GROUPAMA 2010 COMBINED ACCOUNTS

Groupama

REPORT OF THE BOARD OF DIRECTORS
ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA FISCAL YEAR 2010

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

The year 2010 was marked by the European sovereign debt crisis, the jolts in US growth, and the strong growth momentum in emerging countries.

The markets' awareness of the depth of the Greek crisis, its actual level of indebtedness, and thus questions about its repayment capacity brought a strong disruption to the bond markets. This tension spread to all European sovereign issues. It resulted in investor withdrawal towards the most solid debts, leading to a sharp drop in rates, while conversely, peripheral sovereign issues in the eurozone experienced a very steady increase in credit spreads.
The establishment of Greece's bailout plan by the European authorities and the IMF (110 billion euros) then the financial stabilisation fund (EFSF) of 750 billion euros made it possible to restore the calm – the fund's size ensures financing for Greece, Ireland, Portugal, and Spain until June 2013. Despite everything, concerns remain about the system's capacities to bail out the financial systems of certain countries. Against this backdrop, in order to reassure the markets and stop the growth of public debt, the governments established austerity plans that should weigh on growth in 2011. This growth should remain low, except in Germany, where domestic consumption, buoyed by rising salaries, should take over the investment of companies that benefited from the strong growth of emerging countries. Under these conditions, the unemployment rate of most of the countries of the eurozone will push back very slowly.

In the United States, while growth slowed down starting at the end of the second quarter, posing a threat of a relapse of the economy, it accelerated in the third quarter, driven by the reconstitution of inventories in the industry and the good performance of household consumption, which exceeded its high in volume achieved in December 2007. Nevertheless, the pace of job creation remained insufficient to significantly reduce the unemployment rate (9.5%), which is still high. The intensity and depth of the real estate crisis made up a barrier to the geographic mobility of households and therefore the labour market's fluidity. In this context, support measures remain relevant, with President Obama's decision to extend the tax breaks put into place by President Bush and the Fed maintaining key interest rates at their lowest level (0.25%). In order to fight deflation, the Fed established a government debt purchasing programme (quantitative easing) with the goal of lowering long rates and eventually generating inflation, causing a wealth effect, and maintaining attractive terms for real estate financing.

The emerging countries of South America and Asia came out the crisis very early and in better shape. In China, investment remains the main driver of growth, which is expected to exceed 10% in 2010. In order to avoid creating speculative bubbles, the authorities tightened the terms for access to credit and increased the rate of mandatory reserves as well as key interest rates. The effects of this policy are slow to emerge, and the increase in outstanding credit and real estate prices remains strong. In order to rebalance growth towards consumption and alleviate rising food prices, the authorities are promoting salary increases. The expansion of the healthcare system should lead to a lower savings rate, which reached 31% of disposable income, which will also promote increased household consumption.

FINANCIAL MARKETS

Financial markets in 2010

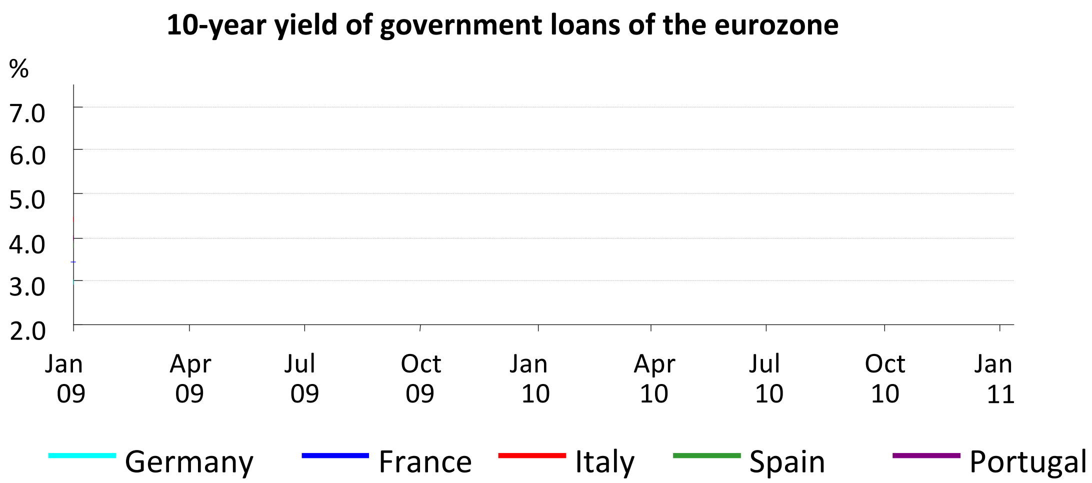
The growth anticipated as sustainably low in developed countries, the lack of anticipation of inflation, the European sovereign debt crisis, and the measures to boost the US economy were reflected on the financial markets by:

- An environment of low short and long rates;
- A movement de flight towards quality for Europe's most solid debts and a sharp increase in risk premiums of Europe's most fragile debts;
- Equity markets strongly contrasted by country and sector;
- Large-scale movements in foreign exchange to the detriment of the euro and the dollar.

Rate markets: historically low long rates and a strong expansion of risk premiums

Long rates fell sharply in the first half of the year, and the German 10-year yield reached 2.11% and rebounded in the wake of US rates. The risk premium required by investors caused a strong increase in yields of 10-year bonds of peripheral countries of the eurozone to more than 12% for Greece, more than 8% for Ireland, and more than 5% for Spain. The risk premium claimed on Treasury bonds increased from 0.20% at the beginning of the year to 0.40% at the end of December. The Treasury bond rate thus totalled 3.36%.

Yield of 10-year government bonds

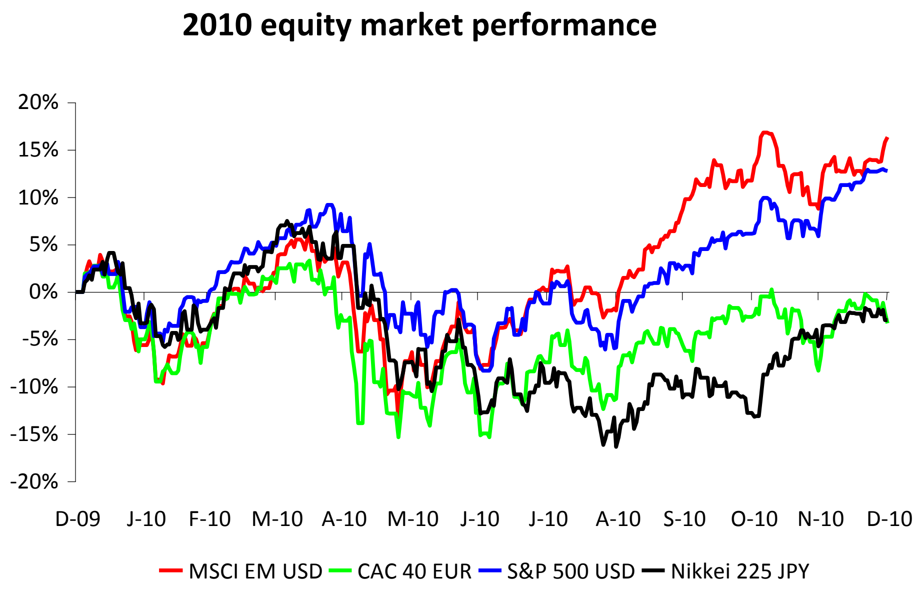


Equity markets: a highly contrasted year

As with European debt, German securities played the role of inflation hedges. Thus, the German DAX index, admittedly dominated by industrial securities, appreciated by 16%, while the CAC40 was stuck (-3% and 0.4% by adding back dividends) and the Spanish IBEX and the Greek ATHEX lowered by 17% and 35% respectively. On the sector level, cyclical securities (industry, technology, etc.) benefited from the restart of activity, all the more so given that they were exposed to the emerging markets; thus, a security like LVMH grew by 57%. Conversely, defensive securities (healthcare, telecoms, etc.) and especially financials had to deal with concerns about sovereign debt and the regulatory environment (Basel II and Solvency II).

The diversity of performance observed in Europe was also true at the global level; thus, the performance of the main global indices in local currencies and excluding dividends was as follows:

- US market: +12.8% for the S&P 500 at 1.258 points
- Eurozone market: -5.8% on Eurostoxx 50 at 2.793 points
- French market -3.3% on the CAC 40 at 3.805 points
- Japanese market: -3% for the Nikkei 225 at 10.229 points
- Chinese market: +5.3% for the Hang Seng (Hong Kong)
- Emerging markets: +16.4% (in dollars).



Exchange markets: a decrease in the dollar and the euro compared with the main currencies

The European debt crisis first caused a weakening of the euro compared with the dollar and especially compared with the yen and the Swiss franc, which played the role of an inflation hedge. Thus, the euro depreciated 6.6% (1.338) compared with the dollar, 15.7% compared with the Swiss franc (1.25 CHF for 1 EUR), and 18.8% compared with the yen. On the dollar side, the quantitative easing policy, led by the Fed, led to the decline of the dollar compared with most currencies, with the notable exception of the yuan, which, thanks to purchases of US debt by China's central bank, remained stable. The dollar depreciated 9.6% compared with the Swiss franc and nearly 13% compared with the yen, while depreciation compared with the yuan was limited to 3%.

The rise of emerging market currencies caused by the influx of capital seeking high returns generated fairly universal policies of dollar purchases sometimes complemented by the introduction of taxes on incoming capital (Brazil), on purchases of government bonds (Korea), on or capital gains (Thailand).

2. HIGHLIGHTS

DEVELOPMENT OF THE GROUP

In France

Gan: new positioning

On 29 August 2010, Gan presented its new positioning in conjunction with a TV and print media campaign. Gan reaffirmed its commitment to be the insurer of those who undertake, through a renewed visual identity, advertising expression, and signature. The new signature "Gan, ensured to advance" reflects the movement of life and the willingness to provide support through "expert monitoring." A determined, committed signature to round out the relationship-based promise of monitoring.

Development of Amaguiz

Amaline, the direct insurance subsidiary of Groupama, launched in mid-2008, which distributes insurance contracts under the Amaguiz brand accelerated its development in 2010, a rate well above the objectives. In late December 2010, the number of contracts in the portfolio totalled more than 80,000 in automobile and 17,000 in comprehensive residential, a product launched in April 2009.

Development of the Groupama.fr website

With 4.9 million visitors, the groupama.fr site again experienced strong growth in 2010. The flows generated by the group's commercial site resulted in 67,000 sales. Groupama.fr achieved the best satisfaction rate of the market's insurance sites (73%) for access to information.

Creation of Groupama Assistance Voyage

On 15 September 2010, Groupama launched Groupama Assistance Voyages, the first brand solely dedicated to the tourism sector.
This brand groups together the Gan Eurocourtage's insurance activity, Mutuaide's travel assistance activity, and Présence Assistnace Tourisme's distribution activity.

Partnership with Banque Casino

Banque Casino and Groupama have teamed up for a partnership in the field of damage insurance. As part of this partnership, through the industrial know-how of Amaline Assurances, Banque Casino offers property and casualty contracts (auto, comprehensive residential, individual accidents, travel insurance). This first complete range of insurance and financial products under a private-label brand was launched on 2 June 2010. This partnership with Casino initiates a new approach for the group in insurance through mass distribution and reflects Groupama's will to continue its strategy of partnerships and innovation.

Partnership with Groupe Agrica

Since 1 January 2010, Groupama and Groupe Agrica have reinforced their ties through a partnership intended to improve the complementary social protection products and services offered to employees of the agricultural world. This agreement covers the national collective agreements in the agricultural sector in providence and health as well as assistance services.

Partnership with PRO BTP

Sévéane, the joint structure created by Groupama and PRO BTP to steer the healthcare professional networks, has been operational since 18 January 2010. Sévéane allows all 6 million health insurance policyholders of the two groups to benefit from access to a network of nearly 5,000 authorised healthcare professionals.

Partnership with Banque Postale

During December 2010, Banque Postale launched its damage insurance offering in partnership with Groupama, which holds 35% of the created subsidiary, Banque Postale Assurance IARD. This offering is structured around three automobile packages, a home package, and a legal protection offering. At first, customers can subscribe to an offering through remote channels (Internet and telephone).
In 2011, the distribution will gradually extend to advisors in post offices and customer service managers in financial centres.

Abroad

New products in Italy

In Italy, the growth of activity was supported by the launch of a new home insurance product "QuiAbito Casa". This is an innovation in a country where there is no mandatory fire or natural disaster insurance for homes.

In life insurance, the range of pension funds was reshaped and unified. In addition, collection was supported by the success of several commercial operations on single-premium products.

New services in Greece

In Greece, the subsidiary Groupama Phoenix Asfalistiki developed "Anesis Car Services", which offers seven free services to auto insurance policyholders. These services, without any equivalent on the Greek market, benefit from a customer satisfaction rate of 95%.

Partnership with Renault Dacia

Always seeking to diversify its distribution, the group signed an agreement in Romania with Renault Dacia pertaining to the distribution of its automobile insurance products in manufacturer dealerships within Romanian territory.

Partnership with Endsleigh, Saga Services, and Towergate

In Great Britain, the partnerships with Endsleigh in passenger vehicles, Saga Services in home insurance, and Towergate in corporate damages largely contributed to the growth of property and liability insurance activity during fiscal year 2010.

Partnership with Aviation Industry Corporation of China

On 18 December 2010, the AVIC group (Aviation Industry Corporation of China) and Groupama signed an agreement to create a joint venture to expand in the field of non-life insurance in the People's Republic of China.
The new company, the creation of which is subject to the approval of the appropriate authorities, will be equally held by AVIC and Groupama. It will carry out its business activities in business insurance, individual insurance, and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus its development on six Chinese provinces before expanding its activity throughout the country.

OTHER ITEMS

Storm "Xynthia"

The beginning of 2010 was marked by the occurrence of the storm "Xynthia" on 27 and 28 February, the cost of which is estimated at 1.5 billion euros for the entire market. Groupama put its crisis system into place as soon as the meteorological threats appeared, thus making it possible to mobilise its teams in order to respond to the expectations of its members and customers as soon as possible. The cost of these storms for the group totalled 247 million euros before reinsurance. External reinsurers incurred 52 million euros in the cost of these events. After taxes, the cost for the group totalled 128 million euros.

Flooding in Le Var

The group's cost from the floods that affected the department of Le Var amounted to 91 million euros, including 46 million euros transferred to external reinsurers. After taxes, the cost for the group totalled 30 million euros.

Reform of the capitalisation reserve

The financial act for 2011 establishes an extraordinary tax of 10% (exit tax) on the inventory of the capitalisation reserve upon the opening of fiscal year 2010, capped at 5% of shareholders' equity, including the capitalisation reserve. It does not constitute an expense in the corporate accounts and is deducted from the retained earnings account. This tax cannot be deducted from taxable earnings.

In the consolidated accounts, the exit tax was recognised as an expense, and the deferred tax credit initially recognised was fully reversed. The impact on the group's earnings was 360 million euros.

TSR Groupama SA: repayment of TSR 1999/2029

Following on from the issue on 27 October 2009 of a repayable subordinated debt of 750 million euros and after obtaining the authorisation of the Prudential Control Authority (ACP), Groupama SA carried out the early repayment of its repayable subordinated securities issued in 1999 for a total amount of 750 million euros on 22 January 2010.

Rating

On 21 April 2010, Fitch Ratings gave Groupama the financial soundness rating of "A" with a stable outlook. This rating reflects the good solvency and the moderate debt level of the group, which benefits from extensive diversification of its activities and its risks.

On 29 June 2010, Standard & Poor's revised Groupama's financial soundness rating to "A - with stable outlook". This revision, which corresponds to a trend that affects many large European insurers, does not call into question the Group's financial soundness. Groupama maintains a category "A" rating, which shows proof of "strong" financial soundness according to the Standard & Poor's analysis grid.

Equity interest in Premafin

In Italy, Groupama signed an agreement with the Ligresti family in order to take a financial stake of around 17% in Premafin, a holding company that controls the insurer Fondiaria SAI.

The agreement is subject to the condition that Groupama is not required to launch a takeover bid on the shares of Premafin, Fondiaria SAI, and its main subsidiary Milano Assicurazioni.

The Ligresti family, which currently holds the majority of Premafin capital, undertakes to not dispose of any of these equity interests for two years. In addition, Groupama will have a right of consultation on any disposal or operation likely to affect the control of Premafin and its subsidiaries.

Awards for Groupama Banque and Groupama Asset Management

On 23 September 2010, Groupama Banque was awarded 2nd place out of 13 in the "Corbeille d'Or Mieux Vivre Votre Argent" [Managing Your Money Gold Prize] for its range of UCITS managed by Groupama Asset Management. Groupama Asset Management, the group's management company, ranked 5th out of 45 in the "Corbeille des Sociétés de Gestion Long Terme (5 ans)" [Long-Term Management Company Prize (5 years)]. In addition, on 24 September 2010, for the second consecutive year, Groupama Asset Management's unit trust (SICAV) Euro Capital Durable obtained the ISR Novethic label.

3. EVENTS SUBSEQUENT TO THE CLOSE

Storm coverage

Groupama is continuing the diversification of its storm coverage in France, with the early January 2011 issue of the first 4-year catastrophe bond.

On behalf of Groupama SA, Swiss Re has structured and placed this new bond, which provides 75 million euros in coverage against storms in France for a risk period from 1 January 2011 to 31 December 2014.

4. ANALYSIS OF ACCOUNTS

4.1 SUMMARY OF ACTIVITY AND EARNINGS

Turnover in millions of euros	31/12/09	31/12/09 proforma	31/12/10	Value var. (constant)	Current var.	Constant var.
France property and liability insurance	5,454	5,454	5,607	152	2.8%	2.8%
France personal insurance	7,353	7,353	7,392	40	0.5%	0.5%
Total France insurance	**12,806**	**12,806**	**12,999**	**192**	**1.5%**	**1.5%**
International property and liability insurance	3,028	3,036	3,168	133	4.7%	4.4%
International personal insurance	1,231	1,092	1,181	88	-4.1%	8.1%
Total International insurance	**4,259**	**4,128**	**4,349**	**221**	**2.1%**	**5.4%**
Discontinued activities (France and International) (1)	9	9	9	0	-6.9%	-6.9%
Banking and financial activities	288	288	277	-11	-3.8%	-3.8%
Total GROUPAMA	**17,362**	**17,231**	**17,633**	**403**	**1.6%**	**2.3%**
Total Insurance (excluding ANP)	**17,065**	**16,934**	**17,348**	**414**	**1.6%**	**2.4%**
including property and liability insurance	8,482	8,490	8,775	285	3.5%	3.4%
including personal insurance	8,584	8,445	8,573	128	-0.1%	1.5%

(1) -% of growth calculated on data in thousands of euros

2009 proforma turnover:

*In **Turkey**, the business activity generated as at 31 December 2009 thanks to the distribution agreement with Ziraat Bank (199 million euros) was restated in order to present proforma turnover as at 31 December 2009 excluding Ziraat.*

For entities whose functional currency is not the euro (United Kingdom, Turkey, Romania, Hungary), the exchange effects are offset in the proforma; the data as at 31 December 2009 were converted at the exchange rates of 31 December 2010.

Economic operating earnings in millions of euros	31/12/09	31/12/10	Value var.	Var. %
France property and liability insurance	120	30	-90	-75.0%
France personal insurance	340	146	-194	-57.1%
Total insurance - France	**460**	**176**	**-284**	**-61.8%**
International property and liability insurance	65	84	19	29.2%
International personal insurance	70	45	-25	-35.6%
Total insurance - International	**135**	**129**	**-6**	**-4.4%**
Banking and financial activities	12	17	5	38.3%
Holding activities	-128	-154	-26	20.4%
Total GROUPAMA	**480**	**167**	**-313**	**-65.1%**
Property and liability insurance	185	114	-71	-38.4%
Personal insurance	410	191	-219	-53.4%

Net earnings in millions of euros	31/12/09	31/12/10	Value var.	Var. %
France property and liability insurance	25	79	54	216.0%
France personal insurance	730	456	-274	-37.5%
Net earnings in France	**755**	**535**	**-220**	**-29.1%**
International property and liability insurance	96	54	-42	-43.8%
International personal insurance	72	45	-27	-38.1%
Net earnings abroad	**168**	**98**	**-70**	**-41.4%**
Net earnings from banking and financial activities	16	12	-4	-24.6%
Net earnings - Holding	-163	-174	-11	6.8%
Turkey VOBA extraordinary depreciation	**-49**	**0**	**49**	**-100.0%**
PECO goodwill depreciation	**-113**	**-79**	**34**	**-30.1%**
Relution effect, UCITS minorities, Cegid	**5**	**5**	**0**	**0.0%**
Groupama net earnings	**620**	**398**	**-222**	**-35.7%**
Property and liability insurance	121	133	12	9.9%
Personal insurance (1)	807	506	-301	-37.4%

(1) Including Cegid's equity-method earnings

As at 31 December 2010, the combined turnover of Assurance de Groupama reached 17.3 billion euros, up 1.6% compared with 31 December 2009. Incorporating financial activities, the group's combined turnover was up 1.6% to 17.6 billion euros.

On a like-for-like basis and with constant exchange rates, the change in Insurance combined turnover amounted to +2.4% compared with 31 December 2009. The group's total turnover, on a like-for-like basis and with constant exchange rates, rose 2.3%.

This change was part of an unfavourable economic climate. In France, as in many countries of southern Europe and central Europe, GDP growth was low or even negative. The necessary efforts to straighten out public finances weighed on household purchasing power. Moreover, in some countries, competitive tension was observed, resulting in lower prices.

In summary, as at 31 December 2010, Insurance turnover in France rose by 1.5% (on a like-for-like basis) and represented 73.8% of the group's overall activity over the period. In personal insurance, turnover grew 0.5%, and property and liability insurance increased 2.8%. Turnover abroad (24.7% of total turnover) was up 2.1% in current variation and +5.4% in constant variation.

In personal insurance abroad, in constant data (i.e. restated for the non-renewal of an insurance banking agreement in Turkey and at constant exchange rates), turnover was up 8.1%. In property and liability insurance, subsidiaries abroad had turnover growth of +4.7% in current variation and +4.4% in constant variation. The group's other activities (financial and banking activities) represented 1.5% of total turnover and were down 3.8%.

Economic operating earnings of the group totalled +167 million euros in 2010 compared with +480 million euros in 2009. Except for storm Xynthia, the net combined ratio as at 31 December 2010 amounted to 102.6% (104.9% not adjusted for Xynthia) compared with 102.0% in 2009, excluding storms Klaus and Quinten (105.9% including these storms).

In France, economic operating earnings showed a decline of 284 million euros. The high intensity of weather events that occurred in 2010 (floods in Le Var, heavy snow in January and December), increases in the frequency of claims, particularly automobile claims, as well as a decline in recurring financial income were the cause of the decrease in economic operating earnings in property and liability insurance, which amounted to 30 million euros with a net combined ratio at 103.5%. Economic operational earnings in personal insurance amounted to 146 million euros as at 31 December 2010 compared with 340 million euros in 2009. This change was largely linked to atypical items and particularly the impact of pension reform in 2010 for 45 million euros in 2010, the one-time cost related to the back office pooling project at Groupama Gan Vie, and at a lower level of surplus assets on previous years in group insurance. Recurring financial margin net of profit sharing also experienced a significant decline in 2010.

In the International market, economic operating earnings amounted to 129 million euros in 2010 compared with 135 million euros as at 31 December 2009. In property and liability insurance, this aggregate grew 19 million euros over the period to 84 million euros. The improvement of the combined ratio by 1.7 points to 100.6% explains these good results. In personal insurance, operating earnings were down 25 million euros (to 45 million euros as at 31 December 2010). Recurring financial margin was down 20 million euros.

Banking and financial activities contributed 17 million euros to the group's economic earnings, a significant increase compared with 2009.

The group's holding activities posted an economic loss of -154 million euros in 2010, compared with -128 million euros in 2009.

The group's net earnings amounted to +398 million euros in 2010 compared with 620 million euros in 2009.

In France, fiscal years 2009 and 2010 were impacted by weather events of great magnitude. Storms Klaus and Quinten in 2009 weighed on the group's accounts for 203 million euros, and Xynthia in 2010 cost the group nearly 127 million euros. Earnings in 2010 also included extraordinary income of 360 million euros related to changes in the tax treatment of the capitalisation reserve as indicated above, the impact of pension reform, and regulatory changes in personal insurance for 45 million euros. Also recall that in 2009 a bond sale programme aiming to lengthen the portfolio's duration while securing future yields had generated 437 million euros of income. For the sake of comparison, active management of the bond portfolio led to only 63 million euros in capital gains in 2010. Net income in France amounted to 535 million euros in 2010 compared with 755 million euros in 2009 and included depreciation on a strategic securities line of 104 million euros.

International presented net earnings of 99 million euros as at 31 December 2010 compared with 168 million euros in 2009. Intrinsically, performance remained close, as 2009 earnings included tax revenue of 56 million euros related to the capitalisation of tax losses in England, while in 2010, as part of reducing its budget deficits, the Hungarian government established an extraordinary tax of 6.2% of turnover for major companies operating in Hungary, which affected earnings for 11 million euros.

Lastly, extraordinary impairment of goodwill for 79 million euros for two countries of central and eastern Europe (Slovakia and Bulgaria), as part of a refocusing of activities in this region, was recognised in the group's 2010 accounts.

The details of the contributed earnings by entity are as follows:

Net earnings in millions of euros	31/12/2009	31/12/2010
France insurance and services	**755**	**535**
Regional Offices	-39	16
Gan Assurance	22	55
Gan Eurocourtage	103	93
Groupama Gan Vie	678	415
Groupama Transport	14	13
Other entities	-7	3
Groupama SA - Operational activity	-16	-61
International insurance	**168**	**99**
Banking and financial activities	**16**	**12**
Holding companies	**-163**	**-174**
Turkey VOBA extraordinary depreciation	-49	
PECO goodwill depreciation	-113	-79
Reallocation goodwill, relution effect, UCITS minorities, Cegid	**5**	**5**
Total GROUPAMA	**620**	**398**

4.2 ACTIVITY AND EARNINGS IN FRANCE

	31/12/2009 Proforma			31/12/2010		
Insurance turnover in millions of euros	**France pers. ins.**	**France P&L ins.**	**Total France**	**France pers. ins.**	**France P&L ins.**	**Total France**
Regional Offices	1,536	3,169	4,705	1,600	3,219	4,819
Groupama SA	12	14	26	25	18	43
Groupama Gan Vie	5,640		5,640	5,593		5,593
Gan Assurances	142	1,054	1,196	152	1,093	1,245
Gan Eurocourtage		789	789		819	819
Other entities (including ANP)	32	428	460	31	458	488
Total	**7,362**	**5,454**	**12,815**	**7,401**	**5,607**	**13,008**

Insurance turnover in France as at 31 December 2010 increased by 1.5% compared with 31 December 2009 and totalled **13,008 million euros.**

PROPERTY AND LIABILITY INSURANCE IN FRANCE

	France Property & Liability Insurance		
Insurance turnover in millions of euros	2009 proforma	2010	Var. %
Regional Offices	3,169	3,219	1.6%
Groupama SA	14	18	33.3%
Gan Assurances	1,054	1,093	3.7%
Gan Eurocourtage	789	819	3.9%
Other entities [(1)]	428	458	7.0%
Total	**5,454**	**5,607**	**2.8%**

[(1)] *including discontinued activities*

In a highly competitive environment, **property and liability insurance turnover** (43.1% of turnover in France) was up 2.8% at 5,607 million euros and had higher growth than the market (+1.5%, FFSA source, late December 2010) by 1.3 points. Insurance for individuals and professionals (53.6% of premiums written in property and liability insurance, or 3,006 million euros) increased by 4.6%. Development of the portfolio combined with rate increases account for this significant change, particularly on the passenger vehicle (+4.2% to 1,423 million euros) and residential (+4.8% to 824 million euros) branches. Corporate and community insurance also saw its turnover rise (+2.3% to 1,090 million euros) due to the growth of the fleet branch (+7.0% again related to rate increases and development of the portfolio). More specifically, the group's automobile activity (including fleets) outperformed the market with an increase of 4.8% compared with 2% (source: FFSA, late December 2010). In passenger vehicles, the portfolio recorded a growth of +3.1%, or 120,300 vehicles.

Turnover of regional offices in property and liability insurance (3,219 million euros) grew 1.6% as at 31 December 2010. In passenger vehicles (953 million euros), turnover was up 1.9% from 31 December 2009, supported by rate increases (+1.7%) and an increase in the fleet of insured vehicles (nearly 54,000 vehicles net, or +2% compared with 31 December 2009). Premiums for atmospheric hazards (314 million euros) posted growth of +2.2%. Growth in the storms branch (+8.7%) was partially offset by the decline in the crops branch (-9.0%).

Groupama SA turnover, which corresponds to direct business and shares in professional pools (Assurpol, etc.), totalled 18 million euros as at 31 December 2010 compared with 14 million euros over the previous period.

Gan Assurances turnover amounted to 1,093 million euros, an increase of 3.7%, driven by individual and professional insurance (781 million). This growth is significantly higher than that of the market. It is explained by development of the portfolio and rate increases. Thus, the passenger vehicle branch (+6.4% to 359 million euros) recorded more than 20,000 new contracts, while the residential sector (+4.6%) benefited from rate increases (+3.7%) and saw its portfolio grow by nearly 4,000 contracts. The occupational risks branch (165 million euros) was also up (+5.0%) with nearly 13,000 new contracts. Conversely, premiums written in corporate (97 million euros) and community (12 million euros) damages dropped -4.9% and -8.9% respectively.

Gan Eurocourtage generated turnover of 819 million euros as at 31 December 2010 (+3.9% compared with 31 December 2009). The various markets contributed positively to this increase. Premiums in the corporate damages market (381 million euros) posted growth of +4.1%. The good performance recorded by the fleet (+10.5%), general civil liability (+6.5%), specialities (+9.0%), and industrial risks (+3.8%) branches mainly resulted from the subscription of new business. As for the individuals and professionals market (402 million euros), it increased by 3.2%. The branches explaining this increase are automobile (+2.6%), residential (+8.2% driven by growth in new business, the upgrading of the portfolio, and rate increases), and buildings (+5.3% due to rate increases). Communities (36 million euros) grew by 9.4%, driven by a large contract.

Groupama Transport turnover amounted to 318 million euros as at 31 December 2010, up from the previous period (+3.8%). The marine branch (more than 74% of activity) increased by 4.2 million euros (+1.8%) to 236 million euros due to a development of business abroad on the cargo, sailing, and ship-owner markets. The aviation branch (82 million euros) also benefited from significant growth in turnover (+10.0%) due to higher premium rates.

Amaline's turnover was 24 million euros, an increase of more than 100%. This growth came from the very strong growth of new business: +39,000 automobile contracts and +12,000 residential contracts. This growth reflects the performance and the successful creation of the direct distribution channel now anchored in the group.

Groupama Assurance Crédit turnover was up 9.3% as at 31 December 2010 and amounted to 34 million euros. This growth was mainly due to good growth over the period but also rate increases.

Mutaide Assistance turnover amounted to 36 million euros as at 31 December 2010 (+0.3% compared with 2009).

The increase in Groupama Protection Juridique turnover was +6.1% to 45 million euros as at 31 December 2010.

In property and liability insurance, France's 2010 economic operating earnings amounted to 30 million euros compared with 120 million euros in 2009 (-90 million euros). This growth was mainly due to the following items:

Property and liability insurance in France - In millions of euros	31/12/2009		31/12/2010		Variance 12.10-12.09	
Net acquired premiums	5,045	100.0%	5,224	100.0%	179	3.6%
Technical expenses (contract services)	-3,655	-72.5%	-3,851	-73.7%	-196	5.4%
Technical current operating expenses net of income	-1,484	-29.4%	-1,558	-29.8%	-74	5.0%
Recurring financial margin after taxes	274	5.4%	219	4.2%	-56	-20.3%
Other elements	-61	-1.2%	-4	-0.1%	57	-93.3%
Economic operating earnings excluding storms	**120**	**2.4%**	**30**	**0.6%**	**-90**	**-75.0%**
Storms - Xynthia in 2010 and Klaus and Quinten in 2009	-203	-4.0%	-127	-2.4%	76	-37.4%
Realised capital gains	116	2.3%	105	2.0%	-11	NA
Allocations to provisions for long-term depreciation	-4	-0.1%	-31	-0.6%	-27	NA
Net gains or losses on financial assets recorded at fair value	21	0.4%	14	0.3%	-7	NA
Amortisation of intangible assets and impairment of goodwill		0.0%		0.0%		NA
Extraordinary operations net of corporate taxes	-25	-0.5%	87	1.7%	112	NA
Group net earnings	**25**	**0.5%**	**78**	**1.5%**	**53**	**>100**

In France, net technical earnings (net earned premiums - net technical expenses - net technical current operating expenses) amounted to -185 million euros, down -91 million euros. This deterioration was related to the increased frequency of weather events, particularly the floods in Le Var and the snow for respectively -30 million euros and -35 million euros after reinsurance and taxes. This resulted in the deterioration of the loss ratio by +1.2 points to 73.7% in 2010. The operating expenses ratio also rose by 0.4 points to 29.8%, particularly due to higher commissions. France's net combined ratio was thus 103.5% in 2010 compared with 101.9% in 2009.

Net technical margin (net earned premiums - net technical expenses) **of regional offices** amounted to 408 million euros compared with 435 million euros in 2009. In 2010, the increased frequency of weather events such as snow and floods accounted for the 1.8 point increase of net claim ratio, which amounted to 78.9%. These events led to an additional net loss burden of 35 million euros. As for redemptions over previous fiscal years, they were down more than 20 million euros.

The net technical margin in property and liability insurance of Groupama SA was 313 million euros in 2010 compared with 330 million euros in 2009. The net claim ratio declined by 2.4 points primarily due to an increase in the cost of other weather disasters (floods in Le Var to the tune of 11 million euros and snow for nearly 18 million euros) . Restated for these items, the net claim ratio would improve by -0.3 percentage points to 69.9%. The reinsurance balance deteriorated over the period in connection with the decline in transferred claims.

The net technical margin of Gan Assurances at 218 million euros improved by 15 million euros over the period with a net combined ratio of 105% or -1.8 points compared with 2009, despite intensified weather events (floods in Le Var, snow for a total of nearly 30 million euros net of reinsurance). The current claims experience improved by 1.8 points to 73.2% in 2010, particularly on the residential and construction branches (-8.6 points and -7.3 points). Conversely, the passenger vehicle branch posted an increase of 5.1 points particularly because of a large burden of serious disasters representing more than half of this increase. Nevertheless, this last point was favourable for the reinsurance balance, which improved compared with 2009. The increase in surplus assets over previous fiscal years should also be noted. Lastly, the decrease in the average discount rate resulted in a refunding of the annuity actuarial reserves of more than 7 million euros.

Gan Eurocourtage's net technical margin totalled 285 million euros as at 31 December 2010 compared with 292 million euros as at 31 December 2009. The deterioration of the net claim ratio by 3.8 points to 61.1% should be considered in relation with the increase in the current claims experience (+2.5 points in particular because of the frequency and the increase in major claims) and the decrease in surplus assets over previous fiscal years of nearly 10 million euros. The high level of serious claims led to an improvement in the reinsurance balance. It should also be noted that the decline in the average discount rate was reflected in a refunding of the annuity actuarial provisions of more than 3 million euros.

