REGISTRATION DOCUMENT GROUPAMA SA 2010

Groupama

Contents

2010

GROUPAMA SA

REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the AMF on 14 April 2011, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451 - 1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 349.

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

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

OVERVIEW OF THE GROUP

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1.1 HISTORY OF THE COMPANY

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

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

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

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

In 1972, they started a life insurance business.

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

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

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

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

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

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

In 2003, the regional mutuals introduced a banking offer to Groupama's members. The Group also obtained a non-life insurance licence for China.

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

In 2005, the Group acquired Clinicare in Great Britain.

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

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

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

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

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

In 2009, Groupama signed a partnership agreement with La Banque Postale for the distribution of non-life products via a joint venture and using the networks of La Banque Postale.

The creation of Groupama Gan Vie through the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie and through the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance, has consolidated the Group's activities into a single company in France.

The Group's French banking activities have also been pooled through the merger of Groupama Banque and Banque Finama.

On the international level, the Group merged its Italian, Hungarian, Romanian and Turkish subsidiaries in order to strengthen its positions on all those markets.

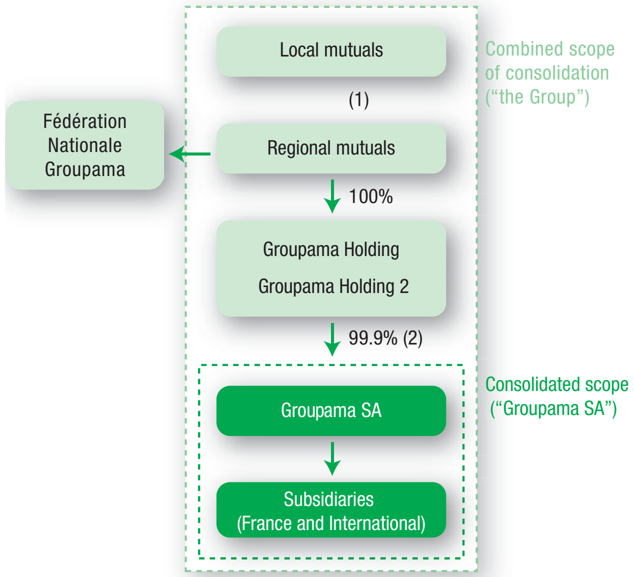
In 2010, the Group's development strategy resulted in the implementation of a large number of partnerships in various areas.

In the bancassurance market, the partnership agreement signed with La Banque Postale in 2009 resulted in the creation of a joint enterprise, La Banque Postale Assurances IARD, which is held 65% by La Banque Postale and 35% by Groupama. At the end of 2010, this company launched its offer of non-life insurance products (motor, home, legal protection) via distance-selling channels (internet and telephone), then progressively through La Banque Postale's network of offices beginning in 2011.

In addition, the Group has begun a new approach to insurance by partnering with Banque Casino, which has offered IARD contracts in Casino stores through the expertise of Amaline Assurances since June 2010.

In December 2010, Groupama and the AVIC Group (Aviation Industry Corporation of China) 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. Already active in Sichuan province since 2003, Groupama intends to accelerate its development on a market, the rapid expansion of which should make it a major growth centre for the Group.

1.2 ORGANISATION OF THE GROUP AND OF GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance.
(2) 90.92% held by Groupama Holding and 8.99% held by Groupama Holding 2.

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at local level (58,000 elected) and they in turn elect their representatives at regional and national levels. The board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local mutuals (4,300), regional (10 regional mutuals, 2 overseas regional mutuals and 2 specialised mutuals) or national, through the federations and the boards of directors of Groupama SA and its subsidiaries.

There are therefore two scopes within Groupama:

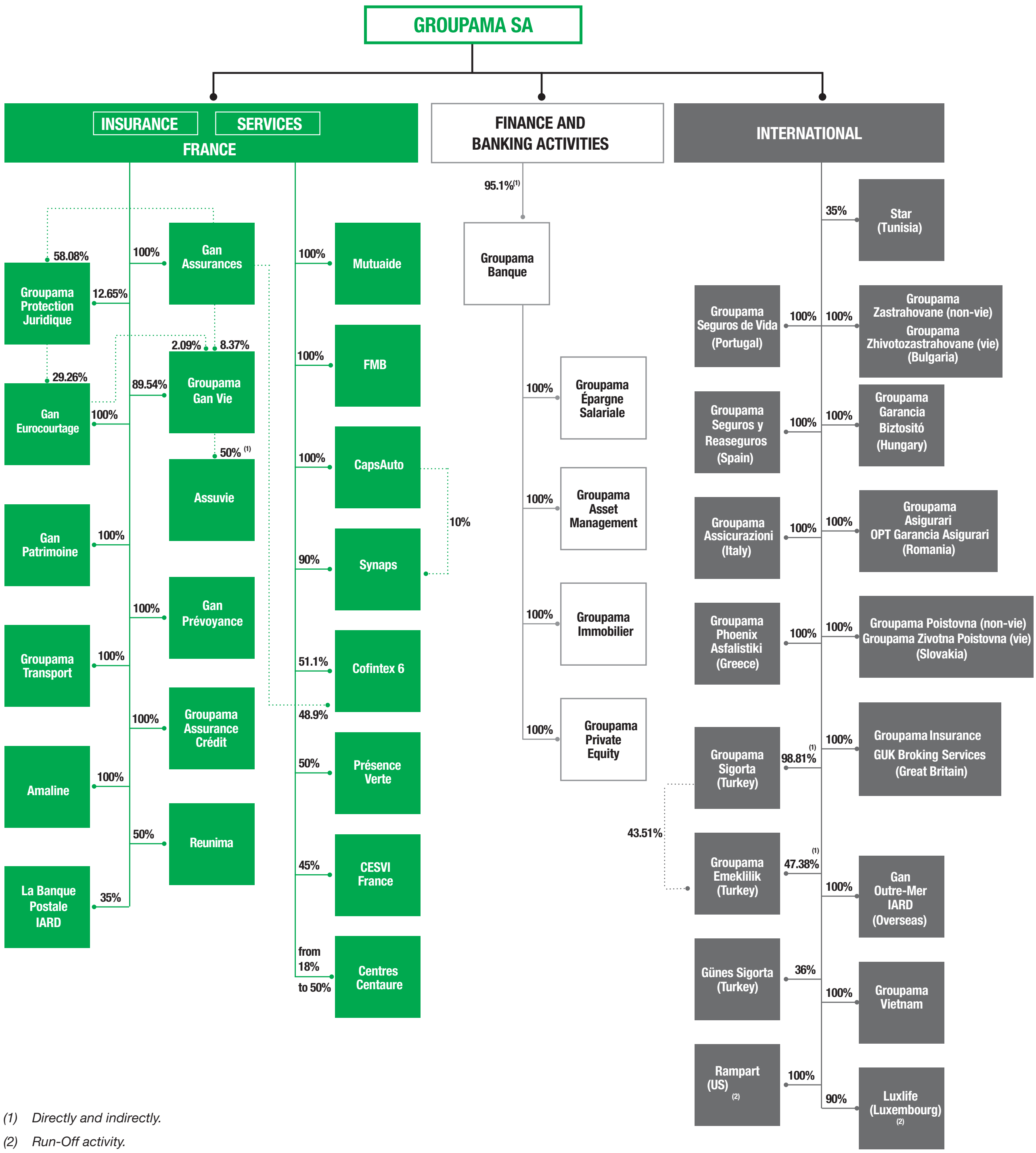
- the combined scope, which includes all the entities of the Group and 100% of the activities of the regional mutuals;
- the consolidated scope in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 40% of the activities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

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

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

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

1.2.2 GROUPAMA SA



(1) Directly and indirectly.

(2) Run-Off activity.

Groupama SA is a French *société anonyme* nearly wholly owned, directly or indirectly, by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées regional mutuals, which form the mutual insurance division of Groupama.

Groupama SA is 99.91% owned by the regional mutuals through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.09%) is held by former and current agents and employees of Groupama SA.

As at 31 December 2010, the breakdown of share capital and voting rights (included double voting rights) 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 division of the Groupama Group. Its activities are:

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

In conducting its activities, the company is governed by the provisions of the French Commercial Code and Insurance Code and is subject to the oversight of the French Autorité de Contrôle Prudentiel.

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

Entities within the Groupama SA division are bound by capital ownership. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain amount of 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, they are governed:

- by an internal reinsurance treaty that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole members of the Fédération Nationale Groupama"), which was signed on 17 December 2003, effective retroactively on 1 January 2003). This agreement is described more precisely in section 3.7 - Operations with affiliates, and is the subject of a special report from the auditors on regulated agreements and commitments (see section 3.9).

1.3 KEY FIGURES

1.3.1 GROUPAMA SA

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for fiscal years ending 31 December 2008, 2009 and 2010. In accordance with EC Regulation No. 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements were prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2010	2009	2008
Premium income (1)	**14,659**	**14,459**	**13,441**
of which France insurance	10,032	9,911	9,142
of which International insurance	4,349	4,259	3,937
of which financial and banking activities	278	289	362
Combined ratio (2) **Property and casualty insurance**	**103.2%**	**104.7%**	**98.0%**
excluding storms Klaus & Quinten in 2009 and Xynthia in 2010	101.4%	101.4%	
Economic operating income (3)	**117**	**358**	**561**
excluding storms Klaus & Quinten in 2009 and Xynthia in 2010	192	489	
Net profit Group share	**387**	**660**	**273**
Financial structure and solidity			
Shareholders' equity (Group share)	4,268	4,572	3,179
Total balance sheet	93,066	90,660	85,650
Debt ratio (4)	23.4%	31.4%	40.5%
Return on equity (ROE) (5)	9.7%	16.9%	12.2%

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this Registration Document (page 347).
(3) Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
The transition to economic income from net result, Group share, is presented in detail in the Report of the Board of Directors (pages 137 and 139).
(4) Debt, excluding Silic and excluding cash of the holding companies, expressed as percentage of shareholders' funds excluding revaluation reserve (including subordinated liabilities and minority interests).
(5) Net result (Group share) over average shareholders' equity (see glossary in this Registration Document - page 348).

1.3.2 COMBINED SCOPE OF CONSOLIDATION

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

(in millions of euros)	2010	2009	2008
Premium income (1)	**17,633**	**17,362**	**16,232**
of which France insurance	13,008	12,815	11,933
of which International insurance	4,349	4,259	3,937
of which financial and banking activities	277	288	362
Combined ratio (2) **Property and casualty insurance**	**104.9%**	**105.9%**	**98.7%**
excluding storms Klaus & Quinten in 2009 and Xynthia in 2010	102.6%	102.0%	
Economic operating income (3)	**39**	**275**	**661**
excluding storms Klaus & Quinten in 2009 and Xynthia in 2010	167	480	
Net profit Group share	**398**	**620**	**342**
Financial structure and solidity			
Shareholders' equity (Group share)	7,041	7,233	5,562
Total balance sheet	100,029	97,297	91,777
Debt ratio (4)	17.2%	22.8%	28.3%
Return on equity (ROE) (5)	6.0%	9.3%	9.2%
Solvency margin (6)	**130%**	**180%**	**122%**
Rating			
Standard & Poor's	A-	A	A+
Fitch Ratings	A		

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this Registration Document (page 347).
(3) Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt, excluding Silic and excluding cash of the holding companies, expressed as percentage of shareholders' funds excluding revaluation reserve (including subordinated liabilities and minority interests).
(5) Net result (Group share) over average shareholders' equity (see glossary in this Registration Document - page 348).
(6) Pursuant to European directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

In 2010, Groupama chose to be rated by a second rating agency. On 21 April 2010, Fitch Ratings assigned Groupama SA the Insurer Financial Strength (IFS) rating of "A", with stable outlook. On 7 March 2011, Fitch Ratings affirmed the rating "A" and revised the outlook to negative.

On 29 June 2010, Standard & Poor's revised Groupama SA's long-term counterparty and financial strength rating to "A-" with stable outlook. On 18 March 2011, Standard & Poor's affirmed the rating "A-" and revised the outlook to negative.

1.4 STRATEGY

To guarantee its long-term development and independence, Groupama is pushing ahead with its strategy, reasserting its ambition to rank among Europe's top ten insurers by 2012. The Group's strategy rests on three pillars, which should enable it to continue its growth and ensure high operating profitability:

- acceleration of growth in France;
- successful international development;
- strengthening operating profitability and efficiency.

To achieve its objectives, the Group can rely on its major strengths, particularly its size and its diversified multi-line economic model. The Group boasts a well-balanced life and health insurance and property insurance portfolio, well-known brands, extensive multi-channel distribution networks, presence in all areas of the insurance business, as well as in banking and services. Moreover, it has a large, loyal and diverse customer base.

BOOSTING GROWTH IN FRANCE

In France, Groupama is the leading insurer for farmers, the second-largest insurer for individual health, home and transport and the third-largest motor and commercial insurer.

Groupama wishes to accelerate its organic growth in France. To achieve this objective, it has defined several main lines of action:

- the Group intends to consolidate its positions in property and casualty insurance, which are its original and strategic business lines. To achieve its objective of organic growth over the next three years, the Group will:
  - rely on new distribution channels by increasing its focus on Internet sales within regional mutuals (Groupama.fr) and Amaguiz.com, the Group brand dedicated to on-line motor and home insurance,
  - develop the bancassurance channel through the agreement signed with La Banque Postale in non-life insurance and through partnerships to turn them into significant growth drivers (CEGID, Reunica, etc.),
  - make its offer of products and services a genuine distinguishing factor, particularly in the core business lines of motor insurance and home insurance (continued product innovation in personal, professional and business risks; general inclusion of a service component in our products, etc.);
- in life and health insurance, Groupama's goal is to win market share through the following actions:
  - continue innovating to broaden its range of products in both individual and group retirement savings schemes,
  - to rely on a complete and differentiated savings package to firm up its subscription potential for the Group's customer portfolio,
  - continue adapting its Life networks (development of financial advisor networks, etc.) and examine the requirements to take a position in new channels (Provident Institutions and Mutuelles 45, CGPI, etc.),
  - to be prepared to take advantage of the forthcoming regulatory changes and the emergence of new provident needs;
- lastly, the Group also intends to accelerate the development of its banking activities with its customers, with a view to providing them with both insurance and banking services.

Moreover, Groupama is also deploying horizontal actions across all its business lines:

- investing to boost brand-awareness for its brands in France (Groupama, GAN and Amaguiz);
- consolidating its historic positions by securing the loyalty of its customers and getting them to subscribe to its new products;
- conquering new customer segments by developing in cities and with younger customers;
- investing in the training of personnel and continuing to recruit;
- supporting the progress of commercial performance (improving the representatives' tools and procedures).

BECOMING A MAJOR PLAYER IN EUROPE AND ON EACH OF OUR MARKETS

Over recent years, Groupama has stepped up its international development through targeted acquisitions in Southern European countries where it has long been established and in high-growth areas (Central and Eastern Europe and Mediterranean countries). The Group has also positioned itself in China where it is developing a long-term growth strategy.

This strategy has enabled the Group to significantly increase the relative weight of its international activities, which now account for 25% of its revenues.

Groupama intends to continue its internationalisation in order to have new growth engines in countries where insurance is undergoing strong development (such as Central Europe and China), and so diversify its risk. The Group has thus defined the following strategic lines of action: becoming a major player in each of the countries where it operates and getting a foothold in specifically targeted new countries with high growth potential.

The development of existing positions, particularly in Southern Europe, will take place through organic growth as well as through targeted acquisitions. To support this development and enable the Group to become a major player in each country where it operates, efforts will be focused on several courses of action:

- Invest in distribution networks to improve commercial efficiency: opening branches, restructuring distribution networks, strengthening bancassurance agreements, signing partnership agreements and direct selling:
  - as such, the Group has decided to position itself in the high-growth direct sales channel in several countries, especially in Europe, based on its skills acquired through Amaguiz and Click Seguros (Spain),

- at the end of 2010, Groupama signed an agreement with AVIC (Aviation Industry Corporation of China) to create a non-life insurance joint venture in China. The objective of this partnership is development in commercial insurance, individual insurance and agricultural insurance in that country. The joint venture will initially focus on development in six Chinese provinces before further expanding across the country;

- continuing our expansion in Central and Eastern Europe through the strategic partnership with OTP Bank;
- diversifying the product range by developing, for example, ancillary services and life and health insurance (retirement savings and provident schemes).

Moreover, Groupama will rely on external growth in certain key countries or those with strong growth potential.

STRENGTHEN OPERATING PROFITABILITY AND EFFICIENCY

The Group is also striving to improve its profitability by promoting synergies between the various businesses in France and internationally. The Group now holds significant positions abroad, enabling it to share expertise and best practice between Groupama SA and the subsidiaries, as well as among the subsidiaries themselves.

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

- in France, the Group has initiated numerous projects to combine the various entities, for example by creating Groupama Gan Vie, *i.e.*, a single Life Insurance company in France through the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie and transfer of the portfolios of Gan Patrimoine and Gan Prevoyance. This new, bigger organisation should boost synergies and competition in the health and life insurance sectors;
- Groupama has also merged the regional mutuals of Alsace and Grand Est, creating Groupama Grand Est in the process. Groupama Grand Est is now the fourth-largest regional mutual in the Group, with more than 400,000 members;
- internationally, Groupama is promoting the development of shared service centres and the set-up of regional platforms to generate maximum synergies;
- the Group is continuing to deploy Apogée at its entities to improve processes and team management with the ultimate objective of strengthening the quality of its services and its operating efficiency.

The optimisation of support function costs is one of the approaches being examined by the Group to improve profitability:

- pursuing the streamlining of Information Systems (IS) by completing the convergence of IS in France and by mutualising and harmonising the IS of international subsidiaries;
- developing synergies among support functions, particularly by accelerating the consolidation within the Group of the support functions of the various French subsidiaries, as well as by considering the implementation of industrialisation processes for certain support or business line functions.

Improving HR efficiency and implementing the Group's social responsibility commitments are also key levers to attaining our goal.

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

As at 31 December 2010, Groupama SA and its subsidiaries had 21,857 employees (11,634 in metropolitan France/Overseas Departments and territories and 10,223 abroad).

According to the Group's decentralised organisation, each company within the scope of consolidation of Groupama SA manages its human resources and social policy as locally as possible, which is consistent with the corporate action principles and guidelines defined by the Group. The Group's Human Resources Department manages and coordinates corporate policies and programmes, in support of the Group's strategy.

In 2010, Group companies outside France hired 1,587 people: 58.5% women, 9% managers, 39% aged 30 or under, and 15% aged 50 or over.

In 2010, the companies included in the scope of consolidation hired 1,141 employees under indefinite-term agreements in France to strengthen their sales networks and customer relations platforms and to bolster their management and advisory teams: 20% of the new employees are under 26 years of age, 6% are 50 and over, 12% are transfers from other group companies (139) and 17% are from the conversion of fixed-term agreements into indefinite-term agreements.

In the same period, 938 employees left the Group including 603 administrative staff (from these figures, 17% retired, 24% resigned, 17% were laid off, 2% died, 21% left during their probation period, 13% were transferred and 6% breached their contract).

Within the Group, internal mobility is designed as a means for employees to enrich their professional careers and, for businesses, to put the skills they need into immediate operation. By confronting experience and know-how, it also promotes more responsive and innovative organisations. A Group agreement was signed in France on 7 May 2010 to favour and support inter-company transfers.

In France, the investment in training within the scope of consolidation is estimated at 6% of payroll (5% of which is exempt expenses).

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

Given the increase in the international workforce over recent years, the Group has engaged managerial, language and inter-cultural training programmes with a view to promoting exchanges and forming cohesive teams within the Group.

In France, companies within the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 85% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and protection schemes, as well as the organisation and duration of work. The Group Works' Council and the European Works' Council are group-level social bodies.

Regarding the collective wages policy, profit-sharing measures have been implemented in all group companies. To this end, €28,895,000 (11,778 beneficiaries) and €5,270,000 (6,537 beneficiaries) respectively were paid out in 2010 in France.

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

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

Thus, in 2008, a Group Diversity and Equal Opportunities agreement was signed by five of the six union organisations. This agreement, the four main sections of which cover cultural diversity, the employment of disabled workers, gender equality and age management, was entered into for an indefinite period and applies to all Group companies (Groupama SA, its subsidiaries and the regional mutuals), *i.e.*, over fifty companies and over 28,000 employees in France.

The Group has also committed to the French government's "Espoir banlieues" ("Hope for disadvantaged urban areas") plan, by signing a national agreement pledging its commitment to employ young people from underprivileged areas ("l'Engagement national pour l'emploi des jeunes des quartiers"). Within that scope, it hired 310 employees under the age of 26, including 210 for Groupama SA and its subsidiaries. For this effort, the Group was awarded the 2009 "Action en faveur des jeunes des quartiers" prize.

At the same time, Groupama took action to promote the employment and integration of disabled workers by setting up a network and developing initiatives to recruit and promote the integration of those employees.

Moreover, the Group extended its work concerning equal access to employment for men and women. Thus, within the scope of consolidation in France in 2010, 63% of managerial promotions concerned women, bringing the ratio of women managers to 44%.

In addition, in all of its French companies, in 2009 the Group conducted negotiations on the employment of seniors, which led to the signing of numerous agreements or the initiation of action plans beginning in 2010.

At the same time, Groupama has sought for a number of years to develop methods, in its agreements on working hours, to reconcile professional and personal life, and for France, it carried out Group negotiations in 2010 on the quality of life at work. These negotiations will be concluded at the beginning of 2011. It was in this spirit that on 14 December 2010, the Group signed the Parenthood Charter launched by the Corporate Parenthood Observatory in cooperation with the Ministry of Labour, Social Relations, Family and Solidarity.

In March 2010, the Group also carried out an opinion survey among all its employees in France and internationally. 76% of employees participated in it. The results on most of the items are an improvement over the previous version (2008). 89% of employees declared they were confident of the Group's future (+6%); 63% agree with the strategy (+7%); 86% are proud of being part of the Group (+6%); 80% are willing to do more to contribute to the success of the company (+1%) and professional satisfaction rose by 2 points to 72%.

Groupama also offers all its employees a long lasting social and human plan, which is consistent with its action principles and within the framework now established by the Code of Ethics that all the businesses now apply.

1.5.2 GROUP WORKFORCE

The Group's scope of consolidation includes all the companies of which it is made up. The scope of consolidation contains 35 companies with a total workforce of 21,857 employees.

The following table corresponds to Note 47 of the notes to the consolidated financial statements for fiscal year 2010, as audited by the statutory auditors.

Registered workforce	2010			2009	2008
	Insurance	Finance	Total	Total	Total
France	10,382	1,252	11,634	11,569	11,129
United Kingdom	1,612		1,612	1,605	1,649
Spain	976		976	1,000	937
Italy	859		859	894	923
Hungary	2,639		2,639	2,835	2,796
Greece	386		386	401	401
Romania	2,490		2,490	2,719	3,026
Other EU	387		387	470	382
Outside EU	874		874	879	790
TOTAL	**20,605**	**1,252**	**21,857**	**22,372**	**22,033**

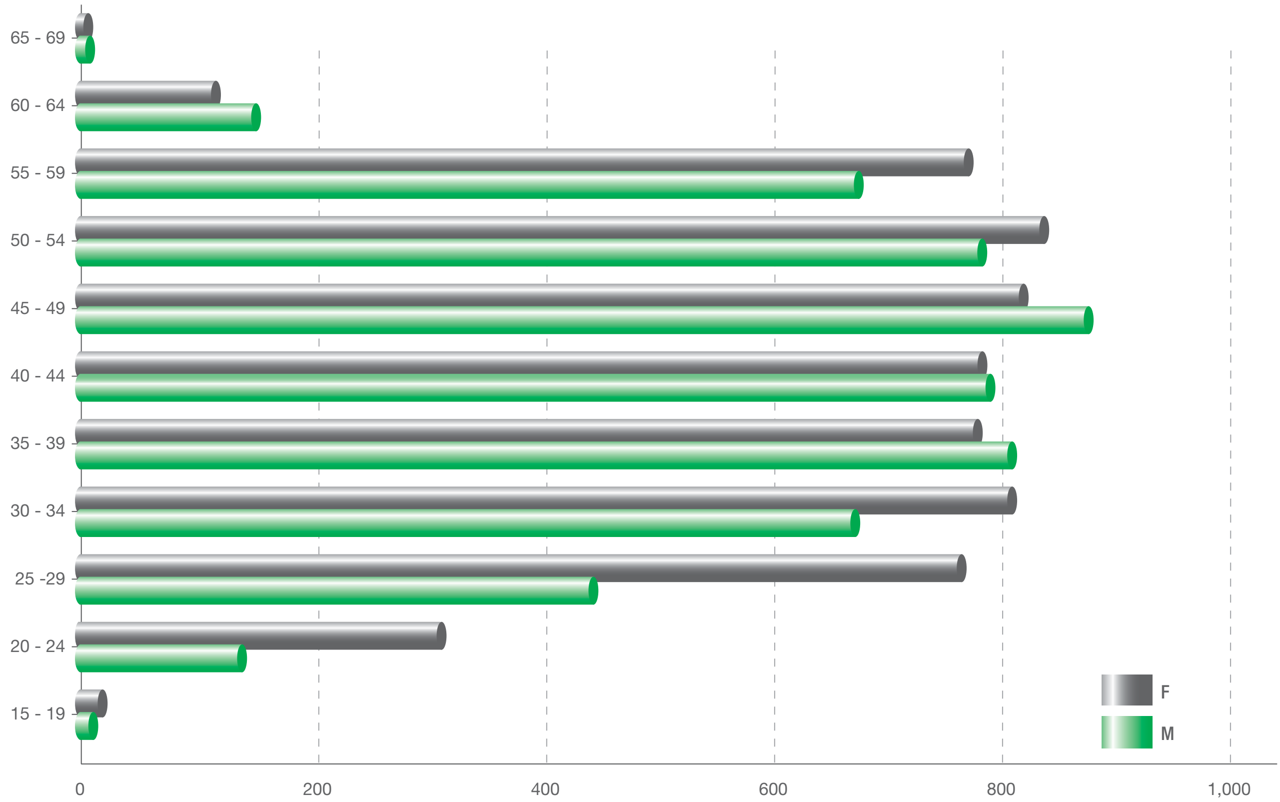
Registered workforce	2010	2009	2008
Groupama SA	1,669	1,677	1,584
Registered offices and after-sales services of subsidiaries with customer/network relationship (1)	2,607 (2)	3,992	4,020
Sales forces of subsidiaries with customer/network relationship (1)	2,337	2,169	2,077
France insurance/bank and services subsidiaries	2,698 (2)	1,416	1,115
of which Groupama Banque	717	683	464
Financial and real estate subsidiaries	616	601	730
Support companies (IT, logistics)	1,707	1,714	1,603
Sub-total France	**11,634**	**11,569**	**11,129**
International	10,223	10,803	10,904
TOTAL	**21,857**	**22,372**	**22,033**

(1) Gan Assurances, Gan Eurocourtage, Gan Patrimoine, Gan Prévoyance, Groupama Transport, Gan Outre-Mer IARD.
(2) Structure effect relating to the creation of Groupama Gan Vie.

