in the 2008 calculation.

Model changes and opening adjustments (+€37.7 million) derive from the following elements:

- France: the adjustments are mainly explained by the increase of the covered business (co-insurance and re-insurance of Provident business) and the recognition of tax deficits that were not considered in the 2007 EEV calculations;
- International subsidiaries: the opening adjustments have a small negative impact due to the inclusion of a 15% dividend tax in Turkey, which was not included in the 2007 calculations;
- some specific reserves that can be released and valued for the shareholders were taken into account in the ANAV in the 2007 calculations. For consistency reason, this year, the release of the reserves has been taken into account in the VIF. The corresponding opening adjustment has in total no impact on the EEV (transfer from the ANAV to the VIF).

The expected contribution corresponds to the effect of moving forward calculated using the implied risk discount rate.

Non-economic adjustments of -€97.6 million are largely due to the exceptional costs not included in the VIF, which are partially compensated by improved technical elements (claims ratio in Provident business).

Changes in non-economic assumptions of +€85.3 million mainly related to the improvement of the technical assumptions on various risk products (Provident products).

The operating results (not including Nuova Tirrena and Groupama Phoenix), were therefore €472.8 million and correspond to an operating return of 9.4%.

The contribution arising from the economic environment is of -€2,714.2 million. This large impact of the financial markets is explained by the fall of the equity market during 2008, the widening of the credit spreads and the shape of the swap rate curve with decreasing rates for maturities after 15 years, resulting in very low forward rates.

Capital movements relate to 2007 dividends paid out in 2008.

Exchange rate movements are mainly linked to the business in Turkey and to the health portfolio in the United Kingdom.

Business acquired during the reporting period relates to the integration of the Italian and Greek subsidiaries, Nuova Terrena and Groupama Phoenix in the 2008 scope of calculation.

5.2.3.2 European Consolidated Embedded Value – France and International

(in millions of euros)	31.12.2008	31.12.2007 after initial adjustments	31.12.2007	Change	% Change
Adjusted Net Asset Value	**2,023.8**	**2,461.1**	**2,603.7**	**(437.3)**	**-17.8%**
Certainty equivalent value	1,790.6	3,598.6	3,441.4	(1,808.0)	-50.2%
Time value of financial options and guarantees	(547.6)	(498.4)	(530.6)	(49.2)	-9.9%
Cost of Capital (100% of solvency margin)	(418.3)	(419.4)	(408.7)	1.1	0.3%
Cost of non-financial risks	(106.2)	(95.1)	(96.8)	(11.0)	-11.6%
VIF	**718.5**	**2,585.6**	**2,405.2**	**(1,867.1)**	**-72.2%**
EMBEDDED VALUE	**2,742.3**	**5,046.7**	**5,009.0**	**(2,304.4)**	**-45.7%**

5.2.3.3 European Embedded Value – France

(in millions of euros)	31.12.2008	31.12.2007 after initial adjustments	31.12.2007	Change	% Change
Adjusted Net Asset Value	**1,726.2**	**2,270.3**	**2,377.5**	**(544.2)**	**-24.0%**
Certainty equivalent value	1,606.6	3,407.2	3,260.6	(1,800.5)	-52.8%
Time value of financial options and guarantees	(509.1)	(470.7)	(494.5)	(38.5)	-8.2%
Cost of Capital (100% of solvency margin)	(396.2)	(403.0)	(397.1)	6.9	1.7%
Cost of non-financial risks	(101.2)	(92.3)	(93.1)	(8.9)	-9.7%
VIF	**600.2**	**2,441.2**	**2,275.9**	**(1,841.1)**	**-75.4%**
EMBEDDED VALUE	**2,326.3**	**4,711.5**	**4,653.4**	**(2,385.2)**	**-50.6%**

5.2.3.4 European Embedded Value – International

(in millions of euros)	31.12.2008	31.12.2007 after initial adjustments	31.12.2007	Change	% Change
Adjusted Net Asset Value	**297.6**	**190.8**	**226.2**	**106.9**	**56.0%**
Certainty equivalent value	183.9	191.4	180.8	(7.4)	-3.9%
Time value of financial options and guarantees	(38.5)	(27.8)	(36.1)	(10.7)	-38.7%
Cost of Capital (100% of solvency margin)	(22.1)	(16.4)	(11.6)	(5.8)	-35.1%
Cost of non-financial risks	(4.9)	(2.8)	(3.7)	(2.1)	-75.5%
VIF	**118.3**	**144.4**	**129.3**	**(26.1)**	**-18.0%**
EMBEDDED VALUE	**416.0**	**335.1**	**355.6**	**80.8**	**24.1%**

The 2008 consolidated European Embedded Value was €2,742.3 million, of which €2,023.8 million corresponds to the ANAV and €718.5 million to the VIF. The EEV 2008 has decreased by 45.7% between 2007 and 2008 (after capital movements, exchange rate movement and increase in scope).

The ANAV has decreased by 17.8%. This change is explained by the decrease in unrealised capital gains.

The VIF has decreased by €1,867.1 million (-72.2% between 2007 and 2008):

- the certainty equivalent value has decreased by 50.2% resulting essentially from a strong reduction of the projected investment return considering the current market conditions;
- the cost of locking-in solvency margin capital, corresponding to tax changes, has slightly fallen following the interest rate decrease during the entire projection period. In contrast, the cost of non-financial risks has increased as the interest rates have fallen;
- the cost of financial options and guarantees has increased by 10%, essentially following the increase in equity and rate volatility observed in the markets.

The 2008 European Embedded Value for France was €2,326.3 million, of which €1,726.2 million correspond to the ANAV and €600.2 million to the VIF. The EEV has decreased by 50.6% between 2007 and 2008.

The 2008 European Embedded Value at the international level was €416 million, of which €297.6 million correspond to the ANAV and €118.3 million to the VIF. Without the impact of adding the EEV of the new subsidiaries incorporated in the scope during 2008, the international value would have decreased by 17.4% between 2007 and 2008. Including the EEV of Groupama Phoenix and Nuova Tirrena the total value of the international subsidiaries has increased by 24.1%.

In comparison to France, the relatively slight decline in value observed at the international level between 2007 and 2008 is largely explained by a less significant exposure to the equity markets.

The fall in EEV between 2007 and 2008 is primarily explained by the financial market and specifically by the three following elements:

a) the fall in stock markets;

b) the widening of credit risk premiums;

c) the swap rate curve with decreasing rates for maturities after 15 years, resulting in very low forward rates.

The combination of elements b) and c) results in substantially lower assets rates of returns, on average, in the 2008 EEV compared to those in 2007. Therefore, the consequence is a noticeable decrease in value.

5.2.3.5 New Business value – Consolidated France and International

(in millions of euros)	31.12.2008	31.12.2007	Change	% Change
New business value without risk premium [(1)]	113.7	116.7	(3.0)	-2.5%
Time value of financial options and guarantees	(39.4)	(23.1)	(16.3)	-70.6%
Cost of Capital (100% of solvency margin)	(27.9)	(26.0)	(2.0)	-7.6%
Cost of non-financial risks	(5.3)	(4.7)	(0.6)	-13.8%
NEW BUSINESS VALUE (NBV)	**41.0**	**62.9**	**(21.9)**	**-34.8%**
APE	555.3	532.8	22.5	4.2%
NBV/APE	**7.4%**	**11.8%**	**(4.4) pt**	
PVNBP	4,265.7	4,080.0	185.7	4.6%
NBV/PVNBP	**1.0%**	**1.5%**	**(0.6) pt**	

(1) Annual Premium Equivalent (APE): 10% of the single premiums and 100% of the regular premiums.
APE ratio: value of new business divided by the APE premiums.This is the currently used profitability indicator for new business.
PVNBP: VAN premiums corresponding to the current value of the future premiums generated by the new business.

5.2.3.6 New Business value – France

(in millions of euros)	31.12.2008	31.12.2007	Change	% Change
New business value without risk premium	106.6	102.0	4.6	4.5%
Time value of financial options and guarantees	(35.9)	(22.2)	(13.6)	-61.4%
Cost of Capital (100% of solvency margin)	(25.1)	(23.9)	(1.2)	-4.9%
Cost of non-financial risks	(4.7)	(4.2)	(0.5)	-12.7%
NEW BUSINESS VALUE (NBV)	**40.9**	**51.7**	**(10.8)**	**-20.8%**
APE	436.9	403.1	33.8	8.4%
NBV/APE	**9.4%**	**12.8%**	**(3.5) pt**	
PVNBP	3,569.2	3,519.6	49.6	1.4%
NBV/PVNBP	**1.1%**	**1.5%**	**(0.3) pt**	

5.2.3.7 New Business value – International

(in millions of euros)	31.12.2008	31.12.2007	Change	% Change
New business value without risk premium	7.1	14.6	(7.6)	-51.6%
Time value of financial options and guarantees	(3.6)	(0.9)	(2.7)	-298.0%
Cost of Capital (100% of solvency margin)	(2.8)	(2.1)	(0.8)	-38.2%
Cost of non-financial risks	(0.6)	(0.5)	(0.1)	-22.8%
NEW BUSINESS VALUE (NBV)	**0.1**	**11.2**	**(11.1)**	**-99.5%**
APE	118.4	129.8	(11.3)	-8.7%
NBV/APE	**0.0%**	**8.6%**	**(8.6) pt**	
PVNBP	696.5	560.4	136.1	24.3%
NBV/PVNBP	**0.0%**	**2.0%**	**(2.0) pt**	

New business value has decreased by 34.8% between 2007 and 2008 essentially following the current financial conditions and the fall of future investment return, which are not compensated by the sound technical fundamentals (improvement in Provident insurance claims and increase in APE volumes, especially in France).

5.2.3.8 Sensitivities

Definition of sensitivities

For new business, sensitivity to financial markets should be applied just before the policy sale date. These sensitivities highlight what would have been 2008 New Business Value if market conditions at the moment of sale had been those corresponding to the sensitivity scenario studied.

The sensitivities carried out throughout the entire perimeter are as follows:

Financial Sensitivities

YIELD CURVE OF +/-100BP

This sensitivity corresponds to a parallel increase/decrease of the yield curve of 100 basis points at the beginning of the projection. This sensitivity implies a recalculation of the market value of bonds, re-investment rates of all asset classes of 100 basis points and, in accordance with CFO Forum guidelines, adjustment of the discount rate;

DECLINE IN EQUITY AND PROPERTY VALUES OF -10%

This sensitivity corresponds to a sudden decrease in the projected level of equity and property value indices of 10%;

INCREASE IN THE VOLATILITY OF EQUITY AND PROPERTY YIELDS OF 25%

This sensitivity corresponds to a sudden increase at the start of the projected level of equity and property volatility of 25%;

INCREASE IN THE INTEREST RATE VOLATILITY OF 25%

This sensitivity corresponds to a sudden increase at the start of the projected level of swaption volatility;

Non-financial sensitivities

MORTALITY RATE -5%

Mortality sensitivity is presented by separating mortality sensitivity on annuities policies and on other policies (term life insurance);

OTHER CLAIM RATIOS -5%

This sensitivity shows the changes in value under a scenario in which the ratio of claims to premiums on Provident (other than term life insurance) and health decline by 5%;

RATE OF DECLINE -10%

This sensitivity corresponds to a decline in the policy surrender rate of 10%;

COSTS -10%

This sensitivity corresponds to a decrease in administrative and management costs (other than commissions and acquisition costs).

EEV financial sensitivities – France

EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2008

(in millions of euros)	ANAV	VIF	EEV	
Central value	**1,726.2**	**600.2**	**2,326.3**	
	(A) ANAV change	(B) VIF change	(A+B) EEV change	EEV change (%)
Impact of a 100bp increase in the interest rate curve	(267.6)	342.7	75.1	3.2%
Impact of a 100bp decrease in the interest rate curve	183.1	(779.0)	(595.9)	-25.6%
Impact of a 10% decline in equity and property values	(65.3)	(350.3)	(415.6)	-17.9%
Impact of a 25% increase in interest rate volatility		(37.1)	(37.1)	-1.6%
Impact of a 25% increase in equity and property values volatility	-	(200.6)	(200.6)	-8.6%

EEV financial sensitivities – International

EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2008

(in millions of euros)	ANAV	VIF	EEV	
Central value	**297.6**	**118.3**	**416.0**	
	(A) ANAV change	(B) VIF change	(A+B) EEV change	EEV change (%)
Impact of a 100bp increase in the interest rate curve	(8.9)	3.7	(5.2)	-1.3%
Impact of a 100bp decrease in the interest rate curve	6.9	(21.6)	(14.6)	-3.5%
Impact of a 10% decline in equity and property values	(5.4)	(7.3)	(12.7)	-3.0%
Impact of a 25% increase in interest rate volatility	-	(4.1)	(4.1)	-1.0%
Impact of a 25% increase in equity and property values volatility	-	(1.6)	(1.6)	-0.4%

ANAV sensitivity to different market scenarios derives from sensitivities of unrealised capital gains/losses registered on assets backing shareholders' net equity.

A decline in interest rates creates a decline in the EEV. The decrease in investments yields implies margins contraction. The latter is not compensated by the increase in unrealised capital gains on bonds assets backing shareholders' net equity.

The sensitivity to the equity market level (yield and volatility) shows Groupama's exposure to the equity markets.

Groupama has proceeded to a restructuring of the equity portfolios in order to optimise the financial management of its liabilities, to secure the financial profile of Group policies with guaranteed minimum interest rates and to reduce its exposure to interest rate movements. In the context of this restructuring, a swap program has been set up in order to hedge the risk of a decrease in interest rate.

EEV non-financial sensitivities – France

EEV NON-FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2008

(in millions of euros)	EEV (value of holdings)	
Central value	**2,326.3**	
	EEV change	**EEV change (%)**
Administrative expenses -10%	186.4	8.0%
Lapse rates -10%	32.9	1.4%
Mortality (annuities) -5%	(30.5)	-1.3%
Mortality (other products) -5%	20.0	0.9%
Other claim ratios -5%	136.5	5.9%

EEV non-financial sensitivities – International

EEV NON-FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2008

(in millions of euros)	EEV (value of holdings)	
Central value	**416.0**	
	EEV change	**EEV change (%)**
Administrative expenses -10%	18.7	4.5%
Lapse rates -10%	(3.0)	-0.7%
Mortality (annuities) -5%	(0.2)	0.0%
Mortality (other products) -5%	6.1	1.5%
Other claim ratios -5%	24.9	6.0%

New Business Sensitivities (NBV) – France

2008 EEV NEW BUSINESS SENSITIVITIES

(in millions of euros)	**NBV**
Central value	**40.9**
	NBV change
Risk-free rate +100pdb	6.4
Risk-free rate -100pdb	(26.5)
Decrease in equity and property values of 10%	(1.8)
Interest rate volatility +25%	(9.5)
Shares and real estate return volatility +25%	0.0
Administrative expenses +10%	15.0
Lapse rates -10%	7.3
Mortality (annuities) -5%	(0.3)
Mortality (other products) -5%	1.5
Other claim ratios -5%	11.4

New Business Sensitivities (NBV) – International

2008 EEV NEW BUSINESS SENSITIVITIES

(in millions of euros)	**NBV**
Central value	**0.1**
	NBV change
Risk-free rate +100pdb	5.6
Risk-free rate -100pdb	(3.6)
Decrease in equity and property values of 10%	0.0
Interest rate volatility +25%	0.3
Shares and real estate return volatility +25%	0.0
Administrative expenses -10%	3.1
Lapse rates -10%	0.6
Mortality (annuities) -5%	0.0
Mortality (other products) -5%	3.2
Other claim ratios -5%	4.2

5.2.4 EEV ADJUSTMENT/CONSOLIDATED NET EQUITY

The table below shows the adjustments to be made to value the items not accounted for in the consolidated shareholders' equity.

Following adjustments do not take into account goodwill:

	2008			2007	2007/2008 spread
(in millions of euros)	International	France	Total	Total	
VIF	118	600	718	2,410	(1,691)
Additional elements included in VIF	(94)	(363)	(458)	N/A	(458)
Amortization of acquisition costs	(5)	(40)	(45)	(43)	(2)
Unrealised capital gains entered in consolidated shareholders' net equity	46	612	658	(1,067)	1,726
Unrealised capital gains entered in ANAV	(8)	(119)	(128)	392	(520)
VOBA	(36)	0	(36)	(27)	(9)
Other adjustments	13	94	107	192	(85)
ADDITIONAL VALUE NOT TAKEN INTO ACCOUNT IN THE IFRS SHAREHOLDERS' NET EQUITY (EXCLUDING GOODWILL)	**35**	**783**	**818**	**1,857**	**(1,039)**

The additional elements included in the value of in-force business for which restatements are needed are tax deficits capitalized in the consolidated accounts (not included in the 2007 EEV calculation) and other specific reserves not allowed for under IFRS (accounted for the ANAV of the 2007's EEV).

Except for unrealised property value gains, the share of unrealised capital gains or losses attributable to the shareholder is allowed for in the consolidated shareholders' net equity and in the portfolio value. Thus the unrealised gains or losses entered on the books in the net consolidated accounts, after profit sharing and tax, are cancelled out.

The share of unrealised gains or losses in equity, included within the ANAV and not within the portfolio value, is included in the adjustments.

Other adjustments arise from differences between the net book value of the company (EEV view) and the consolidated net book value, specifically in the property assets class, as well as the allowance of holding costs attributable to the Life business of the Group in the EEV.

5.2.5 MILLIMAN OPINION

"Milliman, independent actuarial firm, has reviewed the European Embedded Value of Groupama as at 31 December 2008. In this context we have reviewed the methodology, the assumptions used and the calculations done internally by the Company according to the directives and under the responsibility of the management. Our review has covered the European Embedded Value (EEV) as at 31 December 2008, the 2008 New Business Value (NBV), the analysis of movements and the sensitivities.

Milliman has concluded that the methodology and the assumptions used comply with the CFO forum EEV Principles and that the calculations have been produced in accordance with the methodology and the assumptions.

The calculation makes allowance for the financial risks through a "market consistent" methodology with the following exceptions:

- the reference rate used is in excess of the swap rate by 70bp on a uniform basis to allow for the current dislocated market conditions in term of liquidity (liquidity premium);
- the equities volatility used are the following:

Maturity	1 year	2 years	5 years	30 years
Volatility	22%	22%	23%	29%

- the interest rate volatilities are based on market data averaged over a one year period.

Sensitivities have been calculated for all these parameters.

The calculations performed for the Greek and Turkish subsidiaries (Groupama Phoenix Asfalistiki and Groupama Basak Emeklilik) have been carried out according to a Traditional Embedded Value approach which allows for the risks through the use of a risk premium.

In arriving at these conclusions, we have relied on data and information provided by Groupama without undertaking an exhaustive review of them. We have performed limited high-level checks and reconciliations as well as more detailed analyses on some specific portfolios. We have confirmed that any issues discovered do not have a material impact at the group level.

The calculation of Embedded Values necessarily makes numerous assumptions with respect to economic conditions, operating conditions, policyholder behaviours, taxes and other matters, many of which are beyond the Company's control. Although the assumptions used represent estimates which Groupama and Milliman believe are together reasonable, actual future experience may vary from that assumed in the calculation of the Embedded Value results. Such deviation may materially impact the value calculated.

This opinion is made solely to Groupama in accordance with the engagement letter between Groupama and Milliman. Milliman does not accept or assume any responsibility, duty of care or liability to anyone else than Groupama for or in connection with its review work, the opinion Milliman has formed or for any statements sets forth in this opinion, to the fullest extent permitted by applicable law."

5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2007	€155,114,894.56	€168,034.66	€154,946,859.90
2006	€134,278,565.44	€154,708.62	€134,123,856.82
2005	€87,975,611.84	€108,748.40	€87,866,863.44

5.3.2 DISTRIBUTION POLICY

Since 2004, Groupama SA has applied a policy of steady growth in its dividend distribution rate.

In fiscal year 2008, a proposal will be made to the General Meeting of 27 May 2009 to pay a dividend of €0.23 per share corresponding to a total distribution of €53.2 million, representing 19.5% of consolidated net income.

	2008	2007	2006
Total dividend	€53.2 million	€155.1 million	€134.3 million
Dividend per share	€0.23	€0.67	€0.58
Consolidated net profit	€273 million	€793 million	€600 million
Rate of distribution	19.5%	19.6%	22%

5.3.3 STATUTE OF LIMITATIONS

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations. They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.4 CASH AND GROUP FINANCING

5.4.1 CASH

Cash and cash equivalents totalled €1,277 million at 31 December 2008, up from €564 million at 31 December 2007.

The distribution of cash flows for fiscal year 2008 among the various business lines is as follows:

- Insurance and Bank cash flow activity: +€541.6 million
- Silic cash flow: +€22.4 million
- Total: +€564 million

5.4.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €3.3 billion as at year-end 2008.

Total subordinated debt as at 31 December 2008 was €1.25 billion, the same amount as the preceding year.

Group external debt totalled €2,039 million, up €1,098 million in relation to 31 December 2007. This event is related to the financing and development of the Silic grounds and the financing of the acquisitions made during 2008.

Financial debt to businesses in the banking sector comes mostly from Silic financing operations (€985 million) of which Groupama SA consolidated holds 41.65% and whose consolidation is realised by the full consolidation method, as well as a credit facility of €1,000 million, at the variable 6-month Euribor, plus a margin of 0.15%.

With the exception of Silic, Groupama SA financing agreements do not involve a bank financing agreement.

The debt to equity ratio net of revaluation reserves (including subordinated liabilities and minority interests) totalled 54.9% at year-end 2008. A significant portion of the Group debt (excluding subordinated liabilities) is carried by the Silic, the listed real estate subsidiary, which makes regular use of loans to develop its real estate portfolio.

Adjusting for this item, the Group's debt ratio, which shrank due to its organic growth (including debt related to various real estate leases) stood at 40.5%, at year-end 2008, corresponding primarily to subordinated loans issued for the amount of €1,245 million and to the €1,000 million credit facility.

	31.12.2008			31.12.2007		
(in millions of euros)	1 to 5 years	>5 years	Total	1 to 5 years	>5 years	Total
Subordinated debt		1,245	1,245		1,245	1,245
Financial debt with banking-sector companies	1,600	440	2,040	273	669	942
TOTAL FINANCIAL DEBT	**1,600**	**1,685**	**3,285**	**273**	**1,914**	**2,187**

The subordinated debt corresponds to:

- a bond issue in July 1999 in the form of redeemable subordinated bonds (RSB) by Caisse Centrale des Assurances Mutuelles Agricoles in two tranches, the first of €500 million at the variable 3-month Euribor rate plus a margin of 0.95% for the first ten years, the other of €250 million at a fixed rate of 5.875% for the first ten years, that was taken over by Groupama SA during the spin-off completed on 1 January 2003.

  After the first ten years, the two tranches are subject to variable rates, at the 3-month Euribor plus a margin of 1.95%. This thirty-year bond offers the issuer the option of early redemption as from the tenth year. The total amount of these RSBs was €750 million and their prices at 31 December 2008 were 83% for the variable portion and 82.1% for the fixed portion;
- perpetual subordinated bonds (TSDI) issued at a fixed rate by Groupama SA in July 2005 for a par value of €500 million, at the fixed rate of 4.375% for the first ten years, then at the variable 3-month Euribor plus a margin of 2.25%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. As at 31 December 2008, these perpetual bonds were trading at 57.2%;
- in addition, Groupama SA issued a perpetual super-subordinated bond loan (TSSDI) in October 2007 for €1,000 million. Under IFRS, these securities constitute a shareholders' equity instrument and thus do not appear in the tables above. They were issued at a fixed rate of 6.298% for the first ten years, and then at a variable rate equal to the 3-month Euribor plus a margin of 2.60%. They may be repaid early in full starting 22 October 2017. As at 31 December 2008, the quotation of the TSSDIs was 49.6%.

In addition, to enable, as needed, the financing or refinancing of major external growth transactions, the regional mutuals, gathered at a general meeting in February 2006, approved in principle a public offering of the capital of Groupama SA, provided that the latter would preserve at least 50.01% of the capital.

5.4.3 SOURCES AND USES OF FUNDS

In 2008, the principal sources and uses of funds at the Groupama SA level were the following:

Sources:

- Net result (Group share): €793 million
- Use of TSDI cash: €225 million
- Credit facility: €1,000 million
- Asset arbitrage €76 million
- **Total sources: €2,094 million**

Uses:

- Acquisitions: €1,376 million
- Investments in existing subsidiaries: €563 million
- Dividends paid: €155 million
- **Total uses: €2,094 million**

5.5 PROPERTY, PLANT AND EQUIPMENT

The registered office of the Company is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance Group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, consisting of total floor space of 650,000 m2 for a total value of €4.2 billion. These assets are located primarily in Paris and Île de France.

5.6 ADMINISTRATIVE, JUDICIAL OR ARBITRATION PROCEEDINGS

Over the past twelve months, the company has not been subject to any administrative, judicial, or arbitration procedure that might have had, or has recently had, significant effects on its financial situation or profitability, or that of the Group.

6 FINANCIAL STATEMENTS

Pursuant to Article 28 of the Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is included by reference in this registration document:

- **consolidated statements for the fiscal year ended 31 December 2007 and the related statutory auditors' report appearing on pages 140 to 223, and 224 of the registration document registered with the AMF on 29 April 2008 under number R. 08-040;**
- **consolidated statements for the fiscal year ended 31 December 2006 and the related statutory auditors' report appearing on pages 115 to 244, and 469 and 470, respectively, of the registration document registered with the AMF on 8 June 2007 under number R. 07-094.**

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euros)	Notes	31.12.2008	31.12.2007
Goodwill	Note 2	3,496	2,601
Other intangible assets	Note 3	601	320
Intangible assets		**4,098**	**2,921**
Investment properties, excluding unit-linked investments	Note 4	3,240	3,358
Unit-linked investment properties		120	0
Operating activities property	Note 5	579	273
Financial investments, excluding unit-linked investments	Note 6	59,869	66,310
Financial investments in unit-linked investments	Note 8	3,340	3,729
Derivative instruments and embedded derivatives treated separately	Note 9	281	455
Insurance activities investments		**67,430**	**74,126**
Assets used in the banking sector and investments of other activities	**Note 10**	**3,303**	**2,656**
Investments in related companies	**Note 11**	**58**	**29**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	**Note 12**	**1,601**	**1,603**
Other tangible fixed assets	Note 13	178	158
Deferred acquisition costs	Note 14	592	576
Deferred profit-sharing asset	Note 15	1,611	11
Deferred tax assets	Note 16	510	572
Receivables from insurance and inward reinsurance	Note 17	2,397	2,338
Receivables from outward reinsurance	Note 18	154	118
Current tax receivables and other tax receivables	Note 19	266	150
Other receivables	Note 20	2,155	2,132
Other assets		**7,863**	**6,055**
Assets held for sale and discontinued operations			
Cash and cash equivalents	**Note 21**	**1,297**	**935**
TOTAL		**85,650**	**88,326**

LIABILITIES

(in millions of euros)	Notes	31.12.2008	31.12.2007
Share capital	Note 22	1,187	1,187
Revaluation reserves	Note 22	(1,349)	1,191
Other reserves	Note 22	3,366	2,746
Unrealised foreign exchange gains and losses	Note 22	(298)	1
Consolidated profit	Note 22	273	793
Shareholder's equity (Group share)		3,179	5,918
Minority interests	Note 22	208	262
Total shareholders' equity		**3,387**	**6,180**
Provisions for risks and charges	**Note 23**	**399**	**583**
Financial Debt	**Note 25**	**3,285**	**2,187**
Liabilities related to insurance policies	**Note 26**	**44,126**	**42,590**
Operating liabilities related to financial contracts	**Note 29**	**21,723**	**21,232**
Deferred profit-sharing liabilities	**Note 30**	**6**	**2,943**
Income from banking sector activities	**Note 31**	**2,979**	**2,415**
Deferred tax liabilities	Note 32	643	386
Debts to unit holders of consolidated mutual fund units	Note 33	709	483
Operating debt to banking sector companies	Note 34	356	298
Debts relating to insurance or inward reinsurance operations	Note 35	754	722
Debts relating to outward reinsurance operations	Note 36	409	386
Current taxes payable and other tax liabilities	Note 37	202	174
Derivative instrument liabilities	Note 9	47	22
Other debts	Note 38	6,626	7,725
Other liabilities		**9,746**	**10,196**
Liabilities for business lines held for sale or discontinued operations			
TOTAL		**85,650**	**88,326**

6.1.2 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	31.12.2008	31.12.2007
Written premiums	Note 39	13,078	11,781
Change in unearned premiums		(61)	(38)
Earned premiums		**13,017**	**11,743**
Net banking income, net of cost of risk	**Note 1**	**192**	**198**
Investment income	Note 40	3,245	3,080
Investment expenses	Note 40	(829)	(659)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 40	387	1,254
Change in fair value of financial instruments recorded at fair value through income	Note 40	(1,415)	277
Change in impairment on investments	Note 40	(211)	(9)
Investment income net of expenses		**1,178**	**3,942**
Total income from ordinary operations		**14,386**	**15,884**
Insurance policy servicing expenses	Note 41	(10,241)	(11,503)
Income from outward reinsurance	Note 42	389	388
Expenses on outward reinsurance	Note 42	(736)	(724)
Net outward reinsurance income (expenses)		**(10,587)**	**(11,839)**
Banking operating expenses	Note 1	(194)	(178)
Policy acquisition costs	Note 44	(1,702)	(1,488)
Administrative costs	Note 45	(922)	(851)
Other income (expenses) from current operations	Note 46	(332)	(242)
Total other current income and expenses		**(13,737)**	**(14,600)**
Current operating profit		**650**	**1,284**
Other operating income (expenses)	Note 47	(96)	(118)
Operating profit		**554**	**1,165**
Financing expenses	Note 48	(133)	(107)
Related companies share of profits	Note 11	3	3
Corporate tax	Note 49	(109)	(232)
NET PROFIT FOR THE CONSOLIDATED ENTITY		**315**	**829**
of which, minority interests	Note 22	42	36
OF WHICH NET PROFIT (GROUP SHARE)		**273**	**793**

6.1.3 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Income (loss)	Super-subordinated instruments	Consolidated reserve	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AS AT 31.12.2006	**1,187**	**600**		**1,275**	**2,007**	**25**	**5,094**	**343**	**5,437**
Appropriation of 2006 profit (loss)		(600)		600			0		0
Dividends				(142)			(142)	(45)	(187)
Change in share capital							0	4	4
Business combinations							0	(79)	(79)
Other			1,000				1,000		1,000
Effects of transactions with shareholders	**0**	**(600)**	**1,000**	**458**	**0**	**0**	**858**	**(120)**	**738**
Unrealised foreign exchange gains and losses						(24)	(24)	(4)	(28)
Available-For-Sale assets					(2,536)		(2,536)	(15)	(2,551)
Shadow accounting					1,572		1,572	12	1,584
Deferred taxes				(5)	141		136	1	137
Actuarial gains (losses) on post-employment benefits				3			3		3
Other				15	7		22	9	31
Net profit (loss) for the year		793					793	36	829
Total income (expenses) recognised for the year	**0**	**793**	**0**	**13**	**(816)**	**(24)**	**(34)**	**39**	**5**
Total changes for the year	**0**	**193**	**1,000**	**471**	**(816)**	**(24)**	**824**	**(81)**	**743**
SHAREHOLDERS' EQUITY AS AT 31.12.2007	**1,187**	**793**	**1,000**	**1,746**	**1,191**	**1**	**5,918**	**262**	**6,180**
Appropriation of 2007 profit (loss)		(793)		793				0	
Dividends				(196)			(196)	(57)	(253)
Change in capital							0	11	11
Business combinations							0	(14)	(14)
Effects of transactions with shareholders	**0**	**(793)**	**0**	**597**	**0**	**0**	**(196)**	**(60)**	**(256)**
Unrealised foreign exchange gains and losses						(299)	(299)	(3)	(302)
Available-For-Sale assets					(6,010)		(6,010)	(13)	(6,023)
Shadow accounting					3,750		3,750	10	3,760
Deferred taxes				(6)	(217)		(223)	1	(222)
Actuarial gains (losses) on post-employment benefits				15			15		15
Other				14	(63)		(49)	(31)	(80)
Net profit (loss) for the year		273					273	42	315
Total income (expenses) recognised for the year	**0**	**273**	**0**	**23**	**(2,540)**	**(299)**	**(2,543)**	**6**	**(2,537)**
Total changes for the year	**0**	**(520)**	**0**	**620**	**(2,540)**	**(299)**	**(2,739)**	**(54)**	**(2,793)**
SHAREHOLDERS' EQUITY AS AT 31.12.2008	**1,187**	**273**	**1,000**	**2,366**	**(1,349)**	**(298)**	**3,179**	**208**	**3,387**

The Statement of Recognised Income and Expenses (Sorie) which forms an integral part of the financial statements is provided in Note 22.3 to the financial statements.

6.1.4 STATEMENT OF CASH FLOWS

(in millions of euros)	31.12.2008	31.12.2007
Operating profit before taxes	553	1,165
Gains (losses) on sale of investments	(349)	(807)
Net depreciation charges	237	(15)
Change in deferred acquisition costs	(11)	(37)
Changes in impairment	143	(501)
Net increases in technical reserves related to insurance policies and financial contracts	539	3,355
Net increases in other provisions	(158)	(16)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and equivalents)	1,415	(226)
Other non-cash items included in operating profit		
Changes of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	**1,816**	**1,753**
Change in operating receivables and payables	109	(212)
Change in banking operating receivables and payables	176	5
Change in securities repurchase agreements	(1,360)	5,045
Cash flows from other assets and liabilities	103	(54)
Net taxes paid	(167)	(202)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,230**	**7,500**
Acquisitions/Disposals of subsidiaries and joint ventures, net of cash acquired	(1,354)	(1,353)
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	**(1,354)**	**(1,353)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	416	(6,844)
Net acquisitions of real estate investment	(124)	(112)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	12	(37)
Cash flow from acquisitions and issues of investments	**304**	**(6,993)**
Net acquisitions of tangible and intangible assets and operating assets	(274)	303
Cash flows from acquisitions and disposals of tangible and intangible assets	**(274)**	**303**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(1,324)**	**(8,043)**
Dues		
Equity instruments issued	11	1,004
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(253)	(187)
Cash flows from transactions with shareholders and members	**(242)**	**817**
Cash allocated to financial debt	1,102	105
Interest paid on financial debt	(133)	(107)
Cash flows related to Group financing	**969**	**(2)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**727**	**815**

(in millions of euros)	31.12.2008	31.12.2007
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2008	**713**	**442**
Net cash flows from operating activities	1,230	7,500
Net cash flows from investment activities	(1,324)	(8,043)
Net cash flows from financing activities	727	815
Effect of foreign exchange fluctuations on cash	(69)	(1)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2008	**1,277**	**713**
Cash and cash equivalents	935	
Mutual, central bank and postal bank	76	
Operating liabilities to banking sector companies	(298)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2008	**713**	
Cash and cash equivalents	1,297	
Mutual, central bank and postal bank	339	
Operating liabilities to banking sector companies	(359)	
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2008	**1,277**	

6.1.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 Significant events

1.1.1 Development of the Group

(a) Bancassurance partnership in Central and Eastern Europe with OTP and purchase of the Hungarian insurance company OTP Garancia

On 11 February 2008, Groupama signed a strategic partnership with OTP Bank, a leader in the Hungarian banking market, with very strong positions in numerous countries of Central and Eastern Europe (Bulgaria, Ukraine, Romania, etc.). This agreement is the result of long-term "bancassurance" and "assurbanque" distribution agreements in the countries in which OTP Bank operates (Hungary, Bulgaria, Romania, Slovakia, Ukraine, Russia, Croatia etc.), and allows access to ten million customers.

Within the framework of this agreement, Groupama also acquired the insurance activities of OTP (OTP Garancia), a leading company in Hungary (2008 full-year premium income of €301 million), as well as its insurance subsidiaries in Bulgaria, Romania, and Slovakia.

In the context of this partnership, Groupama has also taken a strategic interest of 8% in OTP Bank.

These acquisitions were effectively completed (after the lifting of the contingent conditions linked specifically to the authorisations of the regulatory authorities in the countries in question) on 17 September for OTP Garancia, 22 September 2008 for OTP Bank, and August and September 2008 for the non-Hungarian insurance subsidiaries.

(b) Acquisition of the Romanian Insurer Asiban SA

On 9 April 2008, Groupama signed an agreement with Banca Comercială Română SA (BCR), BRD-Groupe Société Générale SA (BRD), Banca Transilvania SA (BT), Casa de Economii si Consemnatiuni CEC SA (CEC) for the acquisition of the entire share capital of Asiban SA (Asiban) by Groupama International.

Founded in 1996 by four of the biggest Romanian banks, Asiban is one of the leaders of life and non-life insurance in Romania (No. 3 in 2007 with 8% market share). The company has a diversified national distribution base which consists essentially of brokers, agents and a direct distribution network. In 2008, full-year premiums totalled €163 million, up 9.4% over the previous year.

This acquisition was effectively completed on 6 August 2008, after the conditions precedent linked specifically to the approval by the regulatory authorities had been lifted.

(c) Acquisition of the Turkish insurer Güven

At end-June 2008, Groupama signed an agreement to acquire 100% of the Turkish insurance companies Güven Sigorta and Güven Hayat from the Turkish Central Union of Agricultural Credit Cooperatives (UCCCAT).

Güven Sigorta has 2.4% market share in property insurance (13th largest), Güven Hayat is the 15th largest Turkish life insurer with market share of 1.2%. Their 2008 full-year premium income amounted to €108 million and €13 million, respectively.

Güven Sigorta is also the leading agricultural insurer in Turkey, a booming market with growth of 250% since 2002 and strong potential (the agricultural sector employs 30% of the active Turkish population).

Groupama already had a solid position in the Turkish market following the purchase in 2006 of the companies Basak Sigorta and Basak Emeklilik. Through this acquisition, Groupama became the 5th largest non-life insurer in the Turkish market and consolidated its position as No. 2 in the life insurance market. In addition, Groupama will benefit from the network of 1,926 UCCCAT cooperatives and become the leader in agricultural insurance.

This acquisition was effectively completed on 18 November 2008. The merger with Basak Groupama was launched at the end of the year.

(d) Strategic partnership with the Tunisian insurance company STAR

Groupama was selected as contractor in early July 2008 by the Tunisian government as part of capital increase of Société Tunisienne d'Assurances et de Réassurances (STAR).

This deal will allow Groupama to hold 35% of the company's capital and voting rights. Most of STAR's share capital (60%) is held by the Tunisian government and Tunisian public enterprises.

STAR is the Tunisian insurance market leader, ranked No. 1 in non-life insurance with a market share of 29%, and No. 9 in the life insurance market with a market share of 5%. This leading company earned full-year premium income of €117 million in its market in 2008.

The deal was effectively completed on 14 October 2008.

1.1.2 Other factors

(a) The regional mutuals join a new tax group founded by Groupama SA as from 2008

With effect from 1 January 2008, the tax group system now applies to insurance companies with no capital that are consolidated for accounting purposes. Accordingly, in addition to the 11 domestic regional mutuals, the 2 regional mutuals located in overseas French territories and the specialised mutual Misso, Groupama Holding and Groupama Holding 2 have been added to the current Group comprising the vast majority of Groupama SA's French subsidiaries representing some 50 companies. Groupama SA will remain the parent company of this Group, as it is at present. All documentation and declarations required for the expansion of this tax group have been completed in accordance with relevant legislation.

This reform, which was introduced by the amended 2006 French finance act, aligns the tax rules for mutual insurance companies to that applying to non-insurance companies. Previously, insurance mutuals without a shareholding link were not permitted to be included as members of a tax group, since they did not meet the shareholding criteria of 95%.

(b) Implementation of hurricane reinsurance coverage

Groupama underwrote a reinsurance policy with Swiss Re that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as from 1 January 2008.

This coverage, with a duration of 3 years, covers claims exceeding €1,700 million with a potential ceiling of €2 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance remaining the Group's responsibility). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that protects against default of the reinsurer: the guarantee is rated AAA.

1.2 Post-balance sheet events

(a) Klaus storm

Following the unusually severe storm that hit southwest France and northern Spain on Saturday 24 January 2009, Groupama immediately went into crisis mode as soon as the meteorological threat was identified. Thus,

- teams of appraisers made their first assessments on Sunday the 25th;
- the agency sales forces were mobilised to serve policyholders while the call management centres were enhanced;
- teams from other regions were brought in to reinforce the local teams and assist them in delivering even more efficient service to the affected policyholders;
- accelerated claim filing procedures were implemented.

In early February 2009, the number of open cases was estimated at approximately 80,000 in France and Spain.

At this stage, it is difficult to provide an assessment of this event. However, the protection measures implemented by the Group allowed the cost of this event to the Group to be limited to €250 million before taxes.

(b) Bancassurance agreement between Groupama and Bancaja in Spain

Strengthening a partnership that began in 2001, Groupama and Bancaja signed a 10-year bancassurance agreement involving multi-risk home policies distributed by Bancaja.

Bancaja is the 3rd-largest Spanish savings bank and the 6th-largest financial institution in the country. Its net income totalled €491 million in 2007. With a network of 1,561 bank branches distributed throughout Spanish territory, Bancaja has a portfolio of 2.8 million customers.

This partnership allows Groupama to strengthen its positions in the Spanish market, where the bancassurance sector is rapidly expanding.

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Explanatory Note

Groupama SA is a French société anonyme nearly wholly owned, directly or indirectly, by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("regional mutuals") which form the Mutual Division of Groupama. Groupama SA is domiciled in France. Its registered offices are at 8-10, rue d'Astorg, 75008 Paris, France.