Groupama Transport's net technical result was 0.5 million euros, down with a net combined ratio amounting to 99.8% (+3.2 points compared with 2009). This negative trend masks an improvement in gross technical margin absorbed by a decline in the reinsurance balance (increase in reinstatement premiums).

In France, the recurring financial margin of the property and liability activity was down 56 million euros over the period, particularly due to lower rates.

Other elements included other non-technical income and expenses, tax on recurring earnings, financing charges, earnings from companies accounted for under the equity method, and minority interests.

In France, 2010 net earnings from property and liability insurance amounted to 79 million euros compared with 25 million euros and included non-recurring tax income of 90 million euros related to the modification of the tax treatment of the capitalisation reserve. The non-recurring financial margin (capital gains realised, allocations to provisions for long-term depreciation, and gains or losses on financial assets carried at fair value) was down more than 40 million euros and included recognition of a provision for permanent impairment on strategic securities for -28 million euros. The decrease in realised capital gains in 2010 also explained this change. Moreover, this result incorporates the storm Xynthia in 2010 for -127 million euros compared with -203 million euros for Klaus and Quinten in 2009. As a reminder, the 2009 result incorporated the loss prior to the entry of Amaline within the consolidation scope for -6.8 million euros.

PERSONAL INSURANCE IN FRANCE

	France personal insurance		
Insurance turnover in millions of euros	**2009 proforma**	**2010**	**Var. %**
Regional Offices	1,536	1,600	4.2%
Groupama SA	12	25	>100%
Groupama Gan Vie	5,640	5,593	-0.8%
Gan Assurances	142	152	7.6%
Other entities (1)	32	31	-4.3%
Total	**7,362**	**7,401**	**0.5%**

Personal insurance turnover (56.9% of France turnover) rose by +0.5%. However, the changes were contrasted according to the branches. Thus, the group's life and capitalisation turnover was down 1.8%. Yet, this should be qualified in light of the extraordinary success achieved in 2008 as in 2009, which had enabled the group to post growth much higher than the market (+12.6% in 2008 and +5.2% in 2009).

Health and bodily injury turnover as at 31 December 2010 grew +5.0% over 31 December 2009, driven mainly by the health branch (individual and group), which recorded an increase of 5.7%, driven by both rate increases and development of the portfolio (+3.9% or 48,000 individual health contracts).

The group's collection in France was strongly positive at 1,327 million, although down because the group also significantly outperformed the market in this area in both 2009 and 2008 with collections that were 27.7 points and 11.7 points greater than the market.

Turnover from personal insurance of the regional offices (1,600 million euros) showed an increase of +4.2% over the previous period. In health, premiums written amounted to 1,170 million euros and were up 5.1%, mainly in individual health (+5.8% to 1,052 million euros). The rate increase (+5.5%), corresponding in particular to the impact on policyholders of CMU and H1N1 taxes, was one of the reasons behind this change. However, portfolio development of +3.2% should be pointed out. Premiums for life accident coverage (53 million euros) were also up (+12.2%), related to the further development of this portfolio.

Groupama SA turnover, which corresponds to direct business (providence guarantees of certain group insurance contracts of Groupama Vie, etc.) totalled 25 million euros as at 31 December 2010 compared with 12 million euros over the previous period. This strong growth is related to a new health contract for farm employees.

Groupama Gan Life recorded turnover down 0.8% as at 31 December 2010, amounting to 5,593 million. After an exceptional 2009 (which followed a 2008 that also saw very strong growth), the entity's performance was within the market's trend (decline in turnover of insurance networks of -1% at the end of December 2010 – source: FFSA). The subsidiary's activity was supported by operations performed by headquarters as well as the vigour of the specialised networks and brokerage. In individual insurance, premiums written were down by 1.4% compared with 31 December 2009 and amounted to 4,320 million euros, or 77.2% of the subsidiary's activity. Group insurance grew +1.1% to 1,273 million euros. The entity's turnover can be broken down by network as follows:

GGVie turnover by network *in millions of euros*	2009 Actual 31-Dec.	2009 Proforma 31-Dec.	2010 Actual 31-Dec.	Constant var. 12.10-12.09
Regional offices	2,285	2,285	2,183	-4.5%
General agents	1,528	1,386	1,238	-10.7%
Brokerage	711	711	769	8.2%
Gan Patrimoine	593	593	646	9.0%
Gan Prévoyance	548	548	576	5.1%
Headquarters	117	117	181	54.7%
Total Groupama Gan Vie	**5,782**	**5,640**	**5,593**	**-0.8%**

The proforma corresponds to the transfer of individual health activity from general agents of Groupama Gan Vie to Gan Assurances.

The turnover contributed by the **network of regional offices to Groupama Gan Life** was 2,183 million euros as at 31 December 2010, down 4.5% over the previous period. Individual insurance premiums written were marked by exceptional activity in 2009 as well as by the success of the Groupama Obligation operation (229.6 million euros).

The agent network posted turnover of 1,238 million euros as at 31 December 2010, down 10.7% compared with 31 December 2009. This was mainly related to individual insurance, which was down 12.7% due to lower turnover of the individual savings branch (-18.1%). Remember that on this network also, Groupama Obligation was a success in 2009 (34.8 million euros) and was not carried out again in 2010. As for group insurance, it posted a decrease (-6.9%), which is especially explained by a lower volume of surplus assets on prior premiums. However, current turnover was stable.

The brokerage network recorded turnover of 769 million euros as at 31 December 2010, up 8.2% compared with 31 December 2009. It particularly benefited from the development of new business in health (+20.3%) and providence (+8.3%). The growth of the group life branch was also significant (+10.3%).

Turnover for the **Gan Patrimoine** network was up 9.0% and amounted to 646 million euros as at 31 December 2010. This growth was based primarily on the individual savings branch (+9.2%), which benefited from the development of high-end contracts, as shown by the commercial success of the two products Gan Patrimoine Expertise and Gan Patrimoine Capitalisation (22.5% of turnover as at 31 December 2010). It should be noted that the network outperformed the market, whose increase of 4.5% was driven by the insurance banking networks (8% - source: FFSA, late December 2010). This strong performance illustrates the success of the reorientation of the Gan Patrimoine network towards more high-end targets in recent years.

The commercial network of **Gan Prevoyance** contributed 576 million euros to the group's turnover as at 31 December 2010 (an increase of 5.1% compared with 31 December 2009). This change was due mainly to growth in premiums in savings/pensions (+7.5%) and health (+25.0%), related to the success of various business transactions conducted during the fiscal year.

Turnover for **headquarters**, which groups together single premiums on matters managed nationally as well as isolated operations (capitalisation warrants), amounted to 181 million euros as at 31 December 2010 compared with 117 million euros over the previous period (+54.7%). This change was mainly due to the subscription of capitalisation warrants for 96.9 million euros.

Turnover for **Gan Assurances** (with comparable data incorporating, as at 31 December 2009, Groupama Gan Vie's individual health activity) posted an increase of 7.6% to 152 million euros as at 31 December 2010. As for the regional offices, it was driven by rate increases and portfolio growth.

The subsidiaries **Caisse Fraternelle Epargne** and **Caisse Fraternelle Vie** achieved turnover of 22 million euros as at 31 December 2010 compared with 23 million euros over the previous period, a decrease of -4.3%.

The discontinued activity of the subsidiary **Assuvie** declined over the period. Its turnover as at 31 December 2010 amounted to 8.6 million euros compared with 9.2 million euros as at 31 December 2009.

In personal insurance, economic operating earnings for fiscal year 2010 in France were +146 million euros compared with +340 million euros in 2009. This growth is explained mainly by:

Personal insurance in France - In millions of euros	31/12/2009		31/12/2010		Variance 12.10-12.09	
Net acquired premiums	7,304	100.0%	7,364	100.0%	59	0.8%
Technical expenses (contract services)	-6,192	-84.8%	-6,427	-87.3%	-235	3.8%
Technical current operating expenses net of income	-1,142	-15.6%	-1,230	-16.7%	-88	7.7%
Recurring financial margin net of profit sharing and taxes	370	5.1%	328	4.5%	-42	-11.3%
Other items	-1	0.0%	111	1.5%	112	NA
Economic operating earnings	**340**	**4.7%**	**146**	**2.0%**	**-194**	**-57.1%**
Realised capital gains	400	5.5%	122	1.7%	-278	NA
Allocations to provisions for long-term depreciation	-2	0.0%	-78	-1.1%	-76	NA
Net gains or losses on financial assets recorded at fair value	14	0.2%	5	0.1%	-9	NA
Amortisation of intangible assets and impairment of goodwill		0.0%		0.0%		NA
Extraordinary operations net of corporate tax	-17	-0.2%	267	3.6%	284	NA
Group net earnings	**735**	**10.1%**	**462**	**6.3%**	**-273**	**-37.1%**

- **Net technical margin** (net earned premiums - net technical expenses) was down -176 million euros because of pension reform, lower redemptions on prior fiscal years (particularly in group insurance), and deterioration of the current claims experience in health, despite a significant rate boost. Operating expenses rose due to one-time costs related to the operational implementation of the life back-office platform.

In personal insurance, the net combined ratio of the **regional offices** amounted to 98.1% in 2010 (-0.5 points compared with 2009). However, this trend should be qualified according to the branches. In individual health, despite rate increases, the claims experience for the fiscal year rose 0.7 points to 71.3%. Conversely, in individual providence, the claims experience improved by -1.9 points to 60.7%.

The personal insurance claims experience ratio of **Groupama SA** amounted to 75.6% compared with 73.8% in 2009 (+1.8 points) in connection with the decline observed on both the individual and group health branches.

The net technical result of **Groupama Gan Vie** amounted to 514 million euros as at 31 December 2010 compared with 740 million euros as at 31 December 2009. After an exceptional 2009 in terms of growth in activity, the technical margin for 2010 incorporated more than 78 million euros in additional provisions as part of pension reform (gradual lengthening of the contribution period). The future resources related to this reform (termination compensation, rate increases) were recognised as income for 35 million euros. In total, for the group, the impact of this reform was nearly 45 million euros. In addition, the fiscal year was marked by lower redemptions on prior fiscal years. Furthermore, a deterioration of the current claims experience ratio in health (individual and group) was observed, reflecting an increase in health expenditures after numerous non-reimbursements announced by social security.

- **Recurring financial margin**(net of profit sharing and taxes) decreased by 42 million euros over the period.

In France, net earnings from personal insurance amounted to 462 million euros as at 31 December 2010 compared with 735 million euros in 2009. The non-recurring financial margin in 2010 included a provision for long-term impairment on strategic securities of -77 million euros and was down more than 360 million euros. As previously mentioned, lower realisations of capital gains on bonds were observed over the period. Just like the property and liability insurance activity, income of 270 million euros as part of the change in taxation of the capitalisation reserve was recognised in 2010.

4.3 ACTIVITY AND EARNINGS ABROAD

Insurance turnover in millions of euros	31/12/2009 Proforma			31/12/2010		
	Inter pers. ins.	Inter P&L ins	Total Inter	Inter pers. ins.	Inter P&L ins	Total Inter
Southeast Europe	**532**	**1,397**	**1,929**	**587**	**1,486**	**2,073**
Ital	411	985	1,397	448	1,057	1,505
Greece	66	120	186	65	129	195
Turke	55	292	347	74	299	373
Southwest Europe	**290**	**746**	**1,035**	**302**	**778**	**1,080**
Spain	187	738	925	187	769	956
Portugal	102	8	110	115	9	124
Countries of central and eastern Europe	**185**	**357**	**542**	**204**	**342**	**546**
Hungary	160	156	317	183	156	338
Romania	20	191	211	15	176	192
Other	5	10	15	5	11	16
Great Britain	**81**	**444**	**525**	**82**	**467**	**549**
Gan Outre-Mer	**5**	**91**	**96**	**6**	**95**	**101**
Total	**1,092**	**3,036**	**4,128**	**1,181**	**3,168**	**4,349**

(The turnover published in 2009 including Ziraat was 4,259 million euros.)

Economic operating earnings in millions of euros	31/12/2009	31/12/2010
Southeast Europe	**64**	**41**
Italy	34	43
Greece	5	13
Turkey	25	-15
Southwest Europe	**52**	**50**
Spain	44	43
Portugal	2	1
Other	6	5
Countries of central and eastern Europe	**5**	**11**
Hungary	26	20
Romania	-17	-5
Other	-4	-4
Great Britain	**13**	**16**
Gan Outre-Mer	**1**	**11**
Total	**135**	**129**

Net earnings in millions of euros	31/12/2009	31/12/2010
Southeast Europe	**48**	**24**
Italy	37	45
Greece	3	9
Turkey	8	-30
Southwest Europe	**62**	**50**
Spain	53	43
Portugal	3	1
Other	6	5
Countries of central and eastern Europe	**-5**	**-1**
Hungary	9	10
Romania	-9	-7
Other	-5	-4
Great Britain	**63**	**15**
Gan Outre-Mer	**0**	**11**
Total	**168**	**98**

The group's combined turnover abroad was 4,349 million euros as at 31 December 2010, up 5.4% from 31 December 2009.

Property and liability insurance posted turnover of 3,168 million euros as at 31 December 2010, up 4.4% from 31 December 2009. The group's overall good performance should be noted, because in most countries, its development was greater than the local market. Thus, in several countries of southern Europe in particular, the increase in the group's turnover in property and liability insurance was much higher than the market (Italy: +7.3% for the subsidiary compared with +1.1% for the non-life market at the end of June 2010; Spain: +4.1% for the group compared with -0,5% the non-life market at the end of September 2010; Greece: +7.4% for the subsidiary compared with +3.8% for the non-life market at the end of September 2010). The automobile branch (including fleets) with turnover of 2,015 million euros, which represented 63.6% of premiums written in property and liability insurance, was the main driver of growth, with an increase of 3.9%. However, this trend masks disparities depending on the geographical regions, the good performance recorded by the countries of southeast Europe, southwest Europe, and Great Britain, largely offsetting the decline posted by the countries of central and eastern Europe, hardest hit by the economic crisis. The growth of the residential branch, with turnover of 431 million euros (+6.9%), and the corporate damages branch (+3.7% to 431 million euros as at 31 December 2010) also contributed to this development.

Turnover from personal insurance was up +8.1% (on a like-for-like basis, i.e. after taking into account the non-renewal of the Ziraat agreement) to 1,181 million euros, driven by the savings/individual retirement branch. This branch, which represented 54.8% of the premiums written in personal insurance, rose 4.6%. It particularly benefited from the success of commercial campaigns conducted in Hungary and Italy. The growth of the health branch (individual and group) was also noteworthy (+17.3%). It was mainly linked to the development of new business in Italy and Turkey.

Economic operating earnings totalled 129 million euros in 2010 compared with 135 million euros in 2009. In property and liability insurance, this figure was up more than 29% to +84 million euros as at 31 December 2010 compared with 65 million euros in 2009. In personal insurance, economic operating earnings for the International market were +45 million euros in 2010 compared with +70 million euros in 2009.

The improvement of the net combined ratio **in property and liability insurance** by -1.7 points to 100.6% was the source of the increase in technical earnings, which grew by more than 40 million euros before tax. The loss ratio amounted to 71.6% (-1.3 points compared with 2009). Several countries thus saw their current claims experience improve in 2010, mainly in Italy, Romania, Greece, and the UK (where the improvement came mainly from the automobile branch). In contrast, Hungary was hit by bad weather, causing a rise in claims, and Spain was affected by a serious loss (up to 14 million euros). Lastly, Turkey saw its technical margin decline because of the non-renewal of the agreement with Ziraat Bank. The operating expenses ratio also contributed with a decrease of 0.4 points to 29% as at 31 December 2010 in improving the combined ratio.

Net technical margin in **personal insurance** increased by more than 10 million euros over the period due to the decline in the net claims experience of -5.2 points to 71.4% in 2010. These good results should be considered in relation with the improvement in the current claims experience in Spain (mainly in health). The operating expenses ratio was stable at 26.3%. Thus, the net combined ratio amounted to 97.7% compared with 102.8% in 2009.

The overall recurring financial margin was down more than 20 million euros after tax.

Net earnings amounted to 99 million euros as at 31 December 2010 compared with 168 million euros in 2009. As a reminder, in 2009, this figure incorporated tax revenue of +56 million euros related to the capitalisation of tax losses in the United Kingdom as well as income of +13.5 million euros for the debt forgiveness received from Groupama SA in Romania. In 2010, net earnings included a charge of -11 million euros due to the introduction of a new tax in Hungary. Other non-recurring charges related to expenses for mergers and restructurings, which were down 34 million euros over the period. Moreover, in 2010, several tax adjustments generated -7 million euros in additional tax expenses.

ITALY

Overall turnover of the Italian subsidiary Groupama Assicurazioni was up 7.8% to 1,505 million euros as at 31 December 2010.

In **property and liability insurance**, turnover rose 7.3% to 1,057 million euros. The passenger vehicle branch (82.3% of premiums written in property and liability insurance) largely contributed to this change (+8.2%). It benefited from rate increases carried out in April 2009 and September 2010 but also an increase in new production. The residential branch (+12.1%) benefited from the portfolio's development in number (+4.3% or +10,000 contracts).

Turnover from **personal insurance** (448 million euros) grew by 8.9%. This change involved both non-life personal insurance (+21.7%) and life insurance (+5.6%). Health premiums written rose 78.6% in connection with a particularly large new business deal. The group capitalisation branch benefited from single premiums allowing it to achieve growth of more than 100%. For its part, turnover from the accumulation unit savings branch tripled thanks to the success of the Index campaigns conducted in March and July 2010.

Overall, **economic operating earnings** amounted to 43 million euros in 2010, up nearly 10 million euros compared with 2009. In property and liability insurance, this aggregate was up sharply to 25 million euros as at 31 December 2010 compared with 15 million euros over the previous period. The Italian subsidiary enjoyed a very strong improvement in its technical profitability; however, this was mitigated by the significant decline in its recurring financial earnings. Economic operating earnings from personal insurance in Italy was stable at 18 million euros in 2010.

The combined ratio in **property and liability insurance** amounted to 101.3%, down 2.2 points compared with 31 December 2009. This change resulted from a favourable current claims experience during fiscal year 2010, particularly on the automobile (with a decrease in frequency and serious claims) and residential branches. The continued control of overhead expenses also led to an improvement in the operating cost ratio (gain of 0.9 points).

In personal insurance, net technical earnings were up nearly 7 million euros under the effect of the growth of the technical profitability particularly on the health branch, which generated a decrease in frequency and the average cost as well as an adjustment of technical provisions in life insurance related to demography and technical rates.

Recurring financial margin net of profit sharing amounted to nearly 50 million euros, down more than 15% compared with 31 December 2009, due to lower returns and an increased profit sharing for policyholders.

It should be noted that fiscal year 2009 had benefited from the sale of the subsidiary's former headquarters. Contributory net earnings in Italy amounted to 45 million euros in 2010 compared with 37 million euros as at 31 December 2009. This figure, just like in 2009, incorporated amortisation of the portfolio's value for a net tax amount of -15.0 million euros as well as restructuring costs.

GREECE

As at 31 December 2010, turnover from **Groupama Phoenix** amounted to 195 million euros, an increase of 4.5%.

In property and liability insurance (129 million euros), the network's restructuring measures and the actions to build broker loyalty were successful, with turnover growth of +7.4%. The automobile branch particularly showed strong growth of +20.0%, driven by rate increases, the attractiveness of a differentiating offering based on services associated with insurance, and increased confidence of the broker network.

Personal insurance turnover fell by 0.8% to 65 million euros due to lower premiums in accumulation units (-20.0%) related to the difficult economic environment. The good performance shown by the group contracts (+16.9%) mitigated this decline.

Overall **economic operating results** amounted to 13 million euros as at 31 December 2010, up sharply compared with 2009 (5 million euros).

The net combined ratio in property and liability insurance fell by 3.9 points to 86.9% as at 31 December 2010, driven by improvement of the operating expense ratio by 3.3 points. This decrease was the result of all of the background work undertaken to control overhead costs since the acquisition of the subsidiary by the group. The slight decrease in net claim ratio (-0.6 points) is explained mainly essentially by a much more favourable claims experience on the fire branch, which had been particularly affected in 2009.

The net technical earnings in personal insurance also improved (+6.5 million euros, including +4.7 million euros in life insurance). The portfolio clean-up measures, particularly in health, conducted in previous years now have a favourable impact on technical profitability.

Net earnings in Greece was 9 million euros compared with 3 million euros as at 31 December 2009. In particular, this result included provisions for disputes and the amortisation of the portfolio value. The non-recurring financial margin decreased by more than 7 million euros due to lower capital gains and the recognition of a provision for long-term impairment in 2010.

TURKEY

Turnover of the Turkish subsidiaries **Groupama Sigorta** and **Groupama Emeklilik** grew by +7.6% (constant data) and amounted to 373 million euros.

Turnover from property and liability insurance (299 million euros) increased by 2.6% (constant data) supported by the good performance of the agricultural risk sector (+19.7% including the Tarsim pool). However, they were mitigated by the decline in the corporate damages branch (-1.7%) and by the Daska pool (-21.7%), which suffered from portfolio loss, although in 2009 it had benefited from large premiums following a regulatory change.

In personal insurance, turnover (74 million euros) was up +34.4% (constant data) due to the growth of the health and pension branches. The individual health branch (at 24 million euros) grew 18.9% in connection with the development of a new offering, while the group health branch (at 24 million euros or 66.9% on a comparable basis) benefited from two new large business deals. The success of personal accident contracts and borrower contracts allowed the pension branch (at 21 million euros) to post an increase of 42.8%.

Economic operating earnings in Turkey amounted to -15 million euros compared with +25 million euros as at 31 December 2009. It should be noted that within this aggregate figure is the share of earnings of the Turkish subsidiary Gunes (accounted for under the equity method in the group's accounts) for -7 million euros in 2010 compared with 2 million euros in 2009.

The net combined ratio in property and liability insurance, which amounted to 112.6%, reflected an increase of 8.7 points compared with 2009 due to deterioration of the net claims experience ratio. The non-renewal of the commercial agreement with Ziraat Bank on 1 January 2010 reduced technical profitability, leading to a lower technical margin. The year 2010 was also marked by regulatory changes in terms of provisioning. However, an improvement in the current claims experience should be noted. The overhead expenses ratio amounted to 33.3%.

Personal insurance posted a drop in the net combined ratio by 4.9 points to 108.4%, with a recurring financial margin (at +8 million euros) down from 31 December 2009, a consequence of the decrease in financial returns.

Economic operating earnings for 2010 amounted to -30 million euros compared with 8 million euros as at 31 December 2009. Like in 2009, the 2010 accounts included non-recurring items: restructuring expenses for -2 million euros, amortisation of the portfolio's value for -2.8 million euros, and various tax adjustments for -4.5 million euros.

SPAIN

Turnover for Groupama Seguros (Spain) amounted to 956 million euros as at 31 December 2010, an increase of 3.3% over the previous period.

In property and liability insurance, turnover rose 4.1% to 769 million euros. The automobile branch (including fleets) grew 2.7% (to 382 million euros) related to the development of the portfolio (20,000 new contracts including fleets). The residential branch increased 10.2% (to 157 million euros) due to both the network agents and brokers (+13.0%) and the insurance banking channel (+6.5%). It particularly benefited from the partnership with Bancaja (+11.7% compared with 31 December 2009, at 39 million euros).

Personal insurance turnover remained stable at 187 million euros. Although the life activity posted a decrease in turnover of 1.5%, it is worth noting the good performance of the individual savings branch (+3.0%), the result of a dynamic marketing campaign. The group retirement branch, which benefited in 2009 from an extraordinary single contract (4.1 million euros), was responsible for the adverse development of personal insurance.

Economic operating earnings in 2010 for Spain amounted to 43 million euros and was down slightly compared with 2009.

In property and liability insurance, the net combined ratio rose 1.8 points in 2010, reaching 98.8%. The net claim ratio particularly deteriorated by 2.2 points to 72.6%. The year 2010 was marked by a particularly unfavourable claims experience due to various weather events (storm Ela and snowfall in Catalonia), but also the increase in frequency of serious losses in the corporate (including a loss valued at -3.8 million euros net of taxes in the corporate branch) and fleets branches. The operating expenses ratio was down 0.4 points to 26.2% in 2010.

In personal insurance, the strong growth of the technical result of nearly 5 million euros, with a net combined ratio down 17 points to 91.9% was due to a more favourable claims experience in the individual pension branch and improved profitability of the health branch (streamlining of management). However, this increase was mitigated by the deterioration of the margin in savings.

Net earnings amounted to 43 million euros as at 31 December 2010 compared with 53 million euros as at 31 December 2009. Non-recurring financial margin (net of corporate tax and profit sharing) was down 5 million euros compared with the previous period, primarily due to lower gains on disposals and the decline in fair value of investments accounted for by earnings. Lastly, other non-recurring items involved depreciation of the portfolio's value (-2.7 million euros in 2010 compared with 2 million euros in 2009) and the cost of a dispute with Medytec (-4.6 million euros).

PORTUGAL

Turnover at 31 December 2010 of the **subsidiaries in Portugal** was up 12.9% to 124 million euros thanks to the growth in personal insurance (+12.2% to 115 million euros). Life premiums posted an increase of 13.9%, given the dynamics of the individual savings offering through insurance banking agreements. Turnover from property and liability insurance (9 million euros as at 31 December 2010) grew +21.3% thanks in particular to the growth of the passenger vehicle (+23.4% related to the launch of a new product in September 2009) and corporate damages (development of the Worten contract) branches.

Net earnings amounted to 1 million euros as at 31 December 2010 compared with 3 million euros in 2009. Property and liability insurance presented balanced earnings. Net earnings in personal insurance amounted to 1.5 million euros compared with 2.4 million euros in 2009. Deterioration of the financial markets during 2010 weighed on Portugal's accounts.

TUNISIA

In Tunisia, the equivalence earnings of the company **Star** amounted to +5.1 million euros.

HUNGARY

The contribution to turnover of the Hungarian subsidiary **Groupama Garancia Biztosito** amounted to 338 million euros as at 31 December 2010, up 6.9%.

The property and liability insurance turnover remained stable at 156 million euros (-0.3%). The good performance of the fleet branch (including the double turnover thanks to a very active campaign conducted in this market at 20 million euros) almost offset the decline in passenger vehicles, whose turnover climbed 39 million euros (-16.3% due to an adverse market reaction to strong but necessary rate adjustments in automobile civil liability). Premiums written for the residential branch remained stable (+0.3%) despite difficult economic conditions.

In personal insurance, turnover (183 million euros) grew by 13.9%, driven by the insurance banking agreement with OTP Bank. In particular, the savings/pension branch rose 12.2% in connection with the success of several campaigns conducted in the first half of 2010 on single premium contracts.

Economic operational earnings in Hungary amounted to 20 million euros as at 31 December 2010 compared with 26 million euros in 2009.

The net combined ratio in property and liability insurance decreased 2.6 points to 94.9% as at 31 December 2010. The net claims experience ratio improved by 1.1 points to 57.6% due primarily to redemptions of surplus assets over prior fiscal years. However, the current claims experience was particularly unfavourable this year; in particular, the residential sector was strongly affected by bad weather in May and June 2010, while the automobile branch suffered strong pricing competition. Meanwhile, the reinsurance balance improved significantly. The continued control of overhead costs had a favourable impact on the operating costs ratio, which reduced 1.5 points to 37.3%.

The net technical result in personal insurance was down from 31 December 2009. It should be noted that the savings branch in 2009 experienced a high level of redemptions and in 2010 suffered competition from accumulation unit investments. Non-life activity in personal insurance (exclusively individual providence) had good performance with a net combined ratio down 7 points.

The recurring financial margin was down almost 26% compared with 31 December 2009 due to lower interest income on the loan repaid in late 2009.

Net earnings in 2010 of the subsidiary were 10 million euros (compared with 9 million euros in 2009) and incorporated the new tax introduced by the Hungarian government for a net amount of -11.0 million euros. However, this decline was mitigated by the higher non-recurring financial margin (5 million euros), which posted significant disposal gains. It should also be noted that the 2009 accounts had been encumbered by extraordinary costs such as restructuring costs for 6 million euros. Moreover, the decrease in the amortisation expense of the portfolio's value was notable at -5 million euros.

ROMANIA

Turnover at the Romanian subsidiaries **Groupama Asigurari** and **OTP Garancia Asigurari** decreased by -9.1% to 192 million euros as at 31 December 2010.

Property and liability insurance turnover (176 million euros) was down 7.6% over the period, mainly because of the decline in the automobile branch (-12.6% in damages and -19.1% in civil liability), whose turnover amounted to 128 million euros. The continuing slump in sales of new and used vehicles (-13% and -11% respectively as at late September 2010), the strong price competition between market players, and the termination of an unprofitable fleet of 2,000 trucks in February 2010 explain this trend.

Personal insurance turnover was 15 million euros as at 31 December 2010 (-22.9%). In a difficult economic climate, the granting of credit (the main personal insurance market in this country) was reduced, which adversely impacted the providence branch.

Economic operating earnings as at 31 December 2010 amounted to -5 million euros compared with -17 million euros as at 31 December 2009.

The net combined ratio for property and liability insurance improved by 20.1 points to 105.6% as at 31 December 2010, with 18.6 points coming from the net claim ratio. The net technical margin improved by 37.8 million euros, benefiting from favourable claims experience in the civil liability and automobile branches, despite a difficult market characterised by strong price competition. The civil liability branch had good results following the measures for portfolio remediation and risk selection. Conversely, bad weather weighed on the Residential branch. The overhead expenses ratio improved by 1.5 points as a result of the continued measures to reduce overhead expenses.

Personal insurance technical earnings remained relatively stable at 3.2 million euros.

The recurring financial margin, as a result of falling interest rates, deteriorated almost 50% compared with 31 December 2009.

Net earnings amounted to -7 million euros compared with -10 million euros in 2009. The non-recurring financial margin increased as a result of capital gains on disposals. As a reminder, the earnings in 2009 incorporated a profit of +13.5 million euros as part of a debt forgiveness. The contributory earnings also included restructuring expenses amounting to -5 million euros compared with -6 million euros in 2009.

OTHER COUNTRIES OF CENTRAL AND EASTERN EUROPE

In Bulgaria, turnover as at 31 December 2010 of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane totalled 7.3 million euros compared with 7.1 million euros over the previous period, an increase of +2.4%. Property and liability insurance fell 12.5% against a backdrop of a decline in the non-life insurance market (-7% in late August 2010) and commercial reorganisation of the subsidiary. In addition to the consequences of the economic crisis were lower rates and the discontinued marketing of automobile products. Conversely, personal insurance was up +16.7% in connection with the launch of a new accumulation unit product in individual savings.

The contribution to the group's earnings of the Bulgarian subsidiaries was 0.4 million euros as at 31 December 2010 compared with -1 million euros in 2009.

In Slovakia, turnover at the subsidiaries **Groupama Poistovna** and **Groupama Zivotna** rose 14.3% as at 31 December 2010 to 8.7 million euros compared with 7.6 million euros over the previous period . Property and liability insurance premiums written were up 12.0%, driven by growth in the civil liability automobile branch (+24.0% in relation with the success of marketing campaigns). Automobile damage insurance remained stable in a market down 7.0% at the end of September 2010. Personal insurance was up 31.0%, driven by growth in personal savings related to the new strong production of single premium contracts (+42.0%, while the market grew by 1.0% at the end of September 2010).

Slovak subsidiaries posted a loss of -5 million euros as at 31 December 2010 compared with -4 million euros in 2009.

Given the size of these subsidiaries in their respective markets and the operating conditions of the activity on these markets, the group began discussions on the refocusing of these subsidiaries.

GREAT BRITAIN

Turnover at **Groupama Insurances** rose 4.6% to 549 million euros as at 31 December 2010.

In property and liability insurance (467 million euros), the +5.1% growth in turnover benefited from new partnerships and was due to the increase in the automobile (+1.4% including fleets to 251 million euros), residential (+6.6% to 105 million euros), and corporate damages (+12.8% to 77 million euros) branches. The passenger vehicles activity (+2.2%) benefited from rate increases and the start of a new partnership with a broker. The fleet branch posted a decrease of -1.7%: the actions established to deal with very competitive market conditions began to prove successful. The residential branch benefited from a new agreement with Saga Services and the benefits of organic growth (brokerage firms). Personal insurance turnover grew 1.5% to 82 million euros as at 31 December 2010.

Economic operating earnings in England amounted to +15 million euros as at 31 December 2010 compared with +12 million euros as at 31 December 2009.

The net combined ratio in property and liability insurance was 105.4% in 2010 compared with 107.5% in 2009, down 2.1 points. The net claim ratio declined 1.2 points to 70.4%, supported by improvements in the automobile branch, which had been particularly negatively affected in 2009 by bad weather conditions and an increase in the frequency and average cost of claims. However, bad weather in 2010 (particularly in December) also weighed on the technical earnings and particularly the residential branch. The continued streamlining of the operating structures improved the overhead expenses ratio by 0.9 points to 35.0%.

The net combined ratio in individual insurance rose by 1.8 points to 102.2%, particularly experiencing a worsening of the claims experience in the health sector, weighing on the average cost.

Net earnings amounted to 13 million euros in 2010 compared with 63 million euros in 2009. As a reminder, the 2009 earnings included tax income of 56 million euros related to the capitalisation of tax losses, given the now durably profitable outlook of the British subsidiary. The 2010 earnings included a charge of -4 million euros for amortisation of the portfolio securities of brokers compared with -6 million euros as at 31 December 2009 as well as a tax expense of -2.5 million euros related to lower tax rates in England on deferred tax debits.

GAN OUTRE MER

Turnover at **Gan Outre-Mer** rose 5.6% to 101 million euros as at 31 December 2010.

Property and liability insurance turnover was up 4.3% to 95 million euros. The growth in turnover was slightly stronger in the West Indies (+6.3%) than in the Pacific (+5.2%). More specifically, the West Indies, which had been impacted 2009 by riots, benefited from the favourable development of the residential (+7.0%) and passenger vehicle (+4.9%) branches. The Pacific region's activity benefited from good performance achieved by the residential branch (+10.0%), in connection with the resilience of the real estate sector and favourable credit conditions, despite a context of economic crisis.

Earnings in personal insurance amounted to 6 million euros compared with 5 million euros as at 31 December 2009.

Economic operating earnings of Gan Outre-Mer totalled 11 million euros in 2010 compared with 1 million euros in 2009.

The increase in net technical earnings resulted in this change, with an absence of any major disasters in 2010. In property and liability insurance, the net combined ratio amounted to 82.9% in 2010 (-14.8 points compared with 2009). The current claims experience improved (-14.5 points to 48.3%) primarily in the West Indies region. As a reminder, fiscal year 2009 had been impacted by major losses in connection with social movements and floods. Operating expenses increased by more than 3 million euros mainly due to the cost of IT migrations.

Contributory net earnings of the entity amounted to +11 million euros in 2010 compared with 0.3 million euros as at 31 December 2009.