Total workforce for the France scope of consolidation was 11,634 employees at 31 December 2010, distributed as follows:

Distribution by gender		Distribution by policy type		Distribution by status type	
Men	Women	OEC	FTC	NA	C
47%	53%	96%	4%	51%	49%

The age pyramid is broken down as follows:



1.5.3 PROFIT SHARING AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in fiscal year 2010. As of the date of filing of this registration document, there were no stock subscription or purchase options capable of being exercised.

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

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Retirement schemes

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

Usually, entities included in the scope of consolidation use the services of Groupama Gan Vie – the Group's life insurance company. Reserves are then recognised in the financial statements of the scope of consolidation to cover this commitment. Sums received are invested in appropriate investments.

1.5.4.2 Other long term benefits

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

- retirement benefits;
- seniority bonuses;
- anniversary days;
- time-savings accounts.

1.6 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

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

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

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

- from an economic standpoint, seeking the Group's long-term growth and sustainable economic performance, specifically through efficient governance. Groupama also affirms its responsible commitment through a range of products addressing society's major challenges, such as the management of social protection (retirement, health) and the aging population (assistance, long-term care). Specifically, for its policyholders, the responsible approach of the insurance business line yields an active policy of preventing risks in terms of road safety, health and home safety, both within the company and through locally-based groups. Road safety is an example of the kind of prevention programme Groupama is engaged in. The Group spends €4 million annually on this programme. Among the particularly innovative actions, the network of Centaure Centres all over France has 12 centres providing road safety training. This innovative method uses specially equipped vehicles in reconstructions of "true-to-life" accidents on safe practice fields to educate drivers. Each training session also includes an environmentally-friendly driving module. The centres train about 40,000 people every year.

  Moreover, the Group has been innovative in terms of Socially Responsible Investment (SRI) since the early 2000s. In fact, Groupama Asset Management is strategically involved in promoting the socially responsible investment it is developing as the core of its asset management business. Its SRI strategy, which consists of generalising the integration of ESG issues into all of its asset management, falls broadly within the company's social and fiduciary obligations to its clients and to the community. Convinced that the quality of economic growth depends on how the economy is financed, Groupama Asset Management wishes to support and promote the development of long-term responsible savings to promote a more responsible and sustainable economy.

  Through its leadership, Groupama Asset Management contributes to the professionalisation and development of SRI. As such, the management company supports academic research (FDIR Chair [1] of the AFG, Empirical Analysis of Human Capital, etc.) and actively participates in piloting different work sites (SRI Charter of the SRI Commission – Paris Europlace AFG/FIR Transparency Code and SRI Reporting – SRI Commission of the AFG [1], Social Cordial – FIR [1] Guide for the Promotion of SRI by financial institutions and Guide to Shareholder Activism and Commitment in the Environmental and Social Fields – ORSE [1], Mini-guide to teaching SRI – FBF [1] SRI Working Group of the Commission on Sustainable Development – AFA [1], etc.);
- from a social standpoint:
  - through its employees, Groupama is taking a stance against discrimination and promoting equal opportunities: adherence to the United Nations Global Compact; the diversity charter; signing of an agreement on diversity and the disabled; application of a Code of Ethics; signing of the national agreement to employ young people from sensitive regions; signing of the parenthood charter; the existence of a social benefits scale; health insurance for employees, etc. Moreover, with its high level of recruitment and decentralised structure, Groupama is part of a dynamic regional movement,
  - vis-à-vis the corporation as a whole, Groupama prevents social exclusion and has instituted measures to combat inequality through numerous solidarity partnerships (with ADIE for micro-credit, with the Madagascar Solidarity Association, against medical desertification and illiteracy). The commitment to the public interest also takes the form of scientific and cultural patronage (Groupama Health Foundation, Groupama Gan Cinema Foundation, Risk Foundation);
- from an environmental standpoint, Groupama is engaged in preventing environmental risks among farmers, manufacturers and local authorities and offers an entire range of agreements covering the repair of environmental damage. The Group has also designed innovative products to cover risks relating to climate change (climate packages intended for agricultural workers, the Predict Services package intended for local authorities). Groupama also encourages virtuous ecological behaviour by offering products such as "Pay As You Drive" or by including in its MRH packages cover for renewable energy-producing home equipment. In addition, Groupama launched the first "green" new equipment replacement plan for household appliances in 2009. Groupama also practices a promotional property damage rate policy for HQE buildings or for those that have received an energy award. This respect for the environment may also be found in the desire to control the Group's direct impacts, relating to the management of its sites (implementation of the HQE initiative, energy audit of several sites, guide for "green" purchases, reduced paper consumption, gradual replacement of the car fleet with clean vehicles, etc.).

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

(1) AFG : Association Française de la Gestion financière – FIR : Forum pour l'Investissement Responsable – FDIR : Finance Durable et Investissement Responsable – ORSE : Observatoire sur la Responsabilité Sociétale des Entreprises – FBF : Fédération Bancaire Française – AFA : Association Française de l'Assurance.

THE GROUP'S BUSINESS LINES

2

2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In 2010, insurance evolved in a sluggish economic and financial environment. Premiums for the insurance market as a whole totalled €207.2 billion, with growth slowing (+3.8% versus +9% in 2009). Growth in the French insurance industry is driven by life and health insurance (up +4.4%), which accounted for more than 75% of the global market. Property and casualty insurance, which was subject to stiff competition, saw slow growth (+1.5% in 2010).

2.1.1 LIFE AND HEALTH INSURANCE IN FRANCE

Premiums for the life and health insurance totalled €161.5 billion in 2010, with growth significantly slower than in the previous year (+4.4% versus +11% in 2009).

At €144.1 billion (+4.5%), life and savings insurance premiums represent 90% of these inflows. Unit-linked products represent 13% of the total inflows from life insurance (€19.1 billion). Life and savings insurance benefits increased by 7% to €94 billion. Taking into account the difference between premiums and benefits, net inflows in life insurance were down slightly compared to 2009, at €50 billion. Life insurance reserves increased 6% to €1,307.8 billion in 2010.

Health and casualty premiums rose by the same amount as they did in 2009 (+4.2%), to €17.4 billion. Benefits totalled €12.1 billion, up 6% compared to 2009.

2.1.2 PROPERTY AND CASUALTY INSURANCE IN FRANCE

In 2010, property and casualty insurance premiums amounted to €45.7 billion. Growth in this sector remains moderate (+1.5%), although it has improved over the level seen in 2009 (+0.5%). It has been affected by modest economic growth (+1.5%), which has acted as a drag on property to be insured, and stiff competition.

2010 was marked by contrasting progress between the retail and professional insurance markets. The retail sector, which represents 60% of the revenues of property and casualty insurance, was the primary revenue driver (+3%). The professional market, still impacted by the gloomy economic environment, was down for the second year running, again by 1%, as in 2009. An analysis of the primary sectors of property and casualty insurance also shows heterogeneous changes. The highly competitive motor insurance market totalled €18.2 billion in premiums in 2010, up 2% after a decrease of 0.5% in 2009. Multi-risk home (MRH) insurance, which increased by 5%, is in line with growth reported in the past few years.

Total benefits paid and provisions totalled €35.6 billion (+1.5%), after 12% growth in 2009. The worsening loss ratio was due to extreme natural events (Xynthia and flooding in the Var), and by the following:

- adverse weather conditions that contributed to the worsening loss ratio in MRH, especially water damage (frequency up by +6%, after 10% in 2009);
- the increase in the cost of motor insurance claims (+1%, after rising 6.6% in 2009);
- the difficult weather conditions, which increased expenses for damages and glass breakages in motor insurance;
- the continuing high average cost of bodily injury claims in motor insurance.

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

As a multi-line insurance Group member of a large mutual of agricultural origin, Groupama is an independent Group, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player in France (5th largest French multi-line insurer – Groupama 2009 estimate).

Groupama benefits from dense complementary distribution networks over the entire French territory: 7,800 sales representatives employed by Groupama's regional mutuals, 1,000 multi-line insurance agents and 345 representatives for Gan Assurances, 2,000 brokers who are regular partners of Gan Eurocourtage, the network of 620 Gan Patrimoine agents and the network of 1,300 Gan Prévoyance employees. Since each Group – Groupama and Gan – has its specific product and service lines, Groupama has kept two separate brands on the national market – Groupama and Gan.

Since 2008, the Group has developed new distribution channels to supplement its traditional networks in France. Groupama has also been operating through direct sales channels following the 2008 launch of Amaguiz.com, a brand exclusively dedicated to direct insurance sales via the Internet. In 2009, the Group signed a partnership agreement with La Banque Postale for non-life products. In addition, since June 2010 the Group has begun a new approach to insurance by partnering with Banque Casino to offer IARD contracts.

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

In France, Groupama SA, through the reinsurance activity of its regional mutuals (on average 40% of the premiums of the regional mutuals) and the activity of its subsidiaries, is a major player on the insurance market, both in the property and casualty insurance activities and in those of life and health insurance, banking services and financial activities.

Internationally, the Group is present in high-potential geographical areas. It is primarily active in Southern, Central and Eastern Europe, particularly following external growth operations undertaken in 2007 and 2008.

2.2.1 STRUCTURE OF CONSOLIDATED REVENUES

In 2010, Groupama SA reported total consolidated revenues of €14.7 billion, +1.4% (*i.e.*, a 2.3% increase on a like-for-like basis), including €14.4 billion in insurance premiums and €0.3 billion originating from asset management and other financial activities. Approximately 70% of Groupama SA's business is carried out in France.

(in millions of euros)	31.12.2010	31.12.2009	31.12.2008	Change 2010/2009 (1)
France property and casualty insurance	3,731	3,609	3,631	+3.4%
France life and health insurance	6,292	6,293	5,501	+0.0%
Sub-total France	**10,023**	**9,902**	**9,132**	**+1.2%**
International property and casualty insurance	3,168	3,028	2,813	+4.4%
International life and health insurance	1,181	1,231	1,125	+8.1%
Sub-total International	**4,349**	**4,259**	**3,938**	**+5.4%**
Discontinued operations (France and international)	9	9	10	-6.9%
Financial and banking activities	278	289	362	-3.7%
TOTAL GROUPAMA SA	**14,659**	**14,459**	**13,441**	**+2.3%**

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

2.2.2 NETWORK STRUCTURE IN FRANCE

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

(in millions of euros)	31.12.2010	31.12.2009	31.12.2008
Groupama SA	1,883	1,822	1,811
Groupama Gan Vie	5,596	5,787	4,989
Gan Assurances	1,245	1,054	1,065
Gan Eurocourtage	819	789	831
Groupama Transport	318	306	301
Amaline Assurances	24	11	0
Other specialist Group companies (1)	137	133	135
Sub-total Insurance, France (2)	**10,023**	**9,902**	**9,132**
Discontinued operations (France and International) (3)	9	9	10
Financial and banking activities	278	289	362

(1) Groupama Assurance-Credit, Mutuaide Assistance, Groupama Protection Juridique, Caisse Fraternelle Epargne and Caisse Fraternelle Vie.
(2) Excluding discontinued operations.
(3) See chapter 5.1.

2.2.2.1 The Groupama network

The Groupama network includes regional and local mutuals.

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

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

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

2.2.2.2 The Gan networks

Backed by more than 1,000 insurance agents, 1,880 employees in insurance agencies and 345 representatives, Gan Assurances is France's fifth-largest insurance network (Groupama 2009 estimate).

Gan Eurocourtage is the 3rd largest brokerage company in France (Groupama estimate 2008) and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers.

Gan Prevoyance has a network of 1,300 sales representatives.

Gan Patrimoine offers its products through a network of more than 600 agents.

2.2.2.3 Direct sales channels

Amaguiz.com, a Groupama brand exclusively dedicated to direct insurance sales via the Internet, launched its operations with motor insurance, home insurance, followed by protection insurance. Over time, it will cover all the needs of private individuals. At the end of 2010, Amaguiz.com has become one of the top players in direct insurance sales in France, with a portfolio of almost 100,000 contracts.

2.2.2.4 Partnerships

In 2009, Groupama signed a partnership agreement with La Banque Postale resulting in the creation of a joint venture, La Banque Postale Assurances IARD, 65% of which is held by La Banque Postale. This company began distributing non-life insurance products at the end of 2010 via distance-selling channels (Internet and telephone), which is gradually being done through La Banque Postale's network of offices beginning in 2011.

In 2010, Groupama joined forces with Banque Casino to market its insurance products under a private label. The product range is distributed in Casino stores and on the website of Banque Casino.

2.3 PROPERTY AND CASUALTY INSURANCE (FRANCE)

2.3.1 MOTOR INSURANCE

The Group is maintaining its 3rd place on the French market in terms of both premium income and number of policies (source: Argus de l'Assurance, September 2010). In 2010, the Group insured 4,026,000 passenger vehicles (excluding business fleets), and posted an increase in its passenger vehicles portfolio (excluding business fleets) of 3.1%, an increase of over 120,000 vehicles. This strong growth in a sluggish but very competitive market is due to a complete and innovative offer, with competitive rates, responding to major trends in consumption ("complete breakdown" cover, a "fewer than 8,000 kms" plan, the Amaguiz "Pay As You Drive" offer, etc.), and including quality services (AutoNuevo, AutoPresto).

2.3.2 MULTI-RISK HOME INSURANCE

The Group is the 2nd largest insurer in this market in France (source: Argus de l'Assurance, 2009 data) in terms of premiums. In 2010, the Group continued to expand, with more than 3.7 million homes insured [(1)] or a portfolio growth of 1.7% in a highly competitive and challenging market environment. This dynamism is largely due to strong price positioning, densification of its urban network, introduction of online subscriptions at Groupama.fr, the development of offers from Amaguiz.com and continued product innovation (new guarantees for "renewable energy" and "household appliance and audiovisual equipment breakdowns", "environmental" indemnity, etc.).

2.3.3 SERVICES

2.3.3.1 Assistance, remote surveillance, remote alarms

Carried by Mutuaide Assistance, which has operations in all the assistance businesses (automobile breakdown assistance, medical repatriation, travel insurance, home care) this business ranks the Group 6th on this market in France (source: Argus de l'Assurance, 2009 data). Premium income was €36 million as at 31 December 2010 was driven by motor assistance. In 2010, the Group sought to strengthen its market presence in motor assistance by launching the "Groupama Assistance Voyage" brand on 15 September.

The remote surveillance services provided by Activeille (property security) are gaining market share, notably through the development of an innovative offer on Amaguiz.com Présence Verte (personal security) confirmed its number 1 position in the remote alarms market.

2.3.3.2 Individual service – Fourmi Verte

Groupama's personal services continued growing, tripling the number of service hours in 2010. Groupama and its Fourmi Verte brand now offer a set of new services, such as the sending of tax certificates or changing scheduled operations on-line. More than 90% of our beneficiaries are satisfied with the personal services of Groupama.

2.3.3.3 Legal protection

Groupama SA is the 2nd largest player in France (source: FFSA, 2008 data) in the field of legal protection, a cover managed by the regional mutuals on the one hand and Groupama Protection Juridique on the other. Through this cover, Groupama provides support to policyholders, whether individual or professional, facing situations of conflict, by assisting them in asserting their rights and by assuming the corresponding expenses.

The premium income of Groupama Protection Juridique amounted to €45 million at 31 December 2010, benefitting from the continuing development of partnerships (Sogessur and La Banque Postale).

2.3.3.4. Credit Insurance

Groupama Assurance Crédit is the Group specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents, and specialist brokers. Its premium income totalled €34 million at 31 December 2010.

2.3.4 AGRICULTURAL INSURANCE

The Group, an undisputed leader in this market in France (source: FFSA, 2009 data) saw its activity increase in 2010 in the tractor and agricultural equipment (TMA) market, mainly through the deployment of the "Titane Pro" policy for tractors.

The Group continued to develop its multi-risk climate policy, a unique product on the market with a very comprehensive range. It also researched new products in crop insurance and income protection.

In property damage/TPL agricultural insurance, the Group rolled out its new "Reference" offer in 2010, covering property damage, professional liability, operating losses and livestock mortality. This offer combines essential operating cover with the latest guarantees tailored for new agricultural practices.

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

2.3.5 PROFESSIONAL INSURANCE

This category includes craftspeople, traders, professionals, and company executives. Largely dominated by the networks of multi-line insurance agents, followed by the mutuals and the brokers, this is a highly-coveted and profitable market. The Group reaffirmed its position in the fields of food and retail trade and service activities.

2.3.6 INSURANCE FOR LOCAL AUTHORITIES

As the leading insurer of local authorities, Groupama offers insurance policies and services that are designed for the long term.

In order to maximise property and personal security within a municipal framework, Groupama highlights its prevention services for today's risks: road safety, crisis management, prevention of climate risks, etc. The collaboration with Predict Services, a company specialising in the design of flood alert and prevention programmes, is continuing.

2.3.7 COMMERCIAL INSURANCE

The market remained sluggish in 2010. The Group's business was still profitable despite losses in underwriting results due to weather-related events (the Xynthia storm, floods in Var, snowstorms, etc.).

Groupama saw growth in its car fleet insurance business related to the launch of a new offer, despite indicators that negatively affect market developments.

In addition, Groupama responded to the key challenges of renewable energy development by offering solutions such as coverage for photovoltaic panels or environmental risks through the 'Garden' offer that covers company executives in case of environmental damage.

2.3.8 MARINE AND TRANSPORT INSURANCE

A leading player on the French marine and transport insurance market (the 2nd largest player on the French market – source: Fédération Française des Sociétés d'Assurances, 2009 data), Groupama Transport offers "tailor-made" policies for all aspects of the business (transporters, logistics, ship-owners, fishing, pleasure craft, ports, inland waterways and aviation). Its premium income totalled €318 million in 2010. Marine insurance contributed a total of €236 million and aviation €82 million, through holdings in the La Réunion Aérienne and La Réunion Spatiale pools.

2.4 LIFE AND HEALTH INSURANCE (FRANCE)

2.4.1 INDIVIDUAL HEALTH INSURANCE

At 31 December 2010, with a portfolio [(1)] of 1.29 million policies, the Group strengthened its leading position in individual health insurance, a position recognised for many years (source: Argus de l'Assurance).

In an environment marked by the shortage of compulsory health insurance schemes and concentration on the market of supplementary health cover, premium income continued to grow in 2010, with significant growth in the number of policies (3.9%). This was attributable to the quality of the Group's key product – Groupama Santé Active. The distinctive feature of this product is that it caters to the customers' stated requirements in terms of flexibility of cover and services, particularly in areas that compulsory health insurance schemes tend to overlook, and where the health professionals' fees are not regulated, and therefore difficult for policyholders to appraise and variable from one professional to another, such as optical equipment and dental care.

In 2010, the partnership agreement between Groupama and Pro BTP signed in July 2009 continued to develop, including the pooling of the existing partnerships with dental surgeons and opticians, in order to improve the services offered to policyholders – associated with the desire to manage costs and share resources.

The "Pays de Santé" health project, conducted in partnership with Mutualité Sociale Agricole, continued. To cope with the cuts in local health care in rural areas, this project is based on a service offer for self-employed GPs in order to pool their low-added-value activities, thereby making their practice more attractive and, secondly, on an innovative organisational approach involving all local stakeholders (patients, elected representatives, doctors, associations, etc.). The project is experimenting with a new occupation, that of Pays de Santé adviser, *i.e.*, an allied health professional in charge of coordinating services with local GPs.

2.4.2 PROTECTION, INDIVIDUAL RETIREMENT SAVINGS

As at 31 December 2010, the Group recorded premium income of circa €3.9 billion in individual retirement savings due to the support of sales initiatives throughout the year. The year was also marked by broad development of diversified savings and investment offers dedicated to high-end customers and sold by the Group's specialist networks.

On the individual protection insurance market, the Group continues to be the leading player in an increasingly competitive market. In everyday accident cover (GAV), the Group has a 10.6% market share with a portfolio valued at €60 million in annual premiums and 399,700 policies (an increase of 11.5% compared with 2009). In long-term care, the Group has a 21% market share with a portfolio of 230,000 policyholders.

2.4.3 GROUP INSURANCE

Despite current difficulties – the economy is still sluggish and only slowly recovering from the crisis – Group Insurance continued to grow in 2010 (up 2.3%) and now represents circa €1.4 billion in premium income for the Group. This growth is due in particular to the dynamic growth in Gan Eurocourtage health insurance and regional mutuals.

The availability of a new health policy based on finer segmentation of fees was certainly a factor. This new policy, sold by all networks of the Group, addresses the needs of VSEs/SMEs, in particular due to the linking of "base + options".

In terms of service, the Group focused on the availability of a customer space for all companies in the portfolio and also by developing Internet services intended specifically for large businesses. The search for synergies remains a central theme: Group health policies as well as individual policies benefit from the Sévéane platform from the partnership with ProBTP, which offers the policyholders added-value services in optical and dental care while limiting their out-of-pocket expenses.

Finally, the year 2010 was marked by particularly important news: pension reform, introduction of new taxes and decreased health benefits from Social Security. These changes are restrictive since they require the adaptation of tools and policies in compliance with regulations. They have resulted in rate indexation in order to maintain the margins in a broad assessment of the retirement policies, hence generating development opportunities.

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

2.5 INTERNATIONAL INSURANCE

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

International insurance activities totalled €4.3 billion in 2010, an increase of 2.1%. On a like-for-like basis, international premium income is up 5.4%.

Property & Casualty insurance premiums totalled €3,168 million (72.8% of the total). In life and health insurance, premium income totalled €1,181 million (27.2% of the total).

Premium income *(in millions of euros)*	31.12.2010	31.12.2009	31.12.2008	Change 2010/2009 (2)	Change 2010/2009 (3)
International Insurance	**4,349**	**4,258**	**3,938**	**+2.1%**	**5.4%**
Southwestern Europe	1,080	1,035	1,058	4.3%	4.3%
Spain	956	925	976	3.3%	3.3%
Portugal	124	110	82	+12.9%	+12.9%
Southeastern Europe	2,073	2,087	1,985	-0.7%	+7.4%
Italy	1,505	1,397	1,391	+7.8%	+7.8%
Turkey	373	504	444	-26.0%	+7.6%
Greece	195	186	150	+4.5%	+4.5%
CEEC (1)	546	535	259	+2.1%	0.7%
United Kingdom	549	505	544	8.6%	+4.6%
Other countries	101	96	92	+5.6%	+5.6%

(1) Central and Eastern European countries (Hungary, Romania, Bulgaria, Slovakia).
(2) Current progression.
(3) At constant scope of consolidation, exchange rate and accounting methods.

2.5.1 SOUTHWESTERN EUROPE

2.5.1.1 Spain

Groupama Seguros ranks 12th in the non-life insurance market and 21st in life insurance (Groupama 2010 estimates).

At the end of 2010, the multi-product and multi-channel company Groupama Seguros posted premium income of €956 million, broken down as follows: 74% through exclusive agents and brokers, 25% through bancassurance and institutional investors and 1% through the internet via the Clickseguros subsidiary.

Premium income from property and casualty insurance totalled €769 million at the end of 2010, accounting for 80% of business. 2010 was marked by the dynamism of traditional networks, the consolidation of the partnership agreement of non life with Bancaja and the increased market share of Clickseguros. In life and health insurance, premium income amounted to €187 million at 31 December 2010.

2.5.1.2 Portugal

Groupama Seguros is ranked 12th on the Portuguese life insurance market, 12th on the health market and 20th on the non-life insurance market (Groupama 2010 estimates).

In Portugal, Groupama Seguros offers multi-line insurance products distributed by networks of agents and intermediaries (bancassurance). At 31 December 2010, its premium income totalled €124 million. The bancassurance agreements were reinforced and the distribution network was extended by 16% with supplementary points of sale in 2010.

Premium income for life and health insurance totalled €115 million, up 12% over 2009, given the success of the individual savings offer, boosted by the success of the VivaCapi Seguro offer launched in May 2009. In property and casualty insurance, Groupama Securos posted premiums income of €9 million in a very competitive market.

2.5.2 SOUTHEASTERN EUROPE

2.5.2.1 Italy

The Group is ranked 9th among non-life insurers and 25th among life insurers in Italy (Groupama 2010 estimates).

Groupama Assicurazioni posted premium income of €1,505 million at 31 December 2010, primarily through a network of multi-line agents throughout the country and reinforced in 2010 with the addition of 28 new agents.

Premium income in property and casualty insurance totalled €1,057 million as at 31 December 2010. Groupama Assicurazioni continued to improve its range of products, particularly in passenger vehicles, of which the premium income represents 82% of the premiums issued in property and casualty insurance. In life and health insurance, premium income totalled €448 million at 31 December 2010, up 8.9%, notably through the success of the sales operations carried out in 2010 in savings policies and the consolidation of existing banking partnerships.

2.5.2.2 Turkey

Groupama, Turkey's leading agricultural insurer, is ranked 7th in non-life insurance and 14th in life insurance (Groupama 2010 estimates).

Groupama Sigorta and Groupama Emeklilik posted premium income of €373 million at 31 December 2010.

At 31 December 2010, property and casualty insurance represented €299 million in premium income, and life and health insurance €74 million. 2010 saw the launch of a new sales model for cooperatives and new product offerings, notably in individual health and protection insurance, compensating for the termination of a major bancassurance agreement at the beginning of the year.

2.5.2.3 Greece

Groupama Phoenix is ranked 7th in the non-life market and 11th in the Greek life market (Groupama 2010 estimates) and posted premium income of €195 million at 31 December 2010.

Premium income from property and casualty insurance totalled €129 million and the premium income of life and health insurance totalled €65 million.

In 2010, Groupama Phoenix reinforced its distribution network, notably with the signing of 86 new cooperation agreements with brokers. The range of pension products was renovated and new products were launched in individual health. In motor insurance, Groupama Phoenix successfully launched the innovative "Anesis Car Services" product.

2.5.3 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Premium income for the countries in Central and Eastern Europe totalled €546 million at 31 December 2010. The Group held dominant positions in Hungary and Romania.