The breakdown of share capital at 31 December 2008 was as follows:

- 90.91% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.10% by the former and current agents and employees of Groupama SA (directly or through umbrella funds (FCPEs).

Both Groupama Holding and Groupama Holding 2, which are French sociétés anonymes, are wholly owned by the regional mutuals.

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the equity management business lines of the Groupama group. Its activities are:

- to define and implement the operational strategy of the Groupama group in collaboration with the regional mutuals and in line with the strategies defined by the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the reinsurance programme for the entire Group;
- to manage direct insurance activity;

- to prepare the consolidated and combined financial statements.

The consolidated financial statements of Groupama SA include the outward reinsurance by the regional mutuals and the business of the subsidiaries.

The combined financial statements relate to the Groupama group, which is composed of all the local mutuals, the regional mutuals, Groupama SA and its subsidiaries.

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the control of the French Autorité de Contrôle des Assurances et des Mutuelles.

The relationships between the various entities of the Group are governed by the following:

- within the Groupama SA division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control;
- in the mutual division:
  - by an Internal Reinsurance treaty that binds the regional mutuals to Groupama SA. The treaty, signed in December 2003 in connection with the businesses acquired by Groupama SA at the time of the contribution of the regional mutual reinsurance business granted by the CCAMA. retroactive to 1 January 2003, replaced the general reinsurance regulations that had previously governed the Internal Reinsurance ties between the regional mutuals and the CCAMA,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama" signed on 17 December 2003).

2.2 General presentation of the consolidated financial statements

The consolidated financial statements of 31 December 2008 were prepared by the Board of Directors, which met on 17 February 2009.

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2008 as approved by the European Union, the principal terms of which are applied by Groupama SA as described below.

The mandatory regulations and interpretations to be applied for fiscal years starting 1 January 2008 were applied in preparing the Group's financial statements as at 31 December 2008, particularly IAS amendment 39 adopted by the European Union on 15 October 2008 and applied as at 1 July 2008 (see Notes 6 and 10).

Standards and interpretations not adopted early are deemed as having no material impact on the Group's consolidated financial statements. They are listed below:

- IFRS 8: Operating segments;
- IFRIC 13: Customer loyalty programme;
- IFRIC 14: The limit on a defined-benefit asset, minimum funding requirements;
- amendment to IFRS 2: Share-based payment;
- amendment to IAS 23: Borrowing costs;
- IAS 1 revised: Presentation of financial statements.

The decisions taken by the Group are based primarily on the summary of the work of the CNC *(Conseil National de la Comptabilité)* working groups on the specific requirements for implementation of IFRS by insurance entities.

The consolidated subsidiaries, joint ventures and affiliates are consolidated in accordance with IAS 27, IAS 28 and IAS 31.

The Group adopted "IFRS" for the first time in the financial statements for 2005.

In the Notes, all amounts are stated in millions of euros unless specified otherwise.

The preparation of the Group's financial statements in accordance with IFRS requires management to make assumptions and estimates which have an impact on the value of the assets, liabilities, income, expenses and notes thereto.

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events, the occurrence of which seems reasonable under the circumstances.

The actual future results of the transactions for which estimates were necessary may prove to be different from those estimates and result in an adjustment to the financial statements.

The judgments made by management pursuant to the application of IFRS primarily concern:

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.11);
- estimate of certain fair values on unlisted assets or real estate assets (Notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid assets, as well as the permanent or temporary nature of any impairment on certain of these assets (Note 3.2.1);
- recognition of profit sharing assets (Note 3.11.2.b) and deferred tax assets (Note 3.12);
- calculation of provisions and particularly valuation of employee benefits (Note 3.9).

2.3 Principles of consolidation

2.3.1 Consolidation scope and policies

A company is included in the consolidation once it, or the sub-group which it heads, on a standalone basis or with other consolidated businesses, is material in relation to the consolidated financial statements of all companies included in the scope of consolidation. It is assumed that an insurance or banking operational entity must be consolidated once the equity, balance sheet, or earned premiums of this entity represent €30 million of the consolidated equity, or €50 million of the consolidated balance sheet total, or €10 million of the Group's earned premiums.

Under IFRS 3, mutual funds and real estate partnerships are either fully consolidated or consolidated by the equity method. Control is specifically examined for each mutual fund. However, control is assumed for mutual funds with deposits greater than €100 million when the Group directly or indirectly holds 50% or more of the voting rights. Minority interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. The underlying financial assets are included in the investments of the Group's insurance activities.

(a) Consolidating company

The consolidating company is the company that exclusively or jointly controls other companies, whatever their legal entity status, or which exerts a significant influence on them.

(b) Exclusively controlled entities

Companies exclusively controlled by the Group, regardless of their structure, are fully consolidated. These entities are consolidated once they are controlled. Control is the power to direct the financial and operational policies of the entity in order to obtain the benefits of its activities.

An entity is no longer fully consolidated once the Group no longer exerts effective control over the entity.

Full consolidation consists of:

- integrating in the consolidating company's accounts the items in the accounts of the consolidated companies, after any restatements;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests";

(c) Joint ventures

When an entity is controlled jointly, it is consolidated using the proportionate consolidation method. Its assets, liabilities, income and expenses are grouped, line by line, with the similar items in the consolidated financial statements of the consolidating entity. Joint control is the sharing of an economic activity under a contractual agreement.

(d) De facto controlled companies

When the Group believes it holds de facto control of an entity, the latter may be compelled to apply the full consolidation method in consolidating this company, despite a level of holdings of less than the 50% threshold.

De facto control may be presumed when certain of the following criteria are met:

- the Group is the largest shareholder in the company;
- the other shareholders do not hold direct or indirect interests, in equity shares or voting rights, which exceed the Group's interest;
- the Group exerts significant influence over the company;
- the Group has the authority to influence the company's financial and operational policies;
- the Group has the power to appoint or arrange the appointment of Directors of the company.

(e) Related companies

Companies over which the Group exerts a significant influence are accounted for using the equity method.

When the consolidating entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

The equity method consists of:

- replacing the carrying amount of the shares held by the Group, share of capital and reserves including the earnings for the year in accordance with consolidation rules;
- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

(f) Deconsolidation

When an entity is in run-off (*i.e.*, it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, earnings, 1% of consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are stated in accordance with the methodology defined for this type of securities.

2.3.2 Change in the scope of consolidation

Changes in the scope of consolidation are described in Note 54 of the Notes to the Financial Statements.

2.3.3 Consistency of accounting principles

The Groupama SA consolidated financial statements are presented consistently for the entity formed by the companies included within the scope of consolidation, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (predominance of substance over form, matching of expenses to income, elimination of local tax accounting entries).

Restatements under the principles of consistency are made when they are material.

2.3.4 Translation of statements of foreign companies

Balance sheet items are translated to euros at the official exchange rate on the balance sheet date, with the exception of capital and reserves, excluding income, which are translated at historic rates. The Group share of the resulting unrealised foreign exchange gains or losses is recorded under "unrealised foreign exchange gains or losses" and the remaining balance is included in "Minority interests".

Transactions on the income statements are converted at the average rate. The Group share of the difference between earnings converted at the average rate and earnings converted at the closing rate is booked as "Unrealised foreign exchange gains or losses" and as "Minority interests" for the balance.

2.3.5 Internal transactions between companies consolidated by Groupama SA

All inter-company transactions are eliminated.

When such transactions affect the consolidated results, 100% of the profits and losses and the capital gains and losses are eliminated, and then allocated between the interests of the consolidating company and the minority interests in the company that recorded the results. In the case of eliminating losses, the Group ensures that the value of the asset transferred is not permanently modified. The elimination of intercompany transactions on assets has the effect of accounting for them at the value they were first recorded in the consolidated balance sheet (consolidated historic cost).

Thus, inter-company transactions on the following must be eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward business, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of Group policies;
- appropriations to provisions for the write-down of equity interests funded by the company holding the securities and, if applicable, appropriations to provisions for risks and charges recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- gains (losses) from the internal transfer of insurance investments;
- intra-Group dividends.

3 ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 Intangible assets

3.1.1 Goodwill

First consolidation goodwill corresponds to the difference between the acquisition cost of the shares of consolidated companies and the Group's share of the capital and reserves adjusted on the acquisition date. When not assigned to identifiable items on the balance sheet, goodwill is recorded on the balance sheet in a special asset item as an intangible asset.

The residual goodwill resulting from the excess of the price paid over the IFRS consolidated net asset value on the acquisition date is adjusted for any intangible assets identified under purchase accounting according to IFRS 3 (fair value of assets and liabilities acquired).

The remaining goodwill therefore represents the estimated value of expected future earnings. Such expected future earnings reflecting the value of future operations is a combination of intangible assets that cannot be valued directly. Such assets are assessed based on multiples or forecast future earnings that served as the valuation base for the price paid on acquisition and are used to establish the value of goodwill stated above.

Goodwill is assigned to cash generating units (CGU) of the buyer which are expected to benefit from the combination. A CGU is defined as an identifiable Group of assets producing cash flows independently of other assets or groups of assets. In the case of management units, management tools, geographic areas or major business lines, one CGU is established by consolidating homogenous entities.

Goodwill resulting from the acquisition of a foreign entity outside the euro zone is recorded in the local currency of the acquired entity and translated to euros at the closing rate. Subsequent foreign exchange fluctuations are posted to conversion reserves.

For entities acquired during the year, the Group has a twelve month period from the acquisition date to attribute a final value to the assets and liabilities acquired.

Residual goodwill is not amortised, but is subject to an impairment test at least once a year. The Group adjusts the book value of the goodwill if an unfavourable event occurs between two annual tests. An additional impairment is recognised when the recoverable value of the CGU to which the goodwill is assigned is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

Fair value, less sales costs, is computed as follows, in accordance with the recommendations of IAS 36 (§25 to 27):

- the sales price per the final sales agreement;
- the market value less selling costs if there is an active market;
- otherwise, the best possible information, with reference to comparable transactions.

Value in use corresponds to the current expected value of future cash flows to be generated by the cash generation unit.

Goodwill, recognised at the initial business combination, the value of which is not material or requires disproportionate valuation work in relation to its value, is immediately expensed in the year.

An impairment of goodwill recognised during a previous year may not be subsequently written back.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and provisions exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and provisions and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised as income.

If an entity is taken over, a sale option may be granted to minority interests. The recognition of this debt option, however, depends upon the specific terms of the agreement. In the case of an unconditional commitment at the discretion of the option holder, it is accounted for as a liability in accordance with IAS 32.

The reverse entry for this liability is an addition to goodwill equal to the option price (value of the Group share), an impact on minority interests is thus recorded as an addition recognised in goodwill.

3.1.2 Other intangible assets

An intangible fixed asset is an identifiable asset, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

They primarily include values in force and investment contracts, customer relations values and network values and brands, determined during business combinations, as well as software acquired and developed.

Depreciable intangible insurance assets (specifically including values in force and investment contracts, the value of customer relations and the value of the networks) are depreciated as margins are discharged over the lifetime of the policy portfolios. A recoverability test is performed each year as a function of experience and anticipated changes in major assumptions.

Software acquired and developed has a finite lifetime and is generally depreciated on a straight-line basis over that lifetime.

Other intangible fixed assets that do not have a finite lifetime are not depreciated but are subject to a systematic impairment test.

Start-up costs are expensed rather than capitalised.

3.2 Insurance activities investments

Investments and any impairment thereon are valued in accordance with IFRS based on the asset class of the investments.

3.2.1 Financial assets

Equities, bonds, loans and receivables, derivatives and bank accounts are considered financial assets.

(a) Classification

Financial assets are classified in one of the following four categories:

- there are two types of assets stated at fair value via the income statement:
  - assets held for trading are investments which are held to earn short-term profits. If there have been short-term sales in the past, such assets may also be classified in this category,
  - financial assets designated at fair value through income, provided they comply with the following criteria:
    - *asset/liability matching to avoid any accounting mismatch;*
    - *hybrid instruments including one or more embedded derivatives;*
    - *group of financial assets and/or liabilities that are managed and the results of which is stated at fair value;*

- assets held until maturity include fixed-term investments that the company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

(b) Reclassifications

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available for sale may be reclassified outside the category of assets held for sale, into:

- the category of investments held to maturity when the intent or capacity of the company changes or when the entity no longer has a reliable assessment of fair value;
- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

A financial asset classified in the category of investments held to maturity may be reclassified as available for sale if the entity's intent or capacity has changed.

(c) Initial recognition

The Group books its financial assets when it becomes a party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus; in the case of an asset that is not at fair value in the income statement, the transaction costs directly chargeable to the acquisition. However, the transaction costs are not included in the acquisition cost of the financial assets when they are immaterial.

Repurchase transactions are maintained as assets on the balance sheet.

(d) Methods of assessing fair value

The fair value of financial assets is the amount for which an asset could be exchanged between well-informed, consenting parties, acting under normal market conditions.

The fair value of a financial instrument corresponds to its listed stock price on an active market. When the market for this financial instrument is not active, its fair value is measured by valuation techniques using observable market data when available or, when not available, by resorting to assumptions that imply some judgment.

Valuation techniques include the use of recent transactions under conditions of normal competition between informed and consenting parties, if available, reference to the current fair value of another instrument identical in substance, analysis of restated cash flows, and option valuation models.

(e) Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading are recorded at fair value at the price as of the balance sheet date in the income statement.

Financial assets held until maturity, unlisted equities for which the fair value cannot be measured reliably, and loans and receivables are recorded at amortised cost or historic cost. The amortised cost is the amount at which the asset was valued at the time of initial recognition, minus repayments of principal, plus or minus the cumulative amortisation of the differences between the initial amount and the amount at maturity (based on the effective interest rate) and corrected for any provisions for impairment.

The differences between the redemption value and the acquisition price are distributed actuarially as expenses (agio) or as income (discount) over the residual life of the securities. When several redemption dates are provided, the residual life is determined on the basis of the final redemption date.

Available-for-sale assets are valued at fair value and the unrealised gains or losses are recorded in a separate item under capital and reserves.

Investments representing unit-linked policies are valued at fair value through income, as an option.

(f) Provisions for impairment

At each closing date, the Group looks for the existence of objective presumptions of impairment in its investments.

For debt instruments, a loss of value is posted to income in the event of a proven counterparty risk.

For equity instruments classified as available-for-sale assets, impairment is assumed in the following cases:

- if there was a provision for impairment for the financial investment in the previously published financial statements, or;
- the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing;
- if a large loss in value is observed on the balance sheet date.

The thresholds for these criteria of permanent discount or discount in relation to the share price on the balance sheet date, applied after 1 January 2005 upon application of IFRS, are based on the volatility of the financial market:

- when volatility is less than 15%, these thresholds are 20% and 30%, respectively;

- when volatility is between 15% (inclusive) and 20%, these thresholds are 25% and 35%, respectively;
- when volatility is between 20% (inclusive) and 25%, these thresholds are 30% and 40%, respectively;
- when volatility is between 25% (inclusive) and 40%, these thresholds are 35% and 45%, respectively;
- when volatility is greater than or equal to 40%, these thresholds are 40% and 50%.

Certain securities, particularly equities considered as strategic, may also be subject to a special valuation with regard to the long-term nature of their loss of value. If a line of securities is subject to comprehensive financial management at the Group level, even if these securities are held by several entities, an interim valuation may be obtained based on a Group sale price.

For investments valued at amortised cost, the amount of the loss is equal to the difference between the net book value of the assets and the discounted value of the future cash flows expected, determined on the basis of the original effective interest rate of the financial instrument, and corrected for any provisions. The amount of the loss is included in the net profit or loss for the year. The provision may be written back to income.

For investments classified as assets held for sale, the amount of the loss is equal to the difference between the acquisition cost and the fair value for the year, minus any loss of value on this asset previously recognised in net profit or loss. When impairment occurs, the loss of value recorded under capital and reserves is transferred to income or loss.

Impairment recognised on a debt instrument is written back in income in case of decline or disappearance of the counterparty risk, while the impairment recognised on an equity instrument is only written back to income when the asset in question is sold.

(g) De-recognition

Financial assets are eliminated when the contract rights expire or the Group sells the financial assets. The gains or losses on the sale of financial investments are determined using the FIFO method, with the exception of the securities carried by Mutual Funds. The method used for Mutual Funds is the weighted average cost method.

The gains and losses from sales are recorded on the income statement on the transaction date and represent the difference between the sale price and the net book value of the asset.

3.2.2 Investment property

The Group has chosen to record investment property using the amortised cost method. They are valued using the component approach.

(a) Initial recognition

Lands and buildings appear on the balance sheet at their acquisition cost. Real estate value includes significant transaction costs directly attributable to the transaction, except in the specific case of real estate investments representing unit-linked commitments that may be posted, by discretion, to income at fair value.

When a real estate asset includes a portion held to produce rental income and another part used for production or administrative purposes, the asset is treated as investment property only if the latter is immaterial.

At the time of the initial recognition, the real estate is subdivided by components and recorded separately.

The depreciation periods for the components held by the Group depend on the nature of the property under consideration and are as follows:

- building shell (depreciation period between 30 and 120 years);
- wind and water tight facilities (depreciation period between 30 and 35 years);
- heavy equipment (depreciation period between 20 and 25 years);
- secondary equipment, fixtures and fittings (depreciation period between 10 and 15 years),
- maintenance (depreciation period: 5 years).

(b) Valuation

The amortised cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus cumulative depreciation and corrected for any provisions for impairment. The acquisition cost of the real estate is dependent either on an outright acquisition, or on the acquisition of a company holding the real estate. In the latter case, the amortised cost of the real estate is equal to its fair value on the date of acquisition of the holding company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be measured with sufficient reliability, particularly given the uncertainties about the holding horizon; thus this component is amortised on the basis of the acquisition cost.

Rent payments are recorded using the straight line method over the term of the lease agreement.

The realisable value of real estate investments is determined on the basis of the five-year independent appraisal conducted by an expert approved by the Autorité de Contrôle des Assurances et des Mutuelles in France. During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(c) Subsequent expenses

Subsequent expenses must be added to the book value of the real estate:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- and these expenses can be reliably valued.

(d) Provisions for impairment

On each balance sheet date, the Group determines whether there are indications of a potential loss of value on the properties recognised at amortised cost. If this is the case, the realisable value of the real estate is calculated as being the higher of two values: the sale price net of sale costs and the value in use. If the realisable value is less than the net book value, the Group recognises a loss of value in the income statement in the amount of the difference between the two values, and the net book value is adjusted to reflect only the realisable value.

When the value of the real estate increases at a later time, the provision for impairment is written back to income.

(e) De-recognition

Gains or losses from the sale of real estate investments are booked in the income statement on the transaction date and represent the difference between the net sale price and the net book value of the asset.

3.3 Derivatives

3.3.1 General

A derivative is a financial instrument with the following three features:

- its value fluctuates on the basis of the change in a specific variable known as the “underlying asset”;
- it requires a zero or low initial net investment compared with other instruments that react in the same way to market changes;
- it is settled at a future date.

All derivatives are recorded on the balance sheet at cost and are subsequently valued at fair value. Changes in fair value are posted to income except for derivatives designated as cash flow hedging instruments and net foreign investments.

3.3.2 Hedging derivatives

The use of hedge accounting is subject to obligations for documentation and periodic demonstration of the efficacy of the hedge.

Hedging derivatives are booked at fair value with changes on the income statement, except for cash flows hedges and hedges of net foreign investments considered as effective, for which the changes in fair value are deferred into equity until the cash flows hedges are recognised in the income statement or when the foreign subsidiary is sold.

For a fair value hedge of an available-for-sale asset, the changes in fair value of the hedged item are booked as income or loss so that they exactly offset the changes in the hedging derivative.

The ineffective portion of hedges is booked in the income statement.

3.3.3 Embedded derivatives

Embedded derivatives are components of compound financial instruments that meet the definition of a derivative product.

They are separate from the host contract and booked as derivatives when the following three conditions are met:

- the economic features and the risks of the embedded derivative are not closely linked to the economic features and risks of the host contract;
- a separate instrument containing the same conditions as the embedded derivative meets the definition of a derivative;
- the hybrid instrument is not valued at fair value with recognition of the changes in the fair value through the income statement.

When one of these conditions is not met, there is no separation.

3.4 Investments in related companies

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recognised at the acquisition cost and its net book value is subsequently raised or reduced to take into account the Group share of profits or losses.

3.5 Property, plant and equipment

The Group has chosen to value operating activities property using the amortised cost method. These properties are presented on a line separate from real estate investments as assets. The accounting and valuation method is identical to the method described for investment property.

Tangible fixed assets other than operating activities property are initially recognised at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

An impairment test is conducted once there is an indication of a loss of value. The loss of value is reversible and corresponds to the surplus between the book value over the realisable value, which is the higher of net fair value of withdrawal costs and the value in use.

3.6 Operating receivables and payables, other assets and other liabilities

Operating receivables and other assets are recognised at face value, taking into account any transaction costs.

Operating payables and other liabilities are recorded at the fair value of the consideration received in exchange at the origin of the contract, net of transaction costs.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in other liabilities at fair value and offset against minority interests and recognised in goodwill. Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The reverse entry to any change in this liability is taken to the income statement.

3.7 Cash and cash equivalents

Cash and cash equivalents primarily represent the balances in the bank accounts of Group entities.

3.8 Shareholders' equity

3.8.1 Revaluation reserves

The revaluation reserve includes the differences resulting from the revaluation at fair value of balance sheet items, particularly:

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to the provisions of IAS 21. These are unrealised gains and losses;
- the effects of the revaluation of available-for-sale financial assets in accordance with the provisions of IAS 39. These are unrealised gains and losses;
- the cumulative impact of the gain or loss from shadow accounting;
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

3.8.2 Other reserves

Other reserves consist of the following items:

- retained earnings;
- Group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to TSS (super-subordinated securities) the terms of which allow accounting under equity.

3.8.3 Unrealised foreign exchange gains and losses

Unrealised foreign exchange gains or losses result from the consolidation process because of the conversion of the statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

3.8.4 Minority interests

Minority interests represent the share in the net assets and net earnings of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning the purchase of minority interests and minority interests on consolidated Mutual Funds, refer to Note 3.6).

3.9 Provisions

Provisions are liabilities for which the due date or the amount is uncertain. A provision must be recognised if the following three conditions are met:

- the company has a current legal or implicit obligation that is the result of a past event;
- it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation;
- it is possible to obtain a reliable estimate of the amount of the provision.

When the impact of the time value of the money is substantial, the amount of the provisions is discounted to the present value of the expected expenditures which the company believes necessary to discharge the obligation.

3.9.1 Personnel benefits

(a) Pension commitments

The companies of the Group have different pension schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined benefit schemes and defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to contribute additional amounts to the scheme in the event the assets are not sufficient to pay all employees the benefits owed for the services rendered during the current and previous years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined benefit pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

The actuarial gains and losses resulting from experience-based adjustments and modifications in the actuarial assumptions are booked directly in equity, in accordance with the Sorie option.

The costs of past services are immediately recognised in income, unless the changes in the pension scheme are subject to employees working over a defined period (the vesting period). In this case, the costs of past services are amortised using the straight line method over this vesting period.

For defined contribution schemes, the Group pays contributions to pension insurance schemes and is not liable for any other payment commitment. The contributions are booked as expenses related to employee benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.10 Financial debt

Financial debt includes subordinated liabilities, financial debt represented by securities, and financial debt to banking institutions.

3.10.1 Initial recognition

Financial debts are recognised when the Group becomes a party to the contractual provisions for such debts. The amount of the financial debt is then equal to the fair value, adjusted if necessary for the transaction costs directly chargeable to the acquisition or issue of such debts.

3.10.2 Valuation rules

Financial debt is subsequently valued at amortised cost using the effective interest rate method.

3.10.3 De-recognition

Financial debts are eliminated when the obligation specified in the contract is discharged, cancelled or expires.

3.11 Technical operations

3.11.1 Accounting classification and method

There are two categories of policies written by Group insurance companies:

- insurance contracts and financial contracts with discretionary profit-sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

(a) Insurance policies

An insurance policy is a contract under which one party, the insurer, accepts a significant insurance risk from another party, the policyholder, agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, negatively affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4, provided that the reserves thus established meet the solvency tests stipulated by international standards (see § 3.11.2.c).

(b) Financial contracts

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. There are two categories of financial contracts: financial contracts with and without discretionary profit-sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or date of which is wholly or partially at the insurer's discretion, and the valuation of which is based either on the performance of a set of contracts or a specific contract, or on the profit or loss of the insurer, of a fund or any other entity that issued the contract, or on the realised and/or unrealised return on investments from a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit-sharing are treated using the valuation procedures described in Note 3.11.3.

3.11.2 Insurance policies subject to IFRS 4

(a) Non-life insurance policies

Premiums

Written premiums represent the gross reinsurance issues, excluding tax, net of cancellations, reductions and rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

Premiums written and adjusted for the change in reserves for unearned premiums (which are defined below) constitute earned premiums.

Insurance policy servicing expenses

Non-life insurance policy servicing expenses essentially include the services and related expenses paid and the change in reserves for claims and other technical reserves.

The services and related expenses relate to the claims settled net of claims receivable collected for the year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

Technical liabilities related to non-life insurance policies

- Reserves for unearned premiums

  The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.

- Reserves for unexpired risks

  The reserves for unexpired risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.

- Reserves for outstanding claims

  The reserves for outstanding claims represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates.

  For construction risks, in addition to the reserves for outstanding claims (declared or not yet declared), separate reserves for claims that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

  Reserves are assessed on the basis of the type of specific risks covered, particularly agricultural and climate risks, and the risks that are highly seasonal in nature.

- Other technical reserves
  - Actuarial reserves for annuities

    The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.

  - Reserve for increasing risks

    This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.

Deferred acquisition costs

In non-life insurance, the acquisition costs for unearned premiums are deferred and booked as assets.

(b) Life insurance policies and financial contracts with discretionary profit-sharing

Premiums

Written premiums represent the gross reinsurance premiums written, excluding tax, net of cancellations, reductions, rebates, change in premiums to be written and change in premiums to be cancelled.

Insurance policy servicing expenses

The service expenses on life insurance policies and financial contracts with discretionary profit-sharing include:

- all claims once they have been paid to the beneficiary;
- technical interest and profit-sharing that may be included in those claims;
- all costs incurred by the insurance company for the management and payment of claims.

They also include the profit-sharing and the change in life insurance reserves and other technical reserves.

Technical liabilities related to life insurance policies and financial contracts with discretionary profit-sharing

- Actuarial reserves

Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the policyholder respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities on the balance sheet at their gross underwriting value, before zillmerisation effect.

No reserve for financial contingencies is recorded when the actuarial reserves have been funded on the basis of discount rates at most equal to the forecast yield rates, prudently estimated, of the assets assigned to represent them.

- Profit-sharing reserve

  The profit-sharing reserve consists of a reserve for profit-sharing payable and potentially as a reserve for deferred profit-sharing.

  The reserve for profit-sharing payable includes the identifiable amounts resulting from regulatory or contractual obligations intended for the policyholders or the beneficiaries of policies with profit sharing and rebates, to the extent that these amounts have not been credited to the policyholder's account or included in life technical reserves.

  The reserve for deferred profit-sharing includes:

  - the reserve for unconditional profit-sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the statutory financial statements and the consolidated financial statements,
  - the reserve for conditional profit-sharing, which relates to the difference in liabilities between the statutory financial statements and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.

  In the specific case of adjustments to the capitalisation reserve in the consolidated financial statements, a reserve for deferred profit-sharing is determined when the Asset/Liabilities Management assumptions show a probable and sustained recovery in the balance of the capitalisation reserve. The Group has not accrued for profit-sharing commitments when adjusting the capitalisation reserve.

- Application of shadow accounting

  For profit sharing contracts, the Group has decided to apply shadow accounting, which is intended to allocate unrealised gains and losses on financial assets valued at fair value to the value of insurance liabilities, deferred acquisition costs and intangible assets related to insurance policies. The resulting deferred profit-sharing is booked as a reverse entry to the revaluation reserve or in the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

  Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit-sharing observed in the past three years.

  If the entity's total portfolio has unrealised capital losses, the Group must record deferred profit sharing limited to the entities' ability to allocate future or potential profit sharing. A recoverability test based on the projected future behaviour of insurance portfolios will be applied. This test specifically includes unrealised capital gains on assets posted at depreciated cost.

- Other technical reserves

  - Overall management expenses reserve

    The management expenses reserve is constituted when the future margins determined for the purpose of calculating deferred acquisition costs for a homogeneous family of products are negative.

Deferred acquisition costs

The variable costs that can be directly allocated to the acquisition of life insurance policies are recorded as assets in the consolidated financial statements. These amounts may not under any circumstances be greater than the present value of future profits from the policies.

These costs are amortised over the average life of the policies based on the rate of emergence of future margins for each generation of policies; future margins are determined using economic assumptions (profit-sharing rate, future rate of return on assets and lapse rate). Since these acquisition costs are capitalised, the actuarial reserves appearing on the balance sheet are presented as non-zillmerised.

Every year the expected present value of future margins by homogeneous product family is compared to the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an impairment charge is taken to the income statement.

The Group applies shadow accounting to deferred acquisition costs.

(c) Liabilities adequacy test

An adequacy test is performed at each balance sheet date for liabilities under IFRS 4 intended to ensure that insurance liabilities are sufficient with regard to current estimates of future cash flows generated by insurance policies. Future cash flows resulting from policies take into account their related cover and options. If necessary, and for the purposes of this test, the insurance liabilities are reduced by the deferred acquisition costs and the values of business in force recorded at the time of business combinations or transfers of the related policies.

In case of inadequacy, the potential losses are recognised in full through income.

This test is performed at each balance sheet date and for each consolidated entity.

(d) Unit-linked policies under IFRS 4

Unit-linked policies under IFRS 4 are either insurance policies containing a significant insurance risk, such as a death risk, or financial contracts with discretionary profit-sharing, for which the financial risk is assumed by the policyholder.

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

(e) Embedded derivatives in insurance policies and financial contracts with discretionary profit-sharing

Embedded derivatives are components of insurance policies that meet the definition of a derivative product.

If the same contract contains both a financial component and an insurance component, the financial component is valued separately at fair value when not closely linked to the host contract or when the accounting standards do not require joint recognition of the rights and obligations linked to the deposit component, under IFRS 4. In other cases, the entire contract is treated as an insurance policy.

3.11.3 Insurance policies governed by IAS 39

Liabilities relating to financial contracts without discretionary profit-sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned revenues are deferred over the estimated life of the contract.

This category primarily includes unit-linked policies and indexed policies that do not meet the definition of insurance policies and financial contracts with discretionary profit-sharing. Commitments under these policies are valued at fair value of the unit of account in inventory.

The additional costs directly related to management of the investments of a contract are booked as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. This asset, which corresponds to the contractual right acquired by the Group to the profits resulting from the management of the investments, is amortised over the period of management and is symmetrical with recognition of the corresponding profit.

3.11.4 Reinsurance transactions

(a) Inward reinsurance

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These transactions are classified using the same rules as described for insurance policies or financial contracts in Note 3.11.1 Classification. In the absence of sufficient information from the outward reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

Securities given as collateral are recorded in the statement of commitments given and received.

(b) Outward reinsurance

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.11.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionaires.

Securities from reinsurers (outward reinsurers and retrocessionaires) remitted as collateral are recorded in the statement of commitments given and received.

3.12 Taxes

Corporate income tax includes all current and deferred taxes. When a tax is payable or receivable and payment is not subject to the execution of future transactions, such tax is classified as current, even if the payment is spread over several years. It appears as an asset or liability on the balance sheet as applicable.

The transactions performed by the Group may have positive or negative tax consequences other than those used to calculate the tax due. The result is tax assets or liabilities classified as deferred. This is particularly the case when, because of completed transactions that are treated in both statutory financial statements and only in the consolidated financial statements as restatements and eliminations of inter-company profits or losses, differences will appear in the future between the tax income and the accounting income of the company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a year are taxable only in the following year. These differences are classified as timing differences. In addition, the capitalisation reserve is included in the base for calculating deferred taxes.

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.

All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as “more probable than improbable”, *i.e.*, if it is likely that sufficient taxable earnings will be available in the future to offset the deductible timing differences. In general, a three-year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

Deferred tax assets and liabilities are computed on the basis of tax rates (and tax regulations) which have been adopted as at the balance sheet date.

Deferred tax assets and liabilities are not discounted to present value.

3.13 Segment reporting

A segment is a distinct component of a company that is engaged either in supplying a product or service (a life/non-life insurance/banking segment, or a Life & Health insurance/Property & Casualty insurance/banking/holding company segment) or in supplying products or services in a specific economic environment (a France/foreign geographic segment), and is exposed to risks and profitability that are different from the risks and profitability of the other segments.

A sector is defined as such once most of the income is derived from sales to external clients and once the income, results or assets represent at least 10% of all sectors. Segment reporting is presented at two levels. The first level is organised by geographic segment. The second level is based on the business sector.

The geographical segments identified are as follows:

- France insurance;
- International insurance.

Secondary Segment reporting is then broken down into 2 sectors. For purpose of compliance with common practice on European financial markets, the Group has changed the presentation of its business segment reporting, Since 1 January 2006, a new analysis replaces the traditional Life Insurance/Non-Life Insurance breakdown as stipulated by French regulators to date, for which the Group nevertheless considers it is important to continue to provide information, given its significant position in the French market.

Consequently, the new segments used since 1 January 2006 are as follows:

- Life & Health insurance. The Life & Health insurance activity covers the traditional Life insurance business as well as personal injury (largely health risks, disability and long-term care);
- Property & Casualty insurance. Property & Casualty insurance covers, by default, all the Group's other insurance activities;
- banking and finance. The banking and finance business relates to distribution of banking products, including fund management activities, real estate management, private equity and employee savings;
- holding company activity. This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.14 Functional breakdown of expenses

Management fees and commissions related to insurance business are classified on the basis of their function by applying allocation keys defined as a function of the structure and organisation of each of the insurance entities.

Expenses are classified in the following six categories:

- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SEGMENT REPORTING

Note 1.1 - Segment reporting by geographic area

Note 1.1.1 - Segment reporting by geographic area - Balance sheet

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	1,182	2,916	4,098	1,076	1,846	2,922
Insurance activities investments	59,797	7,633	67,430	66,477	7,649	74,126
Assets used in the banking sector and investments of other activities	3,303		3,303	2,656		2,656
Investments in related companies	(7)	65	58	2	27	29
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,200	401	1,601	1,238	366	1,603
Other assets	6,267	1,596	7,863	4,765	1,291	6,056
Assets held for sale and discontinued operations						
Cash and cash equivalents	374	923	1,297	292	643	935
TOTAL CONSOLIDATED ASSETS	**72,116**	**13,533**	**85,650**	**76,505**	**11,821**	**86,326**
Provisions	271	128	399	449	134	583
Financial debt	3,263	21	3,284	2,162	25	2,187
Liabilities related to insurance policies:	36,666	7,460	44,126	35,552	7,038	42,590
Operating liabilities related to financial contracts	20,474	1,249	21,723	20,205	1,027	21,232
Deferred profit-sharing liabilities	6		6	2,946	(3)	2,943
Income from banking sector activities	2,979		2,979	2,415		2,415
Other liabilities	8,944	801	9,746	9,501	695	10,196
Liabilities for activities held for sale or discontinued operations						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**72,604**	**9,660**	**82,263**	**73,231**	**8,916**	**82,147**

Note 1.1.2 - Segment reporting by geographic area – Income statement

(in millions of euros)	31.12.2008 France	31.12.2008 International	31.12.2008 Total	31.12.2007 France	31.12.2007 International	31.12.2007 Total
Earned premiums	9,290	3,726	13,017	9,084	2,659	11,743
Net banking income, net of cost of risk	192		192	199		199
Investment income	2,829	416	3,245	2,774	306	3,079
Investment expenses	(791)	(37)	(829)	(616)	(43)	(659)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	387		387	1,226	28	1,254
Change in fair value of financial instruments recorded at fair value through income	(1,368)	(47)	(1,415)	277		277
Change in impairment on investments	(29)	(182)	(211)	(8)	(2)	(9)
Total income from ordinary operations	**10,511**	**3,875**	**14,386**	**12,936**	**2,947**	**15,883**
Insurance policy servicing expenses	(7,479)	(2,762)	(10,241)	(9,587)	(1,917)	(11,504)
Income from outward reinsurance	267	122	389	302	85	388
Expenses on outward reinsurance	(581)	(154)	(736)	(548)	(176)	(724)
Banking operating expenses	(194)		(194)	(178)		(178)
Policy acquisition costs	(1,029)	(673)	(1,702)	(982)	(506)	(1,488)
Administrative costs	(676)	(246)	(922)	(676)	(176)	(852)
Other income (expenses) from current operations	(292)	(41)	(332)	(229)	(14)	(243)
CURRENT OPERATING PROFIT	**528**	**121**	**650**	**1,039**	**244**	**1,283**
Other operating income (expenses)	(39)	(57)	(96)	(66)	(52)	(118)
OPERATING PROFIT	**489**	**64**	**554**	**973**	**192**	**1,165**
Financing expenses	(131)	(2)	(133)	(108)		(108)
Share in income of related companies		3	3	2	1	3
Corporate tax	(90)	(19)	(109)	(186)	(46)	(232)
Net profit of the consolidated entity	**268**	**47**	**315**	**681**	**147**	**829**
of which, minority interests	40	2	42	35	1	36
NET PROFIT (GROUP SHARE)	**228**	**45**	**273**	**647**	**146**	**793**

Note 1.2 - Segment reporting by business sector

Note 1.2.1 - Segment reporting by business sector – Balance sheet

	31.12.2008					31.12.2007				
(in millions of euros)	Life	Non-life	Banking	Inter-sector eliminations	Total	Life	Non-life	Banking	Inter-sector eliminations	Total
Goodwill	1,316	2,161	20		3,496	735	1,846	21		2,602
Other intangible assets	154	438	9		601	156	159	5		320
Insurance activities investments	54,501	16,626		(3,697)	67,430	58,433	17,467		(1,775)	74,126
Assets used in the banking sector and investments of other activities			3,512	(209)	3,303			3,062	(405)	2,656
Investments in related companies	(8)	65			58		29			29
Share of ceding and retroceding companies in insurance and financial contract liabilities	252	1,589		(239)	1,602	270	1,538		(205)	1,603
Other assets	4,706	3,566	191	(600)	7,863	3,318	3,142	196	(600)	6,056
Assets held for sale and discontinued operations										
Cash and cash equivalents	410	887	19	(19)	1,297	219	716	18	(18)	935
TOTAL CONSOLIDATED ASSETS	**61,331**	**25,332**	**3,751**	**(4,764)**	**85,650**	**63,131**	**24,897**	**3,301**	**(3,003)**	**86,326**
Provisions for risks and charges	148	241	10		399	168	406	9		583
Financial debt	71	3,317	27	(129)	3,285	25	2,203	27	(68)	2,187
Liabilities related to insurance policies	31,439	12,922		(235)	44,126	29,669	13,123		(202)	42,590
Operating liabilities related to financial contracts	21,256	467			21,723	20,970	262			21,232
Deferred profit-sharing liabilities	6				6	2,943				2,943
Income from banking sector activities			3,207	(228)	2,979			2,838	(423)	2,415
Other liabilities	6,084	7,633	200	(4,172)	9,746	6,156	6,212	138	(2,310)	10,196
Liabilities for held for sale or discontinued operations										
TOTAL CONSOLIDATED LIABILITIES	**59,004**	**24,578**	**3,445**	**(4,764)**	**82,263**	**59,932**	**22,205**	**3,013**	**(3,003)**	**82,147**

The balance sheet items of the holding company are included in the non-life segment of the segment report.

Note 1.2.2 - Segment reporting by business sector – Life/Non-life – Income statement

	31.12.2008				31.12.2007			
(in millions of euros)	**Life**	**Non-life**	**Banking**	**Total**	**Life**	**Non-life**	**Banking**	**Total**
Earned premiums	4,908	8,108		13,017	4,597	7,146		11,743
Net banking income, net of cost of risk			192	192			199	199
Investment income	2,210	1,035		3,245	2,100	979		3,079
Investment expenses	(411)	(418)		(829)	(289)	(370)		(659)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	322	65		387	875	379		1,254
Change in fair value of financial instruments recorded at fair value through income (including ACAV adjustments)	(1,347)	(67)		(1,414)	301	(24)		277
Change in impairment on investments	(86)	(125)		(211)	(1)	(8)		(9)
Income from ordinary activities	**5,596**	**8,598**	**192**	**14,386**	**7,583**	**8,102**	**199**	**15,884**
Insurance policy servicing expenses	(4,821)	(5,420)		(10,240)	(6,626)	(4,878)		(11,504)
Income from outward reinsurance	29	361		390	36	352		388
Expenses on outward reinsurance	(40)	(696)		(736)	(34)	(690)		(724)
Banking operating expenses			(194)	(194)			(178)	(178)
Policy acquisition costs	(351)	(1,350)		(1,702)	(315)	(1,173)		(1,488)
Administrative costs	(200)	(722)		(922)	(227)	(625)		(852)
Other income (expenses) from current operations	(79)	(263)	10	(332)	(35)	(217)	8	(244)
CURRENT OPERATING PROFIT	**134**	**508**	**8**	**650**	**382**	**871**	**29**	**1,282**
Other operating income (expenses)	(37)	(60)		(97)	(17)	(101)	1	(117)
OPERATING PROFIT	**97**	**448**	**8**	**553**	**365**	**770**	**30**	**1,165**
Financing expenses		(133)		(133)	1	(108)		(107)
Share in income of related companies		3		3		3		3
Corporate tax	(49)	(53)	(7)	(109)	(74)	(139)	(19)	(232)
Net profit of consolidated entity	**48**	**265**	**1**	**314**	**292**	**526**	**11**	**829**
of which, minority interests		42		42	3	33		36
NET PROFIT (GROUP SHARE)	**48**	**223**	**1**	**273**	**289**	**493**	**11**	**793**

The income and expenses of the holding company's activities are included in the non-life segment of the segment report.