Financial and banking activities

Turnover in millions of euros	31/12/2009 Financial and banking activities	31/12/2010 Financial and banking activities
Groupama Banque	128	123
Asset management	154	147
Employee savings	5	6
Total	288	277

NBI in millions of euros	31/12/2009	31/12/2010
Groupama Banque	94	87
Asset management	139	139
Other	7	9
Total	240	236

Net earnings from banking and financial activities in millions of euros	31/12/09	31/12/10
Groupama Banque	-17	-20
Asset management	27	26
Other	6	6
Total	16	12

GROUPAMA BANQUE

Turnover as at 31 December 2010 amounted to 123 million euros as at 31 December 2010, a decrease of 4.2% since the previous period.

Economic operating earnings of the entity totalled -15 million euros in 2010 compared with -20 million euros in 2009.

Net banking income decreased by 7.3% to 87 million euros as at 31 December 2010. This change was due to the decline in treasury activity, which had benefited from extraordinary conditions in 2009, not seen again in 2010, and to the decrease in customer foreign currency transactions.

Operating expenses were down nearly 9% (particularly lower consulting fees).

Contributory earnings amounted to -20 million euros in 2010 compared with -17 million euros as at 31 December 2009. In 2009, it incorporated merger-related expenses as well as tax revenue related to the capitalisation of tax losses.

ASSET MANAGEMENT

The asset management subsidiaries are made up of Groupama Asset Management Groupama Fund Pickers, and Private Equity Groupama. Turnover at these subsidiaries fell 4.5% to 147 million euros as at 31 December 2010. This change was due mainly to the decline in turnover of Groupama Asset Management over the period (-3.7%) related to lower UCITS income (mainly because of lower average managed assets).

Assets managed by Groupama Asset Management and its subsidiaries fell 2.1 billion euro or 12% compared with 31 December 2009 because of non-collection on treasury UCITS.

Economic operating earnings of these subsidiaries totalled +26 million euros compared with +27 million euros in 2009.

Groupama Épargne Salariale

Turnover amounted to 6 million euros as at 31 December 2010. The 27.7% increase in net banking income is primarily explained by increased marketing commissions due to the improvement of financial markets particularly over 1st quarter 2010 and increased account maintenance costs.

Economic operating earnings totalled -0.4 million euros in 2010 compared with -0.7 million euros in 2009.

Groupama Immobilier

Economic operating earnings at Groupama Immobilier, the group's investment real estate asset management subsidiary, amounted to 5 million euros compared with 6 million euros in 2009.

Analysis of Groupama SA and holdings

Holding economic operating earnings in millions of euros	31/12/09	31/12/10
France	-126	-151
International	-2	-3
Total	**-128**	**-154**

Holding net earnings in millions of euros	31/12/09	31/12/10
France	-160	-171
International	-3	-3
Total	**-163**	**-174**

It should be remembered that Groupama SA is the head entity of the group. It fulfils a role as holding company and, as such, handles the operational steering of the consolidated group and represents the kingpin of internal and external financing. The costs allocated to this activity correspond to the share of fees and expenses for general management, functional departments, and expenses spread out in non-technical.

Economic operating earnings of the holding companies totalled -154 million euros in 2010 compared with -128 million euros in 2009. The holding company function of Groupama Holding SA was behind this development with an increase in fees related to regulatory changes involving solvency.

Net earnings of the holding companies amounted to -174 million euros in 2010 compared with -163 million euros in 2009. As a reminder, in 2009, Groupama SA had granted debt forgiveness to its Romanian subsidiary for 13.5 million euros.

Lastly, extraordinary impairment of goodwill for 79 million euros for two countries of central and eastern Europe (Slovakia and Bulgaria), as part of a refocusing of activities in this region, was recognised in the group's 2010 accounts. It should be noted that in 2009, extraordinary amortisation of -49 million euros particularly for the portfolio value in Turkey following the discontinuation of an insurance banking agreement was recognised as well as extraordinary impairment of goodwill for emerging countries in the region of central and eastern Europe for -113 million euros, i.e. mainly Russia and Ukraine.

Net earnings in millions of euros	31/12/09	31/12/10
Net earnings in France	755	535
Net earnings abroad	168	98
Net earnings from banking and financial activities	16	12
Holding net earnings	-163	-174
Turkey VOBA extraordinary depreciation	-49	0
PECO goodwill depreciation	-113	-79
Relution effect, UCITS minorities, Cegid	5	5
Groupama net earnings	**620**	**398**

Combined balance sheet

At 31 December 2010, Groupama's combined balance sheet totalled 100 billion euros compared with 97.3 billion euros in 2009, an increase of +2.8%.

Goodwill

The amount of goodwill was 3.1 billion euros compared with 3.2 billion euros as at 31 December 2009. Extraordinary impairment was recognised on the goodwill of a cash-generating unit (CGU) of the countries of central and eastern Europe for 79 million euros.

Other intangible assets

Other intangible assets amounting to 788 million euros (compared with 770 million euros in 2009) consisted mainly of amortisable portfolio securities (416 million euros) and computer software.

Investments (including accumulation unit investments)

Insurance investments amounted to 80.8 billion euros in 2010 compared with 79.5 billion euros in 2009, an increase of +1.7%. The year 2010 was lacklustre in terms of financial markets, particularly with the 3.3% decline of the CAC 40 index compared with 2009. As most of the investments on the balance sheet (90%) were assessed at market value according to IFRS rules, the group's unrealised gains (including real estate) decreased 2 billion euros to 1.3 billion euros (compared with 3.3 billion euros at the previous close) due to lower unrealised capital gains on stocks and especially bonds.

Unrealised losses on financial assets (excluding real estate) accruing to the group amounted to -0.9 billion euros compared with 0.3 billion euros as at 31 December 2009. These amounts were included in the revaluation reserve accounts. Real estate unrealised capital gains accruing to the group (net of taxes, deferred profit sharing, and minority interests) amounted to 1.76 billion compared with 1.74 billion euros as at 31 December 2009. It should be remembered that the group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised real estate gains were not recorded in the accounts.

The structure of these investments in market value and share accruing to the group was as follows:

	2009	2010
Bonds	61%	64%
Stocks	14%	14%
Cash (UCITS and securities repurchase agreements)	10%	9%
Real estate	9%	8%
Investments in Accumulation Units	5%	4%
Other (Loans, receivables, and other assets)	1%	1%

Shareholders' equity

At 31 December 2010, Groupama's combined shareholders' equity amounted to 7.0 billion euros compared with 7.2 billion as at 31 December 2009.

Its change can be summarised as follows:

(In millions of euros)	
Shareholders' equity at 2010 opening	**7,233**
Change in revaluation reserve: fair value of AFS assets	-2,079
Change in revaluation reserve: shadow accounting	1,398
Change in revaluation reserve: deferred tax	175
Translation adjustment	16
Others	-100
Earnings	**398**
Shareholders' equity as at 31 December 2010	**7,041**

Subordinated liabilities, financing debts, and other debts

The total amount of subordinated liabilities and external debts amounted to 2.8 billion euros compared with 3.8 billion euros as at 31 December 2009.

At 31 December 2010, subordinated debts (1,245 million euros) decreased by 750 million euros compared with 2009 due to early repayment of its reimbursable subordinated securities issued in 1999 on 22 January 2010 for 750 million euros.

The group's external debt amounted to 1,442 million euros compared with 1,885 million euros, down -443 million euros since 31 December 2009. Groupama SA repaid a portion of its credit line.

The financing debt represented by securities increased by 155 million euros. This new line corresponded to an ORNANE issue (bond redeemable in cash and/or new and/or existing shares) by the property company Silic on 3 November 2010.

Technical provisions

Gross technical provisions (including deferred profit sharing) amounted to 75.4 billion euros compared with 72.6 billion euros as at 31 December 2009. This change was mainly due to increases in technical provisions in life insurance, particularly in savings.

Active profit sharing amounted to 1,718 million euros in 2010 compared with 331 million euros as at 31 December 2009. The group performed the recoverability test to demonstrate its ability to charge the amount of active deferred profit sharing to future policyholder participation.

Provisions for contingencies and expenses

Provisions for contingencies and expenses were stable at 580 million euros in 2010 and mainly consisted of pension obligations under IAS 19.

5. SOLVENCY –

Adjusted solvency resulted in a rate of coverage of the solvency margin requirement of the combined accounts as at 31 December 2010 of 130% compared with 181% as at 31 December 2009 (-51 points). This decrease resulted from lower unrealised capital gains particularly because of the widening spreads at year-end.

Groupama's debt to book equity ratio excluding revaluation reserves (including subordinated liabilities and minority interests) amounted to 41.4% compared with 46.2% in 2009 in connection with decreased external debt. Moreover, some of this debt was carried by the listed property subsidiary Silic, which borrowed funds in order to expand its real estate inventory. Adjusted for this item, the group's Insurance debt ratio amounted to 28.1% compared with 34.2% in 2009.

6. RISK CONTROL

Risk control is addressed in the context of the internal control report.

7. POLICY ON FINANCIAL INSTRUMENTS

For several years, the group has initiated systematic studies on the exposure of Groupama SA subsidiaries to market risks.

Interest rate risk

The hedges put into place involve allowing a rate of return in line with the market environment to be distributed in case of an increase in interest rates.

This is made possible through the purchase of interest rate options ("caps") and the conversion of fixed-rate bonds into floating-rate bonds ("payer swaps"). The options provide an additional return in case of rising interest rates, and the floating rate is an asset that, besides the additional return, makes it possible to liquidate a portion of the portfolio while limiting the recognised capital loss. This strategy therefore aims to provide an additional return if rates rise, which should help to prevent early redemptions but also limit the impact of such redemptions if they were to occur despite everything.

All OTC transactions are secured by a "collateralisation" mechanism with leading bank counterparties selected by Groupama SA.

Currency risk and other market risks

The holding of international equities exposed to currency risk (dollar, yen) can be hedged through forward sales. These forward sales have been renewed since their establishment in 2001, as the underlying asset has not been sold. Regarding the Hungarian forint, the hedges were closed out at the end of the year, as the currency risk was considered insignificant compared with the thresholds set by the group.

As with interest rate risk, all OTC transactions are secured by a "collateralisation" mechanism with leading bank counterparties selected by Groupama SA.

The group also continuously monitors the exposure of the insurance subsidiaries to market (equity), credit (corporate bonds), and counterparty risks and may decide, where applicable, to hedge them through financial futures.

8. OUTLOOK

After a year 2010 marked by strong growth dynamics in emerging countries, US growth that gradually recovered, and the sovereign debt crisis in certain European countries, 2011 should be aligned with 2010. Emerging countries should thus maintain growth near 10% of their GDP, the US should post higher growth, near pre-crisis levels, while the eurozone is expected to grow more moderately as a result of austerity plans.

The context remains uncertain, as some important indicators are to be monitored:

- The growth of global trade, which may be particularly impacted by European austerity policies;
- Structural imbalances in the United States (high unemployment, continued depression in the housing market, and growing public debt);
- Changes in Chinese monetary policy (parity of the yuan with other currencies).

This environment does not affect the group's ambition to become one of the top 10 insurers in Europe in order to ensure its development and sustainability.

To this end, its strategic investments will continue in 2011. They will focus on:

- In distribution in France and worldwide, proprietary networks, direct insurance, as well as development of partnerships;
- A comprehensive approach of savings that combines banking and life insurance.

In addition, the group will continue its adaptation to new professional working standards resulting from changes in the economic and regulatory environment:

- Solvency II emphasises the need for excellent technical expertise, improved operational efficiency, and steered, controlled management of risk.
- In life insurance, the current low rates and the tax uncertainties on assets are issues and structuring challenges for the future.

To cope, the group has set a priority to improve its technical and operational profitability. It will take form through a proactive programme to reduce overhead costs, actions to select risks and monitor its portfolio, as well as an appropriate pricing policy.

The group will also continue the optimisation and desensitisation of its balance sheet by continuing actions undertaken in the areas of reinsurance and asset management.

Lastly, the group is retaining its ability to decide to open its capital when the market conditions are met. It will thus benefit from additional resources serving its development strategy.

FINANCIAL STATEMENTS
GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSET		31.12.2010	31.12.2009
Goodwill	Note 2	3,158	3,231
Other intangible assets	Note 3	788	770
Intangible assets		**3,946**	**4,001**
Investment properties, excluding unit-linked investments	Note 4	3,398	3,672
Unit-linked investment properties	Note 7	94	102
Operating activities property	Note 5	1,240	1,126
Financial investments (excluding unit-linked items)	Note 6	72,406	70,852
Financial investments in unit-linked investments	Note 7	3,569	3,555
Derivative instruments and embedded derivatives treated separately	Note 8	125	179
Insurance activities investments		**80,833**	**79,486**
Uses of funds for banking sector activities and investments of other activities	Note 9	**3,429**	**3,317**
Investments in related companies	Note 10	**303**	**192**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	Note 11	**1,230**	**1,366**
Other property, plant and equipment	Note 12	321	290
Deferred acquisition costs	Note 13	647	650
Deferred profit-sharing asset	Note 14	1,718	331
Deferred tax assets	Note 15	571	396
Receivables from insurance and inward reinsurance	Note 16	3,080	2,925
Receivables from outward reinsurance	Note 17	113	141
Current tax receivables and other tax receivables	Note 18	259	253
Other receivables	Note 19	2,441	2,382
Other assets:		**9,151**	**7,369**
Assets held for sale and discontinued activities			
Cash and cash equivalents	Note 20	**1,137**	**1,567**
TOTAL		**100,029**	**97,297**

The notes on pages 36 to 187 form an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2010	31.12.2009
Share capital	Note 21	32	32
Revaluation reserves	Note 21	(869)	(325)
Other reserves	Note 21	7,770	7,212
Unrealised foreign exchange adjustments	Note 21	(290)	(306)
Consolidated profit	Note 21	398	620
Shareholder's equity (Group share)		**7,041**	**7,233**
Minority interests	Note 21	128	142
Total shareholders' equity		**7,169**	**7,375**
Contingent liabilities	Note 22	**580**	**581**
Financial debt	Note 24	**2,842**	**3,881**
Liabilities related to insurance policies	Note 25	**52,255**	**50,325**
Liabilities related to financial contracts	Note 26	**23,172**	**22,238**
Deferred profit-sharing liabilities	Note 28	**18**	**34**
Sources of funds for banking sector business	Note 9	**3,073**	**2,973**
Deferred tax liabilities	Note 29	301	803
Debts to unit holders of consolidated mutual funds	Note 30	470	1,285
Operating debts to banking institutions	Note 20	510	667
Liabilities from insurance or inward reinsurance activities	Note 31	958	942
Liabilities from outward reinsurance activities	Note 32	357	360
Current taxes payable and other tax liabilities	Note 33	357	226
Derivative instrument liabilities	Note 8	262	171
Other liabilities	Note 34	7,704	5,435
Other liabilities		**10,920**	**9,890**
Liabilities for held for sale or discontinued activities		**0**	
TOTAL		**100,029**	**97,297**

The notes on pages 36 to 187 form an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2010	31.12.2009
Written premiums	Note 35	17,356	17,075
Change in unearned premiums		(28)	(66)
Earned premiums		**17,328**	**17,009**
Net banking income, net of cost of risk	Note 1	**234**	**235**
Investment income	Note 36	3,200	3,203
Investment expenses	Note 36	(787)	(711)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 36	709	1,323
Change in fair value of financial instruments recorded at fair value through income	Note 36	141	444
Change in impairment losses on investments	Note 36	(187)	(46)
Investment income net of expenses		**3,076**	**4,211**
Total income from ordinary operations		**20,638**	**21,455**
Insurance policy servicing expenses	Note 37	(15,416)	(15,640)
Income from outward reinsurance	Note 38	248	385
Expenses on outward reinsurance	Note 38	(646)	(703)
Net outward reinsurance income (expenses)		**(15,814)**	**(15,958)**
Banking operating expenses	Note 1	(217)	(226)
Policy acquisition costs	Note 40	(2,415)	(2,340)
Administrative costs	Note 41	(901)	(941)
Other income and expenses from current operations	Note 42	(834)	(672)
Total other current income and expenses		**(20,182)**	**(20,137)**
CURRENT OPERATING PROFIT		**456**	**1,318**
Other income and expenses from current operations	Note 43	(144)	(417)
OPERATING PROFIT		**312**	**901**
Financing expenses	Note 44	(131)	(130)
Share in income of related companies	Note 10		11
Corporate income tax	Note 45	252	(129)
NET PROFIT FOR THE COMBINED ENTITY		**433**	**653**
of which, minority interests	Note 21	35	34
OF WHICH NET PROFIT (GROUP SHARE)		**398**	**620**

The notes on pages 36 to 187 form an integral part of the combined financial statements.

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

(in millions of euros)	31.12.2010			31.12.2009		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the period	**398**	**35**	**433**	**620**	**34**	**654**
Change in foreign exchange gains and losses	16		16	(9)		(9)
Change in gross unrealised capital gains and losses on available-for-sale assets	(2,079)	(9)	(2,088)	2,648	16	2,664
Revaluation of hedging derivative instruments	(33)	(10)	(43)	(27)	(10)	(37)
Change in actuarial gains (losses) on post-employment benefits	(14)		(14)	(28)		(28)
Change in shadow accounting	1,398	7	1,405	(1,242)	(11)	(1,253)
Change in deferred taxes	175	1	176	(243)	(1)	(244)
Other	(12)	1	(11)	(7)	(1)	(8)
Gains (losses) recognised directly in shareholders' equity	**(549)**	**(10)**	**(559)**	**1,092**	**(7)**	**1,085**
Net profit and gains (losses) recognised in shareholders' equity	**(151)**	**25**	**(126)**	**1,712**	**27**	**1,739**

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

The notes on pages 36 to 187 form an integral part of the combined financial statements.

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

(in millions of euros)	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Unrealised Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31.12.08	**32**	**342**	**999**	**5,938**	**(1,452)**	**(297)**	**5,562**	**164**	**5,726**
Appropriation of 2008 profit (loss)		(342)		342					
Dividends				(41)			(41)	(47)	(88)
Change in share capital								9	9
Business combinations								(11)	(11)
Impacts of transactions with members		**(342)**		**301**			**(41)**	**(49)**	**(90)**
Unrealised foreign exchange adjustments						(9)	(9)		(9)
Available-for-sale assets					2,648		2,648	16	2,664
Shadow accounting					(1,242)		(1,242)	(11)	(1,253)
Deferred taxes				9	(252)		(243)	(1)	(244)
Actuarial gains (losses) on post-employment benefits				(28)			(28)		(28)
Other				(7)	(27)		(34)	(11)	(45)
Net profit (loss) for the period		620					620	34	654
Total income (expenses) recognised for the period		**620**		**(26)**	**1,127**	**(9)**	**1,712**	**27**	**1,739**
Total changes for the period		**278**		**275**	**1,127**	**(9)**	**1,671**	**(22)**	**1,649**
Shareholders' equity as at 31.12.09	**32**	**620**	**999**	**6,213**	**(325)**	**(306)**	**7,233**	**142**	**7,375**
Appropriation of 2009 profit (loss)		(620)		620					
Dividends				(41)			(41)	(48)	(89)
Change in share capital								5	5
Business combinations								4	4
Impacts of transactions with members		**(620)**		**579**			**(41)**	**(39)**	**(80)**
Unrealised foreign exchange adjustments						16	16		16
Available-for-sale assets					(2,079)		(2,079)	(9)	(2,088)
Shadow accounting					1,398		1,398	7	1,405
Deferred taxes				5	170		175	1	176
Actuarial gains (losses) on post-employment benefits				(14)			(14)		(14)
Other				(12)	(33)		(45)	(9)	(54)
Net profit (loss) for the period		398					398	35	433
Total income (expenses) recognised for the period		**398**		**(21)**	**(544)**	**16**	**(151)**	**25**	**(126)**
Total changes for the period		**(222)**		**558**	**(544)**	**16**	**(192)**	**(14)**	**(206)**
Shareholders' equity as at 31.12.2010	**32**	**398**	**999**	**6,771**	**(869)**	**(290)**	**7,041**	**128**	**7,169**

The notes on pages 36 to 187 form an integral part of the combined financial statements.

GROUPAMA
STATEMENT OF CASH FLOWS (in millions of euros)

STATEMENT OF CASH FLOWS	31.12.2010	31.12.2009
Operating profit before taxes	312	901
Gains (losses) on sale of investments	(682)	(1,033)
Net depreciation charges	361	404
Change in deferred acquisition costs	12	(6)
Changes in impairment	259	(75)
Net increases in technical reserves related to insurance policies and financial contracts	3,032	3,570
Net increases in other provisions	(29)	22
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	(141)	(444)
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	**2,812**	**2,438**
Change in operating receivables and payables	(59)	(497)
Change in banking operating receivables and payables	(214)	4
Change in securities repurchase agreements	2,523	(1,042)
Cash flows from other assets and liabilities	(143)	(60)
Net taxes paid	(330)	80
Net cash flows from operating activities	**4,901**	**1,824**
Acquisitions/disposals of subsidiaries and joint ventures, net of cash acquired	(110)	(55)
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	**(110)**	**(55)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(3,993)	(1,787)
Net acquisitions of real estate investment	304	(155)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	4	(23)
Cash flow from acquisitions and issues of investments	**(3,685)**	**(1,965)**
Net acquisitions of tangible and intangible assets and operating assets	(332)	(214)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(332)**	**(214)**
Net cash flows from investment activities	**(4,127)**	**(2,234)**
Dues		
Equity instruments issued	5	9
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(91)	(89)
Cash flows from transactions with shareholders and members	**(86)**	**(80)**
Cash allocated to financial debt	(1,070)	592
Interest paid on financial debt	(131)	(130)
Cash flows related to Group financing	**(1,201)**	**462**
Net cash flows from financing activities	**(1,287)**	**382**

Cash and cash equivalents as at 1 January	**1,268**	**1,290**
Net cash flows from operating activities	4,901	1,824
Net cash flows from investment activities	(4,127)	(2,234)
Net cash flows from financing activities	(1,287)	382
Effect of foreign exchange fluctuations on cash	23	6
Cash and cash equivalents as at 31 December	**778**	**1,268**

Cash and cash equivalents	1,567
Mutual, central bank and postal bank	370
Operating debts to banking institutions	(670)
Cash and cash equivalents as at 1 January 2010	**1,267**
Cash and cash equivalents	1,137
Mutual, central bank and postal bank	162
Operating debts to banking institutions	(521)
Cash and cash equivalents as at 31 December 2010	**778**

The notes on pages 36 to 187 form an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1.SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 SIGNIFICANT EVENTS

DEVELOPMENT OF THE GROUP

France

Gan: a new positioning

On 29 August 2010, Gan presented its new position during a TV and print media campaign. By redesigning its visual identity, advertising messaging and tagline, Gan confirmed its intention to be the insurer for entrepreneurs. The new tagline "Growing with Gan" expresses the movement of life and the company's desire to be part of it with its "expert monitoring". This tagline demonstrates the determination and commitment to fulfilling the company's promise to follow up with its customers.

Expansion of Amaguiz

Amaline, Groupama's direct insurance subsidiary, which was created in mid-2008 and distributes insurance policies under the Amaguiz brand, accelerated its development in 2010, significantly outpacing its objectives. At end December 2010, the portfolio comprised more than 80,000 motor insurance policies and 17,000 multi-risk home insurance policies, a product introduced in April 2009.

Development of the website Groupama.fr

With 4.9 million visitors, the groupama.fr website has once again seen strong growth in 2010. Traffic on the Group's commercial website has generated 67,000 sales. Groupama.fr has the highest level of satisfaction among insurance sites on the market (73 %) because of the access to information it provides.

Creation of Groupama Assistance Voyage

On 15 September 2010, Groupama launched Groupama Assistance Voyages, the first brand dedicated exclusively to the tourism sector. This brand combines the insurance activities of Gan Eurocourtage, the travel assistance business of Mutuaide and the distribution activities of Présence Assistance Tourisme.

Partnership with Banque Casino

Banque Casino and Groupama have signed a partnership agreement in the non-life segment. In the context of this partnership, Banque Casino offers IARD (auto, multi-risk home, individual accident, travel) insurance contracts through the business expertise of Amaline Assurances. This first complete line of insurance and financial products with the distributor's brand was launched on 2 June 2010. The partnership with Casino marks a new approach for the Group to broad distribution insurance and is a sign of Groupama's intention to continue the strategy of partnerships and innovation.

Partnership with the Agrica Group

Since 1 January 2010, Groupama and Groupe Agrica have strengthened their ties through a partnership to improve the supplemental social protection products and services offered to agricultural employees. This agreement covers the national collective agreements in the agricultural sector in provident and health insurance and assistance services.

Partnership with PRO BTP

Sévéane, the joint entity dedicated to the management of networks of health professionals formed by Groupama and PRO BTP, has been operational since 18 January 2010. Sévéane gives the 6 million health policyholders of the two groups the benefits of access to a network of nearly 5,000 approved health professionals.

Partnership with La Banque Postale

In December 2010, La Banque Postale launched its offer of non-life insurance in partnership with Groupama, which holds 35% of the subsidiary created by the partnership, La Banque Postale Assurance IARD. The offer is based on three packages of motor insurance, one for home insurance, and one legal protection package. Customers will initially be able to take out a policy via distance-selling channels (internet and telephone), then distribution will be gradually expanded in 2011 to include post office advisors and customer service representatives in the financial centres.

Abroad

New products in Italy

In Italy, business has increased through the launch of a new home insurance product, “QuiAbito Casa”. This is an innovative offer in a country that does not require the purchase of home fire or natural disaster insurance.

In life insurance, the range of pension funds has been revised and standardised. In addition, inflows have been supported by the success of several sales operations for single premium products.

New services in Greece

In Greece, the Groupama subsidiary Phoenix Asfalistiki launched “Anesis Car Services”, which offers seven free services to motor policyholders. These services, unparalleled on the Greek market, have a 95% client approval rating.

Partnership with Renault Dacia

Continuing to diversify its distribution, the Group signed an agreement with Renault Dacia in Romania for the distribution of its motor insurance products in the manufacturer’s concessions in Romania.

Partnership with Endsleigh, Saga Services and Towergate

In the United Kingdom, partnerships with Endsleigh in passenger vehicles, Saga Services in home insurance and Towergate in commercial insurance have been a major factor in the growth of the property and casualty insurance line during fiscal year 2010.

Partnership with Aviation Industry Corporation of China

On 18 December 2010, the AVIC Group (Aviation Industry Corporation of China) and Groupama signed an agreement on the creation of a joint venture to expand activities in the non-life insurance segment in the People’s Republic of China.
The new company, whose creation is subject to approval by the competent authorities, will be equally controlled by AVIC and Groupama. It will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

OTHER FACTORS

Storm “Xynthia”

The beginning of 2010 was marked by the occurrence of the storm “Xynthia” on 27 and 28 February, the cost of which is estimated to be €1.5 billion for the market as a whole. Groupama implemented its crisis plan as soon as the storms threatened and was thus able to mobilise teams to respond to members' and customers' needs as swiftly as possible. The cost to the Group of these storms amounted to €247 million before reinsurance. The cost to external reinsurers of these events is €52 million. Net of tax, the cost to the Group is estimated at €128 million.

Flooding in Var

The cost of the floods that affected the department of Var totalled €91 million for the Group, including €46 million ceded to outside reinsurers. Net of tax, the cost to the Group is estimated at €30 million.

Reform of the capitalisation reserve

The finance law for 2011 introduces a one-time tax of 10% (exit tax) on the total capitalisation reserve at the beginning of fiscal 2010, capped at 5% of net assets, including capitalisation reserve. This does not constitute an expense in the financial statements and is charged to retained earnings. This tax is not deductible from taxable income.

In the consolidated accounts, the exit tax was recorded in charges and the total deferred tax liability recognised initially was fully written back. The impact on Group profits was €360 million.

TSR Groupama SA: redemption of the 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds for €750 million and the approval of the French Insurance and Mutual Society Supervisory Authority (ACP), Groupama SA, on 22 January 2010 undertook the early redemption of its subordinated redeemable bonds issued in 1999 for a total of €750 million.

Rating

- On 21 April 2010, Fitch Ratings assigned Groupama SA the Insurer Financial Strength (IFS) rating of "A- with stable outlook". This rating reflects the Group's sound credit and moderate debt levels. The Group enjoys broad diversification of its business and its risks.

- On 29 June 2010, Standard & Poor's revised Groupama SA's rating to "A-" with stable outlook. This revision, which corresponds to a trend affecting a large number of European insurers, does not affect the Group's financial solidity. Groupama has retained a class A rating, which, according to the analytical grid provided by Standard & Poor's, indicates "strong" financial solidity.

Equity interest in Premafin

In Italy, Groupama has signed an agreement with the Ligresti family to take a financial equity interest of 17% in Premafin, a holding company which controls the insurer Fondiaria SAI.

The agreement is subject to the condition that Groupama is not required to launch a public offering for shares of Premafin, Fondiaria SAI and its primary subsidiary Milano Assicurazioni.

The Ligresti family, which currently holds a majority interest in Premafin, for its part undertakes not to dispose of any of these interests for two years. In addition, Groupama will have a right of consultation on any assignment or operation that may affect control of Premafin and its subsidiaries.

Awards for Groupama Banque and Groupama Asset Management

On 23 September 2010, Groupama Banque won 2 place out of 13 in the Mieux Vivre Votre Argent Corbeille d'Or awards for its range of UCITS managed by Groupama Asset Management. Groupama Asset Management, the management company of the Group, was ranked 5th of 45 in the Corbeille d'Or Long-Term Management Companies Award (5 years). In addition on 24 September 2010, for the second consecutive year, the Euro Capital Durable Sicav of Groupama Asset Management earned the SRI Novethic rating.

1.2 POST-BALANCE SHEET EVENTS

Storm coverage

Groupama continues to diversify its storm coverage in France with the issue, in early January 2011, of the first 4-year catastrophe bond.

Swiss Re structured and placed this new structured bond on behalf of Groupama SA, which provides coverage of €75 million against storms in France for a risk period from 1 January 2011 to 31 December 2014.

2. COMBINATION PRINCIPLES, METHODS AND SCOPE

2.1 EXPLANATORY NOTES

Groupama SA is a French société anonyme nearly wholly owned, directly or indirectly, by the Caisses Regionales d'Assurances et de Reassurances Mutuelles Agricoles and the Caisses Specialisees ("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 as at 31 December 2010 was as follows:

- 90.92% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.09% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans - 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 Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- 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 oversight of the French Insurance and Mutual Society Supervisory Authority.

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 insurance 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 ("Convention defining the security and joint solidarity mechanisms of the Caisses de Reassurance Mutuelle Agricoles that are members of the Federation Nationale Groupama", which was signed on 17 December 2003).

2.2 General presentation of the combined financial statements

The combined financial statements as at 31 December 2010 were approved by the Board of Directors, which met on 15 February 2011.

For the purposes of preparing the combined financial statements, the accounts of each combined entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2010 as adopted by the European Union, the principal terms of which are applied by GROUPAMA as described below.

The standards and interpretations with mandatory application for fiscal periods starting on or after 1 January 2010 were applied in preparing the Group's financial statements as at 31 December 2010, specifically the revised IFRS 3 "Business Combinations" and revised IAS 27 "Consolidated and Separate Financial Statements". Their application has no significant impact on the Group's financial statements as at 31 December 2010.

Standards and interpretations adopted by the European Union and not applied early are deemed as having no material impact on the Group's consolidated financial statements. They are listed below:

- Revised IAS 24: Related party disclosures;
- Amendment to IAS 32: Classification of rights issues;
- Amendment to IFRIC 14: The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRIC 19: Extinguishing financial liabilities with equity instruments

The decisions taken by the Group are based primarily on the summary of the work of the CNC working groups on the specific requirements for implementation of the IFRS by insurance entities.

The consolidated subsidiaries, joint ventures and affiliates are combined in accordance with IAS 27, IAS 28 and IAS 31.

On the other hand, no IFRS specifically deals with the conditions for aggregating the financial statements of the entities that form the mutual insurance division (local and regional mutuals). Therefore the Group has adopted the combination rules defined in Section VI of Regulation 2000-05 of the Accounting Regulatory Committee concerning the rules for the consolidation and combination of enterprises governed by the Insurance Code and the provident institutions governed by the Social Security Code or the Rural Code.

This choice was made based on the judgement criteria defined in Article 10 of IAS 8 (on the selection and application of accounting methods in the absence of a standard or interpretation that specifically applies) because of the characteristics of the mutual insurance division of Groupama described above.

The Group adopted IFRS for the first time for the preparation of the 2005 financial statements.

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 listed assets (notes 3.2.1);
- recognition of profit sharing assets (note 3.11.2.b) and deferred tax assets (note 3.12);
- calculation of contingent liabilities and particularly valuation of employee benefits (note 3.9).

2.3 Principles of consolidation

2.3.1. Scope and methods of combination and consolidation

A company is included in the combination scope once its combination, or that of the sub-group, which it heads, on a standalone basis or with other combined businesses, is material in relation to the combined financial statements of all companies included in the scope of combination. It is assumed that an insurance and banking operational entity must be combined once the capital and reserves, balance sheet, or earned premiums of this entity represent €30 million of the combined capital and reserves, or €50 million out of the combined 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 examined for each mutual fund on a case-by-case basis. 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.

- **Combining company**

The combining company is responsible for preparing the combined financial statements. It is named in a written agreement between all of the companies within the scope of combination whose inclusion is not the result of an equity link.

- **Aggregated companies**

Companies linked to one another by combination are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

- **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".

- **De facto controlled companies**

When the Group believes it holds de facto control over 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.

- **Related companies**

Companies over which the Group exerts a significant influence are accounted for using the equity method.

When the combining entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed that it exerts significant control, unless otherwise demonstrated. Conversely, when the combining entity holds, directly or indirectly, less than 20% of the voting rights of the company, it is assumed that it does not 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 converted at year end, including the earnings for the fiscal year in accordance with consolidation rules;
- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

- **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 combined shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), this entity is deconsolidated.

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 recorded in accordance with the methodology defined for this type of securities.

2.3.2 Change in the scope of combination

Changes in the scope of combination are described in note 49 of the notes to the financial statements.

2.3.3. Consistency of accounting principles

The Groupama SA combined financial statements are presented consistently for the entity formed by the companies included within the scope of combination, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (predominance of substance over form, 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 adjustment is recorded under "Unrealised foreign exchange adjustments" and the remaining balance is included in "Minority interests".

Transactions on the income statements are translated at the average rate. The Group share of the difference between earnings translated at the average rate and earnings translated at the closing rate is recorded under "Unrealised foreign exchange adjustments" and the remaining balance is included in "Minority interests".

2.3.5 Internal transactions between companies combined by GROUPAMA

All Group intercompany transactions are eliminated.

When such transactions affect the combined results, 100% of the profits and losses and the capital gains and losses are eliminated and then allocated between the interests of the combining 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 the impacts of inter-company transactions on assets has the effect of reducing them to their entry value in the combined balance sheet (consolidated historic cost).

Thus, intercompany 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 reinsurance, 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;
- provisions for the write-down of equity interests funded by the company holding the securities and, if applicable, contingent liabilities 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 Group share in the fair value of the identifiable assets and liabilities of the enterprise acquired 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 measured 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.