2.5.3.1 Hungary

On the Hungarian market, the Group is ranked 3rd in non-life insurance and 5th in life insurance (Groupama 2010 estimates).

Groupama Garancia Biztosito posted a premium income of €338 million at 31 December 2010. In life and health insurance, premium income amounted to €183 million, up 13.9%, driven by savings/pensions, particularly through marketing campaigns on single-premium policies. Premium income in property and casualty insurance totalled €156 million at 31 December 2010. Groupama Garancia Biztosito, in 2010, launched innovative services that are unique on the Hungarian insurance market, in particular the "service cover" introduced in May 2010.

2.5.3.2 Romania

The Group is ranked 4th in the Romanian market in non-life insurance, with a market share of more than 10%, and 8th in life insurance (Groupama 2010 estimates).

Groupama Asigurari and OTP Garancia posted a premium income of €192 million at 31 December 2010, driven by bancassurance, brokers, independent agents and the direct network. Property and casualty insurance constitutes the bulk of business with a premium income of €176 million. In 2010, new products were launched and a partnership with the automaker Renault Dacia was established to market automotive and Casco products.

2.5.3.3 Bulgaria/Slovakia

The Group positioned itself in Bulgaria and Slovakia in 2008 with the acquisition of OTP Garancia.

At the end of 2010, premium income from the Bulgarian subsidiary Groupama Zastrahovane and Slovak subsidiary Groupama Poistovna amounted to €16 million, broken down as follows: €11 million from property and casualty insurance and €5 million from life and health insurance.

2.5.4 UNITED KINGDOM

Groupama Insurances distributes its products through a network of brokers to the retail and small and medium-sized enterprise markets. Groupama Insurances ranked 19th in the non-life insurance market in the United Kingdom (source: AXCO, 2009) with premium income of €549 million at 31 December 2010.

Premium income from property and casualty insurance totalled €467 million, representing 85% of business. The 5.1% growth in property and casualty insurance business was driven by a new agreement with Saga Services and by new partnerships. Premium income from life and health insurance totalled €82 million and primarily derives from Group segments.

2.5.5 OVERSEAS REGIONS

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €101 million at 31 December 2010, including €95 million from property and casualty insurance.

2.5.6 CHINA/VIETNAM

The Group is active in Asia through a non-life branch in the Chinese province of Sichuan, and a non-life subsidiary in Vietnam. Despite significant growth in 2010, these transactions currently represent only marginal premium income.

In December 2010, Groupama and the AVIC Group (Aviation Industry Corporation of China) 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.

2.6 FINANCIAL AND BANKING ACTIVITIES

2.6.1 GROUPAMA BANQUE

Groupama Banque was created on 1 October 2009 with the merger of Groupama Banque and Banque Finama. It offers a range of products and banking services to individuals, companies and professionals and to companies of the Group; it is also developing a private banking activity. It is the parent company of the asset management subsidiaries of the Group.

At the end of 2010, Groupama Banque posted a net banking income of €86 million, down €8 million compared to 2009. This decrease is due to the contraction of net banking income from treasury activities that overshadows the growth of net banking income from all other activities.

Groupama Banque had 533,400 customers at the end of 2010, including 521,500 individuals. Outstanding deposits totalled €1.5 billion at the end of 2010 and outstanding loans totalled €1.1 billion, including €0.8 billion in individual loans.

2.6.2 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked 7th among French management companies in the AFG ranking.

Groupama Asset Management and Groupama Fund Pickers posted premium income of €134 million at 31 December 2010. The assets under management at the end of 2010 totalled €89.9 billion, up €1.1 billion from 2009. The mutual fund market experienced exceptional outflows in 2010. Groupama Asset Management, like the market as a whole, experienced third parties outflows. Third-parties AUM represented 17% of total AUM at 31 December 2010.

In line with the Group's policy and values, Groupama Asset Management makes Socially Responsible Investment (SRI) an integral part of all its asset management activities.

Groupama Asset Management operates in Italy and Spain and puts its expertise at the service of the Group's international subsidiaries, notably in the UK, Spain, Greece, Portugal and Hungary.

Groupama Asset Management posted good performance for its funds and received several awards during the year, specifically, for the fourth year in a row, the first prize in the European Eurofund awards for the best asset management company in its class for the regularity of its performance.

2.6.3 GROUPAMA IMMOBILIER

The core activities of Groupama Immobilier are based on appreciation of properties under management, the administrative and financial management of leases and an advisory role for companies of the Group and for third parties.

Groupama Immobilier is ISO 9001-2000 certified for all its property management activities.

At the end of 2010, Groupama Immobilier managed an asset portfolio valued at €4.1 billion, consisting of commercial real estate (78%) and residential real estate (22%), mainly in central Paris and its immediate suburbs.

2.6.4 GROUPAMA PRIVATE EQUITY

The subsidiary dedicated to non-listed asset management, Groupama Private Equity, covers two business lines, which it has developed from niche positions: the "Quartilium" fund of funds, covering the Europe and North America regions, and the direct funds "Acto Capital" and "Acto Mezanine". In 2010, the private equity industry confirmed the reversal of the trend observed at the end of 2009.

Groupama Private Equity saw an increase of its assets under management of almost 5% to €1.8 billion, 39% of it on behalf of third parties. Funds of funds represented 77% of total assets under management, and direct funds 23%.

2.6.5 GROUPAMA ÉPARGNE SALARIALE

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. It designs products, coordinates commercial activity, manages policies and handles account transactions. Its products are predominantly distributed by the regional mutuals, Gan Assurances, Gan Prévoyance and Gan Eurocourtage, which sign up more than 1,100 new customers each year at French companies. Assets under management totalled €1,714 million at the end of 2010, up 7.1% over 2009.

In 2010, products designed by Groupama Épargne Salariale were awarded the 2010 Label of Excellence by Dossiers de l'Épargne.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2010

Chairman:

- Jean-Luc Baucherel

Vice-Chairman:

- Michel Baylet

Directors:

Representing the controlling shareholder:

- Francis Aussat
- Jean Baligand
- Jean-Marie Bayeul
- Annie Bocquet
- Amaury Cornut-Chauvinc
- François Desnoues
- Michel Habig
- François Schmitt
- Jérôme Zanettacci

Independent members:

- Anne Bouverot
- Frédéric Lemoine
- Jean Salmon
- Philippe Vassor

Employee representatives:

- Henri Durand
- Brigitte Homo (1)

Works Council representatives:

- Rémi Paris

Secretary of the Board:

- Philippe Carraud

(1) Brigitte Homo replaced Christian Garin on 1 December 2010.

3.1.2 TERMS HELD BY THE DIRECTORS

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

JEAN-LUC BAUCHEREL

Date of birth: 21 October 1951

BUSINESS ADDRESS

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

Main position in the Company

Jean-Luc Baucherel has been a Director since 18 December 2003 and Chairman of the Board of Directors since 26 August 2004. His terms were renewed at the General Meeting and the Board of Directors meeting of 27 May 2009 and expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

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

Offices held from 2006 to 2010 no longer held by Mr Baucherel

Served within the Group in France

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

3

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

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

Main position in the Company

Michel Baylet has been a Director since 29 June 2006 and Vice-Chairman of the Board of Directors since 30 June 2008. His terms were renewed at the General Meeting and the Board of Directors meeting of 27 May 2009 and expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Centaure Centre-Atlantique	Director	Since 14 June 2007
Gan Patrimoine	Director	Since 8 March 2005
Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	Director	Since 29 June 2006
	Vice-Chairman of the Board of Directors	Since 27 August 2008
Groupama Holding 2	Director	Since 29 June 2006
	Vice-Chairman of the Board of Directors	Since 27 August 2008
SCA du Château d'Agassac	Chairman of the Management Committee	Since 28 January 2008
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 27 June 2008
SCI du Domaine de Nalys	Director	Since 24 January 2008

Terms held from 2006 to 2010 no longer held by Mr Baylet

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 31 December 2009)
SCA du Château d'Agassac	Member of the Supervisory Board (end of term 1 January 2008)
Centaure Centre-Altantique	Permanent Representative of Groupama Centre-Atlantique, Director (end of term 14 June 2007)

FRANCIS AUSSAT

Date of birth: 24 October 1950

BUSINESS ADDRESS

GROUPAMA D'OC
14, RUE VIDAILHAN
BP 93105
31131 BALMA CEDEX

Main position in the Company

Francis Aussat has been a Director since 18 December 2003. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He is also Chairman of the compensation and Appointments Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Gan Assurances	Director	Since 27 November 2003
	Chairman of the Board of Directors	Since 26 May 2009
Groupama Holding	Director	Since 18 December 2003
Groupama Holding 2	Director	Since 18 December 2003
Plateau de Veille Téléassistance à la Personne	Vice-Chairman of the Supervisory Board	Since 20 October 2010
Présence Verte SA	Vice-Chairman of the Supervisory Board	Since 23 September 2009
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
	Chairman of the Supervisory Board	Since 10 June 2009
SCI du Domaine de Nalys	Director	Since 27 April 2005
	Chairman of the Board of Directors	Since 10 December 2008

Terms held from 2006 to 2010 no longer held by Mr Aussat

Served within the Group in France

Gan Assurances Vie	Chairman of the Board of Directors (end of term 17 December 2009)
Groupama International	Director (end of term 11 July 2006)

3

JEAN BALIGAND

Date of birth: 7 April 1950

BUSINESS ADDRESS

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

Main position in the Company

Jean Baligand has been a Director since 18 December 2003. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He is also a member of the Agreements Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Gan Patrimoine	› Director	Since 17 December 2009
	› Chairman of the Board of Directors	Since 31 December 2009
Groupama Gan Vie	› Director	Since 17 December 2009
Groupama Holding	› Director	Since 18 December 2003
Groupama Holding 2	› Director	Since 18 December 2003

Terms held from 2006 to 2010 no longer held by Mr Baligand

Served within the Group in France

Groupama International	› Director (end of term 11 July 2006)
Groupama Vie	› Chairman of the Board of Directors (end of term 31 December 2009)

JEAN-MARIE BAYEUL

Date of birth: 25 August 1949

BUSINESS ADDRESS

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

Main position in the Company

Jean-Marie Bayeul has been a Director since 26 August 2009. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

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

Main position outside the Company

- Director of the Agricultural Professional Organisation OPA

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 9 July 2009
Groupama Assurance-Crédit	Director	Since 7 October 2009
Groupama Holding	Director	Since 16 September 2009
Groupama Holding 2	Director	Since 20 October 2009
Groupama Transport	Chairman of the Board of Directors	Since 9 July 2009
SCA du Château d'Agassac	Member of the Management Committee	Since 18 June 2010

Terms held from 2006 to 2010 no longer held by Mr Bayeul

None

ANNIE BOCQUET

Date of birth: 23 August 1950

BUSINESS ADDRESS

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

Main position in the Company

Annie Bocquet has been a Director since 30 June 2008. Her term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Groupama Asset Management	Vice-Chairman of the Board of Directors	Since 26 November 2008
Groupama Banque	Chair of the Board of Directors	Since 1 October 2009
Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
Groupama Immobilier	Vice-Chairman of the Board of Directors	Since 9 October 2008

Terms held from 2006 to 2010 no longer held by Ms Bocquet

Served within the Group in France

Banque Finama	Chairman of the Supervisory Board (end of term 1 October 2009)
Gan Assurances IARD	Director (end of term 8 October 2008)
Gan Assurances Vie	Director (end of term 8 October 2008)
Groupama Banque	Chairman of the Supervisory Board (end of term 1 October 2009)
Groupama Holding	Non-voting Director (end of term 27 August 2008)
Groupama Holding 2	Non-voting Director (end of term 27 August 2008)

Served within the Group abroad

Groupama Assicurazioni Spa	Director (end of term 18 September 2009)
Groupama Vita Spa	Director (end of term 18 September 2009)
Nuova Tirrena	Director (end of term 18 September 2009)

ANNE BOUVEROT

Date of birth: 21 March 1966

BUSINESS ADDRESS

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

Main position in the Company

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

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

Main position outside the Company

- Director of Staff Communication Department, France Télécom Group

Professional experience / Management expertise

Since 1992: France Télecom Group

- Since February 2009: Director of Staff Communication Department
- 2006 to 2009: Director of International Development, France Télécom
- 2004 to 2006: Director of the Office of the Chairman of Orange Plc
- 2002 to 2004: Vice-Chairman, IT Services Business Unit, Equant (currently Orange Business Services)
- 1996 to 2001: various positions at Global One (currently Orange Business Services): Director of Network Costs Optimisation, then Director of Internet Services Marketing, then Vice-Chairman for Global Bid Management
- 1992 to 1995: Manager, International Transmission Resources, France Télécom International Networks and Services

Current terms of office

Served outside the Group in France

Edenred	› Director	Since 29 June 2010
Orange SA	› Director	Since 21 May 2007

Terms held from 2006 to 2010 no longer held by Ms Bouverot

Served outside the Group abroad

France Télécom North America	› Chairman (end of term 30 March 2009)

3

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

GROUPAMA SUD
MAISON DE L'AGRICULTURE
BÂTIMENT 2
PLACE CHAPTAL
34261 MONTPELLIER CEDEX 2

Main position in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Groupama Gan Vie	› Chairman of the Board of Directors	Since 17 December 2009
Groupama Holding	› Director	Since 17 October 2007
Groupama Holding 2	› Director	Since 17 October 2007
SCA du Château d'Agassac	› Member of the Management Committee	Since 11 September 2009
SCI du Château de Cap de Fouste	› Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	› Director	Since 1 June 1999

Served outside the Group in France

Paysan du Midi	› Director	Since 6 June 2007
Société du Journal Midi Libre	› Permanent Representative of Groupama Sud, Member of the Supervisory Board	Since 19 October 2007

Terms held from 2006 to 2010 no longer held by Mr Cornut-Chauvinc

Served within the Group in France

Gan Eurocourtage IARD	› Chairman of the Board of Directors (end of term 2 September 2009)
Gan Eurocourtage Vie	› Chairman of the Board of Directors (end of term 31 December 2009)
Groupama Assurance-Crédit	› Director and Permanent Representative of Groupama Sud (end of term 7 October 2009)
Groupama Transport	› Director (end of term 9 October 2007)
Mutuaide Assistance	› Chairman of the Board of Directors (end of term 1 January 2009)

Served within the Group abroad

Groupama Insurance Company Limited	› Director (end of term 8 September 2009)

Served outside the Group in France

Cave de Tain l'Hermitage	› Chairman of the Board of Directors (end of term 13 December 2010)

FRANÇOIS DESNOUES

Date of birth: 19 July 1952

BUSINESS ADDRESS

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

Main position in the Company

François Desnoues has been a Director since 27 May 2009. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

He is also a member of the Agreements Committee.

Main position outside the Company

- Farmer

Professional experience / Management expertise

- Vice-Chairman and Treasurer of la Fédération Nationale Groupama
- Chairman of Groupama Paris Val de Loire

Current terms of office

Served within the Group in France

Gan Eurocourtage	Chairman of the Board of Directors	Since 2 September 2009
Groupama Gan Vie	Director	Since 26 May 2009
Groupama Holding	Director	Since 20 May 2009
Groupama Holding 2	Director	Since 27 May 2009
SCA du Château d'Agassac	Permanent representative of Groupama SA, member of the Management Committee	Since 18 June 2010
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	Director	Since 28 April 2003

Terms held from 2006 to 2010 no longer held by Mr Desnoues

Served within the Group in France

SCA du Château d'Agassac	Member of the Supervisory Board (end of term 1 January 2008), then Vice-Chairman of the Management Committee (end of term 18 June 2010)

Served within the Group abroad

Groupama Seguros y Reaseguros SAU	Director (end of term 17 September 2009)

MICHEL HABIG

Date of birth: 16 February 1947

BUSINESS ADDRESS

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

Main position in the Company

Michel Habig has been a Director since 18 December 2003. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main position outside the Company

- Farmer (retired)

Professional experience / Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama
- Deputy Chairman of Groupama Grand Est (since 1 January 2011)
- Chairman of Groupama Alsace (until 31 December 2010)

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 28 November 2003
Gan Prévoyance	Director	Since 28 November 2003
Groupama Holding	Non-voting Director	Since 18 December 2003
Groupama Holding 2	Non-voting Director	Since 18 December 2003

Served within the Group abroad

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

Terms held from 2006 to 2010 no longer held by Mr Habig

Served within the Group in France

Groupama International	Director (end of term 11 July 2006)

Served outside the Group in France

SANEP SA	Director (end of term 25 June 2007)

FRÉDÉRIC LEMOINE

Date of birth: 27 June 1965

BUSINESS ADDRESS

WENDEL
89, RUE TAITBOUT
75009 PARIS

Main position in the Company

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

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

Main position outside the Company

- Chairman of the Management Board of Wendel

Professional experience / Management expertise

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

Current terms of office

Served outside the Group in France

Bureau Veritas	Vice-Chairman of the Board of Directors	Since 3 June 2009
Compagnie de Saint-Gobain	Director	Since 9 April 2009
Flamel Technologies	Director	Since 27 October 2005
Legrand	Director	Since 5 May 2009
Wendel	Chairman of the Management Board	Since 7 April 2009

Terms held from 2006 to 2010 no longer held by Mr Lemoine

Served outside the Group in France

AREVA	Chairman of the Supervisory Board (end of term 10 April 2009)
Bureau Veritas	Chairman of the Supervisory Board (end of term 3 June 2009)
Générale de Santé	Member of the Supervisory Board (end of term 4 July 2007) then non-voting Director (end of term 31 December 2009)
Lemoine Conseil et Entreprise (LCE)	Manager (end of term 31 December 2009)
Wendel	Member of the Supervisory Board (end of term 6 April 2009)

JEAN SALMON

Date of birth: 7 November 1947

BUSINESS ADDRESS

5, RUE ABBÉ PHILOUX
22550 HENANBIHEN

Main position in the Company

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

He is also a member of the Agreements Committee.

Main position outside the Company

- Chairman of the Regional Council for Private Agricultural Education (CREAP) of Brittany

Professional experience / Management expertise

- 2001 to 2007: Vice-Chairman of the Permanent Assembly of the Chambers of Agriculture and Chairman of the Côtes d'Armor Chamber of Agriculture
- 1995 to 2001: Deputy Secretary of the Permanent Assembly of the Chambers of Agriculture

Current terms of office

None

Terms held from 2006 to 2010 no longer held by Mr Salmon

None

FRANÇOIS SCHMITT

Date of birth: 6 March 1963

BUSINESS ADDRESS

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

Main position in the Company

François Schmitt has been a Director since 30 June 2008. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
Mutuaide Assistance	Director	Since 8 October 2008
	Chairman of the Board of Directors	Since 1 January 2009
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 10 June 2009
SCI du Domaine de Nalys	Director	Since 10 December 2008

Served outside the Group in France

SICLAÉ	Member of the Supervisory Board	Since 25 May 2005

Terms held from 2006 to 2010 no longer held by Mr Schmitt

Served within the Group in France

Groupama Vie	Director (end of term 31 December 2009)

PHILIPPE VASSOR

Date of birth: 11 June 1953

BUSINESS ADDRESS

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

Main position in the Company

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

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

Main position outside the Company

- Chairman of Baignas SAS

Professional experience / Management expertise

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

Current terms of office

Served outside the Group in France

Arkema	Director	Since 10 May 2006
Baignas SAS	Chairman	Since 1 June 2005
Bull	Director	Since 16 June 2010
DGI Finance SAS	Chairman	Since 30 June 2008
Infovista SA	Director	Since 21 July 2005
	Chairman of the Board of Directors	Since 18 December 2008

Terms held from 2006 to 2010 no longer held by Mr Vassor

None

JÉRÔME ZANETTACCI

Date of birth: 9 May 1957

BUSINESS ADDRESS

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

Main position in the Company

Jérôme Zanettacci has been a Director since 1 January 2009. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main position outside the Company

- Farmer

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France

Gan Assurances	Director	Since 7 March 2007
Groupama Holding	Non-voting Director	Since 17 February 2009
Groupama Holding 2	Non-voting Director	Since 17 February 2009
Mutuaide Assistance	Director	Since 8 March 2007

Terms held from 2006 to 2010 no longer held by Mr Zanettacci

Served within the Group in France

Gan Assurances Vie	Director (end of term 17 December 2009)

3

HENRI DURAND

Date of birth: 6 April 1955

BUSINESS ADDRESS

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

Main position in the Company

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

Main position outside the Company

None

Professional experience / Management expertise

› Internal auditor of local Groupama employees' mutual

Current terms of office

None

Terms held from 2006 to 2010 no longer held by Mr Durand

None

BRIGITTE HOMO

Date of birth: 6 November 1958

BUSINESS ADDRESS

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

Main position in the Company

Brigitte Homo has been a Director representing employees since 1 December 2010. Her term expires at the close of the elections to be held in 2012.

Main position outside the Company

None

Professional experience / Management expertise

None

Current terms of office

None

Terms held from 2006 to 2010 no longer held by Ms Homo

None

3.1.3 MANAGEMENT

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

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

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

JEAN AZÉMA

Date of birth: 23 February 1953

BUSINESS ADDRESS

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

Main position in the Company

Chief Executive Officer of the Group since 2000, Jean Azéma was appointed Chief Executive Officer of Groupama SA on 18 December 2003. His term was renewed at the Board of Directors meeting of 27 May 2009 and will expire at the end of the Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main position outside the Company

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

Professional experience / Management expertise

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

Current terms of office

Served within the Group in France		
Groupama Holding	› Non Director Chief Executive Officer	Since 18 December 2003
Groupama Holding 2	› Non Director Chief Executive Officer	Since 18 December 2003
SCI du Domaine de Nalys	› Director	Since 10 December 2008
Served outside the Group in France		
La Banque Postale Assurances IARD	› Vice-Chairman of the Board of Directors	Since 10 December 2009
Société Générale	› Director	Since 24 September 2003
Véolia Environnement	› Director	Since 30 April 2003
Bollore	› Permanent Representative of Groupama SA, Director	Since 31 March 2004
Served outside the Group abroad		
Mediobanca	› Director	Since 28 October 2008

Terms held from 2006 to 2010 no longer held by Mr Azéma

Served within the Group in France	
Groupama International	› Chairman of the Board of Directors (end of term 31 December 2008)
SCI Groupama les Massues	› Groupama SA representative, Manager (end of term 16 December 2009)
Served outside the Group abroad	
Mediobanca	› Director (end of term 27 June 2007) then member of the Supervisory Board (end of term 28 October 2008)

3.1.4 THE MANAGEMENT COMMITTEE

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

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

The committee is made up of nine members and meets every 15 days with the representatives of Groupama SA's major divisions and the Chief Executive Officer.

3.1.5 THE STRATEGY COMMITTEE

The Groupama SA Strategy Committee is a new body created in early January 2010. It has 22 members and meets quarterly in the same place as the Management Committee.

The main issues examined are strategy, operational strategic planning, the Group's annual objectives and monitoring of these objectives.

Members of the Groupama SA Strategy Committee participate in meetings of the Management Committee and the Group Executive Committee for matters under their responsibility.

3.1.6 THE GROUP EXECUTIVE COMMITTEE

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

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

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

3.1.7 RELATIONS WITHIN THE MANAGEMENT BODIES

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

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

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

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

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

3.1.8 CONFLICTS OF INTEREST IN THE MANAGEMENT BODIES

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

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

3.1.9 LACK OF SERVICE AGREEMENTS

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

Sections 3.2, 3.3 and 3.4 below are the Chairman's Report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R 336-1 of the Insurance Code. This report, which was reviewed by the Groupama SA Board of Directors in its meeting of 15 February 2011, is based on the information compiled under the authority of the Groupama SA General Management. It describes the Groupama SA corporate governance, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the Company at the end of 2010 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals). The Groupama internal control structure, as with any control structure, cannot be considered an absolute guarantee for attaining the Company's objectives: rather, it constitutes reasonable assurance of the security of its transactions and control of its income.

3.2 DISCLOSURES ON CORPORATE GOVERNANCE

3.2.1 THE BOARD OF DIRECTORS

3.2.1.1 Membership

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

- 15 Directors appointed by the General Meeting:
  - 11 Directors who are Chairmen of Groupama metropolitan regional mutuals, representing the controlling shareholders;
  - 4 independent Directors as defined by the AFEP-MEDEF task force and repeated in the internal rules of the Board of Directors;
- 2 Directors elected by the employees.

The average age of Directors is 56.

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

3.2.1.2 Duration of terms of office

The duration of the terms of office of the 15 Directors appointed by the General Meeting is six years. For Directors representing the majority shareholder, these terms of office expire with the 2015 Annual General Meeting convened to rule on the financial statements for the fiscal year ended 31 December 2014; for independent Directors, at the Annual General Meeting of 2011 convened to rule on the financial statements for the year ending 31 December 2010 for Messrs Frédéric Lemoine, Jean Salmon and Philippe Vassor; and for Ms Anne Bouverot, at the Annual General Meeting of 2014, convened to rule on the financial statements for the fiscal year ending 31 December 2013.

The terms of the two Directors elected by the Company's employees, of four years, will expire in the first half of 2012.

3.2.1.3 Responsibilities

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

During 2010, its membership was changed following the replacement, as of 1 December 2010, of Mr Christian Garin, Director representing the employees, by Ms Brigitte Homo.

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

3.2.1.4 Authority reserved for the Board of Directors

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

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

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

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

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

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;

- acquiring or disposing of any properties, excluding the insurance investment business;
- granting any pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

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

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

Although Groupama SA is an unlisted company, it applies the corporate governance rules in effect in France resulting from the AFEP-MEDEF recommendations, except for the following three recommendations explained below:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6; given the current situation, Groupama considers the maximum term provided by law to be most appropriate;
- the number of independent Directors is not quite one-third of the total number of Directors on Board, which is the percentage recommended for companies with a controlling shareholder; this threshold will be reached if the General Meeting of 25 May 2011 accepts the proposal to enlarge the Board by adding a fifth Director;
- the Compensation and Appointments Committee does not have a majority of independent Directors; the current composition of the committee reflects the presence of the controlling shareholder.

3.2.1.5 Work of the Board in 2010

The Board of Directors met seven times in 2010. The attendance rate of the members of the Board of Directors was the same as that of the previous year (92.2%). The Corporate Secretary of the Group carried out the duties of Secretary of the Board.

In 2010, the Board deliberated mainly on the following issues:

- the separate, consolidated and combined half-year and annual financial statements and the various reports required by regulation;
- reinsurance policy;
- an insurance partnership proposal in China with AVIC Group, which was signed on 18 December 2010;
- financial transactions: strengthening the solvency of international subsidiaries, endorsements, securities and guarantees;
- report on anti-money laundering efforts;
- provisional audit plan for 2011;
- report on the Group's risk policy;
- compensation of corporate officers.