Note 1.2.3 - Segment reporting by business sector – Life & Health insurance/Property and casualty/Banking/ holding company – Income statement

	31.12.2008					31.12.2007				
(in millions of euros)	**Life & Health insurance**	**Property and casualty insurance.**	**Ban-king**	**Holding**	**Total**	**Life & Health insurance**	**Property and casualty insurance.**	**Ban-king**	**Holding**	**Total**
Earned premiums	6,634	6,383			13,017	6,234	5,509			11,743
Net banking income, net of cost of risk			192		192			199		199
Investment income	2,487	720	1	38	3,245	2,375	626		78	3,079
Investment expenses	(520)	(259)		(50)	(829)	(372)	(196)		(91)	(659)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	329	62		(4)	387	915	198		142	1,254
Change in fair value of financial instruments recorded at fair value through income (including ACAV adjustments)	(1,367)	(56)		8	(1,415)	302	(28)		3	277
Change in impairment on investments	(92)	(121)		3	(211)	(1)	(1)		(7)	(9)
Total income from ordinary operations	**7,470**	**6,729**	**192**	**(5)**	**14,386**	**9,453**	**6,107**	**199**	**125**	**15,884**
Insurance policy servicing expenses	(6,069)	(4,172)			(10,241)	(7,920)	(3,583)			(11,503)
Income from outward reinsurance	84	306			389	69	318			388
Expenses on outward reinsurance	(80)	(656)			(736)	(80)	(644)			(724)
Banking operating expenses			(194)		(194)			(178)		(178)
Policy acquisition costs	(594)	(1,107)			(1,702)	(553)	(935)			(1,488)
Administrative costs	(365)	(557)			(922)	(387)	(464)			(852)
Other income (expenses) from current operations	(120)	(100)	10	(122)	(332)	(48)	(99)	9	(104)	(242)
CURRENT OPERATING PROFIT	**325**	**443**	**8**	**(127)**	**650**	**533**	**700**	**29**	**22**	**1,283**
Other operating income (expenses)	(25)	(61)		(11)	(96)	(55)	(71)	1	8	(118)
OPERATING PROFIT	**300**	**383**	**8**	**(137)**	**554**	**478**	**629**	**30**	**29**	**1,165**
Financing expenses	(8)	(33)		(92)	(133)	(7)	(33)		(67)	(107)
Share in income of related companies	(0)	3			3		2			3
Corporate tax	(67)	(123)	(7)	88	(109)	(103)	(179)	(19)	69	(232)
Net profit of consolidated entity	**225**	**230**	**1**	**(141)**	**315**	**368**	**420**	**11**	**31**	**829**
of which, minority interests	12	30			42	9	27			36
NET PROFIT (GROUP SHARE)	**213**	**200**	**1**	**(141)**	**273**	**359**	**393**	**11**	**31**	**793**

NOTE 2 GOODWILL

(in millions of euros)	31.12.2008 Gross amount	31.12.2008 Impairments	31.12.2008 Foreign exchange adjustment	31.12.2008 Net amount	31.12.2007 Net amount
OPENING AMOUNT	**2,614**	**(19)**	**6**	**2,601**	**1,394**
Central and Eastern Europe	935		(87)	848	113
Turkey	158		(6)	152	
France	101	(24)		78	
Tunisia	34		(1)	33	
United Kingdom	21		(4)	17	78
Italy					878
Greece					141
Newly consolidated entities	**1,249**	**(24)**	**(97)**	**1,128**	**1,210**
Entities eliminated					
France	18			18	9
Romania	2		(12)	(10)	
Turkey			(27)	(27)	21
United Kingdom	(8)		(35)	(43)	(25)
Italy	(171)			(171)	
Spain					(8)
Other movements during the year	**(159)**		**(74)**	**(233)**	**(3)**
YEAR-END AMOUNT	**3,705**	**(43)**	**(166)**	**3,497**	**2,601**

Gross amounts in the above table are stated after the following deductions:

- cumulative depreciation under French GAAP (CRC Regulation no 2005.05) as at 31 December 2003 amounting to €530 million; and
- impact of the first application of IFRS as at 1 January 2004 being a net reduction in net assets of €446 million.

This reduction results from a breach of equilibrium conditions under impairment tests. This breach arises from the recognition of income previously considered as not yet earned for accounting purposes under the former accounting principles (being unrealised gains for shareholders, equalisation reserves and tax receivables) within the IFRS net position. The coordination of future cash flows with margin factors already included in the net shareholders' equity under IFRS resulted in the automatic impairment of a portion of the intangible assets recorded on the balance sheet in accordance with the former accounting principles.

2008 changes in goodwill in France and Tunisia correspond to affiliates.

Newly consolidated entities

To summarise, the fair value of the assets and liabilities acquired in 2008 affects the balance sheet as follows:

(in millions of euros)	Fair value of assets and liabilities acquired
Intangible assets	5
Investments	1,227
Share of reinsurers in technical reserves	91
Cash	63
Other assets	224
Total Assets (excluding goodwill)	**1,609**
Provisions for risks and charges	3
Liabilities to policyholders	1,138
Other liabilities	130
Total liabilities	**1,271**
NET ASSETS ACQUIRED	**337**
GOODWILL	**1,127**

The impact of the various acquisitions (Central and Eastern Europe, Turkey and Tunisia) yielded an increase in assets of €2,736 million (including goodwill of €1,127 million).

- Central and Eastern Europe

The Group has made significant acquisitions in Europe in recent months. Moreover, to promote exchanges and synergies between neighbouring countries, a new organisation has been defined for international General Management. It is now organised into various regions, each managed by a regional head.

Thus, Central and Eastern Europe were identified as one region. This region, which has a single management unit, is now engaged in multiple projects around common computer tools and platforms. A large-scale streamlining process is now underway (merger of the Hungarian companies, on the one hand, and the Romanian companies on the other).

The Group thus believes that the Central and Eastern Europe region constitutes a cash-generating unit. This primarily involves recent acquisitions of the OTP Garancia dossiers, and those of its subsidiaries, Asiban and BT Asigurari.

- OTP Garancia and its subsidiaries

  The value of the acquisition and of the distribution partnership mentioned in the significant facts for the year is 164 billion Hungarian forints. The price paid to acquire each of these entities was €695 million, including €12 million in acquisition costs.

- Asiban

  100% of the Romanian insurer was acquired on 6 August 2008, the date the conditions precedent was lifted. The price paid for this acquisition was €352.6 million, including €2.6 million in acquisition costs.

- BT Asigurari

  100% of the Romanian insurer was acquired on 21 December 2007. The price paid for this acquisition was €119 million, including €3 million in acquisition costs.

The following table gives a breakdown of the goodwill on first consolidation applied per country.

	31.12.2008				31.12.2007
(in millions of euros)	Gross amount	Impairments	Foreign exchange adjustment	Net amount	Net amount
Hungary	470		(39)	431	
Romania	472		(60)	412	113
Bulgaria	70			70	
Slovakia	40			40	
YEAR-END AMOUNT	**1,051**	**0**	**(99)**	**952**	**113**

■ Turkey

During the year, Groupama purchased 99% of Güven Hayat and Güven Sigorta in Turkey, for a total of €178 million. Expenses related to this acquisition totalled €4 million and are incorporated into the share acquisition cost.

The final transfer of ownership of the shares occurred on 19 November 2008, the date when the companies became fully owned by the Group. The company's contribution to the 2008 income statement therefore corresponds to 1.5 months of activity.

This transaction also generated goodwill on first consolidation of €152 million, temporarily posted to goodwill, while awaiting final allocation of the fair values of the assets and liabilities acquired.

■ Tunisia

As part of the capital increase of Société Tunisienne d'Assurance et de Réassurance (STAR), Groupama acquired 35% of the company's shares on 14 October 2008 for a total of €72 million. Expenses related to this acquisition totalled €4 million and are incorporated into the share acquisition cost.

The company was thus consolidated in accordance with the equity method in the financial statements prepared as at 31 December 2008. The company's contribution to the Group's financial statement thus includes two months of activity.

This transaction also generated goodwill on first consolidation of €33 million, temporarily posted to goodwill, while awaiting final allocation of the fair values of the assets and liabilities acquired.

■ France

After acquiring additional shares on 12 December 2008, the Group increased its share in the software publisher Cegid to 26.89% of the share capital. Under the principles of IFRS, this control percentage includes the allocation of a conditional additional tranche of securities representing 3.03% of share capital, which will be released 30 June 2009 in accordance with the acquisition protocol.

By exceeding the 20% threshold, the Group was required to consolidate its interest in accordance with the equity method.

Under the valuation rules applied, the Group impaired its goodwill in the amount of €24 million.

■ United Kingdom

Four brokerage firms were acquired in the United Kingdom in 2008, for a total of €32 million. The valuation of the assets and liabilities acquired at fair value revealed depreciable intangible assets (Values of Non-life portfolio) estimated at €10 million at the balance sheet date.

The remaining goodwill of these acquisitions was €17 million.

Changes during the year

■ France

The Group acquired a further equity interest in Silic generating additional goodwill of €15.8 million.

Moreover, as part of the unconditional sale options granted to the seller, and in accordance with the valuation rules applied, the Group booked additional goodwill of €2.2 million after the capital increase of Groupama Banque.

■ Italy

As part of the purchase price allocation of Nuova Tirrena, the company's assets and liabilities were estimated at fair value. That allowed the Group to book depreciable intangible assets and revise the valuation of certain assets and liabilities that had been provisionally estimated in the financial statements at 31 December 2007.

The intangible values thus recognised are amortised over their estimated lifetime.

These account postings automatically generated the following changes to goodwill provisionally booked at 31 December 2007:

(in millions of euros)	Gross amount	Deferred taxes	Net amount
GOODWILL ON FIRST CONSOLIDATION			**877**
Value of the Life portfolio	(31)	12	(19)
Value of the Non-Life portfolio	(121)	46	(75)
Value of the Non-Life customer relationship	(181)	69	(112)
Total "Intangible assets corresponding to the insurance activity"	**(333)**	**127**	**(206)**
Adjustment in the valuation of assets and liabilities acquired	43	(8)	35
REMAINING GOODWILL			**706**

- Romania

As part of the valuation of assets and liabilities acquired from BT Asigurari at fair value, adjustments were made to the company's opening balance sheet. The impact resulted in additional reserves totalling €15 million.

Moreover, the acquisition price adjustment procedure as provided for in the acquisition protocol resulted in a revision of the acquisition price favourable to the Group, totalling €13.5 million.

The goodwill on first consolidation was corrected to €116 million as a reverse entry to these items.

- United Kingdom

The acquisition prices for the brokerage firms acquired in fiscal year 2007 (Bollington Ltd and Lark Insurance Broking Group) included unconditional sales options granted to the sellers. The valuation of these options was based on the financial performance of these firms after their integration into the Group.

At 31 December 2008, the valuation of the options was revised, thus generating a reduction in the additional price payable to the sellers, in the amount of €8 million.

Impairment test

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

For insurance entities acquired during the year, an impairment test is carried out on a simplified base to demonstrate that goodwill is backed by the acquisition price.

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

The cashflows applied generally correspond to the following:

- an explicit period based on the Group's operational strategic planning in the early years. This is subject to an iterative discussion process between local management and the Group;
- beyond the explicit horizon, the cashflow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cashflows.

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It may be extended over a longer period (which may be 10 or 15 years) for emerging countries. In effect, this period is necessary for the market to attain a sufficient level of maturity for the normative cashflow to be representative of recurring long-term performance.

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies.

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance activity itself. For emerging countries, the yield curve used takes into account future changes in the country's macroeconomic situation and the expected higher level of maturity in these economies. This is particularly the case for the "new countries" of the European Union, which are assumed to have a strong possibility of joining the euro zone.

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:

- decline of 50 basis points in the discount rate, and;
- decline of 1% in growth rate to infinity.

For each sensitivity assumption, the impairment test has identified no significant coverage shortfall.

Note 2.1 - Breakdown of goodwill

(in millions of euros)	31.12.2008 Gross amount	Impairments	Foreign exchange adjustment	Net amount	31.12.2007 Net amount
Central and Eastern European countries	1,051		(99)	952	113
Italy	781			781	953
Turkey	273		(14)	260	135
Spain	172	(3)		169	170
Greece	141			141	141
United Kingdom	191	(4)	(53)	135	160
Tunisia	34		(1)	33	
Total International	**2,644**	**(7)**	**(166)**	**2,471**	**1,672**
Gan Assurances Vie	231			231	231
Gan Assurances IARD	196			196	196
Gan Eurocourtage IARD	168			168	168
Gan Prévoyance	92			92	92
Gan Patrimoine and its subsidiaries	75			75	75
Gan Eurocourtage Vie	71			71	71
Financial and real estate activities and other companies	228	(36)		192	96
Total France and abroad	**1,061**	**(36)**		**1,025**	**929**
YEAR-END AMOUNT	**3,705**	**(43)**	**(166)**	**3,496**	**2,601**

NOTE 3 OTHER INTANGIBLE ASSETS

	31.12.2008			31.12.2007		
(in millions of euros)	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**218**	**560**	**778**	**140**	**520**	**660**
Increase		126	126	0	111	111
Decrease		(99)	(99)	(1)	(96)	(97)
Foreign exchange adjustment	(44)	(5)	(49)	7		7
Change in scope of consolidation	343	5	348	72	25	97
Year-end gross amount	**517**	**587**	**1,104**	**218**	**560**	**778**
Opening cumulative amortisation & depreciation	**(45)**	**(393)**	**(438)**	**(14)**	**(394)**	**(408)**
Increase	(21)	(76)	(97)	(22)	(60)	(82)
Decrease		60	60	2	79	81
Foreign exchange adjustment	9	3	12	(1)		(1)
Change in scope of consolidation	(22)		(22)	(10)	(18)	(28)
Year-end cumulative amortisation & depreciation	**(79)**	**(406)**	**(485)**	**(45)**	**(393)**	**(438)**
Opening cumulative long-term impairment	**(12)**	**(7)**	**(19)**	**(12)**	**(2)**	**(14)**
Long-term impairment recognised					(5)	(5)
Long-term impairment write-backs		2	2			0
Foreign exchange adjustment						0
Change in scope of consolidation						0
Year-end cumulative long-term impairment	**(12)**	**(5)**	**(17)**	**(12)**	**(7)**	**(19)**
OPENING NET AMOUNT	**161**	**160**	**321**	**114**	**124**	**238**
YEAR-END NET AMOUNT	**426**	**176**	**602**	**161**	**160**	**321**

Intangible assets related to insurance activities primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands. The increase in this line item during the year in terms of gross amounts is primarily related to the recognition of intangible items as part of acquisitions, *i.e.*:

- allocation of the goodwill on first consolidation of the brokerage firms acquired in the United Kingdom, which was recorded as an increase for the year of €10 million (see Note 2 – Goodwill);
- the recognition of the Life and Non-Life portfolio values and the values of customer relationships of Nuova Tirrena totalling €333 million (see Note 2 – Goodwill).

Adjustments to intangible fixed assets in the 12-month period following the acquisition are shown in the change in the scope of consolidation line item.

The depreciation expense for these values in force in fiscal year 2008 was €43 million as at 31 December 2008.

Other intangible assets consist primarily of software acquired and developed internally.

Note 3.1 - Other intangible assets – by geographic area

	31.12.2008						31.12.2007	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
(in millions of euros)	France	International	France	International	France	International	France	International
Year-end gross amount	**14**	**503**	**545**	**42**	**559**	**545**	**522**	**256**
Year-end cumulative amortisation	(2)	(77)	(384)	(22)	(386)	(99)	(357)	(81)
Year-end cumulative long-term impairment	(12)		(4)	(1)	(16)	(1)	(17)	(2)
Amortisation and provisions	**(14)**	**(77)**	**(388)**	**(23)**	**(402)**	**(100)**	**(374)**	**(83)**
NET BOOK VALUE	**0**	**426**	**157**	**19**	**157**	**445**	**148**	**173**

Note 3.2 - Other intangible assets – by business sector

	31.12.2008									31.12.2007		
	Intangible assets related to insurance activities			Other intangible assets			Total			Total		
(in millions of euros)	Life	Non life	Banking	Life	Non life	Banking	Life	Non life	Banking	Life	Non life	Banking
Year-end gross amount	**90**	**427**		**221**	**317**	**49**	**311**	**744**	**49**	**309**	**426**	**43**
Year-end cumulative amortisation	(38)	(41)		(117)	(249)	(40)	(155)	(290)	(40)	(151)	(250)	(37)
Year-end cumulative long-term impairment		(12)		(1)	(4)		(1)	(16)	0	(1)	(17)	(1)
Amortisation and provisions	**(38)**	**(53)**	**0**	**(118)**	**(253)**	**(40)**	**(156)**	**(306)**	**(40)**	**(152)**	**(267)**	**(38)**
NET BOOK VALUE	**52**	**374**	**0**	**103**	**64**	**9**	**155**	**438**	**9**	**157**	**159**	**5**

NOTE 4 INVESTMENT PROPERTIES (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2008			31.12.2007		
(in millions of euros)	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,640**	**456**	**4,096**	**3,476**	**466**	**3,942**
Acquisitions	169	11	180	158	16	174
Newly consolidated entities	1		1	15		15
Subsequent expenses			0			
Assets capitalised in the year	21		21	31		31
Transfer from/to properties in unit-linked items	(99)		(99)			
Transfer from/to operating activities property	(72)		(72)	(8)		(8)
Unrealised foreign exchange gains and losses	(4)		(4)			
Disposals	(116)	(10)	(126)	(32)	(26)	(58)
Year-end gross amount	**3,540**	**457**	**3,997**	**3,640**	**456**	**4,096**
Opening cumulative amortisation	**(735)**		**(735)**	**(677)**		**(677)**
Increase	(61)		(61)	(80)		(80)
Newly consolidated entities			0	2		2
Transfer from/to properties in unit-linked items	19		19			
Transfer from/to operating activities property	12		12			
Decrease	15		15	20		20
Year-end cumulative amortisation	**(750)**		**(750)**	**(735)**		**(735)**
Opening cumulative long-term impairment	**(4)**		**(4)**	**(15)**	**(1)**	**(16)**
Long-term impairment recognised	(3)		(3)			
Newly consolidated entities			0			
Long-term impairment write-backs			0	11	1	12
Year-end cumulative long-term impairment	**(7)**		**(7)**	**(4)**		**(4)**
Opening net amount	**2,901**	**456**	**3,357**	**2,784**	**465**	**3,249**
Year-end net amount	**2,783**	**457**	**3,240**	**2,901**	**456**	**3,357**
Year-end fair value of investment property	**6,312**	**760**	**7,072**	**6,864**	**784**	**7,648**
UNREALISED CAPITAL GAINS	**3,529**	**303**	**3,832**	**3,963**	**328**	**4,291**

The realisation of capital gains on buildings representing commitments in life insurance gives rise to rights in favour of policy beneficiaries and minority shareholders (particularly Silic) as well as tax liabilities.

The statement also includes leased real estates for a net book value of €44 million at 31 December 2008, versus €119 million at 31 December 2007. The difference may be explained by the disposal of a lease-lending agreement outside the Group (building with net book value of €75 million at 31 December 2007). The fair value of this real estate is estimated at €56 million (*i.e.*, total unrealised capital gains of €13 million at 31 December 2008).

Following the disposal of the Gan Tower, operating teams were reassigned to the La Défense sites (Michelet and Élysées la Défense buildings). The two buildings were thus reclassified as operating activities property.

Following the establishment of SCI Gan Investissement Foncier, which hosts real estate investments, representing unit-linked commitments, real estate unit-linked investments are now isolated in the financial statements. The net book value of the transferred properties totalled €80 million.

Note 4.1 - Investment property – by geographic area

	31.12.2008						31.12.2007					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	3,413	127	3,540	457		457	3,514	127	3,641	456		456
Cumulative amortisation	(725)	(25)	(750)				(713)	(22)	(735)			
Long-term impairment	(7)		(7)				(4)		(4)			
Year-end net amount	**2,681**	**102**	**2,783**	**457**		**457**	**2,797**	**105**	**2,902**	**456**		**456**
Year-end fair value of investment property	**6,041**	**271**	**6,312**	**760**		**760**	**6,619**	**246**	**6,865**	**784**		**784**
UNREALISED CAPITAL GAINS	**3,359**	**169**	**3,529**	**303**		**303**	**3,821**	**141**	**3,962**	**328**		**328**

Note 4.2 - Investment property – by business sector

	31.12.2008						31.12.2007					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
Gross value	322	3,218	3,540	389	68	457	337	3,304	3,641	387	69	456
Cumulative amortisation	(64)	(686)	(750)				(66)	(669)	(735)			
Long-term impairment		(6)	(7)				(1)	(3)	(4)			
Year-end net amount	**258**	**2,525**	**2,783**	**389**	**68**	**457**	**271**	**2,631**	**2,902**	**387**	**69**	**456**
Year-end fair value of investment property	**597**	**5,715**	**6,312**	**638**	**123**	**760**	**605**	**6,260**	**6,865**	**657**	**127**	**784**
UNREALISED CAPITAL GAINS	**339**	**3,190**	**3,529**	**249**	**54**	**303**	**334**	**3,628**	**3,962**	**270**	**58**	**328**

NOTE 5 OPERATING ACTIVITIES PROPERTY

	31.12.2008			31.12.2007		
(in millions of euros)	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**345**	**12**	**357**	**489**	**12**	**501**
Acquisitions	137	2	139	3		3
Newly consolidated entities	50		50	31		31
Assets capitalised in the year	78	(1)	77	8		8
Transfer from/to investment property	72		72	2		2
Unrealised foreign exchange gains and losses	(8)		(8)			
Disposals	(3)		(3)	(188)		(188)
Year-end gross amount	**671**	**13**	**685**	**345**	**12**	**357**
Opening cumulative amortisation	**(83)**		**(83)**	**(124)**		**(124)**
Increase	(10)		(10)	(15)		(15)
Newly consolidated entities				2		2
Transfer from/to investment property	(12)		(12)			
Decrease	1		1	54		54
Year-end cumulative amortisation	**(105)**		**(105)**	**(83)**		**(83)**
Opening cumulative long-term impairment	**(1)**		**(1)**	**(6)**		**(6)**
Long-term impairment recognised				(0)		(0)
Newly consolidated entities						
Long-term impairment write-backs	1		1	5		5
Year-end cumulative long-term impairment				**(1)**		**(1)**
Opening net amount	**261**	**12**	**273**	**359**	**12**	**371**
Year-end net amount	**566**	**13**	**579**	**261**	**12**	**273**
Year-end fair value of operating activities property	**894**	**15**	**910**	**512**	**15**	**527**
UNREALISED CAPITAL GAINS	**329**	**2**	**330**	**251**	**3**	**254**

Investment properties were reclassified as operating activities property following the move of the Group's teams. Net book value at 31 December 2008 of real estate that changed category totalled €60 million.

Note 5.1 - Operating activities property – by geographic area

	31.12.2008						31.12.2007					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	561	110	671	12		12	268	77	345	12		12
Cumulative amortisation	(95)	(10)	(105)				(73)	(11)	(84)			
Long-term impairment							(1)		(1)			
Year-end net amount	**465**	**100**	**566**	**12**		**13**	**194**	**66**	**260**	**12**		**12**
Year-end fair value of operating activities property	**740**	**154**	**894**	**15**		**15**	**394**	**118**	**512**	**15**		**15**
UNREALISED CAPITAL GAINS	**275**	**54**	**329**	**3**		**3**	**200**	**52**	**252**	**3**		**3**

Note 5.2 - Operating activities property – by business sector

	31.12.2008						31.12.2007					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
Gross amount	305	366	671	5	8	13	60	285	345	5	7	12
Cumulative amortisation	(34)	(71)	(105)				(20)	(64)	(84)			
Long-term impairment								(1)	(1)			
Opening net amount	**271**	**294**	**566**	**5**	**8**	**13**	**40**	**220**	**260**	**5**	**7**	**12**
Year-end fair value of operating activities property	**343**	**551**	**894**	**6**	**9**	**15**	**73**	**439**	**512**	**6**	**9**	**15**
UNREALISED CAPITAL GAINS	**72**	**257**	**329**	**1**	**1**	**2**	**33**	**219**	**252**	**1**	**2**	**3**

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2008	31.12.2007
(in millions of euros)	Net amount	Net amount
Assets valued at fair value	59,087	65,640
Assets valued at amortised cost	782	671
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT LINKED ITEMS	**59,869**	**66,311**

Total investments as at 31 December 2008 were €59,869 million and marked a decline of €6,642 million. This change was primarily due to changes in the financial markets.

Investment repurchase agreements totalled €4,392 million at the balance sheet date, *vs* €5,752 million at 31 December 2007.

Note 6.1 - Investments valued at fair value (by category) by geographic area

	31.12.2008								
	Net amortised cost			Fair value (1)			Unrealised gains (losses)		
(in millions of euros)	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Available-For-Sale assets									
Equities	10,505	626	11,131	7,443	616	8,059	(3,062)	(10)	(3,072)
Bonds	34,602	5,732	40,334	34,830	5,382	40,212	228	(350)	(122)
Other	27	2	29	13	1	14	(14)	(1)	(15)
Total available-for-sale assets	**45,134**	**6,360**	**51,494**	**42,286**	**5,999**	**48,285**	**(2,848)**	**(361)**	**(3,209)**
Trading assets									
Equities classified under “trading”	2,477	32	2,509	2,477	32	2,509			
Equities held for trading	1,455	32	1,487	1,455	32	1,487			
Bonds classified under “trading”	89	20	109	89	20	109			
Bonds held for trading	4,979	141	5,120	4,979	141	5,120			
Other securities classified under “trading”	1,548		1,548	1,548		1,548			
Other securities held for trading	3	26	29	3	26	29			
Total trading assets	**10,551**	**251**	**10,802**	**10,551**	**251**	**10,802**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,685**	**6,611**	**62,296**	**52,837**	**6,250**	**59,087**	**(2,848)**	**(361)**	**(3,209)**

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

As at 31 December 2008, the unrealised capital gains (losses) recognised for accounting purposes in equity (revaluation reserves) as available-for-sale investment assets and in income as trading investment assets were (€3,208) million and (€192) million, respectively (compared to €2,814 million and €457 million at 31 December 2007).

The decline in unrealised capital gains versus fiscal year 2007 was primarily due to the crisis in the financial markets, both because of bond market conditions (particularly the increase in risk premiums on certain private issuances) and, for the equities component, the change in stock market indices.

The exceptional situation created by the financial markets crisis resulted in a reclassification, on 9 December 2008, from a variable-rate bond mutual fund in the “trading” category to the category of assets available for sale, pursuant to the IAS 39 amendment adopted on 15 October 2008. The fair value of this asset totalled €2,401 million on the date of the reclassification. This reclassification had no material impact on the financial statements (€0.2 million). The amount booked to income during the period from 1 January to 9 December 2008 totalled €0.5 million.

According to the Group’s accounting principles, and given volatility in the financial markets greater than 40%, provisions were earmarked for equities for which the discount identified on the balance sheet date exceeded 50%, or for which the permanent discount over a period of six consecutive months exceeded 40%.

On 31 December 2008, the Group posted a long-term impairment charge of €208 million on its financial investments valued at fair value. Total provision for long-term impairment of investments valued at fair value was €421 million at 31 December 2008, compared to €272 million at 31 December 2007. In total, provisions for impairment on insurance assets accounted for 0.7% of the Group’s investments.

The very depressed environment of the financial markets in fiscal year 2008 resulted in low liquidity and significant discounting in certain private debt markets. In that environment, a monthly liquidity test was introduced in respect of directly held securities.

For directly-held securities, the Group holds no significant lines of instruments that are marked to model. Assets held in mutual fund portfolios valued in accordance with a “mark-to-model” methodology totalled €2,401 million at 31 December 2008. This modelling is based on observable data. These assets consist primarily of variable-coupon bonds indexed on the EURIBOR, the markets for which were deemed illiquid at 31 December 2008 (low trading volumes on the secondary market, for which prices do not necessarily reflect fair value), but for which 85% of the signatures are rated at least A by Standard & Poor’s. The liquidity risk on assets held in mutual fund portfolios remains limited with regard to the size of these mutual funds, compared to the size of the Group’s balance sheet, and a prudent policy of managing the cash segment.

The Group therefore considers its exposure to the liquidity crisis on the financial markets as extremely limited.

With a view to optimising the yield of its financial assets, in 2008 the Group strengthened its bond repurchase activity. These repurchase activities were in two distinct forms:

- investment repurchase agreements: on 31 December 2008, the amount in question was €3,631 million. Thus, two specific funds were created to isolate this amount. The funds are exclusively made up of euro-government securities rated AAA/AA and are held directly under a bond management mandate signed with Groupama Asset Management;
- repurchase agreements for opportunistic financing: the total at the balance sheet date was €761 million. In this type of transaction, the cash is reinvested in different forms of investment.

	31.12.2007								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-For-Sale assets									
Equities	9,531	660	10,191	12,221	802	13,023	2,690	142	2,832
Bonds	34,167	6,108	40,275	34,343	6,018	40,361	176	(90)	86
Other	33	83	116	11	1	12	(22)	(82)	(104)
Total available-for-sale assets	**43,731**	**6,851**	**50,582**	**46,575**	**6,821**	**53,396**	**2,844**	**(30)**	**2,814**
Trading assets									
Equities classified under "trading"	1,479	8	1,487	1,479	8	1,487			
Equities held for trading	1,636	48	1,684	1,636	48	1,684			
Bonds classified under "trading"	177	23	200	177	23	200			
Bonds held for trading	3,706	155	3,861	3,706	155	3,861			
Other securities classified under "trading"	4,983		4,983	4,983		4,983			
Other securities held for trading	29		29	29		29			
Total trading assets	**12,010**	**234**	**12,244**	**12,010**	**234**	**12,244**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,741**	**7,085**	**62,826**	**58,585**	**7,055**	**65,640**	**2,844**	**(30)**	**2,814**

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

Note 6.2 - Investments valued at fair value - by business sector

	31.12.2008								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Available-For-Sale assets									
Equities	2,513	8,618	11,131	1,849	6,210	8,059	(664)	(2,408)	(3,072)
Bonds	6,377	33,957	40,334	6,243	33,969	40,212	(134)	12	(122)
Other	28	1	29	13	2	15	(15)	1	(14)
Total assets held for sale	**8,918**	**42,576**	**51,494**	**8,105**	**40,181**	**48,286**	**(813)**	**(2,395)**	**(3,208)**
Trading assets									
Equities classified under "trading"	384	2,125	2,509	384	2,125	2,509			
Equities held for trading	519	968	1,487	519	968	1,487			
Bonds classified under "trading"	9	100	109	9	100	109			
Bonds held for trading	1,117	4,003	5,120	1,117	4,003	5,120			
Other securities classified under "trading"	428	1,120	1,548	428	1,120	1,548			
Other securities held for trading	1	28	29	1	28	29			
Total trading assets	**2,458**	**8,344**	**10,802**	**2,458**	**8,344**	**10,802**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**11,376**	**50,920**	**62,296**	**10,563**	**48,525**	**59,088**	**(813)**	**(2,395)**	**(3,208)**

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

	31.12.2007								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Available-For-Sale assets									
Equities	2,463	7,728	10,191	2,807	10,216	13,023	344	2,488	2,832
Bonds	7,111	33,164	40,275	7,144	33,217	40,361	33	53	86
Other	108	8	116	11	1	12	(97)	(7)	(104)
Total Available-For-Sale assets held for sale	**9,682**	**40,900**	**50,582**	**9,962**	**43,434**	**53,396**	**280**	**2,534**	**2,814**
Trading assets									
Equities classified under "trading"	335	1,152	1,487	335	1,152	1,487			
Equities held for trading	311	1,373	1,684	311	1,373	1,684			
Bonds classified under "trading"	20	180	200	20	180	200			
Bonds held for trading	1,038	2,823	3,861	1,038	2,823	3,861			
Other securities classified under "trading"	1,447	3,536	4,983	1,447	3,536	4,983			
Other securities held for trading	1	28	29	1	28	29			
Total trading assets	**3,152**	**9,092**	**12,244**	**3,152**	**9,092**	**12,244**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**12,834**	**49,992**	**62,826**	**13,114**	**52,526**	**65,640**	**280**	**2,534**	**2,814**

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

Note 6.3 - Investments valued at fair value - by type

	31.12.2008								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Equities									
Available-For-Sale assets	2,513	8,618	11,131	1,849	6,210	8,059	(664)	(2,408)	(3,072)
Assets classified under "trading"	384	2,125	2,509	384	2,125	2,509			
Assets held for trading	519	968	1,487	519	968	1,487			
Total equities	**3,416**	**11,711**	**15,127**	**2,752**	**9,303**	**12,055**	**(664)**	**(2,408)**	**(3,072)**
Bonds									
Available-For-Sale assets	6,377	33,957	40,334	6,243	33,969	40,212	(134)	12	(122)
Assets classified under "trading"	9	100	109	9	100	109			
Assets held for trading	1,117	4,003	5,120	1,117	4,003	5,120			
Total bonds	**7,503**	**38,060**	**45,563**	**7,369**	**38,072**	**45,441**	**(134)**	**12**	**(122)**
Other									
Available-For-Sale assets	28	1	29	13	1	14	(15)		(15)
Assets classified under "trading"	428	1,120	1,548	428	1,120	1,548			
Assets held for trading	1	28	29	1	28	29			
Total other	**457**	**1,149**	**1,606**	**442**	**1,149**	**1,591**	**(15)**		**(15)**
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**11,376**	**50,920**	**62,296**	**10,563**	**48,524**	**59,087**	**(813)**	**(2,396)**	**(3,209)**

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

	31.12.2007								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Equities									
Available-For-Sale assets	2,463	7,728	10,191	2,807	10,216	13,023	344	2,488	2,832
Assets classified under "trading"	335	1,152	1,487	335	1,152	1,487			
Assets held for trading	311	1,373	1,684	311	1,373	1,684			
Total equities	**3,109**	**10,253**	**13,362**	**3,453**	**12,741**	**16,194**	**344**	**2,488**	**2,832**
Bonds									
Available-For-Sale assets	7,111	33,164	40,275	7,144	33,217	40,361	33	53	86
Assets classified under "trading"	20	180	200	20	180	200			
Assets held for trading	1,038	2,823	3,861	1,038	2,823	3,861			
Total bonds	**8,169**	**36,167**	**44,336**	**8,202**	**36,220**	**44,422**	**33**	**53**	**86**
Other									
Available-For-Sale assets	108	8	116	11	1	12	(97)	(7)	(104)
Assets classified under "trading"	1,447	3,536	4,983	1,447	3,536	4,983			
Assets held for trading	1	28	29	1	28	29			
Total other	**1,556**	**3,572**	**5,128**	**1,459**	**3,565**	**5,024**	**(97)**	**(7)**	**(104)**
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**12,834**	**49,992**	**62,826**	**13,114**	**52,526**	**65,640**	**280**	**2,534**	**2,814**

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

Note 6.4 - Investments measured at amortised cost – net value

(in millions of euros)	31.12.2008 Non-life	31.12.2008 Life	31.12.2008 Total	31.12.2007 Non-life	31.12.2007 Life	31.12.2007 Total
Loans	68	142	210	60	141	201
Deposits	290	88	378	127	52	179
Other	56	138	194	52	239	291
Loans and receivables	**414**	**368**	**782**	**239**	**432**	**671**
ASSETS VALUED AT AMORTISED COST	**414**	**368**	**782**	**239**	**432**	**671**

Total long-term impairment provisions for investments valued at amortised cost remained unchanged versus 31 December 2007, at €4 million.

Note 6.5 - Breakdown of listed investments

(in millions of euros)	31.12.2008 Net amount	31.12.2007 Net amount
Equities	5,694	10,558
Shares in other mutual funds	9,955	10,319
Bonds and other fixed-income securities	38,700	41,593
Shares in fixed-income mutual funds	4,291	2,765
TOTAL LISTED INVESTMENTS	**58,641**	**65,235**

Total long-term impairment on listed investments recognised at fair value was €321 million at 31 December 2008, compared with €159 million at 31 December 2007.

Note 6.6 - Breakdown of unlisted investments

(in millions of euros)	31.12.2008 Net amount	31.12.2007 Net amount
Equities at fair value	354	300
Bonds and other fixed-income securities at fair value	49	63
Other investments at fair value	44	42
Loans at amortised cost	210	202
Other investments at amortised cost	572	469
TOTAL UNLISTED INVESTMENTS	**1,229**	**1,076**

Total long-term impairment on unlisted investments recognised at fair value was €100 million, compared with €113 million at 31 December 2007.

Total long-term impairment on unlisted investments recognised at amortised cost remained unchanged versus 31 December 2007, at €4 million.

NOTE 7 SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES

	31.12.2008			31.12.2007		
(in millions of euros)	**% of ownership**	**Acquisition cost net of provision**	**Fair value**	**% of ownership**	**Acquisition cost net of provision**	**Fair value**
Bolloré Investissement	4.31%	81	86	4.31%	74	147
Société Générale	4.07%	1,449	787	3.47%	1,124	1,600
Lagardère	1.85%	92	68	1.82%	92	125
Veolia Environnement	5.50%	746	555	5.56%	738	1,624
Saint Gobain	1.99%	402	251			
Eiffage	6.61%	379	223	2.86%	185	179
Cegid				17.23%	88	47
French companies		**3,148**	**1,971**		**2,301**	**3,722**
Médiobanca	4.97%	503	294	4.97%	504	575
OTP bank	8.31%	642	256			
Foreign companies		**1,145**	**550**		**504**	**575**
TOTAL INVESTMENTS IN UNCONSOLIDATED COMPANIES		**4,293**	**2,521**		**2,805**	**4,297**

Significant investments in unconsolidated companies were estimated at market value.

They are tested for long-term impairment. Considering financial market volatility greater than 40%, the trigger assumption follows the criteria below:

- permanent discount of 40% over six consecutive months preceding the balance sheet date, or;
- spot discount of 50% off the price on the balance sheet date.

Because of the financial management policy of these lines, these criteria are assessed globally at Group level. In accordance with the Group's principles, certain securities may also be subject to a specific assessment with regard to the long-term nature of the specific impairment. Thus, the recently-acquired OTP Bank shares, which have been observed to have extremely high market volatility, have been subject to an independent appraisal that reinforces the company's intrinsic value.

After exceeding the 20% threshold of control on 31 December 2008, the Cegid shares are now being consolidated according to the equity method (see Note 11).

NOTE 8 INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Variable-income and similar securities		8	8		9	9
Bonds		727	727	146	224	370
Shares in equity mutual funds	1,831	57	1,889	2,426	63	2,490
Shares in bond and other mutual funds	637	77	714	810	51	860
Other investments		3	3			
UNREALISED CAPITAL GAINS	**2,469**	**872**	**3,340**	**3,382**	**347**	**3,729**

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

Following the establishment of SCI Gan Investissement Foncier, which hosts unit-linked real estate investments commitments (UC), unit-linked real estate investments are now broken out in the financial statements. Accordingly, the revaluation recorded versus historic cost totals €33 million.

NOTE 9 ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

Note 9.1 - Fair value of derivative instruments by geographic area

	31.12.2008					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	87	(45)			87	(45)
Options	66	(2)			66	(2)
Forward currency contracts	128				128	
Other						
TOTAL	**281**	**(47)**	**0**	**0**	**281**	**(47)**

	31.12.2007					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	214	(3)			214	(5)
Options	92		3	(17)	95	(17)
Forward currency contracts	146				146	
Other						
TOTAL	**452**	**(3)**	**3**	**(17)**	**455**	**(22)**

Note 9.2 - Fair value of derivative instruments by business segment

	31.12.2008					
	Life		Non-life		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	84		3	(45)	87	(45)
Options	64		2	(2)	66	(2)
Forward currency contracts	124		4		128	
Other						
TOTAL	**272**		**9**	**(47)**	**281**	**(47)**

	31.12.2007					
	Life		Non-life		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	202		12	(5)	214	(5)
Options	87		8	(17)	95	(17)
Forward currency contracts	146				146	
Other						
TOTAL	**435**		**20**	**(22)**	**455**	**(22)**

NOTE 10 ASSETS USED FOR BANKING SECTOR BUSINESS

	31.12.2008			31.12.2007		
(in millions of euros)	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	47		47	77		77
Financial assets at fair value through income	228		228	1,204		1,204
Hedging derivative instruments						
Financial assets available for sale	16		16	20		20
Loans and receivables from credit institutions	955		955	583		583
Customer loans and receivables	1,519	(16)	1,504	704	(13)	691
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	554		554	83		83
Investment property						
TOTAL ASSETS USED FOR BANKING SECTOR BUSINESS	**3,319**	**(16)**	**3,303**	**2,670**	**(14)**	**2,656**

The analysis of this note is to be compared with Note 31 on income from banking sector companies.

These items consist primarily of balances relative to:

- customer transactions;
- transactions with credit institutions;
- the fair value of investments held by the banking sector.

Customer debts (€2,143 million posted in Note 31 under liabilities on the balance sheet) consist primarily of sight deposit accounts and savings accounts. This cash was reinvested in loans and trade receivables and in credit institutions, for a total of €2,459 million. These investments consist basically of transactions involving securities received through repurchase agreements delivered and cash loans with no liquidation or mobilisation risk.