For combinations prior to 1 January 2010, adjustments of future earnouts are accounted for as an adjustment cost, and in results for combinations made starting from 1 January 2010.

For combinations made starting from 1 January 2010, costs directly attributable to acquisition are recorded in expenses as they are incurred.

Minority interests are measured, according to a choice made on each acquisition, either at fair value or for their share of the identifiable net assets of the acquired company.

The subsequent acquisition of minority interests does not result in the establishment of additional goodwill.

The purchase and sale of minority interests in a controlled company that do not affect the control exercised are recorded in the shareholders' equity of the Group.

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 regions or major business lines, one CGU is established by consolidating entities of the same level.

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 foreign exchange translation 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.

In a business combination achieved in stages, the previously acquired participation is revalued at fair value and the resulting adjustment recorded through income.

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 shown in a 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 in 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 consideration of this debt, equal to the price of the option (value of the share) is recorded as goodwill for put options granted before 1 January 2010 or by decreasing shareholders' equity for put options issued after that date.

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.

Amortisable 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 amortised on a straight-line basis over that lifetime.

Other intangible fixed assets that do not have a finite lifetime are not amortised 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 measured 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.

- **Classification**

Financial assets are classified in one of the following four categories:

- there are two types of assets at fair value through income:
  - 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 (held-for-trading), 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 to 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.

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 available 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.

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; for assets not valued at fair value through income, 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.

Fair value valuation methods

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.

The breakdown of each of these elements is listed in Note 6.10.

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 discounted cash flows, and option valuation models.

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 and those for which the option to include them in this category has been applied are recorded in the income statement at the year-end fair value.

Financial assets held to 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 shareholders' equity.

Investments representing unit-linked policies are valued at fair value through income, as an option.

- **Provisions for impairment**

At each closing date, the Group looks for the existence of objective presumptions of impairment in its investments.

Debt instruments classified as available-for-sale assets

For debt instruments classified as available-for-sale assets, a loss of value is recognised through income in the event of a proven counterparty risk.

Impairments recognised on debt instruments are written back through income in the event of reduction or disappearance of the counterparty risk.

Shareholders' equity instruments classified as available-for-sale assets

As regards shareholders' equity instruments classified as available-for-sale assets, the Group has taken account of the detailed remarks made by the IFRS interpretation committee (IFRIC) in its update of July 2009 on the notion of significant or prolonged decline in value as per paragraph 61 of IAS 39.

During the first half of 2010, the Group recalibrated its criteria for objective evidence of loss of value in equity instruments classified as available-for-sale assets. Objective evidence of long-term impairment is now recognised when the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date (instead of 24 months at the previous closing date).

Today, in the consideration of the Group, the calibration best suited for measuring loss of value is longer than the observation period of 24 months, and must be increased to 36 months, as is the practice at other companies. The economic cycle of assets available for sale is in fact correlated with the macroeconomic situation. It is clear that the initial period of 24 months, which merely took into account the financial crisis, does not permit understanding of the effects of the much deeper economic crisis currently facing Western economies. In light of that fact, the volatility observed in markets in April, May and June 2010 is at a level equivalent to that of the markets in the fourth quarter of 2008 or March 2009. For the same reasons, for the strategic securities that the Group holds in the long term, the initial observation period of 36 months has been increased to 48 months.

The effects of this change are discussed in Note 6.1.

Consequently, there was objective evidence of impairment in the following instances:
- if there was a provision for impairment for the financial investment in the previously published financial statements; or
- if a loss in value of 50% is observed on the balance sheet date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

This period may be extended to 48 months for securities designated as strategic and set out in the Notes, which are held by the Group over the long term and where the Group is represented in their governing bodies or has major long-term contractual relationships or a material equity stake (in absolute or relative terms) but where the Group has no significant influence.

Where such objective evidence of impairment is observed then the impairment amount corresponding to the difference between the acquisition cost and the fair value for that year, less any loss in value previously recognised through income, is automatically booked to profit or loss. Nevertheless, in compliance with the materiality provisions of IFRS, only the impairment that has a material effect on the accounts is recorded.

These criteria may undergo changes over time, by applying good judgement, in order to take account of changes in the environment in which they were postulated. This should allow for the handling of abnormal circumstances (such as a sharp and abnormal drop in net asset values on the balance sheet date).

In addition, in all other cases where these thresholds have not been reached, the Group identifies in its portfolio those securities that have constantly over the last six months shown material unrealised losses due to the volatility of the financial markets. For the thus separated securities the Group then carries out a review, based on its judgement, security by security, and decides whether to post an impairment through income or not.

If a line of securities is subject to global financial management at the Group level, even if these securities are held by several entities, the determination of the existence of objective evidence may be made based on the Group cost price.

The impairment recorded on a shareholders' equity instrument will only be reversed to income when the asset in question is sold.

Investments measured at amortised cost

For investments valued at amortised cost, the amount of the provision 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 through income.

- **Derecognition**

Financial assets are derecognised 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 the mutual funds. The method used for mutual funds is the weighted average cost method.

The gains and losses from disposal are recorded on the income statement on the date of realisation 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 recognise investment property using the amortised cost method. They are measured using the component approach.

- **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 investment properties 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 applied by the Group for each component 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).

- **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 accumulated 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 investment properties is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (l'Autorité de Contrôle des Assurances et Mutuelles, in France). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

- **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 measured.

- **Provisions for impairment**

On each balance sheet date, the Group determines whether there is evidence of a potential impairment 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 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 through income.

- **Derecognition**

Gains or losses from the disposal of property investments are booked in the income statement on the date of realisation 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 revalued at fair value. Changes in fair value are posted to income except for derivatives designated as cash flow hedges 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 recognised at fair value with changes in 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 recognised in income or loss so that they exactly offset the changes in the hedging derivative.

The ineffective portion of hedges is recognised 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 recognised 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 investment properties as assets. The recognition and valuation method is identical to the method described for investment property.

Property, plant and equipment 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. The consideration of this debt is recorded as goodwill for put options granted before 1 January 2010 or by decreasing shareholders' equity for put options issued after that date.

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 change in this liability is recognised through the income statement.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents primarily represent the balances in the bank accounts of the Group's entities.

3.8 SHAREHOLDERS' EQUITY

➤ **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 derivative instruments 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 financial assets available for sale 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.

➢ **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 (deeply subordinated securities) whose features allow recognition in shareholders' equity.

➢ **Foreign exchange adjustment**

Unrealised foreign exchange adjustments result from the consolidation process owing to the translation of statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

➢ **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 CONTINGENT LIABILITIES

Contingent liabilities 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.

➢ **Personnel benefits**

- **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 recognised 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.

- **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.

- **Valuation rules**

Financial debt is subsequently valued at amortised cost using the effective interest rate method.

- **Derecognition**

Financial debts are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.11 UNDERWRITING 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.

- **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 note 3.11.2.c).

- **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/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 dealt with 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 premiums, before reinsurance and 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.

- **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.

  - **Outstanding claims reserves**

The outstanding claims reserves 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 outstanding claims reserves (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 andclimate 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 premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the 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.

- **Liabilities relating 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 policyholders 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 reinsurance and deferred acquisition costs.

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 individual company and the consolidated financial statements;

- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company 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 participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance contracts, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. The resulting deferred profit-sharing is recognised through the revaluation reserve or 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 performance of insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets posted at amortised 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 measured 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 the unit-linked fair value 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

- **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 used as hedges are recorded in the statement of commitments given and received.

- **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 retrocessionnaires.
Securities from reinsurers (outward reinsurers and retrocessionnaires) 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 individual company 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.

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 3-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 business segment is a component of an entity whose operating profits are regularly examined by the Group's principal operational decision-maker (or Group chief executive officer) in order to assess the segment's performance and decide on the resources to allocate to it.

The Group is organised into three business segments: insurance in France, insurance worldwide and banking and financial activities. The banking and finance segment, which is the subject of specific notes to the financial statements **(notes 9.1, 9.2, and 35.3)**, has been combined with the insurance segment in France to create a global insurance segment called "France".

The different activities of each segment are as follows:

- **Life and health insurance.** The life and health insurance activity covers the traditional life insurance business as well as personal injury (largely health risks, disability and long-term care);
- **Property and casualty insurance.** Property and casualty insurance covers, by default, all the Group's other insurance activities;
- **Banking and finance.** The banking and finance business relates to the 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 relating to insurance business are classified on the basis of their function by applying distribution 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 FINANCIAL STATEMENTS

NOTE 1 – SEGMENT REPORTING

NOTE 1.1 – SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 – SEGMENT REPORTING BY OPERATING SEGMENT - BALANCE SHEET

(in millions of euros)	31.12.2010			31.12.2009		
	France	Inter-national	Total	France	Inter-national	Total
Intangible assets	1,361	2,585	3,946	1,313	2,688	4,001
Insurance activities investments	72,483	8,350	80,833	71,090	8,395	79,486
Uses of funds for banking sector activities and investments of other activities	3,429		3,429	3,317		3,317
Investments in related companies	173	129	303	72	119	192
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	946	284	1,230	1,033	333	1,366
Other assets:	7,408	1,743	9,151	5,720	1,650	7,370
Assets held for sale and discontinued activities						
Cash and cash equivalents	647	490	1,137	945	622	1,567
Total consolidated assets	**86,447**	**13,582**	**100,029**	**83,490**	**13,808**	**97,297**
Contingent liabilities	422	158	580	426	155	581
Financial debt	2,823	19	2,842	3,863	18	3,881
Liabilities related to insurance policies	44,765	7,490	52,255	42,649	7,677	50,325
Liabilities related to financial contracts	21,722	1,450	23,172	21,009	1,229	22,238
Deferred profit-sharing liabilities	18		18	34		34
Sources of funds for banking sector activities	3,073		3,073	2,973		2,973
Other liabilities	10,231	689	10,920	9,115	775	9,890
Liabilities for activities held for sale or discontinued operations						
Total consolidated liabilities excluding shareholders' equity	**83,054**	**9,806**	**92,860**	**80,068**	**9,854**	**89,922**

NOTE 1.1.2 – SEGMENT REPORTING BY GEOGRAPHICAL AREA - INCOME STATEMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	13,191	4,137	17,328	12,952	4,057	17,009
Net banking income, net of cost of risk	234		234	235		235
Investment income	2,783	417	3,200	2,752	451	3,203
Investment expenses	(733)	(54)	(787)	(665)	(46)	(711)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	645	64	709	1,241	82	1,323
Change in fair value of financial instruments recorded at fair value through income	153	(12)	141	397	47	444
Change in impairment losses on investments	(181)	(6)	(187)	(38)	(8)	(46)
Total income from ordinary operations	**16,093**	**4,545**	**20,638**	**16,873**	**4,582**	**21,455**
Insurance policy servicing expenses	(12,258)	(3,157)	(15,416)	(12,408)	(3,232)	(15,640)
Income from outward reinsurance	206	42	248	264	121	385
Expenses on outward reinsurance	(518)	(128)	(646)	(521)	(182)	(703)
Banking operating expenses	(217)		(217)	(226)		(226)
Policy acquisition costs	(1,674)	(741)	(2,415)	(1,601)	(739)	(2,340)
Administrative costs	(630)	(271)	(901)	(682)	(259)	(941)
Other income and expenses from current operations	(782)	(52)	(834)	(621)	(51)	(672)
CURRENT OPERATING PROFIT	**219**	**237**	**456**	**1,079**	**240**	**1,318**
Other operating income (expenses)	27	(171)	(144)	(111)	(307)	(417)
OPERATING PROFIT	**246**	**66**	**312**	**968**	**(67)**	**901**
Financing expenses	(129)	(2)	(131)	(128)	(2)	(130)
Share in income of related companies	2	(2)		3	8	11
Corporate income tax	310	(58)	252	(190)	62	(129)
Net profit of the combined entity	**428**	**5**	**433**	**653**	**1**	**653**
of which, minority interests	35		35	36	(3)	34
NET PROFIT (GROUP SHARE)	**393**	**5**	**398**	**616**	**3**	**620**

The Group's international division includes an impairment of goodwill of €79 million. The contribution of the activities of Gan Outre Mer (€11 million) to net results is included under the France division.

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS ACTIVITY

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS ACTIVITY - BALANCE SHEET

(in millions of euros)	31.12.2010				31.12.2009			
	Insurance	Banking	Inter-sector eliminations	Total	Insurance	Banking	Inter-sector eliminations	Total
Goodwill	3,138	20		3,158	3,211	20		3,231
Other intangible assets	776	12		788	757	13		770
Insurance business investments	82,818	0	(1,985)	80,833	81,746		(2,261)	79,486
Uses of funds for banking sector activities and investments of other activities		3,441	(12)	3,429		3,341	(24)	3,317
Investments in related companies	303			303	192			192
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	4,597		(3,367)	1,230	4,621		(3,255)	1,366
Other assets:	10,601	177	(1,626)	9,152	8,328	174	(1,132)	7,370
Assets of businesses held for sale and discontinued activities				0				0
Cash and cash equivalents	1,137	20	(20)	1,137	1,567	21	(21)	1,567
Total consolidated assets	**103,369**	**3,670**	**(7,010)**	**100,029**	**100,423**	**3,569**	**(6,694)**	**97,297**
Contingent liabilities	565	15		580	571	10		581
Financial debt	3,610	27	(796)	2,842	4,753	27	(900)	3,881
Liabilities related to insurance policies	55,627		(3,372)	52,255	53,596		(3,270)	50,325
Liabilities related to financial contracts	23,172			23,172	22,238			22,238
Deferred profit-sharing liabilities	18			18	34			34
Sources of funds for banking sector activities		3,105	(32)	3,073		3,018	(45)	2,973
Other liabilities	13,533	197	(2,810)	10,920	12,190	177	(2,478)	9,890
Liabilities of businesses held for sale or discontinued activities				0				0
Total consolidated liabilities excluding shareholders' equity	**96,525**	**3,345**	**(7,010)**	**92,860**	**93,383**	**3,233**	**(6,694)**	**89,922**

NOTE 1.2.2 – SEGMENT REPORTING BY BUSINESS - INCOME STATEMENT

(in millions of euros)	31.12.2010										
	France					International					TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Written premiums	5,702	7,406			13,108	3,073	1,174			4,247	17,356
Change in unearned premiums	90	(7)			83	(95)	(16)			(111)	(28)
Earned premiums	**5,792**	**7,399**			**13,191**	**2,978**	**1,159**			**4,137**	**17,328**
Net banking income, net of cost of risk			**234**		**234**						**234**
Investment income	576	2,199	0	8	2,783	193	219		5	417	3,200
Investment expenses	(241)	(502)	(0)	11	(733)	(35)	(18)		(1)	(54)	(787)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	163	482		0	645	49	15			64	709
Change in fair value of financial instruments recorded at fair value through income	22	162		(30)	153	(4)	(8)			(12)	141
Change in impairment losses on investments	(33)	(149)		0	(181)	(3)	(3)			(6)	(187)
Total income from ordinary operations	**6,278**	**9,592**	**234**	**(11)**	**16,093**	**3,178**	**1,364**		**4**	**4,545**	**20,638**
Insurance policy servicing expenses	(4,249)	(8,009)			(12,258)	(2,083)	(1,075)			(3,157)	(15,416)
Income from outward reinsurance	189	17			206	28	13			42	248
Expenses on outward reinsurance	(488)	(30)			(518)	(110)	(18)			(128)	(646)
Banking operating expenses			(217)		(217)						(217)
Policy acquisition costs	(998)	(676)			(1,674)	(606)	(135)			(741)	(2,415)
Administrative costs	(294)	(336)			(630)	(196)	(75)			(271)	(901)
Other income and expenses from current operations	(380)	(252)	8	(158)	(782)	(41)	(7)		(5)	(52)	(834)
CURRENT OPERATING PROFIT	**58**	**305**	**25**	**(169)**	**219**	**171**	**68**		**(1)**	**237**	**456**
Other income and expenses from current operations	(6)	32		0	27	(87)	(5)		(79)	(171)	(144)
OPERATING PROFIT	**52**	**338**	**25**	**(169)**	**246**	**84**	**63**		**(81)**	**66**	**312**
Financing expenses	(34)	(9)		(86)	(129)				(2)	(2)	(131)
Share in income of related companies	(4)	5			2	(2)				(2)	
Corporate income tax	101	138	(13)	84	310	(39)	(19)		1	(58)	252
NET PROFIT FOR THE COMBINED ENTITY	**115**	**472**	**12**	**(172)**	**428**	**43**	**44**		**(82)**	**5**	**433**
of which, minority interests	26	9	0	0	35						35
NET PROFIT (GROUP SHARE)	**89**	**463**	**12**	**(171)**	**393**	**43**	**44**		**(82)**	**5**	**398**

(in millions of euros)	31.12.2009										
	France					International					TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Written premiums	5,546	7,367			12,913	2,936	1,226			4,162	17,075
Change in unearned premiums	45	(6)			39	(110)	5			(105)	(66)
Earned premiums	**5,591**	**7,360**			**12,952**	**2,826**	**1,232**			**4,057**	**17,009**
Net banking income, net of cost of risk			**235**		**235**						**235**
Investment income	598	2,149	0	5	2,752	194	252		5	451	3,203
Investment expenses	(249)	(408)	(0)	(9)	(665)	(24)	(20)		(2)	(46)	(711)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	245	997		(1)	1,241	53	29			82	1,323
Change in fair value of financial instruments recorded at fair value through income	28	372		(4)	397	1	46			47	444
Change in impairment losses on investments	(7)	(4)		(27)	(38)	(4)	(5)			(8)	(46)
Total income from ordinary operations	**6,207**	**10,467**	**235**	**(36)**	**16,873**	**3,046**	**1,534**		**3**	**4,582**	**21,455**
Insurance policy servicing expenses	(4,228)	(8,180)			(12,408)	(2,025)	(1,207)			(3,232)	(15,640)
Income from outward reinsurance	240	24			264	102	19			121	385
Expenses on outward reinsurance	(469)	(52)			(521)	(157)	(25)			(182)	(703)
Banking operating expenses			(226)		(226)						(226)
Policy acquisition costs	(951)	(650)			(1,601)	(601)	(138)			(739)	(2,340)
Administrative costs	(329)	(353)			(682)	(182)	(77)			(259)	(941)
Other income and expenses from current operations	(317)	(179)	9	(134)	(621)	(39)	(8)		(4)	(51)	(672)
CURRENT OPERATING PROFIT	**154**	**1,077**	**18**	**(169)**	**1,079**	**143**	**98**		**(1)**	**240**	**1,318**
Other income and expenses from current operations	(66)	(30)	0	(15)	(111)	(120)	(55)		(132)	(307)	(417)
OPERATING PROFIT	**88**	**1,047**	**18**	**(184)**	**968**	**24**	**42**		**(133)**	**(67)**	**901**
Financing expenses	(31)	(9)		(88)	(128)	(0)	0		(2)	(2)	(130)
Share in income of related companies	(1)	4			3	8	0			8	11
Corporate income tax	(4)	(297)	(2)	112	(190)	64	(3)		0	62	(129)
NET PROFIT FOR THE CONSOLIDATED ENTITY	**51**	**746**	**16**	**(161)**	**653**	**96**	**39**		**(134)**	**1**	**653**
of which, minority interests	26	10			36		(2)			(3)	34
NET PROFIT (GROUP SHARE)	**25**	**735**	**16**	**(160)**	**616**	**96**	**41**		**(134)**	**3**	**620**

NOTE 2 – GOODWILL

(in millions of euros)	31.12.2010				31.12.2009
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Opening amount	**3,538**	**(121)**	**(186)**	**3,231**	**3,507**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France	3			3	(29)
Central and Eastern Europe	(4)	(79)	(8)	(91)	(161)
Turkey			10	10	(11)
United Kingdom	0		4	4	4
Greece					(5)
Spain					(41)
Tunisia					(32)
Other changes during the year	**(1)**	**(79)**	**6**	**(73)**	**(276)**
Year-end amount	**3,538**	**(200)**	**(180)**	**3,158**	**3,231**

Other changes during the year:

In addition to movements related to goodwill exchange-rate differences on the balance sheet, the following movements have been recorded.

Central and Eastern Europe

A memorandum of agreement was reached with OTP Bank on 23 February 2010 on covering part of the study costs for the acquisition of insurance subsidiaries of the OTP Group. This agreement resulted in a reduction of the acquisition price of €4 million.

In addition, the Group is currently considering the strategic reorientation of its development in Slovakia and Bulgaria:

- The development prospects of the subsidiary on the insurance market in Slovakia are unfavourable due to its size and the market trends. A study is being conducted to determine what form continued operations could take in Slovakia.
- In Bulgaria, the decision was taken to focus on the development of the business provided by the bancassurance network and to separate from the business brought by the agent network.

For these reasons, the Group impaired its goodwill for this cash generating unit (CGU) in the amount of €79 million; this impairment originated from the cash flows from activities in Bulgaria and Slovakia.

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.

As for those insurance entities acquired during the year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase 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 cash flows 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 cash flows.

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 cash flow 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 rates used for Western European mature markets are within the 1% to 3% bracket. In the emerging markets with a low insurance penetration level this rate may be up to 5%.

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance activity itself. The rate used therefore for the major Western European countries is between 8% and 9% and corresponds to a rate that lies between the market rate for insurance activities and the weighted average cost of capital (WACC). For emerging countries, the yield curve used takes into account a higher explicit risk premium and then incorporates 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:

- rise of 100 basis points in the discount rate; and
- decline of 50 basis points in the rate of growth to long term.

However, for the goodwill of the CGU in countries of Central and Eastern Europe, an increase of 100 basis points in the discount rate would lead to a need for additional coverage of €83 million (while a lowering of the discount rate by 100 basis points would result in a positive coverage effect of €125 million). On this same CGU, the sensitivity test on the long-term growth rate would also result in a negative coverage effect of €46 million if it fell by 50 basis points (it would be in excess of €55 million with an increase of 50 basis points).

The sensitivity tests carried out have not led to any recording of impairment of goodwill.

NOTE 2.1 – GOODWILL – BREAKDOWN BY CASH GENERATING UNIT

(in millions of euros)	31.12.2010				31.12.2009
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Central and Eastern Europe	1,029	(192)	(138)	700	791
Italy	781			781	781
Turkey	262		(4)	259	248
Spain	131	(3)		128	128
United Kingdom	186	(4)	(39)	143	138
Greece	137			137	137
Total International	**2,526**	**(199)**	**(180)**	**2,147**	**2,224**
Groupama Gan Vie	470			470	469
Gan Assurances	196			196	196
Gan Eurocourtage	168			168	168
Investment, real estate and other insurance companies	177			177	174
Total France and abroad	**1,011**			**1,011**	**1,007**
Year-end amount	**3,537**	**(199)**	**(180)**	**3,158**	**3,231**

NOTE 3 – OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2010			31.12.2009		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**678**	**1,121**	**1,799**	**535**	**957**	**1,492**
Increase	3	241	244	137	246	383
Decrease		(28)	(28)		(86)	(86)
Unrealised foreign exchange adjustments	5		5	6		6
Change in scope of consolidation					4	4
Year-end gross amount	**686**	**1,334**	**2,020**	**678**	**1,121**	**1,799**
Opening cumulative amortisation & depreciation	**(142)**	**(800)**	**(942)**	**(79)**	**(689)**	**(768)**
Increase	(46)	(155)	(201)	(61)	(156)	(217)
Decrease		5	5		45	45
Foreign exchange adjustment	(4)		(4)	(2)		(2)
Change in scope of consolidation						
Year-end cumulative amortisation & depreciation	**(192)**	**(950)**	**(1,142)**	**(142)**	**(800)**	**(942)**
Opening cumulative long-term impairment	**(77)**	**(10)**	**(87)**	**(15)**	**(11)**	**(26)**
Long-term impairment recognised		(1)	(1)	(62)		(62)
Long-term impairment write-backs					1	1
Unrealised foreign exchange adjustments	(1)		(1)			
Change in scope of consolidation						
Year-end cumulative long-term impairment	**(78)**	**(11)**	**(89)**	**(77)**	**(10)**	**(87)**
Opening net amount	**459**	**311**	**770**	**441**	**257**	**698**
Year-end net amount	**416**	**373**	**789**	**459**	**311**	**770**

The Group's intangible assets can be split into two groups:
- intangible assets related to insurance activities;
- other intangible assets.

Intangible assets related to insurance activities

Intangible assets related to insurance activities primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands. Overall, the provisions for amortisation for the year on the Group's portfolio during the fiscal year represent a charge of €46 million as at 31 December 2010.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally. The increase in this line item is primarily due to the development in-house of an insurance policy management software application (RIVAGE).

It also includes €35 million for the estimated recoverable amount of the allowance on termination of contract provided for in Article 26 of the Law of 9 November 2010 on pension reform. On 3 February 2011, the ANC (French Accounting Standard Authority) issued Recommendation No. °2011-01 (published on 9 February 2011), which drew conclusions on applying to French and IFRS consolidated financial statements the methods for staggering the recognition of the impact of the pension reforms provided for in Act°2010-1330. Since these methods are expressed in the form of a simple floor for the gradual recognition of the commitment, the procedures followed by the Group fall within the permissible limits and the application of the recommendation would not therefore affect the results of the period and shareholders' equity as at 31 December 2011. There were no significant effects on presentation, and taking into account the publication date of the recommendation, they have not been restated.

NOTE 3.1 - OTHER INTANGIBLE ASSETS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010						31.12.2009	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Year-end gross amount	**40**	**646**	**1,213**	**120**	**1,253**	**766**	**1,088**	**711**
Year-end cumulative amortisation & depreciation	(2)	(189)	(875)	(75)	(877)	(264)	(757)	(185)
Year-end cumulative long-term impairment	(15)	(64)	(11)		(26)	(64)	(25)	(62)
Amortisation and provisions	**(17)**	**(253)**	**(886)**	**(75)**	**(903)**	**(328)**	**(782)**	**(247)**
Net book value	**23**	**393**	**327**	**45**	**350**	**438**	**306**	**464**

NOTE 4 – INVESTMENT PROPERTIES (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2010			31.12.2009		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**4,062**	**506**	**4,568**	**3,782**	**613**	**4,395**
Acquisitions	183	11	194	458	13	471
Change in scope of consolidation	5	(35)	(30)	44		44
Subsequent expenses						0
Assets capitalised in the year	15		15	22		22
Transfer from/to unit-linked property						0
Transfer from/to operating activities property	(101)	(6)	(107)	12		12
Unrealised foreign exchange adjustments	1		1			0
Outward reinsurance	(306)	(72)	(378)	(256)	(120)	(376)
Year-end gross amount	**3,859**	**404**	**4,263**	**4,062**	**506**	**4,568**
Opening cumulative amortisation & depreciation	**(880)**	**0**	**(880)**	**(835)**	**0**	**(835)**
Increase	(76)		(76)	(89)		(89)
Newly consolidated entities			0	(8)		(8)
Transfer from/to unit-linked property			0			0
Transfer from/to operating activities property	28		28	(1)		(1)
Decrease	76		76	53		53
Year-end cumulative amortisation & depreciation	**(852)**	**0**	**(852)**	**(880)**	**0**	**(880)**
Opening cumulative long-term impairment	**(11)**	**(5)**	**(16)**	**(11)**	**(5)**	**(16)**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs	2	1	2			
Year-end cumulative long-term impairment	**(9)**	**(4)**	**(14)**	**(11)**	**(5)**	**(16)**
Opening net amount	**3,171**	**501**	**3,672**	**2,936**	**608**	**3,544**
Year-end net amount	**2,998**	**400**	**3,398**	**3,171**	**501**	**3,672**
Year-end fair value of property, plant and equipment	**6,305**	**732**	**7,037**	**6,490**	**777**	**7,267**
Unrealised capital gains	**3,307**	**332**	**3,639**	**3,319**	**276**	**3,595**

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.

Unrealised gains accruing to the Group, including property operating activities (see note 5), amount to €1.76 billion as at 31 December 2010 (net of profit sharing and tax).

The statement also includes leased real estate for a net book value of €116 million at 31 December 2010, compared with €108 million at 31 December 2009. The fair value of this real estate is estimated at €156 million (i.e. total unrealised capital gains of €40 million at 31 December 2010 compared to €4 million at 31 December 2009).

Several real estate transactions took place during the year.

Divestments of unlisted property companies mainly concerned Groupama Gan Vie.

NOTE 4.1 – INVESTMENT PROPERTIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010						31.12.2009					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	3,776	83	3,858	404		404	3,939	123	4,062	506		506
Cumulative amortisation	(837)	(15)	(852)				(857)	(23)	(880)			
Long-term impairment	(9)		(9)	(4)		(4)	(11)		(11)	(5)		(5)
Year-end net amount	2,930	68	2,998	401		401	**3,071**	**100**	**3,171**	**501**		**501**
Year-end fair value of property, plant and equipment	**6,162**	**143**	**6,305**	**733**		**733**	**6,247**	**243**	**6,490**	**777**		**777**
Unrealised capital gains	**3,232**	**75**	**3,307**	**332**		**332**	**3,176**	**143**	**3,319**	**276**		**276**

NOTE 4.2 – INVESTMENT PROPERTIES BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTIES BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,518	2,258	3,776	251	153	404
Cumulative amortisation	(321)	(517)	(837)			
Long-term impairment	(5)	(4)	(9)	(1)	(3)	(4)
Year-end net amount	**1,193**	**1,737**	**2,930**	**250**	**151**	401
Year-end fair value of property, plant and equipment	**2,485**	**3,677**	**6,162**	**487**	**246**	**733**
Unrealised capital gains	**1,292**	**1,940**	**3,232**	**236**	**95**	332

(in millions of euros)	31.12.2009					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,567	2,372	3,939	348	158	506
Cumulative amortisation	(327)	(530)	(857)			
Long-term impairment	(5)	(6)	(11)	(1)	(4)	(5)
Year-end net amount	**1,235**	**1,836**	**3,071**	**347**	**154**	**501**
Year-end fair value of property, plant and equipment	**2,412**	**3,835**	**6,247**	**529**	**248**	**777**
Unrealised capital gains	**1,177**	**1,999**	**3,176**	**182**	**94**	**276**

NOTE 4.2.2 – INVESTMENT PROPERTIES BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	25	57	83			
Cumulative amortisation	(7)	(8)	(15)			
Long-term impairment			(0)			
Year-end net amount	**19**	**49**	**68**			
Year-end fair value of property, plant and equipment	**56**	**87**	**143**			
Unrealised capital gains	**37**	**38**	**75**			

(in millions of euros)	31.12.2009					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	45	77	123			
Cumulative amortisation	(10)	(13)	(23)			
Long-term impairment						
Year-end net amount	**35**	**64**	**100**			
Year-end fair value of property, plant and equipment	**103**	**140**	**243**			
Unrealised capital gains	**68**	**76**	**143**			

NOTE 5 – PROPERTY OPERATING ACTIVITIES

(in millions of euros)	31.12.2010			31.12.2009		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**1,337**	**73**	**1,410**	**1,184**	**78**	**1,263**
Acquisitions	58		58	161	8	169
Newly consolidated entities						
Assets capitalised in the year	30		30	63	(1)	62
Transfer from/to investment property	101	6	107	(12)		(12)
Unrealised foreign exchange adjustments			0	(1)		(1)
Outward reinsurance	(27)	(2)	(29)	(59)	(12)	(71)
Year-end gross amount	**1,500**	**77**	**1,576**	**1,337**	**73**	**1,410**
Opening cumulative amortisation & depreciation	**(276)**	**0**	**(276)**	**(263)**	**0**	**(263)**
Increase	(35)		(35)	(39)		(39)
Newly consolidated entities						
Transfer from/to investment property	(28)		(28)	1		1
Decrease	11		11	25		25
Year-end cumulative amortisation & depreciation	**(328)**	**0**	**(328)**	**(276)**	**0**	**(276)**
Opening cumulative long-term impairment	**(3)**	**(5)**	**(8)**	**(5)**	**(5)**	**(10)**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs				2		2
Year-end cumulative long-term impairment	**(3)**	**(5)**	**(8)**	**(3)**	**(5)**	**(8)**
Opening net amount	**1,058**	**68**	**1,126**	**917**	**73**	**990**
Year-end net amount	**1,169**	**72**	**1,240**	**1,058**	**68**	**1,126**
Year-end fair value of property, plant and equipment	**1,598**	**99**	**1,697**	**1,432**	**93**	**1,525**
Unrealised capital gains	**429**	**27**	**457**	**374**	**25**	**399**

NOTE 5.1 – PROPERTY OPERATING ACTIVITIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010						31.12.2009					
	Property			SCI Shares			Property			SCI Shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	1,363	136	1,499	77		77	1,245	91	1,337	73		73
Cumulative amortisation	(312)	(16)	(328)				(269)	(7)	(276)			
Long-term impairment	(2)		(2)	(6)		(6)	(2)		(3)	(5)		(5)
Year-end net amount	**1,049**	**120**	**1,169**	**72**		**72**	**975**	**84**	**1,058**	**68**		**68**
Year-end fair value of property, plant and equipment	**1,403**	**195**	**1,598**	**99**		**99**	**1,315**	**117**	**1,432**	**93**		**93**
Unrealised capital gains	**354**	**75**	**429**	**28**		**28**	**341**	**33**	**374**	**25**		**25**

NOTE 5.2 – PROPERTY OPERATING ACTIVITIES BY ACTIVITY

NOTE 5.2.1 – PROPERTY OPERATING ACTIVITIES BY ACTIVITY - FRANCE

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	670	693	1,363	21	56	77
Cumulative amortisation	(111)	(201)	(312)			
Long-term impairment	(1)	(1)	(2)	(1)	(5)	(6)
Year-end net amount	**558**	**491**	**1,049**	**20**	**52**	**72**
Year-end fair value of property, plant and equipment	**696**	**707**	**1,403**	**29**	**70**	**99**
Unrealised capital gains	**138**	**217**	**354**	**9**	**19**	**28**

(in millions of euros)	31.12.2009					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	622	623	1,245	17	56	73
Cumulative amortisation	(92)	(177)	(269)			
Long-term impairment	(1)	(1)	(2)	(1)	(4)	(5)
Year-end net amount	**529**	**445**	**974**	**16**	**52**	**68**
Year-end fair value of property, plant and equipment	**655**	**660**	**1,315**	**25**	**68**	**93**
Unrealised capital gains	**126**	**215**	**341**	**9**	**16**	**25**

NOTE 5.2.2 – PROPERTY OPERATING ACTIVITIES BY ACTIVITY -INTERNATIONAL

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	54	82	136			
Cumulative amortisation	(6)	(9)	(16)			
Long-term impairment		(1)	(1)			
Year-end net amount	**48**	**72**	**120**			
Year-end fair value of property, plant and equipment	**80**	**114**	**195**			
Unrealised capital gains	**32**	**43**	**75**			

(in millions of euros)	31.12.2009					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	34	57	91			
Cumulative amortisation	(3)	(4)	(7)			
Long-term impairment			(0)			
Year-end net amount	**31**	**53**	**84**			
Year-end fair value of property, plant and equipment	**48**	**69**	**117**			
Unrealised capital gains	**17**	**16**	**33**			

NOTE 6 – FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2010	31.12.2009
	Net amount	Net amount
Assets valued at fair value	71,840	70,198
Assets valued at amortised cost	566	653
Total financial investments (excluding unit-linked items)	**72,406**	**70,852**

Total investments (excluding real estate, unit-linked items and derivatives) as at 31 December 2010 were €72,406 million and marked an increase of €1,554 million.