In addition, the Board of Directors devoted its annual seminar to strategic risk management in view of Pillar 2 of Solvency II.

Lastly, the Board of Directors acknowledged the work of the Board's three committees and reviewed certain matters on an informational basis:

- scorecard of the Group's activities;
- update on certain international subsidiaries;
- Groupama's ESR process.

The 2010 financial statements were closed on 15 February 2011 by the Board of Directors, which also prepared the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting on 25 May 2011. The 2010 financial statements were presented previously to the Audit and Accounts Committee, for its opinion. The committee examined them on 11 February 2011.

3.2.1.6 Internal Regulations of the Board of Directors

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

This regulation was updated several times and since 2008, has included provisions on preventing conflicts of interest in the taking of interests in unlisted companies doing business with the Group and since 2009, has included an Appendix 4 on the independence criteria for Directors as set out in the recommendations in the AFEP-MEDEF Code of Corporate Governance.

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

3.2.2 THE COMMITTEES OF THE BOARD OF DIRECTORS

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

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

In accordance with Article R. 225-29, paragraph 2 of the French Commercial Code, the Board of Directors, in its 24 February 2005 meeting, decided to create within it an Audit and Accounts Committee, a Compensation and Appointments Committee and an Agreements Committee. The Board of Directors is responsible for ensuring the proper operation of the committees.

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

3.2.2.1 The Audit and Accounts Committee

In anticipation of the transposition of the 8th European Directive, applied at the end of 2008, Groupama created an Audit and Accounts Committee in February 2005.

(a) Membership

The Audit and Accounts Committee is made up of 5 members appointed by the Board of Directors, including:

- 2 Directors representing the controlling shareholder: Messrs Michel Baylet, Chairman of the Groupama Centre Atlantique regional mutual and Amaury Cornut-Chauvinc, Chairman of the Groupama Sud regional mutual;
- 3 independent Directors: Mr Frédéric Lemoine, Ms Anne Bouverot and Mr Philippe Vassor.

Two independent Directors have special expertise in finance and accounting (Mr Lemoine and Mr Vassor).

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

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

The operating methods of the Audit and Accounts Committee are in full compliance with the recommendations in terms of corporate governance.

(b) Responsibilities

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

- examining the combined/consolidated/parent company draft semi-annual and annual financial statements as well as the references and scope of consolidation;
- ensuring that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- examining the risk management policy;
- examining the performance of the statutory auditors' responsibilities and the amount of fees paid to them and to ensure compliance with the rules guaranteeing their independence;
- examining external growth plans.

(c) Activity report by the Audit and Accounts Committee for 2010

In 2010, the Audit and Accounts Committee met six times. The attendance rate was 96.6%.

The activity of the Audit and Accounts Committee in 2010 focused primarily on the following tasks:

Monitoring the statutory audit of the annual accounts

- The Audit and Accounts Committee reviewed the 2009 annual and 2010 semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share.

In doing so, it provided the Board its opinion on the Management Report, the Solvency Report and the investment policy, the Chairman's report on internal control and the Reinsurance Report for 2009;

- it also devoted two meetings during the year specifically to examining the principles, rules and options chosen to close both the annual and half-year financial statements so as to prevent and anticipate any difficulties with the close of books. This practice proved to be very useful in the context of market volatility resulting from the financial crisis;
- it gave its opinion on draft press releases and was consulted on the draft 2009 registration document, which was registered with the AMF on 22 April 2010 under number D. 10-0303.

Risk monitoring

- It acknowledged the performance of the 2009 and 2010 audit program and of the 2011 draft audit plan as well as the reports on major litigation underway within the Group, anti-money laundering activities and the reinsurance policy for 2011;
- an update on the major risks facing the Group was presented to it;
- in addition, the work of Groupama Systèmes d'Information was presented to it in the context of risks and process security, with a presentation on developments in IT security, governance and the players dedicated to security, security systems and action plans in the area of security;
- it reviewed Groupama SA's off-balance sheet commitments.

Monitoring the responsibilities of the statutory auditors

- The committee reviewed the budget for the statutory auditors' fees for fiscal year 2009 and noted that they remain steady despite the mergers carried out in France (Groupama Gan Vie transaction and merger of banks) and internationally. In addition, the balance, on the consolidated scope, between the two groups of Groupama SA statutory auditors remains stable. The amount of work undertaken outside the legal audit is increasing as a result of the issuance of specific regulatory reports in the particular context of merger transactions but the Group's practice in this area remains consistent with previously established guidelines. The committee also took note of the rotation that will take place from fiscal year 2010 in the signatory partners of the two firms;

- it reviewed the conditions for renewing the assignment of Groupama SA's statutory auditors, which will expire at the end of the 25 May 2011 meeting and also issued a favourable opinion regarding renewal of the statutory auditors, as proposed by two regional mutuals;
- it is further noted that at every meeting, the committee heard the statutory auditors without management being present.

Monitoring certain financial transactions

- The committee took note of the organization of the Group project responsible for preparing Groupama SA for listing on the stock exchange, with the process to be organized into nine projects and the key objectives for each project;
- it was consulted on renewing the authorisation for the Company to issue bonds for a total of €2 billion and on the authorisation to use futures so as to immunize the portfolio against the equities and foreign exchange risk;
- it also took note of the proposal to switch three property assets, of the capital increase of the Bulgarian subsidiaries and of the financing of Groupama Épargne Salariale.

3.2.2.2 The Compensation and Appointments Committee

(a) Membership

The Compensation and Appointments Committee is made up of 5 members, including:

- 4 Directors representing the controlling shareholder: Mr Francis Aussat (Committee Chairman), Ms Annie Bocquet, Messrs Jean-Marie Bayeul and François Schmitt;
- 1 independent Director: Mr Frédéric Lemoine.

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

(b) Responsibilities

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

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

(c) Activity Report by the Compensation and Appointments Committee for 2010

During 2010, the Compensation and Appointments Committee met four times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

At these meetings, the committee:

- examined the compensation of the Chief Executive Officer by comparison to competitor companies and made proposals regarding the change in the maximum amount of the Chief Executive Officer's variable compensation;
- proposed an assessment of the 2009 variable compensation for the Chief Executive Officer based on quantitative and qualitative criteria set the previous year; it also undertook to set the criteria for determining the variable compensation of the Chief Executive Officer for fiscal year 2011;
- proposed a change in the compensation of the Chairman of Groupama SA;
- verified the independent status of the outside Directors of the Board of Directors with regard to the criteria set out in the AFEP-MEDEF Corporate Governance Code and included in the Company's regulations;
- analysed the results of the evaluation of the work of the Board and the committees for fiscal year 2009, conducted based on a questionnaire drawn up in-house;
- examined the draft reference documents and the management report relating to corporate governance and to the remuneration of the Directors and officers;
- examined the conditions for expanding the Board of Directors to include a fifth external Director and reviewed an initial list of candidates;
- re-examined the maximum amount authorised for the distribution of Directors' fees and considered the policy for awarding and distributing such fees.

3.2.2.3 The Agreements Committee

(a) Membership

The Agreements Committee is made up of 4 members, including:

- 2 Directors representing the controlling shareholder: Messrs Jean Baligand, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual and François Desnoues, Chairman of the Groupama Paris Val de Loire regional mutual;
- 2 independent Directors: Messrs. Philippe Vassor and Jean Salmon.

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

The Company Secretary, who performs the duties of Committee secretary, and the Chief Finance and Risk Officer participate in the work of this committee.

(b) Responsibilities

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

- preventing any potential conflict of interest between the regional mutuals, on the one hand, and Groupama SA and its subsidiaries on the other, that are likely to arise from their business relations. Within this context, the committee will analyse any agreement and addendum to these agreements, entered into between the regional mutuals and Groupama SA and its subsidiaries, according to defined significance thresholds:

- to ensure their legal security,
- and specifically to ensure that the conditions of compensation or distribution of the risks between the entities of the two Divisions, Mutual and Capital, are consistent with the corporate interest of Groupama SA;

› analysing the regulated agreements;

› analysing the conditions for applying the reinsurance agreements between Groupama SA and the regional mutuals.

(c) Activity Report by the Agreements Committee for 2010

During fiscal year 2010, the Agreements Committee met four times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

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

› adjustments to the annual Groupama Banque marketing agreement on the update of the production targets of the regional mutuals for 2010 (in February 2010) and for 2011 (in October 2010), their compensation and quality objectives and a description of the supplemental resources provided by Groupama Banque to its networks;

› the new pricing system for Groupama Asset Management that seeks to simplify the existing system by applying uniform pricing to all Group entities, regional mutuals and insurance subsidiaries via a pricing structure common to all entities for mandates and mutual funds. This new system took effect on 1 July 2010;

› the invoicing system for inter-company ventures, Groupama Systèmes d'Information and Groupama Logistique et Achats, whose organisation and operating method is described briefly in heading 3.7 below, dedicated to relationships with affiliates;

› the draft adjustments to the reinsurance agreement on setting the terms for the annual application of the General Reinsurance Regulations as well as the terms for storm reinsurance, climate multi-risk, the Group long-term care offering that will be launched in 2011 and the new multi-risk climate insurance offered by the Caisse de Réassurance Mutuelle des Producteurs de Tabac de France;

› the portion of the draft Groupama SA 2010 registration document for fiscal year 2009, which is dedicated to transactions with related parties and sets out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries and the regional mutuals, specifically the justification for a mechanism of financial support for the regional mutuals in implementing Groupama SA's major national programmes;

› financial monitoring by Groupama SA of the Group's major national programmes for 2010, as well as of the 2011 structural factors. This measure is aimed primarily at harmonising information technology (projected healthcare system migration, mergers/takeovers, development of common management systems) and monitoring the regional mutuals in their efforts to develop the private banking business line and, specifically, deposits and consumer loans;

› financial monitoring of athletic sponsorships applied by the regional mutuals for the 2010/2011 season, which is a function of the media spinoffs and contributes to Groupama's brand awareness on a national level. This monitoring effort is being carried out by specialist firms.

Finally, the committee undertook a re-examination of the statement of agreements entered into with Directors and the list of regulated agreements to be published in the auditors' special report.

3.2.3 EVALUATION OF THE BOARD OF DIRECTORS

Every year since 2005, Groupama SA has evaluated the operations of its Board of Directors and committees and, in this context, contracts for an outside evaluation every three years, in accordance with the recommendations of the AFEP-MEDEF Code.

As part of a 2009 in-house evaluation, a questionnaire was sent to Directors aimed at measuring progress in terms of the recommendations made in the previous Board evaluation. The results of this evaluation were brought to the attention of the 9 February 2010 meeting of the Compensation and Appointments Committee and discussed at the meeting of the Board of Directors on 16 February 2010.

As a result, Groupama's action principles comply with the market recommendations (AFEP-MEDEF Code) and the progress achieved in 2008 continued in 2009.

In particular, the meetings of the Board are found to be properly documented and efficient and progress continues in the area of participation in discussions. Management's initiatives, such as organising a seminar on the risk management policy, were emphasised and several additional provisions were suggested, specifically regarding monitoring of decisions and risk control.

Communication within the Board and with General Management was found to be satisfactory, as was the distribution of work among the Board and the committees.

The organisation and operation of the committees has proceeded favourably with, however, analysis required on the increased workload facing the Audit and Accounts Committee in the area of risk monitoring based on legislative and regulatory requirements.

As in 2007, an external firm conducted an evaluation for 2010, involving interviews with each Director.

The results of these interviews were summarised, presented to the 8 February 2011 meeting of the Compensation and Appointments Committee and discussed at the meeting of the Board of Directors on 15 February 2011.

Six major topics were addressed: the organization and operation of the Board; areas of Board expertise and working methods; risk management; composition of the Board and compensation of corporate officers; relations between the Board and General Management; organisation and operation of the committees.

The Directors were very satisfied with Groupama's governance and its compliance with corporate governance rules. Specifically, the quality of the information provided, the agendas, presentations made at Board meetings and General Management's responses were found to be appropriate and complete.

Several recommendations were made to improve the availability of dossiers and to facilitate their review.

In addition, it was emphasised that the topics addressed covered the full range of issues within the Board's remit and the Directors believe that their expertise is well used. The composition of the Board was found to be satisfactory, with additional independent and female Directors scheduled to join soon. In addition, the Directors evaluated the review of the strategic investments already conducted, which is presented periodically at the Board of Directors so that it can evaluate investment results and the conditions under which they were achieved.

Furthermore, the evaluation revealed that the Directors are satisfied with the way in which General Management's performance objectives are set and evaluated.

Last, the organisation and operation of the committees was evaluated favourably, with certain points for consideration and improvement emphasised.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY MANAGEMENT

In accordance with the AFEP and MEDEF recommendations, consolidated into the Corporate Governance Code for listed companies, calculation of the compensation of corporate officers is the responsibility of the Board of Directors and is based on the proposals of the Compensation Committee.

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

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

3.3.1.1 Compensation paid to the members of the Board of Directors

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

Attendance fees received by each Director for participating in the work of the Board of Directors and as compensation for their general responsibility comprise a fixed portion totalling €24,500 and a variable portion totalling €3,050 per meeting, which since 1 January 2010 is paid in accordance with their attendance.

Participation in the Board committees' work results in the payment of additional Directors' fees to all Directors participating in the work of the Board of Directors whether they participate in the committees as Chairman or as a simple member. They are also paid a fixed annual amount of €5,100 per committee as compensation for their general responsibility, and a variable amount of €3,050 for their actual attendance at each meeting.

These Directors' fees are paid quarterly.

Moreover, in 2010 certain Groupama SA Directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

	Directors' fees received in 2009			Directors' fees received in 2010		
(figures in euros)	**By Groupama SA**	**By Groupama Holding**	**Total**	**By Groupama SA**	**By Groupama Holding**	**Total**
Francis Aussat	68,000	71,000	139,000	62,750	72,250	135,000
Jean Baligand	65,000	51,000	116,000	62,750	52,250	115,000
Claude Bartholomeis	18,000	-	18,000	-	-	-
Jean-Luc Baucherel	-	-	-	-	-	-
Jean-Marie Bayeul (appointed on 26.08.2009)	5,417	15,000	20,417	62,750	52,250	115,000
Michel Baylet	80,000	71,000	151,000	65,850	72,250	138,100
Annie Bocquet	65,000	58,000	123,000	59,750	72,250	132,000
Anne Bouverot (2)	62,583	-	62,583	59,800	-	59,800
Amaury Cornut-Chauvinc	80,000	51,000	131,000	65,850	52,250	118,100
François Desnoues (appointed on 27.05.2009)	14,417	15,000	29,417	62,750	52,250	115,000
Robert Drouet (until 26.08.2009)	57,750	37,000	94,750	-	-	-
Henri Durand (1)	-	-	-	-	-	-
Christian Garin (1) (until 30.11.2010)	-	-	-	-	-	-
Michel Habig	48,000	-	48,000	45,575	-	45,575
Brigitte Homo (1) (appointed 01.12.2010)	-	-	-	-	-	-
Frédéric Lemoine (2)	97,000	-	97,000	80,025	-	80,025
Solange Longuet (until 27.05.2009)	52,750	24,000	76,750	-	-	-
Jean Salmon (2)	65,000	-	65,000	59,750	-	59,750
François Schmitt	62,000	51,000	113,000	62,750	52,250	115,000
Philippe Vassor (2)	94,000	-	94,000	83,025	-	83,025
Jérôme Zanettacci	30,000	-	30,000	45,575	-	45,575
Groupama Regional Mutuals (3)	-	459,000	459,000	-	393,600	393,600
	964,917	**903,000**	**1,867,917**	**878,950**	**871,600**	**1,750,550**

(1) Employee directors for a period of four years; they do not receive compensation for their term of office.
(2) Independent and external directors appointed by the General Meeting for a period of six years.
(3) Directors' fees – managing directors of regional entities – are paid directly to their respective regional mutuals.

3.3.1.2 Compensation of the Directors representing the controlling shareholder

For information, in 2009, Chairman Jean-Luc Viet received an additional €23,000 in gross compensation based on his 2008 duties as Chairman of Gan Eurocourtage Vie and Gan Eurocourtage IARD.

3.3.2 COMPENSATION AND BENEFITS PAID TO DIRECTORS AND OFFICERS

3.3.2.1 Compensation

(a) The Chairman

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

- gross annual compensation paid monthly over twelve months;
- rights to replacement income following the discontinuance of his business representing 13.6% of his gross annual compensation;
- housing provided by the Company and associated benefits reported as benefits in kind.

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

Jean-Luc Baucherel (Chairman of the Board of Directors)	Fiscal year 2009	Fiscal year 2010
Compensation due during the year (detailed in the following table)	342,318	346,744
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**342,318**	**346,744**

SUMMARY TABLE OF COMPENSATION *(figures in euros)*

	Fiscal year 2009		Fiscal year 2010	
Jean-Luc Baucherel (Chairman of the Board of Directors)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	Not applicable	275,324	Not applicable	280,765
Variable compensation	Not applicable	None	Not applicable	None
Extraordinary compensation	Not applicable	None	Not applicable	None
Directors' fees	Not applicable	None	Not applicable	None
Benefits in-kind (1)	Not applicable	66,994	Not applicable	65,979
TOTAL		**342,318**		**346,744**

(1) Of which, benefits in kind:
- *in 2010, housing 28,535 and retirement 37,444;*
- *in 2009, housing 29,550 and retirement 37,444.*

(b) Chief Executive Officer

The Chief Executive Officer receives fixed annual compensation paid in twelve instalments, and variable compensation paid at the beginning of the following year.

His variable compensation is calculated based on a previously established target figure (€800,000 in 2010) from quantitative criteria (60%) based on the achievement of key performance indicators (combined premium income on a like-for-like basis, property and casualty combined ratio, and Groupama SA ROE) and qualitative criteria (40%) with regard to strategic objectives set at the end of the previous year. The amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

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

Jean Azéma (Chief Executive Officer)	Fiscal year 2009	Fiscal year 2010
Compensation due during the year (detailed in the following table)	1,401,268	1,520,245
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**1,401,268**	**1,520,245**

SUMMARY TABLE OF COMPENSATION *(figures in euros)*

	Fiscal year 2009		Fiscal year 2010	
Jean Azéma (Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	952,000	952,000	1,072,000	1,072,000
Variable compensation (1)	433,000	349,500	409,240	433,000
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in-kind (2)	16,268	16,268	39,005	39,005
TOTAL	**1,401,268**	**1,317,768**	**1,520,245**	**1,544,005**

(1) Variable compensation for year "n" is paid at the beginning of the following year.
(2) Protection and healthcare and Social Insurance cover for company Senior Executives and Managers.

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

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

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

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

3.3.2.4 Restricted stock awarded to corporate officers

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

3.3.2.5 Restricted stock vesting during the year for corporate officers

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

3.3.2.6 History of stock subscription or purchase option awards

INFORMATION ON THE SUBSCRIPTION OR PURCHASE OPTIONS

General Meeting date	Plans
Date of Board of Directors meeting	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	*Not applicable*
Jean-Luc Baucherel	Not applicable
Jean Azéma	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan contains several tranches)	Not applicable
Number of shares subscribed as at 31.12.2010	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year-end	Not applicable

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

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

3.3.2.8 Summary of the status of corporate officers Employment Contract

Corporate Officers	Employment Contract		Supplementary retirement system		Payments or benefits due or likely to be due for cessation or change of duties		Payment for non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Luc Baucherel Chairman of the Board of Directors Date of start of term: 26 August 2004 Date of end of term: 2015 General Meeting		X	X			X		X
Jean Azéma Chief Executive Officer Date of start of term: 18 December 2003 Date of end of term: 2015 General Meeting		X (1)	X		X (2)		X	

(1) Jean Azéma took the decision at the Board meeting on 27 May 2009 to relinquish his employment contract.

(2) Indemnity due in the event of separation due to a change in control or strategy.

3.3.3 MEMBERS OF THE MANAGEMENT COMMITTEE

3.3.3.1 Compensation

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

The Management Committee comprised 11 members at the end of 2009, including the Chief Executive Officer. Since 1 January 2010 it comprises 9 members.

	2009	2010
(figures in euros)	Gross amount paid during the year	Gross amount paid during the year
Members of the Management Committee (1)	5,206,692	5,021,943
Average number of members in the year	11	9

(1) The amount indicated for the members of the Management Committee includes fixed compensation, variable compensation, profit-sharing and various benefits (provident and healthcare cover and, for some members, company car).

3.3.3.2 Retirement commitments made for the members of the Management Committee

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

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

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

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

The total amount of the commitment at 31 December 2010 was 30,141,210 euros.

3.4 REPORT ON INTERNAL CONTROL

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

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

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

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

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

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

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

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

Scope of this report

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

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

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

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

Groupama SA is the parent company of the Groupama Subsidiaries Division, which is consolidated under it; it is also the parent company of the Groupama regional mutuals. In this context, it is in charge of defining the Group's strategy and coordinating its implementation in the companies:

- the Group's strategic guidelines are determined by the Group's management bodies over the medium and long term based on audits and recommendations made by the Group's Strategy Department in particular;
- they are listed as short or medium term in accordance with a Group process of Strategic and Operational Planning ("SOP").

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

- on the one hand, every three years:
  - the Group's Strategy Department defines beforehand the strategic goals, which are subject to approval by the Group's management bodies;
  - the Business Divisions of Groupama SA adjust and adapt those goals to their business lines and markets, also subject to approval by the Group's management bodies. The business-line or market specific goals are transmitted to the companies for integration in their SOP work. They include:
    - a detailed strategic diagnosis of each business line (analysis of the environment, Groupama's position, as well as its development and profitability levels),
    - laying down the strategic goals in terms of quality and quantity, including key performance indicators,
    - a proposal for the required operational plans to achieve the strategic goals (target schema, operational players involved, implementation plan with the entities involved, investments required and implementation schedule);

- the devising of Business-line and Market SOP processes by Group companies, based on the strategic framework and business-line/market breakdown transmitted to them;

› with annual updating over a rolling period of 3 years, consistent with the financial forecast concerning:

- the update of any required business-line or market adaptations of the strategic framework by the Business Divisions of Groupama SA, transmitted to the companies;
- the companies' updated figures concerning SOP forecasts and their operational plans.

The initial PSO of the Group's French and international companies for the period 2010-2012 was developed and validated in 2009. It was monitored, within the context of the updated 2011-2013 PSO, over the course of 2010 and focused on:

› whether the operational plans managed by the Groupama SA Specialist Divisions and by the companies have been executed;

› whether or not the Company has met key business objectives by business line: premium income, new business, loss ratio, combined ratio, etc.;

› the policy income statements of the principal business lines of the companies in the Group;

› each company's objectives in terms of contribution to Group earnings.

Internationally, an annual update of the SOP over a rolling period of 3 years has been scheduled for each of the foreign subsidiaries under the coordination of the International Division (see 3.4.1.3 b).

3.4.1.2 Human resources

Groupama SA

The Human Resource Department of Groupama SA, which was joined to the Group HR Department on 23 September 2009, fulfils all of its routine and operational missions in accordance with the major thrusts of the Groupama SA employment and Human Resource management policy, *i.e.*:

› guaranteeing adherence to the employer's legal and contractual obligations;

› Management and managing HR capital expenditures;

› managing and administering professional development;

› Management and promoting dialogue between the workforce and management.

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

Since 2005, Groupama SA has also been a member of the Economic and Social Unit (UES) recognised between Groupama SA, Groupama Systèmes d'Informations, Groupama Logistique et Achats and the four profit centres under the Gan brand name. The Human Resource Department of Groupama SA coordinated UES employee relations until the integration of this entity in the Group HR Department in October 2009: a total of 3 agreements were signed in 2009.

These provisions are supplemented by collective agreements made at the level of Groupama SA.

The agreements signed, respectively, in 2009 and 2010 are the following:

› agreements signed in 2009:

- agreement of 18 November 2009 regarding temporary telecommuting from home in the event of a flu pandemic;
- agreement of 16 December 2009 regarding compensation for apprenticeship and professional qualification contracts;
- agreement of 15 December 2009 regarding the employment of seniors;
- addendum to the agreement of 17 March 2009 regarding compensation for apprenticeship and professional qualification contracts within Groupama SA;
- agreement of 17 March 2009 regarding the day of solidarity;
- addendum revising the agreement of 4 June 1993 regarding the Company savings plan (16 December 2009);
- addendum revising the 2007-2008-2009 profit-sharing agreement (25 June 2009);

› agreements signed in 2010:

- substitute collective agreement of 4 March 2010 in the context of the new benchmark salary;
- agreement regarding the transition from Gan collective status to Groupama SA collective status as part of the January 2010 Groupama Gan Vie project;
- 2010-2011-2012 profit-sharing agreement (26 June 2010);
- addendum to the agreement to establish the 21 December 2005 "responsible contract," a complementary health insurance cost control contract, set up at Groupama SA.

Specifically, the HRD invested in the following:

› managing the performance monitoring procedure: mainstreaming of annual assessment interviews, conducted by line Managers with each employee, within all Groupama SA departments; training sessions for all Groupama SA management staff on "setting operational objectives and evaluating skills"; in addition, training for the Managers concerned in performance assessment for employees receiving variable compensation; employee participation in training sessions dealing with annual performance evaluation interviews;

› developing individual and group skills through the set-up of a procedure for the management of individual training rights (DIF), developing apprenticeship and professional qualification contracts, supporting initiatives for the development of experiential learning (VAE) and individual career summaries; developing language skills through DIF and the set-up of language tests approved by the Group;

› involving Human Resources Department employees in diversity issues within the Company to encourage their support of the diversity charter the Group signed in June 2007. As part of ongoing training provided by Human Resources staff and labour and management representatives, Managers received training on preventing discrimination within the Company in 2009 and the hiring of young people from disadvantaged areas was continued (specifically, temporary summer positions).

- mobility within the Group and career management through implementation of professional tracks, identification of key skills, sensitive positions and the construction of succession plans.

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

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

In 2010, Groupama SA's HRD continued its 2009 investments in preventive activities, such as:

- the installation of defibrillators and training of the employees in their use;
- organising theatrical and musical performances as part of disability awareness week and participating in trade shows on this topic.

Subsidiaries and inter-company ventures

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

Group-wide coordination (internal mobility, recruitment, management of Senior and Executive Managers, HR advice to entities, internal communication and employer communication, social bodies at Group level and concerning corporate social responsibility, management of HR information systems, wages, training, employment, and coordination of the network of Group HR Departments) is the responsibility of the Group Human Resources Department.