The exceptional situation created by the financial market crisis resulted in the reclassification on 1 July 2008 of a portfolio of variable-rate bank bonds, from the "trading" category to the category of assets held to maturity, consistent with the IAS 39 amendment adopted 15 October 2008. As at the reclassification date, the fair value of the reclassified assets totalled €457 million. Losses related to this loss of value posted to the financial statements had these assets not been reclassified totalled €6.4 million. The amount posted to income for the period from 1 January to 1 July 2008 totalled €3.9 million.

NOTE 11 INVESTMENTS IN AFFILIATED COMPANIES

	31.12.2008		31.12.2007	
(in millions of euros)	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	23	2	27	1
Socomie	1		2	1
Cegid	(8)			
Star	42	1		
TOTAL INVESTMENTS IN AFFILIATED COMPANIES	**58**	**3**	**29**	**2**

The equity value of Günes shares, which represents Group share of adjusted shareholders' equity, fell by €4 million during the year, primarily due to the declining exchange rate between the Turkish pound and the euro (representing a negative effect of €6 million).

For its part, Socomie posted a breakeven profit and also distributed its previous profit, bringing the equity value to near zero.

In December 2008, the Group exceeded the control threshold, allowing Cegid to be consolidated under the equity method.

In October 2008, the Group acquired 35% of Star.

For a complete view of the Group's investments in affiliates, it is necessary to add the €78 million of goodwill on Cegid shares and €33 million on Star. This goodwill is shown in Note 2.

Note 11.1 - Significant data

	31.12.2008				31.12.2007			
(in millions of euros)	Premium income	Net profit	Total assets	Shareholders' equity	Premium income	Net profit	Total assets	Shareholders' equity
Günes Sigorta	334	5	272	48	322	4	290	56
Socomie	14		7	1	14	1	8	2
Cegid	248	11	315	153				
Star		4	127	120				

Given the balance sheet dates, data on premium income and total assets is estimated based on the latest financial statements available.

NOTE 12 SHARE OF CEDING AND RETROCEDING COMPANIES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	26	89	115	37	50	87
Reserves for outstanding claims	1,004	267	1,270	1,027	273	1,300
Other technical reserves	119	4	123	121	2	124
Total	**1,149**	**360**	**1,509**	**1,185**	**325**	**1,511**
Share of reinsurers in life insurance reserves						
Life insurance reserves	14	35	50	13	34	47
Reserves for outstanding claims	18	7	25	14	6	20
Profit-sharing reserves	12		12	20		20
Other technical reserves	4		4	3	1	4
Total	**48**	**42**	**90**	**51**	**40**	**91**
Share of reinsurers in reserves for financial contracts	**2**	**(0)**	**2**	**1**	**0**	**1**
TOTAL SHARE OF CEDING AND RETROCEDING COMPANIES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES	**1,199**	**402**	**1,601**	**1,237**	**366**	**1,603**

Note 12.1 - Change in the share of ceding and retroceding companies in reserves for non-life claims

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in reserves for claims at opening	1,026	274	1,300	1,024	274	1,298
Transfers in portfolio and changes in scope of consolidation		35	35		45	45
Share of reinsurers in the total claims expense	231	73	303	251	48	299
Share of reinsurers in total payments	(255)	(85)	(340)	(242)	(90)	(332)
Changes in exchange rate	2	(30)	(28)	(6)	(4)	(10)
SHARE OF REINSURERS IN RESERVES FOR CLAIMS AT YEAR-END	**1,004**	**267**	**1,270**	**1,027**	**273**	**1,300**

NOTE 13 OTHER TANGIBLE ASSETS

(in millions of euros)	31.12.2008	31.12.2007
Other tangible assets	147	127
Other long-term operating assets	31	31
TOTAL	**178**	**158**

Note 13.1 - Change in other tangible fixed assets

	31.12.2008			31.12.2007		
(in millions of euros)	Other tangible assets	Other long-term operating assets	Total	Other tangible assets	Other long-term operating assets	Total
Opening gross amount	**375**	**31**	**406**	**361**	**29**	**390**
Acquisitions	76	1	77	71	2	73
Newly consolidated entities	11		11	39		39
Assets capitalised in the year			0			
Foreign exchange adjustments	(8)		(8)			
Disposals	(48)	(1)	(49)	(96)		(96)
Year-end gross amount	**406**	**31**	**437**	**375**	**31**	**406**
Opening cumulative amortisation	**(244)**		**(244)**	**(246)**		**(246)**
Increase	(49)		(49)	(40)		(40)
Newly consolidated entities:	(1)		(1)	(36)		(36)
Foreign exchange adjustment	3		3			
Decrease	36		36	78		78
Year-end cumulative amortisation	**(255)**	**0**	**(255)**	**(244)**		**(244)**
Opening cumulative long-term impairment	**(4)**		**(4)**	**(2)**		**(2)**
Long-term impairment recognised	(1)		(1)	(2)		(2)
Newly consolidated entities	(2)		(2)			
Foreign exchange adjustment	1		1			
Long-term impairment write-backs	2		2			
Year-end cumulative long-term impairment	**(4)**	**0**	**(4)**	**(4)**		**(4)**
Opening net amount	**127**	**31**	**158**	**113**	**29**	**142**
Year-end net amount	**147**	**31**	**178**	**127**	**31**	**158**
Year-end fair value of other tangible fixed assets	**149**	**36**	**185**	**129**	**38**	**167**
UNREALISED CAPITAL GAINS	**2**	**5**	**7**	**2**	**7**	**9**

Unrealised capital gains on long-term assets primarily include biological assets booked in accordance with the IAS 41 regulation. They basically include forests.

Note 13.2 - Changes in other tangible fixed assets – by geographic area

(in millions of euros)	31.12.2008						31.12.2007					
	Other tangible assets			Other long-term operating assets			Other tangible assets			Other long-term operating assets		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	240	166	406	31		31	229	146	375	31		31
Cumulative amortisation	(140)	(115)	(255)				(135)	(109)	(244)			
Long-term impairment	(1)	(3)	(4)				(4)		(4)			
Year-end net amount	**99**	**48**	**146**	**31**		**31**	**90**	**37**	**127**	**31**		**31**
Year-end fair value of operating activities property	**99**	**50**	**149**	**36**		**36**	**91**	**38**	**129**	**38**		**38**
UNREALISED CAPITAL GAINS		**3**	**3**	**5**		**5**	**1**	**1**	**2**	**7**		**7**

Note 13.3 - Changes in other tangible fixed assets – by business sector

(in millions of euros)	31.12.2008						31.12.2007					
	Other tangible assets			Other long-term operating assets			Other tangible assets			Other long-term operating assets		
	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking
Gross amount	109	264	32		31		90	258	27		31	
Cumulative amortisation	(59)	(177)	(20)				(49)	(177)	(18)			
Long-term impairment	(1)	(3)					(4)					
Year-end net amount	**49**	**85**	**12**		**31**		**37**	**81**	**9**		**31**	
Year-end fair value of operating activities property	**52**	**85**	**12**		**36**		**37**	**83**	**9**		**38**	
UNREALISED CAPITAL GAINS	**3**				**5**			**2**			**7**	

NOTE 14 DEFERRED ACQUISITION COSTS

(in millions of euros)	31.12.2008			31.12.2007		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	335		335	318		318
Life insurance policies and financial contracts with discretionary profit-sharing	278	(21)	257	283	(25)	258
TOTAL DEFERRED ACQUISITION COSTS	**613**	**(21)**	**592**	**601**	**(25)**	**576**

Note 14.1 - Deferred acquisition costs – by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	119		119	120		120
Life insurance policies and financial contracts with discretionary profit-sharing	242	(11)	232	255	(15)	240
France	**362**	**(11)**	**351**	**375**	**(15)**	**360**
Non-life insurance policies	216		216	198		198
Life insurance policies and financial contracts with discretionary profit-sharing	36	(10)	26	28	(10)	18
International	**251**	**(10)**	**241**	**226**	**(10)**	**216**
TOTAL DEFERRED ACQUISITION COSTS	**613**	**(21)**	**592**	**601**	**(25)**	**576**

NOTE 15 DEFERRED PROFIT-SHARING ASSET

	31.12.2008			31.12.2007
(in millions of euros)	France	International	Total	Total
Deferred profit-sharing asset	1,438	174	1,611	11
TOTAL DEFERRED PROFIT-SHARING ASSET	**1,438**	**174**	**1,611**	**11**

Deferred profit-sharing assets derive from unrealised capital losses in accordance with the principle of shadow accounting.

For the principal entities, the rate for deferred profit sharing used for shadow accounting purposes are included between 67.6% and 90.0% in 2008, versus 68.7% and 85.6% in 2007.

A recoverability test was carried out to demonstrate the Group's ability to charge the value of deferred profit-sharing assets to future profit-sharing by policyholders.

NOTE 16 DEFERRED TAX ASSETS

Note 16.1 - Deferred tax assets – by geographic area

	31.12.2008			31.12.2007
(in millions of euros)	France	International	Total	Total
Deferred tax assets	430	80	510	572
TOTAL DEFERRED TAX ASSETS	**430**	**80**	**510**	**572**

Note 16.2 - Deferred tax assets – by business sector

(in millions of euros)	31.12.2008 Life	Non-life	Banking	Total	31.12.2007 Total
Deferred tax assets	100	387	23	510	572
TOTAL DEFERRED TAX ASSETS	**100**	**387**	**23**	**510**	**572**

Note 16.3 - Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2008	31.12.2007
Deferred taxes resulting from timing differences on consolidation restatements		
Capitalisation reserve	(245)	(249)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(72)	114
Acquisition costs for life policies and total management reserves	(47)	(46)
Consolidation adjustments on technical reserves	(61)	(22)
Other differences on consolidation adjustments	(84)	(15)
Deferred acquisition costs for non-life policies	(40)	(40)
Tax differences on technical reserves and other contingent liabilities	378	322
Gains on tax suspension	(9)	(6)
Valuation differential on mutual funds	(44)	34
Currency hedging	43	50
Other tax timing differences	13	24
Sub-total of deferred taxes resulting from timing differences	**(167)**	**167**
Capitalisation of operating losses	**34**	**20**
Deferred taxes capitalised	**(133)**	**186**
of which assets	510	572
of which liabilities	(643)	(386)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banque) in France. The value of these off-balance sheet assets as at 31 December 2008 amounted to €177 million.

NOTE 17 RECEIVABLES FROM INSURANCE AND INWARD REINSURANCE TRANSACTIONS

(in millions of euros)	31.12.2008 Gross amount	Provisions	Net amount	31.12.2007 Net amount
Receivables from insurance or inward insurance transactions				
Earned premiums not written	700		700	770
Policyholders, intermediaries and other third parties	1,276	(102)	1,173	1,077
Co-insurer and other third party current accounts	98	(14)	84	114
Current accounts of ceding and retroceding companies	442	(3)	439	376
TOTAL	**2,516**	**(119)**	**2,397**	**2,338**

Note 17.1 - Receivables resulting from insurance or inward reinsurance transactions – by maturity

(in millions of euros)	31.12.2008 < 1 year	31.12.2008 1 to 5 years	31.12.2008 > 5 years	31.12.2008 Total	31.12.2007 < 1 year	31.12.2007 1 to 5 years	31.12.2007 > 5 years	31.12.2007 Total
Receivables from insurance or inward insurance transactions								
Earned premiums not written	700			700	762	8		770
Policyholders, intermediaries and other third parties	1,164	10		1,173	1,078	(1)		1,077
Co-insurer and other third party current accounts	58	26		84	87	27		114
Current accounts of ceding and retroceding companies	409	26	3	439	350	26		376
TOTAL	**2,331**	**62**	**3**	**2,397**	**2,278**	**60**		**2,338**

NOTE 18 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

(in millions of euros)	31.12.2008 Gross amount	31.12.2008 Provision	31.12.2008 Net amount	31.12.2007 Net amount
Receivables from outward reinsurance transactions				
Outward reinsurers and retrocessionaires current accounts	110	(17)	93	67
Other receivables from reinsurance transactions	68	(6)	61	50
TOTAL	**178**	**(23)**	**154**	**118**

Note 18.1 - Receivables from outward reinsurance - by maturity

(in millions of euros)	31.12.2008 < 1 year	31.12.2008 1 to 5 years	31.12.2008 > 5 years	31.12.2008 Total	31.12.2007 < 1 year	31.12.2007 1 to 5 years	31.12.2007 > 5 years	31.12.2007 Total
Receivables from outward reinsurance								
Outward reinsurer and retrocessionnaire current accounts	80	13		93	63	4		67
Other receivables from reinsurance transactions	60	1		61	49		1	50
TOTAL	**140**	**14**		**154**	**113**	**4**	**1**	**118**

NOTE 19 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 19.1 - Current tax receivables and other tax receivables – by maturity

(in millions of euros)	31.12.2008 < 1 year	31.12.2008 1 to 5 years	31.12.2008 > 5 years	31.12.2008 Total	31.12.2007 < 1 year	31.12.2007 1 to 5 years	31.12.2007 > 5 years	31.12.2007 Total
Current tax receivables and other tax receivables	263		3	266	149	1		150

The line "tax receivables and other tax receivables" covers corporation tax and other amounts owed by government and local public authorities.

Amounts owed by government and local public authorities principally consist of statutory charges for annuities of €54 million, VAT deductible and VAT credits of €28 million, and foreign company taxes of €42 million.

Note 19.2 - Current tax receivables and other tax receivables – by geographic area

(in millions of euros)	31.12.2008 France	31.12.2008 International	31.12.2008 Total	31.12.2007 France	31.12.2007 International	31.12.2007 Total
Current tax receivables and other tax receivables	179	87	266	66	84	150

Note 19.3 - Current tax receivables and other tax receivables – by business sector

(in millions of euros)	31.12.2008 Life	31.12.2008 Non-life	31.12.2008 Banking	31.12.2008 Total	31.12.2007 Life	31.12.2007 Non-life	31.12.2007 Banking	31.12.2007 Total
Current tax receivables and other tax receivables	83	177	6	266	75	75	1	150

NOTE 20 OTHER RECEIVABLES

(in millions of euros)	31.12.2008 Gross amount	31.12.2008 Provisions	31.12.2008 Total	31.12.2007 Total
Interest accrued not due	833		833	824
Employee receivables	18		18	16
Social security agencies	66		66	61
Other debtors	862	(75)	787	815
Other receivables	451		451	416
TOTAL	**2,230**	**(75)**	**2,155**	**2,132**

Note 20.1 - Other receivables – by maturity

(in millions of euros)	31.12.2008				31.12.2007			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Interest accrued not due	832			832	824			824
Employee receivables	18			18	16			16
Social security agencies	66			66	61			61
Other debtors	659	126	2	787	730	78	7	815
Other receivables	441		11	451	416			416
TOTAL	**2,016**	**126**	**13**	**2,155**	**2,047**	**78**	**7**	**2,132**

Note 20.2 - Other receivables – by geographic area

(in millions of euros)	31.12.2008			31.12.2007		
	France	International	Total	France	International	Total
Interest accrued not due	721	111	832	755	69	824
Employee receivables	15	4	19	12	4	16
Social security agencies	66		66	61		61
Other debtors	680	107	787	682	133	815
Other receivables	406	45	451	369	47	416
TOTAL	**1,888**	**267**	**2,155**	**1,878**	**254**	**2,132**

Note 20.3 - Other receivables – by business segment

(in millions of euros)	31.12.2008				31.12.2007			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Interest accrued not due	720	112		832	727	97		824
Employee receivables	3	15		18	3	14		16
Social security agencies	62	4		66	56	5		61
Other debtors	380	394	13	787	271	530	14	815
Other receivables	200	139	112	451	149	130	136	416
OTHER RECEIVABLES	**1,365**	**664**	**125**	**2,155**	**1,206**	**776**	**150**	**2,132**

NOTE 21 DISTRIBUTION OF CASH AND CASH EQUIVALENTS BY BUSINESS SECTOR AND GEOGRAPHIC AREA

(in millions of euros)	31.12.2008	31.12.2007
France	374	292
International	923	643
TOTAL	**1,297**	**935**
Life and other entities	410	219
Non-life entities	887	716
TOTAL	**1,297**	**935**

NOTE 22 SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 22.1 - Share capital limits for insurance companies

Companies with an insurance business are subject to regulations that establish minimum share capital limits. In France, in accordance with the European directive and Article R. 322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

Furthermore, in order to ensure the financial stability of insurance companies and protect policyholders, there is a prudential provision in France under Article R. 334-1 of the French Insurance Code whereby insurance companies must comply with a minimum solvency margin on a permanent basis in respect of their life and non-life activities. This requirement also exists in other countries based on similar procedures. There is a further requirement applying to consolidated financial statements which requires insurance companies to comply with a so-called "adjusted" solvency limit that includes any banking activities exercised by the insurance Group, based on French regulations and accounting standards.

Note 22.2 - Impacts of transactions with shareholders

- Changes in the Group's shareholders' equity during 2008

  During 2008, no transaction occurred that had an effect on shareholders' equity and issue premiums.

- Accounting treatment of super-subordinated instruments written 10 October 2007

  On 10 October 2007, Groupama issued a perpetual subordinated bond with a nominal value of €1,000 million at a fixed interest rate of 6.298%. This bond carries specific terms including the following:

  • unlimited term,

  • option to defer or cancel any payment of interest to bondholders on a discretionary basis,

  • an interest "step-up" clause that kicks in following the tenth year of the bond.

  In view of the specific terms and conditions of the issue pursuant to IAS 32 § 16 and 17, the bond is considered as an equity instrument rather than a financial liability. It is therefore recognised under shareholders' equity. Post-tax interest costs are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

Note 22.3 - Income and expenses recognised during the year

- 2008 Statement of Recognised Income and Expenses (SORIE)

The Statement of Recognised Income and Expenses - SORIE, an integral part of the summary statement of changes in shareholders' equity, includes, in addition to the net profit for the year, the change in the reserve for unrealised capital gains (losses) on available-for-sale assets, net of deferred profit-sharing and deferred taxes, as well as the reserves linked to foreign exchange adjustment and the actuarial gains (losses) on post-employment benefits.

	31.12.2008			31.12.2007		
(in millions of euros)	Group share	Minority interests	Total	Group share	Minority interests	Total
Change in gross unrealised capital gains and losses on available-for-sale assets	(6,010)	(13)	(6,023)	(2,536)	(15)	(2,551)
Change in shadow accounting	3,750	10	3,760	1,572	12	1,584
Change in deferred taxes	(223)	1	(222)	136	1	137
Change in actuarial gains (losses) on post-employment benefits	15		15	3		3
Changes in foreign exchange adjustments	(299)	(3)	(302)	(24)	(4)	(28)
Other	(49)	(31)	(80)	22	9	31
Net profit (loss) for the year	273	42	315	793	36	829
TOTAL	**(2,543)**	**6**	**(2,537)**	**(34)**	**39**	**5**

- Reserves related to changes in fair value recorded in shareholders' equity

The reconciliation between unrealised capital gains (losses) on available-for-sale investment assets and the corresponding reserves in shareholders' equity are broken down as follows:

(in millions of euros)	31.12.2008	31.12.2007
Unrealised gross capital gains (losses) on AFS assets	(3,208)	2,815
Shadow accounting	1,854	(1,906)
Cash flow hedge and other changes	(83)	10
Deferred taxes	65	281
Share of minority interests	23	(9)
UNREALISED NET CAPITAL GAINS (LOSSES), GROUP SHARE	**(1,349)**	**1,191**

The deferred tax amount shown in the table above corresponds to the application of 1) a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and 2) a short-term tax rate on deferred profit-sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (*i.e.*, an effective rate of 1.72%).

The decline in the revaluation reserve is primarily related to the decline in unrealised capital gains, following the collapse of financial markets.

The total of -€83 million for the revaluation reserve of the cash flow hedge corresponds to the effective portion of the cash flow hedges applied by the Group.

NOTE 23 PROVISIONS

(in millions of euros)	31.12.2008			31.12.2007		
	Provision for pensions and similar obligations	Other risks and charges [1]	Total	Provision for pensions and similar obligations	Other risks and charges [1]	Total
OPENING AMOUNT	**270**	**313**	**583**	**258**	**295**	**553**
Changes in the scope of consolidation and changes in accounting methods		4	4	47	21	68
Increases for the year	44	57	101	7	41	48
Write-backs for the year	(55)	(221)	(276)	(42)	(44)	(86)
Changes in exchange rate	(12)	(2)	(14)			0
YEAR-END AMOUNT	**247**	**151**	**398**	**270**	**313**	**583**

(1) The details of this item are not provided because this information could cause a serious loss for the Group in view of current litigation.

The change in provisions for other risks and charges essentially includes the settlement of the Sorema liability guarantee in the Groupama SA accounts. The economic impact of this operation is neutral.

NOTE 24 INFORMATION PERTAINING TO PERSONNEL BENEFITS - DEFINED BENEFIT PLANS

Note 24.1 - Total net actuarial debt at the balance sheet date

	Post-employment benefits		Other long term benefits		Total	
(in millions of euros)	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Opening actuarial debt	**484**	**474**	**28**	**27**	**512**	**500**
Cost of past services	7	8	2	2	9	10
Services paid	(21)	(19)	(2)	(1)	(22)	(20)
Interest on actuarial liability	22	21	1	1	23	22
Actuarial gains (losses) (actual variations)	(49)	7	(1)	(2)	(50)	5
Actuarial gains (losses) (hypothetical variations)	(7)	(14)	(0)		(7)	(14)
Changes in the plan	(0)	(1)	0		(0)	(1)
Change in scope of consolidation	1	47			1	47
Changes in exchange rates	(61)	(26)			(61)	(26)
Other	2	(13)	(0)	1	2	(12)
YEAR-END ACTUARIAL DEBT (A)	**379**	**484**	**28**	**27**	**407**	**511**
Opening fair value of hedging assets	**241**	**242**			**242**	**242**
Return on hedging assets	15	15			15	15
Services paid	(11)	(10)			(11)	(10)
Required contributions	8	19			8	19
Actuarial gains (losses)	(44)	(2)			(44)	(2)
Change in scope of consolidation						
Changes in exchange rates	(49)	(21)			(49)	(21)
Other	(0)	(2)			(0)	(2)
YEAR-END FAIR VALUE OF HEDGING ASSETS (B)	**160**	**241**			**160**	**241**
YEAR-END NET ACTUARIAL DEBT (A) - (B)	**219**	**243**	**28**	**27**	**247**	**270**

Note 24.2 - Change in provision for repurchase agreements recorded in the balance sheet under provisions

(in millions of euros)	Post-employment benefits 31.12.2008	Post-employment benefits 31.12.2007	Other long term benefits 31.12.2008	Other long term benefits 31.12.2007	Total 31.12.2008	Total 31.12.2007
OPENING AMOUNT POSTED TO PROVISIONS	**243**	**232**	**27**	**26**	**270**	**258**
Present value of commitment	19	(8)	1	1	20	(7)
Actuarial differences affecting shareholders' equity	(11)	(4)			(11)	(4)
Write-back of reserves for services paid by the employer	(21)	(19)			(21)	(19)
Reclassifications					0	0
Change in scope of consolidation	1	47			1	47
Changes in exchange rates	(12)	(5)			(12)	(5)
Other					0	0
YEAR-END AMOUNT POSTED TO PROVISIONS	**219**	**243**	**28**	**27**	**247**	**270**

The amount of provisions included in this note pertains solely to post-employment benefits (retirement payments) and other long-term benefits (such as employee awards and special anniversary leave).

Note 24.3 - Retirement expense recognised in the income statement

(in millions of euros)	31.12.2008	31.12.2007
Cost of past services	(7)	(8)
Services paid by the employer	(20)	(19)
Interest on actuarial liability	(22)	(21)
Return expected from hedging assets	14	15
Sorie Option	(11)	(4)
Change in plan		
Effects of exchange rate changes	12	5
Other		
ANNUAL RETIREMENT EXPENSE	**(34)**	**(32)**

Note 24.4 - Information pertaining to employee benefits – distribution of hedging assets

(in millions of euros)	31.12.2008	31.12.2007
Equities	76	133
Bonds	77	99
General euro funds	6	5
Other	1	4
YEAR-END FAIR VALUE OF ASSETS	**160**	**241**

Note 24.5 - Principal actuarial assumptions

	31.12.2008				31.12.2007			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial liability	172	187	48	407	174	288	49	511
Fair value of hedging assets	4	154	2	160	5	234	2	241
Net actuarial liability	**168**	**33**	**46**	**247**	**169**	**54**	**47**	**270**
Principal actuarial assumptions								
Discount rate	5.50%	6.40%	3.90%		5.25%	5.80%	4.50%	
Yield expected from plan assets	4.50%	7.19%	4.60%		4.13%	6.80%	4.60%	
Expected salary/pension increases	3.00%	2.75%	3.00%		2 to 3.5%	2.95%	4 to 7%	
Staff turnover								
- from 18 to 34 years	0 to 20%	NA	NS		2 to 20%	NA	NS	
- from 35 to 44 years	0 to 15%	NA	NS		1 to 15%	NA	NS	
- from 45 to 54 years	0 to 10%	NA	NS		1 to 10%	NA	NS	
- from 55 years and over	0	NA	NS		0	NA	NS	

Only staff turnover in respect of France is material in the context of the consolidated financial statements.

As in 2007, the discount rate used at 31 December 2008 to assess actuarial commitments corresponds to the interest rate on high-quality private bonds.

The sensitivity to a 50-bp increase in this discount rate is -5% on the gross actuarial debt total for France, and -9% for the United Kingdom.

Sensitivity of total corporate commitments to healthcare plans: As at 31 December 2008 the actuarial liability of healthcare plans amounted to €20 million or 5% of the total actuarial liability. A 0.5% change in the increase in medical costs would not have a material impact on the Group consolidated financial statements.

Note 24.6 - Breakdown of personnel expenses

(in millions of euros)	31.12.2008	31.12.2007
Salaries	(723)	(664)
Social security expenses	(283)	(264)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(34)	(32)
Anniversary days and employee awards	(1)	(1)
Other personnel benefits	(23)	(17)
ANNUAL SALARY EXPENSES	**(1,064)**	**(978)**

NOTE 25 FINANCIAL DEBT

(in millions of euros)	31.12.2008 < 1 year	31.12.2008 1 to 5 years	31.12.2008 > 5 years	31.12.2008 Total	31.12.2007 < 1 year	31.12.2007 1 to 5 years	31.12.2007 > 5 years	31.12.2007 Total
Subordinated debt			1,245	1,245			1,245	1,245
of which subordinated debt of insurance companies			1,245	1,245			1,245	1,245
of which subordinated debt of banking companies								
Financial debt represented by securities								
Financial debt with banking-sector companies		1,600	440	2,040		273	669	941
TOTAL FINANCIAL DEBT		**1,600**	**1,685**	**3,285**		**273**	**1,914**	**2,187**

The increase in the financial debt item resulted from the use of a €1 billion credit facility.

Note 25.1 - Breakdown by currency and rate

(in millions of euros)	31.12.2008 Currencies Euro zone	Currencies Non-Euro zone	Rates Fixed rate	Rates Variable rate
Subordinated debt	1,245		745	500
Financial debt represented by securities				
Financial debt with banking-sector companies	2,019	21	1,825	215
TOTAL	**3,264**	**21**	**2,570**	**715**

The line "subordinated debt" comprises several issues of bond loans as follows:

- first, a bond in the form of redeemable subordinated securities (TSR) written in July 1999 by Caisse Centrale des Assurances Mutuelles Agricoles in two tranches, one variable interest rate tranche of €500 million and the other being a fixed rate tranche of €250 million. Groupama SA took over this bond as part of the capital contributions as at 1 January 2003.

  The key terms of this bond are as follows,

  • the term of the bond is 30 years,

  • an early redemption option available to Groupama SA that it may exercise as from the tenth year,

  • a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the TSR.

  In view of the specific terms and conditions of the issue pursuant to IAS 32 § 16 and 17, the bond is considered as a financial liability rather than an equity instrument. It is therefore posted under financial debt. Post-tax interest costs are recognised in the income statement.

  The total amount of these TSRs was €750 million and their prices at 31 December 2008 were 83% for the variable portion and 82.1% for the fixed portion, compared to 100.1% and 101.86% as at 31 December 2007; and

- second, a fixed-rate perpetual subordinated bond (TSDI) written by Groupama SA in July 2005 for the amount of €495 million.

  This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.

  Interest payments are subject to specific conditions covering solvency in particular: if the company has a solvencymargin less than 150% it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

In accordance with IAS 32 § 16 and 17, the bond is considered as a financial liability rather than an equity instrument. It is therefore posted under financial debt. Post-tax interest costs are recognised in the income statement.

At 31 December 2008, the price for this issue was at 57.2%, compared to 94.1% at 31 December 2007. This price resulted from a counterparty valuation, with the liquidity of this stock being extremely low.

The "financial debt to banking sector companies" item corresponds to:

- borrowings held as part of the financing of the real estate programmes of the Group's subsidiaries. The total of this financial debt at 31 December 2008 was €1,040 million, compared to €885 million at 31 December 2007;
- use of a syndicated loan totalling €1 billion.

NOTE 26 LIABILITIES RELATED TO INSURANCE POLICIES

(in millions of euros)	31.12.2008	31.12.2007
Non-life insurance reserves		
Reserves for unearned premiums	2,047	1,953
Outstanding claims reserve	10,530	10,712
Other technical reserves	2,252	2,243
Total	**14,829**	**14,908**
Life insurance reserves		
Life insurance reserves	24,684	22,924
Outstanding claims reserve	542	514
Profit-sharing reserves	924	895
Other technical reserves	126	139
Total	**26,276**	**24,471**
Life insurance reserves for unit-linked policies	**3,021**	**3,212**
LIABILITIES RELATED TO INSURANCE POLICIES	**44,126**	**42,590**

The change in operating liabilities relating to insurance policies is primarily due to the following impacts:

- Life insurance saw increased activity, which generated increases in life insurance technical reserves of €1,760 million, especially in the Groupama Vie unit, totalling €1,158 million, as well as in the Gan Vie unit, totalling €594 million.

The adequacy tests carried out as at 31 December 2008 were found to be satisfactory and did not result in the recognition of any additional technical expense.

Note 26.1 - Breakdown by geographic area

(in millions of euros)	31.12.2008 France	31.12.2008 International	31.12.2008 Total	31.12.2007 France	31.12.2007 International	31.12.2007 Total
Gross technical reserves before reinsurance						
Life insurance reserves	22,619	2,065	24,684	20,675	2,249	22,924
Outstanding claims reserve	439	104	542	420	94	514
Profit-sharing reserves	908	16	924	881	14	895
Other technical reserves	113	13	126	117	22	139
Total life insurance (excluding unit-linked items)	**24,079**	**2,197**	**26,276**	**22,092**	**2,379**	**24,471**
Reserves for unearned premiums	740	1,307	2,047	758	1,195	1,953
Outstanding claims reserve	7,363	3,167	10,530	7,459	3,253	10,712
Other technical reserves	2,158	94	2,252	2,180	62	2,242
Total Non-life insurance	**10,262**	**4,567**	**14,829**	**10,398**	**4,510**	**14,908**
Life insurance reserves for unit-linked policies	2,325	696	3,021	3,062	150	3,212
Total Gross technical reserves	**36,666**	**7,460**	**44,126**	**35,552**	**7,038**	**42,591**
Reminder of the share of reinsurers in the technical reserves	**1,197**	**402**	**1,599**	**1,064**	**323**	**1,387**
NET GRAND TOTAL	**35,469**	**7,058**	**42,527**	**34,488**	**6,715**	**41,204**

Note 26.2 - Breakdown of technical reserves for insurance policies by main categories

(in millions of euros)	31.12.2008 Gross life insurance reserves	31.12.2008 Gross outstanding claims reserves	31.12.2008 Total	31.12.2007 Gross life insurance reserves	31.12.2007 Gross outstanding claims reserves	31.12.2007 Total
Single-premium policies						
Savings business	187	29	216	425	31	456
Individual insurance	5,903	96	5,999	4,429	75	4,505
Group policies	295	15	310	309	22	331
Other	1,885	16	1,901	1,819	15	1,834
Total reserves for single-premium policies	**8,270**	**156**	**8,426**	**6,982**	**143**	**7,125**
Periodic-premium contracts						
Savings business	303	17	320	251	16	268
Individual insurance	6,862	152	7,014	6,733	129	6,861
Group policies	6,739	177	6,916	6,532	176	6,708
Other	662	6	667	687	8	695
Total reserves for periodic premium policies	**14,566**	**352**	**14,918**	**14,203**	**329**	**14,532**
Inward reinsurance	**1,848**	**34**	**1,882**	**1,739**	**43**	**1,782**
TOTAL LIFE RESERVES	**24,684**	**542**	**25,226**	**22,923**	**514**	**23,437**

(in millions of euros)	31.12.2008 Reserves for unearned premiums	Gross outstanding claims reserves	Total	31.12.2007 Reserves for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor Vehicle Insurance	908	3,062	3,970	852	3,159	4,011
Bodily injury	136	450	585	72	481	553
Property damage	555	1,181	1,736	531	1,198	1,729
General third party liability	70	1,203	1,274	65	1,215	1,280
Marine, aviation, transport	16	621	637	27	565	592
Other	224	1,140	1,364	253	1,126	1,379
Inward reinsurance	**138**	**2,873**	**3,011**	**152**	**2,968**	**3,120**
TOTAL NON-LIFE RESERVES	**2,047**	**10,530**	**12,577**	**1,953**	**10,712**	**12,665**

NOTE 27 CHANGE IN RESERVES FOR NON-LIFE CLAIMS

(in millions of euros)	31.12.2008 France	International	Total	31.12.2007 France	International	Total
Opening reserves for claims	**7,462**	**3,250**	**10,711**	**7,295**	**2,124**	**9,417**
Portfolio transfer/changes in scope of consolidation		**185**	**185**	**4**	**1,216**	**1,220**
Claims expense for the current year	3,542	2,190	5,732	3,594	1,585	5,179
Claims expense for prior years	(312)	(185)	(497)	(281)	(260)	(541)
Total claims expense	**3,230**	**2,003**	**5,233**	**3,313**	**1,325**	**4,638**
Claims payments for the current year	(1,463)	(1,081)	(2,544)	(1,526)	(781)	(2,307)
Claims payments for prior years	(1,887)	(1,010)	(2,897)	(1,600)	(587)	(2,187)
Total payments	**(3,350)**	**(2,091)**	**(5,441)**	**(3,126)**	**(1,368)**	**(4,494)**
Changes in exchange rate	**21**	**(182)**	**(161)**	**(23)**	**(47)**	**(70)**
YEAR-END TOTAL RESERVES FOR CLAIMS	**7,363**	**3,167**	**10,530**	**7,462**	**3,250**	**10,711**

The changes in exchange rate for France largely relates to technical reserves denominated in dollars in respect of the Group's transport business. Changes to International involve technical reserves generally denominated in pounds sterling, forints and Turkish pounds.

Additions to the scope of consolidation included:

- Güven Sigorta: €42 million
- OTP Subsidiaries: €75 million
- Asiban: €57 million

To supplement the additions to the scope of consolidation, a correction of €11 million was added to the opening balance sheet of BT Asigurari.

Note 27.1 - Impact of gross claims

(in millions of euros)	2004	2005	2006	2007	2008
Estimate of the claim expense					
At end of N	4,388	4,567	4,674	5,048	5,631
At end of N+1	4,269	4,474	4,711	4,977	
At end of N+2	4,148	4,317	4,571		
At end of N+3	4,058	4,223			
At end of N+4	3,968				
At end of N+5					
Claims expense	**3,968**	**4,223**	**4,571**	**4,977**	**5,631**
Cumulative claims payments	**3,519**	**3,578**	**3,720**	**3,661**	**2,488**
Outstanding claims reserve	**449**	**645**	**851**	**1,316**	**3,143**
Earned premiums	**6,016**	**6,201**	**6,731**	**6,966**	**7,518**
CLAIMS AND RESERVES/EARNED PREMIUM	**66.0%**	**68.1%**	**67.9%**	**71.4%**	**74.9%**

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2004 to 2008, *i.e.*, movements in the initial estimates and adjusted expense as at the balance sheet date.

The reserve per year of occurrence is calculated as the difference between the estimated claim expense (adjusted as at the balance sheet date) and the cumulative payments made.

At 31 December 2008, the figures for companies acquired during fiscal year 2007 were not included in the claims breakdown, namely:

- Nuova Tirrena;
- Phoenix;
- BT Asigurari.

The difference between the outstanding claims reserve of €10,530 million on the balance sheet and the €6,404 million corresponding to the total outstanding claims reserve as specified in the impact of claims (accounting for 61% of the total balance sheet reserve for outstanding claims) is in part due to outstanding claims from 2003 and prior years and in part due to reserves for outstanding claims of companies in the scope of consolidation which include the portion prior to their acquisition.

NOTE 28 IMPACT OF THE DISCOUNT IN THE ACTUARIAL RESERVES FOR ANNUITIES AND CHANGE IN THE ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES

Note 28.1 - Impact of the discount in actuarial reserves for non-life annuities by geographic area

- Gross amounts

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**1,829**	**18**	**1,847**	**1,840**	**8**	**1,848**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,819	18	1,837	1,888	8	1,896
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,396	17	2,413	2,497	7	2,504
Technical interest	(577)	1	(576)	(609)	1	(608)
Impact of change in discount rate	10		10	(48)		(48)

- Proportion ceded

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Year-end share of reinsurers in non-life annuity actuarial reserves (net of recoveries)	**103**	**7**	**110**	**103**	**7**	**110**
Year-end share of reinsurers in non-life annuity actuarial reserves (net of recoveries) before change in discount rate	103	7	110	105	7	112
Year-end share of reinsurers in non-life annuity actuarial reserves (net of recoveries) excluding technical interest	134	6	140	135	5	140
Technical interest	(31)	1	(30)	(29)	1	(28)
Impact of change in discount rate				(2)		(2)

Note 28.2 - Change in actuarial reserves for life insurance policies and financial contracts by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
OPENING ACTUARIAL RESERVES	**39,257**	**3,103**	**42,360**	**36,741**	**2,488**	**39,229**
Premiums for the year	3,130	433	3,563	3,385	296	3,681
Portfolio transfer/changes in scope of consolidation		182	182		607	607
Interest credited	320	115	435	324	81	405
Profit-sharing	1,348	14	1,361	1,106	13	1,119
Policies at term	(623)	(253)	(876)	(578)	(209)	(787)
Redemptions	(1,444)	(326)	(1,770)	(1,303)	(167)	(1,470)
Annuity arrears	(412)	(6)	(418)	(394)	(3)	(397)
Death benefits	(397)	(16)	(413)	(358)	(15)	(373)
Other changes	577	(88)	489	334	12	346
YEAR-END ACTUARIAL RESERVES	**41,756**	**3,158**	**44,915**	**39,257**	**3,103**	**42,360**

This table shows the change in actuarial reserves of life insurance policies during the year. Changes in the scope of consolidation/transfer of portfolio are due primarily to the following additions to the scope of consolidation:

- OTP subsidiaries: €121 million
- Güven Hayat: €19 million
- Asiban: €42 million

Other changes largely comprise a transformation of mono-fund euro life insurance policies into multi-fund unit-linked policies (principally in conjunction with the FOURGOUS law in France).

NOTE 29 LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2008	31.12.2007
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	20,069	19,274
Reserves on unit-linked policies	247	368
Outstanding claims reserve	219	234
Profit-sharing reserves	852	952
Other technical reserves		14
Total	**21,388**	**20,842**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	162	164
Reserves on unit-linked policies	167	223
Outstanding claims reserve	4	2
Profit-sharing reserves	3	3
Other technical reserves		
Total	**337**	**392**
LIABILITIES RELATED TO FINANCIAL CONTRACTS	**21,723**	**21,234**

Note 29.1 - Liabilities related to financial contracts (excluding unit-linked items) by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reserves						
Life financial contract reserves	19,138	1,094	20,231	18,584	853	19,436
Outstanding claims reserve	215	9	223	234	1	236
Profit sharing reserves	850	5	855	950	5	955
Other technical reserves				**8**	**6**	**14**
Total Life Insurance	**20,202**	**1,107**	**21,309**	**19,776**	**865**	**20,641**
Total Gross technical reserves	**20,202**	**1,107**	**21,309**	**19,776**	**865**	**20,641**
Share of reinsurers in technical reserves	**2**		**2**	**2**		**2**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS NET OF REINSURANCE	**20,200**	**1,107**	**21,307**	**19,774**	**865**	**20,639**

Note 29.2 - Breakdown of liabilities related to financial contracts by major category

	31.12.2008			31.12.2007		
(in millions of euros)	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Life business: Single-premium policies						
Savings business	730	13	743	800	13	813
Individual insurance	17,767	146	17,913	16,956	159	17,115
Group policies	48		48	3		3
Other			0			0
Total reserves for single-premium policies	**18,545**	**159**	**18,704**	**17,759**	**172**	**17,931**
Life business: periodic-premium contracts						
Savings business	455	2	457	464		464
Individual insurance	625	33	658	658	29	687
Group policies	605	28	633	556	30	586
Other		2	2		4	4
Total reserves for periodic premium policies	**1,685**	**65**	**1,750**	**1,678**	**63**	**1,741**
Inward reinsurance						
TOTAL LIFE RESERVES	**20,230**	**224**	**20,454**	**19,437**	**235**	**19,672**

NOTE 30 DEFERRED PROFIT-SHARING LIABILITIES

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Reserve for deferred profit-sharing on insurance policies	6		6	1,595	(3)	1,593
Reserve for deferred profit-sharing on financial contracts				1,350		1,350
TOTAL DEFERRED PROFIT SHARING LIABILITY	**6**		**6**	**2,946**	**(3)**	**2,943**

The decline in deferred profit-sharing liabilities is primarily related to the decline in unrealised capital losses, following the collapse of the financial markets.