This amount of reinvested cash from securities in repurchase agreements totalled €5,847 million as at 31 December 2010, as compared to €2,841 as at 31 December 2009.

NOTE 6.1 - INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

(in millions of euros)	31.12.2010								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	10,854	414	11,268	9,832	398	10,230	(1,022)	(16)	(1,038)
Bonds and other fixed-income investments	44,242	6,576	50,818	42,670	6,396	49,066	(1,572)	(180)	(1,752)
Other investments	11	1	12	11	1	12			
Total available-for-sale assets	**55,107**	**6,991**	**62,098**	**52,513**	**6,795**	**59,308**	**(2,594)**	**(196)**	**(2,790)**
Assets held for trading									
Equities and other variable-income investments classified as trading	129	1	130	129	1	130			
Equities and other variable-income investments classified as held for trading	1,205	145	1,350	1,205	145	1,350			
Bonds and other fixed-income investments classified as trading	215	28	243	215	28	243			
Bonds and other fixed-income investments classified as held for trading	3,269	86	3,355	3,269	86	3,355			
Cash UCITS classified as trading	4,554	16	4,570	4,554	16	4,570			
Cash UCITS classified as held for trading	2,881		2,881	2,881		2,881			
Other investments classified as trading									
Other investments classified as held for trading	3		3	3		3			
Total trading assets	**12,256**	**276**	**12,532**	**12,256**	**276**	**12,532**			
Total investments valued at fair value	**67,363**	**7,267**	**74,630**	**64,769**	**7,071**	**71,840**	**(2,594)**	**(196)**	**(2,790)**

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

In an effort to improve financial information, the Group has decided to isolate cash UCITS (money market mutual funds).

As at 31 December 2010, unrealised capital gains (losses) recognised for accounting purposes through equity (revaluation reserves) as investment assets available for sale and through profit or loss as trading investment assets were €-2,790 million and €138 million respectively, compared to €-701 million and €75 million as at 31 December 2009.

The decline in unrealised losses versus as at 31 December 2009 is due to the change in stock market indices for the equity component (particularly strategic securities) and by the increase in credit spreads on certain European sovereign debt securities.

On 31 December 2010, the Group posted a long-term impairment charge of €187 million on its financial investments valued at fair value. Total provisions for long-term impairment of investments valued at fair value were €420 million as at 31 December 2010, compared to €256 million as at 31 December 2009. In total, provisions for impairment on insurance assets accounted for 0.36% of the Group's investments.

With a view to optimising the yield of its financial assets, in 2010 the Group continued its bond repurchase activity. These repurchase activities were in two distinct forms:

- Investment repurchase agreements: As at 31 December 2010, the amount in question was €5,321 million. Cash from these repurchase agreements is invested in specific funds. 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: As at 31 December 2010, the amount was €526 million. In this type of transaction, cash is reinvested in different forms of investment.

As mentioned in point 3.2.1 on the principles of the Group, during the first half of 2010, the Group recalibrated its criteria for long-term impairment in order to better reflect market practices in the context of the profound crisis the Western economies are now experiencing.

Objective evidence of long-term impairment is now recognised when the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date (instead of 24 months at the previous closing date).

If this recalibration had not been undertaken, the results for fiscal year 2010, net of tax and profit sharing, would have been €179.8 million lower and the revaluation reserves for fiscal year 2010, net of tax and profit sharing, taking into account the rise in the financial markets that has occurred since 30 June 2010, would have been greater than +€51.5 million.

The recalibration from 36 months to 48 months for strategic securities described in Note 6.8 has no impact on provisions.

(in millions of euros)	31.12.2009								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	11,972	509	12,481	11,083	513	11,596	(889)	4	(885)
Bonds and other fixed-income investments	40,217	6,189	46,406	40,381	6,208	46,589	164	19	183
Other investments	45	1	46	46	1	47	1		1
Total available-for-sale assets	**52,234**	**6,699**	**58,933**	**51,510**	**6,722**	**58,232**	**(724)**	**23**	**(701)**
Assets held for trading									
Equities and other variable-income investments classified as trading	3,849	28	3,877	3,849	28	3,877			
Equities and other variable-income investments classified as held for trading	2,031	143	2,174	2,031	143	2,174			
Bonds and other fixed-income investments classified as trading	232	18	250	232	18	250			
Bonds and other fixed-income investments classified as held for trading	3,254	132	3,386	3,254	132	3,386			
Other investments classified as trading	1,224		1,224	1,224		1,224			
Other investments classified as held for trading	1,044	12	1,056	1,044	12	1,056			
Total trading assets	**11,634**	**333**	**11,967**	**11,634**	**333**	**11,967**			
Total investments valued at fair value	**63,868**	**7,032**	**70,900**	**63,144**	**7,055**	**70,199**	**(724)**	**23**	**(701)**

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

NOTE 6.2 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS

NOTE 6.2.1 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010											
	Net amortised cost				Fair value (a)				Gross unrealised gains (losses)			
	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	8,138	2,716		10,854	7,310	2,522		9,832	(828)	(194)		(1,022)
Bonds and other fixed-income investments	38,715	5,527		44,242	37,175	5,495		42,670	(1,540)	(32)		(1,572)
Other investments		11		11		11		11				
Total available-for-sale assets	**46,853**	**8,254**		**55,107**	**44,485**	**8,028**		**52,513**	**(2,368)**	**(226)**		**(2,594)**
Assets held for trading												
Equities and other variable-income investments classified as trading	69	60		129	69	60		129				
Equities and other variable-income investments classified as held for trading	914	291		1,205	914	291		1,205				
Bonds and other fixed-income investments classified as trading	126	36	53	215	126	36	53	215				
Bonds and other fixed-income investments classified as held for trading	2,511	747	11	3,269	2,511	747	11	3,269				
Cash UCITS classified as trading	3,691	863		4,554	3,691	863		4,554				
Cash UCITS classified as held for trading	2,629	252		2,881	2,629	252		2,881				
Other investments classified as trading												
Other investments classified as held for trading	1	2		3	1	2		3				
Total trading assets	**9,941**	**2,251**	**64**	**12,256**	**9,941**	**2,251**	**64**	**12,256**				
Total investments valued at fair value	**56,794**	**10,505**	**64**	**67,363**	**54,426**	**10,279**	**64**	**64,769**	**(2,368)**	**(226)**		**(2,594)**

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

(in millions of euros)	31.12.2009								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	9,900	2,072	11,972	9,165	1,918	11,083	(735)	(154)	(889)
Bonds and other fixed-income investments	33,255	6,962	40,217	33,391	6,990	40,381	136	28	164
Other investments	37	8	45	38	8	46	1		1
Total available-for-sale assets	**43,192**	**9,042**	**52,234**	**42,594**	**8,916**	**51,510**	**(598)**	**(126)**	**(724)**
Assets held for trading									
Equities and other variable-income investments classified as trading	3,183	666	3,849	3,183	666	3,849			
Equities and other variable-income investments classified as held for trading	1,679	352	2,031	1,679	352	2,031			
Bonds and other fixed-income investments classified as trading	192	40	232	192	40	232			
Bonds and other fixed-income investments classified as held for trading	2,691	563	3,254	2,691	563	3,254			
Other investments classified as trading	1,012	212	1,224	1,012	212	1,224			
Other investments classified as held for trading	863	181	1,044	863	181	1,044			
Total trading assets	**9,620**	**2,014**	**11,634**	**9,620**	**2,014**	**11,634**			
Total investments valued at fair value	**52,812**	**11,056**	**63,868**	**52,214**	**10,930**	**63,144**	**(598)**	**(126)**	**(724)**

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

NOTE 6.2.2 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	217	197	414	204	194	398	(13)	(3)	(16)
Bonds and other fixed-income investments	3,157	3,419	6,576	3,047	3,349	6,396	(110)	(70)	(180)
Other investments		1	1		1	1			
Total available-for-sale assets	**3,374**	**3,617**	**6,991**	**3,251**	**3,544**	**6,795**	**(123)**	**(73)**	**(196)**
Assets held for trading									
Equities and other variable-income investments classified as trading		1	1		1	1			
Equities and other variable-income investments classified as held for trading	71	74	145	71	74	145			
Bonds and other fixed-income investments classified as trading	12	16	28	12	16	28			
Bonds and other fixed-income investments classified as held for trading	43	43	86	43	43	86			
Cash UCITS classified as trading		16	16		16	16			
Cash UCITS classified as held for trading									
Other investments classified as trading									
Other investments classified as held for trading									
Total trading assets	**126**	**150**	**276**	**126**	**150**	**276**			
Total investments valued at fair value	**3,500**	**3,767**	**7,267**	**3,377**	**3,694**	**7,071**	**(123)**	**(73)**	**(196)**

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

(in millions of euros)	31.12.2009								
	Net amortised cost			Fair value [a]			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	231	278	509	233	280	513	2	2	4
Bonds and other fixed-income investments	2,810	3,379	6,189	2,818	3,390	6,208	8	11	19
Other investments		1	1		1	1			
Total available-for-sale assets	**3,041**	**3,658**	**6,699**	**3,051**	**3,671**	**6,722**	**10**	**13**	**23**
Assets held for trading									
Equities and other variable-income investments classified as trading	13	15	28	13	15	28			
Equities and other variable-income investments classified as held for trading	65	78	143	65	78	143			
Bonds and other fixed-income investments classified as trading	8	10	18	8	10	18			
Bonds and other fixed-income investments classified as held for trading	60	72	132	60	72	132			
Other investments classified as trading									
Other investments classified as held for trading	5	7	12	5	7	12			
Total trading assets	**151**	**182**	**333**	**151**	**182**	**333**			
Total investments valued at fair value	**3,192**	**3,840**	**7,032**	**3,202**	**3,853**	**7,055**	**10**	**13**	**23**

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

NOTE 6.3 – INVESTMENTS VALUED AT FAIR VALUE - BY TYPE

(in millions of euros)	31.12.2010								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	10,854	414	11,268	9,832	398	10,230	(1,022)	(16)	(1,038)
Assets classified as trading	129	1	130	129	1	130			
Assets classified as held for trading	1,205	145	1,350	1,205	145	1,350			
Total equities and other variable-income investments	**12,188**	**560**	**12,748**	**11,166**	**544**	**11,710**	**(1,022)**	**(16)**	**(1,038)**
Bonds and other fixed-income investments									
Available-for-sale assets	44,242	6,576	50,818	42,670	6,396	49,066	(1,572)	(180)	(1,752)
Assets classified as trading	215	28	243	215	28	243			
Assets classified as held for trading	3,269	86	3,355	3,269	86	3,355			
Total bonds and other fixed-income investments	**47,726**	**6,690**	**54,416**	**46,154**	**6,510**	**52,664**	**(1,572)**	**(180)**	**(1,752)**
Cash UCITS									
Assets classified as trading	4,554	16	4,570	4,554	16	4,570			
Assets classified as held for trading	2,881		2,881	2,881		2,881			
Total cash UCITS	**7,435**	**16**	**7,451**	**7,435**	**16**	**7,451**			
Other investments									
Available-for-sale assets	11	1	12	11	1	12			
Assets classified as trading									
Assets classified as held for trading	3		3	3		3			
Total other investments	**14**	**1**	**15**	**14**	**1**	**15**			
Total investments valued at fair value	**67,363**	**7,267**	**74,630**	**64,769**	**7,071**	**71,840**	**(2,594)**	**(196)**	**(2,790)**

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

(in millions of euros)	31.12.2009								
	Net amortised cost			Fair value [a]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	11,972	509	12,481	11,083	513	11,596	(889)	4	(885)
Assets classified as trading	3,849	28	3,877	3,849	28	3,877			
Assets classified as held for trading	2,031	143	2,174	2,031	143	2,174			
Total equities and other variable-income investments	**17,852**	**680**	**18,532**	**16,963**	**684**	**17,647**	**(889)**	**4**	**(885)**
Bonds and other fixed-income investments									
Available-for-sale assets	40,217	6,189	46,406	40,381	6,208	46,589	164	19	183
Assets classified as trading	232	18	250	232	18	250			
Assets classified as held for trading	3,254	132	3,386	3,254	132	3,386			
Total bonds and other fixed-income investments	**43,703**	**6,339**	**50,042**	**43,867**	**6,358**	**50,225**	**164**	**19**	**183**
Other investments									
Available-for-sale assets	45	1	46	46	1	47	1		1
Assets classified as trading	1,224		1,224	1,224		1,224			
Assets classified as held for trading	1,044	12	1,056	1,044	12	1,056			
Total other investments	**2,313**	**13**	**2,326**	**2,314**	**13**	**2,327**	**1**		**1**
Total investments valued at fair value	**63,868**	**7,032**	**70,900**	**63,144**	**7,055**	**70,199**	**(724)**	**23**	**(701)**

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

NOTE 6.4 – INVESTMENTS VALUED AT AMORTISED COST - NET AMOUNT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Loans	191	93	284	169	92	261
Deposits	142	83	225	127	159	286
Other	57		57	105	2	107
Loans and receivables	**390**	**176**	**566**	**401**	**253**	**654**
Total assets measured at amortised cost	**390**	**176**	**566**	**401**	**253**	**654**

Total long-term impairment provisions for investments recognised at amortised cost, at €4 million, remained unchanged compared to 31 December 2009.

Note 6.5 – Financial investments – by currency

(in millions of euros)	31.12.2010					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	9,656	65	28	6	475	10,231
Bonds and other fixed-income investments	47,696	112	721	9	528	49,065
Other investments	11	1	0	0	0	12
Total available-for-sale assets	**57,364**	**178**	**749**	**15**	**1,003**	**59,308**
Assets held for trading						
Equities and other variable-income investments classified as trading	130	0	0	0	0	131
Equities and other variable-income investments classified as held for trading	1,346	3	0	0	0	1,350
Bonds and other fixed-income investments classified as trading	243	0	0	0	0	243
Bonds and other fixed-income investments classified as held for trading	3,324	5	0	0	25	3,355
Cash UCITS classified as trading	4,556	11	1	1	2	4,571
Cash UCITS classified as held for trading	2,875	4	0	0	1	2,881
Other investments classified as trading	0	0	0	0	0	0
Other investments classified as held for trading	3		0	0	0	2
Total trading assets	**12,476**	**24**	**2**	**2**	**28**	**12,533**
Loans and receivables						
Loans	272	2	9	0	1	284
Deposits	181	9	0	0	35	225
Other investments	56	0	0	0	0	56
Total loans and receivables	**509**	**11**	**9**	**0**	**36**	**566**
Total financial investments (net of derivatives and unit-linked items)	**70,349**	**213**	**760**	**17**	**1,067**	**72,406**

(in millions of euros)	31.12.2009					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	7,039	128	67	26	534	7,794
Bonds and other fixed-income investments	43,927	247	697	43	453	45,367
UCITS	4,732	81	25	14	51	4,903
Other investments	165	2	1	0	1	169
Total available-for-sale assets	**55,863**	**458**	**790**	**83**	**1,039**	**58,233**
Assets held for trading						
Equities and other variable-income investments classified as trading	26	0	0	0	0	26
Equities and other variable-income investments classified as held for trading	13	1	0	0	0	14
Bonds and other fixed-income investments classified as trading	32	0	0	0	0	32
Bonds and other fixed-income investments classified as held for trading	1,023	0	0	0	55	1,078
Cash UCITS classified as trading	5,292	0	1	0	0	5,293
Cash UCITS classified as held for trading	5,509	0	0	0	0	5,509
Other investments classified as trading	0	0	0	0	0	0
Other investments classified as held for trading	3	0	0	0	12	15
Total trading assets	**11,898**	**1**	**1**	**0**	**67**	**11,967**
Loans and receivables						
Loans	252	0	7	0	2	261
Deposits	190	0	0	0	95	285
Other investments	105	0	0	0	2	107
Total loans and receivables	**547**	**0**	**7**	**0**	**99**	**653**
Total financial investments (net of derivatives and unit-linked items)	**68,308**	**459**	**798**	**83**	**1,205**	**70,853**

NOTE 6.6 – BREAKDOWN OF LISTED INVESTMENTS

(in millions of euros)	31.12.2010	31.12.2009
	Net amount	Net amount
Equities	6,727	7,514
Shares in fixed-income mutual funds	3,647	3,749
Shares in other mutual funds	4,572	11,957
Cash UCITS	7,451	
Bonds and other fixed-income securities	48,771	46,370
Total listed investments	**71,169**	**69,589**

In an effort to improve financial information, the Group has decided to isolate cash UCITS, which had previously been directly integrated into the units of other UCITS (mutual funds).

As at 31 December 2010, total long-term impairment provisions for listed investments recognised at fair value were €301 million, compared with €135 million at 31 December 2009.

NOTE 6.7 – BREAKDOWN OF UNLISTED INVESTMENTS

(in millions of euros)	31.12.2010	31.12.2009
	Net amount	Net amount
Equities at fair value	411	441
Bonds and other fixed-income securities at fair value	245	107
Other investments at fair value	14	61
Loans at amortised cost	285	261
Other investments at amortised cost	281	393
Total unlisted investments	**1,237**	**1,262**

As at 31 December 2010, total long-term impairment provisions for unlisted investments recognised at fair value were €119 million, compared with €121 million at 31 December 2009.

Note 6.8 – Significant investments in unconsolidated companies

(in millions of euros)	31.12.2010				31.12.2009			
	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement	4.31%	130	172	42	4.31%	130	122	(8)
Société Générale	4.25%	1,765	1,311	(454)	4.24%	1,749	1,534	(215)
Lagardère	2.01%	100	82	(18)	2.01%	97	75	(22)
Veolia Environnement	5.68%	795	620	(175)	5.72%	796	653	(143)
Saint Gobain	1.92%	443	396	(47)	1.98%	442	387	(55)
Eiffage	6.73*%	205	205	0	6.73%	358	239	(119)
French companies		**3,438**	**2,786**	**(652)**		**3,572**	**3,010**	**(562)**
Mediobanca	4.93%	493	288	(205)	4.93%	500	357	(143)
OTP Bank	8.28%	629	432	(164)	9.16%	657	516	(108)
Foreign companies		**1,122**	**720**	**(369)**		**1,157**	**873**	**(251)**
Total significant investments in unconsolidated companies		**4,560**	**3,506**	**(1,021)**		**4,729**	**3,883**	**(813)**

(1) The revaluation reserve takes account of the effects of hedging instruments.

The securities presented in this note are exclusively those considered strategic.

As mentioned in point 3.2.1, strategic securities are those held by the Group over the long term. They are characterised by representation of the Group on their governing bodies or significant and long-term contractual relations, or a significant level of equity interest (in absolute or relative terms), without necessarily exercising a significant influence.

A gross provision of €175 million has been made for the Eiffage line of securities. Although the security would not require automatic depreciation on application of the criteria for automatic impairment, as mentioned in 3.2.1 of the principles, the Group estimated that it would be appropriate to record this impairment on the basis of its assessment of the intrinsic value of the security.

All other significant investments in unconsolidated companies successfully cross the non-depreciation thresholds set by the Group. However, as with the Eiffage securities, these securities were the subject of additional systematic analysis (based specifically on intrinsic DCF valuation), which concluded that the intrinsic value of these lines was higher than their cost price and that therefore no provision was necessary.

NOTE 6.9 – BREAKDOWN OF THE BOND PORTFOLIO

NOTE 6.9.1 – BOND PORTFOLIO – BY RATE

At the end of December 2010, based on market values, the proportion of bonds instruments was 73% of total financial investments excluding unit-linked items, 68% of which was classified as "available-for-sale assets" and 5% as "assets held for trading".

The table below shows the Group's exposure to interest rate risks at the close of each fiscal year.
This only pertains to bond investments held directly or through consolidated mutual funds and does not take into account other investments with similar features (bond mutual funds, rate mutual funds, bond funds, etc.).

(in millions of euros)	31.12.2010			31.12.2009		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available for sale	46,656	1,216	47,872	40,973	4,336	45,309
Classified as trading	42	5	47	26	6	32
Classified as held for trading	704	148	852	872	157	1,029
Total listed bonds	**47,402**	**1,369**	**48,771**	**41,871**	**4,498**	**46,370**
Unlisted bonds						
Available for sale	132	44	176	49	8	57
Classified as trading	26		26	0		0
Classified as held for trading	4	39	43	48	1	49
Total unlisted bonds	**162**	**83**	**245**	**97**	**9**	**107**
Total bond portfolio	**47,564**	**1,452**	**49,016**	**41,968**	**4,508**	**46,476**

NOTE 6.9.2 – BOND PORTFOLIO – BY MATURITY

The profile of the annual maturities of the bond portfolios, including consolidated mutual funds, is as follows:

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Listed bonds								
Available for sale	2,331	7,683	37,857	47,872	1,412	8,556	35,341	45,309
Classified as trading	11	22	14	47	0	6	26	32
Classified as held for trading	354	219	280	852	105	177	747	1,029
Total listed bonds	**2,696**	**7,924**	**38,151**	**48,771**	**1,517**	**8,739**	**36,114**	**46,370**
Unlisted bonds								
Available for sale	23	98	54	176	18	28	11	57
Classified as trading	26	0	0	26	0	0	0	0
Classified as held for trading	1	2	40	43	5	0	44	49
Total unlisted bonds	**50**	**100**	**94**	**245**	**23**	**29**	**55**	**107**
Total bond portfolio	**2,746**	**8,025**	**38,245**	**49,016**	**1,540**	**8,768**	**36,169**	**46,476**

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.

NOTE 6.9.3 – BOND PORTFOLIO – BY RATING

The rating indicated is an average of the ratings published at year-end 2010 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

(in millions of euros)	31.12.2010						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available for sale	17,167	8,470	14,979	3,660	3,282	314	47,872
Classified as trading	1	14	7	15	4	6	47
Classified as held for trading	47	57	237	147	150	214	852
Total listed bonds	**17,215**	**8,541**	**15,223**	**3,822**	**3,436**	**534**	**48,771**
Unlisted bonds							
Available for sale	38	4	2	6	123	2	176
Classified as trading	26	0	0	0	0	0	26
Classified as held for trading	0	0	0	0	0	43	43
Total unlisted bonds	**64**	**4**	**2**	**6**	**123**	**45**	**245**
Total bond portfolio	**17,279**	**8,545**	**15,225**	**3,828**	**3,559**	**579**	**49,016**

(in millions of euros)	31.12.2009						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available for sale	18,059	8,700	14,391	3,689	256	215	45,309
Classified as trading	4	7	4	0	0	16	32
Classified as held for trading	48	47	356	360	27	191	1,029
Total listed bonds	**18,111**	**8,754**	**14,751**	**4,049**	**283**	**422**	**46,370**
Unlisted bonds							
Available for sale	0	3	3	34	10	6	57
Classified as trading	0	0	0	0	0	0	0
Classified as held for trading	0	2	42	0	5	0	49
Total unlisted bonds	**0**	**5**	**45**	**34**	**15**	**6**	**106**
Total bond portfolio	**18,112**	**8,760**	**14,796**	**4,083**	**299**	**427**	**46,476**

The increase in the category <BBB is not related to investments in this category of bonds, but due to a large extent by the downgrading of certain debt securities, particularly Greek sovereign debt.

NOTE 6.9.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

(in millions of euros)	31.12.2010	31.12.2009
	Net amount	Net amount
Bonds issued by EU Member States	27,923	24,810
Bonds issued by States outside the EU	121	61
Bonds from public and semi-public sectors	3,214	3,091
Corporate Bonds	17,526	18,087
Other Bonds (including bond funds)	233	427
Total bond portfolio	**49,016**	**46,476**

The carrying amounts of Group investments in “non-core” government-issued bonds, i.e. Portugal, Ireland, Italy, Greece and Spain, totalled €13,541 million as at 31 December 2010. As at 31 December 2010, unrealised losses on these securities totalled -€485 million (net of taxes and profit sharing).

The Group considers that the guarantees given by the European Union and the measures taken by governments, particularly Greece, to put their public finances in order, during this cycle, provide sufficient guarantees to conclude that there will be no impairment of these bonds. It should be noted that as they are recorded as "Assets held for sale", the unrealised losses, net of profit sharing and taxes, on these assets (mentioned above) is recorded in equity (under revaluation reserves).

NOTE 6.10 – FAIR VALUE HIERARCHY

Pursuant to the amendment to IFRS 7 issued by the IASB in March 2009, financial instrument (assets and liabilities) valued at fair value are classified according to a three-level hierarchy. The levels depend on whether or not a valuation model is used and on the source of the data fed into such a model:

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

(in millions of euros)	31.12.2010				31.12.2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	9,712	126	392	10,231	11,130	141	325	11,596
Bonds and other fixed-income investments	48,107	758	201	49,066	45,451	458	680	46,589
Other investments	2		10	12	37		10	47
Total available-for-sale assets	**57,822**	**884**	**603**	**59,309**	**56,617**	**599**	**1,016**	**58,232**
Assets held for trading								
Equities and other variable-income investments classified as trading or as held for trading	962	6	512	1,480	5,647		404	6,051
Bonds and other fixed-income investments classified as trading or as held for trading	3,398	118	82	3,597	3,523	5	108	3,636
Cash UCITS classified as trading or as held for trading	7,450		1	7,451				
Other investments			2	2	2,277		3	2,280
Total trading assets	**11,810**	**124**	**597**	**12,531**	**11,447**	**5**	**515**	**11,967**
Investments in unit-linked policies	**2,912**	**152**	**599**	**3,663**	**2,795**	**189**	**672**	**3,657**
Derivative instrument assets and liabilities	**0**	**(120)**	**(17)**	**(137)**	**0**	**10**	**(2)**	**8**
Total assets and financial liabilities valued at fair value	**72,543**	**1,041**	**1,781**	**75,365**	**70,859**	**804**	**2,200**	**73,864**

In an effort to improve financial information, the Group has decided to isolate cash UCITS.

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

Derivative instruments posted to assets totalled €125 million and derivative instruments posted to liabilities on the balance sheet totalled €262 million as at 31 December 2010. These instruments are primarily classified as Level 2.

With respect to level 3 investments, equity consists primarily of shares of private equity funds and for bonds, variable-rate corporate bonds.

In addition to the financial instruments (assets and liabilities) described in the table, the Group has also recorded its technical liabilities related to financial contracts at fair value, without discretionary profit sharing. This amount totals €116 million as at 31 December 2010 compared to €136 million at 31 December 2009.

(in millions of euros)	31.12.2010								
	Available-for-sale assets			Assets held for trading				Investments in unit-linked policies	Asset and liability derivatives
	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments		
Level 3 opening amount	**325**	**680**	**10**	**404**	**108**		**3**	**672**	**(2)**
Change in unrealised capital gains or losses recognised in:									
- income				16	2			(54)	(0)
gains and losses recognised directly in shareholders' equity	(22)	11							
Transfer to level 3	83	6	1	35	12	1	(0)	13	
Transfer outside level 3	(13)	(122)			(48)			(2)	
Reclassification of loans and receivables									
Changes in the consolidation scope									
Acquisitions	57	44		79	43			127	(16)
Sales/Repayments	(39)	(418)	(2)	(23)	(36)			(152)	2
Unrealised foreign exchange adjustments	1				(0)			(5)	
Level 3 closing amount	**392**	**201**	**10**	**512**	**81**	**1**	**2**	**599**	**(17)**

NOTE 7 – INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Variable-income and similar securities		12	12		16	16
Bonds	25	641	665	6	636	642
Shares in equity mutual funds	2,581	56	2,637	2,561	55	2,615
Shares in bond mutual funds and other	49	85	133	82	81	163
Other investments		120	120		119	119
Unit-linked financial investment sub-total	**2,655**	**914**	**3,569**	**2,649**	**906**	**3,555**
Unit-linked investment properties	94	0	94	102	0	102
Unit-linked investment properties sub-total	**94**	**0**	**94**	**102**	**0**	**102**
TOTAL	**2,749**	**914**	**3,663**	**2,751**	**906**	**3,657**

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

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

(in millions of euros)	31.12.2010					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	97	(232)			97	(232)
Options	27				27	
Forward currency contracts		(3)			0	(3)
Other	1	(25)		(2)	1	(27)
Total	**125**	**(260)**		**(2)**	**125**	**(262)**

(in millions of euros)	31.12.2009					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	158	(164)		(2)	158	(166)
Options	21				21	
Forward currency contracts		(2)				(2)
Other		(3)				(3)
Total	**179**	**(169)**		**(2)**	**179**	**(171)**

Swap contracts, although not documented in accordance with IFRS as hedging contracts, mainly serve to provide macro protection for the bond portfolio against rising interest rates. The same also applies to options.

NOTE 9 – USES AND SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2010			31.12.2009		
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	46		46	41		41
Financial assets at fair value through income	1,361		1,361	819		819
Hedging derivative instruments						
Available-for-sale assets	225		225	17		17
Loans and receivables from credit institutions	290		290	563		563
Customer loans and receivables	1,232	(28)	1,204	1,431	(20)	1,410
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	302		302	466		466
Investment property						
Total uses of funds for banking sector activities	**3,456**	**(28)**	**3,429**	**3,337**	**(20)**	**3,317**

Developments related to the securities reclassified in 2008 from the trading category to the assets held-to-maturity category:

By application of the IAS 39 amendment adopted on 15 October 2008, re-classification from the trading category to the assets held-to-maturity category took place in 2008 on a portfolio of variable rate bank bonds.

The change in value that would have been recognised in the financial statements had these assets not been reclassified had no material impact on the results as at 31 December 2010. The fair value of these assets was €216 million.

Within the framework of risk reallocation, the item interbank receivables is down, while cash portfolio items ("Financial assets at fair value through income" and "Available-for-sale assets") are up.

NOTE 9.2 – SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2010	31.12.2009
Central banks, postal accounts		
Financial liabilities at fair value through income	1,028	728
Hedging derivative instruments		
Debt owed to credit institutions	48	305
Debt to customers	1,992	1,935
Debt represented by securities	5	5
Revaluation variance on rate-hedged portfolios		
Total resources from banking sector operations	**3,073**	**2,973**

Assets used for banking have changed in line with the Group's policy of further developing its business on the markets. This choice means a notable increase in issues of securities under the item "Financial liabilities at fair value through income", at the expense of interbank borrowing.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2010		31.12.2009	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	44	(6)	41	2
Socomie	(1)		(1)	(1)
Star	86	5	79	6
La Banque Postale IARD	98	(4)		
Cegid	76	5	73	5
Total investments in related companies	**303**	**0**	**192**	**11**

La Banque Postale IARD was initially consolidated on 31 December 2010. Owing to the start of business in December 2010, the results consist of operating expenses related to the creation of the company.

NOTE 10.1 – SIGNIFICANT DATA

(in millions of euros)	31.12.2010				31.12.2009			
	Premium income	Net profit	Total assets	Share-holders' equity	Premium income	Net profit	Total assets	Share-holders' equity
Günes Sigorta	NA	(20)	NA	118	311	7	324	93
Socomie	13		6	(1)	12	(1)	7	(1)
Star	111	15	359	110	117	17	398	103
La Banque Postale IARD	0	(11)	96	90				
Cegid	250	20	336	174	249	17	339	164

In view of the balance sheet dates, the financial data shown in this table is the result of estimates based on latest available financial statements.

NOTE 11 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	31	44	74	25	56	80
Outstanding claims reserves	743	197	940	851	232	1,083
Other technical reserves	146	7	153	118	7	125
Total	**921**	**247**	**1,168**	**994**	**295**	**1,288**
Share of reinsurers in life insurance reserves						
Life insurance reserves	10	31	41	15	33	48
Outstanding claims reserves	3	6	9	9	6	15
Profit-sharing reserves	10		10	10		10
Other technical reserves				4		4
Total	**23**	**37**	**60**	**38**	**39**	**76**
Share of reinsurers in reserves for financial contracts	**2**	**0**	**2**	**1**	**0**	**1**
Total share of outward reinsurers in insurance and financial contract liabilities	**946**	**284**	**1,230**	**1,033**	**333**	**1,366**

NOTE 11.1 – CHANGE IN THE SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN CLAIMS RESERVES FOR NON-LIFE CLAIMS SPLIT BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Share of reinsurers in claims reserves at opening	**851**	**232**	**1,083**	**824**	**267**	**1,091**
Transfers in portfolio and changes in scope of consolidation	0	0	0		76	76
Share of reinsurers in the total claims expense	153	54	207	228	88	316
Share of reinsurers in total payments	(262)	(92)	(354)	(191)	(134)	(325)
Changes in exchange rate	0	3	3	(10)	(65)	(75)
Share of reinsurers in claims reserves at closing	**742**	**197**	**939**	**851**	**232**	**1,083**

NOTE 12 – OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 – CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	31.12.2010			31.12.2009		
	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross amount	**705**	**54**	**759**	**694**	**53**	**747**
Acquisitions	103	3	106	68	2	70
Newly consolidated entities		16	16			0
Assets capitalised in the year	5		5	6		6
Unrealised foreign exchange adjustments	1		1	1		1
Outward reinsurance	(51)	(2)	(53)	(64)	(1)	(65)
Year-end gross amount	**763**	**71**	**834**	**705**	**54**	**759**
Opening cumulative amortisation & depreciation	**(464)**	**0**	**(464)**	**(448)**	**0**	**(448)**
Increase	(73)		(73)	(79)		(79)
Newly consolidated entities			0			0
Foreign exchange adjustment	(1)		(1)	(1)		(1)
Decrease	30		30	64		64
Year-end cumulative amortisation & depreciation	**(508)**	**0**	**(508)**	**(464)**	**0**	**(464)**
Opening cumulative long-term impairment	**(2)**	**(3)**	**(5)**	**(5)**	**0**	**(5)**
Long-term impairment recognised			0	(1)	(3)	(4)
Newly consolidated entities			0			0
Unrealised foreign exchange adjustments			0			0
Long-term impairment write-backs	1		1	4		4
Year-end cumulative long-term impairment	**(1)**	**(3)**	**(4)**	**(2)**	**(3)**	**(5)**
Opening net amount	**239**	**51**	**290**	**241**	**53**	**294**
Year-end net amount	**254**	**68**	**322**	**239**	**51**	**290**
Year-end fair value of other property, plant and equipment	**254**	**99**	**353**	**239**	**77**	**316**
Unrealised capital gains	**0**	**31**	**31**	**0**	**26**	**26**

Unrealised capital gains on long-term assets primarily include biological assets *booked in accordance with IAS 41*. They include primarily forests.