In this connection, Groupama University offers the Group's Senior Managers, executives and young talent, in France and internationally, events and tools to inform them and mobilise them on the implementation of the Group's strategy. In 2010, as in 2009, efforts focused on developing the Group's international aspects (cross-cultural and language programmes, including launching a Managers' advanced training (FSM) group for English-speaking employees) and providing training on diversity and disability in the workplace.

In addition, in 2010, the third "Groupama Demain" gathering was held, bringing together 1,310 Senior Managers (including 181 from international subsidiaries) who attended nine seminars addressing strategy, management and innovation.

In 2010, 1,500 local Managers from 19 companies within the Groupama SA scope participated in ongoing programmes focused on "mobilising team Managers" that also addressed strategy and management.

The Group's management and information system installed since 2005 now incorporates the main social data from the Group's companies in France and that of the international subsidiaries. In late 2009, programmes were initiated to overhaul and modernise HR information systems and progressively set up a Shared Pay Service Centre. By late 2010, the Centre had processed 9,280 payroll runs for Groupama SA and nine subsidiaries (Groupama Gan Vie, Gan Assurances, Gan Prévoyance, Gan Patrimoine, Gan Eurocourtage, Groupama Systèmes d'Information, Groupama Logistique et Achats, Groupama Assurance Crédit and SGPS).

Concerning social reporting, an opinion survey similar to the one conducted in 2008 was launched among all employees in France and internationally regarding the Group, its strategy, social practices and employee career development. The third Group Opinion Survey was conducted in March 2010. The analysis of the results led to a series of actions at Group level and within each company focused on new internal communications activities (for example, knowledge of the Group, its strategy and companies and clear career development pathways) and increasing the reliability of HR processes.

In addition, a single system allows all the companies in the Group to manage internal and external recruitment activities using dedicated sites and through Group-wide activities:

- the groupama-gan-recrute.com site was redesigned and, together with employer branding campaigns, has produced a four-fold increase in the number of applicants;
- similarly, a new Mouvy site will be launched in early 2011 to increase the clarity of career development pathways and employee internal mobility;
- the third "groupama-gan-rencontres" forum was held in March 2010, with the participation of 19 companies and 350 employees.

Following the example of the agreement establishing security and solidarity systems for the Agricultural Reinsurance Mutuals that belong to the Groupama National Federation (December 2004 addendum), set forth in Article 3, Appointing the Managing Directors of the regional mutuals, a group-wide process (targeting Groupama SA, its subsidiaries, inter-company ventures and the regional mutuals) was initiated in 2006. It applies to the management of senior executives' career development, talent spotting and management, the appointment of Senior Managers and the establishment of succession plans. It is based on establishing job and incubator categories. With the support of the Group HR Department, it is coordinated and regulated through staff performance reviews conducted by the Managing Director of each company in France and internationally and, at Group level, by a Technical Career Committee. This committee, which has been open to all Managing Directors of regional mutuals since September 2009, met 10 times in 2010.

Since 2006, the secure, dedicated computer application "GroupamaTalents" has been deployed in support of the Annual Performance Assessment Interviews and for the collection and sharing of the required data. It currently concerns 5,000 people. It was upgraded in 2009 (simpler navigation and integration of the project mode in the assessment) and will gradually incorporate all employee categories (for example, Groupama SA).

Lastly, in 2008, the Technical Careers Committee and Group Executive Committee initiated a top-level development plan aimed at the Group's Executive Managers. Its goal is to prepare Groupama's Executive Managers so they can anticipate and tackle the new challenges brought about by the Group's growth. "Objectif Dirigeants" is a customised course comprising 12 modules aimed at Senior Managers; it has already been deployed for 80 people.

Groupama University has completed its offerings by creating "career academies" (including sales, actuaries, HR, insurance and wealth management) and opened a new site for the "Groupama Finance and Risks" Directors.

3.4.1.3 Monitoring of subsidiaries

(a) General system

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

- Finance and Risk Division for the financial subsidiaries;
- the France Insurance Division for French operating subsidiaries;
- the International Division for French overseas and foreign subsidiaries.

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

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

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

This monitoring system is supplemented by business reviews held at least twice a year for Group subsidiaries in France and internationally, involving the General Management of Groupama SA and the management of these subsidiaries.

The business reviews, April-May session, thus focus on the previous year's results, the analysis of the currents year's results and outlook and the review of the Company's medium-term strategy. These interchanges notably ensure that the Company's strategic guidelines conform to the Group framework.

The business reviews, November-December session, are aimed at analysing the year-end closing conditions, explaining the progress of the accounts and year-end figures, and presenting the framework of the major objectives for the upcoming year.

Since 2010, these business reviews include a specific "risk" section, presenting, by entity, the level of deployment of the internal control system and the main activities underway in the area of risk management.

Lastly, this monitoring system also involves 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.

(b) Strategic Management of International Subsidiaries

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

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

Strategy and Planning

Every three years, following an in-depth strategic analysis, each subsidiary defines a Strategic and Operational Strategic Plan (PSO) for the next three years.

This process was carried out from March to May 2009 in order to establish the 2010-2012 SOP.

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

Reporting by the subsidiaries

Periodic feedback based on a common format is organised to ensure monitoring of each company:

- a monthly report shows the trends in the activity and the claims ratio per business sector as well as trends in financial income and overheads. This report also populates the monthly Group performance indicators. This data is analysed by the International Division (Management Control Department and area Managers) in order to decide on any corrective measure that may be required with the subsidiary Managers;
- each company produces a quarterly income statement to be included in the Group consolidation. On that basis, it updates its annual income forecast three times a year (in 2010: on 8 March, 20 May and 20 October).

Data consistency

The International Division's Management Control Department, along with the Group Management Control Department, carries out assignments in the subsidiaries to check the consistency of the data transmitted and its compliance with Group specifications.

Control of the management of the subsidiaries' assets (in collaboration with the Finance and Investments Division (DFI))

The International Division (DI) and Financing and Investment Division (DFI) require all subsidiaries to hold Finance Committee meetings at least three times per year. These are attended by representatives of the subsidiary, the Finance and Investments Division, and the International Division.

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

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

Groupama Asset Management is normally assigned to manage all the subsidiaries' assets. Sole exception: when Groupama Asset Management is not legally authorised to intervene directly in the local market or when the asset portfolio is not large enough. In these cases, the Asset Management Committee (involving the DFI and the subsidiary concerned) meets monthly to closely monitor the decisions made in the Finance Committee.

Control of the Asset/Liability Management of the subsidiaries

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

Securing acquisition transactions

In 2008, organisational principles and operating standards applying to merger and acquisition deals were laid down and a procedures manual was produced.

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

It also defines the functions to be carried out, with each function having its own objectives, its responsible party, participants, and deliverables.

Profitability monitoring for new product launches

The Group Actuarial Department (DAG) oversees validation of profitability studies for new products. Prior to each product launch, a standard profitability study, including a risk analysis and sensitivity study, must be sent to the DAG.

After analysing the study, the DAG issues a validation note with an opinion on the product launch.

Process of incorporating new subsidiaries

Since 2008, the consolidation process for newly-acquired subsidiaries has been set forth in a manual, which presents the major organisational and operating principles.

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

FINANCIAL MANAGEMENT

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

REINSURANCE

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

ACCOUNTING

New subsidiaries are first integrated into the Group's "Magnitude" tool to transfer their accounts and projections according to the Group consolidation standards.

REPORTS

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

INTERNAL CONTROL/RISK MANAGEMENT

Working with the International Division, the Group's Internal Control and Risk Management Department ensures that each new subsidiary has established an internal control structure consistent with the Group's standards, with the priority to:

- appoint an internal control and risk management officer within each company;
- implement a control environment;
- perform risk mapping;
- establish Business Continuity Plans.

3.4.2 INTERNAL CONTROL

3.4.2.1 Internal control principles and objectives

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

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

In that context, the Group's internal control principles, objectives and organisation have been laid down in the internal control charter which was reviewed and validated by Groupama's Executive Committee on 17 March 2009. This charter, which has been disseminated across the Group's entities, acts as a common reference to be complied with in the deployment of their internal control procedures. As auditing is part of the internal control procedure, an audit charter, also reviewed and approved by Groupama's Executive Committee on 17 March 2009, supplements the provisions of the internal control charter with respect to its own operating rules and scope of operation. A compliance charter approved by Groupama's Executive Committee on 20 October 2009, defining the general scope for the implementation and workings of the compliance policy within the Group and consistent with the Group's internal control charters, completes the internal control system.

In order to prepare for the future obligations under Pillar 2 of Solvency II and to implement a common Group-wide foundation by late 2012 for governance and processes that are appropriate to the Solvency II principles, the Group's bodies defined the general focus of the Pillar 2 project in late 2009. Subsequently, in June 2010, they validated the direction and the work to be performed, first, on a "pilot" basis, which will subsequently be deployed within the Group's other entities in 2011 and 2012. Four priority areas were identified: organisation and governance, risk policy and risk management process, process and risk mapping, a permanent control plan and change management. The first deliverables will be available in the first half of 2011 and will be transmitted to the entities as they are delivered.

Moreover, the Group ethics procedure, laid down in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. Groupama's Executive Committee validated the ethics charter at its 18 November 2008 meeting. The charter has been implemented since 2009 in the Group's French companies, after providing information to and consulting with the employee representative bodies of all the entities. Implementation of the charter within international companies was finalised in late 2010, in compliance with the procedures and systems specific to each company. The Ethics Committee met on 16 March and 16 November 2010 and specifically reviewed the reporting on deployment of the ethics charter. Information on deployment of the charter and internal communications activities targeting employees was provided at the European Enterprise Committee meeting of 13 October 2010.

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

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

3.4.2.2 Internal control organisation

(a) At the Group level

Permanent services

As from 1 January 2010, the Group Internal Control and Risk Management Department and the Group Actuarial Department, while remaining under the responsibility of the General Audit Manager and Group Actuarial Department, are linked to the Finance and Risk Division. In terms of General Audit operations, the Manager of the Group General Audit and Actuarial Department answers to the Chief Executive Officer.

The Manager of the Group General Audit and Actuarial Department reports periodically to the Groupama SA Board of Directors' Audit and Accounts Committee on the Group's position and any work in progress in terms of internal control, risk management and auditing engagements.

GROUP INTERNAL CONTROL AND RISKS

At year-end 2010, Group Internal Control and Risk Management had an eight-person dedicated team. Its role covers internal control, compliance and risk management.

Its main duties are the following:

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

  Since 2007, a coordination function has also been put in place for Group compliance projects.

  In 2010, the Internal Control & Risk Management teams' major tasks were: to prepare the Group for the impacts of implementation of the Solvency II directive and, specifically, the launch of the Pillar 2 project and the work with the pilot entity and Groupama SA's Functions and Business Divisions, development of the Group risk policy and its translation into functional and business policies;
- to develop internal control benchmarks and methodological tools for all Group entities and, specifically, to develop, in 2010, the Group process benchmark and risk mapping;
- coordination of the Group's compliance measures: the fight against money laundering, delegations of authority and medical confidentiality;
- to supervise the network of internal control and risk management officers appointed in each of the entities and to organise the sharing of experiences among Group entities specifically in 2010 with regular theme-based workshops and exchanges on operational risks and permanent control, internal fraud and compliance for entities within France and training on implementing the "medical confidentiality bubble", delegation of authority in France and measurement of risk within France and internationally;
- ensuring that all Group entities file internal control reports, coordinating and drafting the LSF and ACP reports by Groupama SA, providing assistance with the completion of the ACP reports from the insurance subsidiaries or regional mutuals. In 2010, efforts in this area focused on the annual internal control questionnaire sent to all Group entities and on reporting on major Group risks.

  The annual internal control questionnaire was used to:

  - develop first and foremost a status report on the internal control system and its deployment (both at the entity level and the Group level) and on the extent of Group compliance with the Pillar 2 provision of Solvency II;
  - define the annual action plans together with each entity designed to ensure that compliance before 31 December 2012. These action plans were updated during the annual questionnaire campaign launched in December 2010 and will be monitored in 2011.

Half-year reporting on the Group's major risks, initiated in 2009, was implemented in 2010. Its monitoring framework was standardised;

- supervising the Technical Risk Committee and the Group Risk Committee (see below).

THE GROUP GENERAL AUDIT DEPARTMENT

At year-end 2010, the Group General Audit Department included 11 auditors. It operates throughout the Group, at the request of the Chief Executive Officer, to whom it reports on its work.

In 2010, the Group General Audit Department conducted eight engagements with Groupama SA subsidiaries, including:

- 4 audits of French insurance subsidiaries;
- 4 audits of international and overseas subsidiaries.

Moreover, the Group General Audit Department continued working on its plan for the triennial audit of regional mutuals, with three audits of French regional mutuals and the audit of one overseas regional mutual. The purpose of the audits is to verify the economic and financial balances of the regional mutuals, compliance with regulatory requirements and compliance with general reinsurance regulations.

These engagements are decided on and planned by the General Management Division every year as part of an annual auditing plan. Every auditing engagement involves a review of the 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. An audit trail is kept to check that the recommendations are properly implemented by the audited entity. The results of this monitoring were addressed in a quarterly report to General Management and to the Managers of the various business areas concerned (France, International and Finance).

The Group General Audit Department is also responsible for coordinating the work of the internal audit teams of the various Group entities in connection with the audit function; these activities were strengthened in 2010 and will continue in 2011 in anticipation of the entry into force of the Solvency II directive.

Risk Committees

Two committees are used by the General Management of Groupama SA to regularly monitor the main risks incurred at Group level. Their secretariat functions are provided by the Group Internal Control and Risk Management Department.

TECHNICAL RISK COMMITTEE

This committee is made up of the Managers of the Groupama SA divisions who "own" the major risks identified (see section 3.4.5.1) and is coordinated by the Group Internal Control & Risk Management Department. Its duties are the following:

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

The committee met three times in 2010. The primary issues addressed were the impacts of implementation of the Solvency II directive, major Group risk control plans, continuation of quantification work, integration of the international scope in risk control systems, progress reports and validation of current Group projects (including risk governance, risk policy and Solvency II, Pillar 2 project with the "pilot, geolocalisation, performance indicator" entity).

GROUP RISK COMMITTEE

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

Its tasks are to approve the risk management policy, particularly by setting the limits of major risks and determining the methods to be used to manage the risks and reviewing and monitoring the management of major Group risks. In 2010, this committee dedicated two special sessions to the monitoring and management of major Group risks with the "owners" of those major risks.

(b) Within the Mutual Insurance Division

The Mutual Division's internal control system comprises three complementary systems:

- internal control of every regional mutual;
- internal or operational auditing of every regional mutual;
- the Group Internal Control and General Audit Department answerable to the General Management of Groupama SA.

The first two systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the General Management. The formation of committees dedicated to risk management governance was underway at the end of 2010 and will continue in 2011, based on deployment of the work conducted with the "pilot" entity in connection with of the Pillar 2 project of Solvency II.

Since 2006, in accordance with Article R. 336-1 of the Insurance Code, every regional mutual has prepared an annual report on internal control, which it sends to the ACP after approval by its Board of Directors.

Since year-end 2008, following the example of the subsidiaries, the main inter-company ventures and Groupama SA divisions, the regional mutuals have submitted annual reports to the Group Internal Control & Risk Management Department, describing the status of their control environment, risk governance, the setting up and structuring of key functions, measurement of their main risks and implementation of their Business Continuity Plan and Crisis Management Plan. This report, organised in questionnaire format and used by all the Group's insurance entities, was upgraded in 2009 in order to better anticipate and assess the extent of the regional mutuals' compliance with Pillar 2 of the Solvency II Directive (see (a) above). It serves as the basis for priority action plans intended to ensure that compliance before 31 December 2012.

(c) Within the Groupama SA division

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

For a given entity (subsidiary or inter-company venture), its Senior Managers are responsible for the proper implementation of the first two control systems. This responsibility is carried out under the authority of the members of the Groupama SA Management Committee to which these Senior Managers report. As with the regional mutuals, the formation of special committees dedicated to the governance of risk management was underway at the end of 2010 and will continue in 2011.

Since 2006, in accordance with Article R. 336-1 of the Insurance Code, Groupama SA and every insurance subsidiary prepare an annual report on internal control which is submitted to the ACP after approval by the Board.

Moreover, all subsidiaries and the main inter-company ventures submit an annual report to the Group Internal Control & Risk Management Department covering the same issues as the regional mutuals. As noted above at b), this report, which was expanded in 2009, is the basis for action plans that are consistent with the Group's priorities.

In addition to the subsidiaries and inter-company ventures, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Management Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. In 2010, internal control of the Groupama SA corporate entity was strengthened and structured with the creation of a specific unit attached to the Corporate Office of Groupama SA. It is organised into five divisions combining all the units and Business Divisions of Groupama SA and is based on a network of internal control correspondents specific to each of the five divisions. Groupama SA also prepares a report for the Group Internal Control and Risk Management Department focusing on the same subjects as the subsidiaries and inter-company ventures (see above). .

(d) Groupama Working Groups (WG)

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

Internal Audit and Control WG

With three meetings in 2010, the Internal Audit and Control WG of the regional mutuals, led by Group Internal Control, is a platform for exchanging information that offers regional mutuals:

- support for deployment of the internal control system and the monitoring of major Group risks with, in particular, specific action by the risk owners concerned in respect of creating the risk management system and its measurement;
- an update on upcoming Solvency II regulations, the impacts of its implementation, organisation of the quantitative impact studies (QIS5) and a progress report on the work underway with the Pillar 2 "pilot";
- a summary of the work conducted in connection with the workshops on operational risks, compliance and internal fraud;
- the evaluation of annual internal control reports;
- sharing and exchange on the presentation and monitoring of the main action plans for each regional mutual.

Similarly, within the context of the Internal Audit and Control WG of the French subsidiaries, the internal control & risk management correspondents of Groupama SA's French insurance subsidiaries held three meetings in 2010 on subjects similar to those of the regional mutuals.

Since 2009, the financial subsidiaries that, until 2008, were part of the Internal Audit and Control WG of the French subsidiaries have had their own Internal Audit and Control WG to deal with and take into consideration the specificities of the Financial Division; this WG, which is made up of the internal control correspondents of Groupama Banque and of the subsidiaries of Groupama Banque (Groupama Asset Management, Groupama Private Equity, Groupama Immobilier and Groupama Epargne Salariale) met three times in 2010.

Lastly, consistent with the existing process for the regional mutuals and the French subsidiaries, the Internal Audit and Control WG dedicated to international subsidiaries and created in 2009 met three times in 2010. These meetings addressed general topics similar to those addressed with the French entities (including impacts and work on the implementation of Solvency II, deployment of the internal control system, assessment of annual reports and monitoring of action plans); in addition, with the participation of the owners of the major Group risks, they seek to better integrate the international subsidiaries into the Group major risk management system and to exchange best practices.

Beyond those meetings, theme-based workshops involving the French subsidiaries of Groupama SA and the regional mutuals are held on a regular basis and with reports submitted to the WGs (see above 3.4.2.2 a).

Bank Internal Audit and Control WG

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

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

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

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

Management and Management Control WG

It meets quarterly for the regional mutuals and semi-annually for the French and International subsidiaries to validate the management indicators and tools and to develop a shared analysis of results and forecasts. It serves as a forum for dialogue with the regional mutuals and profit centres in France and internationally concerning management control issues.

Accounting, Taxes, Consolidation WG

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

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

Regional Mutuals Reinsurance WG

It meets quarterly and is composed of representatives of Groupama SA and the regional mutuals. Its purpose is to validate the reinsurance terms for the following year before submission for approval by the regional mutuals at a meeting of the Managing Directors of the regional mutuals and the Chief Executive Officer of Groupama SA; modifications to the General Reinsurance Regulations are then submitted for approval to the Board of Directors of Groupama SA. It is specified that the setting of terms for the annual application of the General Reinsurance Regulations (annual parameters for calculating outward reinsurance, detailed technical and financial rules resulting from the principles set forth in section II, underwriting conditions: risks covered, exclusions and limits of cover) in accordance with its provisions is not considered a modification of the Regulations. The annual application terms are validated by the Management Committee of Groupama SA and by the Group Executive Committee.

3.4.3 COMPLIANCE

3.4.3.1 Compliance charter

The general principles, goals and organisational structure of the Group Compliance Department are defined in the Compliance Charter which was validated by the Group Executive Committee on 20 October 2009.

The Group's set of compliance measures defined in the Compliance Charter aim to ensure that all Group practices comply with legal provisions, regulations, administrative requirements and trade standards (external compliance), as well as the Group's internal rules, charters and procedures (internal compliance). Compliance covers all Group activities and specifies the measures to be set up under the responsibility of the entities (mapping, implementation of control procedures, training, etc.) as well as that of the Group (fight against money laundering, set-up of an incident database, alert mechanisms, etc.).

3.4.3.2 Compliance of business activities with laws and regulations

(a) Application of corporate law and the Commercial Code

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

(b) Application of corporate regulations

By Groupama SA

As part of its responsibilities, the HR Department of Groupama SA – which joined the Group HR Department on 23 September 2009 – carries out internal checks to make certain that labour laws and regulations are properly enforced, *i.e.*:

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

It specifically provides for ongoing payroll management and employee reporting, using specialised software hosted in part by a supplier in order to secure the personnel data base. Access to the data is fully protected. Since October 2010, this activity has been incorporated into the Administration and Payroll Shared Services Centre within the Group HR Department.

By the entities of the Group

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

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

The Group HR Department is also responsible for directing and managing the European Enterprise Committee and the Group Committee. Both met twice in 2010. In addition, the Group Committee held an Extraordinary Meeting regarding a negotiation dealing with implementation of a Group savings plan (PEG).

Through the amendment of 22 October 2007 to the agreement for the set-up of the Group Committee, a negotiating body was created at Group level: the Social Dialogue Commission.

With the signing of the following framework agreements:

- 24 October 2008, on diversity and equal opportunity applicable to all of the Group's French entities;
- 7 May 2010, on inter-company mobility within the Group;
- 3 December 2010, on the Groupama Group savings plan.

And, with the start of negotiations as of early 2010 on the quality of work life (nine meetings), which will end in January 2011.

(c) Application of insurance law and regulations governing the insurance business

The Legal Department in the Corporate Office of Groupama SA provides:

- a unit that monitors laws and legal precedent affecting the insurance business;

- the advance notice needed to implement new regulations for this activity;
- information (notes and circulars);
- and legal and tax advice (tax products)

to the Business Divisions of Groupama SA, subsidiaries of the French insurance subsidiaries and regional mutuals, specifically in the area of application of insurance law (general insurance (IARD), life insurance, group insurance), of distribution, competition and consumption in connection with their operational activities and technical support.

It directs and contributes to the working groups on legal topics (including group insurance legal committee, WG on the marketing of unit-linked policies (UL) and PREVI business correspondents' meetings).

It also organises and directs training for the Group's French insurance companies (training on group insurance, individual life insurance: matrimonial property regimes, beneficiary clauses, Madelin agreements, insurance bases, third-party liability and non-payment of premiums).

It should be noted that it also provides legal support to the Group's service subsidiaries such as Cofintex, Capsauto and Synaps.

(d) Compliance with client protection rules

Pursuant to publication of order 2010-76 of 21 January 2010 and with the corresponding ACP consultations with the professional organisations (FFSA/GEMA/CTIP and FNMF), in 2010 the Group's French insurance companies developed a specific appendix to the report on internal control dealing with client protection rules. All of the regional mutuals and French insurance subsidiaries of Groupama SA use the same framework for this appendix. It describes each entity's procedures and resources used to ensure compliance with the client protection rules.

(e) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Corporate Offices is in charge of ensuring that the tax consolidation rules are applied (Article 223A *et seq.* of the General Tax Code) for the Group trained in the tax plan by Groupama SA, as parent company, the regional mutuals, and its 43 subsidiaries consolidated as at 31 December 2010, as well as the holdings of Groupama Holding and Groupama Holding 2.

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

INTERIM CLOSINGS AS AT 30 JUNE

Based on the half-year individual financial statements, the Group Tax Division reviews with the Accounting Departments of member entities of the tax integration group, the tax charge of these entities and of the integrated group.

TAX ON CONSOLIDATED COMPANIES

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

Documentation and electronic archiving procedures in terms of computerised accounting records

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

(f) Financial Ethics

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

(g) Fight against money laundering and terrorist financing

In terms of anti-money laundering measures, the Group Corporate Office (the Group Legal Department) coordinates corporate policy, working with the Group Audit and Actuarial Department compliance unit and a network of officers responsible for anti-money laundering activities in the insurance (in France and internationally), banking and asset management subsidiaries and the regional mutuals.

Hence, the Group Legal Department:

- supervises a working group that meets twice a year; all the Group's insurance, banking and asset management companies participate in these meetings;
- sends out a newsletter entitled "Anti-money laundering newsletter" to all the Corporate Offices of the companies;
- develops an annual report for the Board of Directors of Groupama SA on the activities carried out within the Group.

In addition, working meetings dedicated to setting up the new procedure resulting from order 2009-104 of 30 January 2009 and its implementing provisions were organised with representatives of the divisions concerned of Groupama SA, Groupama Gan Vie, Groupama Banque and of the regional mutuals.

The Managers in charge of the entities' fight against money laundering and terrorist financing oversee the permanent control of implementation of the internal procedures in these areas and take the required corrective measures in the event of anomalies.

(h) Protection of medical data

Under the Belorgey Agreement (replaced by the AERAS Agreement as of 8 January 2007) appropriate steps to ensure the security of the data related to the health of the Group's customers (principals, members and policy-holders) have been taken, as required under the provisions of the Code of Good Conduct and the recommendations of the Provident, Savings and Individual Life Insurance Division (PREVI) in partnership with consulting physicians and in collaboration with Group Compliance, the Group Data Protection Correspondent and the Operations, Services, Direct Insurance & Partnerships Division (DOSADP).

Those recommendations were laid down following the publication of the work of the Belorgey Commission concerning the collection, processing, circulation and archiving of personal medical data (Code of Good Conduct) and have been applied since 2003. They set out the procedures for compliance with applicable laws and regulations concerning professional secrecy (Civil and Criminal Codes, Code of Medical Ethics, data protection act and CNIL recommendations) and the Code of Good Conduct. Their implementation is the responsibility of the various Group entities (regional mutuals and subsidiaries); their monitoring is done via self-assessment questionnaires. The last survey, conducted in the second half of 2007, thus made it possible to assess the level of Group compliance with regulations. A new compliance survey was conducted in 2010 and is being analysed. The results and any recommendations for corrective actions by site will be drawn up during the first quarter of 2011.