NOTE 31 INCOME FROM BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2008	31.12.2007
Central banks, postal accounts		
Financial liabilities at fair value through income	550	881
Hedging derivative instruments		
Debt owed to credit institutions	278	27
Debt to clients	2,143	1,404
Debt represented by securities	8	103
Revaluation variance on rate-hedged portfolios		
TOTAL RESOURCES FROM BANKING SECTOR OPERATIONS	**2,979**	**2,415**

NOTE 32 DEFERRED TAX LIABILITIES

Note 32.1 - Deferred tax liabilities – by geographic area

	31.12.2008			31.12.2007
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	558	85	643	386
TOTAL DEFERRED TAX LIABILITIES	**558**	**85**	**643**	**386**

Note 32.2 - Deferred tax Liabilities – by business sector

	31.12.2008				31.12.2007
(in millions of euros)	Life	Non-life	Banking	Total	Total
Deferred tax liabilities	271	372		643	386
TOTAL DEFERRED TAX LIABILITIES	**271**	**372**		**643**	**386**

NOTE 33 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

	31.12.2008			31.12.2007		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	709		709	483		483
TOTAL	**709**		**709**	**483**		**483**

This account covers the minority interests' share of income from collective investment funds controlled by the Group. In accordance with IFRS 3 – Business combinations, minority interests' share of income is stated in this account. The underlying financial assets are included in the investments of the Group's insurance activities.

NOTE 34 OPERATING LIABILITIES TO BANKING SECTOR COMPANIES

Note 34.1 - Operating debt to banking sector companies - by maturity

	31.12.2008				31.12.2007			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debt to banking sector companies	308	47		356	232	66		298
TOTAL	**308**	**47**		**356**	**232**	**66**		**298**

Note 34.2 - Operating debt to banking sector companies - by currency and rate

	31.12.2008			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Operating debt to banking sector companies	330	25	355	
TOTAL	**330**	**25**	**355**	

NOTE 35 LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

	31.12.2008				31.12.2007			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Liabilities from insurance or inward reinsurance activities								
Policyholders, intermediaries and other third parties	618	6		624	598	5		603
Co-insurers	81	9		90	78	9		87
Outward reinsurance and retrocessionnaire current accounts	39	2		41	30	2		32
TOTAL	**738**	**17**		**754**	**705**	**17**		**722**

NOTE 36 LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

	31.12.2008				31.12.2007			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Liabilities from insurance ceded activities								
Current accounts of ceding and retroceding companies	259	43	32	334	272	32		304
Other liabilities from reinsurance activities	61	14		75	69	13		82
TOTAL	**320**	**57**	**32**	**409**	**341**	**45**		**386**

Total debts of over 5 years result from companies acquired abroad in fiscal year 2008 and added to the scope of consolidation.

NOTE 37 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2008				31.12.2007			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	195	7		202	171	4		174
TOTAL	**195**	**7**		**202**	**171**	**4**		**174**

NOTE 38 OTHER LIABILITIES

Note 38.1 - Other liabilities – by business sector

(in millions of euros)	31.12.2008 Insurance	Banking	Total	31.12.2007 Insurance	Banking	Total
Personnel creditors	180	12	192	170	12	182
Social security agencies	101	10	110	105	8	113
Other loans, deposits and guarantees received	4,807		4,807	6,222		6,222
Other creditors	907	16	923	712	10	722
Other liabilities	471	122	593	413	72	485
TOTAL	**6,466**	**160**	**6,626**	**7,623**	**103**	**7,725**

The “Other loans and guarantees received” item represented €4,807 million at 31 December 2008, versus €6,222 million at 31 December 2007, *i.e.*, a decline of €1,415 million. This change results from the loss from the repurchase of investment instruments totalling €1.36 billion and security deposits of €112 million. The maturity of the repurchased instruments was less than 3 months.

Note 38.2 - Other liabilities – by maturity

(in millions of euros)	31.12.2008 < 1 year	1 to 5 years	> 5 years	Total	31.12.2007 < 1 year	1 to 5 years	> 5 years	Total
Personnel creditors	181	1	10	192	172		10	182
Social security agencies	110	1		110	113			113
Other loans, deposits and guarantees received	4,462	58	287	4,807	6,100	60	62	6,222
Other creditors	896	18	9	923	618	95	9	722
Other liabilities	593			593	486			486
TOTAL	**6,242**	**78**	**306**	**6,626**	**7,489**	**155**	**82**	**7,726**

Note 38.3 - Other liabilities – by currency and rate

	31.12.2008			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Personnel creditors	186	6	192	
Social security agencies	107	3	110	
Other loans, deposits and guarantees received	4,738	69	4,806	1
Other creditors	791	132	904	19
Other liabilities	593		593	
TOTAL	**6,415**	**210**	**6,605**	**20**

NOTE 39 ANALYSIS OF PREMIUM INCOME BY MAJOR CATEGORIES

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Individual retirement savings	3,272	438	3,710	3,098	314	3,412
Individual provident insurance	433	169	602	429	112	541
Individual health insurance	444	113	557	425	78	504
Other	125		125	122		122
Individual life & Health insurance	**4,273**	**720**	**4,993**	**4,075**	**504**	**4,579**
Group retirement savings	268	80	348	363	57	420
Group provident scheme	450	214	664	441	173	614
Group health	322	92	414	313	103	417
Other	202	15	217	204		204
Group life & Health insurance	**1,242**	**401**	**1,643**	**1,322**	**333**	**1,655**
LIFE & HEALTH INSURANCE	**5,514**	**1,121**	**6,635**	**5,397**	**838**	**6,234**
Motor (tourist and other vehicles) insurance	900	1,671	2,571	892	1,040	1,932
Home insurance	443	313	756	436	267	703
Private and professional property damage	683	94	777	664	80	744
Private and professional	**2,026**	**2,078**	**4,104**	**1,992**	**1,387**	**3,379**
Fleets	241	105	346	222	105	327
Construction	153	3	156	153		153
Damage to corporate and Group property	575	402	977	588	311	899
Transport	290	41	331	264	38	302
businesses and local authorities	**1,259**	**551**	**1,810**	**1,227**	**454**	**1,681**
Other business segments	432	96	528	420	68	488
PROPERTY & CASUALTY INSURANCE	**3,718**	**2,725**	**6,443**	**3,639**	**1,909**	**5,548**
TOTAL	**9,232**	**3,846**	**13,078**	**9,036**	**2,747**	**11,782**

Banking revenues shown in the consolidated statements correspond to banking income before taking into account refinancing costs.

Note 39.1 - Analysis of premium income by Life/Non-Life and geographic area

	31.12.2008					31.12.2007				
(in millions of euros)	Life	Non-life	Investment activities	Total	Share as %	Life	Non-life	Investment activities	Total	Share as %
France	4,137	5,097	362	9,596	71%	4,066	4,969	350	9,385	77%
Southwest Europe	223	835		1,058	8%	189	765		954	8%
Southeast Europe	508	1,477		1,985	15%	340	816		1,156	10%
CEE	42	216		258	2%	5	36		41	0%
Great Britain		544		544	4%		597		597	5%
TOTAL	**4,910**	**8,169**	**362**	**13,441**	**100%**	**4,600**	**7,183**	**350**	**12,133**	**100%**

The geographic areas are broken down as follows:

- France;
- Southwest Europe: Spain, Portugal and Tunisia;
- Southeast Europe: Italy, Greece and Turkey;
- Central and Eastern Europe (CEE): Bulgaria, Hungary, Romania and Slovakia;
- United Kingdom.

The change in the premium income of other countries is related to the breakdown of companies acquired in 2008:

- Romania: €73 million
- Hungary: €59 million
- Turkey: €14 million

We also note the full-year integration of the premium income of companies acquired in 2007:

- Nuova Tirrena (Italy): €786 million
- Groupama Phoenix (Greece): €150 million
- BT Asigurari (Romania): €84 million

Note 39.2 - Analysis of premium income by Life & Health insurance/Property & Casualty insurance Banking/Holding company and geographic area

	31.12.2008					31.12.2007				
(in millions of euros)	Life & Health insurance	Property and casualty insurance.	Investment activities	Total	Share as %	Life & Health insurance	Property and casualty insurance.	Investment activities	Total	Share as %
France	5,515	3,719	362	9,596	71%	5,397	3,638	350	9,385	77%
Southwest Europe	306	752		1,058	8%	265	689		954	8%
Southeast Europe	659	1,326		1,985	15%	432	724		1,156	10%
CEE	44	215		259	2%	5	36		41	0%
Great Britain	112	432		544	4%	136	461		597	5%
TOTAL	**6,636**	**6,444**	**362**	**13,442**	**100%**	**6,235**	**5,548**	**350**	**12,133**	**100%**

Note 39.3 - Analysis of banking activities included in premium income

	31.12.2008			31.12.2007		
(in millions of euros)	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	36	51	87	25	43	68
Commissions (income)	26	171	197	21	190	211
Gains on financial instruments at fair value through income		76	76		65	65
Gains on available-for-sale financial assets			0			
Income from other activities		2	2		6	6
BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME	**62**	**300**	**362**	**46**	**304**	**350**

NOTE 40 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 40.1 - By geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Investment income	**2,829**	**416**	**3,245**	**2,774**	**306**	**3,080**
Interest on deposits and financial investments income	2,071	407	2,478	2,038	287	2,326
Gains on foreign exchange transactions	103	(1)	102	105	12	116
Income from differences on redemption prices to be received (premium-discount)	232	4	236	215	2	217
Revenues from property	424	5	429	416	5	421
Other investment income						
Investment expenses	**(791)**	**(37)**	**(829)**	**(616)**	**(43)**	**(659)**
Interest received from reinsurers	(4)	(2)	(5)	(4)	(2)	(5)
Losses on foreign exchange transactions	(91)	2	(88)	(39)		(39)
Amortisation of differences in redemption prices (premium-discount)	(55)	(12)	(68)	(67)	(12)	(79)
Depreciation and provisions on real estate	(87)	(2)	(89)	(85)	(2)	(87)
Management expenses	(555)	(23)	(578)	(421)	(28)	(449)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**387**		**387**	**1,226**	**28**	**1,254**
Held for trading	308		308	167	1	168
Available for sale	(8)	(4)	(12)	697	26	723
Held to maturity						
Other	87	4	91	362	1	363
Change in fair value of financial instruments recognised at fair value through income	**(1,368)**	**(47)**	**(1,415)**	**277**		**277**
Held for trading	(651)	(40)	(691)	42	(4)	38
Derivatives	(161)	19	(142)	186	2	187
Adjustments on unit-linked contracts	(555)	(27)	(582)	49	2	51
Change in impairment on financial instruments	**(29)**	**(182)**	**(211)**	**(8)**	**(2)**	**(9)**
Available for sale	(26)	(182)	(208)	(8)	(2)	(10)
Held to maturity						
Receivables and loans	(3)		(2)			
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,029**	**149**	**1,178**	**3,653**	**289**	**3,942**

Note 40.2 - By business sector

	31.12.2008			31.12.2007		
(in millions of euros)	Life	Non-life	Total	Life	Non-life	Total
Investment income	**2,210**	**1,035**	**3,245**	**2,100**	**980**	**3,080**
Interest on deposits and financial investments income	1,891	587	2,478	1,792	534	2,326
Gains on foreign exchange transactions	50	52	102	55	61	116
Income from differences on redemption prices to be received (premium-discount)	210	26	236	195	22	217
Revenues from property	59	370	429	58	363	421
Other investment income						
Investment expenses	**(411)**	**(418)**	**(829)**	**(289)**	**(370)**	**(659)**
Interest received from reinsurers	(1)	(4)	(5)	(2)	(4)	(5)
Losses on foreign exchange transactions	(35)	(54)	(88)	(7)	(33)	(39)
Amortisation of differences in redemption prices (premium-discount)	(51)	(17)	(68)	(58)	(21)	(79)
Depreciation and provisions on real estate	(7)	(82)	(89)	(8)	(79)	(87)
Management expenses	(317)	(261)	(578)	(215)	(234)	(449)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**322**	**65**	**387**	**875**	**379**	**1,254**
Held for trading	242	66	308	98	70	168
Available for sale	33	(45)	(12)	413	310	723
Held to maturity						
Other	47	44	91	364	(1)	363
Change in fair value of financial instruments recognised at fair value through income	**(1,347)**	**(68)**	**(1,415)**	**301**	**(24)**	**277**
Held for trading	(612)	(80)	(691)	34	4	38
Derivatives	(154)	12	(142)	216	(28)	187
Adjustments on unit-linked policies	(582)		(582)	51		51
Change in impairment on financial instruments	**(86)**	**(125)**	**(211)**	**(1)**	**(8)**	**(9)**
Available for sale	(83)	(126)	(208)	(1)	(9)	(10)
Held to maturity						
Receivables and loans	(3)	1	(2)		1	
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**688**	**490**	**1,178**	**2,986**	**956**	**3,942**

Note 40.3 - Investment income net of management expenses (revenue breakdown by type of asset)

	31.12.2008					31.12.2007				
(in millions of euros)	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	429	91			520	421	363			784
Equities	279	(91)	(7)		181	297	643			941
Bonds	2,161	14	(179)		1,996	2,027	(56)	(60)		1,911
Equity mutual funds	56	269	(307)		18	56	287	99		443
Bond mutual funds	18	34	(206)		(154)	21	16	2		39
Interest on cash deposits	29				29	23				23
Other investment income	273	71	(135)	(211)	(2)	235		184	(9)	410
Investment income	**3,245**	**388**	**(834)**	**(211)**	**2,588**	**3,080**	**1,254**	**226**	**(9)**	**4,550**
Internal and external management expenses	(556)				(556)	(431)				(431)
Other investment expenses	(272)				(272)	(228)				(228)
Investment expenses	**(828)**				**(828)**	**(659)**				**(659)**
Investment income, net of expenses	**2,417**	**388**	**(834)**	**(211)**	**1,760**	**2,421**	**1,254**	**226**	**(9)**	**3,891**
Capital gains on securities representing unit-linked policies			114		114			160		160
Capital losses on securities representing unit-linked policies			(696)		(696)			(109)		(109)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,417**	**388**	**(1,416)**	**(211)**	**1,178**	**2,421**	**1,254**	**277**	**(9)**	**3,942**

The decline in investment income net of management expenses was due to adverse changes in fair value. These unrealised losses consist primarily of mutual fund units, other investments and assets representing unit-linked policies, and arise from the deterioration in the financial markets.

The internal and external management expenses item comprises investment expenses related to repurchased securities totalling €222 million. This amount is offset in investment income under the other investment income item.

Note 40.4 - Investment income net of management expenses (revenue breakdown by type of asset) - Non-life

	31.12.2008					31.12.2007				
(in millions of euros)	**Revenue & expenses**	**Income from sales**	**Change in fair value**	**Change in provisions**	**Total**	**Revenue & expenses**	**Income from sales**	**Change in fair value**	**Change in provisions**	**Total**
Property	370	44			414	362	(1)			361
Equities	70	(44)			26	63	260			323
Bonds	450	1	(31)		420	417	(5)	(6)		406
Equity mutual funds	20	56	(29)		47	21	109	16		145
Bond mutual funds	13	3	(28)		(12)	12	13	(3)		22
Interest on cash deposits	24				24	20				20
Other investment income	89	5	20	(125)	(11)	84	4	(31)	(8)	48
Investment income	**1,036**	**65**	**(68)**	**(125)**	**908**	**979**	**379**	**(24)**	**(8)**	**1,326**
Internal and external management expenses	(217)				(217)	(187)				(187)
Other investment expenses	(201)				(201)	(183)				(183)
Investment expenses	**(418)**	**0**	**0**	**0**	**(418)**	**(370)**	**0**	**0**	**0**	**(370)**
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**618**	**65**	**(68)**	**(125)**	**490**	**609**	**379**	**(24)**	**(8)**	**956**

Note 40.5 - Investment income net of management expenses (revenue breakdown by type of asset) – Life

	31.12.2008					31.12.2007				
(in millions of euros)	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	59	47			106	58	364			422
Equities	210	(48)	(7)		155	234	384			618
Bonds	1,711	14	(148)		1,577	1,610	(50)	(54)		1,505
Equity mutual funds	36	212	(278)		(30)	35	179	84		298
Bond mutual funds	6	31	(179)		(142)	9	3	5		16
Interest on cash deposits	4				4	3				3
Other investment income	184	66	(154)	(86)	10	151	(3)	216	(1)	362
Investment income	**2,210**	**322**	**(766)**	**(86)**	**1,680**	**2,100**	**875**	**250**	**(1)**	**3,224**
Internal and external management expenses	(339)				(339)	(244)				(244)
Other investment expenses	(71)				(71)	(45)				(45)
Investment expenses	**(410)**				**(410)**	**(289)**				**(289)**
Investment income, net of expenses	**1,800**	**322**	**(766)**	**(86)**	**1,270**	**1,811**	**875**	**250**	**(1)**	**2,935**
Capital gains on securities representing unit-linked policies			114		114			160		160
Capital losses on securities representing unit-linked policies			(696)		(696)			(109)		(109)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,800**	**322**	**(1,348)**	**(86)**	**688**	**1,811**	**875**	**301**	**(1)**	**2,986**

NOTE 41 INSURANCE POLICY SERVICING EXPENSES

Note 41.1 - Insurance policy servicing expenses – by geographic area

(in millions of euros)	31.12.2008 France	31.12.2008 International	31.12.2008 Total	31.12.2007 France	31.12.2007 International	31.12.2007 Total
Claims						
Paid to policy holders	(6,755)	(2,997)	(9,752)	(6,165)	(1,943)	(8,108)
Change in technical reserves						
Outstanding claims reserve	126	146	272	(235)	58	(177)
Actuarial reserves	(756)	199	(557)	(899)	89	(810)
Unit-linked reserves	861	(26)	835	10	(23)	(13)
Profit-sharing	(987)	(81)	(1,068)	(2,351)	(94)	(2,444)
Other technical reserves	32	(3)	29	53	(5)	48
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(7,479)**	**(2,762)**	**(10,241)**	**(9,586)**	**(1,917)**	**(11,503)**

Insurance policy servicing expenses totalled €10,241 million at 31 December 2008, down from €11,503 million at 31 December 2007, *i.e.*, a decline of €1,262 million.

This reduction is largely due to:

- the decline in profit-sharing expenses;
- acquisitions made in second half 2007 which increased the international expense by €702 million (including Nuova Tirrena at €587 million);
- changes in fair values of unit-linked policies through profit or loss.

Note 41.2 - Insurance policy servicing expenses - by business sector

(in millions of euros)	31.12.2008 Life	31.12.2008 Non-life	31.12.2008 Total	31.12.2007 Life	31.12.2007 Non-life	31.12.2007 Total
Claims						
Paid to policy holders	(4,051)	(5,701)	(9,752)	(3,408)	(4,700)	(8,108)
Change in technical reserves						
Outstanding claims reserve	(15)	287	272	(23)	(154)	(177)
Actuarial reserves	(557)		(557)	(810)		(810)
Unit-linked reserves	835		835	(13)		(13)
Profit-sharing	(1,050)	(18)	(1,068)	(2,418)	(26)	(2,444)
Other technical reserves	17	12	29	46	2	48
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(4,821)**	**(5,420)**	**(10,241)**	**(6,627)**	**(4,877)**	**(11,503)**

NOTE 42 EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

Note 42.1 - Expenses and income net of outward reinsurance – by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Acquisition and administrative costs	33	28	61	30	46	75
Claims charge	228	94	322	268	41	308
Change in technical reserves	16		16	(5)	(1)	(6)
Profit sharing	(10)		(10)	10		10
Change in the equalisation reserve						
Income from outward reinsurance	**267**	**122**	**389**	**302**	**85**	**388**
Premiums ceded	(581)	(154)	(735)	(548)	(176)	(724)
Expenses on outward reinsurance	**(581)**	**(154)**	**(736)**	**(548)**	**(176)**	**(724)**
INCOME AND EXPENSES ON OUTWARD REINSURANCE	**(314)**	**(32)**	**(346)**	**(246)**	**(91)**	**(337)**

Note 42.2 - Expenses and income on outward reinsurance – by business sector

	31.12.2008			31.12.2007		
(in millions of euros)	Life	Non-life	Total	Life	Non-life	Total
Acquisition and administrative costs	7	55	61	7	68	75
Claims charge	25	297	322	25	284	308
Change in technical reserves	7	8	15	(1)	(5)	(6)
Profit sharing	(10)		(10)	5	6	10
Change in the equalisation reserve						
Income from outward reinsurance	**29**	**360**	**389**	**36**	**352**	**388**
Outward premiums	(40)	(696)	(736)	(34)	(690)	(724)
Expenses on outward reinsurance	**(40)**	**(696)**	**(736)**	**(34)**	**(690)**	**(724)**
INCOME AND EXPENSES ON OUTWARD REINSURANCE	**(11)**	**(335)**	**(346)**	**2**	**(338)**	**(337)**

NOTE 43 OPERATING EXPENSES

Note 43.1 - Operating expenses – by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(732)	(204)	(936)	(675)	(217)	(892)
Taxes	(144)	(8)	(151)	(158)	(1)	(159)
Personnel expenses	(785)	(266)	(1,051)	(755)	(194)	(949)
Commissions	(1,024)	(561)	(1,585)	(1,002)	(408)	(1,410)
Allocations for amortisation and provisions (net of write-backs)	(94)	(23)	(117)	(92)	(24)	(116)
Other expenses	(26)	(106)	(132)	(8)	(36)	(44)
TOTAL OPERATING EXPENSES BY NATURE	**(2,805)**	**(1,168)**	**(3,973)**	**(2,690)**	**(880)**	**(3,570)**
Personnel expenses directly posted to paid services and costs	(4)		(4)			
Claims management expenses	(234)	(105)	(339)	(273)	(86)	(359)
Acquisition costs	(1,016)	(654)	(1,671)	(987)	(510)	(1,497)
Administrative costs	(676)	(246)	(922)	(676)	(176)	(852)
Other operating expenses	(422)	(107)	(529)	(316)	(76)	(392)
Investment management expenses	(135)	(8)	(143)	(122)	(5)	(127)
Other non-operating expenses	(124)	(47)	(171)	(138)	(27)	(165)
Banking operating expenses	(194)		(194)	(178)		(178)
TOTAL OPERATING EXPENSES BY FUNCTION	**(2,805)**	**(1,168)**	**(3,973)**	**(2,690)**	**(880)**	**(3,570)**

Operating expenses at 31 December 2007 included only two months of activity for Nuova Tierrena and six months of activity for Phoenix.

Note 43.2 - Operating expenses – by business sector

(in millions of euros)	31.12.2008 Insurance	Banking	Total	31.12.2007 Insurance	Banking	Total
External expenses	(858)	(78)	(936)	(818)	(74)	(892)
Taxes	(144)	(7)	(151)	(152)	(7)	(159)
Personnel expenses	(943)	(107)	(1,051)	(853)	(96)	(949)
Commissions	(1,585)		(1,585)	(1,410)		(1,410)
Allocations for amortisation and provisions (net of write-backs)	(113)	(5)	(117)	(107)	(9)	(116)
Other expenses	(118)	(14)	(132)	(32)	(12)	(44)
TOTAL OPERATING EXPENSES BY NATURE	**(3,761)**	**(212)**	**(3,973)**	**(3,372)**	**(198)**	**(3,570)**
Personnel expenses directly posted to paid services and costs	(4)		(4)			
Claims management expenses	(339)		(339)	(359)		(359)
Acquisition costs	(1,671)		(1,671)	(1,497)		(1,497)
Administrative costs	(922)		(922)	(852)		(852)
Other operating expenses	(529)		(529)	(392)		(392)
Investment management expenses	(143)		(143)	(127)		(127)
Other non-operating expenses	(152)	(19)	(171)	(145)	(20)	(165)
Banking operating expenses		(194)	(194)		(178)	(178)
TOTAL OPERATING EXPENSES BY FUNCTION	**(3,761)**	**(212)**	**(3,973)**	**(3,372)**	**(198)**	**(3,570)**

NOTE 44 POLICY ACQUISITION COSTS

Note 44.1 - Policy acquisition costs by geographic area

(in millions of euros)	31.12.2008 France	International	Total	31.12.2007 France	International	Total
Commissions	(680)	(509)	(1,189)	(667)	(402)	(1,069)
Change in deferred acquisition costs	(13)	(19)	(31)	5	4	9
Other expenses	(336)	(145)	(481)	(320)	(108)	(428)
TOTAL ACQUISITION COSTS	**(1,029)**	**(673)**	**(1,702)**	**(982)**	**(506)**	**(1,488)**

Note 44.2 - Policy acquisition costs by business sector

(in millions of euros)	31.12.2008 Life	Non-life	Total	31.12.2007 Life	Non-life	Total
Commissions	(207)	(982)	(1,189)	(197)	(872)	(1,069)
Change in deferred acquisition costs	(14)	(17)	(31)	(1)	10	9
Other expenses	(130)	(352)	(481)	(117)	(311)	(428)
TOTAL ACQUISITION COSTS	**(351)**	**(1,350)**	**(1,702)**	**(315)**	**(1,173)**	**(1,488)**

NOTE 45 ADMINISTRATIVE EXPENSES

Note 45.1 - Administrative expenses by geographic area

	31.12.2008			31.12.2007		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(303)	(56)	(359)	(297)	(43)	(340)
Other expenses	(373)	(190)	(563)	(378)	(133)	(511)
TOTAL ADMINISTRATIVE EXPENSES	**(676)**	**(246)**	**(922)**	**(675)**	**(176)**	**(851)**

Note 45.2 - Administrative expenses by business sector

	31.12.2008			31.12.2007		
(in millions of euros)	Life	Non-life	Total	Life	Non-life	Total
Commissions	(47)	(312)	(359)	(61)	(279)	(340)
Other expenses	(153)	(410)	(563)	(166)	(345)	(511)
TOTAL ADMINISTRATIVE EXPENSES	**(200)**	**(722)**	**(922)**	**(227)**	**(624)**	**(851)**

NOTE 46 OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

(in millions of euros)	31.12.2008	31.12.2007
Commissions and other operating expenses, Life	(148)	(116)
Other operating income, Life	22	55
Transfer of operating expenses and capitalised production, Life	52	56
Total other operating income and expenses, Life	**(74)**	**(5)**
Non-life commissions and other operating expenses	(308)	(224)
Other Non-life operating income	188	143
Transfer of Non-life operating expenses and capitalised production	10	(11)
Total other operating income and expenses, Non-life	**(110)**	**(92)**
Other non-operating expenses	(217)	(191)
Other non-operating income	69	46
Total other non-operating income and expenses	**(148)**	**(145)**
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(332)**	**(242)**

NOTE 47 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

(in millions of euros)	31.12.2008	31.12.2007
Income from non-current operations	82	46
Expenses from non-current operations	(154)	(163)
Allocation to the provision for goodwill	(24)	(1)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(96)**	**(118)**

Net other operating income and expenses amounts to a loss of €96 million at 31 December 2008, compared to a loss of €118 million in 2007.

The main items comprising this total include impairment on value of business acquired for the following companies totalling €43 million:

- Nuova Tirrena: €22 million
- Basak Emeklilik: €11 million
- UK brokers: €9 million
- Phoenix: €1 million

Goodwill impairment in the year was also posted to non-current items as follows:

- Cegid: €24 million

NOTE 48 FINANCING EXPENSES

(in millions of euros)	31.12.2008	31.12.2007
Interest expenses on loans and debt	(133)	(107)
Interest income and expenses - Other		
TOTAL FINANCING EXPENSES	**(133)**	**(107)**

The increase in interest expenses is primarily due to drawings made in the 3rd quarter of 2008 from the line of credit granted in 2004 for a total of €1 billion.

NOTE 49 BREAKDOWN OF TAX EXPENSES

Note 49.1 - Breakdown of tax expenses – by geographic area

	31.12.2008			31.12.2007
(in millions of euros)	France	International	Total	Total
Current taxes	(73)	(43)	(117)	(174)
Impôt différé	(17)	25	8	(58)
TOTAL TAX EXPENSE	**(90)**	**(19)**	**(109)**	**(231)**

Note 49.2 - Breakdown of tax expenses – by business sector

(in millions of euros)	31.12.2008 Life	31.12.2008 Non-life	31.12.2008 Banking	31.12.2008 Total	31.12.2007 Total
Current taxes	(84)	(20)	(13)	(117)	(174)
Deferred taxes	35	(33)	6	8	(57)
TOTAL TAX EXPENSE	**(49)**	**(53)**	**(7)**	**(109)**	**(231)**

Note 49.3 - Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2008	31.12.2007
THEORETICAL TAX EXPENSE	**(146)**	**(365)**
Impact of expenses or income defined as non-deductible or non-taxable	46	31
Impact of differences in tax rate	50	66
Tax credit and various charges		
Charges of prior deficits		54
Losses for the year not activated		
Deferred tax assets not accounted for		
Other differences	(60)	(17)
EFFECTIVE TAX EXPENSE	**(109)**	**(231)**

Income tax amounted to €109 million at 31 December 2008 down from €231 million for 31 December 2007. The effective tax rate came in at 26% for 31 December 2008, compared to 22% 31 December 2007.

The reconciliation with the theoretical statutory tax is as follows:

	31.12.2008		31.12.2007	
(in millions of euros)	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	357	34.43%	867	34.43%
Spain	147	30.00%	123	30.00%
Greece	(14)	25.00%	(25)	25.00%
Italy	(104)	27.50%	43	32.31%
Portugal	(1)	26.50%	2	26.50%
United Kingdom	26	28.00%	34	28.00%
Turkey	27	20.00%	17	20.00%
Romania	(24)	16.00%		
TOTAL	**415**		**1,061**	

NOTE 50 AFFILIATES

This note is included in the Registration Document under section 3.7.

NOTE 51 EMPLOYEES OF THE CONSOLIDATED COMPANIES

This note is included in the Registration Document under section 1.5.

NOTE 52 COMMITMENTS GIVEN AND RECEIVED

Note 52.1 - Commitments given and received – banking segment

(in millions of euros)	31.12.2008	31.12.2007
Financing commitments received		
Guarantee commitments received	105	87
Securities commitments receivable		
Total banking commitments received	**105**	**87**
Commitments received on currency transactions	22	42
Other commitments received	25	25
Total of other banking commitments received	**47**	**66**
Financing commitments given	163	111
Guarantee commitments given	105	77
Commitments on securities to be delivered	10	
Total banking commitments given	**278**	**188**
Commitments given on currency transactions	22	83
Commitments given on financial instrument transactions	1	1
Other commitments given	1	
Total of other banking commitments given	**24**	**83**

Off-balance sheet commitments received from the banking segment consist primarily of real estate loan guarantees totalling €101 million. For spot foreign exchange transactions, the position at 31 December 2008 was as follows:

- foreign currencies purchased for euros
  not yet received: €22 million
- foreign currencies sold for euros
  not yet delivered: €22 million

Commitments given are marked by a €52 million increase in new loans granted (cash or permanent loans), raising total financing commitments given to €163 million.

The Group bank increased its position by €29 million on various sureties and guarantees, to total guarantees of €105 million.

Note 52.2 - Commitments given and received, insurance and reinsurance business segments

(in millions of euros)	31.12.2008	31.12.2007
Endorsements, securities and guarantees received	109	172
Other commitments received	672	1,683
Total commitments received, excluding reinsurance	**781**	**1,855**
Reinsurance commitments received	**387**	**575**
Endorsements, securities and guarantees given	463	545
Other commitments on securities, assets or income	585	592
Other commitments given	212	224
Total commitments given, excluding reinsurance	**1,260**	**1,361**
Reinsurance commitments given	**1,787**	**2,641**
Securities belonging to provident institutions	**3**	**3**
Other assets held on behalf of third parties		

- Other commitments received excluding reinsurance largely comprise the following items:

  • commitments in conjunction with construction work conducted by Silic amounting to €446 million broken down between unused but confirmed lines of credit of €310 million, and the outstanding balance on outstanding construction work of €136 million;

  • commitments in conjunction with company acquisitions and sales of €200 million:

  - *a guarantee received from CGU France on Gan's 2002 acquisition of CGU Courtage of €150 million,*

  - *liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena.*

- Endorsements, securities and guarantees given amounted to €463 million and are broken down into the following major transactions:

  • a guarantee valued at €50 million given in conjunction with Gan UK's sale of Minster Insurance Company Limited (MICL). This company was sold during fiscal year 2006;

  • liabilities guaranteed by charges on assets in conjunction with real estate investments undertaken by Silic for €339 million.

- Other commitments on securities, assets or income

  Other commitments on securities, assets or income consist exclusively of subscriptions to high-risk mutual funds ("FCPR"). The balance of €585 million as at 31 December 2008 corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

- Other commitments given

  Other commitments given amount to €212 million and comprise mainly outstanding commitments of €141 million on construction in progress conducted by SILIC on rental properties and a services park.

- Unvalued commitments

  Shares in Cegid purchased on 19 December 2007 come with an adjustment taking the form of potential additional free shares based on changes in the market price of Cegid shares during second quarter 2009, which may reduce the average purchase price of the shares.

- Covenants

  Silic is contractually committed to comply with several financial ratios concerning the balance sheet structure and interest cost cover.

The ratios applicable to over 10% of the overall authorised bank debt of all categories are as follows:

Financial ratios	% Debt concerned (1)	Covenants	2008	2007	2006
▪ Net bank debt / Re-valued real estate assets	99%	Ratio < 0.40 for 24% Ratio < 0.45 for 16% Ratio < 0.50 for 59%	31.7%	26.9%	26.7%
▪ EBITDA / Net interest costs	79%	Ratio > 3 for 35% Ratio > 2.5 for 25% Ratio > 2 for 19%	3.37	3.53	4.28
▪ Re-valued real estate assets / Real estate assets pledged	21%	Ratio > 2 for 21%	4.07	3.75	3.28
▪ Debt pledged / Re-valued real estate assets	25%	Ratio < 0.20 for 9% Ratio < 0.25 for 16%	11.0%	11.4%	13.5%
▪ Re-valued real estate assets	31%	Amount > €1,000 million for 15% Amount > €1,500 million for 26%	3,099	3,178	2,824
▪ Net re-valued assets	24%	Amount > €800 million	2,044	2,250	2,009

(1) Based on authorised bank debt excluding any duplicate default clauses.

At 31 December 2008 and prior years, Silic was in full compliance with the above covenants.

- Trigger clauses

  Following its purchase of Gan in 1998, Groupama SA launched a securitisation deal for earned unwritten Group insurance premiums amounting to around €150 million.

  Clauses, which could terminate these deals, are as follows:

  - if Groupama SA loses its majority holding of the equity and voting rights of the ceding insurance companies Gan Assurance Vie, Gan Eurocourtage Vie and Gan Eurocourtage;
  - if the solvency margin of a ceding insurance company does not meet the requirements of the French Insurance Code;
  - if the Groupama SA credit rating falls below A-.

At 31 December 2008 and prior years, Groupama SA complied with all the above clauses.

Furthermore, in conjunction with issues of subordinated securities ("TSR" and "TSDI"), Groupama SA has a "trigger clause", whereby it is entitled to defer payment of interest on the July 1999 TSR of €750 million should the Group solvency margin fall below 150%.

Groupama SA also has a similar option in conjunction with the July 2005 issue of TSDI of €500 million.

The trigger is valued as of the closing date prior to the anniversary date (ex-dividend date). In the specific case of the issues in question, the reference closing date is 30 June.

NOTE 53 RISK FACTORS AND SENSITIVITY ANALYSES

This note is included in the registration document under chapter 4.

NOTE 54 LIST OF COMPANIES IN THE SCOPE OF CONSOLIDATION

The principal changes in the scope of consolidation are the following:

- Additions to the scope of consolidation, acquisitions, creation of companies
  - Central and Eastern Europe

    Additional acquisitions in the geographic area during the year, by completion of two major dossiers: OTP Garancia and Asiban. These dossiers consist of the following companies:

- *OTP Garancia Hungary;*
- *OTP Garancia Asigurari;*
- *DSK Garancia Life Insurance Company Bulgaria;*
- *DSK Garancia Insurance Company Bulgaria;*
- *OTP Garancia Poistovna Slovakia;*
- *OTP Garancia Zivotna Slovakia;*
- *Asiban.*

  - Turkey

    Strengthening of the Turkish market position by acquiring the following companies:

- *Güven Sigorta;*
- *Güven Hayat.*

  - Tunisia

    Strategic partnership entered into with STAR (Société Tunisienne d'Assurance et de Réassurance) resulting in the consolidation of the company under the equity method, for a share of 35%.

  - United Kingdom

    Strengthening of brokerage activity in the United Kingdom by acquiring four brokerage firms in fiscal year 2008:

- *Grosvenor Court Services;*
- *Griffith Goods;*
- *Compucar Ltd;*
- *Choice Quote;*

  - France

    Acquisition of an additional block of shares comprising the share capital of Cegid, thereby bringing the share of capital potentially held up to 26.89%. This exceeding of the 20% threshold requires that the company be consolidated under the equity method.

    The mutual funds Groupama Cash and Astorg Taux Variable, of which the Group is the majority shareholder, were also added to the scope of consolidation in fiscal year 2008.

- Eliminations from the scope of consolidation

  No eliminations from the scope of consolidation occurred in fiscal year 2008.

	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
				31.12.2008			31.12.2007	
GROUPAMA SA	Holding	France	100.00	100.00	Parent co	100.00	100.00	FC
GIE GROUPAMA SI	GIE	France	88.38	88.34	FC	88.38	88.34	FC
GIE LOGISTIQUE	GIE	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA INTERNATIONAL	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	99.98	99.98	FC	99.97	99.97	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.76	99.76	FC	99.76	99.76	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN EUROCOURTAGE VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PRÉVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CRÉDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CEGID		France	26.89	26.89	EM			
GROUPAMA ITALIA VITA	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GUNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
BASAK SIGORTA ANONIM SIRKETI	Insurance	Turkey	98.34	98.34	FC	98.34	98.34	FC
EMEKLILIK SIGORTA ANONIM SIRKETI	Insurance	Turkey	90.00	89.37	FC	90.00	89.37	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GUVEN SIGORTA	Insurance	Turkey	100.00	100.00	FC			
GUVEN HAYAT	Insurance	Turkey	100.00	100.00	FC			
OTP GARANCIA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC			
OTP GARANCIA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC			
STAR	Insurance	Tunisia	35.00	35.00	EM			
DSK GARANCIA INSURANCE COMPANY	Insurance	Bulgaria	100.00	100.00	FC			
DSK GARANCIA LIFE INSURANCE COMPANY	Insurance	Bulgaria	100.00	100.00	FC			
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
OTP GARANCIA HONGRIE	Insurance	Hungary	100.00	100.00	FC			
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
GAN UK HOLDING LTD	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCE CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation. EM: Equity method.

	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
			31.12.2008			31.12.2007		
LARK	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GREYSTONE	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
HALVOR	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Brokerage	UK	100.00	100.00	FC			
GRIFFITHS GOODS	Brokerage	UK	100.00	100.00	FC			
CHOICE QUOTE	Brokerage	UK	100.00	100.00	FC			
GROSVENOR COURT SERVICES	Brokerage	UK	100.00	100.00	FC			
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
NUOVA TIRRENA	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
BT ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
ASIBAN	Insurance	Romania	100.00	100.00	FC			
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	100.00	FC			
GROUPAMA ASSET MANAGEMENT	Portf. Mgmt	France	99.98	99.98	FC	99.98	99.98	FC
GROUPAMA FUND PICKERS	Portf. Mgmt.	France	100.00	99.98	FC	100.00	99.98	FC
FINAMA PRIVATE EQUITY	Portf. Mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
BANQUE FINAMA	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE	Banking	France	80.00	80.00	FC	80.00	80.00	FC
GROUPAMA ÉPARGNE SALARIALE	Portf. Mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	100.00	FC	100.00	100.00	FC
SILIC	Real estate	France	41.71	41.71	FC	40.42	40.42	FC
SEPAC	Real estate	France	100.00	41.71	FC	100.00	40.42	FC
COMPAGNIE FONCIÈRE PARISIENNE	Real estate	France	95.30	95.30	FC	95.30	95.30	FC
SCI DÉFENSE ASTORG	Real estate	France	100.00	95.30	FC	100.00	95.30	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCIFMA	Real estate	France	78.93	78.93	FC	78.93	78.93	FC
SCI TOUR GAN	Real estate	France	100.00	99.02	FC	100.00	100.00	FC
GAN SAINT-LAZARE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
ACTIPAR SA	Real estate	France	100.00	95.30	FC	100.00	95.30	FC
SAFRAGAN	Real estate	France	90.00	85.77	FC	90.00	85.77	FC
261 RASPAIL	Real estate	France	100.00	95.30	FC	100.00	95.30	FC
SOCOMIE	Real estate	France	100.00	41.71	EM	100.00	40.42	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.81	FC	100.00	98.79	FC
1 BIS FOCH	Real estate	France	100.00	99.02	FC	100.00	99.00	FC

FC: Full consolidation. EM: Equity method.

	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
			31.12.2008			31.12.2007		
16 MESSINE	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
9 MALESHERBES	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
40 RENE BOULANGER	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
44 THEATRE	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
97 VICTOR HUGO	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
47 VILLIERS	Real estate	France	100.00	99.02	FC	100.00	99.00	FC
IMMOPREF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
19 GÉNÉRAL MANGIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
ATLANTIS (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FORGAN (SA)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
14 MADELEINE (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
204 PEREIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CELESTE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
GOUBET PETIT	Real estate	France	66.66	66.66	EM	66.66	66.66	EM
GROUPAMA LES MASSUES (SCI)	Real estate	France	75.07	75.07	EM	75.07	75.07	EM
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
LES FRÈRES LUMIÈRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
6 MESSINE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIÈRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation. EM: Equity method.