NOTE 12.2 – OTHER PROPERTY, PLANT AND EQUIPMENT - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010						31.12.2009					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	587	176	763	71		71	540	165	705	54		54
Cumulative amortisation	(380)	(128)	(508)				(348)	(115)	(464)			
Long-term impairment	(1)		(1)	(3)		(3)	(2)		(2)	(3)		(3)
Year-end net amount	**207**	**47**	**254**	**68**		**68**	**189**	**50**	**239**	**51**		**51**
Year-end fair value of property, plant and equipment	**206**	**47**	**253**	**99**		**99**	**189**	**50**	**239**	**77**		**77**
Unrealised capital gains	**0**	**0**	**0**	**31**	**0**	**31**	**0**	**0**	**0**	**26**	**0**	**26**

NOTE 13 – DEFERRED ACQUISITION COSTS

(in millions of euros)	31.12.2010			31.12.2009		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	186		186	190		190
Life insurance policies and financial contracts with discretionary profit-sharing	199	8	207	223	(16)	208
France	**385**	**8**	**393**	**413**	**(16)**	**397**
Non-life insurance policies	228		228	230		230
Life insurance policies and financial contracts with discretionary profit-sharing	35	(10)	25	33	(10)	23
International	**263**	**(10)**	**253**	**263**	**(10)**	**252**
Total deferred acquisition costs	**648**	**(2)**	**647**	**675**	**(26)**	**650**

NOTE 14 – DEFERRED PROFIT SHARING ASSETS

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Deferred profit-sharing assets	1,590	128	1,718	293	38	331
Total deferred profit-sharing assets	**1,590**	**128**	**1,718**	**293**	**38**	**331**

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 at 31 December 2010, in France, ranged from 73.9% to 77.5%, compared with 73.8% to 81.2% at 31 December 2009.

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.

The recoverability test on the total deferred profit-sharing assets mentioned in Group principles is intended to demonstrate that future profit-sharing by policyholders can absorb unrealised losses on investment assets, taking into account the likely impact on the behaviour of policyholders.

The Group conducted a test based on projections of future returns, for which the re-investment rates of government bonds (Treasury bonds) was set at 3.30% in 2012, 3.60% in 2013, and 4.00% in 2014 and beyond (central scenario).

A sensitivity test was conducted with the assumption of a 3% yield curve for French Government bonds (OAT) in 2012 and beyond.

According to these different scenarios, the Group can justify the recoverability of its deferred assets insofar as it has the ability to deliver a share of profits in line with interest-rate conditions for 10 years while charging the financial margin, without triggering significant redemptions.

NOTE 15 – DEFERRED TAX ASSETS

NOTE 15.1 – DEFERRED TAX ASSETS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009
	France	International	Total	Total
Deferred tax assets	444	127	571	396
Total deferred tax assets	**444**	**127**	**571**	**396**

NOTE 15.2 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

(in millions of euros)	31.12.2010	31.12.2009
Deferred taxes resulting from timing differences		
Capitalisation reserve		(532)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(54)	(177)
Acquisition costs for life policies and total management reserves	(52)	(52)
Consolidation adjustments on technical reserves	(125)	(120)
Other differences on consolidation adjustments	48	(26)
Deferred acquisition costs for Non-life policies	(64)	(65)
Tax differences on technical reserves and other contingent liabilities	420	442
Gains on tax suspension	(8)	(9)
Mutual fund valuation differential	31	8
Currency hedging	22	8
Other tax timing differences	19	8
Sub-total of deferred taxes resulting from timing differences	**237**	**(516)**
Recognition of tax assets on operating losses	**33**	**109**
Deferred taxes capitalised	**270**	**(407)**
of which assets	571	396
of which liabilities	(301)	(803)

The decrease in value of assets classified as AFS is the cause of the increased total deferred tax assets.
The new tax regulations on capitalisation reserves have resulted in the cancellation of all deferred tax liabilities (€532 million).

As at 31 December 2010, these off-balance sheet assets totalled €116 million, compared to €107 million as at 31 December 2009 (these are derived primarily from Group banking activities and from certain international subsidiaries).

NOTE 16 – RECEIVABLES FROM INSURANCE AND INWARD REINSURANCE TRANSACTIONS

NOTE 16.1 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010							31.12.2009
	France			International			Total	Total
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Receivables from insurance or inward insurance transactions								
Earned premiums not written	963		963	67		67	1,030	951
Policyholders, intermediaries and other third parties	1,117	(37)	1,080	716	(69)	647	1,727	1,536
Co-insurer and other third party current accounts	55	(1)	54	56	(22)	34	88	95
Current accounts of ceding and retroceding companies	218	(1)	217	19	(1)	18	235	343
Total	**2,353**	**(38)**	**2,314**	**858**	**(92)**	**766**	**3,080**	**2,925**

NOTE 16.2 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS - BY MATURITY

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Receivables from insurance or inward insurance transactions								
Earned premiums not written	1,033	(3)		1,030	938	13		951
Policyholders, intermediaries and other third parties	1,713	14		1,727	1,526	9		1,536
Co-insurer and other third party current accounts	71	17		88	75	20		95
Current accounts of ceding and retroceding companies	212	19	4	235	318	22	3	343
Total	**3,029**	**47**	**4**	**3,080**	**2,858**	**64**	**3**	**2,925**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

(in millions of euros)	31.12.2010			31.12.2009
	Gross amount	Reserves	Net amount	Net amount
Receivables from outward reinsurance				
Outward reinsurer and retrocessionnaire current accounts	95	(16)	79	94
Other receivables from reinsurance transactions	41	(7)	34	48
Total	**135**	**(22)**	**113**	**141**

NOTE 17.1 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS - BY MATURITY

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Receivables from outward reinsurance transactions								
Outward reinsurer and retrocessionnaire current accounts	64	15		79	73	17	4	94
Other receivables from reinsurance transactions	30	4	1	34	41	6	1	48
Total	**94**	**18**	**1**	**113**	**114**	**22**	**5**	**141**

Note 18 – Current tax receivables and other tax receivables

Note 18.1 – Current tax receivables and other tax receivables – by maturity

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current tax receivables and other tax receivables	259			259	252	1		253

The line "tax receivables and other tax receivables" covers corporate income tax and other amounts owed by government and local public authorities.

Current tax receivables amounted to €108 million compared to €53 million at 31 December 2009. In 2010, Groupama SA had receivables from the government corresponding to corporate income tax on-account payments already made and tax credits less long-term taxes totalling €56 million, as compared to €2 million in 2009 corresponding to the tax credits alone. Foreign tax receivables totalled €52 million in 2010, an increase of €1 million over 2009.

Other receivables from the government and public authorities consisted mainly of legally prescribed increases in life annuities amounting to €10 million, on-account payments made for social security contributions owed on savings contracts amounting to €55 million, allowable VAT and VAT credits amounting to €25 million, hail subsidy for regional mutuals totalling €16 million and corporate income tax in foreign countries amounting to €42 million.

Note 18.2 – Current tax receivables and other tax receivables - by operating segment

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	166	93	259	163	90	253

NOTE 19 – OTHER RECEIVABLES

(in millions of euros)	31.12.2010			31.12.2009
	Gross amounts	Provisions	Total	Total
Interest accrued not due	952		952	906
Employee receivables	25		25	16
Social security agencies	10		10	9
Miscellaneous debtors	1,147	(95)	1,052	1,014
Other receivables	402		402	437
Total	**2,536**	**(95)**	**2,441**	**2,382**

NOTE 19.1 – OTHER RECEIVABLES – BY MATURITY

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Interest accrued not due	952			952	906			906
Employee receivables	25			25	16			16
Social security agencies	10			10	9			9
Miscellaneous debtors	863	149	39	1,052	884	97	33	1,014
Other receivables	402			402	437			437
Total	**2,253**	**149**	**39**	**2,441**	**2,252**	**97**	**33**	**2,382**

NOTE 19.2 – OTHER RECEIVABLES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Interest accrued not due	820	131	952	772	134	906
Employee receivables	21	5	25	11	5	16
Social security agencies	10		10	9		9
Miscellaneous debtors	928	124	1,052	881	133	1,014
Other receivables	354	48	402	382	55	437
Total	**2,133**	**308**	**2,441**	**2,055**	**327**	**2,382**

NOTE 20 – CASH

NOTE 20.1 – CASH SHOWN AS BALANCE SHEET ASSETS

(in millions of euros)	31.12.2010	31.12.2009
France	647	945
International	490	622
Total	1,137	1,567

NOTE 20.2 – CASH SHOWN AS BALANCE SHEET LIABILITIES

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Operating debts to banking institutions	459	51		510	623	43		667
Total	459	51		510	623	43		667

(in millions of euros)	31.12.2010			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating debts to banking institutions	509	1	459	51
Total	509	1	459	51

NOTE 21 – SHAREHOLDERS' EQUITY, MINORITY INTERESTS

NOTE 21.1 – 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 Articles R322-5 and R322-44 of the French Insurance Code, French companies under the supervision of government authorities and organised in the form of insurance mutuals must have share capital of at least €240,000 or €400,000, depending on the business lines in which they are involved. For *sociétés anonymes*, the minimum capital required is €480,000 or €800,000, depending on the business lines in which they are involved.

In addition, 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 21.2 – IMPACT OF TRANSACTIONS WITH MEMBERS

➢ **Changes in the Group's shareholders' equity during fiscal year 2010**

During 2010, no transaction occurred that had an effect on shareholders' equity and issue premiums.

➢ **Accounting treatment of deeply subordinated instruments issued 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. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

NOTE 21.3 – RESERVES RELATED TO CHANGES IN FAIR VALUE RECORDED IN SHAREHOLDERS' EQUITY

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

(in millions of euros)	31.12.2010	31.12.2009
Unrealised gross capital gains (losses) on AFS assets	(2,790)	(702)
Shadow accounting	2,005	599
Cash flow hedge and other changes	(162)	(119)
Deferred taxes	36	(135)
Share of minority interests	42	32
Unrealised net capital gains (losses), Group share	**(869)**	**(325)**

The deferred tax amount shown in the table above corresponds to the application of first, a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and second, 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 "Cash flow hedge and other changes" item in the amount of -€162 million can be broken down as follows:

- €143 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group;
- €19 million for the net investment hedge revaluation reserve.

The decline in the revaluation reserve is primarily related to the decline in unrealised capital gains, within the context of financial market conditions that remain difficult, and especially the increase in credit spreads on sovereign debt securities in Southern Europe.

NOTE 22 – CONTINGENT LIABILITIES

(in millions of euros)	31.12.2010						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**271**	**155**	**426**	**98**	**57**	**155**	**581**
Changes in the scope of consolidation and changes in accounting methods	11	4	15			0	15
Increases for the year	53	46	99	10	23	33	132
Write-backs for the year	(45)	(72)	(117)	(18)	(14)	(32)	(149)
Changes in exchange rate			0	2		2	2
Closing balance	**290**	**133**	**423**	**92**	**66**	**158**	**581**

(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.

(in millions of euros)	31.12.2009						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**270**	**140**	**409**	**79**	**48**	**128**	**537**
Changes in the scope of consolidation and changes in accounting methods							0
Increases for the year	43	46	89	33	33	66	155
Write-backs for the year	(42)	(31)	(72)	(17)	(25)	(42)	(114)
Changes in exchange rate				3		3	3
Closing balance	**271**	**155**	**426**	**98**	**57**	**155**	**581**

(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.

NOTE 23 – INFORMATION PERTAINING TO PERSONNEL BENEFITS - DEFINED BENEFIT PLANS

NOTE 23.1 – PROVISIONS FOR PENSIONS AT YEAR END

(in millions of euros)	31.12.2010			31.12.2009		
	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
Opening actuarial debt	**503**	**58**	**561**	**460**	**49**	**509**
Cost of past services	25	6	31	19	4	23
Benefits paid	(22)	(3)	(26)	(27)	(4)	(31)
Interest on actuarial debt	23	2	25	25	3	28
Actuarial gains (losses) (actual variations)	(0)	(3)	(4)	5	(0)	5
Actuarial gains (losses) (hypothetical variations)	26	(1)	25	40	6	46
Changes in the plan	(14)	(0)	(14)	1	(0)	1
Change in scope of consolidation	(2)	(1)	(3)	(7)	(2)	(9)
Changes in exchange rates	8		8	14		14
Other	(2)	1	(1)	(27)	2	(26)
Year-end actuarial debt (A)	**545**	**58**	**603**	**503**	**58**	**561**
Opening fair value of hedging assets	**191**		**191**	**160**		**160**
Return on hedging assets	12		12	11		11
Benefits paid	(8)		(8)	(11)		(11)
Required contributions	8		8	10		10
Actuarial gains (losses)	10		10	10		10
Change in scope of consolidation	0		0			
Changes in exchange rates	6		6	11		11
Other	0		0	0		0
Year-end fair value of hedging assets (B)	**221**		**221**	**191**		**191**
Year-end net actuarial debt (A) - (B)	**324**	**58**	**382**	**312**	**58**	**370**

NOTE 23.2 – CHANGE IN THE PROVISION FOR PENSIONS RECOGNISED IN THE BALANCE SHEET UNDER CONTINGENT LIABILITIES

(in millions of euros)	31.12.2010			31.12.2009		
	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
Opening amount recognised in contingent liabilities	**311**	**58**	**369**	**300**	**49**	**349**
Present value of commitment	19	6	25	3	11	14
Actuarial differences affecting shareholders' equity	15		15	35		35
Write-back of reserves for benefits paid by the employer	(11)	(4)	(15)	(27)	(2)	(29)
Reclassifications	(11)	(1)	(12)			0
Change in scope of consolidation	(1)	(1)	(2)	(7)		(7)
Changes in exchange rates	2		2	2		2
Other			0	5		5
Year-end amount recognised in contingent liabilities	**324**	**58**	**382**	**311**	**58**	**369**

The amount of provisions included in this note pertains solely to post-employment benefits (retirement payments) and other long-term benefits (such as long-service employee awards and special anniversary leave).

NOTE 23.3 – POST-EMPLOYMENT BENEFITS EXPENSE RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	31.12.2010	31.12.2009
Cost of past services	(25)	(19)
Benefits paid by the employer	(23)	(27)
Interest on actuarial debt	(23)	(25)
Return expected from hedging assets	13	11
SORIE Option	15	35
Plan changes	(16)	1
Effects of exchange rate changes	(2)	(2)
Other		
Annual retirement expense	**(61)**	**(26)**

NOTE 23.4 – INFORMATION PERTAINING TO EMPLOYEE BENEFITS - DISTRIBUTION OF HEDGING ASSETS

(in millions of euros)	31.12.2010	31.12.2009
Equities	128	96
Bonds	80	86
General euro funds	6	7
Other	6	2
Year-end fair value of assets	**220**	**191**

NOTE 23.5 – PRINCIPAL ACTUARIAL ASSUMPTIONS

(in millions of euros)	31.12.2010				31.12.2009			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	296	261	46	603	276	240	45	561
Fair value of hedging assets	6	212	2	220	5	184	2	191
Net actuarial debt	**290**	**49**	**44**	**383**	**271**	**56**	**43**	**370**
Principal actuarial assumptions								
Discount rate	4.50%	5.60%	4.90%		5.25%	5.70%	5.20%	
Yield expected from plan assets	2.00%	6.58%	2.00%		2.45%	6.78%	2.00%	
Expected salary/pension increase	2.44%	3.40%	6.06%		2.24%	3.30%	5.87%	
Staff turnover								
- 18 to 34 years	4.36%	NA	NS		0 to 20%	NA	NS	
- 35 to 44 years	2.81%	NA	NS		0 to 6%	NA	NS	
- 45 to 54 years	1.16%	NA	NS		0 to 10%	NA	NS	
- 55 and older	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 2009, the discount rate used at 31 December 2010 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to a 50-bp change in this discount rate is -4% on the gross actuarial debt total for France, and -10% for the United Kingdom.

Sensitivity of total corporate commitments to healthcare plans: as at 31 December 2010, the actuarial debt of healthcare plans amounted to €9.3 million or 1.5% of the total actuarial debt.
A 0.5% change in the increase in medical costs would not have a material impact on the Group consolidated financial statements.

NOTE 23.6 – BREAKDOWN OF EMPLOYEE EXPENSES

(in millions of euros)	31.12.2010	31.12.2009
Salaries	(1,338)	(1,328)
Social security expenses	(581)	(570)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(61)	(26)
Anniversary days and employee awards	(6)	(11)
Other personnel benefits	(56)	(25)
Annual salary expenses	**(2,042)**	**(1,960)**

NOTE 24 – FINANCIAL DEBT

NOTE 24.1 – FINANCIAL DEBT – BY MATURITY

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Subordinated debt			1,245	1,245	750		1,245	1,995
of which subordinated debt of insurance companies			1,245	1,245	750		1,245	1,995
of which subordinated debt of banking companies								
Financial debt represented by securities	1		154	155				
Financial debt with banking-sector companies	223	835	384	1,442	660	800	425	1,885
Total financial debt	**223**	**835**	**1,783**	**2,842**	**1,410**	**800**	**1,670**	**3,880**

Debt commitments outside the Group fell by nearly €1,039 million.

Subordinated debt fell by €750 million following the early redemption on 22 January 2010 of the TSR bond issued in July 1999.

Financial debt represented by securities increased by €155 million. This corresponds to an issue of ORNANE convertible bonds (bonds redeemable in cash and/or new shares and/or existing shares) carried out by real estate company SILIC on 3 November 2010 and listed on Euronext Paris. This issue, payable no later than 1 January 2017, was carried out with a coupon of 2.5% and a conversion price of €124.59, that is, a 30% premium over the reference share price of €95.84. The embedded derivative corresponding to the conversion option was valued at fair value and has been reclassified under "Derivative liabilities".

Financial debt to banking institutions decreased by €443 million mainly due to Groupama SA’s partial repayment of a line of credit.

NOTE 24.2 – OTHER FINANCIAL DEBT - BY CURRENCY AND RATE

(in millions of euros)	31.12.2010			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities	155		155	
Financial debt with banking-sector companies	1,423	19	1,311	130
Total	**2,823**	**19**	**2,711**	**130**

The "Subordinated debt" line comprises several issues of bond loans as follows:

➢ a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €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 margin of less than 150%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

  At 31 December 2010, this issue was quoted at 77% compared to 71.5% at 31 December 2009. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low.

➢ a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.
  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.
- Interest payments are subject to specific conditions covering solvency, in particular: if the company has a margin of less than 100%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

  At 31 December 2010, this issue was quoted at 98%, precisely the same as at 31 December 2009.

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

The financial debt represented by these securities is related to the issue of the ORNANE convertible bond carried out by real estate company SILIC.

The "financial debt to banking sector companies" line item corresponds mainly to:
- borrowings held as part of the financing of the real estate programmes of the Group. The total of this financial debt at 31 December 2010 was €1,241 million, compared to €1,181 million at 31 December 2009,
- the partial use of a €201 million credit facility compared to €643 million at 31 December 2009.

NOTE 25 – LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 25.1 – LIABILITIES RELATED TO INSURANCE POLICIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	27,142	1,960	29,102	24,931	2,150	27,081
Outstanding claims reserves	506	103	609	505	101	606
Profit-sharing reserves	429	18	447	669	19	688
Other technical reserves	22	10	32	68	40	107
Total Life Insurance	**28,099**	**2,090**	**30,190**	**26,172**	**2,311**	**28,483**
Reserves for unearned premiums	1,035	1,395	2,431	1,025	1,359	2,384
Outstanding claims reserves	9,480	3,123	12,603	9,448	3,176	12,624
Other technical reserves	3,203	89	3,292	3,119	89	3,208
Total Non-life Insurance	**13,718**	**4,608**	**18,325**	**13,591**	**4,624**	**18,216**
Life Insurance reserves for unit-linked policies	2,948	792	3,740	2,885	742	3,627
Total gross technical reserves relating to insurance policies	**44,765**	**7,490**	**52,255**	**42,649**	**7,677**	**50,325**

The change in operating liabilities relating to insurance policies is primarily due to the increase in actuarial reserves for life insurance policies.

The adequacy tests carried out on liabilities as at 31 December 2010 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 25.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS

NOTE 25.2.1 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS - FRANCE

(in millions of euros)	31.12.2010			31.12.2009		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	27,142		27,142	24,931		24,931
Outstanding claims reserves	506		506	505		505
Profit-sharing reserves	429		429	669		669
Other technical reserves	22		22	68		68
Total Life Insurance	**28,099**	**0**	**28,099**	**26,173**		**26,173**
Reserves for unearned premiums	116	919	1,035	100	925	1,025
Outstanding claims reserves	789	8,690	9,479	775	8,673	9,448
Other technical reserves	2,253	949	3,202	2,207	912	3,119
Total Non-life Insurance	**3,158**	**10,558**	**13,716**	**3,082**	**10,510**	**13,592**
Life Insurance reserves for unit-linked policies	2,948		2,948	2,885		2,885
Total gross technical reserves relating to insurance policies	**34,205**	**10,558**	**44,763**	**32,139**	**10,510**	**42,649**

NOTE 25.2.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES - INTERNATIONAL

(in millions of euros)	31.12.2010			31.12.2009		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	1,960		1,960	2,150		2,150
Outstanding claims reserves	103		103	101		101
Profit-sharing reserves	18		18	19		19
Other technical reserves	10		10	40		40
Total Life Insurance	**2,091**	**0**	**2,091**	**2,310**		**2,310**
Reserves for unearned premiums	113	1,283	1,396	95	1,264	1,359
Outstanding claims reserves	122	3,001	3,123	123	3,053	3,176
Other technical reserves	10	79	89	10	79	89
Total Non-life Insurance	**245**	**4,363**	**4,608**	**228**	**4,396**	**4,624**
Life Insurance reserves for unit-linked policies	792		792	742		742
Total gross technical reserves relating to insurance policies	**3,128**	**4,363**	**7,491**	**3,280**	**4,396**	**7,676**

NOTE 25.3 – BREAKDOWN OF TECHNICAL RESERVES FOR INSURANCE POLICIES BY MAIN CATEGORIES

(in millions of euros)	31.12.2010			31.12.2009		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	144	2	146	168	3	171
Individual insurance	9,048	112	9,160	7,641	122	7,763
Group policies	245	10	255	279	14	293
Other	2,067	22	2,089	1,956	20	1,976
Total reserves for single-premium policies	**11,504**	**145**	**11,649**	**10,044**	**159**	**10,203**
Periodic-premium contracts						
Capitalisation	447	5	451	447	5	452
Individual insurance	7,069	193	7,261	6,948	167	7,115
Group policies	7,246	236	7,483	6,996	236	7,231
Other	630	9	639	653	6	659
Total reserves for periodic premium policies	**15,392**	**443**	**15,834**	**15,043**	**414**	**15,457**
Inward reinsurance	**2,206**	**22**	**2,228**	**1,994**	**34**	**2,027**
Total Life Insurance reserves	**29,102**	**609**	**29,711**	**27,081**	**606**	**27,687**

(in millions of euros)	31.12.2010			31.12.2009		
	Gross reserve for unearned premiums	Gross outstanding claims reserves	Total	Gross reserve for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor Insurance	1,103	4,874	5,977	1,065	4,765	5,830
Bodily injury	250	1,083	1,333	233	1,078	1,311
Property damage	730	2,773	3,503	732	2,788	3,520
General third party liability	86	1,086	1,172	73	1,121	1,194
Marine, aviation, transport	12	570	582	14	586	600
Other	237	1,818	2,055	260	1,850	2,110
Inward reinsurance	**12**	**399**	**411**	**7**	**436**	**443**
Total Non-Life Insurance reserves	**2,430**	**12,603**	**15,033**	**2,384**	**12,624**	**15,008**

NOTE 25.4 – CHANGE IN NON-LIFE OUTSTANDING CLAIMS RESERVES

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**9,448**	**3,178**	**12,626**	**9,488**	**3,167**	**12,655**
Portfolio transfers/changes in scope of consolidation						
Claims expense for the current year	6,614	2,580	9,194	6,386	2,428	8,814
Claims expense for prior years	(554)	(186)	(740)	(545)	(160)	(705)
Total claims expense	**6,060**	**2,394**	**8,453**	**5,841**	**2,268**	**8,109**
Claims payments for the current year	(3,209)	(1,344)	(4,553)	(3,153)	(1,286)	(4,439)
Claims payments for prior years	(2,822)	(1,121)	(3,943)	(2,701)	(1,000)	(3,701)
Total payments	**(6,031)**	**(2,466)**	**(8,496)**	**(5,853)**	**(2,287)**	**(8,140)**
Changes in exchange rate	**3**	**19**	**22**	**(28)**	**30**	**2**
Total reserves for Non-Life claims at year end	**9,480**	**3,123**	**12,603**	**9,448**	**3,178**	**12,626**

NOTE 25.5 – IMPACT OF GROSS CLAIMS

(in millions of euros)	2006	2007	2008	2009	2010
Estimate of the claims expense					
At end of N	6,940	7,299	7,850	8,893	9,180
At end of N+1	6,928	7,237	7,812	8,700	
At end of N+2	6,750	7,039	7,610		
At end of N+3	6,634	6,902			
At end of N+4	6,528				
At end of N+5					
Claims expense	**6,528**	**6,902**	**7,610**	**8,700**	**9,180**
Cumulative claims payments	**5,917**	**6,068**	**6,358**	**6,878**	**4,544**
Outstanding claims reserves	**611**	**834**	**1,252**	**1,822**	**4,636**
Earned premiums	**9,284**	**9,490**	**10,410**	**11,037**	**11,379**
CLAIMS AND RESERVES/EARNED PREMIUM	**70.3%**	**72.7%**	**73.1%**	**78.8%**	**80.7%**

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2006 to 2010, 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.

The climatic events in 2010 had an impact on the year's claims experience.

NOTE 25.6 – IMPACT OF THE DISCOUNT IN ACTUARIAL RESERVES FOR NON-LIFE ANNUITIES BY OPERATING SEGMENT

GROSS AMOUNT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**2,188**	**27**	**2,215**	**2,143**	**24**	**2,168**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,155	27	2,181	2,087	24	2,111
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,925	34	2,959	2,803	30	2,833
Technical interest	(770)	(7)	(777)	(716)	(5)	(722)
Impact of change in discount rate	34		34	57		57

PROPORTION CEDED

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**93**	**11**	**104**	**98**	**10**	**109**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	89	11	100	96	10	106
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	117	17	135	126	16	141
Technical interest	(28)	(7)	(35)	(30)	(5)	(35)
Impact of change in discount rate	4		4	3		3

NOTE 26 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2010	31.12.2009
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	22,184	20,828
Reserves on unit-linked policies	158	205
Outstanding claims reserves	259	191
Profit-sharing reserves	449	843
Other technical reserves		19
Total	**23,050**	**22,086**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	6	15
Reserves on unit-linked policies	116	136
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**122**	**151**
Total liabilities related to financial contracts	**23,172**	**22,237**

NOTE 26.1 – LIABILITIES RELATING TO FINANCIAL CONTRACTS (EXCLUDING UNIT-LINKED) SPLIT BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life financial contract reserves	20,846	1,345	22,191	19,737	1,108	20,844
Outstanding claims reserves	249	10	259	185	6	191
Profit sharing reserves	446	2	449	840	2	843
Other technical reserves				19		19
Total Life Insurance	**21,541**	**1,357**	**22,899**	**20,781**	**1,116**	**21,897**
Total Gross technical reserves	**21,541**	**1,357**	**22,899**	**20,781**	**1,116**	**21,897**
Share of reinsurers in technical reserves	**2**		**2**	**2**		**2**
Total liabilities related to financial contracts net of reinsurance	**21,539**	**1,357**	**22,897**	**20,779**	**1,116**	**21,896**

NOTE 26.2 – BREAKDOWN OF LIABILITIES RELATING TO FINANCIAL CONTRACTS BY MAJOR CATEGORY

(in millions of euros)	31.12.2010			31.12.2009		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	1,109	34	1,143	807	14	821
Individual insurance	19,806	190	19,996	18,658	143	18,801
Group policies	57		57	51		51
Other						
Total reserves for single-premium policies	**20,971**	**225**	**21,196**	**19,516**	**157**	**19,673**
Periodic-premium contracts						
Capitalisation	217	8	225	255	2	257
Individual insurance	571	22	593	578	27	605
Group policies	428	2	430	495	3	498
Other	3	2	5		2	2
Total reserves for periodic premium policies	**1,219**	**34**	**1,253**	**1,328**	**34**	**1,362**
Inward reinsurance						
Total Life Insurance reserves	**22,190**	**259**	**22,449**	**20,844**	**191**	**21,035**

NOTE 27 – CHANGE IN ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Opening actuarial reserves	**44,667**	**3,258**	**47,925**	**41,700**	**3,158**	**44,858**
Premiums for the year	4,169	547	4,717	2,958	568	3,526
Portfolio transfer/changes in scope of consolidation						
Interest credited	373	99	472	326	93	419
Profit-sharing	1,699	14	1,714	1,407	13	1,420
Policies at term	(282)	(277)	(558)	(577)	(219)	(795)
Redemptions	(1,582)	(244)	(1,826)	(831)	(246)	(1,077)
Annuity arrears	(456)	(7)	(463)	(448)	(7)	(455)
Death benefits	(540)	(21)	(562)	(278)	(20)	(298)
Other changes	(60)	(66)	(126)	410	(83)	327
Total year-end actuarial reserves	**47,988**	**3,304**	**51,292**	**44,668**	**3,258**	**47,927**

NOTE 28 – DEFERRED PROFIT-SHARING LIABILITIES

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Reserve for deferred profit-sharing on insurance policies	18		18	26		26
Reserve for deferred profit-sharing on financial contracts				8		8
Total deferred profit sharing liability	**18**		**18**	**34**		**34**

NOTE 29 – DEFERRED TAX LIABILITIES

(in millions of euros)	31.12.2010			31.12.2009
	France	International	Total	Total
Deferred tax liabilities	229	72	301	803
Total deferred tax liabilities	**229**	**72**	**301**	**803**

NOTE 30 – DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

(in millions of euros)	31.12.2010			31.12.2009		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	470		470	1,285		1,285
Total	**470**		**470**	**1,285**		**1,285**

The decrease in debt owed to holders of consolidated mutual funds is related to the change in method of consolidation of certain mutual funds, which were fully consolidated in 2009 but were consolidated under the equity method in 2010. To this effect is added a decrease in the percentage of minority holdings in fully consolidated mutual funds.

NOTE 31 – LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Liabilities from insurance or inward reinsurance activities								
Policyholders, intermediaries and other third parties	802	4		806	838	5		842
Co-insurers	94	10		104	62	9		71
Current accounts of ceding and retroceding companies	43	6		49	24	5		28
Total	**939**	**19**		**958**	**923**	**19**		**942**

NOTE 32 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Liabilities from insurance ceded activities								
Outward reinsurer and retrocessionnaire current accounts (1)	226	41	1	268	232	47	1	280
Other liabilities from reinsurance activities	82	7		89	71	9		80
Total	**308**	**48**	**1**	**357**	**304**	**56**	**1**	**360**

(1) including deposits received from reinsurers

NOTE 33 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	354	3		356	223	4		226
Total	**354**	**3**		**356**	**223**	**4**		**226**

NOTE 34 – OTHER LIABILITIES

NOTE 34.1 – OTHER DEBT - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Personnel creditors	285	7	291	287	17	303
Social security agencies	203	11	214	182	12	194
Other loans, deposits and guarantees received	6,006	79	6,084	3,544	106	3,650
Miscellaneous creditors	631	108	739	661	119	780
Other liabilities	330	46	375	450	58	508
Total	**7,454**	**251**	**7,704**	**5,124**	**311**	**5,435**

The "Other loans, deposits and guarantees received" line item amounted to €6,084 million as at 31 December 2010 compared to €3,650 million as at 31 December 2009, an increase of €2,434 million. This change is essentially due to liabilities from repurchase agreements, which totalled €5,879 million as at 31 December 2010, as compared to €3,352 as at 31 December 2009.

NOTE 34.2 – OTHER LIABILITIES - BY MATURITY

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Personnel creditors	278		13	291	292		11	303
Social security agencies	214	0	0	214	194	0	0	194
Other loans, deposits and guarantees received	5,959	54	71	6,084	3,505	80	65	3,650
Miscellaneous creditors	716	14	9	739	752	11	17	780
Other liabilities	375			375	508			508
Total	**7,542**	**68**	**94**	**7,704**	**5,250**	**92**	**93**	**5,435**

NOTE 34.3 – OTHER LIABILITIES - BY CURRENCY AND RATE

(in millions of euros)	31.12.2010			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Personnel creditors	289	2	291	
Social security agencies	210	4	213	1
Other loans, deposits and guarantees received	6,084	0	6,084	
Miscellaneous creditors	708	31	732	7
Other liabilities	344	31	375	
Total	**7,636**	**68**	**7,696**	**8**

NOTE 35 – ANALYSIS OF PREMIUM INCOME

NOTE 35.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

(in millions of euros)	31.12.2010			31.12.2009 pro forma			31.12.2009		
	France	International	Total	France	International	Total	France	International	Total
Individual retirement savings	3,877	647	4,525	3,936	616	4,552	3,936	616	4,552
Individual protection insurance	595	123	718	592	113	705	592	113	705
Individual health insurance	1,268	126	1,395	1,195	107	1,302	1,195	107	1,302
Other	148		148	155		155	155		155
Individual life and health insurance	**5,888**	**896**	**6,785**	**5,878**	**836**	**6,714**	**5,878**	**836**	**6,714**
Group retirement savings	251	85	337	257	69	326	257	69	326
Group protection scheme	481	99	580	498	243	741	498	223	721
Group health	492	94	586	469	78	547	469	78	547
Other	293		293	265		265	265	20	285
Group life and health insurance	**1,518**	**278**	**1,796**	**1,489**	**390**	**1,879**	**1,489**	**390**	**1,879**
Life and health insurance	**7,407**	**1,175**	**8,581**	**7,367**	**1,226**	**8,593**	**7,367**	**1,226**	**8,593**
Motor Insurance	1,462	1,853	3,315	1,403	1,778	3,181	1,403	1,688	3,091
Other vehicles	122		122	124		124	124		124
Home insurance	834	421	1,255	795	398	1,193	795	439	1,234
Retail and professional property and casualty	435	37	472	410	36	446	410	36	446
Construction	218		218	204		204	204		204
Private and professional	**3,071**	**2,311**	**5,382**	**2,936**	**2,213**	**5,149**	**2,936**	**2,163**	**5,099**
Fleets	421	114	535	393	99	492	393	186	579
Business and local authorities property	700	410	1,110	703	390	1,093	703	351	1,054
Businesses and local authorities	**1,121**	**524**	**1,645**	**1,096**	**490**	**1,585**	**1,096**	**537**	**1,633**
Agricultural risks	441	102	543	441	101	542	441	99	540
Climate risks	168		168	183		183	183		183
Tractors and agricultural equipment	204		204	200		200	200		200
Agricultural business segments	**813**	**102**	**915**	**824**	**101**	**925**	**824**	**99**	**923**
Other business segments	697	136	833	690	133	823	690	137	827
Property and casualty insurance	**5,702**	**3,073**	**8,775**	**5,546**	**2,936**	**8,482**	**5,546**	**2,936**	**8,482**
Total	**13,109**	**4,248**	**17,356**	**12,913**	**4,162**	**17,075**	**12,913**	**4,162**	**17,075**

The 31 December 2009 pro forma column is necessary because the breakdown of premium income by International business line has changed. The life and health/property and casualty split has not, however, been affected.