In 2009, a performance indicator was produced, detailing the monitoring actions and risk management measures concerning the confidentiality of policyholders' personal health data.

The PREVI Division provides training in medical confidentiality to consulting physicians and Managers within the various Group entities. Since 2009, it has provided an e-learning course for the sales networks.

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

Physicians' employment contracts and Managers' authorisation letters dealing with personal health data both in respect of Life and Health Insurance and of Common Law were standardised and brought into compliance as of late 2009.

Simultaneously, a comprehensive survey of the claims management tools that may be part of the processing or may include medical information was conducted by DOSADP in 2009. The procedures established involve, first, creating physical security for personal data via a "medical bubble", which is the most representative feature, and, second, restricting the sharing of sensitive information to that which is absolutely necessary for its processing.

(i) Delegation of authority

The current authority delegation procedure set up within Groupama SA in collaboration with the Group Compliance Department is as follows:

- it rests on the line of command;
- it relies on a network of authority delegation correspondents appointed in each of the main French subsidiaries and divisions of Groupama SA;
- the authority delegation requests stem from the sectors concerned, according to their requirements, and are established according to a list compiled and controlled by the Legal Department. In connection with the overhaul of the list of authorities prepared in 2009, the distinction between delegations of authorities as such, signature delegations and proxies was clarified. Only the delegation of authority entails the transfer of responsibilities, notably on the penal level.

Lastly, each Group company has been required to ensure that a consistent authority delegation system had been set up, in keeping with its organisational model based on the procedures implemented by the Legal Department of Groupama SA.

Progressively, the authorities database, which has been translated into English, will be available to international subsidiaries.

The Legal Department of Groupama SA, in its capacity as custodian of the chain of delegations, ensures the overall consistency and updating of the authority delegation system.

(j) Application of the "IT and Freedom" Act

The Group Executive Committee (GEC) meeting of 22 November 2006 decided to appoint a Group Data Protection Correspondent (CIL) to represent the Group on the National Information Technology and Freedom Commission (CNIL). This CIL assumed its duties in March 2007. It works in favour of Groupama SA and 47 group entities (regional mutuals and France and Overseas subsidiaries).

The responsibilities of the Correspondent are:

- preparing a list of all the processing done by every entity in the Group and provided to the CNIL, appointing a Data Protection Correspondent, thereby releasing those entities from the requirement to send reports to the CNIL;
- auditing the data processed for compliance with the IT and Freedom Act;
- conducting post-audits;
- preparing an annual report for the CNIL and General Management;
- producing procedural manuals and codes of good conduct,
- advising the entities of the Group on the application of the law;
- alerting General Management to any anomalies noted.

The Data Protection Correspondent relies on a network of internal correspondents: one correspondent per entity and six at Groupama SA within the sectors conducting sensitive processing operations (Groupama SA HR, Group HR, Health Department, Group Insurance Department, Marketing Department and MOAT) responsible for relaying the agent's actions within their entity or department and with whom the agent communicates regularly. It meets with this network twice a year.

In 2010, the Data Protection Correspondent distributed a practical guide covering document preservation periods and archiving. A guide to marketing operations, reference material regarding the CNIL information that must be affixed to documents delivered to clients and a recommendation on writing up free text areas are being developed. Training was provided to the network of correspondents and at the request of several Groupama SA departments.

The ITF agent also conducted compliance audits:

- of two entities: Mutuaide Assistance and Groupama Paris Val de Loire (in cooperation with Ernst & Young);
- a partial compliance audit of the most sensitive processing activities at the request of Groupama Océan Indien (performed by the ITF agent);
- and an audit of the Groupama SA Human Resources Department (performed by the ITF team).

These audits are set out in action plans monitored by the ITF agent.

In addition, the new intranet (Legal Suite), which allows exchanges among ITF agents/correspondents and, in particular, improves the validation and registration of processing of data in the ITF agent's statutory registers, was delivered.

Last, the ITF agent produced the third annual mandatory evaluation, which was sent to the General Management of Groupama SA and to the Managing Directors of the regional mutuals and subsidiaries. This evaluation is available to the CNIL.

3.4.4 MANAGING ASSETS AND LONG-TERM FINANCING

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

3.4.4.1 Managing financing and owned interests

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

The Finance and Investment Department, which is part of the Finance and Risks Division, is responsible for the following:

- monitoring the debt level of Groupama SA and its subsidiaries, specifically by setting key indicators every quarter and presenting the situation to the Management Committee;
- the on-going financial monitoring of subsidiaries and strategic holdings that are specific to the Group. In particular, a detailed monthly report must be submitted to the General Management on any specific listed strategic securities;
- calculating the value of the entities recorded on the annual balance sheet of Groupama SA, by preparing an annual valuation report. The valuation work of Groupama SA and its subsidiaries and strategic holdings is calculated every year in order to:
  - perform impairment tests under IFRS on any existing goodwill in collaboration with the Group Accounting Department;
  - update the liquidation rate of the intra-group securities in the investment reports of the shareholding entities and the regional mutuals, as these values are used for internal stock and bond reclassification transactions and also to meet regulatory requirements (valuation of the holdings in the regulatory reporting statistics);
  - meet the requirements of the Autorité des Marchés Financiers (AMF) relating to the liquidity commitment of the Groupama SA share in the "Employee stock ownership savings plans" and "Agent Shareholders".

The operating subsidiaries were valued based on the following:

- life insurance companies: by calculating the values of in force and new business of each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision;
- property and casualty insurance companies and other operating companies: by discounting the dividends expected from future periods as shown in the Business Plans of the entities; this is the method used by the Finance and Investment Department.

The valuation work is audited by an independent consulting firm every five years.

Moreover, the Finance and Investment Department:

- checks the consistency of asset valuations for internal transactions, such as restructuring operations or reclassifications of securities;
- takes part in the valuation of potential targets (work conducted by the Mergers and Acquisitions Division) within the scope of Group acquisition projects or the sale of subsidiaries or equity interests.

3.4.4.2 Monitoring investments

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

For the management of long-term assets, the Finance and Risks Division has assigned:

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

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

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

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

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

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

The fair 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 Prudentiel, in France). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

For Groupama Private Equity, an Operating Committee holds quarterly meetings attended by its own representatives and those of the Group Finance Division. The management limits are spelled out in the funds (or funds of funds) memoranda signed by the Group's Chief Finance and Risk Officer.

Since 2009, an "Investment Panorama" Working Group (WG) has been set up with the regional mutuals. This WG brings together the Chief Financial Officers of the regional mutuals and is coordinated by the Investment and Asset/Liability teams of the Finance and Investment Department. Its goal is to discuss investment practices, compile a list of the assets and produce various ratios on the tracking of investments. The work completed in 2010 involved a detailed analysis of the investment portfolios of the regional mutuals, which led to the drafting of recommendations for each mutual, some of which have already been acted upon. To complete the work on defining investment guidelines and, in particular, the allocation ranges, the composition of the working group is currently limited to five volunteer regional mutuals.

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

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

This refers to the following risks:

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

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

Hedging strategies are presented to the Groupama SA Board of Directors and to its subsidiaries, which validate them.

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

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

3.4.4.3 Internal control of investment management

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

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

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

(b) Managing of powers to authorising officers

The list of persons authorised to pass orders on financial accounts is kept up-to-date by the Group's Corporate Office, on proposal of the Group Accounting Department under the authority of the Chief Finance and Risks Officer.

The same applies to the list of individuals authorised to issue put or call transactions, upon approval by the Finance and Investment Department and the Chief Finance and Risks Officer.

(c) Control of managing agents and managing investments

Control of managing agents

Management authority is formalised in connection with the mandates signed by the Chief Finance and Risk Officer.

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

They spell out the following:

- the management objectives, the transactions authorised and the limits;
- the management structure and the information in the mandate;
- the obligations and responsibilities of each of the parties;
- technical constraints:

- liquidity ratios of the interest rate instruments and equities by defining holding limits based on the capital and/or the float, and constructing and managing "liquefaction" curves of the portfolios,
- internal risk scatter ratios of the interest rate instruments and equities,
- benchmark in terms of risks, duration, rates and currencies;

- the terms for compensating the agent and the depositary;
- management procedures: committees (role and meetings held), financial reports to the principal;
- other practical conditions (duration of mandate, termination terms, etc.).

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

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

In terms of internal control of asset management transactions:

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

Financial management procedures

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

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;
- monitoring capital gains and losses in the securities portfolios and monitoring the need to book provisions for contingent payment risks;
- setting monthly performance indicators on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

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

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

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

Permanent oversight of investment management

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

ASSET ALLOCATION COMMITTEES

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

For each French subsidiary and for Groupama SA, they meet quarterly. The meetings are attended by the Chief Finance and Risk Officer, the Finance and Investment Director, the Investment Manager, the Chief Executive Officer of the subsidiary and the Managers concerned of the subsidiary (Head of Management Control, Finance Manager of Groupama SA). Its primary objectives are to make Asset Allocation decisions and to record the financial results (including capital gains programme).

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

SECURITIES INVESTMENT COMMITTEES

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

They are responsible for the following:

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

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

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;

- compliance of the portfolios' performance with the financial management targets.

PROPERTY INVESTMENT COMMITTEES

The Property Investment Committees are chaired by the Chief Finance and Risk Officer.

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

ASSET-LIABILITY COMMITTEES

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

3.4.4.4 Management of the 2008, 2009 and 2010 financial crisis

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

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

- delegation of management: financial management delegated to the Groupama Asset Management subsidiary is tightly structured. As an example, exposures (dispersion, ratings, hierarchy, etc.) are limited and controlled;
- choice of instruments under mandatory management: the constant use of cross-processes by the Research and Credit Management Departments means that securities are rejected if there is the slightest suspicion as to the quality of the issuer;
- derivative products: limited to asset/liability hedging and simple instruments capable of being valued internally, the use of derivative products is only authorised with counterparties who have signed framework agreements providing backing in the form of government bonds (weekly margin calls).

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

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

Moreover, exposures to major asset classes are determined as a function of asset/liability studies consisting schematically of calibrating the equity exposure that would allow withstanding a 30% market decline in the first year, followed by 2 years of zero performance.

The decline in equity indices recorded in 2008, which largely exceeded the model's 30% decline, does not contradict the results of the studies, provided that this decline does not prove to be long-term.

In 2008, the impacts of the financial crisis primarily resulted in a severe deterioration of the Group's unrealised capital gains on investment assets, excluding property assets: The recovery of the financial markets (bonds and shares) in 2009 significantly improved the portfolio's latent capital gains positions.

Moreover, work was initiated in 2009, and continued in 2010, to assess and manage the risks consistently, using a global tolerance approach.

Given the equities rules and management rules implemented, Groupama's assets portfolio, while penalised by current economic circumstances, contains no structural weaknesses such as exposure to problematic toxic assets in the medium term.

Even so, 2010 was marked by the euro zone sovereign debt crisis. The Finance and Investment Department incorporates selection criteria for sovereign nations in the definition of its asset allocation guidelines. The first level of granularity is defined between the "Core" countries (Germany, France and the Netherlands) and the peripheral PIGS countries (Portugal, Ireland, Greece and Spain). A second level of selection operates among the peripheral countries, based on their structural and economic situation. This analysis resulted in the termination of investments in Greece (year-end 2009), Portugal and Spain (early 2010) and the sale of the majority of Irish debt (late September 2010).

3.4.5 RISK MANAGEMENT

3.4.5.1 Risk Policy

In 2010, the Group formalised its Group risk policy, which was validated by the Board of Directors on 23 November 2010. The Group risk policy includes:

- a general section, which includes a summary presentation of the Group's organisation and strategy, its risk profile, the general risk management policy, risk governance and the capital management policy;
- a section describing, in detail, the scope and nature of the risks covered, risk tolerance and the main measures of risk control for each risk family (insurance, market, operational) and sub-family (by business line, asset class and type of operational risk).

3

The Group risk policy will serve as a framework for formalising the "pilot" entity policy in connection with the pilot Pillar 2 project of Solvency II and, more generally, for formalising the risk policy for the Group's various entities.

3.4.5.2 Risk tolerance

The Risk Tolerance project, launched in mid-2009, made it possible to specify the Group's conceptual Risk Tolerance framework. This framework, which the Board of Directors validated on 23 November 2010, includes three risk indicators: the IFRS combined financial statements, the IFRS combined shareholders' equity and the combined statutory solvency. Priority was given to the solvency indicator. The quantification work was launched based on the QIS5 specifications. Proposed indicators and operational limits by risk family, business lines/assets and, next, entity should be available in 2011.

3.4.5.3 Monitoring system

The Group's risk monitoring system, which rests on the common mapping of risks for all Group entities integrating the risk classification of Solvency II, is based on a network of risk owners; the entire system is managed and coordinated by the Group Internal Control & Risk Management Department.

The identification and monitoring of major risks is conducted at entity level and at Group level. At the Group level, a major risk is defined as one whose occurrence would have an unfavourable impact of more than €100 million on the Group's net position or that would have a significant impact on the Group's reputation or image. The risk owners establish risk control plans, which are implemented within the Group's entities.

In 2010, the Group risk owners (Business Divisions and Support Functions of Groupama SA) focused their efforts on quantifying major Group risks, increasing the reliability of the engagement evaluation processes, refining the data used and integrating international entities into the major Group risk management system.

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

3.4.5.4 Risk Management related to the Insurance Business Divisions

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

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

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

- Life Insurance:
  - individual life: The Individual Protection, Savings and Life Division (PREVI);
  - group life and protection: Group Insurance Division (DAC);
- Health Insurance:
  - individual: Individual Health Insurance Division (DASI);
  - group: Group Insurance Division (DAC);
- Non-life and Liability Insurance:
  - individual: Private Individual Non-Life Insurance Division (DADIP);
  - businesses and local authorities: Business and Local Authorities Non-life Insurance Division (DADEC);
  - farmers, associations and professionals and construction: Agricultural and Professional Insurance Division (DAAP).

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

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

Protection, Pension, Savings and Individual Life Risks

In addition to the work done on funding long-term care claims (see 3.4.5.6) and medical confidentiality (see 3.4.3.2 h), the PREVI Division monitors trends in regulations and makes recommendations to the entities in the Group thereby helping to reduce non-compliance risk: in particular, under the DDAC Act (the law setting forth various provisions for adaptation to EU law in the area of insurance), the intermediation directive and the bill on the requirement to seek beneficiaries of life insurance policies.

The PREVI Division is also involved in monitoring the development and underwriting results of the life insurance subsidiaries.

Moreover, for the launch of new products, the PREVI Division is in contact with the Group Actuarial Department which has defined a standard profitability study to be carried out, including a risk analysis and sensitivity studies.

Business and Local Authorities Risks

The Group's activities in this area are controlled by DADEC through analyses and operational processes concerning prevention (risk engineering) and risk underwriting:

- defining prevention and underwriting rules and implementing common contracts;
- analysing the results of contributing entities and comparing them with market trends;
- analysing trends in portfolio profiles (Hedging Notes file and Heavy Risks file);
- individual monitoring of the most significant risks through joint underwriting across the regional mutuals and Gan Assurances (dual analysis of the risks to ensure the security of the decisions concerning the major commitments made by those entities).

Concerning joint underwriting across regional mutuals, the check is of the same kind as that set up for Internal Reinsurance (see 3.4.5.8 a). In addition to the built-in check, the regularity of transactions is ensured by means of regular monitoring of the rates earned and trends in the portfolio structure reflected by the contents of the computer databases, and by permanent contact with the regional mutuals' Managers and operational correspondents.

Concerning joint underwriting for Gan Assurances, the control is based on a reciprocal commitment agreement (updated on 1 January 2011). The activity is monitored at regular business reviews attended by operational correspondents from Gan Assurances and their various regional divisions.

For the regional mutuals and Gan Assurances, partial underwriting authority may be delegated, subject to the presence of technical referral agents approved by DADEC at the conclusion of professional training.

Moreover, an information exchange is conducted annually for all the French entities (regional mutuals, Gan Assurance and Gan Eurocourtage) concerned by business risks in connection with the Strategic Operational Planning (SOP) process during the dialogue phase with each entity.

The financial results of the various branches of these companies are also analysed during the biannual business reviews between the General Management of Groupama SA and the French Specialist Insurance Divisions (see 3.4.1.3).

Lastly, a forum was held in 2010 for the international subsidiaries involved in Business Risks to establish a shared risk underwriting and prevention methodology and to exchange best practices.

Agricultural and Professional Risks

The Agricultural and Professional Insurance Division (DAAP) oversees the monitoring of these risks, focussing on three business areas:

- Agriculture:
  - climate risks for crops, organised into two portfolios: Multi-risk Climate and Hail/Storms. Multi-risk climate cover includes damage to standing crops for insured species and appellations, produced on the farm/vineyard, resulting from one or more insured, recognised climate hazards;
  - livestock mortality: risks covered are mortality and damage to livestock resulting from an accident or illness (excluding illnesses known to be contagious);
  - Tractors and Agricultural Equipment (TMA) risk: the risks covered are damage to the driver, tractors and agricultural equipment and the civil liability associated with involvement in a TMA;
  - damage to property, civil liability (including third-party professional and product liability) and financial protection for the activities of agricultural professionals;
- the Construction business, with 10-year, third-party liability and operating risks of artisans and companies in the building and construction industry, architects, project Managers, engineers and engineering consulting firms, and builders' and contractors' insurance site risks and comprehensive building site risks;
- the Tradesmen Multi-Risk/Associations area, which covers three risks: Multi-risk for tradesmen (artisans, shopkeepers and service providers), associations and non-resident owner risk.

In this area, the DAAP handles primarily:

- product design, pricing, technical support and information, direction and control of the Group's products and guarantees with the regional mutuals and the networks;
- prevention;
- and control of financial results and forecasts.

For each area, the covered and prohibited risks, the limits and guarantees, terms of acceptance, underwriting and claims management are described in the product guides written by the DAAP, in compliance with the Group's reinsurance rules. The Group's entities (France and International) are responsible for underwriting, production and claims management and rely on the DAAP and the Reinsurance Department for exceptions. The DAAP oversees the monitoring of these risks and develops the necessary adjustment measures (including changes in cover and adjustment of technical balances).

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

Individual Non-life Risks

For the risks within its remit and for all Group entities in France (regional mutuals, Gan Assurances, Gan Eurocourtage, Amaline), the DADIP:

- defines the target selection/underwriting rules and criteria;
- designs common products and, within that scope, defines common management processes;
- designs pricing models for these products and oversees pricing, specifically by conducting price analyses (including pure premium, pricing positions of the entities) and defining the reference levels of risk;
- defines the technical monitoring methodologies;
- analyses the results, in terms of the entities' development and technical results, notably through internal Group benchmarking procedures and including market trends;
- recommends actions to meet regulatory standards and improve results, evaluates expected impacts and supports implementation of those actions.

Group Insurance Risks

The DAC assumes internal control concerning the services provided on behalf of Groupama Gan Vie (the Group's single life insurance company in France following the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie), Gan Eurocourtage and the regional mutuals for the creation and monitoring of products, pricing and profitability studies, and the operation of the Group's management systems pertaining to group insurance.

The practical arrangements for underwriting are defined during input by the networks of the responses provided to prospects and through the use of underwriting tools and/or data necessary to rate the risk based on criteria such as the size of the organisation canvassed.

The Group Insurance Division (DAC) defines common pricing standards for all Group entities, based on normal market practice in respect of statistical and actuarial techniques. For certain targeted businesses that require specific expertise (such as major retirement accounts and branch agreements), the DAC handles the underwriting itself.

The DAC defines the risk selection and oversight rules and procedures. The entity is responsible for control of the application of these risk selection and oversight procedures, definition of stricter rules that may be developed and the pricing level actually applied.

As of the second half of 2010, businesses that exceed a defined threshold (1,000 employees for regional mutuals and the Gan Assurances network, with a specific threshold for the Gan Eurocourtage network) are subject to underwriting; underwriting and, subsequently, indexing decisions are thus made jointly by the entity and the DAC.

Individual Health Insurance Risks

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

- it is responsible for the permanent oversight of legal and regulatory trends liable to have a strong impact on the Group's gross margin and return on investment, and as such, it participates in professional associations (FFSA, UNOCAM, etc.);
- it defines products, services, and the corresponding communications tools the Group might offer its shareholders and customers;
- working with the entities of the Group it defines and monitors pricing rules and income targets in the context of SOP (Strategic Operational Planning);
- it defines the underwriting terms for the policies and for claims management; it also defines the parameters and changes in the Group's health information systems;
- it monitors the joint venture agreements entered into with healthcare providers (compliance with policies by partner opticians and dentists) and with the MSA (management proxies for the regional mutuals).

In operational entities, management control is assumed by:

- the Operations Division of Groupama Gan Vie for the SGPS (Healthcare Services Management Company), a brokerage firm that manages healthcare production and/or services for Group entities;
- the DASI for the inter-company venture Groupama TPG (Generalised Third-Party Payer), which manages third-party payer flows and exchanges with partners and for the inter-company venture, Sévéane, a joint structure of Groupama and PRO BTP (Social Protection Group for construction and public works), dedicated to coordinating networks of health professionals.

Other general insurance risks

The direct underwriting business of Groupama SA is performed under the control of the National Policies Management Department which is part of the compensation Consulting and Cost Control Department (DCIM) within the DOSADP. These activities are secured by implementing the common core Groupama SA general procedures. In particular, the underwriting activity relies on the various Business Divisions for the drafting of the contracts and validation of the prices. It is secured through a cross-managerial control procedure and through built-in controls performed implicitly by the IT system. The management of claims is backed by the DCIM's appraisal departments to ensure its proper control.

3.4.5.5 Claims management

For the Group as a whole, for each entity and for Groupama SA, the Compensation Consulting and Cost Control Department within the Operations, Services, Direct Insurance & Partnerships Division (DOSADP), as well as the Construction Department, for claims pertaining to that branch, within the Agricultural and Professional Insurance Division (DAAP) are tasked with checking the following aspects of damage and liability claims:

- application of the claims funding rules. These rules are defined in the harmonised and regularly updated Groupama-Gan manual and were updated in 2010;
- compliance with the procedures for reviewing files and settlement strategies: professional standards, specifically in the area of gross negligence and inter-company agreements: IDA (Direct Indemnification of Policyholders) and IRCA (Indemnity and Motor Legal Protection) and taking into account the risks related to societal, legal (regulatory) changes and recent developmetns in case law;
- the relevance of the settlements:
  - for the largest and most complex claims, using information based on claim notices; for the regional mutuals, through integrated processing on the computer systems of Group entities; work is under way for Gan Assurances claims;
  - for other claims (regardless of amount) through the delivery of renewed and effective management applications to guarantee claim expenses, stringently comply with the confidentiality rules and improve customer service. The management instructions developed within the Claims Committees set up and the on-site audits contribute to consistent settlement procedures and the control of claims expenses.

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

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

For direct underwriting activities by Groupama SA (National Policies Management Department), within the Operations, Services, Direct Insurance & Partnerships Division (DOSADP), the claims-settlement activity is specifically secured by a hierarchical control process, with any technical event being subject to dual checks at the level of financial commitments: hence the signing of the payment commitment is not done by the authorising officer and all payment commitments are subject to a second check and require a second signature, either by the head of the National Policies Management Department or by his/her line Manager.

3.4.5.6 Technical reserves

As from 2006, the Group Actuarial Department defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating claims reserves and analysing the results with specific reference to an assessment of the mathematical life expectancy for claims expenses and the corresponding reserves for risks and uncertainties. In this context, the Group Actuarial Department receives and validates the entities' actuarial reports. Those reports are subject to external certification (the Milliman firm). An extension of scope to Construction risks was carried out in 2010.

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

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

In life insurance, the monitoring system for guaranteed-rate policies is part of the general monitoring system for interest-rate risks, which covers the risk of interest-rate increases or drops, as well as the risk linked to the existence of guaranteed rates in the policy portfolio. The risk is managed by the Finance and Risk Department for entities in France and internationally and for the Group as a whole.

Concerning life insurance entities, asset/liability studies are carried out every year with two aims:

- assessing their capacity to deliver competitive rates, appraising the risk of redemptions in the event of interest-rate rises and complying with the interest-rate guarantees in the event of interest-rate drops;
- calibrating asset strategies which cover the risks identified: purchase of caps, calibration of the portion of variable-rate bonds, calibration of reinvestment swaps, modification of the duration of bond portfolios, restructuring of asset portfolios aimed at optimising the financial management of liabilities according to their intrinsic characteristics.

These operations are presented and validated by the management of the companies concerned within Asset/Liability Committees and Asset Allocation Committees at quarterly meetings.

Moreover, in addition to each entity's specific control measures, a half-yearly check on guaranteed-rate holdings has been set up for French entities. The work performed refined the mapping of actuarial reserves with interest rate guarantees and the levels of associated interest rate guarantees. In 2010, the control mechanism was strengthened and adapted to meet the new regulations.

3.4.5.7 Control of the valuation of life insurance portfolios

Since 2006, Groupama has been calculating the Embedded Value of the Group's various life insurance subsidiaries in France, in accordance with the principles of the CFO Forum ("Market Consistent Embedded Value"). Unlike traditional methods for calculating the Embedded Value, this method, which is based on stochastic calculation models, allows better valuation of the cost of financial options and guarantees. The scope of calculation was extended to the international life insurance subsidiaries in 2007.

These options and guarantees correspond mainly to:

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

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

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

These calculations were reviewed and certified for the scope of consolidation referred to by BW Deloitte in 2006 and 2007 and certified by the Milliman firm as of 2008.

3.4.5.8 Reinsurance Management

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

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

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

Concerning the joint underwriting activities and joint claims management, the internal control procedures are presented in sections 3.4.5.2 and 3.4.5.3 respectively.

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

BUILT-IN CONTROL

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

Reinsured excess claims are first validated by the regional mutuals and by the Groupama SA Claims Advisory Management Department (see 3.4.5.3) based on a "Notice of Claims" application interfaced with the Internal Reinsurance application.

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

CONTROL TESTS

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

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

The results of Internal Reinsurance transactions by every Regional Mutual are monitored:

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

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

Monitoring the Internal Reinsurance of subsidiaries

Concerning the inward reinsurance of Groupama SA on the treaties of the profit centres and subsidiaries, as for all of the Group's inward reinsurance, the External Outward Reinsurance Department (DCER, see 3.4.5.6 b) records the accounts of the outward reinsurance companies as they are received.

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

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

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance.

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

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

Supervisory Procedures

In general, the DCER at the Group level monitors the standards and procedures in terms of outward reinsurance to make certain they are applied properly, both in the case of annual treaties and optional outward reinsurance operations. The checks were reinforced through the set-up of new rules in 2009 on underwriting limits in direct insurance and fronting activities.