	Sector	Country	% Control 31.12.2008	% Interest 31.12.2008	Method 31.12.2008	% Control 31.12.2007	% Interest 31.12.2007	Method 31.12.2007
LES GÉMEAUX (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FRANCE-GAN SI.	Mutual Funds	France	82.08	71.90	FC	93.14	89.19	FC
GROUPAMA CASH	Mutual Funds	France	85.01	84.84	FC			
ASTORG TAUX VARIABLE FCP	Mutual Funds	France	100.00	100.00	FC			
HAVRE OBLIGATION FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE LT	Mutual Funds	France	77.84	76.08	FC	78.42	76.72	FC
GROUPAMA CONVERTIBLES FCP	Mutual Funds	France	87.24	85.57	FC	87.70	86.11	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual Funds	France	93.07	93.07	FC	93.00	93.00	FC
GROUPAMA ET.CT D	Mutual Funds	France	91.37	91.37	FC	83.24	83.24	FC
GROUPAMA AAEXA FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ACTIONS INTERNATIONALES	Mutual Funds	France	95.34	95.34	FC	95.32	95.32	FC
GROUPAMA OBLIG. EUR.CR. MT I D	Mutual Funds	France	90.32	90.32	FC	91.62	91.62	FC
GROUPAMA OBLIG. EUR.CR. MT I C	Mutual Funds	France	58.27	58.27	FC	67.73	67.72	FC
GROUPAMA EURO STOCK	Mutual Funds	France	51.41	51.41	FC	86.85	86.85	FC
GROUPAMA INDEX INFLATION LT I D	Mutual Funds	France	96.92	94.63	FC	100.00	97.71	FC
GROUPAMA INDEX INFLATION LT I C	Mutual Funds	France	26.82	26.81	FC	39.50	39.50	FC
ASTORG EURO SPREAD FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual Funds	France	99.36	99.36	FC	99.93	99.92	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual Funds	France	97.77	97.77	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual Funds	France	99.77	99.77	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual Funds	France	97.65	97.65	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual Funds	France	95.05	95.05	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual Funds	France	90.25	90.25	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual Funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual Funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual Funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual Funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual Funds	France	98.76	98.75	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROP. FCP	Mutual Funds	France	98.63	98.62	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual Funds	France	100.00	99.94	FC	100.00	99.98	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual Funds	France	99.75	99.74	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual Funds	France	100.00	99.95	FC	100.00	99.96	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual Funds	France	100.00	99.99	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual Funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual Funds	France	99.88	99.88	FC	100.00	100.00	FC

FC: Full consolidation. EM: Equity method.

	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
			31.12.2008			31.12.2007		
WASHINGTON EURO NOURRI 19 FCP	Mutual Funds	France	99.64	99.64	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation. EM: Equity method.

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

6.2 AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

"This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

(Year ended 31 December 2008)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

To Shareholders
Groupama SA
8-10 rue d'Astorg
75008 Paris

Dear Shareholders,

In performance of the audit engagement assigned to us by your General Meeting, we hereby present our report on the fiscal year ended 31 December 2008 regarding:

- the audit of the annual financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the specific checks required by law.

The consolidated financial statements were prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with the auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the combined financial statements are free of material misstatement. An audit consists of examining, on a test basis or other methods of selection, the evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that the evidence we collected provide a sufficient and appropriate basis for our opinion.

We certify that the consolidated financial statements, under the IFRS as adopted in the European Union, are accurate and present fairly in all material respects the holdings, financial position and the results of the entity formed by the parties and entities included in the combination.

II - Justification of assessments

The accounting estimates used by management to prepare the financial statements as at 31 December 2008 were made in a context of high market volatility and the virtual absence of transactions on financial markets that had become inactive, and a certain difficulty to grasp economic and financial outlooks. It is in this context that, pursuant to the provisions of Article L. 823-9 of the Commercial Code, we conducted our own assessments, which we are now reporting to you:

- In section 3.2.1 and Notes 6.1 and 7 of the Notes to the consolidated financial statements, your company detailed the valuation methods used for financial assets based on their classification and their direct and indirect exposure to the financial crisis.

We examined the appropriateness of the mechanism put in place to identify this exposure, measure the value of financial assets and the impairments recognised as well as the disclosures in the notes mentioned above;

- Certain technical items related to insurance and reinsurance in the assets and liabilities of the consolidated financial statements of your company are estimated on statistical and actuarial bases, particularly the technical reserves, the deferred acquisition costs and the method of amortising such costs as well as the deferred profit-sharing asset. The conditions for determining these elements are described in sections 3.11.2,€3.11.3 and 3.11.4 of the Notes to the consolidated financial statements.

We have obtained assurance of the reasonable nature of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment, and the consistency of all these assumptions.

- At each closing, the Group systematically conducts an impairment test of goodwill according to the methods described in section 3.1.1 and Note 2 to the consolidated financial statements.

  We have reviewed the procedures for performing this impairment test and the cash flow projections and we have verified the consistency of all assumptions used.

- Deferred tax assets are recognised in accordance with the methods described in section 3.12 of the Notes to the consolidated financial statements.

We are convinced that the assumptions used are consistent with the fiscal projections resulting from forecasts made by the Group.

The assessments made were part of our audit of the consolidated financial statements, considered overall, and therefore provided a basis for our opinion as expressed in the first part of this report.

III - Specific checks

We also conducted the specific check stipulated by law on the disclosures in the Group's management report.

We have no comment to make on the fair presentation and consistency of these disclosures with the consolidated financial statements.

Executed in Neuilly-sur-Seine and Courbevoie, 2 March 2009

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

ASSETS

(in thousands of euros)	Notes	Net amount 31.12.2008	Net amount 31.12.2007
Intangible assets	**Note 4**	**17,613**	**21,202**
Investments		**10,049,531**	**8,774,769**
Land and buildings	Note 5.1	640,447	637,454
Investments in affiliated companies and in equity-linked companies	Note 5.2	8,465,954	6,411,059
Other investments	Note 5.3	943,130	1,726,256
Receivables for cash deposited with ceding companies			
Share of outward reinsurers and retrocessionaires in underwriting reserves	**Note 6**	**564,657**	**590,725**
Reserves for unearned contributions		153	282
Provisions for claims (non-life)		488,749	511,141
Reserves for profit sharing and rebates (non-life)		818	603
Equalisation reserve		2,419	2,350
Other technical reserves (non-life)		72,518	76,349
Receivables	**Note 7**	**670,468**	**506,799**
Receivables arising from direct insurance operations		40,937	46,770
Receivables relating to reinsurance operations		332,094	254,393
Other receivables		297,437	205,636
Other assets		**94,484**	**48,213**
Operating activities property, plant & equipment		4,818	8,734
Cash and equivalent in banks and at hand		89,666	39,479
Accruals - Assets	**Note 8**	**14,864**	**31,291**
Unrealised foreign exchange gains (losses)		**23,966**	**4,040**
TOTAL ASSETS		**11,435,583**	**9,977,039**

LIABILITIES

(in thousands of euros)	Notes	Net amount 31.12.2008	Net amount 31.12.2007
Shareholders' equity	**Note 9**	**3,084,123**	**2,795,015**
Capital		1,186,513	1,186,513
Additional paid-in capital		103,482	103,482
Other reserves		174,537	174,721
Retained earnings		1,173,999	951,287
Net profit for the year		445,592	379,012
Subordinated debt	**Note 10**	**2,245,445**	**2,245,445**
Gross technical reserves	**Note 11**	**3,223,435**	**3,281,701**
Reserves for unearned contributions		140,417	133,491
Provisions for claims (non-life)		2,706,527	2,786,687
Reserves for profit sharing and rebates (non-life)		3,131	2,798
Equalisation reserve		34,370	33,013
Other technical reserves (non-Life)		338,990	325,712
Provisions for risks and charges	**Note 12**	**122,743**	**244,604**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**62,921**	**57,084**
Other liabilities	**Note 13**	**2,683,737**	**1,337,886**
Debts arising from direct insurance operations		9,353	10,813
Debts relating to reinsurance operations		138,445	147,942
Debt to credit institutions		1,073,848	37,894
Other liabilities		1,462,091	1,141,237
Accruals – Liabilities	**Note 14**	**8,983**	**12,097**
Unrealised foreign exchange gains (losses)		**4,196**	**3,207**
TOTAL LIABILITIES		**11,435,583**	**9,977,039**

6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Net transactions 2008	Net transactions 2007
Earned premiums	**1,979,571**	**431,493**	**1,548,078**	**1,506,152**
Premiums	1,986,666	431,364	1,555,302	1,513,091
Change in unearned premiums	(7,095)	129	(7,224)	(6,939)
Income from allocated investment	**197,337**		**197,337**	**200,974**
Other underwriting income	**6**		**6**	**199**
Claims charge	**(1,108,242)**	**(134,611)**	**(973,631)**	**(1,025,172)**
Benefits and expenses paid	(1,185,393)	(157,004)	(1,028,389)	(947,370)
Charges from provisions for claims	77,151	22,393	54,758	(77,802)
Charges from other technical reserves	**(13,328)**	**3,616**	**(16,944)**	**(6,180)**
Profit sharing	**(1,106)**		**(1,106)**	**(385)**
Acquisition and administrative expenses	**(435,408)**	**(20,370)**	**(415,038)**	**(405,632)**
Acquisition costs	(240,568)		(240,568)	(229,974)
Administrative costs	(194,840)		(194,840)	(191,458)
Commissions received from reinsurers		(20,370)	20,370	15,800
Other underwriting expenses	**(138,164)**		**(138,164)**	**(110,532)**
Change in the equalisation reserve	**(1,357)**	**(68)**	**(1,289)**	**16,779**
Operating profit from non-life insurance	**479,309**	**280,060**	**199,249**	**176,203**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	Net transactions 2008	Net transactions 2007
Operating profit from non-life insurance		**199,249**	**176,203**
Investment proceeds	**Note 18**	**820,081**	**825,819**
Investment income		636,471	477,748
Other investment proceeds		129,889	252,736
Gain on realisation of investments		53,721	95,335
Investment expenses	**Note 18**	**(404,702)**	**(412,727)**
Internal and external investment management costs		(200,794)	(136,100)
Other investment expenses		(138,558)	(11,999)
Losses on realisation of investments		(65,350)	(264,628)
Transferred investment proceeds		(197,337)	(200,974)
Other non-technical income and expenses	**Note 19**	**(27,749)**	**(5,802)**
Extraordinary income	**Note 20**	**(20,891)**	**(49,369)**
Income tax	**Note 21**	**76,941**	**45,862**
NET PROFIT		**445,592**	**379,012**

6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2004	2005	2006	2007	2008
I. Financial position at year end					
a) Capital	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186
b) Number of existing shares	57,878,692	57,878,692	231,514,768	231,514,768	231,514,768
c) Number of bonds convertible into shares actions					
II. Transactions and results for fiscal year					
a) Net profit for the year	1,738,043,705	1,794,278,346	1,833,736,770	1,897,911,117	1,979,571,342
b) Income before tax, amortisation and provisions	(15,428,610)	433,151,218	285,892,777	109,231,365	316,345,925
c) Corporate income tax	(171,142,059)	(135,518,598)	(88,191,919)	(45,861,849)	(76,940,609)
d) Employee profit-sharing owed for the fiscal year					
e) Income after tax, profit-sharing, amortisation and provisions	272,208,394	530,573,004	318,647,532	379,012,201	445,591,544
f) Distributed earnings	46,302,954	87,975,612	134,278,565	155,114,895	53,248,396
III. Income per share					
a) Income after tax and profit-sharing but before amortisation and provisions	2.69	9.83	1.62	0.67	1.70
b) Income after tax, profit-sharing, amortisation and provisions	4.70	9.17	1.38	1.64	1.92
c) Dividend allotted for each share	0.80	1.52	0.58	0.67	0.23
IV. Personnel					
a) Number of employees	1,504	1,510	1,510	1,550	1,584
b) Amount of payroll costs	84,120,364	93,572,531	87,914,032	100,105,039	101,483,682
c) Amounts paid in employee benefits	38,978,483	42,971,708	42,277,365	44,866,170	49,146,040

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the de facto Group but before billing to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 Merger Groupama SA - Groupama International

With a view to streamlining its legal organisation and simplifying financing flows and the distribution of internal dividends within the Group, the holding company Groupama International, which holds most of Groupama's interests in its international subsidiaries, was taken over in 2008 by Groupama SA. This merger took effect 1 January 2008.

1.2 Extent of the scope of tax consolidation of Groupama SA

With effect from 1 January 2008, the tax group system now applies to insurance companies with no capital that are consolidated for accounting purposes. That reform, which was introduced by the amendment to the finance law for 2006, enables the Groupama regional mutuals to benefit from that new system.

Consequently, a new tax group including the combined regional mutuals, Groupama Holding, Groupama Holding 2 and the entities of the current tax combination scope will be formed as at 1 January 2008. Groupama SA will be the parent entity of that new tax combination group.

1.3 Additional hurricane coverage

Groupama underwrote a reinsurance policy with Swiss Ré that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as from 1 January 2008.

This coverage, with a duration of 3 years, covers claims exceeding €1.7 billion with a potential ceiling of €2 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance to be borne by the Group). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that protects against default of the reinsurer: the guarantee is rated AAA.

2 POST-BALANCE SHEET EVENTS

There were no post-balance sheet events.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's individual financial statements were drawn up and presented in accordance with the French Insurance Code as modified by Decrees no. 94-481 and no. 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no. 91-674/EEC of 19 December 1991 concerning the individual and consolidated financial statements of insurance companies.

3.1 Technical operations

Groupama SA is engaged mainly in the following non-life insurance operations:

- business underwritten directly and that conducted within co-insurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 Reserves for unearned premiums

The provision for unearned premiums for all policies in force at the financial year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 Acquisition and administrative expenses

These expenses mainly consist of:

- management allocations paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the Reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 Claims

The claims expense for the year consists mainly of:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These provisions also include mathematical reserves on the annuities accepted from the regional mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA.

In construction risk, the reserve for claims yet to be made is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A. 331-21 of the French Insurance Code.

The mathematical provisions, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these provisions are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining the provisions for outstanding claims were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

- using specific Groupama tables certified by an independent actuary for individual risk and maintenance tables from the Bureau Commun des Assurances Collectives (BCAC) for Group risk with respect to temporary disability coverage;
- using the BCAC maintenance tables for pending disability coverage.

3.1.6 Equalisation reserve

The reserve for equalisation aims to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no 2001-1280 of 28 December 2001 and by Article 39 quinquies G of France's General Tax Code as modified by Decree no 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The provision for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance transactions covering health and disability risks. This provision concerns the provisions formed in dependency insurance as well as the provisions on direct business managed by Groupama SA.

The mathematical reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on inward reinsurance business.

In life and health insurance, the methods for determining mathematical provisions that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the provisions are determined by applying maintenance tables from the Bureau commun des assurances collectives (BCAC).

However, taking longer life spans into account requires continuing the gradual anticipation of a change in mortality tables, which was initiated in fiscal year 2000. As a result, the mathematical provisions of life annuities from general business calculated at year-end in application of the regulatory tables TD-TV 88/90 are the subject of an additional provision, the implementation of which will be spread over a period of 15 years, and which is based on TPRV 93.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no 2008-1437 of 22 December 2008, a provision for liquidity risk is allocated when investments subject to Article R. 332-20 are found to be in a situation of overall net unrealised capital loss. This provision is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Allocations to this provision may be spread out over three years.

3.1.8 Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its Regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance are accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with Regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 Investments

3.2.1 Entry costs and valuation at year-end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation no 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation no 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the accounts by components.

The four components used by the Group are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices before 1945		Shops		Offices or residence skyscrapers	
Components	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**	**Period**	**%**
Bare structure	120 years	65%	80 years	65%	50 years	50%	70 years	40%
Framework, girders, posts, floors, walls								
Wind- and water tight facilities	35 years	10%	30 years	10%	30 years	10%	30 years	20%
Roof-terrace								
Facades								
Covering								
External woodwork								
Technical facilities	25 years	15%	25 years	15%	20 years	25%	25 years	25%
Lifts								
Heating/Air conditioning								
Networks (electrical, plumbing, etc.)								
Fixtures, finishings	15 years	10%	15 years	10%	15 years	15%	15 years	15%
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using the actuarial or straight-line methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R. 332-19 and an option to convert into shares under Article R. 332-20.

Pursuant to the provisions of decrees no 2002-1535 of 24 December 2002 and no 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the company.

(c) Shares and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. As of fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 Provisions

(a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for diminution in value. Nevertheless, a provision for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Real-estate investments, variable-income securities, loans

- Real-estate investments

  When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a permanent provision for impairment may be allocated.

- Listed securities (except equity interests)

  For those investments covered by Article R. 332-20, a line-by-line provision for impairment may only be allocated when there is reason to deem that the impairment is permanent.

  Hence, pursuant to Note no 2002-F of the French National Accounting Board's Emergency Committee dated 18 December 2002, the permanent nature may only be presumed:

  - if there was a long-term provision for an investment line in the previous published statement,
  - for a listed investment, the investment has constantly shown a significant unrealised capital loss from its book value over a period of six consecutive months prior to closing; Significant unrealised capital loss is assumed to apply when, over a six-month period, the security has permanently declined by 20% from its sale price (this rate may be increased to 30% in the event of high volatility in the financial markets),
  - there are objective indicators of long-term impairment.

  The reference value or recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

- Equity interests

  The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation.

  When the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities, a provision for impairment is made after taking the significance threshold into account.

- Loans

  When the estimate of the recoverable value of a loan at inventory date is below its gross value plus any accrued and unpaid interest at the end of the period, a provision for impairment is allocated for the difference.

3.2.3 Investment income and expenses

Financial income includes the revenue from investments received during the financial year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the prorata share in the discount on the bond redemption differences and reversals of provisions for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and provisions for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical provisions is transferred to the non-life technical income statement on a basis prorated to the technical provisions and equity.

3.2.4 Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through foreign purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

(b) Swaps

Groupama SA makes use of interest rate swaps as part of its yield strategy. In accordance with CRC regulation no 2002-09 of 12 December 2002, the interest received and/or paid is recorded in an accrual account and carried over to the income statement over the planned term of the strategy by factoring in the actual yield from each of the swaps.

3.3 Other transactions

3.3.1 Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if need be, to recognise an additional depreciation deemed to be irreversible at the year end.

3.3.2 Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto Group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward business, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 Foreign currency transactions

This point is discussed in 3.4.1.

3.3.4 Receivables

Receivables are recorded at their face redemption value (historical cost).

They include:

- for direct insurance operations:
  - premiums yet to be written for policyholders;
  - premiums yet to be cancelled for policyholders;
  - premiums yet to be collected from policyholders;
  - loans or advances from co-insurers;
- for inwards reinsurance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance;
  - loans or advances with the ceding entities;
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers;
  - income owed relating to transactions ceded to outward reinsurers;
- for other receivables:
  - tax combination loans or advances to daughter companies;
  - receivables from government bodies and social security agencies;
  - loans or advances to various other entities;
  - other income due.

When the inventory value at the financial year end is below the book value, a provision for diminution in value is set aside.

3.3.5 Property, plant & equipment

The PPE account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which range from 2 to 10 years depending on the type of asset.

3.3.6 Accruals - assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 Provisions for risks and charges

The provisions for risks and charges are established pursuant to CRC regulation no 2000-06 dated 7 December 2000. This item also includes regulated provisions, especially accelerated amortisation.

3.3.8 Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 68 tax combined subsidiaries.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the accounts pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 Liabilities

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts;
  - commissions on premiums earned but not written;
  - advances or loans from co-policyholders;
- for inwards reinsurance transactions:
  - advances or loans with the ceding offices;
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers;
  - payables owed for inward transactions from these outward reinsurers;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities;
  - bank overdrafts;
  - taxes and social security owed.

3.3.10 Accruals - liabilities

The accruals accounts on the liabilities side mainly include:

- amortisation of the differences on bond redemption prices;
- interest collected (or paid) on swaps used in the yield strategy (see Note 3.2.4 b) Swaps).

3.4 Change in accounting method

3.4.1 Change in accounting method on foreign currency transactions

Pursuant to Accounting Regulation Committee regulation no 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in a foreign exchange adjustment account.

4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

- Statement of movements during the year

(in thousands of euros)	Gross amount as at 31.12.2007	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as at 31.12.2008
Gross values	68,658			7,150	8,397	67,411
Amortisation	47,456			9,947	7,605	49,798
TOTAL NET VALUES	**21,202**			**(2,797)**	**792**	**17,613**

(1) Composed primarily of software.

NOTE 5 INVESTMENTS

Note 5.1 - Land and buildings

- Statement of movements during the year

(in thousands of euros)	Gross amount as at 31.12.2007	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as at 31.12.2008
Gross values						
Provisions	247,263			11,700	1,830	257,133
Shares of real-estate companies	452,243			4,491	6,636	450,098
Total gross values	**699,506**			**16,191**	**8,466**	**707,231**
Amortisation, depreciation						
Provisions	62,016			5,664	927	66,753
Shares of real-estate companies	36				5	31
Total amortisation	**62,052**			**5,664**	**932**	**66,784**
TOTAL NET VALUES	**637,454**			**10,527**	**7,534**	**640,447**

Note 5.2 - Investments in affiliated companies and in companies with which there is an equity tie

■ Summary Table

(in thousands of euros)	Gross amount as at 31.12.2007	Transfers entry	Transfers exit	Merger Groupama SA G.International	Entry during the fiscal year	Exit during the fiscal year	Gross amount as at 31.12.2008
Gross values							
Equity securities							
Affiliated companies	5,201,599	27,084		1,069,930	1,586,918	28,292	7,857,239
Equity-linked companies	492,840	65,141	27,084		179,258		710,155
Loans and receivables							
Affiliated companies	919,500			(623,111)	315,878	43,629	568,638
Equity-linked companies	700						700
Cash deposits with ceding entities	5,894				17,936	17,684	6,146
Total gross values	**6,620,533**	**92,225**	**27,084**	**446,819**	**2,099,990**	**89,605**	**9,142,878**
Provisions							
Equity securities							
Affiliated companies	209,474			416,361	91,787	63,032	654,590
Equity-linked companies	0				22,334		22,334
Loans and receivables							
Affiliated companies							
Equity-linked companies							
Cash deposits with ceding entities							
Total provisions	**209,474**			**416,361**	**114,121**	**63,032**	**676,924**
TOTAL NET VALUES	**6,411,059**	**92,225**	**27,084**	**30,458**	**1,985,869**	**26,573**	**8,465,954**

Groupama SA took over Groupama International on 1 January 2008.

As part of this deal, the shares of the Group's international entities held by Groupama International were contributed to Groupama SA. The main assets thus transferred were:

■ Gan UK Holdings Limited for €529.5 million;

■ Groupama Seguros Espagne for €518 million;

■ Groupama Insurance Company Limited for €392.9 million;

■ Basak Sigorta: €138 million.

It is also necessary to note the write-back of loans granted by Groupama International for €86.4 million to international entities, and the cancellation of loans granted by Groupama SA to Groupama International for financing acquisitions totalling €709.5 million.

The principal changes occurring with regard to equity securities during the year were new acquisitions, as well as the strengthening of existing interests.

New acquisitions may be broken down as follows: OTP Bank (Hungary) for €90.2 million and OTP Garancia for €743.1 million, Asiban (Romania for €388.2 million, Güven (Turkey) for €178.4 million, and STAR (Tunisia) for €77.6 million;

The breakdown of additional interests is as follows: Groupama Phoenix (Greece) for €41 million, Groupama Banque for €36 million, BT Asigurari (Romania) for €22.3 million, Amaline Assurance for €21 million, Cofintex 12 for €4.9 million, and Groupama Épargne Salariale for €1.2 million.

The principal changes relating to loans and advances granted by Groupama SA correspond to loans granted to the following subsidiaries: Groupama Vie for €200 million, Gan Prévoyance for €52 million, Gan UK Holding Limited for €25 million, Groupama Seguros de Vida Portugal for €16.5 million, and Groupama Transport for €12.1 million.

Note 5.3 - Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds, and mutual fund units.

■ Statement of movements during the year

(in thousands of euros)	Gross amount as at 31.12.2007	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as at 31.12.2008
Gross values						
Financial investments	1,734,103	2,177	67,318	4,003,461	4,714,807	957,616
Total gross values	**1,734,103**	**2,177**	**67,318**	**4,003,461**	**4,714,807**	**957,616**
Provisions						
Financial investments	7,847			6,946	307	14,486
Total provisions	**7,847**			**6,946**	**307**	**14,486**
TOTAL NET VALUES	**1,726,256**	**2,177**	**67,318**	**3,996,515**	**4,714,500**	**943,130**

Entries and exits during the fiscal year consist of movements to and from, primarily, money market funds.

Note 5.4 - Summary of investments

	2008 Balance sheet		
Summary by type *(in thousands of euros)*	Gross Value	Net Value	Realisable Value
1. Real estate investments (incl. pending)	403,731	336,437	731,379
2. Equities and other variable-income securities	8,243,057	7,574,789	10,718,196
3. Mutual funds including variable-income securities	44,942	44,942	35,936
			4,258
4. Fixed-income mutual funds	53,866	53,866	54,114
5. Bonds and other fixed-income securities	24,244	16,933	15,808
6. Mortgage loans			
7. Other loans and similar notes	585,729	585,729	585,848
8. Deposits with ceding companies	1,441,492	1,426,128	1,604,490
9. Other deposits, cash guarantees and other investments	47,954	47,952	48,022
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**10,845,015**	**10,086,776**	**13,798,051**
Of which total FFI			4,258
Of which total investments	10,845,015	10,086,776	13,793,793
Other items [(1)]	(37,291)	(37,245)	
TOTAL INVESTMENTS	**10,807,724**	**10,049,531**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current account of a Group entity (Groupama Investissement).

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

Implementation of a foreign exchange coverage

A foreign exchange hedging agreement by forward sale in Hungarian forints (HUF) was applied by Groupama SA in the amount of 9.8 billion HUF, maturing 30 September 2009, to protect against the foreign exchange risk component present in securities denominated in HUF.

This hedge had an unrealised capital gain of €4.3 million at 31 December 2008.

Summary statement of investments *(cont.)*

(in thousands of euros)	2008 Balance sheet Gross Value	Net Value	Realisable Value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	95,534	89,420	85,513
Securities estimated according to Article R. 332-20	10,749,481	9,997,356	13,712,538
Securities estimated according to Article R. 332-5			
Sub-total	**10,845,015**	**10,086,776**	**13,798,051**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	8,817,301	8,083,494	11,611,788
Securities that secure commitments toward provident institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,441,492	1,426,128	1,604,490
- Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	586,222	577,154	581,773
Sub-total	**10,845,015**	**10,086,776**	**13,798,051**
II. - Securities allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**41,473**	**41,473**	**41,473**
III. - Securities belonging to provident institutions			
A) Itemisation of land and buildings			
Operating activities property			
- Real assets	201,481	149,968	306,160
- Holdings in SCIs or real estate companies	6,670	6,670	7,642
Other fixed assets			
- Real assets	58,296	42,547	225,995
- Holdings in SCIs or real estate companies	443,428	443,397	614,590
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
- Including discount not yet amortised		649	
- Redemption premium not recovered		2,017	

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

	31.12.2008				31.12.2007			
(in thousands of euros)	Outward reinsurance on direct business (1)	Retrocession on inward business from Regional mutuals	Other retrocessions	Total	Outward reinsurance on direct business (1)	Retrocession on inward business from Regional mutuals	Other retrocessions	Total
Reserves for unearned premiums	40	53	60	153	69		213	282
Reserves for claims	95,313	184,812	208,624	488,749	89,801	196,894	224,446	511,141
Profit-sharing reserves	818			818	603			603
Equalisation reserves	1,657		762	2,419	1,820		530	2,350
Other technical reserves	15,314	57,204		72,518	24,122	52,227		76,349
TOTAL	**113,142**	**242,069**	**209,446**	**564,657**	**116,415**	**249,121**	**225,189**	**590,725**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

NOTE 7 RECEIVABLES

	31.12.2008				31.12.2007			
	Maturity				Maturity			
(in thousands of euros)	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total
Receivables relating to direct insurance operations	**14,535**	**26,402**		**40,937**	**20,075**	**26,695**		**46,770**
Earned premiums not written	6,025			6,025	11,806			11,806
Other receivables relating to direct insurance transactions	8,510	26,402		34,912	8,269	26,695		34,964
Policyholders	*964*			*964*	*1,260*			*1,260*
Insurance intermediaries	*388*			*388*	*353*			*353*
Co-insurers	*7,158*	*26,402*		*33,560*	*6,656*	*26,695*		*33,351*
Receivables relating to reinsurance transactions	**294,581**	**37,513**		**332,094**	**216,870**	**37,523**		**254,393**
Reinsurers	8,384	11,126		19,510	16,647	11,136		27,783
Ceding entities	286,197	26,387		312,584	200,223	26,387		226,610
Other receivables	**174,967**	**122,470**		**297,437**	**169,847**	**35,789**		**205,636**
Personnel	7,237			7,237	4,988			4,988
Government, Social Security, public authorities	1,421	89,018		90,439	1,436	4,969		6,405
Other debtors	166,309	33,452		199,761	163,423	30,820		194,243
TOTAL RECEIVABLES	**484,083**	**186,385**		**670,468**	**406,792**	**100,007**		**506,799**

The increase in the “Government, social security entities” item is primarily due to the payment of advance corporate taxes totalling €89 million.

NOTE 8 ACCRUALS - ASSETS

(in thousands of euros)	31.12.2008	31.12.2007
Accrued interest not yet due	7,406	24,155
Deferred acquisition costs	6,796	5,274
Reimbursement price differences receivable	399	1,564
Other accruals	263	298
TOTAL ASSET ACCRUALS	**14,864**	**31,291**

NOTE 9 SHAREHOLDERS' EQUITY

- Capital structure

231,514,768 shares with a par value of €5.125.

- Table of movements in reserves and changes in capital and reserves

(in thousands of euros)	31.12.2007	Allocation of income 2007	Other movements during the fiscal year	Income (loss) during the fiscal year	31.12.2008
Shareholders' equity					
Capital	1,186,513				1,186,513
Issue premiums	62,530				62,530
Merger premium	38,806				38,806
Contribution premium	2,147				2,147
Regulatory reserves					
Capitalisation reserve	127,345		(184)		127,161
Other reserves	47,376				47,376
Retained earnings	951,286	223,897	(1,186) (2)		1,173,998
Net profit (loss) for the year	379,012	(379,012)		445,592	445,591
TOTAL	**2,795,015**	**(155,115) (1)**	**(1,370)**	**445,592**	**3,084,122**

(1) Dividends paid in 2008 for fiscal year 2007 amounted to €155,115,000.
(2) Foreign exchange adjustment for the China branch totalling (-€353,000) and for technical reserves (€833,000).

As part of the merger between Groupama International and Groupama SA, income for the period included a merger surplus of €42,027,000.

NOTE 10 SUBORDINATED DEBT

The item "subordinated debt", which amounted to €2,245.4 million, is itemised as follows:

- a bond issue in July 1999 by the Caisse Centrale des Assurances Mutuelles Agricoles, in the form of subordinated redeemable bonds (TSR) for a term of 30 years in the amount of €750 million. That bond issue breaks down into a variable-rate tranche of €500 million and a fixed-rate tranche, which becomes variable after 10 years, of €250 million. It may also be redeemed in advance as at the tenth year;
- a fixed-rate bond issue of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at issue price of 99.089%, *i.e.*, a collected amount of €495.4 million. This bond issue may be fully redeemed in advance as at the tenth year;
- super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt written at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as at 22 October 2017.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 - Breakdown of gross technical reserves

	31.12.2008				31.12.2007			
(in thousands of euros)	Direct business (1)	Inward business from regional mutuals	Other inward business	Total	Direct business (1)	Inward business from regional mutuals	Other inward business	Total
Reserves for unearned contributions	2,405	129,564	8,447	140,416	2,277	124,229	6,985	133,491
Provisions for claims	141,203	2,308,587	256,737	2,706,527	170,203	2,332,364	284,120	2,786,687
Profit-sharing reserves	1,012		2,120	3,132	803		1,995	2,798
Equalisation reserves	3,618	29,088	1,664	34,370	3,648	28,165	1,200	33,013
Other technical reserves	125,837	209,192	3,961	338,990	137,764	187,948		325,712
TOTAL	**274,075**	**2,676,431**	**272,929**	**3,223,435**	**314,695**	**2,672,706**	**294,300**	**3,281,701**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

Under current regulation, Groupama SA is not in a position to apply a provision for liquidity risk as at 31 December 2008.

Note 11.2 - Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward business.

		Fiscal years					
(in thousands of euros)	Total	2003 and earlier	2004	2005	2006	2007	2008
Estimate of the claims expense							
At end of N		3,668,795	1,081,943	1,145,295	1,128,945	1,267,164	1,197,435
At end of N+1		3,337,931	1,048,299	1,110,057	1,121,983	1,238,201	
At end of N+2		3,451,855	1,012,269	1,093,500	1,099,318		
At end of N+3		3,412,396	999,576	1,079,367			
At end of N+4		8,784,769	990,067				
At end of N+5		8,756,770					
Claims expense (a)		**8,756,770**	**990,067**	**1,079,367**	**1,099,318**	**1,238,201**	**1,197,435**
Cumulative claims payments (b)		**7,559,109**	**848,464**	**892,431**	**895,461**	**932,845**	**548,291**
Reserves for claims to be paid (a)-(b)=(c)	**2,684,557**	**1,197,661**	**141,603**	**186,936**	**203,857**	**305,357**	**649,144**
(net of the retained share of the CDA)							
Earned premiums		**6,542,787**	**1,578,346**	**1,673,766**	**1,772,661**	**1,969,098**	**1,808,316**
CLAIMS AND RESERVES/EARNED PREMIUM			**62.73%**	**64.49%**	**62.02%**	**62.88%**	**66.22%**

Note 11.3 - Change in opening claims reserves

■ Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2008	2007
Opening claims reserves net of expected recoveries	2,765,119	2,679,309
Payments made during the year for previous years net of recoveries	(613,797)	(457,455)
Year-end net claims reserves net of expected recoveries	(2,063,232)	(2,108,398)
INCOME/LOSS RESERVES CHANGE	**88,090**	**113,456**

The opening surplus posted in 2008 on claims reserves totalled €88 million, due primarily to the inward portfolio from the regional mutuals.

NOTE 12 PROVISIONS FOR RISKS AND CHARGES

			Write-backs		
(in thousands of euros)	Total provisions as at 31.12.2007	Increase in provisions during the fiscal year	Total used during the year	Amounts not used written back during the year	Total Provisions as at 31.12.2008
Regulatory provisions	2,661	2,447		30	5,078
Pension provisions	25,862	1,336		2,313	24,885
Tax provisions					
Other risk provisions	216,082	41,978	165,280		92,780
TOTAL	**244,605**	**45,761**	**165,280**	**2,343**	**122,743**

The "reserves for risks and expenses" item applied to liabilities on the balance sheet as at 31 December 2008 in the amount of €122.7 million specifically includes a provision related to the commitment to guarantee the value of Groupama Banque shares, the foreign currency adjustment applied to Gan UK, and a provision applied for guarantees granted upon the disposal of the Gan Canada shares.

The write-back of the provision is primarily due to the unwinding of the liability guarantees granted upon the disposal of the Sorema shares. The final unwinding of this transaction is economically neutral.

NOTE 13 LIABILITIES

	31.12.2008				31.12.2007			
	Maturity				Maturity			
(in thousands of euros)	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total
Debts arising from direct insurance operations	**9,353**			**9,353**	**1,816**	**8,997**		**10,813**
Policyholders	71			71	1,613			1,613
Insurance intermediaries	75			75	33			33
Co-insurers	9,207			9,207	170	8,997		9,167
Debts relating to reinsurance transactions	**132,742**	**5,704**		**138,446**	**107,101**	**40,841**		**147,942**
Reinsurers	123,860			123,860	107,093	32,232		139,325
Ceding entities	8,882	5,704		14,586	8	8,609		8,617
Debt to credit institutions	**1,073,848**			**1,073,848**	**37,894**			**37,894**
Other liabilities	**365,531**	**1,088,645**	**7,915**	**1,462,091**	**354,913**	**785,160**	**1,164**	**1,141,237**
Other loans, deposits and guarantees received	37,126	1,086,857		1,123,983	35,233	766,028		801,261
Personnel Social Security entities and local governments	26,545	1,788	7,915	36,248	25,697	7,717	1,164	34,578
Government, Social Security	30,592			30,592	32,185	8,997		41,182
Other creditors	271,268			271,268	261,798	2,418		264,216
TOTAL	**1,581,474**	**1,094,349**	**7,915**	**2,683,738**	**501,724**	**834,998**	**1,164**	**1,337,886**

The increase in the “debts to credit establishments” item is due to two successive drawings made in the third quarter of 2008 applying to a credit facility negotiated with Société Générale for €1 billion.

The increase in the “other loans” item consists essentially of intra-group liabilities totalling €252 million.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2008	31.12.2007
Deferred amortisation on reimbursement price	820	4,526
Other accrued liabilities [(1)]	8,163	7,571
TOTAL ACCRUED LIABILITIES	**8,983**	**12,097**

(1) This is interest received and/or paid on the swaps used in connection with a yield strategy.

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

■ Cash and receivables

	31.12.2008				31.12.2007			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
A) ASSETS								
Intangible assets	**10,500**		**7,113**	**17,613**			**21,202**	**21,202**
Investments								
Real estate	449,857	209	190,381	640,447	451,997	209	185,247	637,453
Shares & other variable-income securities VAR.	7,176,841	649,950	846,147	8,672,938	4,992,126	492,841	1,259,497	6,744,464
Oblig. - Bonds TCN & other fixed income securities	11,175		108,950	120,125	11,175		417,883	429,058
Loans	557,569	700		558,269	908,325	700		909,025
Deposits with other credit institutions credit								
Other investments			51,606	51,606	20		48,856	48,876
Receivable cash at ceding entities investments in unit-linked policies	2,199		3,947	6,146	1,877		4,017	5,894
Investments in unit-linked policies								
Reinsurer share of technical reserves								
Unearned premiums (non-life)	100		53	153	247		32	279
Claims reserves (non-life)	236,392		252,357	488,749	231,274		256,921	488,195
Share of benef. and dividends (non-life)	818			818	603			603
Reserve for equalisation	2,419			2,419	2,350			2,350
Other technical reserves (non-life)	68,680		3,838	72,518	23,184		52,226	75,410
Share of unlicensed organisations					**23,887**			**23,887**
Receivables from direct insurance transactions								
Of which policyholders	(1,591)		8,580	6,989	(1,314)		14,380	13,066
Receivables from reinsurance transactions			388	388			353	353
Of which other third parties			33,560	33,560			33,351	33,351
Receivables from direct insurance transactions	**248,477**		**83,617**	**332,094**	**168,242**		**86,151**	**254,393**
Personnel			**7,237**	**7,237**			**4,988**	**4,988**
State, social security and local authorities local authorities			**90,439**	**90,439**			**6,405**	**6,405**
Miscellaneous debtors	**171,660**	**1,143**	**26,958**	**199,761**	**144,489**	**10,409**	**39,345**	**194,243**
Tangible operating assets			4,818	4,818			8,734	8,734
Cash and equivalents	**88,951**		**715**	**89,666**	**35,039**		**4,439**	**39,478**
Interest and lease payments written and not due	**4,175**		**3,231**	**7,406**	**14,365**	**20**	**9,770**	**24,155**
Deferred acquisition costs	**4,631**		**2,165**	**6,796**	**4,036**		**1,239**	**5,275**
Other accrued assets			**662**	**662**			**1,862**	**1,862**
Unrealised foreign exchange gains/losses	**23,966**			**23,966**	**1,456**	**10**	**2,574**	**4,040**
TOTAL	**9,056,819**	**652,002**	**1,726,762**	**11,435,583**	**7,013,378**	**504,189**	**2,459,472**	**9,977,039**

■ Liabilities and commitments

	31.12.2008				31.12.2007			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
B) LIABILITIES								
Capital and reserves	**3,080,693**		**3,430**	**3,084,123**	**2,791,906**		**3,109**	**2,795,015**
Share capital	1,185,193		1,320	1,186,513	1,185,193		1,320	1,186,513
Other shareholders' equity	1,895,500		2,110	1,897,610	1,606,713		1,789	1,608,502
Subordinated debt			**2,245,445**	**2,245,445**			**2,245,445**	**2,245,445**
Gross technical reserves								
Unearned premiums (non-life)	137,848		2,569	140,417	130,966		2,525	133,491
Claims reserves (non-life)	2,588,551		117,976	2,706,527	2,485,297		301,390	2,786,687
Share of benef. and dividends. (non-life)	2,120		1,012	3,132	1,995		803	2,798
Reserve for equalisation	29,088		5,282	34,370	10,832		22,181	33,013
Other technical reserves (non life)	160,856		178,133	338,989	187,965		137,747	325,712
Provisions for risks and charges	**86,492**	**2,494**	**33,757**	**122,743**	**46,803**	**143,358**	**54,443**	**244,604**
Debts for cash cessionn.			**62,921**	**62,921**			**57,084**	**57,084**
Debts from reinsurance transactions								
Owed to policyholders			71	71			1,613	1,613
Owed to insurance intermediaries			75	75			33	33
Owed to other third parties			9,207	9,207			9,167	9,167
Debts from reinsurance transactions	**49,636**		**88,810**	**138,446**	**53,993**		**93,949**	**147,942**
Bond debt								
Debts to credit establishments	**55,263**			**55,263**	**35,568**		**2,326**	**37,894**
Other debt								
Other loans, deposits and guarantees received	**1,084,961**	**1,018,585**	**39,022**	**2,142,568**	**764,247**		**37,014**	**801,261**
Personnel			**36,248**	**36,248**			**34,578**	**34,578**
Government, social security and local authorities			**30,591**	**30,591**	**12,703**		**28,479**	**41,182**
Miscellaneous creditors	**136,228**	**8**	**135,032**	**271,268**	**124,037**	**3,538**	**136,641**	**264,216**
Accruals (liabilities)			**8,983**	**8,983**			**12,097**	**12,097**
Foreign exchange gains/losses	**4,196**			**4,196**	**659**		**2,548**	**3,207**
TOTAL	**7,415,932**	**1,021,087**	**2,998,564**	**11,435,583**	**6,646,971**	**146,896**	**3,183,172**	**9,977,039**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total commitments to Managers	Total commitments to affiliated companies	Total commitments to equity-linked companies	Other sources	Total 31.12.2008	Total 31.12.2007
1. Commitments received		**536,660**	**3,519**	**205,320**	**745,499**	**1,213,321**
2. Commitments given						
2a. Endorsements, securities and guarantees given credit given		45,758	2,910	92,193	140,861	204,522
2b. Stock and assets acquired through sale commitment						
2c. Other commitments relating to stock, assets or revenue		7,669		43,767	51,436	50,512
2d. Other commitments given		50,609		3,378	53,987	76,754
Total 2. Commitments given		**104,036**	**2,910**	**139,338**	**246,284**	**331,787**
3. Securities received in pledge from outward reinsurers and retrocessionaires		**50,121**		**96,542**	**146,663**	**334,256**
4. Securities received through agencies reinsured with joint and several guarantee				**12,682**	**12,682**	**17,713**
5. Securities belonging to provident institutions						
6. Other securities held on behalf of third parties						
7. Long-term financial instruments outstanding				**357,023**	**357,023**	**320,000**

- Commitments received

The €745.5 million of commitments received correspond mainly to:

- guarantees given by CGU France in May 2002 up to €149.6 million, pertaining to the acquisition of CGU Courtage;
- the guarantee of the €50 million debt received in connection with the acquisition of shares of Nuova Tirrena S.p.a.;
- commitments related to acquisitions of foreign subsidiaries (Phoenix Metrolife, BT Asigurari, Asiban and the insurance subsidiaries of OTP Bank) by Groupama International for a total of €532.5 million;
- various other commitments received for €13.4 million, including €7.7 million concerning affiliated companies or equity-linked companies.