The changes made are as follows:

- Life and health insurance
  - Reclassification of “Other Group insurance segments” to “Group protection scheme” (€20 million - Romania).
- Property and casualty insurance
  - Reclassification of “Fleets” to “Passenger cars” (€86 million - Romania).
  - Reclassification of “Other property and casualty segments” to “Passenger cars” (€4 million - Greece).
  - Reclassification of “Property” to “Commercial” (€20 million - Greece).
  - Reclassification of “Property” to “Commercial” (€19 million - Romania) and “Agricultural risks” (€2 million - Romania).

NOTE 35.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

(in millions of euros)	31.12.2010					31.12.2009				
	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %
France	7,406	5,702	277	13,385	76%	7,367	5,546	288	13,200	76%
Southeastern Europe	587	1,486		2,073	12%	677	1,410		2,087	12%
Southwestern Europe	302	778		1,080	6%	290	746		1,035	6%
Central and Eastern European Countries (CEEC)	203	342		546	3%	182	353		535	3%
United Kingdom	82	467		549	3%	78	428		505	3%
Total	**8,581**	**8,775**	**277**	**17,632**	**100%**	**8,593**	**8,482**	**288**	**17,363**	**100%**

The geographic areas are broken down as follows:

- France
- Southwestern Europe: Spain, Portugal and Tunisia
- Southeastern Europe: Italy, Greece and Turkey
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary, Romania, and Slovakia;
- UK

Combined premium income posted its strongest advance in France, driven by growth in property and casualty insurance. This change is related to both the development of the portfolio and to rate adjustments.

In International, all of the geographic zones saw growth in premium income, except Southeastern Europe, primarily owing to the end of sales agreements in Turkey.

NOTE 35.3 – ANALYSIS OF BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME

(in millions of euros)	31.12.2010			31.12.2009		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	36		36	35		35
Commissions (income)	70	151	221	63	154	217
Gains on financial instruments at fair value through income	16	0	16	30	1	31
Gains on available-for-sale financial assets	1	0	1	0	1	1
Income from other activities		3	3		4	4
Banking activities included in premium income	**123**	**154**	**277**	**128**	**160**	**288**

Banking premium income shown in the combined financial statements corresponds to banking income before taking into account refinancing costs.

NOTE 36 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 36.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Income from investments	**2,783**	**417**	**3,200**	**2,752**	**451**	**3,203**
Interest on deposits and financial investments income	2,133	395	2,527	2,025	435	2,459
Gains on foreign exchange transactions	34	13	47	49	6	55
Income from differences on redemption prices to be received (premium-discount)	177	5	182	209	5	214
Revenues from property	439	4	442	468	4	473
Other investment income					1	1
Investment expenses	**(733)**	**(54)**	**(787)**	**(665)**	**(46)**	**(711)**
Interest received from reinsurers	(1)	(2)	(3)	(3)	(2)	(5)
Losses on foreign exchange transactions	(97)	(14)	(110)	(66)	(5)	(71)
Amortisation of differences in redemption prices (premium-discount)	(101)	(20)	(121)	(53)	(20)	(73)
Depreciation and provisions on real estate	(115)	(2)	(116)	(110)	(4)	(114)
Management expenses	(419)	(18)	(437)	(432)	(16)	(448)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**645**	**64**	**709**	**1,241**	**82**	**1,323**
Held for trading	17	9	26	207	1	208
Available for sale	446	36	482	812	42	854
Held to maturity						
Other	183	19	202	221	40	261
Change in fair value of financial instruments recognised at fair value by result	**153**	**(12)**	**141**	**397**	**47**	**444**
Held for trading	65	(9)	57	257	12	269
Derivatives	(56)	(2)	(58)	(160)	(1)	(161)
Adjustments on unit-linked policies	144	(1)	142	299	35	335
Change in impairment losses on financial instruments	**(181)**	**(6)**	**(187)**	**(38)**	**(8)**	**(46)**
Available for sale	(183)	(6)	(189)	(19)	(7)	(26)
Held to maturity						
Receivables and loans	1		1	(19)	(1)	(20)
Total investment income net of management expenses	**2,668**	**408**	**3,076**	**3,686**	**525**	**4,211**

NOTE 36.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS

NOTE 36.2.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010				31.12.2009			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from investments	**576**	**2,199**	**8**	**2,783**	**598**	**2,149**	**5**	**2,752**
Interest on deposits and financial investments income	285	1,842	5	2,133	282	1,737	5	2,025
Gains on foreign exchange transactions	24	7	3	34	40	9		49
Income from differences on redemption prices to be received (premium-discount)	7	171		177	9	200		209
Revenues from property	260	179		439	266	203		468
Other investment income						0		
Investment expenses	**(241)**	**(502)**	**11**	**(733)**	**(249)**	**(408)**	**(9)**	**(665)**
Interest received from reinsurers	(1)	(1)		(1)	(3)	(1)		(3)
Losses on foreign exchange transactions	(25)	(70)	(2)	(97)	(40)	(23)	(3)	(66)
Amortisation of differences in redemption prices (premium-discount)	(13)	(88)		(101)	(8)	(45)		(53)
Depreciation and provisions on real estate	(72)	(43)		(115)	(69)	(41)		(110)
Management expenses	(131)	(300)	12	(419)	(129)	(297)	(5)	(432)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**163**	**482**		**645**	**245**	**997**	**(1)**	**1,241**
Held for trading	7	10		17	36	170	1	207
Available for sale	69	377		446	162	653	(2)	812
Held to maturity								
Other	87	96		183	47	174		221
Change in fair value of financial instruments recognised at fair value by result	**22**	**162**	**(30)**	**153**	**28**	**372**	**(4)**	**397**
Held for trading	21	76	(32)	65	38	223	(4)	257
Derivatives		(58)	2	(56)	(10)	(150)		(160)
Adjustments on unit-linked policies		144		144		299		299
Change in impairment losses on financial instruments	**(33)**	**(149)**		**(181)**	**(7)**	**(4)**	**(27)**	**(38)**
Available for sale	(33)	(150)		(183)	(6)	15	(27)	(19)
Held to maturity								
Receivables and loans		1		1		(19)		(19)
Total investment income net of management expenses	**486**	**2,193**	**(11)**	**2,668**	**616**	**3,106**	**(36)**	**3,686**

NOTE 36.2.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010				31.12.2009			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty nsurance	Life and health insurance	Holding	Total
Income from investments	**193**	**219**	**5**	**417**	**194**	**252**	**5**	**451**
Interest on deposits and financial investments income	176	214	5	395	182	247	5	435
Gains on foreign exchange transactions	12	1		13	6	1		6
Income from differences on redemption prices to be received (premium-discount)	2	3		5	2	3		5
Revenues from property	2	1		4	3	1		4
Other investment income					1	0		1
Investment expenses	**(35)**	**(18)**	**(1)**	**(54)**	**(24)**	**(20)**	**(2)**	**(46)**
Interest received from reinsurers		(1)		(2)		(1)		(2)
Losses on foreign exchange transactions	(12)	(1)		(14)	(4)	(0)	(1)	(5)
Amortisation of differences in redemption prices (premium-discount)	(12)	(8)		(20)	(12)	(8)		(20)
Depreciation and provisions on real estate	(1)	(0)		(2)	(2)	(1)		(4)
Management expenses	(9)	(8)	(1)	(18)	(5)	(9)	(2)	(16)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**49**	**15**		**64**	**53**	**29**		**82**
Held for trading	7	3		9	4	(3)		1
Available for sale	27	9		36	24	18		42
Held to maturity		0				0		
Other	15	4		19	25	15		40
Change in fair value of financial instruments recognised at fair value by result	**(4)**	**(8)**		**(12)**	**1**	**46**		**47**
Held for trading	(4)	(4)		(9)	1	11		12
Derivatives		(2)		(2)	(1)	(0)		(1)
Adjustments on unit-linked policies		(1)		(1)		35		35
Change in impairment losses on financial instruments	**(3)**	**(3)**		**(6)**	**(4)**	**(5)**		**(8)**
Available for sale	(3)	(3)		(6)	(2)	(5)		(7)
Held to maturity		0				0		
Receivables and loans		0			(1)	0		(1)
Total investment income net of management expenses	**200**	**205**	**4**	**408**	**220**	**303**	**3**	**525**

NOTE 36.3 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

(in millions of euros)	31.12.2010					31.12.2009				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	443	203			646	472	304			776
Equities	214	91	(6)		299	235	101	(2)		334
Bonds	2,252	306	(26)		2,532	2,172	671	68		2,911
Equity mutual funds	43	53	43		139	51	117	(5)		163
Cash UCITS: repurchase transactions		14	3		17					
Other cash UCITS		16	3		19					
Bond mutual funds	53	16	39		108	40	48	206		294
Interest on cash deposits	17				17	40				40
Other investment income	178	11	(57)	(188)	(56)	193	81	(158)	(46)	70
Investment income	**3,200**	**710**	**(1)**	**(188)**	**3,721**	**3,203**	**1,322**	**109**	**(46)**	**4,588**
Internal and external management expenses	(388)				(388)	(415)				(415)
Other investment expenses	(399)				(399)	(297)				(297)
Investment expenses	**(787)**				**(787)**	**(712)**				**(712)**
Investment income, net of expenses	**2,413**	**710**	**(1)**	**(188)**	**2,934**	**2,491**	**1,322**	**109**	**(46)**	**3,876**
Capital gains on securities representing unit-linked policies			241		241			401		401
Capital losses on securities representing unit-linked policies			(99)		(99)			(66)		(66)
Total investment income net of management expenses	**2,413**	**710**	**141**	**(188)**	**3,076**	**2,491**	**1,322**	**444**	**(46)**	**4,211**

Investment income net of investment management expenses fell by €1,135 million. This fall was due mainly to the following:

- a drop in financial income of €78 million, essentially on bonds;
- the decrease in capital gains of €612 million;
- the decrease in fair value of €299 million, of which a decrease of €193 million was posted on assets representing unit-linked policies, a decrease of €212 million on assets held for trading, and an increase of €103 million was posted on derivative instruments;
- a change in impairment losses in the amount of -€143 million primarily focussed on securities held for sale and characterised in 2010 by the impairment of a line of strategic securities in the amount of €175 million (see note 6.3).

NOTE 36.3.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) - FRANCE

(in millions of euros)	31.12.2010					31.12.2009				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	439	184			623	468	264			732
Equities	203	72	(6)		269	221	85	(2)		304
Bonds	1,904	285	(19)		2,170	1,798	656	60		2,514
Equity mutual funds	39	50	44		133	48	109	(9)		148
Cash UCITS: repurchase transactions		14	3		17					
Other cash UCITS		16	3		19					
Bond mutual funds	53	12	39		104	40	45	206		291
Interest on cash deposits	3				3	4				4
Other investment income	142	13	(55)	(181)	(81)	173	81	(157)	(38)	59
Investment income	**2,783**	**646**	**9**	**(181)**	**3,257**	**2,752**	**1,240**	**98**	**(38)**	**4,052**
Internal and external management expenses	(374)				(374)	(399)				(399)
Other investment expenses	(359)				(359)	(266)				(266)
Investment expenses	**(733)**				**(733)**	**(665)**				**(665)**
Investment income, net of expenses	**2,050**	**646**	**9**	**(181)**	**2,524**	**2,087**	**1,240**	**98**	**(38)**	**3,387**
Capital gains on securities representing unit-linked policies			208		208			359		359
Capital losses on securities representing unit-linked policies			(64)		(64)			(60)		(60)
Total investment income net of management expenses	**2,050**	**646**	**153**	**(181)**	**2,668**	**2,087**	**1,240**	**397**	**(38)**	**3,686**

NOTE 36.3.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

(in millions of euros)	31.12.2010					31.12.2009				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	4	19			23	4	40			44
Equities	11	18			29	14	16			30
Bonds	348	22	(7)		363	374	15	8		397
Equity mutual funds	4	3	(1)		6	3	8	4		15
Cash UCITS: repurchase transactions					0					0
Other cash UCITS					0					0
Bond mutual funds		4			4		3			3
Interest on cash deposits	14				14	36				36
Other investment income	36	(2)	(2)	(6)	26	20		(1)	(8)	11
Investment income	**417**	**64**	**(10)**	**(6)**	**465**	**451**	**82**	**11**	**(8)**	**536**
Internal and external management expenses	(15)				(15)	(16)				(16)
Other investment expenses	(40)				(40)	(31)				(31)
Investment expenses	**(55)**				**(55)**	**(47)**				**(47)**
Investment income, net of expenses	**362**	**64**	**(10)**	**(6)**	**410**	**404**	**82**	**11**	**(8)**	**489**
Capital gains on securities representing unit-linked policies			34		34			42		42
Capital losses on securities representing unit-linked policies			(35)		(35)			(6)		(6)
Total investment income net of management expenses	**362**	**64**	**(11)**	**(6)**	**409**	**404**	**82**	**47**	**(8)**	**525**

NOTE 37 – INSURANCE POLICY SERVICING EXPENSES

NOTE 37.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,368)	(3,211)	(12,579)	(9,003)	(3,067)	(12,070)
Change in technical reserves						
Outstanding claims reserves	(155)	114	(41)	(104)	41	(63)
Actuarial reserves	(1,248)	93	(1,155)	(1,197)	21	(1,176)
Unit-linked reserves	(7)	(47)	(54)	(510)	(57)	(567)
Profit-sharing	(1,427)	(145)	(1,572)	(1,683)	(159)	(1,842)
Other technical reserves	(53)	39	(14)	89	(11)	78
Total insurance policy servicing expenses	**(12,258)**	**(3,157)**	**(15,415)**	**(12,408)**	**(3,232)**	**(15,640)**

Insurance policy servicing expenses totalled €15,415 million as at 31 December 2010, down from €15,640 million as at 31 December 2009, i.e., a decline of €225 million.

This decline is primarily related to the change in technical reserves, net of profit sharing, in France (-€256 million).

NOTE 37.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS

NOTE 37.2.1 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(4,138)	(5,230)	(9,369)	(4,048)	(4,955)	(9,003)
Change in technical reserves						
Outstanding claims reserves	(49)	(107)	(156)	(90)	(14)	(104)
Actuarial reserves		(1,248)	(1,248)		(1,197)	(1,197)
Unit-linked reserves		(7)	(7)		(510)	(510)
Profit-sharing	(8)	(1,419)	(1,426)	(8)	(1,675)	(1,683)
Other technical reserves	(54)	1	(53)	(81)	171	89
Total insurance policy servicing expenses	**(4,249)**	**(8,009)**	**(12,258)**	**(4,227)**	**(8,180)**	**(12,408)**

NOTE 37.2.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(2,206)	(1,007)	(3,213)	(2,077)	(990)	(3,067)
Change in technical reserves						
Outstanding claims reserves	115	(1)	114	38	3	41
Actuarial reserves		93	93		21	21
Unit-linked reserves		(47)	(47)		(57)	(57)
Profit-sharing		(143)	(143)		(159)	(159)
Other technical reserves	8	31	39	14	(25)	(11)
Total insurance policy servicing expenses	**(2,083)**	**(1,075)**	**(3,157)**	**(2,025)**	**(1,207)**	**(3,232)**

NOTE 38 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

NOTE 38.1 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE - BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	35	19	54	38	31	69
Claims charge	180	25	204	229	87	316
Change in technical reserves	(2)	(4)	(6)	(6)	2	(4)
Profit sharing	(6)	2	(4)	3	2	5
Change in the equalisation reserve						
Income from outward reinsurance	**206**	**42**	**248**	**264**	**121**	**385**
Outward premiums	(518)	(115)	(633)	(521)	(148)	(668)
Change in unearned premiums		(13)	(12)		(35)	(35)
Expenses on outward reinsurance	**(518)**	**(128)**	**(646)**	**(521)**	**(182)**	**(703)**
Income and expenses net of outward reinsurance	**(312)**	**(86)**	**(398)**	**(256)**	**(61)**	**(318)**

NOTE 38.2 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS

NOTE 38.2.1 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	27	8	35	28	11	38
Claims charge	155	25	180	212	17	229
Change in technical reserves	7	(9)	(2)		(6)	(6)
Profit sharing		(6)	(6)		3	3
Change in the equalisation reserve						
Income from outward reinsurance	**189**	**17**	**206**	**240**	**24**	**264**
Outward premiums	(487)	(31)	(518)	(469)	(52)	(521)
Change in unearned premiums	(1)	1	0	0	0	0
Expenses on outward reinsurance	**(488)**	**(30)**	**(518)**	**(469)**	**(52)**	**(521)**
Income and expenses net of outward reinsurance	**(299)**	**(13)**	**(312)**	**(229)**	**(28)**	**(256)**

NOTE 38.2.2 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	16	3	19	26	4	31
Claims charge	15	9	25	72	15	87
Change in technical reserves	(2)	(2)	(4)	4	(2)	2
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**28**	**13**	**42**	**102**	**19**	**121**
Outward premiums	(99)	(16)	(115)	(126)	(22)	(148)
Change in unearned premiums	(12)	(1)	(13)	(32)	(3)	(35)
Expenses on outward reinsurance	**(110)**	**(18)**	**(128)**	**(157)**	**(25)**	**(182)**
Income and expenses net of outward reinsurance	**(82)**	**(4)**	**(86)**	**(56)**	**(6)**	**(61)**

NOTE 39 – OPERATING EXPENSES

NOTE 39.1 – OPERATING EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
External expenses	(1,044)	(182)	(1,226)	(1,063)	(209)	(1,272)
Taxes	(361)	(17)	(378)	(346)	(13)	(359)
Personnel expenses	(1,673)	(306)	(1,978)	(1,621)	(301)	(1,922)
Commissions	(698)	(673)	(1,371)	(697)	(653)	(1,350)
Amortisation and provisions (net of write-backs)	(195)	(21)	(216)	(193)	(27)	(220)
Other expenses	(118)	(93)	(210)	(78)	(84)	(162)
Total operating expenses by nature	**(4,089)**	**(1,291)**	**(5,380)**	**(3,998)**	**(1,288)**	**(5,286)**
Personnel expenses directly posted to paid services and costs	(32)		(32)	(24)		(24)
Claims management expenses	(466)	(102)	(568)	(462)	(105)	(567)
Acquisition costs	(1,648)	(736)	(2,384)	(1,596)	(732)	(2,328)
Administrative costs	(630)	(271)	(901)	(682)	(259)	(941)
Other underwriting expenses	(728)	(146)	(874)	(657)	(142)	(798)
Investment management expenses	(144)	(8)	(152)	(137)	(9)	(146)
Other non-operating expenses	(225)	(28)	(253)	(214)	(42)	(256)
Banking operating expenses	(217)		(217)	(226)		(226)
Total operating expenses by function	**(4,089)**	**(1,291)**	**(5,380)**	**(3,998)**	**(1,288)**	**(5,286)**

NOTE 39.2 – OPERATING EXPENSES - BY BUSINESS

(in millions of euros)	31.12.2010			31.12.2009		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(1,153)	(73)	(1,226)	(1,180)	(92)	(1,272)
Taxes	(370)	(8)	(378)	(350)	(9)	(359)
Personnel expenses	(1,857)	(121)	(1,978)	(1,804)	(118)	(1,922)
Commissions	(1,371)		(1,371)	(1,350)		(1,350)
Amortisation and provisions (net of write-backs)	(208)	(8)	(216)	(214)	(5)	(220)
Other expenses	(186)	(24)	(210)	(145)	(17)	(162)
Total operating expenses by nature	**(5,146)**	**(234)**	**(5,380)**	**(5,043)**	**(243)**	**(5,286)**
Personnel expenses directly posted to paid services and costs	(32)		(32)	(24)		(24)
Claims management expenses	(568)		(568)	(567)		(567)
Acquisition costs	(2,384)		(2,384)	(2,328)		(2,328)
Administrative costs	(901)		(901)	(941)		(941)
Other underwriting expenses	(874)		(874)	(798)		(798)
Investment management expenses	(152)		(152)	(146)		(146)
Other non-operating expenses	(236)	(17)	(253)	(238)	(18)	(256)
Banking operating expenses		(217)	(217)		(226)	(226)
Total operating expenses by function	**(5,146)**	**(234)**	**(5,380)**	**(5,043)**	**(243)**	**(5,286)**

NOTE 40 – POLICY ACQUISITION COSTS

NOTE 40.1 – POLICY ACQUISITION COSTS BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Commissions	(474)	(575)	(1,050)	(457)	(564)	(1,020)
Change in deferred acquisition costs	(26)	(5)	(31)	(5)	(8)	(12)
Other expenses	(1,174)	(160)	(1,334)	(1,139)	(168)	(1,307)
Total acquisition costs	**(1,674)**	**(741)**	**(2,415)**	**(1,601)**	**(739)**	**(2,340)**

NOTE 40.2 – POLICY ACQUISITION COSTS BY BUSINESS

NOTE 40.2.1 – POLICY ACQUISITION COSTS BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(349)	(126)	(474)	(322)	(135)	(457)
Change in deferred acquisition costs	(3)	(23)	(26)	11	(16)	(5)
Other expenses	(646)	(528)	(1,174)	(640)	(499)	(1,139)
Total acquisition costs	**(998)**	**(676)**	**(1,674)**	**(951)**	**(650)**	**(1,601)**

NOTE 40.2.2 – POLICY ACQUISITION COSTS BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(475)	(100)	(575)	(461)	(103)	(564)
Change in deferred acquisition costs	(7)	2	(5)	(7)	(1)	(8)
Other expenses	(124)	(37)	(160)	(134)	(34)	(168)
Total acquisition costs	**(606)**	**(135)**	**(741)**	**(601)**	**(138)**	**(739)**

NOTE 41 – ADMINISTRATIVE EXPENSES

NOTE 41.1 – ADMINISTRATIVE EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Commissions	(174)	(61)	(235)	(137)	(46)	(183)
Other expenses	(456)	(210)	(666)	(546)	(213)	(758)
Total administrative expenses	**(630)**	**(271)**	**(901)**	**(682)**	**(259)**	**(941)**

NOTE 41.2 – ADMINISTRATIVE EXPENSES BY BUSINESS

NOTE 41.2.1 – ADMINISTRATIVE EXPENSES BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(97)	(78)	(174)	(92)	(44)	(137)
Other expenses	(197)	(259)	(456)	(237)	(309)	(546)
Total administrative expenses	**(294)**	**(336)**	**(630)**	**(329)**	**(353)**	**(682)**

NOTE 41.2.2 – ADMINISTRATIVE EXPENSES BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010			31.12.2009		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(48)	(13)	(61)	(35)	(11)	(46)
Other expenses	(148)	(62)	(210)	(147)	(66)	(213)
Total administrative expenses	**(196)**	**(75)**	**(271)**	**(182)**	**(77)**	**(259)**

NOTE 42 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

NOTE 42.1 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(233)	(14)	(247)	(266)	(13)	(279)
Employee profit-sharing, Life	(1)	0	(1)	(1)	0	(1)
Other operating income, Life	17	11	29	15	9	24
Transfer of operating expenses and capitalised production, Life	18	0	18	59	0	59
Total income and expenses from current operations, Life	**(199)**	**(3)**	**(201)**	**(193)**	**(4)**	**(197)**
Non-life commissions and other operating expenses	(420)	(128)	(547)	(299)	(123)	(422)
Employee profit-sharing, Non-life	(7)	(1)	(8)	(8)	(1)	(10)
Other non-life operating income	34	75	108	32	91	122
Transfer of Non-life operating expenses and capitalised production	41	0	41	56	0	56
Total income and expenses from current operations, Non-life	**(352)**	**(54)**	**(406)**	**(219)**	**(33)**	**(254)**
Other non-operating expenses	(257)	(28)	(285)	(230)	(43)	(273)
Other non-operating income	26	33	59	22	30	52
Total income and expenses from current operations, Non-technical	**(230)**	**5**	**(226)**	**(208)**	**(13)**	**(221)**
Total income and expenses from current operations, banking				**(1)**		**(1)**
Total other income and expenses from current operations	**(782)**	**(52)**	**(834)**	**(621)**	**(51)**	**(672)**

NOTE 42.2 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS

NOTE 42.2.1 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010					31.12.2009				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Commissions and other operating expenses, Life		(235)			(235)	(0)	(266)			(266)
Employee profit-sharing, Life		(1)			(1)		(1)			(1)
Other operating income, Life		17			17		15			15
Transfer of operating expenses and capitalised production, Life		18			18		59			59
Total income and expenses from current operations, Life		**(201)**			**(201)**	**(0)**	**(193)**			**(193)**
Non-life commissions and other operating expenses	(372)	(48)			(420)	(330)	32		0	(299)
Employee profit-sharing, Non-life	(6)	(0)	(1)		(7)	(6)	(1)	(1)		(8)
Other non-life operating income	20	14			34	28	4			32
Transfer of Non-life operating expenses and capitalised production	36	6			41	50	5			56
Total income and expenses from current operations, Non-life	**(322)**	**(29)**	**(1)**		**(352)**	**(258)**	**40**	**(1)**	**0**	**(219)**
Other non-operating expenses	(66)	(33)	(0)	(158)	(257)	(67)	(31)	2	(134)	(230)
Other non-operating income	7	10	9		26	8	5	8		22
Total income and expenses from current operations, Non-technical	**(59)**	**(23)**	**9**	**(158)**	**(231)**	**(59)**	**(25)**	**11**	**(134)**	**(208)**
Total income and expenses from current operations, banking								**(1)**		**(1)**
Total other income and expenses from current operations	**(381)**	**(253)**	**8**	**(158)**	**(782)**	**(317)**	**(178)**	**10**	**(134)**	**(621)**

NOTE 42.2.2 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010					31.12.2009				
	Property and casualty nsurance	Life and health insurance	Banking	Holding	Total	Property and casualty nsurance	Life and health insurance	Banking	Holding	Total
Commissions and other operating expenses, Life		(14)			(14)		(13)			(13)
Employee profit-sharing, Life		0					0			
Other operating income, Life		11			11		9			9
Transfer of operating expenses and capitalised production, Life		0					0			
Total income and expenses from current operations, Life		**(3)**			**(3)**		**(4)**			**(4)**
Non-life commissions and other operating expenses	(116)	(6)		(7)	(128)	(110)	(6)		(7)	(123)
Employee profit-sharing, Non-life	(1)			(0)	(1)	(1)	0		0	(1)
Other non-life operating income	68			6	75	81	2		8	91
Transfer of Non-life operating expenses and capitalised production						0	0			
Total income and expenses from current operations, Non-life	**(49)**	**(5)**		**(1)**	**(54)**	**(29)**	**(4)**		**0**	**(33)**
Other non-operating expenses	(23)	(1)		(4)	(28)	(37)	(3)		(4)	(43)
Other non-operating income	31	2			33	27	3			30
Total income and expenses from current operations, Non-technical	**8**	**1**		**(4)**	**5**	**(10)**	**(1)**		**(4)**	**(13)**
Total income and expenses from current operations, banking										
Total other income and expenses from current operations	**(40)**	**(7)**		**(5)**	**(52)**	**(39)**	**(9)**		**(4)**	**(51)**

NOTE 43 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

NOTE 43.1 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009		
	France	International	Total	France	International	Total
Income from non-current operations	104	13	117	47	7	54
Expenses from non-current operations	(77)	(105)	(182)	(160)	(200)	(360)
Allocation to the provision for goodwill		(79)	(79)	3	(113)	(111)
Total other income and expenses from non-current operations	**27**	**(171)**	**(144)**	**(110)**	**(307)**	**(417)**

Other net income and expenses from non-current operations amounted to a loss of -€144 million as at 31 December 2010 compared with a loss of -€417 million at 31 December 2009.

The main items comprising this total include:

- impairment on value of in-force business totals -€46 million as at 31 December 2010, compared with -€54 million at 31 December 2009;
- restructuring expenses incurred during the 2010 fiscal year totalled -€10 million, compared with -€53 million as at 31 December 2009;
- goodwill impairment recorded at 31 December 2010 on foreign subsidiaries in the CEEC zone in the amount of -€79 million, compared with -€113 million as at 31 December 2009. As at 31 December 2009, impairments of -€49 million on the value of the in-force business of Turkish entities had been recorded. In addition, a decrease of -€41 million in goodwill was recognised for the company Plus Ultra Generales acquired by Groupama Seguros Spain. This had been due to the subsidiary's confirmation in its financial statements of future tax savings in respect of the amortisation of the business goodwill.

NOTE 43.2 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS

NOTE 43.2.1 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010				31.12.2009			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from non-current operations	47	54	3	104	22	24		47
Expenses from non-current operations	(53)	(22)	(3)	(77)	(88)	(54)	(17)	(160)
Allocation to the provision for goodwill							3	3
Total other income and expenses from non-current operations	**(6)**	**32**	**0**	**27**	**(66)**	**(30)**	**(14)**	**(110)**

NOTE 43.2.2 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010				31.12.2009			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from non-current operations	12	0		13	7	0		7
Expenses from non-current operations	(99)	(5)	(1)	(105)	(126)	(56)	(18)	(200)
Allocation to the provision for goodwill			(79)	(79)	0	(0)	(113)	(113)
Total other income and expenses from non-current operations	**(87)**	**(5)**	**(79)**	**(171)**	**(120)**	**(55)**	**(132)**	**(307)**

NOTE 44 – FINANCING EXPENSES

(in millions of euros)	31.12.2010	31.12.2009
Interest expenses on loans and debt	(131)	(130)
Interest income and expenses - Other		
Total financing expenses	**(131)**	**(130)**

The change in financing charges on the period has no significant impact on the amount of the charge, taking into account that the bond issued in 1999 and repaid at the beginning of 2010 was replaced by a borrowing in the same amount in October 2009.

NOTE 44.1 – FINANCING EXPENSES BY ACTIVITY

(in millions of euros)	31.12.2010					31.12.2009				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Interest expenses on loans and debt	(34)	(9)		(88)	(131)	(31)	(9)		(90)	(130)
Interest income and expenses - Other										
Total financing expenses	**(34)**	**(9)**	**0**	**(88)**	**(131)**	**(31)**	**(9)**	**0**	**(90)**	**(130)**

NOTE 45 – BREAKDOWN OF TAX EXPENSES

NOTE 45.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2010			31.12.2009
	France	International	Total	Total
Current taxes	(199)	(40)	(239)	14
Deferred taxes	508	(17)	491	(142)
Total tax expenses	**310**	**(58)**	**252**	**(128)**

The new tax regulations on capitalisation reserves have a positive impact on Group accounts in the amount of €360 million.

The Group was the object of a tax audit in 2010. Reserves have been recognised for all accepted adjustments. In contrast, reserves have not been recognised for adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

NOTE 45.2 – BREAKDOWN OF TAX EXPENSES BY BUSINESS

NOTE 45.2.1 – BREAKDOWN OF TAX EXPENSES BY BUSINESS - FRANCE

(in millions of euros)	31.12.2010					31.12.2009				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(129)	(177)	(16)	124	(199)	(160)	46	(18)	192	60
Deferred taxes	230	315	3	(40)	508	156	(343)	16	(79)	(250)
Total tax expenses	**101**	**138**	**(13)**	**84**	**309**	**(4)**	**(297)**	**(2)**	**112**	**(190)**

NOTE 45.2.2 – BREAKDOWN OF TAX EXPENSES BY BUSINESS - INTERNATIONAL

(in millions of euros)	31.12.2010					31.12.2009				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(28)	(13)		1	(40)	(26)	(21)		1	(46)
Deferred taxes	(11)	(6)			(17)	90	18		(1)	108
Total tax expenses	**(39)**	**(19)**		**1**	**(58)**	**64**	**(3)**		**0**	**62**

NOTE 45.3 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

(in millions of euros)	31.12.2010	31.12.2009
Theoretical tax expense	**(62)**	**(269)**
Impact of expenses or income defined as non-deductible or non-taxable	390	198
Impact of differences in tax rate	(84)	20
Tax credit and various charges	2	1
Charges of prior deficits	(12)	(1)
Losses for the year not activated		
Deferred tax assets not accounted for	18	(108)
Other differences	0	30
Effective tax expenses	**252**	**(129)**

Income tax totalled €252 million at 31 December 2010, compared with -€129 million at 31 December 2009. The change between the two years is primarily attributable to the change in non-deductible or non-taxable expenses and income included in 2009, prior year losses at Groupama Insurances and the use of deferred tax credits on losses arising from the Plus Ultra Generales merger.

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2010		31.12.2009	
	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	118	34.43%	843	34.43%
Bulgaria	(39)	10.00%	(1)	10.00%
Spain	60	30.00%	34	30.00%
Greece	8	24.00%	3	25.00%
Hungary	12	19.00%	(102)	19.00%
Italy	72	32.32%	56	27.50%
Portugal	1	26.50%	3	26.50%
Romania	(7)	16.00%	(8)	16.00%
United Kingdom	21	28.00%	8	28.00%
Slovakia	(44)	10.00%	(4)	19.00%
Tunisia	5	30.00%	6	30.00%
Turkey	(26)	20.00%	(56)	20.00%
Total	**181**		**782**	

OTHER INFORMATION

NOTE 46 – EMPLOYEES OF THE CONSOLIDATED COMPANIES

By number of individuals	31.12.2010			31.12.2009
	Insurance	Banking	Total	Total
France	26,204	1,252	27,456	27,470
UK	1,612		1,612	1,605
Spain	976		976	1,000
Italy	859		859	894
Greece	386		386	401
Hungary	2,639		2,639	2,835
Romania	2,490		2,490	2,719
Other EU	387		387	470
Outside EU	874		874	879
Total employees of the consolidated companies	**36,427**	**1,252**	**37,679**	**38,273**

NOTE 47 – COMMITMENTS GIVEN AND RECEIVED

NOTE 47.1 – COMMITMENTS GIVEN AND RECEIVED - BANKING BUSINESS

(in millions of euros)	31.12.2010	31.12.2009
Financing commitments received		
Guarantee commitments received	165	104
Securities commitments receivable		
Total banking commitments received	**165**	**104**
Commitments received on currency transactions	23	94
Other commitments received		
Total of other banking commitments received	**23**	**94**
Financing commitments given	305	229
Guarantee commitments given	93	83
Commitments on securities to be delivered		
Total banking commitments given	**398**	**312**
Commitments given on currency transactions	23	94
Commitments given on financial instrument transactions		
Total of other banking commitments given	**23**	**94**

Off-balance sheet commitments received on banking business amounted to €165 million. For spot foreign exchange transactions, the position at 31 December 2010 was as follows:

- foreign currencies purchased for euros not yet received: 23 million euros
- foreign currencies sold for euros not yet delivered: 23 million euros

As regards commitments given, these were marked by an increase in commitments to customers, which brought the total financing commitments to €305 million.

NOTE 47.2 – COMMITMENTS GIVEN AND RECEIVED, INSURANCE AND REINSURANCE BUSINESS ACTIVITIES

(in millions of euros)	31.12.2010	31.12.2009
Endorsements, securities and guarantees received	566	666
Other commitments received	1,414	1,037
Total commitments received, excluding reinsurance	**1,980**	**1,702**
Reinsurance commitments received	**403**	**429**
Endorsements, securities and guarantees given	1,195	1,220
Other commitments relating to stock, assets or revenue	520	574
Other commitments given	119	172
Total commitments given, excluding reinsurance	**1,834**	**1,966**
Reinsurance commitments given	**252**	**253**
Securities belonging to provident institutions		**3**
Other securities held on behalf of third parties		**1**

Endorsements, securities and guarantees received amounted to €566 million and primarily comprise commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€294 million).