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

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

- for its own management transactions, on a built-in control: based on the specialised SIGRE reinsurance software, which contains oversight and alert modules, built-in procedures that are supplemented by meetings of the DCER Management Committee between the technical and accounting units of the DCER;
- to control the risk of storms in France, some disaster damage modelling/simulations are done using expert software by the reinsurance brokers or by specialised agencies (such as RMS). On behalf of Groupama SA, they also perform studies on catastrophic risks (earthquake, flood, etc.) of the subsidiaries exposed (United Kingdom, Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, Slovakia, etc.); In this area, Groupama SA was thus among the first insurance groups to provide its reinsurers an assessment of amounts insured by department and by type of risk.

To more clearly define the Group's commitments, a major study was launched in 2009. In 2010, the first phase addressed the "residential risks" and "agricultural risks" portfolio segments, which make up the majority of the portfolio of the regional mutuals.

The reliability of the process for evaluating commitments was thus strengthened through the audit, control of the databases and a standardised approach to valuing the amounts insured using source data. This then enables deployment of a methodology based on shared principles that still accounts for regional specificities via the use of additional parameters.

These improved valuations were also used in connection with the Group reinsurance program to define, as precisely as possible, the modelling of a 200-year claim with the RMS modelling tool;

- to control the management risk from entities that remain the owners of the data provided to external reinsurance, on a level 2 control implemented by it, or by and authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policy-holder claims, the premium base and specific data required by reinsurers;
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and technical data, audit of compliance with Group procedures, in terms of good outward reinsurance practices and the proper application of the security rules by respecting the list of reinsurers accepted by the Group Security Committee.

Reporting procedures

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

Reinsurance report

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

3.4.5.9 Investment monitoring and management

The investment management methods and control structure are described in point 3.4.4 (see above).

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

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

3.4.5.11 Monitoring solvency and profitability

The Group Account Department (DCG), within the Finance and Risks Division (DFR), calculates the Group's adjusted solvency every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFR prepares the Groupama SA solvency report.

The DFI tracks the solvency of Groupama SA and its subsidiaries as well as their coverage of regulated commitments:

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

The DFI also closely monitors the following:

- Groupama SA's equilibrium in terms of "employment and sources of funds";
- changes in the insurance and holding activities of Groupama SA;
- changes in the combined solvency margin between two accounting periods.

Lastly, the DFI tracks any distortion of Groupama's combined regulatory solvency margin and assesses its sensitivity as well as that of the capital surplus according to the models used by the rating agencies.

3.4.5.12 Monitoring operating risks

Applying internal control policies led the Group to pay more attention to operating risks. As part of that effort, the Group continued the work begun in 2008 intended to provide the Group's entities with more efficient Crisis Management Plans and Business Continuity Plans (BCP) for employees, buildings and IT systems. In addition to the 2009 efforts to make the Pandemic BCPs for all Group entities operational as of September 2009, both in connection with an AH5N1 "severe" pandemic and a less virulent pandemic, such as the AH1N1 flu, for which the original procedure was designed, the 2010 efforts focused primarily on organising the crisis management and BCP procedure. The different features required to manage the three cases of major unavailability were identified. This involved the Crisis Management Plan (CMP), Communications Plan (COMP), Personnel Management Plan (PGP), Business Line Continuity Plan (BLCP), User Recovery Plan (URP), IT Contingency Plan (ITCP), Return-to-Work Plan (RWP) and Operational Readiness Maintenance (ORM).

In 2010, the Group also focused its efforts on creating an operational risk management system, setting up a group process benchmarking and updating the list of operational risks. The operational validation of this collegial work, carried out in Operational Risks theme-based workshops, is performed in connection with the Pillar 2 project with the "Pilot" entity.

(a) Methods of marketing the Company's products

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

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

(b) Control of logistical resources

Groupama SA's logistical resources, including property, plants and equipment, are managed by the inter-company venture Groupama Logistique et Achats. This entity also manages the logistics and general resources of most of the subsidiaries of Groupama SA in France.

The Operating Risks and Internal Control Department is responsible for the internal control of Groupama Logistique et Achats. This department reports directly to its Chief Executive Officer. A specific Internal and Process Control responsibility was created in June 2009. As did the other Group entities, Groupama Logistique et Achats (GLA) conducted its own risk mapping and updated it in 2010 to verify and, if necessary, improve the existing control procedures.

For each area of activity, Groupama Logistique et Achats thus implements control and risk control procedures both on its own behalf and that of its clients, specifically in respect of the following issues:

- management of persons and property in connection with consulting services in the area of building maintenance, improvements to premises, security, BCP, etc. with the various Groupama SA subsidiaries (France and international) and the regional mutuals;
- the monitoring and management of operating risk insurance both for GLA and all businesses within the scope of Groupama SA and the French subsidiaries. The procedures and controls focus primarily on the analysis of the cover in place, the identification and inventory of risks generating direct and indirect costs in order to assess the impact on the Company, the definition of an overall, tailored programme that satisfies the Solvency 2 requirements based on a prior analysis of the companies' needs, and optimisation and risk pooling with a view toward comprehensive cover;
- the control and monitoring of orders/supplies: prior to any order, suppliers are first listed by the procurement division of the inter-company venture GLA, which applies, in respect of monitoring, Group rules defined in the purchasing and ethics charters and management of calls for tender with, in particular, the principle of separation of tasks between the employees responsible for the listing and the buyers/purchasers.

In accordance with the principle of separation of tasks, the orders placed from the list of referenced suppliers and centralised within a single SAP tool are all included in a validations workflow external to accounting, while Groupama SA accounting handles their payment.

(c) Control of IT systems

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

Its strategic management and organisation, the total IT budgets and per-customer budgets, operational relations between GSI and its customers, as well as the quality of its services, are tracked by the Group control bodies, *i.e.*, area committees that are responsible for the IT investments made in each business line.

The inter-company venture is managed by a Managing Director. The Managing Director and his Managers make up the Group IT Management Committee (CDIG). The CDIG is backed by special commissions dealing across all departments with issues related to procurement, audit, finance, logistics, quality, repositories, standards and methods, human resources, security and risks, and town planning policy.

Since 1 June 2009, internal control and quality control has been handled within GSI by the Department of IT Security, Internal Control and Audit and Quality (DSCQ), which reports directly to the Chief Executive Officer of the inter-company venture. The Internal Control Division of GSI handles risk management, internal control and compliance.

The RSSI (Head of IT Security) reports to the Head of Security, Internal Control and Quality. That person defines and coordinates the security policy for the IT systems (PSSI). A new version of the PSSI will be available on 1 January 2011, in French and English. It defines the security requirements that all Group entities must implement. GSI shares its expertise with the Group's French and foreign companies, whether or not they are clients of the inter-company venture. For the first time in 2010, the GSI security activity, excluding IT contingency plans, was compared to the security activity of equivalent companies in France and Europe. The RSSI is also in charge of the governance of the IT contingency plan, the IT element of the Business Continuity Plans of the inter-company venture's clients. These IT contingency plans cover the "Work Station" contingency plan and "Data Centre" contingency plan sections. Regular drills are held in connection with this area, following an annual schedule. The drills take place at the backup sites, which are currently covered by service contracts. A report is generated following each drill and is shared with the clients concerned. An improvement action plan is also prepared. These activities improve the BCPs of the inter-company venture's clients.

Although GSI has two production sites – Bourges 1 and Bourges 2 – providing its clients with continuity of operations that guarantees high availability of applications, in 2010, GSI launched the SOSI project to build and equip a third site that will serve as its own backup site as of 2012.

In keeping with its departments' various lines of business, GSI performs control and risk management tasks on its own account and for its customers, particularly concerning the following:

- monitoring customer relations: this is done through two committees:
  - the Customer Relations Committee (CRC) which acts as an interface between the customer and Groupama SI;

- the Service Quality Committee (CQS), which ensures compliance with the indicators set out in the service contract;

- running the IT system; checks are carried out on the quality of the services supplied as well as costs; the cost of the work units of Groupama SI are regularly compared with those of equivalent companies in France and across Europe;
- the management of incidents and the Help Desk, which is monitored and controlled using specific incident measurement indicators;
- monitoring the implementation of projects: monthly project reviews are scheduled, one of their key points being the analysis of project risks and their control level, as well as a quality assurance review and one or more reviews concerning architecture and operability;
- monitoring the availability of production services: this consists in checking that the SLA (Service Level Agreement) between Groupama SI and its customers is complied with;
- monitoring the security of production transactions: this is done through traceability using identification, authentication and audit procedures;
- controlling the procurement process: purchases are centralised; checks are made to make sure that the amount of the order is in keeping with the budget; contracts are validated from a legal point of view; suppliers are vetted annually;
- budget control: every three months, Groupama SI produces a budget report to ensure control of its budget as a whole, as well as control of costs for each customer;
- managing the security of buildings: the computer rooms undergo half-yearly "IT security" audits conducted by the DSCQ; the Groupama SI sites undergo yearly "building security" audits conducted by the DSCQ; moreover those sites undergo biennial "building security" audits conducted either by Groupama Logistiques et Achats or by an external firm commissioned by Groupama Logistiques et Achats; all of those audits are done using a methodology developed by CLUSIF, an association of large French companies sharing best security practices;
- managing Business Continuity Plans (BCPs): Groupama SA manages three kinds of BCPs. They all include a Crisis Management Plan, a Communication Plan, an Employee Management Plan, a Business Continuity Plan and a Return-to-Work Plan. The three kinds of BCPs are:
  - a BCP in the event of HR unavailability, which incorporates the Pandemic BCP and ensures business continuity for the inter-company venture, whether in the event of a mild pandemic (no modification of inter-company venture operations) or a severe pandemic (reduced operation of the inter-company venture); this BCP provides for remote working procedures,
  - a Building BCP, which provides for the inter-company venture's business continuity in the event of a major incident affecting the building; this BCP includes a User Recovery Plan (URP) and an IT Contingency Plan in the Work Station section,
  - an Information Systems BCP, which provides for the inter-company venture's business continuity in the event of a major incident affecting the IT system; this BCP incorporates the ITContingency Plan in the Data Sector section.

The operating risks identified by Groupama SI are referenced in a risk map updated each year.

The major IT risks extracted from this map are examined by the DSCQ on a quaterly basis, in order to:

- evaluate the pertinence of the control measures implemented;
- monitor the risk management improvement plans.

Those risks are also examined by the Technical Risks Committee twice a year and by the Group Risks Committee on an annual basis.

Every year, a specific Groupama SI internal control report is produced and presented to the Board of Directors of Groupama SI.

(d) Control of overheads, trade payables and outsourced activities

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

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.1.3.

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

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

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

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

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

Internal control of the Groupama SA procurement process

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

As mentioned earlier, an order/purchase management system has been used since 2006 for practically all Groupama SA purchases, excluding assignment expenses which are entered directly in the SAP accounting system.

This system is used:

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

The major organisational and operating principles set out in the document Ligne Fonctionnelle Achats (Functional Purchasing Chain) continued to be implemented in 2010, in particular with the formalisation of roles and responsibilities in the purchasing optimisation process, the formalisation of control processes for calls for tenders and calculation of the resulting economic performance, as well as the strengthening of periodic monitoring of supplier risks.

Control of outsourced activities

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

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

3.4.6 THE RELIABILITY OF FINANCIAL DATA

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

3.4.6.1 Parent company financial statements

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

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

- security procedures and internal checks: every area Manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;
- built-in control and control tests: this refers to all transactions guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,
  - the other actions and tests of a non-computer nature targeting mainly the consistency checks by random sampling done on large-volume transactions, with very low unit amount (e.g., balancing of policyholder balances, tax statements);
- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - within current management:
    - separation of the functions of commitment to and payment of expenses:

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

      banking signature authority delegated to some employees is subject to administrative monitoring and regular updating;
  - within inventory management and preparation of the financial statements:
    - regular review points between the Group Accounting Department and the other departments designed to provide an overview of all the flows for the year and anticipate incorporating them into the accounting records,
    - measuring the consistency between the parent company statements and the estimated statements in collaboration with Group Management Control,
    - building up a collection of backup documentation for the financial statements of the year under the supervision of the reviewer's direct superior, then the department head,
    - review of parent company and Group tax income/expense with the Group Tax Department,
    - internal meetings within the Finance and Risks Division to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements,
    - approval of the financial statements by General Management.

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

In accordance with its position as parent company of the Group, Groupama SA handles the accounting for a certain number of subsidiaries that do not have their own accounting staff [operating SCIs (non-trading real estate investment companies), the inter-company venture Groupama Logistique et Achats, holding companies and other subsidiaries]; it also handles investment accounting for the French profit centres.

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

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

3.4.6.2 Consolidated financial statements

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

(a) Security and internal checking procedures

They are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (see above).

(b) Built-in control

The Group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this base with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

- the first verification level entails checking the consistency of data standard (all the Group's data is presented in a format that follows a single standard);
- at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly concern the overall accuracy and consistency of the items entered. In fact, depending on the types of control, this either causes the data input to be blocked automatically (which can only be cancelled if the precise data is input), or else it restores glitches to be corrected. The central level has the audit trail of these controls. The computer system allows a fairly high level of automatic control through the development of interfaces with the upstream systems;
- at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data among the different entities in the Group (such as, for example, for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks desired to identify and monitor any data and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control tests

A set of verification and control tests has been put in place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:

- checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- verification of central processing: accuracy checks are done to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

Control tests are clearly outlined in a formal review manual.

(d) Hierarchical control

Hierarchical control seeks to ensure that the principal items affecting the fairness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Management Committee to review the consolidated financial statements;
- meetings of the Audit Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

(e) The Group standard of reference

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at the Group level and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS leave the possibility of applying options;
- application methods.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities. The instructions emphasise the specific items applicable to each approval process.

Training in both methodology and operations is given regularly to all the players involved in the Group so that the requirements introduced by the IRFS are properly understood and incorporated into the financial statements.

Pre-closing procedure

Since 2007, the Groupama SA General Management has introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the latest available forecast and helps to apprehend the profit or loss to be contributed by each entity for the current year at its most probable level. This system involves the following:

- a systematic and critical review of the principal aggregates making up the interim management balances;
- identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's General Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the General Management).

This gives the General Management an across-the-board picture of 2010 earnings. In order to make the process more effective, analyses of post-closing differences are generally done. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/ loss.

3.4.6.3 Combined financial statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.6.4 Supervision of intra-group accounting transactions

Transactions amongst subsidiaries and Groupama SA (internal loans, subsidiary restructurings, capital increases, dividend pay-outs, etc.) are subject to decisions validated by the Groupama SA General Management, and to technical and operational control by the Group Accounting Department. These supervisions are done by auditing the consolidated financial statements, *i.e.*: by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.7 OUTLOOK FOR GROUPAMA'S INTERNAL CONTROL

In 2010, the Group strengthened its preparations for implementation of the future regulatory environment. In connection with that, several projects and significant organising activities took shape and/or were undertaken, specifically with:

- the definition of the Group Risk Policy, validated by the Group's executive and deliberative bodies. It will next be implemented within all Group entities in France and internationally;
- launch of the operational deployment of the internal risk control and management system, in compliance with the requirements of Pillar 2 of Solvency II through a project conducted with a pilot entity. Based on that experience, the system will be deployed in other Group entities, taking advantage of the project's deliverables as they are produced;
- the undertaking of work on risk tolerance, with the validation of a conceptual framework and the prioritisation of tasks;
- the launch of the data quality compliance project, in all its regulatory aspects.

Simultaneously, regular exchanges and sharing of best practices, led by the Group Internal Control and Risk Management Department, strengthened and developed the internal control and risk management branch, which now exists within all Group entities.

During 2011, the major actions and projects undertaken in 2010 will be consolidated to ensure that the Group complies with the Pillar 2 requirements of Solvency II.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

Report by the statutory auditors prepared pursuant to Article L. 225-235 of the Commercial Code, and on the report by the Chairman of the Board of Directors.

(Year ended 31 December 2010)

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	Tour Exaltis
92208 Neuilly-sur-Seine Cedex	61, rue Henri-Régnault
	92075 La Défense Cedex

To the members of the General Meeting,

In our capacity as the statutory auditors for Groupama SA and pursuant to the provisions of Article L. 225-235 of the Commercial Code, we hereby report to you on the Report prepared by the Chairman of the Board of Directors of your Company in accordance with the provisions of Article L. 225-37 of the Commercial Code for the fiscal year ended 31 December 2010.

It is the responsibility of the Chairman to prepare and submit to the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide any other information as required under Article L. 225-37 pertaining in particular relating to corporate governance procedures.

It is our responsibility:

- to report to you on information set out in the Chairman's report concerning the internal control and risk management procedures related to the preparation and treatment of accounting and financial information;
- to certify that the report covers the other information required under Article L. 225-37 of the Commercial Code, it being understood that it is not our responsibility to verify the accuracy of such information.

We have conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Under professional standards we are obliged to apply procedures designed to assess the accuracy of information on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report. This consists of the following:

- reviewing the internal control and risk management procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comment to make on the information given concerning the Company's internal control and risk management procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the Commercial Code.

Executed in Neuilly-sur-Seine and Paris La Défense, 02 March 2011

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Benedicte Vignon	Jean-Claude Pauly	Maxime Simoen

3.6 FEES OF THE STATUTORY AUDITORS

The other commitments, which primarily involve audits conducted in connection with mergers within the Group and/or external growth transactions, fell sharply in 2010. They totalled €52.2 thousand, compared to €281.4 thousand in 2009, a year in which specific regulatory reports were issued in connection with mergers, in particular in France.

Auditors who are not members of the Group's joint auditors' group generally work as joint auditors on some subsidiaries of the Group, particularly in real estate.

OVERVIEW OF AUDITORS' FEES

	2010						
(in thousands of euros excluding tax)	Pricewaterhouse Coopers		Mazars		Other		Total
1. Legal audit assignments							
1.1. Statutory auditors	**3,233.1**	**54.5%**	**2,298.9**	**38.8%**	**395.0**	**6.7%**	**5,927.0**
Groupama SA	477.0	53.2%	419.0	46.8%	0.0	0.0%	896.0
French subsidiaries	1,606.2	53.8%	1,153.0	38.6%	227.9	7.6%	2,987.1
International subsidiaries	1,149.9	56.3%	726.9	35.6%	167.1	8.1%	2,043.9
1.2. Other engagements and audits directly related to the services by the auditors	**25.3**	**48.5%**	**20.8**	**39.8%**	**6.1**	**11.7%**	**52.2**
Groupama SA	20.0	50.0%	20.0	50.0%	0.0	0.0%	40.0
Other subsidiaries	5.3	43.4%	0.8	6.6%	6.1	50.0%	12.2
SUB-TOTAL, CONSOLIDATED FINANCIAL STATEMENTS	**3,258.4**	**54.5%**	**2,319.7**	**38.8%**	**401.1**	**6.7%**	**5,979.2**
2. Other engagements (technical accounting and regulatory consulting)	**46.7**	**82.7%**	**0.0**	**0.0%**	**9.8**	**17.3%**	**56.5**
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,305.1**	**54.8%**	**2,319.7**	**38.4%**	**410.9**	**6.8%**	**6,035.7**

	2009						
(in thousands of euros excluding tax)	Price-waterhouse Coopers		Mazars		Other		Total
1. Legal audit assignments							
1.1. Statutory auditors	**3,590.8**	**56.1%**	**2,463.3**	**38.5%**	**346.0**	**5.4%**	**6,400.1**
Groupama SA	535.3	53.4%	466.3	46.6%	0.0	0.0%	1,001.6
French subsidiaries	1,759.4	54.1%	1,262.1	38.9%	226.0	7.0%	3,247.5
International subsidiaries	1,296.1	60.2%	734.9	34.2%	120.0	5.6%	2,151.0
1.2. Other engagements and audits directly related to the services by the auditors	**176.0**	**48.5%**	**75.0**	**39.8%**	**30.4**	**11.7%**	**281.4**
Groupama SA	90.0	66.7%	45.0	33.3%	0.0	0.0%	135.0
Other subsidiaries	86.0	58.7%	30.0	20.5%	30.4	20.8%	146.4
SUB-TOTAL, CONSOLIDATED FINANCIAL STATEMENTS	**3,766.8**	**54.5%**	**2,538.3**	**38.8%**	**376.4**	**6.7%**	**6,681.5**
2. Other engagements (technical accounting and regulatory consulting)	**9.7**	**100.0%**	**0.0**	**0.0%**	**0.0**	**0.0%**	**9.7**
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,776.5**	**56.5%**	**2,538.3**	**37.9%**	**376.4**	**5.6%**	**6,691.2**

3.7 RELATED PARTY TRANSACTIONS

Section 3.7 as whole corresponds to Note 46 on transactions with affiliated in the Notes to the Financial Statements for fiscal year 2010, audited by the statutory auditors.

3.7.1 GENERAL PRESENTATION

Groupama SA and its subsidiaries, which make up the Equity Management Division of the Groupama Group, maintain major lasting relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama Group's Mutual Insurance Division. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationships amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the regional mutuals network involves mainly Groupama SA and Groupama Gan Vie. Based on these two entities, the contribution of the network of regional mutuals to consolidated revenues totalled €4,034.3 million, or 28% of total consolidated revenues for 2010.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

3.7.1.1 Reinsurance

The regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement, which has a regulatory basis, is set forth in the bylaws of the regional mutuals. This reinsurance exclusivity entails financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing" between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determine the financial return for the whole.

Thus, Groupama SA helps to draft the technical terms and conditions, particularly regarding rates that apply to direct insurance, or else it drafts those conditions itself depending on the nature of the risks reinsured.

In addition, Groupama SA may participate in the management of any claims file and jointly manages any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a certain number of mechanisms can be used to quickly re-establish any imbalances.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to continue over the long term, and the term of the reinsurance agreement between Groupama SA and the regional mutuals is equal to that of Groupama SA, which, unless extended, will end in 2086. Any modifications to the agreement must be made in accordance with a consensus-based decision-making process, which grants authority for final approval to the Groupama SA Board of Directors, after receiving the opinion of the Agreements Committee.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail at § 3.7.2.1.

3.7.1.2 Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. Those subsidiaries are engaged in the business either of offering products or services designed for members and customers in the areas of insurance, banking or services, or providing financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the 14 December 2005 meeting of the Groupama SA Board of Directors.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are described below:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.*, products or

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services designed for members or customers) or to the needs of the entities of the Group (*i.e.*, the financial services designed for the entities of the Group) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;

- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute under any circumstances competing products or services offered by third parties,
    - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,
    - to engage in the transport insurance business only in an auxiliary manner, under the aegis of Groupama SA, in coordination with Groupama Transport;
  - concerning subsidiaries offering financial services designed for the entities of the Group:
    - to give preference to those subsidiaries at equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the retail banking services offered by Groupama Banque, and the services offered by Groupama Épargne Salariale and a certain number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market; it is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

3.7.1.3 Security systems

(a) The Groupama brand

The Groupama brand is the exclusive property of Groupama SA, which grants the operating license thereof to the regional mutuals and the subsidiaries. Groupama SA is thus the guarantor of the brand's control and the protection of the Group's critical asset.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement for a security and solidarity system aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity.

This is a three-part agreement:

Audit

Once every three years, Groupama SA conducts an audit of all the transactions of the regional mutuals in order to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement.

In addition, an audit is performed in the event of a loss recorded by a regional mutual, which, depending on the nature, if repeated over three fiscal years, would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business.

The level of shareholders' equity and necessary assets is set in accordance with a decision-making process based on consensus, which grants to the Groupama SA Board of Directors the authority for final approval.

This level was set substantially above the regulatory requirements in terms of solvency.

If the concerned Regional Mutual disagrees with the recovery measures recommended by an audit, a reconciliation procedure is used after which the Groupama SA Board of Directors may decide by a two-thirds majority to ask for the resignation of the Board of Directors of the Regional Mutual and/or the dismissal of the Managing Director.

In the event of refusal, the Groupama SA Board of Directors may decide by a two-thirds majority to propose to the Groupama National Federation to exclude the Regional Mutual from the Groupama National Federation, which would mean excluding the Regional Mutual from the Group.

Solidarity fund

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals if their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

The regional mutuals contribute to this fund in proportion to the insurance contributions retained by them; the fund also receives an annual allocation to reserves until the total allocations by the regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance from the solidarity fund, calculated according to the same method as the allocations by the mutuals.

Funding support is possible provided two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business, calculated as mentioned above;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is made by the Groupama SA Board of Directors by a two-thirds majority.

Appointing the Managing Directors of the regional mutuals

The Managing Directors of the regional mutuals are appointed by their Board of Directors after advice from a Senior Executive Careers Committee made up of Groupama SA Managing Directors and those of the regional mutuals and Chairmen of regional mutuals.

(c) The Agreements Committee

The Agreements Committee, a Research Committee of the Groupama SA Board of Directors, is chaired by an independent Director.

In particular, this committee is responsible for reviewing any modifications to the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, ensuring that said agreements are legally sound and that they are in the corporate interest of Groupama SA and its future minority shareholders (conditions of compensation and distribution of risks following from said agreements).

3.7.2 AGREEMENTS BETWEEN GROUPAMA SA AND ITS SUBSIDIARIES AND THE REGIONAL MUTUALS

3.7.2.1 The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal insurance system grew up amongst the Regional Insurance Mutuals, and a Central Mutual whose reinsurance function is now performed by Groupama SA.

The reinsurance of the regional mutuals with Groupama SA is intended, through internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to the potential needs of such a company.

In order to achieve this objective, the regional mutuals are insured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and adjustments to the reinsurance agreement

The permanent principles are listed below:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurances is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary and indexation and additional retentions) must be made in the form of a rider in writing, approved by the Groupama SA regional mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama SA, they are subject to the agreement of the Managing Directors of the regional mutuals;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by Groupama SA's Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The adjustments made in the reinsurance agreement in the past two decades were caused by two factors:

- either by changes in the structure of the Mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance amongst them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Most of the risks are classified in three main families, based on the nature of the cover required, which depends on their volatility:

- basic risks: they include professional and individual risks such as motor, general third-party liability, life and health insurance, individual health and fire, not including natural risks or highly specific risks such as construction, long-term care, etc.; these risks are characterised by rather low volatility, which requires essentially a cover for claims exceeding a certain threshold;
- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events;
- heavy risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even catastrophic claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

All the risks classified in the same family are included in same-level outward reinsurance operations and adapted to their shared underwriting characteristics.