- Commitments given

The €246.3 million of commitments given by Groupama SA correspond mainly to:

- commitments granted as real estate lease-loans totalling €16.3 million as guarantee of the commitments of SCI Raspail;
- a total of €16.2 million of guarantees on liabilities granted along with the sale of Western Continental Company shares;
- a revised guarantee of €5.9 million on Gan Assurance Vie bonds made when that company wrote a contract for an oil company in late 2001;
- a joint and several guarantee granted by Groupama SA to the French Treasury involving €19.3 million of contested taxes owed by Gan Assurances IARD, which would be responsible for the payment of those taxes;
- two new joint and several guarantees granted to the Public Treasury by Groupama SA in settlement of tax assessments that are currently being contested by Gan Assurances IARD in the amounts of €20.8 million and €2.4 million, which the latter allegedly still owes;
- commitments on unlisted funds €43.8 million;
- the general liability guarantee of €49.9 million in connection with the sale of Minster Insurance Company Limited by Gan UK Holding Limited to BSG Insurance Holding Limited;
- a loan agreement to GUK Brokerage Services for €36.6 million;
- commitments linked to the sale of the subsidiary Zénith Vie by Groupama International for a total of €1.7 million;
- various other commitments given for €33.4 million, including €26.2 million concerning affiliated companies or equity-linked companies.

- Sureties received as collateral from outward reinsurance and retrocessionaires

  The amount corresponds to securities received under pledge from outward reinsurers for €146.7 million;
- Sureties given by reinsured entities with joint and several guarantee

  The amount corresponds to securities received from the Antilles Guyane regional mutual which represent a direct substitution of Groupama SA for this mutual with respect to the representation of its technical reserves of €12.7 million held in custody;
- Long-term financial instruments outstanding

  The long-term financial instruments outstanding of Groupama SA total €357 million and correspond to:

  • commitments on swaps for a nominal underlying amount of €320 million;

  • currency hedging transactions involving the sale of currency futures for an exchange value at the close of €37 million.
- Other unquantified and unlimited commitments received and given

  Before or during the fiscal year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

  • guarantees given upon the acquisition of CGU Courtage amounting to €280 million for Groupama SA and an unlimited amount for Gan SA as part of the guarantee agreement on behalf of Abeille Assurance for a period of 20 years starting in May 2002. When Groupama SA took over Gan SA's commitments at the time of their 2002 merger, its guarantees became unlimited,

  • the guarantee given to Société d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) to cover contractual obligations made by Groupama Asset Management to SACRA starting at the end of 2000,

  • the letters of intent written by Groupama SA to the Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Épargne Salariale and Groupama Banque,

  • Groupama SA's assumption of the guarantee given by Groupama Réassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Ré and MMA portfolios),

  • the comfort letter written in 2004 as part of the postponement of the operation to securitise the premiums earned but not written of Gan Assurances Vie, Gan Assurances IARD, Gan Eurocourtage Vie and Gan Eurocourtage IARD for a term of 5 years,

  • the unconditional guarantees granted by Groupama SA to Gan Assurances IARD, Gan Eurocourtage IARD, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees are designed to improve the debt ratings of these companies. Groupama SA is also responsible for commitments of this type given previously by the CCAMA to Group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist,

  • the commitment for compensation of the investment made by Société Générale in the capital of Groupama Banque, for the entire term of the agreement,

  • a possible adjustment in the price supplement on the Groupama Transport securities to be paid to Holding Chegaray or to be received from Holding Chegaray, to account for the profit or loss, after taxes, made on the provisions for maritime claims and premiums net of reinsurance, that appear on the balance sheet of Groupama Transport as at 31 December 2005, pursuant to the agreements signed in 2000 between Groupama SA and Holding Chegaray, from 30 June 2009 to 30 June 2011,

  • Shares in Cegid purchased on 19 December 2007 come with an adjustment taking the form of potential additional bonus shares based on changes in the market price of Cegid shares during second quarter 2009, which may reduce the average purchase price of the shares,

  • Unlimited technical guarantees, upon the disposal of Gan North America to Sorema North America on 2 August 1999, for the insurance and reinsurance portfolios underwritten by Gan National and Gan North America for 12 years, the benefits of which were transferred to Rampart Company Insurance on 30 July 2001,

  • the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU Group Canada Ltd. (previously against a guarantee by Groupama International),

  • lastly, with respect to the right to training requirement (Droit Individuel à la Formation "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 96,433 hours. In 2008, 323 training actions under the DIF were conducted by employees of Groupama SA, for a total of 6,264 hours.

NOTE 17 TECHNICAL INCOME STATEMENT BY SOURCE

(in thousands of euros)	31.12.2008 Direct business [(1)]	31.12.2008 Inward business	31.12.2008 Total	31.12.2007 Direct business [(1)]	31.12.2007 Inward business	31.12.2007 Total
Earned premiums	51,031	1,928,540	1,979,571	48,819	1,849,092	1,897,911
Benefits expense [(2)]	23,611	1,100,423	1,124,034	73,500	1,098,829	1,172,329
A - Underwriting result	**27,420**	**828,117**	**855,537**	**(24,681)**	**750,263**	**725,582**
Acquisition costs	5,247	235,321	240,568	5,409	224,565	229,974
Administrative costs and other underwriting expenses and income	7,604	325,394	332,998	5,511	296,280	301,791
B - Net acquisition and management costs	**12,851**	**560,715**	**573,566**	**10,920**	**520,845**	**531,765**
C - Allocated investment income	**16,758**	**180,579**	**197,337**	**16,447**	**184,527**	**200,974**
D - Reinsurance result	**7,302**	**272,757**	**280,059**	**(5,852)**	**224,440**	**218,588**
Operating profit/loss (A-B+C-D)	**24,025**	**175,224**	**199,249**	**(13,302)**	**189,505**	**176,203**

(1) Of which, CDA Antilles Guyane.
(2) Including equalisation reserves and profit sharing.

NOTE 18 INVESTMENT INCOME AND EXPENSES

(in thousands of euros)	31.12.2008 Affiliated companies	31.12.2008 Equity-linked companies	31.12.2008 Other sources	31.12.2008 Total	31.12.2007 Affiliated companies	31.12.2007 Equity-linked companies	31.12.2007 Other sources	31.12.2007 Total
Investment income								
Investment income	573,745	12,422	50,304	636,471	411,556	7,892	58,300	477,748
Income from equity interests	*543,945*	*12,421*		*556,366*				
Real-estate investment income	*29,705*	*1*	*13,290*	*42,996*	*12,341*		*12,817*	*25,158*
Other investment income	*95*		*37,014*	*37,109*		*48*	*45,483*	*45,531*
Other financial income					*399,215*	*7,844*		*407,059*
Other investment income	111,000	6	18,882	129,888	7,790	231,475	13,471	252,736
Profits on sale of investments			53,721	53,721		298	95,038	95,336
Total investment income	**684,745**	**12,428**	**122,907**	**820,080**	**419,346**	**239,665**	**166,809**	**825,820**
Investment expenses								
Expenses of internal and external management of investments and financial expenses	44,094	6	156,694	200,794	38,330	49	97,722	136,101
Other investment expenses	92,208	22,333	24,017	138,558	1,729		10,270	11,999
Losses on sale of investments	26,546		38,804	65,350	3	232,485	32,139	264,627
Total investment expenses	**162,848**	**22,339**	**219,515**	**404,702**	**40,062**	**232,534**	**140,131**	**412,727**
FINANCIAL RESULTS	**521,897**	**(9,911)**	**(96,608)**	**415,378**	**379,284**	**7,131**	**26,678**	**413,093**

Net allocation to long term impairment totalled €54 million at 31 December 2008, against €241.6 million in 2007 (including €231.1 million in write-back following the disposal of SCOR shares).

Given the volatility of the financial markets, the trigger for posting a long term impairment was set at 30%.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical expenses totalling €29.9 million consist largely of the share of general expenses broken down by purpose, totalling €7.5 million, as well as expenses relating to the merger with Groupama International, of €20.4 million.

Other non-technical income totalling €2.2 million consist largely of income receivable on the G3 trimaran claim totalling €1.8 million, offset by a non-technical charge for scrapping totalling €1.7 million.

NOTE 20 EXCEPTIONAL INCOME AND EXPENSES

The 2008 exceptional loss of €20.8 million mainly corresponds to:

- provisions for net risks and charges: -€7.9 million
- subsidies paid as part of the financing of major programmes: -€13.9 million

NOTE 21 CORPORATE INCOME TAX

- Tax charge

(in thousands of euros)	31.12.2008	31.12.2007
Corporate income tax payable	(15)	(134,000)
Reserves for fiscal consolidation gains in year Y	86,765	175,024
Other	(9,809)	4,838
TOTAL INCOME TAX	**76,941**	**45,862**

- Specific nature and make-up of the “Corporate income tax” line

  As at 31 December 2008, the “Corporate income tax” line includes a net tax credit of €76.9 million that breaks down as follows:

  - tax consolidation income: €113.2 million
  - tax consolidation expenses: -€36.3 million

  The “income tax” item consists principally of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €86.7 million, the additional 2007 Group tax charge of €4 million, and the tax charge booked under tax audits of the consolidated entities totalling €5 million. Since the consolidated group posted a loss, no group income tax charges were booked for fiscal year 2008.

- Tax loss carry-forwards

  At 31 December 2008, the consolidated group had €440 million in short-term carry-forwards.

NOTE 22 BREAKDOWN OF PERSONNEL EXPENSES

(in thousands of euros)	31.12.2008	31.12.2007
Salaries	55,046	56,286
Social Security charges	23,652	21,630
Other	2,381	2,574
TOTAL	**81,079**	**80,490**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2008, the average rate of expenses of the Group kept by Groupama SA is 57.70%.

NOTE 23 WORKFORCE

- Personnel

In numbers	31.12.2008	31.12.2007
Senior management	130	122
Executives	1,145	1,098
Non-managerial staff	309	330
TOTAL PERSONNEL	**1,584**	**1,550**

NOTE 24 COMPENSATION OF DIRECTORS

2008 compensation allocated to the Groupama SA administrative and executive bodies was respectively €331,600 and €4,706,400.

NOTE 25 PROPOSED ALLOCATION OF INCOME

The taxable profit for fiscal year 2008 was €445,592,000.

The proposed allocation of income submitted to the General Meeting breaks down as follows:

- as shareholder dividend: €53,248,000
- and the balance to “retained earnings”: €392,344,000

NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

INFORMATION ABOUT SUBSIDIARIES AND EQUITY INTERESTS (IN THOUSANDS OF EUROS)

Detailed information about equity interests with gross value greater than 1% of the company's capital; subject to publication:	Capital	Shareholders' equity excluding capital and excluding income for the year	Share of capital held at 31.12.2008	Book value of stocks held at 31.12.2008		Premium income from the latest fiscal year	Profit (loss) from the latest fiscal year
				gross	net		
Subsidiaries (more than 50% owned)							
Insurance companies:							
GAN ASSURANCES IARD	110	152,443	100.00%	671,462	671,462	1,079,771	46,555
GAN ASSURANCES VIE	153	442,223	77.54%	269,539	269,539	1,351,452	18,320
GAN EUROCOURTAGE IARD	8	206,793	100.00%	367,636	367,636	831,819	48,024
GAN EUROCOURTAGE VIE	52	176,408	86.08%	162,137	162,137	655,766	129,616
GAN PATRIMOINE	8	147,034	99.97%	37,351	37,351	539,391	28,273
GAN PRÉVOYANCE	94	38,316	100.00%	193,628	193,628	519,116	27,472
GROUPAMA ASSURANCE CRÉDIT	20	2,591	99.99%	19,818	19,818	27,245	1,599
GROUPAMA TRANSPORT	71	28,017	100.00%	121,665	121,665	304,994	8,581
GROUPAMA VIE	165	560,559	100.00%	302,978	302,978	1,953,258	39,987
AMALINE ASSURANCES	21	707	100.00%	22,589	22,589	797	(4,769)
GROUPAMA BIZTOSITO	7,593	4,268	100.00%	41,499	9,492	37,771	2,812
GROUPAMA SEGUROS Spain	97,619	253,808	100.00%	518,167	518,167	975,516	85,946
GROUPAMA ASSICURAZIONI SPA	35,178	25,244	100.00%	48,343	48,343	388,046	(18,521)
GROUPAMA VITA SPA	45,240	4,597	100.00%	86,415	86,415	217,679	(15,298)
GROUPAMA SEGUROS PORTUGAL	7,500	9,786	100.00%	26,277	16,886	19,324	731
GROUPAMA SEGUROS DE VIDA	25,000	(25,808)	100.00%	30,940	30,940	63,113	(1,599)
GAN U.K. Ltd	65,060	54,086	100.00%	529,573	166,866	N/A	8,740
RAMPART			100.00%	42,607	23,581		
GAN OUTRE-MER IARD	7,807	13,390	100.00%	31,636	31,636	91,524	6,732
GROUPAMA INVESTMENT BOSPHORUS HOLDING	71,544	1,372	100.00%	83,543	83,543	N/A	2,934
PHOENIX METROLIFE	66,002	(97,355)	100.00%	139,587	139,587	175,538	(59,066)
GROUPAMA INSURANCE COMPANY LIMITED	123,952	25,440	100.00%	392,869	392,869	543,914	23,180
BT ASIGURARI	74,456	(57,925)	100.00%	151,890	151,890	84,335	(30,491)
ASIBAN	58,421	(6,232)	100.00%	388,195	388,195	164,712	(27,769)
DSK Insurance Company Non-Life (Bulgaria)	3,272	731	100.00%	5,997	5,997	4,263	(343)
DSK Insurance Company Life (Bulgaria)	3,273	453	100.00%	72,680	72,680	4,981	(1,649)
OTP Garancia Asigurari (Romania)	21,092	(10,883)	100.00%	24,844	24,844	23,344	(8,279)
OTP Garancia Poistovna Non-Life (Slovakia)	10,290	(4,574)	100.00%	7,396	7,396	4,403	(1,081)
OTP Garancia Poistovna Zivotna Life (Slovakia)	9,626	(4,661)	100.00%	43,543	43,543	1,002	(1,039)
OTP Garancia Biztosito (Hungary)	27,563	104,399	100.00%	588,627	588,627	315,039	44,710
GUVEN SIGORTA	16,381	3,729	100.00%	178,387	178,387	116,992	(468)
LUXLIFE			85.00%	4,751	4,751		
BASAK SIGORTA	51,191	29,108	56.67%	138,098	138,098	274,987	13,097

Detailed information about equity interests with gross value greater than 1% of the company's capital; subject to publication:	Capital	Shareholders' equity excluding capital and excluding income for the year	Share of capital held at 31.12.2008	Book value of stocks held at 31.12.2008		Premium income from the latest fiscal year	Profit (loss) from the latest fiscal year
				gross	net		
Other companies:							
BANQUE FINAMA	82	117,346	86.14%	158,176	158,176	NA	40,630
GROUPAMA BANQUE	110	219	80.00%	248,837	94,565	NA	(24,639)
SCI 79 CHAMPS-ÉLYSEES	69		91.21%	60,496	60,496	7,112	3,737
SCIFMA	44	2,427	74.88%	36,069	36,069	3,221	1,358
GROUPAMA ÉPARGNE SALARIALE	10	(2,656)	100.00%	21,536	21,536	9,801	(1,281)
NUOVA TIRRENA	142,571	178,567	100.00%	1,260,518	1,260,518	786,548	(93,681)
Equity interests held between 10 & 50%							
COMPAGNIE FONCIÈRE PARISIENNE	710	101,194	32.74%	307,076	307,076	49,100	30,588
SILIC	70	192,127	29.17%	136,248	136,248	199,127	57,781
BASAK EMEKLILIK	23,269	32,950	41.00%	73,027	73,027	155,010	24,629
GUNES SIGORTA	34,903	13,244	36.00%	37,898	37,898	334,000	4,614
Société Tunisienne d'Assurances et de Réassurances	12,542	86,940	35.00%	77,569	77,569	96,553	4,348

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	Book value of securities held		Total loans and advances granted	Total guarantees and surety given	Total dividends received (1)
	gross	net			
Subsidiaries:					
French	2,755,272	2,597,464	320,128	13,289	386,986
Foreign	4,845,956	4,422,825	94,888	5,556	111,747
Equity interests:					
French	498,226	497,864	1,855	0	45,351
Foreign	196,688	196,688	0	0	16,974

(1) Including SCI results.

NOTE 28 CONSOLIDATIONS

Groupama SA prepares:

- consolidated financial statements incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

NOTE 29 PRINCIPAL AGGREGATES TO THE CONTRIBUTION BALANCE SHEET OF GROUPAMA INTERNATIONAL

Assets contributed *(in thousands of euros)*	**31.12.2008**	**Liabilities contributed** *(in thousands of euros)*	**31.12.2008**
Investments in affiliated companies and in equity linked companies	1,910,144	Provisions for risks and charges	20,264
Other investments	27,391	Other liabilities	743,211
Other receivables	6,407	Net assets contributed	1,199,053
Cash and equivalent in banks and at hand	13,691		
Foreign exchange adjustment	4,895		
TOTAL ASSETS	**1,962,528**	**TOTAL LIABILITIES**	**1,962,528**

Net assets contributed is attributed to the shares of Groupama International, which was the holding company for Groupama SA before the contribution transaction (€1,157,026,000), which resulted in the posting of a merger surplus totalling €42,027,000.

6.4 AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

"This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

(Year ended 31 December 2008)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Dear Shareholders,

In performance of the audit engagement assigned to us by your General Meeting, we hereby present our report on the fiscal year ended 31 December 2008 regarding:

- the audit of the annual financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the specific checks and disclosures required by law.

The annual financial statements were prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I - Opinion on the annual financial statements

We conducted our audit in accordance with the auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit consists of examining, on a test basis, or other methods of selection, the evidence supporting the amounts and disclosures in the annual financial statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that the evidence we collected provide a sufficient and appropriate basis for our opinion.

We certify that, with respect to French accounting principles and rules, the parent company financial statements are proper and accurate and give a faithful image of the transactions of the past fiscal year and the financial condition and net worth of Groupama SA at the end of that fiscal year.

II - Justification of assessments

The accounting estimates used to prepare the financial reports as at 31 December 2008 were made in a context of high market volatility and the virtual absence of transactions on financial markets that had become inactive, and a certain difficulty to grasp economic and financial outlooks. In light of this specific context and pursuant to the provisions of Article L. 823-9 of the Commercial Code governing the justification of our assessments, we hereby inform you that:

- in Notes 3.2.2 and 5. of the Notes to the annual financial statements, your company detailed the valuation and impairment methods used for financial assets. We examined the recoverable amounts, the horizons of ownership and your company's capacity to hold those securities over those horizons.

  We also examined the appropriateness of the mechanism put in place to identify the direct and indirect exposure of the financial assets to the financial crisis, the methods used to measure the value of those assets, the provisions recognised for long-term impairment, and the disclosures in the notes mentioned above;

- certain technical items specific to insurance, to the assets and liabilities on your company's financial statements are estimated according to regulatory methods and by using statistical data and actuarial techniques. This is the case with the technical provisions in particular. The methods of determining those items are described in Note 3 of the Notes to the financial statements.

  We also checked the consistency of all the assumptions and calculation models used by your company and the compliance of the evaluations obtained with the requirements of its regulatory and economic environment.

The assessments made were part of our audit of the annual financial statements, considered overall, and therefore provided a basis for our opinion as expressed in the first part of this report.

III - Checks and specific disclosures

We also carried out the specific checks required by law.

We have the following comments to make about:

- the sincerity and concordance, with the annual financial statements, of the disclosures made in the Board of Directors' management discussion and analysis (MD&A) and in the documents sent to shareholders on the financial position and the annual financial statements;
- the sincerity of the information given in the MD&A about the compensation and benefits paid to the Directors and officers concerned and the commitments made to them at the time of the start, cessation or change in responsibilities or thereafter.

Pursuant to the law, we have made sure that the various disclosures with regard to equity holdings and acquisitions of control and the identity of the holders of share capital have been communicated to you in the Management Discussion and Analysis.

Executed in Neuilly-sur-Seine and Courbevoie, 2 March 2009

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

6.5 SPECIAL REPORT FROM THE AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

"This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

(Year ended 31 December 2008)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

To the Shareholders
Groupama SA
8-10 rue d'Astorg
75008 Paris

Dear Shareholders,

In our capacity as auditors of your company, we hereby submit our report on the regulated agreements and commitments.

Agreements and commitments authorised during the fiscal year

Pursuant to Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code, we have been informed of the agreements and commitments that have been the subject of advance authorisation from your Board of Directors.

It is not our responsibility to investigate the existence of any other agreements and commitments but rather to tell you, based on the information that we have been given, the essential features and terms of the ones that we have been informed of, without having to state an opinion on their utility or justification. Pursuant to Article R. 225-31 of the Commercial Code, it is your responsibility to evaluate the advisability of entering into those agreements and commitments with a view toward their approval.

We performed this engagement with due care according to the professional principles of the French national auditors' association, the Compagnie Nationale des Commissaires aux Comptes. Due care implies in checking the concordance of the information that we were given with the basic source documents of such information.

- Financing of large group programmes

  In connection with the financing of 2009 large programmes, on 29 October 2008, the Board of Directors authorised the granting of subsidies to the regional mutuals in order to support them in the effort to expand the banking activity (Groupama Banque) in a gross maximum amount of €12.4 million net of corporate income tax, to which will be added, for three years, the costs of bank development associates for a gross total amount of €0.28 million per regional mutual. Furthermore, the Board authorised a participation in the financing of the European-community computer project (SIGMA) of €4.95 million, net of corporate income tax. Each of those subsidies was successively authorised by the Board of Directors; the Chairman of the mutual concerned by the subsidy granting did not participate in the vote.

  That agreement has no impact on the 2008 financial statements.

  Directors concerned: Mr. Aussat, Mr. Baligand, Mr. Baucherel, Mr. Baylet, Mr. Bartholomeis, Ms. Bocquet, Mr. Cornut Chauvinc, Mr. Drouet, Mr. Habig, Ms. Longuet, and Mr. Schmitt.

- Sport sponsoring

  As part of the implementation of a new sport sponsoring scheme, on 29 October 2008, the Board of Directors authorised the allocation of subsidies to certain regional mutuals for the 2008/2009 season, for a maximum total amount of €1.350 million, based in particular on media coverage. Each of those subsidies was successively authorised by the Board of Directors; the Chairman of the mutual concerned by the subsidy grant did not participate in the vote.

  The amount of the subsidies paid to the regional mutuals for the 2008/2009 season and recorded in the 2008 financial statements totalled €0.92 million net of corporate income tax.

  Directors concerned: Mr. Aussat, Mr. Baligand, Mr. Bartholomeis, Mr. Drouet, Mr. Habig and Ms. Longuet.

Agreements and commitments approved in previous fiscal years whose performance continued during the fiscal year

Pursuant to the Commercial Code, we were also informed that the performance of the following agreements and commitments, which were approved during previous fiscal years, had continued in the past fiscal year.

- Financing of large group programmes

  In connection with the maximum budget allowances for subsidies authorised by the Board of Directors on 24 October 2007 for the financing of large programmes in 2008, the amount of the subsidies effectively paid to the regional mutuals came to €5.96 million net of corporate income tax(to which is added €0.368 million for the cost of bank development associates) for the deployment of banking activity (Groupama Banque) and €6.62 million net of corporate income tax for European Community computer-related expenses (SIGMA).

  In addition, as part of the Group's development strategy in France, Groupama SA had agreed to financially support the Groupama Paris Val de Loire regional mutual for a maximum of €30 million net of corporate income tax, to be used for the creation of local branches in Paris. Groupama SA therefore granted a total of €5.5 million in 2008, in connection with this support.

- Chief Executive's pension and retirement insurance policies

  On 14 December 2006, the Board of Directors authorised the extension of the policies for provident insurance, medical and retirement expenses for Steering Committee members to the company's Chief Executive, for provident insurance and medical expenses and on 14 December 2005 for the pension contract.

- With regional mutuals

  The purpose of the agreement on security and solidarity measures, which was approved by the General Meeting on 18 December 2003, amended by rider in December 2004, is to guarantee the security of management and economic and financial equilibrium of all regional mutuals and Groupama SA and to organise solidarity among those entities; the agreement provides for procedures geared around four measures:

  - Groupama SA conducts a three-year audit of all regional mutuals and spot audits if losses are recorded by a regional mutual;
  - solidarity fund mechanism for helping regional mutuals in difficulty; under this mechanism, the regional mutuals pay a portion of their net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
  - appointment of the Managing Directors of the regional mutuals;
  - agreement for combination of accounts, designating Groupama SA as combining entity.

Executed in Neuilly-sur-Seine and Courbevoie, 2 March 2008

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

6.6 ADDITIONAL INFORMATION – AFS IMPAIRMENT

The OTP Bank line of shares (acquired recently and which has seen extremely high market volatility) has been specifically valued (see Note 7), as this line of shares is showing a 60% discount in relation to its acquisition price – the acquisition value of the shares was €642 million and the fair value of the shares at 31 December 2008 was €256 million.

It is the Group's only line of shares that was subject to additional analysis at 31 December 2008. As a result of this analysis, corroborated by an independent assessment, no impairment has been established.

The change in fair value of OTP Bank shares has therefore been recorded as a change in the revaluation reserves in consolidated shareholders' equity.

7 LEGAL INFORMATION

7.1 INFORMATION ON THE COMPANY

7.1.1 IDENTIFICATION

The company was founded 11 December 1987 for a period of 99 years, *i.e.*, until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

7.1.2.1 Form (Article 1)

The company, which is a French law société anonyme, is governed by current and future legislative and regulatory provisions, and by these bylaws.

7.1.2.2 Purpose (Article 2)

The company has the purpose below:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- re-insurance of agricultural regional or departmental reinsurance mutuals (hereinafter referred to by the term “Mutual”), pursuant to Article R. 322-120, 4o of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of covers provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- reinsurance of any insurance or reinsurance companies governed by the Insurance Code, regardless of form, any mutuals or associations of mutuals governed by the mutual Insurance Code, and any provident institutions or associations of provident institutions governed by the Social Security Code or the Rural Code;
- engaging in any activities involving outward reinsurance, retrocession, or compensation of the risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services, and related activities.

And, in general, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose, and any similar or related purposes.

An amendment to section 4 of Article 2 of the bylaws (see § 7.3 - Resolution Eighteen) will be proposed at the General Meeting on 27 May 2009.

7.1.2.3 Corporate name (Article 3)

The company’s name is the following: Groupama SA.

7.1.2.4 Corporate registered offices (Article 4)

Its registered offices are at 8-10, rue d’Astorg, 75008 Paris, France.

It may be relocated to any other location within the same department or to a neighbouring department by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The company’s duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 Contributions (Article 6)

Contributions to the company may be made in cash or in kind.

a) Upon the company’s founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid-in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the company’s shares to 1,000 francs.

   The same Meeting resolved to increase the company’s share capital from two hundred fifty thousand (250,000) francs to three billion, five hundred forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the company’s capital to four billion, five hundred sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting of 14 February 1995, resolved to increase the company’s share capital from four billion, five hundred sixty-five million (4,565,000,000) francs to five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs, through the issuance of six hundred eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the company's share capital from five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs to five billion, three hundred twenty-seven million, six hundred four thousand (5,327,604,000) francs, through the issuance of eighty-two thousand, three hundred four (82,304) shares issued at the price of 1,215 francs, *i.e.*, with an issue premium of 215 francs per share.

f) Pursuant to an authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors dated 9 July 1998, the company's capital was increased from five billion, three hundred twenty-seven million, six hundred four thousand (5,327,604,000) francs, to sixteen billion, five hundred eighty-five million, six hundred sixteen thousand (16,585,616,000) francs, through the issuance of eleven million, two hundred fifty-eight thousand, twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) The General Meeting deliberating on an extraordinary basis on 29 June 2001, resolved to convert the company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the company's share capital was increased by €5,381,563.46, from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L. 236-11 of the Commercial Code dated 28 June 2002, the assets of that company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322, following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L. 236-11 of the Commercial Code dated 25 June 2003, the company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01, following the transfer by the CCAMA of all items relative to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's Equity Management Division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met the same day after the meeting;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-takeover of Groupama International, pursuant to Article L. 236-11 of the Commercial Code, the assets of that company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,186,513,186. It is divided among 231,514,768 shares of €5.125 each, fully paid-in and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, a registration certification will be issued thereto by the company.

7.1.2.10 Transfer of shares - Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the Board of Directors ruling by two-thirds' majority of members present or represented.

In the event of a sale to a third party, the request for approval indicating the buyer's corporate name or identity, the number of shares envisioned in the sale, and the offered price, is to be issued by registered letter with return receipt to the company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered as given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be invited by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a Director to carry out his appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to one voting right, each share will be entitled to share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The company is administered by a Board of Directors made up of two categories of Directors:

- Directors appointed by the Ordinary General Meeting

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The Directors are appointed by the Ordinary General Meeting for six (6) years of office.

  If a Director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor.
- Directors elected by company employees

  The status and methods of election of these Directors are set by Articles L. 225-27 to L. 225-34 of the Commercial Code, as well as by the bylaws.

  They are two (2) in number, including a representative of the officers.

  In any event, their number may not exceed one third the number of Directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a Director will end upon completion of the meeting of the Ordinary General Meeting approving the parent company's financial statements for the fiscal year ended, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of Director is set at the seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting in the year of his sixty-ninth birthday.

Each Director must own at least one (1) share for the entire duration of his term of office.

(b) Conditions for the election of employee Directors

For each vacant seat on the board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, if the number of seats of elected Directors actually filled falls below two before the normal expiration of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;

- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates is to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the Commercial Code, or by these bylaws, are set by General Management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Chairman from among its individual members, set his compensation, and set the duration of his term, which may not exceed that of his term as Director.

If the acting Chairman attains the maximum age of 70 set for his term of office as Director, his duties will terminate upon completion of the Ordinary General Meeting held in the year of his sixty-ninth birthday.

The Chairman will organise and lead the works of the Board of Directors, for which he reports to the General Meeting. He will ensure the successful functioning of the corporate bodies and specifically ensure that the Directors are capable of fulfilling their duties.

(b) Vice-Chairman

The Board of Directors may appoint from among its members a Vice-Chairman, whose duties, in case of impediment of the Chairman, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meeting of the Board

The Board of Directors will meet as often as the company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of impediment of the Chairman, the Board of Directors may be summoned either by the Vice-Chairman, or by at least one third of its members or, if a Director, by the company Chief Executive Officer.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out valid business if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice-Chairman, and failing this, by a Director appointed for this purpose at the start of the meeting.

Each Director may give one of his colleagues power of attorney to represent him, but each Director may only represent one of his colleagues and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the validity of the deliberations.

The Chief Executive Officer will attend Board meetings.

A representative of the Works Council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the meeting Chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions set by law, the Internal Regulation may provide that meetings may be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, Directors who participate in Board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors, or in his absence the author of the notice to meet, will inform the individuals invited of the methods to be applied for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors will set the guidelines for the company's activity and ensure their implementation. Subject to the powers expressly assigned to the Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

- amendments and the annual implementation of the reinsurance agreement with the mutuals and the agreement governing security and solidarity plans;
- any issues of transferable securities, irrespective of the type, that may result in a change in the share capital;
- any significant operations that may affect the Group's strategy and its business scope.

Furthermore, the following decisions must be made by a two-thirds majority of the Board members present or represented:

- termination of the reinsurance agreement at the initiative of Groupama SA;
- vote by secret ballot: sanctions in the event of disagreement on recovery measures to be adopted by a regional mutual following an audit, pursuant to the agreement on security and solidarity plans;
- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting any pledges on corporate real estate;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the company, either directly or indirectly.

The Board may resolve to create committees responsible for studying issues that itself or its Chairman submit, upon notification, for their examination.

The Board of Directors is authorised to prepare an Internal Regulation intended to set the rules of functioning for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of Directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to Board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 General management of the company (Article 16)

The company's General Management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking General Management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the company under any and all circumstances. He will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to General Meetings and the Board of Directors. He will represent the company vis-à-vis third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, nor that of his term of office as Director. The Board will also set the compensation of the Chief Executive Officer.

No one aged 65 or older may be appointed Chief Executive Officer. If the acting Chief Executive Officer attains the age of 65, his duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the year ended.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the Commercial Code apply to agreements entered into directly or through an intervening party, between the company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its Directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company in the sense of Article L. 233-3 of the Commercial Code.

7.1.2.18 Association of auditors (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint auditors, who may not exceed six in number.

In the event of a vacancy of one or more auditor positions by death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Auditors, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years, to end upon completion of the meeting approving the financial statements for the year elapsed and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more auditors and undertake to replace them, even if such revocation does not appear on the agenda.

Auditors are to be invited to meetings of the Board of Directors and take part in the deliberations, in an advisory capacity, however their absence shall not prevent the holding of valid deliberations.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice to meet.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be filled by the two members of the Meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation by Meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions governing them, respectively, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by law, with regard to the proportion of share capital they represent, is to be allocated to all shares fully paid in, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a member State of the European Union.

7.1.2.22 Fiscal year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends - Interim dividends (Article 24)

- The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

  A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.
- The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.
- The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution - Liquidation (Article 25)

- Except in the case of an extension approved by the Extraordinary General Meeting, the company is dissolved upon expiration of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

  The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.
- Except in the case of a merger, split, or consolidation of all shares, the company's expiration or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 AMENDMENTS TO THE BYLAWS APPROVED BY THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 29 JUNE 2006 AND 28 MAY 2008 BUT VALID ONLY UNDER THE CONDITION PRECEDENT OF THE LISTING FOR TRADING AND THE FIRST TRADE OF THE COMPANY'S SHARES ON THE EUROLIST MARKET OF EURONEXT

Article 9, "Form of the shares", has been amended; Article 10, "Transfer of shares - approval clause" is replaced by "Identification of shareholders"; Article 11, "Exceeding thresholds", is created; Articles 12 to 27 are formerly Articles 11 to 26, and Article 21 "General meetings", formerly Article 20, has been amended.

7.1.3.1 Form of the shares and identification of shareholders (future Articles 9 and 10 of the bylaws)

(a) Form of the shares (Future Article 9 of the bylaws)

Shares fully paid in are registered or bearer shares, at the shareholder's discretion, subject to the current legal and regulatory provisions and the company bylaws; they are required to be registered until such time as they are paid-in in their entirety.

(b) Identification of shareholders (future Article 10 of the bylaws)

10.1 - Ownership of the shares is established by a record in the company's accounts in accordance with current regulation.

If the owner of the shares is not domiciled on French territory, any intermediary may be registered on behalf of that owner. Registration may be undertaken in the form of a joint account or in several individual accounts, each corresponding to one owner. The registered intermediary is required, at the time its account is opened either with the company, or with the qualified financial intermediary that is the account owner, to declare its status as intermediary holding shares on behalf of another party, in accordance with current legal and regulatory provisions.

10.2 - For purposes of identifying holders of bearer shares, the company may request that the central depository that keeps the account for issuance of its shares provide the information corresponding to Article L. 228-2 of the Commercial Code. Thus, the company is entitled to request at any time, in exchange for compensation, for which it is responsible, the name and year of birth or, in the case of a legal entity, the corporate name and year of founding, the nationality, and the address of the holders of securities conferring either immediately or over time the right to vote in the meetings as well as the number of shares held by each and, as applicable, any restrictions to which the shares may be subject.

The company, in view of the list sent by the central custodian, is entitled to request, under the same conditions, either through the intervention of this body or directly from the parties appearing on this list and for which the company believes they might be registered on behalf of third parties, the same information concerning share owners. These parties are required, if they have the status of intermediary, to reveal the identity of the owners of these shares. The information is provided directly to the financial intermediary and authorised account holder, with the latter responsible for communicating it, as applicable, to the company or central depository.

In the case of registered shares exercisable immediately or over time, the registered intermediary is required to reveal the identity of the owners of these shares as well as the number of shares held by each, upon mere request of the company or its representative, which may be submitted at any time.

So long as the company believes that certain holders whose identity has been communicated thereto are owners of the shares on behalf of third parties, it is entitled to ask such holders to reveal the identity of the owners of these shares as well as the number of shares held by each. Upon issuing this request, the company may request that any legal entity holding its shares and owning interests exceeding 2.5% of the share capital or voting rights, disclose the identity of the persons directly or indirectly holding more than one third of the capital or voting rights of the legal entity holding the company's shares.

In the event of a breach of the obligations mentioned above, the shares or equity instruments exercisable immediately or over time and for which the party that violated these obligations was registered to the account shall be deprived of voting rights at any general meeting that might be held until the date of clarification of the identification, and payment of the corresponding dividend will be deferred until that date.

Moreover, in the event that the registered party knowingly ignores its obligations, the court in the jurisdiction of the company's registered offices may, at the request of the company or of one or more shareholders holding at least 5% of the share capital, pronounce complete or partial suspension, for a total period not to exceed five years, of the voting rights attached to the shares that had been subject to a request for information from the company and possibly, for the same period of time, the right to payment of the corresponding dividend.

7.1.3.2 Exceeding the threshold set by the bylaws (future Article 11 of the bylaws)

In addition to the legal obligations to report on exceeding the threshold or declare intent to do so, any individual or legal entity acting alone or in concert which directly or indirectly acquires through the intermediation of one or more legal entities that it controls in the sense of Articles L. 233-3 or L. 233-9 of the Commercial Code a number of shares representing a proportion of the share capital or voting rights equal to or greater than 2%, and then an additional tranche equal to a minimum of 0.5% of the share capital, or exceeds the thresholds of declarations provided for by the legal and regulatory provisions, must inform the company by registered letter with acknowledgment of receipt sent to the company's corporate registered offices within five trading days after exceeding the threshold, stating the total number of shares and voting rights it holds, alone or in concert, directly or indirectly through the intermediation of companies it controls in the sense of Article L. 233-3 of the Commercial Code or as indicated in Article L. 233-9 of the Commercial Code. It must also indicate the date or dates the declared shares were acquired.

This reporting obligation also applies when the shareholder's interest in the share capital or voting rights falls below any of the thresholds mentioned in the above paragraph.

Failure to satisfy the above provisions is subject to penalties, upon request set forth in the minutes of the General Meeting, by one or more shareholders holding a proportion of the company's share capital or voting rights equal to at least 5%, by the suspension of voting rights for the shares or rights attached thereto exceeding the proportion that would have had to be declared, for any general meeting that might be held within two years after the date of clarification of the above notification.

7.1.3.3 General Meetings (future Article 21 of the bylaws)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice to meet.

Any shareholder may attend General Meetings in person, by proxy or by mail-in ballot upon proof of identity.