Other **commitments received excluding reinsurance** largely comprise the following items:

- commitments in conjunction with construction work conducted by Silic amounting to €364 million broken down between unused but confirmed lines of credit of €306 million, and the outstanding balance on outstanding construction work of €58 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.
- a credit facility of €800 million granted by Société Générale.

Endorsements, securities and guarantees given amounted to €1,834 million and are primarily broken down into the following transactions:

- joint guarantee granted by Groupama Holding to guarantee bearers the repayment of principal and interest on the bond loan of €750 million written in 1999 in the form of subordinated redeemable bonds;
- a guarantee valued at €55 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 €298 million.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to venture capital funds ("FCPR"). The balance of €520 million primarily corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

In addition to these commitments, there is also a commitment to pay €145.7 million for a stake of 17.1% stake in Premafin in the framework of a future capital increase through the acquisition of preferential subscription rights.

Other commitments given

Other commitments given amounted to €119 million and consist mainly of residual commitments on construction work in progress being carried out by Silic and amounting to €58 million.

Unvalued commitments

Covenants:

SILIC:

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 [1]	Covenants	2010	2009	2008
• Net bank debt / Re-valued real estate assets	84%	Ratio < 0.45 for 20% Ratio < 0.50 for 74%	38.8%	36.6%	31.7%
• EBITDA / Bank interest [2]	76%	Ratio > 3 for 9% Ratio > 2.5 for 54% Ratio > 2 for 23%	3.11 - 3.95	3.69 - 4.54	3.37 - 3.82
• Re-valued real estate assets / Real estate assets pledged	45%	Ratio > 2	4.15	3.96	4.07
• Debt pledged / Re-valued real estate assets	35%	Ratio < 0.20 for 21% Ratio < 0.25 for 18%	10.8%	12.4%	11.0%
• Re-valued real estate assets	33%	Amount > €1,000 million for 22% Amount > €1,500 million for 16%	3,460	3,184	3,099
• Net re-valued assets	17%	Amount > €800 million	2,040	1,934	2,044

(1) : Based on authorised bank debt excluding any duplicate default clauses.

(2) : Depending on the loans, capitalised interest included or excluded from “bank interest”

At 31 December 2010 and prior years, SILIC was in full compliance with the above covenants.

Trigger clauses:

Groupama SA:

Furthermore, in conjunction with issues of subordinated securities (‘TSR’ and ‘TSDI’), Groupama SA has trigger clauses, whereby it is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

In conjunction with the issue of perpetual subordinated bonds ("TSDI") of €500 million, Groupama SA also has the option of deferring payment of interest on TSDI should the hedge of the Group solvency margin fall below 150%.

The trigger is valued as of the closing date prior to the anniversary date (ex-dividend date).

NOTE 48 – RISK FACTORS AND SENSITIVITY ANALYSES

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 as are all companies in other business sectors.

1. ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of risk management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal control system is supplemented by a Group audit charter and a Group compliance charter, also validated by the Group's governing bodies. These charts, taken together, are the base on which the Group's structures for implementing the general internal control system using a shared method are based.
Risk management is carried out in conformity with the Group risk policy, and broken down by business and functional policies, validated by the Board of Directors of Groupama SA.

The Group's risk monitoring system, which rests on the standard of risks for all Group entities and the identification of major risks, is based on a network of risk owners. Major risks are identified and monitored at entity level and at Group level; the set-up of risk management plans is done by the risk owners and deployed across Group entities.

At the Group level, risks related to the insurance business lines are monitored by the Groupama SA business departments specialising in the area in question; reinsurance risks are managed by the Reinsurance and Management Department. The Finance and Investment Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Groupama SA business departments specialising in the area in question.

Operationally, the internal control system of each Group entity comprises three complementary systems:
- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the General Management of Groupama SA, which directs and coordinates the Risk and Audit specialists within the Group.

Two principal instances are responsible for risk governance at Group level: the technical risk committee composed of Group major risk owners and the Group risk committee, whose composition is identical to that of the Groupama SA Mangement Committee. Similar systems are in place at the entity level.

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. The internal control and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the General Management. All of the internal control managers of the regional mutuals meet regularly in the framework of information exchange and best practices platforms (workgroups and theme-based workshops), directed by the Group Internal Control and Risk Management Department.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in 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 Gan Vie.

1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring.
- Inter-company monitoring by the Groupama SA business, functional or support departments specialising in the area in question, as indicated above.
- On-going monitoring by the services of the division to which it is attached:
  - Finance and Risks Division for the financial subsidiaries;
  - the France Insurance Division for French operating subsidiaries;
  - the International Division for French overseas and foreign subsidiaries.
- Monitoring by each subsidiary or Groupama SA inter-company venture as part of the responsibility of its officers and in accordance with Group standards.

As with the regional mutuals, all of the internal control managers of the French and international subsidiaries meet regularly in the framework of information exchange and best practice (workgroups and theme-based workshops), directed by the Group Internal Control and Risk Management Department.

The Board of Directors of Groupama SA, and more particularly the Audit and Accounts Committee, primarily made up of independent directors, 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.

1.3 Group

The Group General Audit 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 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. Every engagement involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the General Management of Groupama SA. An audit trail is kept to check that the recommendations are properly implemented by the audited entity.

The principal missions of the Group Internal Control and Risk Management Department are:

- the coordination, facilitation and organisation of information exchanges on Group risk management including through working groups, theme-based workshops and information exchanges and training;
- managing projects to strengthen internal control and monitoring of major Group risks;
- developing benchmarks and methodology tools on behalf of all Group entities, such as the Group process benchmark and the mapping of operating risks;
- coordination of the Group's compliance measures: the fight against money laundering, delegations of authority and medical confidentiality
- internal control reports by all Group entities, coordinating and drafting the "LSF" and ACP reports by Groupama SA, managing or providing assistance with the completion of the ACP reports of the insurance subsidiaries or regional mutuals.

Each Group entity has an Internal Control and Risk Management Department.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.
This monitoring system also involves business reviews of subsidiaries and horizontal business reviews conducted by the General Management of Groupama SA with biannual business reviews specifically dedicated to Finance, the Corporate Office and the Insurance Business Lines in France. These reviews include a specific “risk” section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

Each regional mutual and each subsidiary of Groupama SA also has a Management Control Department.

2. INSURANCE RISKS

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 Finance and Risks Division.

The 2010 adjusted solvency margin, calculated for the Groupama scope of combination, is 115% of the required capital. The solvency margin, including unrealised capital gains, was 130% of the required capital.

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.

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. This design 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.

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.

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.

The breakdown of technical reserves and life and non-life insurance policies is presented in note 25.3 of the financial statements.

➢ **Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments**

As at 31 December 2010, the breakdown of technical reserves based on fixed-rate, variable rate (i.e., tied to a market rate) or no rate commitments was as follows:

(in millions of euros)	France	International	31.12.2010	31.12.2009
Fixed-rate guaranteed commitments	42,304	3,543	45,847	38,423
Variable-rate guaranteed commitments	7,248	27	7,275	11,669
Other products without rate commitment	3,752	646	4,399	3,970
Total	**53,304**	**4,216**	**57,520**	**54,063**

12.6% of the portfolio is considered variable rate. This variable rate is a function of an index based on the TME.

The liabilities are prospectively classified as fixed or variable rate.

The significant change in the breakdown of commitments guaranteed at fixed/variable rate is essentially due to the reclassification of savings policies with a minimum guaranteed interest rate based on "Livret A" passbook savings accounts.

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.

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

2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions 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 individual 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 multi-component policies with one investment component in euros and one or more components in unit-linked policies.

2.3.1.1 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 events, 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 events 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 events 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:

- ageing of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability - compensation for bodily injury, etc.).

2.3.1.2 Specific features of certain life insurance policies and financial contracts

➢ **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 considerations 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. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

➢ **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.

2.3.1.3 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 statistical tables. On the basis of statistics, different tables have been constructed and are regularly revised to take demographic change into account. The results or equity are potentially exposed to the fact that the events may ultimately differ from those resulting from the table.

As at 31 December 2010, the amount of the actuarial reserves for annuities currently being paid was €8,071 million, compared to €5,826 million at 31 December 2009, due in particular to the integration of the restitution phase of "Article 83"-type contracts of network agents.

(in millions of euros)	France	International	31.12.2010	31.12.2009
Actuarial reserve for life annuities	5,777	79	5,856	3,658
Actuarial reserve for non-life annuities	2,188	27	2,215	2,169
Total	**7,965**	**106**	**8,071**	**5,826**

In life insurance, the share of immediate annuity income outweighs that of immediate temporary annuity income.

2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

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.

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, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

2.4.2 Coverage

Reinsurance coverage will first be adapted to the total amount of the potential loss and, second, will correspond 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 and 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.

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

3.1 Interest rate risk

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 have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

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.

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.

➢ **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 interest-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 impact of contingencies on the financial markets on both the results and on the balance sheets.

➢ **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.

➢ **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.

- **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.

- 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.

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2010 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.

3.1.3.1 Sensitivity of technical insurance liabilities analysis

➢ **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 and 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 2010, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €777 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €308 million.

The result of the sensitivity to interest rates analyses 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)	31.12.2010		31.12.2009	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on income (net of tax)	70	(84)	66	(79)
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 9% 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 unit-linked 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:

(in millions of euros)	31.12.2010		31.12.2009	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on income (net of tax)	45	(361)	346	(377)
Shareholders' equity impact (net of income)	0	0	0	0

The sensitivity calculations carried out on 31 December 2010 show an asymmetry in the potential evolution of the amount of book reserves. The main reserves concerned consist of pension contracts in points (Article L441) for which coverage is regulated.

3.1.3.2 Sensitivity of financial investments analysis

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 securities;
- the current tax rate.

In fiscal year 2010, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.94% to 86.03%.

(in millions of euros)	31.12.2010		31.12.2009	
	Rate risk		Rate risk	
	+ 1%	- 1%	+ 1%	- 1%
Impact on the reevaluation reserve	**(964)**	**1,088**	**(865)**	**976**
Equities				
Equity mutual funds				
Bonds	(940)	1,062	(841)	951
Fixed-income mutual funds	(24)	26	(23)	25
Derivative instruments and embedded derivatives				
Impact on net income	**(2)**	**11**	**16**	**(7)**
Equities				
Equity mutual funds				
Bonds	(4)	5	(5)	6
Fixed-income mutual funds	(29)	32	(16)	17
Derivative instruments and embedded derivatives	31	(26)	37	(29)

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.

3.1.3.3 Financial debt sensitivity analysis

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 issue meet the criteria to allow the bond to be considered an equity instrument (see note 21.2 – Shareholders' equity of the Group). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in note 24 – Financial Debt.

The following table shows the net impacts taken into account of a regulatory tax rate of 34.43%.

(in millions of euros)		31.12.2010		31.12.2009	
		Interest rate		Interest rate	
		+ 1%	- 1%	+ 1%	- 1%
Impact on income	Fixed portion				
	Variable portion			(1)	1
Impact on shareholders' equity	Fixed portion				
	Variable portion				

Group financial debt is exclusively fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates. In the last fiscal year, a sensitivity was calculated on two tranches of the TSR that had passed their first redemption date, which were then indexed at a 3-month Euribor rate +195 basis points. These two tranches were redeemed on 22 January 2010.

3.2 Risk of variation in the price of equity instruments (stocks)

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 protection insurance, 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 (including operating activities property) was 14.1% in market value, most of which was classified as "assets available-for-sale". 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 venture capital fund ("FCPR").

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.

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 2010, the distribution of the equities portfolio by business line was as follows.

Distribution of the equity portfolio by business line (as a %)	31.12.10	31.12.09
Energy	14.0	13.8
Basic materials	7.7	9.1
Industrials	18.0	17.2
Consumer goods	14.3	10.5
Consumer goods (non cyclical)	9.2	9.1
Telecommunications	4.3	4.2
Utilities	5.7	8.3
Financial companies	18.4	18.6
Technologies	5.4	6.2
Health	3.1	3.0

3.2.4 Sensitivity of financial investments to equity risk analysis

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 securities;
- the current tax rate.

In fiscal year 2010, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.94% to 86.03%.

(in millions of euros)	31.12.2010		31.12.2009	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the reevaluation reserve	**337**	**(337)**	**369**	**(369)**
Equities	212	(212)	236	(236)
Equity mutual funds	125	(125)	133	(133)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**33**	**(33)**	**25**	**(25)**
Equities	0	0	1	(1)
Equity mutual funds	33	(33)	25	(25)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

3.3 Foreign exchange risks

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.

3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars and yen. 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.

3.3.3 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 2010, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.94% to 86.03%.

(in millions of euros)	31.12.2010		31.12.2009	
	Foreign currency risk		Foreign currency risk	
	+10%	-10%	+10%	-10%
Impact on the reevaluation reserve	**83**	**(83)**	**86**	**(86)**
Equities	11	(11)	16	(16)
Bonds	69	(69)	65	(65)
Mutual funds	3	(3)	5	(5)
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**2**	**(2)**
Equities	0	0	0	0
Bonds	1	(1)	1	(1)
Mutual funds	1	(1)	0	0
Derivative instruments and embedded derivatives				

Hedging effects within the consolidated mutual funds are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's accounts is considerably lower.

3.4 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2010 and 2009, broken down by shareholders' equity and income, excluding profit sharing and taxes.

(in millions of euros)	31.12.2010				31.12.2009			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)
Interest rate risk	**(964)**	**113**	**1,088**	**(434)**	**(865)**	**427**	**976**	**(462)**
Operating liabilities		115		(445)		412		(456)
Financial investments	(964)	(2)	1,088	11	(865)	16	976	(7)
Financial debt		0		0		(1)		1
Equities risk	**337**	**33**	**(337)**	**(33)**	**358**	**22**	**(358)**	**(22)**
Financial investments	337	33	(337)	(33)	358	22	(358)	(22)
Foreign exchange risks	**83**	**2**	**(83)**	**(2)**	**86**	**2**	**(86)**	**(2)**
Financial investments	83	2	(83)	(2)	86	2	(86)	(2)

We note that the sensitivity criteria applied were the following:

- upwards or downwards fluctuation of 100 basis points, for interest rate risk;
- upwards or downwards fluctuation of 10% in the stock market indices, for stock risk; and
- upwards or downwards fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4. LIQUIDITY RISK

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 into consideration new business written.

4.2 Management risk

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 2010, all these criteria were met as a whole, and the France equities portfolio may be liquidated as follows:

- 90.1% with a 10 day horizon;
- 96% with a 20 days horizon (1 trading months).
- 97.9% with a 60 days horizon (3 trading months).

A regular check of these liquidity ratios is performed at each investment committee meeting.

4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in note 6.9.2 of the financial statements.

4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

(in millions of euros)	31.12.2010				31.12.2009			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Non-life technical reserves	7,443	5,158	5,725	18,325	7,198	5,146	5,872	18,216
Technical life provisions-insurance contracts excluding unit-linked items	2,177	6,216	21,797	30,190	1,965	4,856	21,661	28,482
Technical liabilities related to financial contracts with discretionary profit-sharing: excluding unit-linked items	1,670	3,532	17,687	22,891	1,810	2,417	17,654	21,881
Technical liabilities related to financial contracts without discretionary profit-sharing: excluding unit-linked items	7	0	0	7	11	1	5	17
Reserve for deferred liability profit-sharing	2	6	11	19	3	9	22	34
Total technical insurance liabilities and liabilities for financial contracts	**11,299**	**14,912**	**45,223**	**71,433**	**10,987**	**12,429**	**45,214**	**68,630**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The table above provides an economic overview of the liquidation of technical insurance liabilities.

4.5 Financial debt by maturity

The principal features of financing debts, as well as their breakdown by maturity, are provided in Note 24 to this document – Financial debt.

5. Credit risk

5.1 Financial investments

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in notes 6.9.3 and 6.9.4 of the financial statements.

➢ **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 issued 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 an OECD member State; 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 rate products bonds without ratings and outside the euro zone and the non-investment grade securities known as "high-yield".

These rules are subject to derogations examined on a case-by-case basis, particularly in the event of significant, sudden changes in ratings.

➢ **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.

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).

(in millions of euros)	31.12.2010						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in Non-life insurance reserves	152	240	422	0	0	354	1,168
Share of reinsurers in life insurance reserves	0	9	9	0	0	41	60
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 transactions	6	7	16	0	0	84	113
Total reinsurance receivables	**158**	**256**	**447**	**0**	**0**	**481**	**1,343**

(in millions of euros)	31.12.2009						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in Non-life insurance reserves	128	196	499	0	14	451	1,288
Share of reinsurers in life insurance reserves	0	4	17	0	1	55	77
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 transactions	7	8	15	0	0	111	141
Total reinsurance receivables	**135**	**208**	**531**	**0**	**15**	**618**	**1,507**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Reunion Aerienne and Reunion Spatiale, which are not subject to any rating.

6. OPERATING, LEGAL, REGULATORY AND TAX RISKS

6.1 Operating risks

Risk management is carried out in conformity with the Group risk policy, and broken down by Group risk policy (see point 1). It is based on the deployment and maintenance of an adapted and consistent internal control organisation, which ensures solid operational risk management for each Group entity.
The operational risk management system of Groupama is based on:

- crisis management systems and Business Continuity Plans (BCPs). Three BCPs have been identified:
  . an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation);
  . an Unavailability of Real Estate BCP;
  . an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;

- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business and each key process.
  The operational risk control system, broken down by all Group entities, is based on three levels of control with responsibility and control plans for each level:
  - internal-check type permanent monitoring of the operational level and permanent management control;
  - permanent controls operated by an independent function of Internal and Risk Control of each entity;
  - periodic controls undertaken by internal audit of each entity.

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.).

6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of Group system compliance, which is defined by the Group compliance charter validated by the governing bodies of the Group. The system in place, directed by the compliance charter, aims to ensure that all Group practices comply with legal provisions, administrative regulations and requirements and professional standards (external compliance), as well as the Group's internal rules, charters and procedures (internal compliance).

The internal control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

6.2.1 Compliance with Company law and the French Commercial Code

The Legal Department, under the supervision of the Company Secretary, 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.

6.2.2 Application of insurance law and regulations governing the insurance business

The Legal Department in the Corporate Office of Groupama SA provides:
- a function that monitors legislative and jurisprudential events affecting the insurance business;
- the anticipation needed to implement new regulations for this activity;
- information (notes and circulars);
- and legal and tax advice (tax products).

6.2.3 Other areas

Specific procedures have been set up to meet special requirements:

- ethical oversight designed 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.

- under the “IT and Freedom Act”, the compliance system is based on the Group’s ”IT and Freedom” correspondent (ICF) appointed by the French National Information Technology and Freedom Commission (“CNIL”) and on the network of internal correspondents: one correspondent per entity and six for Groupama SA in areas implementing sensitive processes (Groupama SA HR, Group HR, Health Division, Group Insurance Division, Marketing Management and MOAT);

- with regard to the protection of medical data, each entity is responsible for the implementation of texts and recommendations in force in partnership with the medical officers in collaboration with the Group compliance function, the Group’s ”IT and Freedom” correspondent (ICF) and the Division of Operations, Services, Direct Insurance & Partnerships of Groupama SA;

- with regard to the protection of clients, the procedures and measures implemented to ensure compliance with the current rules are described in the notes attached to report R-336 -1 on internal control developed by each French insurance entity of the Group.

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.

7. MONITORING AND MANAGING BANKING RISKS

7.1. General presentation

Risk management is inherent in banking activity. Groupama Banque's risk policy falls under its affiliation with the Groupama Group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the risk department, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The risk department also analyses, monitors risk and carries out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee and the Management Committee. It also recommends policy adjustments according to what it anticipates in terms of risk to the bank and changes in the economic and regulatory environment.

7.2. 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 in other circumstances when the bank faces counterparty default in market transactions.

➢ **Decision-making procedures**

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an "authorisation" must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee and must be approved by the Management Committee.

Accordingly, several types of limit have been defined: individual limits by amount according to type of counterparty, limits by amount according to type of customer and product, specific limits for Groupama entities, industry concentration risk limits and, lastly, regulatory limits for major risks pursuant to Article 1 of CRBF Regulation 93-05, as amended.

➢ **Oversight procedures**

Oversight of credit risks is carried out by the Risk Department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the consecutive risk department regarding controls performed and the analysis of the burden and cost of the risk.

➢ **Impairment procedures**

Procedures are adapted to a different treatment for retail banking customers on the one hand, and other markets on the other. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews sensitive commitments;
- examines doubtful cases for all markets, excluding retail banking, and decides on potential litigation (transferred to the Legal Department) and reserve levels;
- periodically updates the loan loss provisioning with respect to retail banking customers.

7.3. *Market risks*

The Market Risk Control Division produces a daily market risk performance indicator using independent front office data. Portfolio income is calculated and compared to stop loss orders. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily and market risk control ensures that the limits defined by the Management Committee are not exceeded. Stress scenarios are also calculated on the various portfolios.

Market risk control provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the results.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

- ***Setting and complying with limits***

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in case of problems on the financial market.

The Management Committee is advised quarterly of risk and income valuations, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

- ***Payment risk***

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

- ***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 bank does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

- ***Liquidity risk***

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The size and nature of the bank's balance sheet, which has a significant portion of highly liquid short-term instruments, as well as the bank's ability to issue deposit certificates, means that the bank has little exposure to liquidity risk. The liquidity ratio exceeds the regulatory minimum.

The main sources of financing are structural: shareholders' equity, current account and special schemes. The bank's high rating also gives it recourse to issues of negotiable debt securities (“TCN”) on an ongoing basis and deal on the interbank market.

7.4. The overall percentage rate risk (ALM)

Pursuant to Article 29 of chapter III - section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the structural balance sheet, which itself is divided into four main sections: banking book, investments, shareholders' equity and cash.

Risk monitoring is based on the net present value (NPV) sensitivity within a variation of 100 bp (curve translation), considered to be a reasonable hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€6.5 million. This limit was never reached during the fiscal year. At 31 December 2010 the sensitivity thus calculated was -€4.9 million. It should be noted that the ALM Committee also follows, on a monthly basis, the impact of a change of -100 bp and +200 bp retained as additional indicators. A second sensitivity limit specifically for the banking book (100 bp change) is set at +/-€10 million. This was not reached during the fiscal year.

7.5. Operational risks

The operating risk management policy is based on the standard method of the "Basel II" agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operating risks and scenario modelling) and inventories incidents that have occurred. This approach is complemented by a system of reporting and warnings, and measures to improve existing control procedures.

➢ ***Business Continuity Plan***

Each entity in the division has prepared a Business Continuity Plan (BCP) organised around several mechanisms, which includes:

- activating a crisis cell;
- back-up of information and IT systems;
- availability of a disaster recovery site.

The BCPs are updated annually. Technical and user installation tests are conducted regularly for the backup sites.

NOTE 49 - LIST OF COMPANIES IN THE SCOPE OF CONSOLIDATION AND PRINCIPAL CHANGES IN THE SCOPE

The principal changes in the scope of consolidation are the following:

Mergers

The company SCIFMA took over the company FOR'GAN, held by Groupama Gan Vie, with retroactive effect to 1 January 2010. The new entity changed its name to Société Forestière Groupama as from 10 May 2010.

The regional mutual Groupama Grand Est took over the regional mutual Groupama Alsace on 31 December 2010, with retroactive effect to 1 January 2010.

Newly consolidated entities

La Banque Postale IARD, a subsidiary of Groupama SA and La Banque Postale, sells casualty insurance policies. It is 35% held by Groupama SA and consolidated using the equity method.

Eliminations from the scope of consolidation

The following real estate companies have ceased their activities:

- SCI Safragan
- Goubet Petit
- Immopref
- SCI Les Gémeaux
- SCI 47 Villiers

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
GROUPAMA Alpes Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA Oc	Insurance	France	-	-	A	-	-	A
MISSO	Insurance	France	-	-	A	-	-	A
GROUPAMA Sud	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
GROUPAMA Alsace	Insurance	France				-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Alpes Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA Oc	Insurance	France	-	-	A	-	-	A
CLAMA Sud	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Alsace	Insurance	France				-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA SI	GIE	France	99.85	99.73	FC	99.83	99.70	FC
GIE LOGISTIQUE	GIE	France	99.99	99.88	FC	100.00	99.88	FC
GROUPAMA SA	Holding	France	99.91	99.88	FC	99.90	99.88	FC
GROUPAMA HOLDING	Holding	France	99.97	99.97	FC	99.97	99.97	FC
GROUPAMA HOLDING 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN VIE	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GAN PATRIMOINE	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	99.99	99.87	FC	99.98	99.86	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.66	FC	99.76	99.63	FC
ASSUVIE	Insurance	France	50.00	49.94	FC	50.00	49.94	FC
GAN PREVOYANCE	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.88	FC	100.00	99.88	FC
GAN ASSURANCES	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GAN OUTRE MER	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
GAN EUROCOURTAGE	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	34.96	EM			
AMALINE ASSURANCES	Insurance	France	100.00	99.88	FC	100.00	99.88	FC
CEGID	Insurance	France	26.89	26.86	EM	26.89	26.86	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.88	FC	100.00	99.88	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.96	EM	36.00	35.96	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.70	FC	98.63	98.51	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.27	FC	90.89	90.18	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	99.88	FC	100.00	99.88	FC
STAR	Insurance	Tunisia	35.00	34.96	EM	35.00	34.96	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	99.88	FC	100.00	99.88	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
GUK BROKING SERVICES	Holding	UK	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	99.88	FC	100.00	99.88	FC
CAROLE NASH	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
BOLLINGTON LIMITED	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
LARK	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
GREYSTONE	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
HALVOR	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
COMPUCAR LIMITED	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
GRIFFITHS GOODS	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
CHOICE QUOTE	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
GROSVENOR COURT SERVICES	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.88	FC	100.00	99.88	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ASSET MANAGEMENT	Asset Mgmt	France	99.98	99.24	FC	99.98	99.86	FC
GROUPAMA FUND PICKERS	Asset Mgmt	France	100.00	99.24	FC	100.00	99.86	FC
GROUPAMA PRIVATE EQUITY	Asset Mgmt	France	100.00	99.26	FC	100.00	99.88	FC
GROUPAMA BANQUE	Banking	France	99.37	99.26	FC	100.00	99.88	FC
GROUPAMA EPARGNE SALARIALE	Asset Mgmt	France	100.00	99.26	FC	100.00	99.88	FC
GROUPAMA IMMOBILIER	Asset Mgmt	France	100.00	99.26	FC	100.00	99.88	FC
SILIC	Real estate	France	44.03	43.98	FC	43.78	43.72	FC
SEPAC	Real estate	France	100.00	43.98	FC	100.00	43.72	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	99.97	99.86	FC	99.95	99.83	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	99.86	FC	100.00	99.83	FC
GAN FONCIER II	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
IXELLOR	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
79 CHAMPS ELYSÉES	Real estate	France	100.00	99.89	FC	100.00	99.89	FC
33 MONTAIGNE	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
CNF	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
RENNES VAUGIRARD	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
SOCIETE FORESTIERE GROUPAMA (ex-SCIFMA)	Real estate	France	100.00	99.90	FC	100.00	99.90	FC
SCI TOUR GAN	Real estate	France	100.00	98.76	FC	100.00	98.76	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
SCI GAN FONCIER	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
SAFRAGAN	Real estate	France				90.00	89.85	FC
261 RASPAIL	Real estate	France	100.00	99.86	FC	100.00	99.83	FC
SOCOMIE	Real estate	France	100.00	43.98	EM	100.00	43.72	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.59	FC	100.00	98.59	FC
1 BIS FOCH	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
16 MESSINE	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
9 MALESHERBES	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
40 RENE BOULANGER	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
44 THEATRE	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
97 VICTOR HUGO	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
47 VILLIERS	Real estate	France				100.00	98.80	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
FORGAN (SA)	Real estate	France				100.00	99.88	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
14 MADELEINE (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
150 RENNES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
204 PEREIRE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
3 ROSSINI (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
CELESTE (SAS)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
DOMAINE DE NALYS	Real estate	France	100.00	99.92	FC	100.00	99.92	FC
DOMAINE DE FARES	Real estate	France	50.00	49.96	EM	50.00	49.96	EM
GOUBET PETIT	Real estate	France				66.66	66.58	EM
CAP DE FOUSTE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.93	FC
GROUPAMA PIPACT	Real estate	France	100.00	99.96	FC	100.00	99.96	FC
SCI CHATEAU D'AGASSAC	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Real estate	France	100.00	99.97	FC	100.00	99.97	FC
SCIMA GFA	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
LABORIE MARCENAT	Real estate	France	74.10	74.03	EM	74.10	74.02	EM
SA SIRAM	Real estate	France	90.07	90.07	FC	90.07	90.07	FC
IMMOPREF	Real estate	France				100.00	99.88	FC
LES FRERES LUMIERE	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
6 MESSINE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
LES GEMEAUX (SCI)	Real estate	France				100.00	99.88	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	99.88	FC	100.00	99.88	FC
FRANCE-GAN I D	Mutual funds	France	41.29	29.11	EM	81.79	69.87	FC
GROUPAMA TRESORERIE I C	Mutual funds	France	28.02	27.99	EM	52.63	52.43	FC
ASTORG TAUX VARIABLE D	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
ASTORG CASH G D	Mutual funds	France	98.98	98.33	FC	89.31	89.09	FC
ASTORG CTT C	Mutual funds	France	100.00	99.88	FC	85.52	85.42	FC
ASTORG PENSION C	Mutual funds	France	100.00	99.88	FC	74.58	74.49	FC
ASTORG CASH MA	Mutual funds	France				100.00	99.17	FC
ASTORG CASH MT D	Mutual funds	France	85.11	82.81	FC	100.00	99.15	FC
ASTORG EONIA	Mutual funds	France				100.00	99.88	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual funds	France	88.37	88.28	FC	89.93	89.82	FC
GROUPAMA CREDIT EURO LT I D	Mutual funds	France				99.94	99.82	FC
GROUPAMA FP DETTE EMERGENTE	Mutual funds	France	92.40	92.30	FC	96.15	95.98	FC
GROUPAMA ALTERNATIF EQUILIBRE C	Mutual funds	France	91.42	91.33	FC	91.42	91.33	FC
HAVRE OBLIGATION D	Mutual funds	France				100.00	99.88	FC
GROUPAMA OBLIGATION MONDE I C	Mutual funds	France	66.94	64.81	FC	84.97	82.83	FC
GROUPAMA CONVERTIBLES I D	Mutual funds	France	99.49	97.31	FC	99.55	97.78	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual funds	France				54.11	54.06	FC
GROUPAMA ETAT EURO CT I D	Mutual funds	France	99.13	99.03	FC	99.08	98.98	FC
GROUPAMA AAEXA D	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
GROUPAMA ACTIONS INTERNATIONALES I C	Mutual funds	France	99.88	99.77	FC	99.93	99.81	FC
GROUPAMA CREDIT EURO I D	Mutual funds	France	61.26	61.19	FC	63.48	63.41	FC
GROUPAMA CREDIT EURO I C	Mutual funds	France	67.72	67.66	FC	76.64	76.56	FC
GROUPAMA EURO STOCK I C	Mutual funds	France				49.75	49.70	EM
GROUPAMA INDEX INFLATION EURO I D	Mutual funds	France	100.00	97.10	FC	100.00	97.09	FC
ASTORG EURO SPREAD D	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual funds	France	99.83	99.71	FC	99.92	99.79	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual funds	France	100.00	99.87	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual funds	France	100.00	99.85	FC	100.00	99.84	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual funds	France	83.33	83.24	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual funds	France	83.33	83.24	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual funds	France	83.33	83.24	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual funds	France	83.33	83.24	FC	83.33	83.23	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
				31.12.2010			31.12.2009	
WASHINGTON INTER NOURRI 2 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHING.ACT.EUROPEXEURO D	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON ACTIONS EURO	Mutual funds	France				99.97	99.84	FC
WASHINGTON ACT. INTERNATIONALES	Mutual funds	France				100.00	99.88	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual funds	France	80.00	79.91	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual funds	France	100.00	99.83	FC	100.00	99.82	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual funds	France	100.00	99.87	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual funds	France	100.00	99.84	FC	100.00	99.83	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual funds	France	100.00	99.88	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual funds	France	88.89	88.79	FC	100.00	99.88	FC
ASTORG ACTIONS EURO I C	Mutual funds	France	99.54	99.43	FC			
GROUPAMA CREDIT EURO LT I C	Mutual funds	France	55.08	55.02	FC			
GROUPAMA US STOCK I C	Mutual funds	France	63.69	63.62	FC			
GROUPAMA EONIA I C	Mutual funds	France	38.25	37.78	EM			
GROUPAMA CREDIT EURO LT G D	Mutual funds	France	100.00	99.88	FC			
GROUPAMA CREDIT EURO G D	Mutual funds	France	45.93	45.88	EM			

A: Aggregation FC: Full consolidation EM: Equity method

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

STATUTORY AUDITORS' REPORT
ON THE COMBINED FINANCIAL STATEMENTS

(Year ended on 31 December 2010)

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 readers. 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.

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To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Groupama SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion above, we bring to your attention the paragraph entitled "Provisions for impairment" in Note 3.2.1 of the accounting principles and Note 6.1 to the consolidated financial statements, which present the change in estimates concerning the criteria for impairment of available-for-sale assets.

II - Justification of our assessments

The consolidated financial statements were prepared in particularly challenging circumstances owing to the persistently difficult and uncertain economic environment and the evolution of the financial crisis, which now comprises monetary ramifications within the eurozone. It is in this complex financial and economic context that in accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- In Note 3.2.1 of the accounting principles and methods and Note 6 to the consolidated financial statements, your Company explains the measurement and impairment methods used for financial assets and their direct and indirect exposure to sovereign risk in certain countries in the eurozone (note 6.9.4).

  We examined the appropriateness of the procedures in place to identify this exposure, measure the value of financial assets and the impairment recognised as well as the disclosures in the above-mentioned notes.

- Certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the consolidated financial statements of your Company are estimated on statistical and actuarial bases, in particular technical reserves, deferred acquisition costs and the related amortisation methods, and deferred profit-sharing assets. The methods used to determine these items are described in Notes 3.11.2, 3.11.3 and 3.11.4 to the consolidated financial statements.

  We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience and its regulatory and economic environment, and the consistency of the assumptions taken as a whole.

- At each accounts closing, the Group systematically tests goodwill for impairment in accordance with the methods described in Note 3.1.1 of the accounting principles and methods and Note 2 to the consolidated financial statements.

  We reviewed the procedures for performing these impairment tests, the cash flow projections, discount rates and sensitivity analyses used, and verified the consistency of the assumptions taken as a whole.

- Deferred tax assets are recognised in accordance with the methods described in Note 3.12 of the accounting principles and methods.

  We ensured that the assumptions used were consistent with the tax projections resulting from forecasts made by the Group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified in the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 1 March 2011

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Bénédicte Vignon	Jean-Claude Pauly	Maxime Simoen

Groupama

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