Such attendance is subject to registration on the books of the company of the shares in the name of the shareholder or the intermediary registered for his account as of the third business day preceding the General Meeting at midnight Paris time:

- for the holders of registered shares, in the registered securities accounts kept by the company;
- for the holders of bearer shares in the bearer securities accounts kept by the authorised intermediary, with such registration to be certified with certification to be issued, if necessary, via e-mail by the authorised intermediary.

The formal requirements described above must be completed no later than five days prior to the meeting date. However, the Board of Directors, by means of a general resolution, may shorten this period, which will then be so stated in the meeting notice.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides. These shareholders will be deemed as present at the meeting for calculating quorum and majority. Any proxy or vote cast electronically under these circumstances before the meeting as well as any notice of receipt, shall be considered unconditional and binding on all parties; it shall be understood, however, that, in the event any securities are sold before the third business day preceding the meeting at midnight Paris time, the company shall invalidate any proxy or vote cast electronically before the meeting or modify it accordingly, as the case may be.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be filled by the two members of the Meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.4 INTERNAL REGULATION

The purpose of this Internal Regulation is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and to define the rights and obligations of the Directors. Each Director agrees to abide by this Internal Regulation by accepting his term of office. In the case of any corporate Directors, this regulation applies to the legal entity as well as individually to its individual representative.

7.1.4.1 Functioning of the Board of Directors

(a) Purpose of the Board of Directors

The Board of Directors, in accordance with the law, sets the guidelines for Groupama SA's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the company and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

The Board is to be assisted by Technical Committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the Commercial Code, the Board of Directors decided to create within it an Audit and Accounts Committee, Compensation and Appointments Committee and an Agreements Committee. The duties, membership, and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create ad hoc committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of Directors with the skills, experience, independence of mind, and a willingness to become involved in the Company's business. These Directors are appointed to serve the interest of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to Directors representing the controlling shareholder and Directors elected by the employees of the Company, the Board will consist of four (4) outside Directors who lack any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (independent Director).

Status of independent Director

A Director is considered independent when he maintains no relationship of any kind whatsoever with the Company, its Group, or its management, which might compromise the exercise of his freedom of judgement.

The Board of Directors is required to verify that candidates to independent Director positions meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company Directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of independent Director and report its findings in the Annual Report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Auditors

Pursuant to Article 18 of the Company bylaws, the General Meeting may appoint one or more Company auditors, up to a maximum of six.

All obligations of the Directors under this instrument apply to the auditors, including when the obligations result from provisions applicable only to Directors (whether these provision derive from the law, from decrees, or from regulations, specifically those of the Autorité des Marchés Financiers ("AMF")).

(e) Notice to meet-holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom he delegated this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices shall be made by letter, telegram, telex, fax, e-mail, or verbally, and may be sent by the Corporate Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December for the following year.

Directors may request that the Chairman invites the Company's principal administrative officers to meetings of the Board of Directors or Committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors or Committee meetings will summarise the debates that took place.

(f) Provisions specific to the holding of Board meetings by videoconference or any telecommunications method

Directors who participate in Board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed as present for purposes of calculating quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and allow continuous broadcast of its deliberations.

However, participation in Board meetings by videoconference is not possible for the following decisions:

- appointment, compensation, and dismissal of the Chairman and Chief Executive Officer;
- preparation of the annual parent Company financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be filled by the Corporate Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings and indicating the name of the Directors deemed present in the sense of Article L. 225-37 of the Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the Director temporarily assigned to the duties of meeting Chairman, the secretary of the Board, or a legal representative authorised for this purpose.

(i) Evaluation of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures, and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 Rights and obligations of Directors

(a) Submission of the bylaws and Internal Regulation

Before accepting his duties, a Director must be familiar with the laws and regulations related to his duties. Upon entering into office, a copy of the Company bylaws and of this Internal Regulation will be submitted to him. The Board will provide for an updating of the Internal Regulation to take into consideration any legal and regulatory changes as well as local practice.

(b) Training

If necessary, Directors and members of specialised Committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core businesses, and its business lines.

(c) Participation in Board and Committee meetings

A Director must dedicate the necessary time and effort to his duties. He must undertake to faithfully attend meetings of the Board and Committees of which he is a member, and actively participate in their respective works.

If he feels that any decision of the Board of Directors is likely to harm the Company, a Director must undertake to clearly express his opposition and to use every means possible to convince the Board of the relevance of his position.

(d) Loyalty and conflicts of interest

The Director has an obligation of loyalty to the Company. He must not under any circumstances act in his own interest against that of the Company.

The Director undertakes not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other Directors, specific groups of shareholders, creditors, suppliers, and any third party in general.

To this end, prior to signing, he undertakes to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the Commercial Code.

Moreover, it is forbidden for a Director to:

- acquire a stake or responsibility in any unlisted company in which the Company or the Group, directly or indirectly holds a share, in a capacity other than as a Group representative;

- acquire a stake or responsibility in any unlisted company that has a contractual relationship with the Company or the companies of the Group.

He is to ensure that his participation on the Board is not the source of any conflict of interest for him or the Company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the Director in question will report it completely and in advance to the Board of Directors; he will be required to abstain from participating in board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and the vote). In the event of any question, Directors may consult the Corporate Secretary, who will guide them on this point.

In the event of any question, Directors may consult the Corporate Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the Corporate Secretary, and whose name, address and telephone number shall be sent to the Directors by the Corporate Secretary.

(e) Rights and obligations of Directors with regard to information

The Company Chairman or Chief Executive Officer must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, the making of decisions for which it is competent, and control of the administration exercised by management.

Preparation for Board meetings

The Chairman or Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the Directors to participate in Board discussions in a knowledgeable manner and to usefully discuss points on the agenda.

In the absence of information or in the event of the communication of information deemed to be incomplete, the Directors will request that the Chairman or Chief Executive Officer provide information they believe indispensable to their participation at the Board of Directors' meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer are required to communicate to Directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the Corporate Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's registered offices.

If he believes the information request exceeds the responsibilities of the Director or is likely to raise a problem of conflict of interest, the Chairman or Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Accounts Committee for his advice, prior to any response.

(f) Personal shares

It is desirable that each Director hold at least one (1) share.

(g) The accumulation of terms of office

Candidates to the offices of Director are required to inform the Board of Directors of positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer, which they may hold in other companies with registered corporate offices in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year ended, Directors are also required to communicate the list of positions they have occupied during the year ended with a view to preparing the Management Report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and Committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties, and specifically Company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by Directors which involve listed companies or the securities of listed companies, whenever Directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the Autorité des Marchés Financiers (AMF) general regulations.

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security which is not known to the public and which may significantly influence the trading price of that security must be kept strictly confidential and may not be used or communicated for the placing of orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The AMF general regulations contain similar prohibitions, violation of which will expose the perpetrator to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits which may be made.

Significant changes to laws and regulations shall be made known to the Directors by a note from the Corporate Secretary.

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his functions, has privileged information regarding the outlook or position of a listed company or the securities of a listed companies.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, Directory or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the price of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event which has happened or is likely to happen when it is possible to conclude from them the effect that those circumstances or that event could have on the price of the securities in question.

This information, were it to be made public, could have considerable influence on the price of the securities in question and could be used by a reasonable investor as one of the foundations of his investment decision (buy, sell or hold).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED TO CONSTITUTE PRIVILEGED INFORMATION?

This includes, among other things:

- earnings (or estimated earnings), earnings higher or lower than announced projections;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, investment stakes, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event tied to activity which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of securities holders, public or private sales of additional shares).

This list is not exhaustive; other information may be considered privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, among other means:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with an audit authority (such as the Registration document filed with the AMF);
- the Internet;
- documents sent to shareholders (Annual Report or information prospectus).

Applicable rules

It is likely that company Directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined for approval.

Listed companies in which the company holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any Director having, as part of his functions, privileged information related to a listed company or the securities of a listed company to keep this information confidential.

He is forbidden to disclose this information outside of the normal framework of his functions or for reasons other than those related to why the information was disclosed to him.

In the event that the Director in question should need to divulge this information to another person in the Group or a third party for the purpose of his functions, he undertakes to do so only after he has informed that person or third party that the information is confidential and that he is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the Director having such information as part of his functions for a listed company or listed security is forbidden to:

- use the privileged information that he has, to acquire or dispose of, or attempt to acquire or dispose of, on either his own behalf or on behalf of others, directly or indirectly, the securities tied to that information or the securities to which those securities are tied;
- recommend to another person to acquire or dispose of, or to have another person acquire or dispose of, the securities tied to that information or the securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of Directors is to be set by the Board at the proposal of the Appointments and Compensation Committee. The rules for the distribution of Directors' fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

7.1.4.3 Appendices to the Internal Regulation

APPENDIX 1

Audit and Accounts Committee

Purpose of the Committee

The purpose of the Audit and Accounts Committee is the following:

- to analyse the semi-annual and annual financial statements distributed by the Company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and consistency of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to examine the risk management policy;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for carrying out legal audits, ensuring monitoring of the latter and ensuring compliance with the rules guaranteeing the independence of the statutory auditors; to this end, the Committee may request communication of the fees paid by the Company and its Group to the statutory auditors and their respective networks;
- to address upon request, on any subjects falling within its competence, the Group's financial and accounting management;
- to examine external growth transactions, by verifying that the proposed transaction is within the strategy defined by the Group and the profitability of the project and its impact on the overall financial balance of the Group;
- to assess the consistency of the mechanisms involving internal control, risk monitoring, and ethics compliance; to assess the internal audit works and the annual report on internal control;
- to receive the reports of the statutory auditors;
- to provide that the internal data collection and control procedures ensure the quality and reliability of the Company's accounts;
- and to verify, before publication, all accounting and financial information documents issued by the Company.

Membership

The Audit and Accounts Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and auditors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors. The committee cannot include the Chairman among its members. At least one committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, and good understanding of internal control procedures and the committee's functions.

The terms of office of Committee members coincides with their terms as Director or auditor. The committee appoints its Chairman. The Groupama SA Corporate Secretary serves as Committee secretary.

Operation

INTERNAL ORGANISATION OF THE COMMITTEE

The Audit and Accounts Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and semi-annual financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Audit and Accounts Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for purposes of its deliberation.

The Committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

EXCEPTIONAL CASES

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the Committee relevant and useful clarifications for proper understanding of an issue;
- must exclude from its discussions non-independent members of the Committee for the assessment of points likely to pose ethical problems or conflicts of interest.

WORKING METHODS

Members of the Audit and Accounts Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational specifics.

The timeframes for examination of the accounts by the Audit and Accounts Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For purposes of its examination of the accounts, the Committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

APPENDIX 2

Compensation and Appointments Committee

Purpose of the Committee

The purpose of the Compensation and Appointments Committee is the following:

- to propose to the Board of Directors any questions relative to the personal status of the corporate officers, specifically compensation, retirement, and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of corporate officers, and the allocation and distribution of Directors' fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate officers and ensure the consistency of these rules with the evaluation performed annually of the performance of the corporate officers and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to annually verify the individual status of each Director with regard to the classification of independent Director and communicate the conclusions of its examination to the Board of Directors;
- to examine the plans of succession for the Company's Directors and corporate officers;
- to annually perform tasks involving evaluation of the Board of Directors' operating methods, and to communicate the conclusions of these tasks to the Board of Directors.

Membership

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and auditors. At least one (1) of the Committee members must be chosen from among the Company's outside Directors.

The terms of office of Committee members coincides with their terms as Director or auditor. The Committee appoints its Chairman. The Groupama SA Corporate Secretary serves as Committee secretary.

Operation

INTERNAL ORGANISATION OF THE COMMITTEE

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the Annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of auditors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and the Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the Committee's opinions and recommendations for purposes of its deliberation.

The committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

EXCEPTIONAL CASES

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

APPENDIX 3

Agreements Committee

Purpose of the Committee

The Agreements Committee has the following purpose:

- to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries which are likely to result from their business relationships. In this context, the Committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are respected;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the Commercial Code, including those signed between the Company and one of its auditors or with the Company which controls one of its shareholders (that has a fraction of voting rights above 10%) as defined in Article L. 233_3 of the Commercial Code.

  In this context, the Committee must submit a report to the Board of Directors for each of these agreements, specifically, regarding its purpose, its amount, and its principal conditions, and draw its conclusions, in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions in the sense of Article L. 225-39 of the Commercial Code);

  The Committee will also report to the Board of Directors on the status of these agreements:
- to analyse any and all agreements between the regional mutuals and Groupama SA and its subsidiaries, and more specifically, making certain that the terms of compensation and distribution of risk among the entities of the two divisions - mutual insurance and equity management - are in compliance with market practices;
- to analyse the conditions for applying the reinsurance agreement between Groupama SA and its regional mutuals.

Membership

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and the auditors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors, on the understanding that independence is determined in accordance with the criteria listed by the AFEP-MEDEF task force. The Committee cannot include the Chairman among its members.

The terms of office of committee members coincides with their terms as Director or auditor. The committee appoints its Chairman from among the independent Directors. The Groupama SA Corporate Secretary serves as Committee secretary.

Operation

INTERNAL ORGANISATION OF THE COMMITTEE

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for purposes of its deliberation.

The Committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

EXCEPTIONAL CASES

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

WORKING METHODS

The timeframes for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

APPENDIX 4

Criteria for independence

Definition

For the purposes of this appendix, the term "corporate officer" will be understood as defined in recommendation 2002-01 of the Commission des Opérations de Bourse:

"The corporate officers are as follows:

- the Managers;
- the Chairman (Chairman of the Board of Directors or Chief Executive Officer);
- the Executive Officers;
- the Delegated Executive Officers;
- the members of the Management Board;

- the individuals or legal entities exercising the functions of Director or member of the Supervisory Board, as well as the permanent representatives of the legal entities exercising these functions, and;
- any person exercising equivalent functions in foreign companies".

Criteria

A Director is considered to be independent if he meets the following conditions:

- he is not an employee or does not exercise managerial functions within the Company, or is not an employee or Director of the parent Company or a company it is consolidating, and has not been at any time over the past five years;
- he has not been paid by the Company, in any form whatsoever, with the exception of Directors' fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he is not the corporate officer of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a corporate officer of the Company (currently or within the past five years) holds the position of Director;
- he is not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- he has no close family ties to a corporate officer;
- he has not been the auditor of the Company over the previous five years and has not been a Director of the Company for over twelve years;
- he does not represent a major shareholder in the Company, on the understanding that:
  - a shareholder is considered to be a major shareholder when he holds more than 10% of share capital or voting rights (as calculated by consolidating his various shareholdings);
  - above this threshold, the Board, on the recommendation of the Compensation and Appointments Committee, will routinely inquire into his qualification as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relative to the Company's bylaws and share capital appearing in 7.2.1.1 and 7.2.1.3 results from or is the consequence of resolutions adopted by the Combined Ordinary and Extraordinary General Meetings held 29 June 2006, 30 May 2007 and 28 May 2008 under the condition precedent of the listing of shares for trading and the first trading of the Company's shares on the Eurolist of Euronext Paris SA market.

7.2.1.1 Total share capital

- Total share capital issued: €1,186,513,186, represented by shares all of the same category
- Number of shares issued and fully paid in: 231,514,768
- Par value of the shares: €5.125
- Authorised share capital not issued

Status of powers of attorney to the Board of Directors adopted by the Combined Ordinary and Extraordinary General Meeting of 28 May 2008, under the condition precedent of the listing of the Company's shares for trading and the first trade of the shares on the Eurolist of Euronext Paris SA market:

Securities	Duration of the authorisation and expiration	Maximum par value of the increase in share capital
Preferred stock (Capital increase from all shares combined)	26 months as of the General Meeting of 28 May 2008	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Non-preferred stock (Capital increase from all shares combined)	26 months as of the General Meeting of 28 May 2008	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Capital increase by capitalisation of premiums, reserves, earnings, etc.	26 months as of the General Meeting of 28 May 2008	€400 million
Issuances reserved for categories of persons (Capital increase reserved for a category of persons)	18 months as of the General Meeting of 28 May 2008	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Increase in the number of shares to be issued in case of a capital increase with or without preferential share right	26 months as of the General Meeting of 28 May 2008	15% of the initial issuance
Capital increase reserved for employee members of a Company savings plan	26 months as of the General Meeting of 28 May 2008	€150 million
Free allocations of shares existing or to be issued in favour of employees of the Group or certain members thereof	26 months as of the General Meeting of 28 May 2008	10% of the share capital
Capital reduction by cancellation of treasury shares	24 months as of the General Meeting of 28 May 2008	10% of the share capital
Share purchase programme	18 months as of the General Meeting of 28 May 2008	10% of the share capital up to a maximum of €500 million
Capital increase by contributions in kind consisting of shares or equity instruments	26 months as of the General Meeting of 28 May 2008	10% of the share capital

A proposal will be made to the General Meeting of 27 May 2009 to renew:

- the issuance reserved to categories of persons in Resolution Nineteen, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Thirteen;
- the free allocations of shares existing or to be issued in favour of some or all Group employees in Resolution Twenty, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Fifteen;

7.2.1.2 Non-equity instruments

As of the date of the recording of this registration document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares of the Company.

The Combined Ordinary and Extraordinary General Meeting of 28 May 2008 has authorised the Board of Directors, for a period of eighteenth months, to purchase shares in the Company pursuant to Articles L. 225-209 *et seq.* of the Commercial Code and in accordance with the Autorité des Marchés Financiers general regulations.

Pursuant to this authorisation, shares may be purchased, sold, or transferred at any time, including during a public offering period, and by any means, on the market or over the counter, including through the purchase or sale of blocks of shares, without limit as to the proportion of the purchase programme that may be realised by this means, by public purchase, sale, or exchange offer, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market or through the remittance of shares following the issuance of stock by conversion, exchange, redemption, exercise of an order or in any other manner, either directly or indirectly through an investment services provider.

This authorisation will be intended to allow the Company to purchase and sell its shares for the following purposes:

- either allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 443-1 *et seq.* of the Labour Code;
- or allotting bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the Commercial Code;
- under the condition precedent of the listing for trading and the first trade of the Company's shares on the Eurolist of Euronext market;
- or tendering stock when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- or their cancellation, in whole or in part, under the terms indicated in Resolution Sixteen, which was adopted by the General Meeting of 28 May 2008;
- or tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, split offs or spin-offs;
- or for market-making or liquefying the Company's stock through an investment services provider under a liquidity agreement in compliance with the ethics charter recognised by the Autorité des Marchés Financiers;
- or carrying out purchasing or sales transactions by any means through an investment services provider, particularly during off-market transactions.

Share purchases by the Company may involve a [limited] number of shares, *i.e.*:

- the number of shares purchased by the Company during the share buyback programme shall at no time exceed 10% of the shares comprising the Company's share capital; this percentage applies to capital adjusted based on the operations affecting it after this General Meeting;
- the number of shares to be held by the Company shall at no time exceed 10% of the shares comprising the Company's share capital on the date considered.

The maximum purchase price of the shares under this resolution shall be €80 per share or the exchange value of such amount on the same date in any other currency.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

Moreover, in the event of a change in share par value, a capital increase through the capitalisation of reserves, the free allocation of shares, the split or consolidation of shares, the distribution of reserves or any other assets, the amortisation of share capital, or any other transaction affecting net equity, the General Meeting has delegated to the Board of Directors the authority to adjust the aforementioned purchase price in order to take into consideration the impact of these transactions on the share's value.

A proposal will be made to the General Meeting of 27 May 2009 to renew the share purchase programme in Resolution Seventeen, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Six.

7.2.1.4 Other equity interests

As of the recording date of this reference document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

	Position at 31.12.2008			Position at 31.12.2007			Position at 31.12.2006		
Shareholders	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Groupama Holding	210,461,604	90.91%	90.91%	210,442,880	90.90%	90.90%	210,423,879	90.89%	90.89%
Groupama Holding 2	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%
Other [(1)]	238,800	0.10%	0.10%	257,524	0.11%	0.11%	276,525	0.12%	0.12%
TOTAL	**231,514,768**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**	**231,514,768[(2)]**	**100.00%**	**100.00%**

(1) Employees, former employees and exclusive officers, officers and Directors.
(2) The General Meeting of 29 June 2006 approved the split of the share's par value by four, resulting in the multiplication of the number of shares comprising the share capital by four.

The following table shows the changes in the share capital over the past three years.

Date of meeting	Transaction	Number of shares	Par value of the shares	Par value of capital increase	Additional paid-in capital	Cumulative amount of share capital	Number of shares
29 June 2006 Extraordinary General Meeting	Division of the par value of the share by 4	-	€5.125	-	-	€1,186,513,186	231,514,768

7.2.1.6 Share of employees in the share capital of Groupama SA

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, subject to the suspension periods, and with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA that occurred in June 2002, then by Groupama Holding following simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated semi-annual financial statements were audited.

Moreover, by virtue of the laws relative to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies, applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the highest between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become forfeit if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA shares at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2008, employees, former employees and exclusive officers of Groupama SA held 0.10% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2008.

Shareholders	Number of shares	% of share capital	Number of voting rights	% of voting rights
Groupama Holding (1)	210,461,604	90.91%	420,885,483	90.91%
Groupama Holding 2 (1)	20,814,364	8.99%	41,628,728	8.99%
Other (2)	238,800	0.10%	477,580	0.10%
TOTAL	**231,514,768**	**100.00%**	**462,991,791**	**100.00%**

(1) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(2) As at 31 December 2008, employees, former employees, and exclusive officers held 238,732 shares, i.e., 0.10% of the Company. Moreover, on the same date, Directors as a whole held 68 shares, i.e., four Company shares each, after the split in the par value of the Groupama SA share by four as approved by the General Meeting of 29 June 2006.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals control a majority of Groupama SA.

7.3 GENERAL MEETING OF 27 MAY 2009

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management discussion and analysis from the Board of Directors on fiscal year 2008 and report from the Chairman on internal control procedures.
- General reports from the statutory auditors on execution of their audit engagement during fiscal year 2008 and special report from the statutory auditors on the report from the Chairman pursuant to section 6, Article L. 225-37 of the Commercial Code.
- Approval of the individual and consolidated financial statements for fiscal year 2008.
- Allocation of income and setting of the dividend.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the Commercial Code.
- Approval of the appointment of a Director.
- Renewal of term of Directors.
- Authorisation to be given to the Board of Directors for trading in the Company's shares.

Items within the scope of responsibilities of the Extraordinary General Meeting

- Amendment to the bylaws (extension of the corporate purpose).
- Assignment of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests reserved to Groupama Holding or certain categories of investors.
- Assignment of authority to the Board of Directors to undertake free allocations of shares existing or to be issued in favour of all or certain Group employees.

Items within the scope of responsibilities of the Combined Ordinary and Extraordinary General Meeting

- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution
(Approval of the financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having heard the reading of the reports from the Board of Directors and statutory auditors on the fiscal year ended 31 December 2008, approves the financial statements for this fiscal year as they were presented, prepared in accordance with French accounting standards, *i.e.*, the balance sheet, profit and loss statement, and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a profit of €445,591,544.54.

Second Resolution
(Allocation of profit)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having heard the reading of the report of the Board of Directors, has resolved to allocate the profit for the year, which totals €445,591,544.54, as follows:

- as shareholder dividend: €53,248,396.64;
- and the balance to "Retained earnings": €392,343,147.90.

The dividend per share will be €0.23.

It will be paid as at 28 May 2009.

Pursuant to amended Article 243 bis of the General Tax Code, dividends distributed within the framework of this resolution are eligible, for individuals, for the 40% discount stipulated in numeral 2, No. 3, Article 158 of the General Tax Code.

To meet the provisions of amended Article 243 bis of the General Tax Code, distributions for the past three fiscal years were the following:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2007	€155,114,894.56	€168,034.66	€154,946,859.90
2006	€134,278,565.44	€154,708.62	€134,123,856.82
2005	€87,975,611.84	€108,748.40	€87,866,863.44

Third Resolution
(Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having read the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ended 31 December 2008, approves these financial statements prepared in accordance with international financial reporting standards (IFRS), as presented thereto, yielding a net result (Group share) of €273,056,000.

Fourth Resolution
(Regulated agreements)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having heard the reading of the special report of the statutory auditors as provided for in section 3, Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code on agreements covered by Article L. 225-38 of the Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution
(Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr. Jérôme Zanettacci in his capacity as Director, which occurred at the Board of Directors' meeting of 11 December 2008, to replace Mr. Claude Bartholomeis, who resigned, for the remaining duration of the latter's term of office, *i.e.*, until the Ordinary General Meeting convened in 2009 to approve the financial statements for the fiscal year ended 31 December 2008.

Sixth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Francis Aussat for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Seventh Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Jean Baligand for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Eighth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Jean-Luc Baucherel for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Ninth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Michel Baylet for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Tenth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mrs. Annie Bocquet for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Eleventh Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, decides to renew the term as Director of Mr. Amaury Cornut-Chauvinc for a period of six years, *i.e.*, until the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Twelfth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Robert Drouet for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Thirteenth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Michel Habig for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Fourteenth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mrs. Solange Longuet for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Fifteenth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. François Schmitt for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Sixteenth Resolution
(Renewal of a Director's term)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr. Jérôme Zanettacci for a period of six years, *i.e.*, until the close of the General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Seventeenth Resolution
(Purchase by the Company of its own shares)

The General Meeting, ruling under the quorum and majority conditions required for ordinary General Meetings, having reviewed the report by the Board of Directors, authorises the Board of Directors, with the option of sub-delegation, to purchase or arrange for the purchase of shares in the Company for the following purposes:

- allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 3332-18 *et seq.* of the Labour Code;
- or allotting bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the Commercial Code and L. 322-26-7 II of the Insurance Code;

and, under the condition precedent of admission for trading and for the first listing of the Company's shares on Eurolist of Euronext, and pursuant to the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

- tendering stock when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- their cancellation in whole or in part, in accordance with the terms set forth in Resolution 16 as adopted by the General Meeting on 28 May 2008;
- tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, split offs or spin-offs;
- for market-making or liquefying the Company's stock through in investment services provider under a liquidity agreement in compliance with the ethics charter recognised by the Autorité des Marchés Financiers;
- carrying out purchasing or sales transactions by any means through an investment services provider, particularly during off-market transactions.

Share purchases by the Company may involve a [limited] number of shares, *i.e.*:

- the number of shares purchased by the Company during the share buyback programme shall at no time exceed 10% of the shares comprising the Company's share capital; this percentage applies to capital adjusted based on the operations affecting it after this General Meeting;
- the number of shares to be held by the Company shall at no time exceed 10% of the shares comprising the Company's share capital on the date considered.

The shares may be acquired, sold or transferred at any time, including during public offerings and by any means, on the market or over-the-counter, including by block acquisition or sale with no limitation on any share buyback programme carried out by such means, by public offering of sale or exchange, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market, or by tendering shares following the issuance of securities entitling the holder access to the equity in the Company by conversion, exchange, redemption, the exercise of a warrant or by any other means, either directly or indirectly through an investment services provider.

The maximum purchase price of the shares under this resolution shall be €80 per share or the exchange value of such amount on the same date in any other currency.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

This authority is given for a period of eighteen months from this date and shall replace the authority given by the General Meeting of 28 May 2008.

The General Meeting delegates to the Board of Directors, in the event of a change in the par value of the share, the authority to raise capital by capitalising reserves, by awarding bonus shares, by splitting or combining shares, by distributing reserves or any other assets, by amortising the equity or by trading in shareholders' equity in any other way and the power to adjust the aforementioned purchase price in order to take into account the effect of such operations on the value of the share.

The General Meeting grants full authority to the Board of Directors, with the option of sub-delegation under the terms provided by law, to approve and implement this authority, to spell out the terms thereof if necessary and to determine the methods thereof, to carry out the purchase programme, in particular to place any market order, enter into any agreement to keep the share ledgers showing purchases and sales, make any representations to the Autorité des Marchés Financiers and any authority that may replace it, to perform any and all formalities and in general to do whatever is necessary.

Items within the scope of responsibilities of the Extraordinary General Meeting

Eighteenth Resolution
(Amendment of bylaws - extension of corporate purpose)

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the Board of Directors, hereby resolves to amend the corporate purpose, in particular section 4 of Article 2 of the bylaws, which shall be amended as follows:

Article 2: Purpose

The beginning of the article is unchanged.

- the reinsurance of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad.

The remainder of the article is unchanged.

Nineteenth Resolution
(Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding or for certain categories of investors)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after reviewing the report by the Board of Directors and the Special Auditors' Report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Articles L. 225-129-2, L. 225-135 and L. 225-138 of the said Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the terms provided by law, the authority to approve the capital increase, one or more times, in France and abroad and/or on the international market, in the proportion and at the times deemed appropriate by it, subject to the provisions of Article L. 225-129-3 of the Commercial Code in France, abroad and/or on the international market, either in euros or in any other currency or monetary unit pegged to more than one currency, by issuing shares, except for preferred shares, or equity securities, whether they be new or outstanding shares; on the understanding that shares and other securities may be applied for either in cash or by offsetting with debts, or by capitalisation of reserves, profits or premiums;

   hereby resolves to cancel the preferential share right to the securities subject to this resolution and to reserve the right to subscribe to such issues, at its discretion, either in full or periodically, for (i) Groupama Holding, a société anonyme with capital of €2,067,011,352, with registered offices at 8-10 rue d'Astorg, 75008 Paris, listed in the Paris Trade and Corporate Registry under number 428 734 818, (ii) Groupama Holding 2, a *société anonyme* with capital of €463,469,680, with registered offices at 8-10 rue d'Astorg, 75008 Paris, listed in the Paris

Trade and Corporate Registry under number 411 955 404, (iii) the category of persons meeting the following criteria: credit institutions and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups, (iv) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals;

2. under this decision, those persons referred to in subsection 1. (i) (ii) (iii) and (iv) above are automatically allowed to waive their preferential share rights to the shares or equity securities to which those securities entitle them;
3. hereby resolves to set as follows the limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:
   - the maximum nominal amount of the capital increases likely to be completed immediately or in the future under this authority is set at €1.1 billion; on the understanding that this amount shall be charged to the amount of the overall ceiling set forth in subsection 2 of the Ninth Resolution adopted by the General Meeting of 28 May 2008,
   - to these ceilings would be added the par value of any shares to be issued in the event of any new financial transactions, to preserve the rights of equity investors;
4. hereby sets at eighteen months from the date of this Meeting, the validity period of the authority delegated under this resolution, which shall replace the authority delegated by the General Meeting of 28 May 2008;
5. hereby resolves as follows, pursuant to Article L. 225-136 of the Commercial Code:
   - after the Company's shares are admitted for trading and first listing on Eurolist by Euronext, the issue price of any shares issued directly shall be at least equal to the minimum set forth by the regulations applicable on the issue date, after any adjustment is made in that average in the event of a difference between the interest-bearing dates,
   - until the shares of the Company are admitted for trading and first listing on Eurolist by Euronext Paris and for any capital increases completed on that occasion, the issue price of the shares issued directly shall be equal to at least that portion of shareholders' equity per share, as reflected on the last balance sheet approved as of the issue date,
   - the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the two foregoing paragraphs;
   - every equity share shall be converted, redeemed or generally converted to stock based on the par value of the bond or the said security, into a number of shares such that the sum received by the Company for each share is at least equal to the minimum subscription price defined in the first two paragraphs of this subsection 5;
6. hereby resolves that the Board of Directors has full powers to implement this authority for the following purposes:
   - to decide on the capital increase and determine the securities to be issued,
   - to prepare a list of the recipients, in the recipient classes cited in subsection 1. (iii) and (iv) above for which the preferential share right was eliminated,
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue,
   - determine the method of paying the shares or equity securities in full immediately or in the future,
   - to set, if applicable, the terms for exercising the rights attached to the shares or equity securities to be issued and in particular, to set the date, even retroactively, from which the new shares will bear interest, to determine the methods of exercising any rights to conversion, exchange, redemption, including by tendering asset in the Company such as equity securities already issued by the Company as well as any other terms and conditions for completing the capital increase,
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued; and in addition to decide in the case of bonds or other debt securities (including securities entitling the holder to the allotment of debt securities described in Article L. 228-91 of the Commercial Code), whether or not they will be subordinated (and if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), set the interest rate thereof (*i.e.* fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms to be applied to issuance (including the granting of guarantees or pledges) and to amortisation (including redemption by tendering assets in the Company); as the case may be, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, or which may take the form of complex bonds as defined by the market authorities (e.g., owing to their redemption terms or payment terms or other rights such as indexing, options, etc.), and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities,
   - to set the terms under which the Company will, as the case may be, have the option of buying or trading on the market at any time or during given periods, the securities issued or to be issued immediately or in the future in order to cancel them or not, as required by law,

- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations,
- on its sole initiative to charge capital increase costs to the amount of the premiums associated with them,
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors,
- to take note of every capital increase completed and amend the bylaws accordingly,
- and in general to enter into any and all agreements specifically aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. duly notes the fact that if the Board of Directors uses the authority granted to it under this resolution, it shall report on the use made of the authorisations granted under this resolution to the following Ordinary General Meeting.

Twentieth Resolution
(Delegation of authority to proceed with the free allocation of bonus shares outstanding or to be issued to the Group's employees or to some of them.)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after reviewing the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code and L. 322-26-7 II of the Insurance Code, to proceed, one or more times, with bonus allotments of shares outstanding or to be issued, with the exception of preferred shares, to any recipients to be determined by it among the members, or certain categories among them, of the Company's workforce or that of the Company or companies or groups affiliated to it under the conditions defined in Article L. 322-26-7 II of the Insurance Code and the corporate officers referred to in Article L. 225-197-1 II, under the conditions defined below;
2. hereby resolves that any shares outstanding or to be issued under this authorisation may not represent more than 10% of the share capital on the date of the decision by the Board of Directors, be it understood that the maximum nominal value of the capital increases likely to be carried out immediately or in the future under this authority shall be charged to the overall ceiling described in subsection 2 of the Ninth Resolution adopted by the General Meeting of 28 May 2008;
3. resolves that allotting the said shares to their recipients shall become final after an acquisition period of at least two years, and the recipients must retain the said shares for a period of at least two years from the date the allotment of the said shares becomes final;
4. grants full powers to the Board of Directors, with the option of sub-delegation as provided by law, to implement this authority for the following purposes:
   - to determine the identity of the recipients or the classes of recipients, the share allotments among the members of the Company's workforce or the workforce of the aforementioned companies or groups, and the number of shares allotted to each of them,
   - to set the terms and conditions and any criteria for allotting the shares, particularly the minimum acquisition period and the length of time they must be retained by each recipient, under the conditions set forth above,
   - provide for the option of suspending allotment rights temporarily,
   - to register bonus shares allotted in a registered account in the name of the holder, mentioning the lock-in period and duration, and to release the shares during the lock-in period in the event of a layoff, retirement, or disability corresponding to the rank in the second or third of the classes provided for under Article L. 341-4 of the Social Security Code, death or any other circumstance referred to in the applicable regulations,
   - to adjust, if appropriate, the number of shares allotted free of charge required to preserve the rights of the recipients based on any transactions on the Company's share capital, particularly in the event of any change in the par value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issuance of new equity shares, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issuance of preferred shares or any other transaction involving the shareholders' equity,
   - if new shares are issued, to charge any sums necessary to pay for the said shares, to reserves, earnings or issue premiums, to take note of the capital increases carried out under this authority and to amend the bylaws accordingly and in general to carry out any and all formalities required;
5. takes note of the fact that if new shares are issued, this authority shall entail, after the acquisition period, a capital increase by capitalisation of reserves, earnings or issue premiums for the recipients of the said shares. Accordingly, under this authority, the shareholders may waive in favour of the recipients of the said shares part of the reserves, earnings and premiums thus capitalised as well as their preferential share rights over the shares to be issued during the final share allotment period;
6. duly notes the fact that if the Board of Directors were to use this authority, it shall report every year to the Ordinary General Meeting on the transactions carried out under the provisions set

forth in Articles L. 225-197-1 to L. 225-197-3 of the Commercial Code, under the conditions set forth by Article L. 225-197-4 of the said Code;

7. resolves that this authority be granted for a period of twenty-six months from this date and that it replace the authority granted by the General Meeting of 28 May 2008.

Within the scope of responsibilities of the Combined Ordinary and Extraordinary General Meeting

Twenty-first Resolution
(Powers to carry out formalities)

The General Meeting grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Jean Azéma, Chief Executive Officer of Groupama SA

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and all the companies included in its scope of consolidation, and the information disclosed in the management report presented under § 5.1 presents a true and fair view of the business trends, affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal risks and uncertainties faced by them.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this reference document (with the exception of the information concerning Embedded Value, which they did not review, but which they did verify to reconcile it, for fiscal year 2008, with the findings of the actuarial audit by Milliman Paris done on 24 February 2009, and for fiscal year 2007, with the findings of the actuarial audit by B&W Deloitte done on 25 April 2008), and in the overall reading of the registration document.

Paris, 14 April 2009

Chief Executive Officer

Jean Azéma

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

Mr. Helman le Pas de Sécheval

Group Chief Financial Officer

Telephone: 01.44.56.73.11

Address: 8-10, rue d'Astorg, 75008 Paris (registered office)

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Statutory Auditors

Members of the Versailles regional auditors' institute

- PricewaterhouseCoopers Audit

  Represented by Michel Laforce and Bénédicte Vignon

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 - mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2010.

- Mazars

  Represented by Nicolas Robert and Gilles Magnan

  Tour Exaltis

  61, rue Henri Regnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 - mandate renewed by the General Meeting of 29 June 2006 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2011.

7.4.4.2 Alternate Auditors

- Members of the Versailles regional auditors' institute
- Mr. Pierre Coll

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 - mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2010.
- Mr. Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Regnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 - mandate renewed by the General Meeting of 29 June 2006 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2011.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports including the historical financial information on the Company are available on the Company's website at the following address: www.groupama.com, heading "Finance"; under "Financial Information" and a copy can be obtained at the Company's registered office at 8-10, rue d'Astorg, 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, auditors' reports, and parent Company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg, 75008 Paris, in the Legal Department.

7.6 PRINCIPAL PUBLICATIONS BY GROUPAMA SA

Annual information document cited by Article 222-7 of the AMF general regulations:

18.02.2009	2008 annual results: strong growth in activity and operating profit
12.01.2009	Groupama and Bancaja sign a bancassurance agreement in Spain
17.12.2008	Groupama strengthens its stake in the share capital of Cegid Group
13.11.2008	Groupama reveals its ambitions for the Romanian insurance market
30.10.2008	Appointment of new Directors to the Groupama SA Board
16.10.2008	Groupama finalises the acquisition of 35% of share capital of the Tunisian insurance Company STAR
14.10.2008	Groupama SA's "A+" rating confirmed by Standard and Poor's, outlook "stable"
28.08.2008	2008 half-yearly results: Steady growth, increasing operating profit
06.08.2008	Groupama acquires 100% of Asiban
15.07.2008	Groupama becomes STAR's strategic partner by acquiring 35% of the Tunisian insurance Company's share capital
27.06.2008	Groupama strengthens its positions in Turkey by acquiring the insurance Company Güven
10.06.2008	Groupama Paris Val de Loire opens the first of its 20 insurance stores in Paris, at Faubourg Saint Honoré
29.04.2008	Groupama reports growth in 2007 Embedded Value
09.04.2008	Groupama acquires 100% of Romanian insurance Company Asiban SA
25.03.2008	With a more extensive product line and more than 430,000 customers, Groupama Banque continues to grow
21.02.2008	Groupama launches Amaguiz.com, a brand dedicated to direct retail sales of insurance on the Internet
21.02.2008	Groupama 2007 annual earnings: sustainable, profitable growth
11.02.2008	OTP Bank and Groupama form a strategic partnership in insurance in Central and Eastern Europe
24.01.2008	Groupama supports Société Générale's capital increase

GLOSSARY

ACTUARIAL RESERVES

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

AT COMPARABLE DATA

At comparable data means that the data related to the period of the fiscal year considered are restated using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

COMBINED RATIO

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

CONVEXITY

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows - one in period 0 and the other in period 10 - will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

CURRENT INCOME

Groupama SA's current income is the net profit or loss excluding the effect of unrealised capital gains and losses on the financial assets recognised at fair value owed to the shareholder net of corporate income tax, of non-recurring transactions and of impairment of goodwill.

DURATION

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

ECONOMIC OPERATING PROFIT

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

EMBEDDED VALUE

Embedded Value (EV) is a method often used to calculate the value of long-term contracts in an insurance portfolio. It measures the present value of amounts available for the shareholder immediately and in the future. The European Embedded Value (EEV) is an effort to standardise the calculation of Embedded Value based on the guidelines defined by the CFO Forum of European insurance companies.

GROUP INSURANCE

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance Company for the purpose of having a Group of persons join who are united by similar ties.

GUARANTEED RATES POLICY

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate

INDIVIDUAL INSURANCE

A category of Life & Health insurance under which an individual can take out an insurance policy (death, life) with an insurance Company.

LIFE & HEALTH INSURANCE

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

LONG-TERM CARE POLICY

Policy designed to cover the risk of the loss of independence by the elderly.

MULTI-VEHICLE POLICY

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

POLICY IN EUROS

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

PROFIT-SHARING

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

ROE (RETURN ON EQUITY)

The ROE of Groupama SA is the financial ratio equal to the quotient of the Net result (Group share) of the average shareholders' equity, excluding the revaluation reserves and the fair value effect. It represents return on the funds invested by shareholders.

RUN-OFF

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

STATUTORY SOLVENCY MARGIN

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

UNIT-LINKED POLICY

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION N° 809/2004

The concordance table below refers to the principal headings required by EU Regulation n° 809/2004 (Schedule 1) pursuant to the “Prospectus” directive.

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