The risks that do not fall within these three groups because they are new or because of their specific features are handled appropriately based, if possible, on the principles applicable to the risk family which they most resemble. These involve mainly natural disasters (legal system with State reinsurance), construction insurance (ten-year risk), long-term care insurance (recent and very long-term risk), terrorist attack risks (market pool), and multi-risk climate insurance (new risk). These risks are classified under the heading “other risks”.

Basic risks

All basic risks are subject to a 30% quota share outward reinsurance (40% for overseas mutuals), which represented premium income of €1,287 million for Groupama SA in 2010.

Thus the regional mutuals keep a high percentage, which is the best guarantee of the balance of their outward reinsurance to Groupama SA, since these risks account for more than 84% of their premium income. Specific regulations are provided, however, for the unlikely case where a regional mutual would reinsure outward with Groupama SA a total of two consecutive years of a loss under this quota share reinsurance.

This mandatory quota share reinsurance provides Groupama SA with the wherewithal, the margin and the territory enabling it to be a financially sound reinsurer, providing the mutuals with the appropriate risk cover for high-volatility risks classified in other families, which, on the contrary, have a limited premium pool.

Through this quota share, Groupama SA participates directly in the growth of and the return on the core business of the regional mutuals.

Custody by the mutuals is protected by a claims excess with the same threshold for all the regional mutuals in metropolitan France and is indexed annually. This excess is set at a high level to limit the scope of this coverage to a share calculated in such a way that the overall amount covered does not exceed for Groupama SA an average of 3% of the total basic risk claims recorded by all the regional mutuals. The Mutuals retain an interest in the excess portion, which is therefore not completely transferred, which gives them a stake in the total cost of these claims.

Atmospheric risks

All atmospheric risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €191 million for Groupama SA in 2010.

This custody by regional mutuals is very significant and this important factor in the empowerment of the mutuals is supplemented by a system allowing a modulation of the contribution base of the contributions transferred based on the history of the claims reports observed over a long period.

This allows Groupama SA to automatically correct the rate charged (set by the mutuals), which determines this base, when the rate does not correspond to the risk balance over time, factoring in specifically the external reinsurance costs, which are substantial in these areas.

Custody by each mutual is protected by an annual stop loss, separately for the storm unit and for the hail unit; thus the total annual claims in a given area are cut back if they exceed a high threshold (higher than the premium income).

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the premium income of the mutual adjusted for its claims history.

Nor is the excess portion completely transferred, and the Mutuals retain an interest in the annual claims total with no limitation as to amount.

The portion of the claims paid by the annual stop loss represents an average over a long period of 50% of the claims under custody after reinsurance of the mandatory portion for the storm unit and 10% for hail coverage. These averages cover some substantial differences depending on the number of claims for the fiscal years (an expense most often zero in storm coverage, not including major events).

From its inward reinsurance operations, Groupama SA of course benefited from the coverage underwritten in external reinsurance, the cost of which it includes in the contributions requested from the regional mutuals (this is also valid in the other risk families).

Heavy risks

All heavy risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €72 million for Groupama SA in 2010.

Custody by the mutuals is thus very significant; and it was recently bolstered, which greatly helped in cleaning up the portfolio.

It is protected by a stop loss above a certain threshold, beyond which, as in the other two risk families, the mutuals retain a portion of the total cost of the claim.

The claim expense paid by this coverage represents an average of 15% of the total cost of the claims under custody with the mutuals after reinsurance of the mandatory portion.

In this area with a low premium base, modulation mechanisms comparable to those applied to atmospheric risks would not be significant; on the contrary, the reinsurance agreement enables Groupama SA, which has a central team of specialised underwriters, to participate directly in setting the insurance terms and rates in underwriting heavy risks and in settling claims.

Principal other risks ("other risks")

In natural disasters, the mutuals transfer a 70% quota share (the minimum outward reinsurance to the CCR being 50%), and the claims under their custody are protected by an annual stop loss.

Construction reinsurance is comparable to basic risks insurance with a quota share outward reinsurance of 30% and a stop loss on custody; however, because of its ten-year balancing and accounting principles, it cannot be classified in that family.

Long-term care is reinsured solely in quota share at the rate of 50%.

Risks of attack attempts are transferred at 100% because they are then completely retroceded to the Gareat market pool.

With regard to a new and as yet experimental business, multi-risk climate insurance is transferred by each regional mutual at the rate of 100% to Groupama SA, but the insurance terms and rates are set by Groupama SA and 50% of the national profit/loss is then retroceded to the mutuals.

In all, these outward reinsurance operations accounted for premium income of €282 million for Groupama SA in 2010.

(c) Retrocession

Outward reinsurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group.

Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA's quota share inward reinsurance for basic risks is not, therefore, affected by the retrocession.

However, a significant percentage (15% to 50% depending on the risks), of the other main reinsurance inward reinsurance is retroceded, including the following:

- basic risk stop loss;
- quota share and annual stop loss for atmospheric risks and natural disasters;
- quota share and stop loss for heavy risks;
- share of multi-risk climate for crops.

Transactions retroceded are spread out amongst the regional mutuals in proportion to the gross contributions retained by each of them after the quota share transfer to Groupama SA, including basic, atmospheric and heavy risks.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(d) Amounts involved in fiscal year 2010

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama SA, from the regional mutuals under the Internal Reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2010	31.12.2009
Earned premiums, non-life	1,832	1,786
Insurance policy servicing expenses	(1,363)	(1,382)
Acquisition costs	(156)	(153)
Administrative costs	(156)	(153)

At 31 December 2010, the net profit on retrocession was €17 million.

(in millions of euros)	31.12.2010	31.12.2009
Expenses on outward reinsurance	(81)	(68)
Income on outward reinsurance	98	111

In summary

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €1,832 million in 2010.

3.7.2.2 Groupama Gan Vie

The relations between Groupama Gan Vie and the regional mutuals are governed by identical bilateral agreements. One agreement covers individual life, and another group insurance.

(a) Individual life agreement

The purpose of this agreement is the distribution and management by the regional mutuals of the individual life insurance products (which include the products underwritten by participation in a voluntary group policy) from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the communications media. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals are charged with covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

The distribution and management of the regional mutuals are compensated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (provident products) designed to involve the Regional Mutual in the quality of its management.

Groupama Gan Vie posted premium income under this agreement of €2,158.7 million in 2010. The fees earned by the regional mutuals amounted to €107.9 million.

(b) Group insurance agreement

The purpose of this agreement is the distribution and management by the regional mutuals of group insurance policies from Groupama Gan Vie.

Groupama SA, which provides technical support to Groupama Gan Vie, is also a party to this agreement.

At the distribution level, Groupama SA, through a delegation from Groupama Gan Vie, sets the rules for marketing, subscription, and pricing for the products as well as the contract documents and communications media. The regional mutuals are responsible for the commercial relationship with customers.

With regard to administration, the regional mutuals are charged with performing all administrative functions for life insurance policies, including medical management, with the exception of certain activities which, because of the type or amount, are performed directly by Groupama SA.

The administration of pension policies and life insurance benefits on these policies is outsourced to Groupama SA.

Groupama SA is authorised by Groupama Gan Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the regional mutuals.

The regional mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks, which is designed to involve the Regional Mutual in the quality of its management. As an incentive for the development of group insurance, the regional mutuals receive a share of the profits from policies managed nationally based on type.

Groupama Gan Vie posted premium income under this agreement of €43.6 million in 2010. The fees earned by the regional mutuals amounted to €5.9 million.

3.7.2.3 Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual, which Groupama Banque licenses to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed annually.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the Regional Mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €54.8 million in 2010. The fees earned by the regional mutuals amounted to €7.5 million.

3.7.2.4 Inter-company ventures (GIE)

(a) Groupama Systèmes d'Information

The purpose of inter-company venture Groupama Systèmes d'Information (GSI) is to:

- facilitate the economic activities of its members, improve or increase the results of these activities by sharing and acquiring all means of automated information processing;
- to undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members.

GSI operates with a VAT exemption under section 261-B of the General Tax Code.

The members of the inter-company venture, which are not charged VAT, are mainly the regional mutuals, Groupama SA, its French insurance subsidiaries, Groupama Banque and other inter-company ventures of the Group. Non-member clients, which are charged VAT, are mainly Group financial management companies and international subsidiaries and, where appropriate, entities outside the Group.

IT services provided by GSI to Group entities are invoiced based on the following principles:

- GSI, as a non-profit inter-company venture, charges all of its full costs, whether this be its own operating costs, costs that are charged by other Group entities or costs of technical resources acquired for account of third parties;
- all costs are spread over a defined list of services (operating services, project services) that cover all areas of operation of the inter-company venture. They are distributed fairly among members and customers. In addition, so-called "structural" services (financial management, human resources management, Group services billing) are charged in proportion to the total of other services.

Special governance was put in place to ensure the relevance and stability of invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "keys committee" which brings together IT Managers from member companies of the inter-company venture and the various services of the inter-company venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the inter-company venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of the inter-company venture for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the correct analytical allocation of the expenses of the inter-company venture for their billing.

In 2010, the budget of the GSI was €301.6 million. Based on the system described above, €294 million was billed to members, including €91.3 million to regional mutuals, and €7.8 million non-member customers.

(b) Groupama Logistiques et Achats

The purpose of the inter-company venture Groupama Logistiques et Achats ("GLA") is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising logistics, general services and procurement.

To this effect, the purpose of the Group is to:

- lease and manage the buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with Group suppliers;
- in general, engage in all operations to achieve the purpose that it pursues within its limitations.

Most services provided by the inter-company venture are exempt from VAT, except for services corresponding to the supply of goods.

GLA members are essentially the same as those of the GSI. Non-member clients, which are charged VAT, are mainly international subsidiaries.

Just as with GSI, GLA charges all of its expenses, which are spread over a defined list of services. The structural costs of GLA, in contrast with those of GSI, are integrated into each service on the basis of a distribution key.

As with GSI, the governance in place is intended to ensure the stability of the reinvoicing system.

The services of the inter-company venture are invoiced as follows:

- each service is subject to a consolidation of the costs that are directly allocated to it and indirect costs (share of local, structural costs, etc.);
- the cost bases established using this method are allocated to the customers of each service using keys based on defined cost allocation bases;
- the amounts to be charged to each customer for each service are determined on the basis of counting the number of cost allocation bases;

- monthly monitoring is based on consumption valued at the standard price of the cost allocation base of the service in question for the fiscal year under consideration.

The main methods of breaking down costs by service are summarised in a document called “logistics agreement”, which is available to corporate customers.

In 2010, the budget of GLA totalled €158.2 million. Based on the system described above, €153.2 million was billed to members, including €3.9 million to regional mutuals, and €1 million non-member customers.

It should be noted that it is planned to merge the two inter-company resources with a target completion date of 1 July 2011.

3.7.2.5 Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3.7.3 FINANCING OF MAJOR PROGRAMMES

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group’s decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.7.3.1 Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body proceeds from the regional level; its role is to embody the collective will and steer the policies resulting therefrom, but from a legal standpoint, it does not have the power to impose those policies on a regional level. Financing is one lever that can facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies are most often the ones to generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty and to involve a business risk making return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national dimension that would exist if this combination were not legally divided into regional mutuals.

3.7.3.2 Interest of the central reinsurer in expanding the business lines of the regional mutuals

As indicated above (see section 3.7.1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.7.3.3 A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing ceases once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental individual health insurance product launched on an experimental basis in three regional mutuals, then expanded gradually to the other regional mutuals. This new product entitled “Groupama Active Health” now gives the regional mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading company in the French supplementary health insurance market. It should be noted that when this business line broke even financially in 2007, Groupama SA’s financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in nearly all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research initiated several years ago, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals’ merging-migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2010, Groupama SA contributed €4.5 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For fiscal year 2010, the amount of financial support devoted to deploying the banking business came to a total of €5.1 million, net of corporate income tax.

Lastly, Groupama SA has participated since 2007 in funding the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. During the 2009-2010 season, this funding amounted to €0.5 million.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

3.8 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama SA and its subsidiaries.

On the other hand, major agreements bind Groupama SA, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 3.7.2 above.

3.9 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

(Fiscal year ended 31 December 2010)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92075 La Défense Cedex

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is our responsibility to report to the shareholders the information pursuant to article R.225-31 of the French Commercial Code relating to agreements and commitments previously approved by the Shareholder's Meeting during the year.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

Agreements and commitments subject to the approval of the General Meeting

Pursuant to Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code, we have been informed of the agreements and commitments that have been the subject of advance authorisation from your Board of Directors.

› Financing of large Group programmes

For the financing of the major programmes for 2011, subsidies of a maximum of €11.8 million net of corporate income tax were granted to regional mutuals to support the development of the banking activity (Groupama Banque); moreover, subsidies of €6.426 net of corporate income tax were granted to finance part of the joint IT expenses (SIGMA). Those two subsidies were successively authorised by the Board of Directors' meeting of 27 October 2010, wherein the Chairman of the Mutual concerned did not take part in the vote.

Moreover, at the meeting of 27 October 2010, the Board of Directors authorised an increase of €0.668 million in the total amount of the 2010 subsidies authorised in 2009 for joint IT expenses.

Directors concerned: Mr Aussat, Mr Baligand, Mr Baucherel, Mr Bayeul, Mr Baylet, Mrs Bocquet, Mr Cornut-Chauvinc, Mr Desnoues, Mr Habig, Mr Schmitt, Mr Zanettacci.

› Sport sponsoring

Within the scope of the Group's sports sponsoring programme, subsidies totalling €2.75 million including taxes were granted to certain regional mutuals for the 2010/2011 season, depending on factors such as media spin-offs; all of those subsidies were successively authorised by the Board of Directors' meeting of 27 October 2010, wherein the Chairman of the Mutual concerned did not take part in the vote.

Directors concerned: Mr. Aussat, Mr. Bayeul, Mr. Desnoues.

Agreements and commitments already approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we were also informed that the performance of the following agreements and commitments, which were approved by the General Meeting during previous fiscal years, continued in the past fiscal year.

› Chief Executive terminates his employment contract

Upon renewal of his term of office, the Chief Executive stated his wish to terminate his employment contract.

Consequently, on 27 May 2009, the Board of Directors took cognizance of this change of status and the preservation of his current social security cover with respect to healthcare, retirement and protection insurance, either through the upkeep of the current plans or the set-up of an equivalent scheme. It also set the conditions and limits concerning the Chief Executive's right to termination benefits in the event of a forced departure due to a change of control or strategy. This termination benefits would be equal to two years' compensation – both fixed and variable – based on the mean percentage of variable compensation allocated over the last three financial periods, including the year in progress. Moreover, the Board of Directors defined the terms and conditions of the non-competition clause, by replacing the previously applicable formula with a fixed benefit equal to one year's fixed and variable compensation; this last benefit would be deducted from the two-year benefit mentioned above so that, at any rate, the total amount paid in respect of the non-competition clause and termination benefits would not exceed two years' fixed and variable compensation.

› Chief Executive's pension and retirement insurance policies

On 1 December 2006, the Board of Directors authorised the extension of the policies for protection insurance, medical expenses and retirement applicable to Management Committee Members to the Company's Chief Executive, who also comes under this scheme; likewise, it authorised his retirement contract on 14 December 2005.

› Sport sponsoring

Concerning the sports sponsoring programme, the subsidies granted to the regional mutuals in 2010 for the 2010/2011 season amounted to €0.493 million net of corporate income tax.

› Financing of large Group programmes

Concerning the grants authorised by the Board of Directors on 28 October 2009 for the financing of the major programmes for 2010, the amounts actually allocated to the regional mutuals were as follows: €5.143 million net of corporate income tax for the deployment of the banking activity (Groupama Banque) and €4.538 million net of corporate income tax, including the additional subsidies of €0.668 million authorised by the Board of Directors on 27 October 2010, for joint IT expenses (SIGMA). In addition, as part of the Group's development strategy in France, Groupama SA had agreed to financially support the Groupama Paris Val de Loire regional mutual for a maximum of €30 million net of corporate income tax, to be used for the creation of local branches in Paris. Groupama SA therefore granted a total of €7.0 million in 2010, in connection with this support.

› With the regional mutuals

The purpose of the agreement on security and solidarity measures, which was approved by the Shareholders' Meeting on 18 December 2003, amended by a rider in December 2004, is to guarantee the security of management and the economic and financial equilibrium of all regional mutuals and Groupama SA and to organise solidarity among those entities; the agreement provides for procedures geared around four measures:

- Groupama SA conducts a three-year audit of all regional mutuals and spot audits if losses are recorded by a Regional Mutual;
- solidarity fund mechanism for helping regional mutuals in difficulty; under this mechanism, the regional mutuals pay a portion of their net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
- appointment of the Managing Directors of the regional mutuals;
- agreement for combination of accounts, designating Groupama SA as combining entity.

Executed in Neuilly-sur-Seine and Paris La Défense, 02 March 2011

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Bénédicte Vignon	Jean-Claude Pauly	Maxime Simoen

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4

RISK FACTORS

4.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Compagny's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this one should not, however, be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in section 4.2 of this registration document. In addition, if the risks described in this section 4.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

4.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

4.1.1.1 The cyclical nature of the non life segment

The cycles associated with the non life insurance business are of varying length. They may involve unpredictable catastrophic events or general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

4.1.1.2 Natural and human disasters

The increasing number of climate events, on a global level, as well as other risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the future impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impact on Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance, Groupama significantly reduces the negative impacts of its exposure. However, despite the careful attention paid to the monitoring of these risks and the risk control systems put in place, Groupama might still experience major losses in the future on such risks, which would have a material negative impact on its financial position and net income.

4.1.1.3 Inadequacy of reserves to address losses in the non life segments

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the non life segments that it insures.

However, reserves do not represent an exact calculation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic change in claims, regulatory changes, judicial trends, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims, and economic changes.

These items cannot always be known, particularly on a prospective basis. Actual losses may thus differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

4.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves, Deferred Acquisitions Costs (DAC) and life insurance indicators (New Business Value (NBV) and European Embedded Value (EEV))

The establishment of insurance reserves, including the minimum guarantees found in certain Group's savings and pension products, the adequacy test performed on the life insurance policy reserves and the establishment of DAC, NBV and EEV rely, by their very nature, on uncertain information, based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a significant degree of judgment on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC, NBV and EEV and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

Furthermore, although Groupama calculates its Embedded Value and the value of its new business in accordance with CFO Forum principles, that is, in accordance with a "market consistent" approach that is more conservative than traditional NBV and EEV calculation methods and that generates a more accurate valuation of the cost of financial options and guarantees, changes in the projections used to calculate these indicators could also have a material adverse effect on the level of the Group's NBV or EEV.

4.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate technical reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and technical reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at § 4.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as minimum guarantees, naturally rely on uncertain information and judgments, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

4.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them.

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the recent financial crisis has not yet led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect our net income.

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

4.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATING, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

4.1.2.1 The difficult and persistent conditions on the world financial markets and the economy

The financial crisis and its repercussions over the last three years have affected Groupama just as they have other players on the market. A wide range of factors, including uncertainty as to the availability and cost of credit, the stability and solvency of governments, financial institutions and other companies, future inflation, energy costs and geopolitical tensions, have created heightened volatility and uncertainty regarding forecasts of general economic and financial market growth. These factors, together with unstable oil prices, variations in real estate markets, stock market volatility, declining consumer and business confidence and future risks of higher inflation and unemployment, have produced a significant slowdown in the economies of certain countries where Groupama is active (Southern Europe, Greece, Turkey, and Central and Eastern Europe).

The volatility of the world markets in fixed-rate instruments and the reduction in liquidity still affect many asset classes and sectors.

As a result of falling or lower levels of profitability of financial investments and the dependence of the Group's activities on consumer behaviour and confidence, these events and persistent market disruptions have affected and may, despite the hedging mechanisms used, continue to have an adverse effect on the Group's revenues and net income.

4.1.2.2 Unfavourable conditions on capital and credit markets

The capital markets continue to experience volatility and disruptions that limit availability of additional liquidity on the markets and the credit capacity of most issuers.

Groupama needs liquidity specifically to pay its operating expenses, claims settlements, policy redemptions, interest on its subordinated debt and dividends to its shareholders.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by super-subordinated securities (TSS), perpetual subordinated bonds (TSDI), subordinated securities (TSR) and credit facilities.

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods that depend on factors that are both external (including market conditions, credit availability and volume of trade) and internal to the Group (financial rating, borrowing costs and perceptions of the short and long-term financial outlook).

Although Groupama has established a system to manage capital and financial flexibility proactively, supplemented by the creation of a liquidity portfolio, it could be unable to meet its liquidity needs or obtain financing on favourable terms. Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

4.1.2.3 The worsening of the solvency margins of Groupama SA's subsidiaries because of unfavourable conditions on capital markets and the evolving interpretation of regulations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These capital requirements imposed on insurance companies generally depend on the design of the product, underwriting volume, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – even significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (stocks and interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance subsidiaries'core equity on an on-going basis to ensure compliance with current regulations and to ensure that Groupama SA and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broad discretion to interpret, apply and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may take measures to significantly strengthen core equity requirements or restrict companies' activities.

Moreover, if the Group's subsidiaries fail to maintain adequate core equity in regard to regulatory requirements and/or their competitive positions, Groupama SA could be required to support them financially, which could adversely affect its liquidity position, consolidated net income and financial position. As part of the monitoring of its subsidiaries in this area, Groupama SA thus provides financing, if necessary, to certain subsidiaries to enable them to improve their level of solvency margin at the end of the year.

Finally, when rating agencies assess Groupama SA's financial strength and credit ratings, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. If the ratings agencies find that the capital adequacy of Groupama SA and its subsidiaries is insufficient in respect of the agencies' criteria, the financial strength and credit rating assessment can be downgraded or require a capital increase in order to maintain a particular credit rating.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the evolving interpretation of regulations and the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income and financial position.

4.1.2.4 Downgrading of ratings regarding ability to pay claims and our financial strength

Current ratings of ability to pay claims and financial strength are important factors in establishing the insurance companies' competitive position vis-à-vis each other. Rating agencies may revise them at any time.

As of today, Groupama's financial strength ratings from Standard and Poor's and Fitch Ratings are respectively «A-» with a negative outlook and «A» with a negative outlook.

A downgrade, or even the potential for a downgrade of ratings, particularly below "A", could have an adverse impact on the Group, such as (i) harming our competitive position, (ii) negatively affecting our ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting our ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama SA.

4.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and unrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be issuers whose securities the Group holds in its investment portfolios, borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions.

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default, and even the fear of default, on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect the group or could affect its partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

The year 2010 was thus marked by the sovereign debt crisis in the euro zone. In 2010, Groupama strengthened its risk analysis system and emphasized its selective management of government obligations by refining the country selection criteria used in its scoring. The analysis of these risks led to the termination of investments in Greece (2009), the halting of investments in Portugal and Spain (early 2010) and the sale of the majority of Irish debt (late September).

Despite greater selectivity in the choice of corporate and sovereign issuers, current tensions on the financial markets could result in impairment for Groupama of the value of assets invested. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

4.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Cost (DAC) and Value of in Force Business (VIF) and/or the derecognition of deferred tax assets and deferred participation assets

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and VIF amortisation and the valuation of deferred tax assets. The value of certain of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance.

For the year ending 31 December 2010, impairment of goodwill was recorded in certain Eastern European countries. Similarly, in the future, the downturn in operating performance of certain of the Group's acquisitions or in market conditions could result in a significant impairment of goodwill, accelerate the DAC and VIF or lead to the derecognition of deferred tax assets. These items could adversely and materially affect the Group's net income and financial position.

4.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings because of the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets is unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates to the extent possible, specifically via asset-liability management that seeks to calibrate the duration of assets to those of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and via the use of hedging instruments, Groupama's growth, level of assets, expenses, losses or financial revenues could, nonetheless, be materially affected, which would then significantly affect its net income and financial position.

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

The current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

4.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the euro-zone. In effect, although the Group does business primarily in euro-zone countries, about 30% of its premium income at 31 December 2010 derived from the business

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of its international subsidiaries and about 10% was denominated in currencies other than the euro, including the Turkish lira, pound sterling, Romanian leu, Hungarian florint and the Tunisian dinar. The shareholders' equity of Groupama is therefore subject to fluctuations in exchange rates through the unrealised foreign exchange adjustment;

- secondly, through investment assets held by its subsidiaries in the euro zone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency – mainly the U.S. dollar, the yen, Romanian leu or Hungarian florint. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations via hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends to shareholders, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement.

4.1.2.9 A sustained increase in market interest rates

Inflation is an on-going risk that weighs on the markets in which Groupama operates. At the end of 2010, evidence of short-term pressure on overall inflation, mainly owing to global commodity prices, was seen in all countries in which Groupama does business.

A sustained increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in non life insurance activities over long periods, such as construction and third party liabilities ("long-tail risks"), including in particular an underestimation of provisions at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

4.1.3 RISK FACTORS INTERNAL TO GROUPAMA

4.1.3.1 The dependency of Groupama SA, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama SA operates its own reinsurance business via the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama SA, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama SA. A significant share of Groupama SA's financial resources consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowings.

Groupama expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements and dividends to shareholders.

Some Groupama subsidiaries are also holding companies (e.g., Groupama Banque, GUK Broking, Groupama Investment Bosphorus) and are dependent on dividends from their own subsidiaries to honour their commitments. Legal and regulatory restrictions may limit the ability of Groupama SA to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to us and other entities of the Group.

In view of the above points, Groupama could receive a reduced (or no) dividend from some of its subsidiaries, or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation and its ability to distribute dividends.

4.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For certain of the Group's financial assets for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see section 3.2.1, Accounting principles and methods used in the valuation of financial assets, of the notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of reserves and impairment

The determination of the amount of reserves and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined financial statements (see section 3, Accounting principles and valuation methods used, of the notes to the consolidated financial statements), analyses, evaluates and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting reserves for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and reserves recorded in the financial statements, or that the impairment or additional reserves will not have a negative impact on the net income and financial position of the Group.

4.1.3.3 A decline in the growth of the Group's insurance, asset management and banking business lines

The growth, both organic and external, experienced in recent years in the Group's insurance, asset management and banking business lines could, despite the strategic development efforts of senior management, come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions. Maintaining the high level of development of the Group's life insurance, savings and pension products could also be affected by changes in existing regulations, such as tax legislation.

The inability of the Group to capitalize on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives, may adversely impact the growth of Groupama's business.

4.1.3.4 The diversity of the countries where Groupama operates

Groupama markets its products and services in Europe, Turkey, Africa and Asia through legal structures and various distribution channels such as majority – and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, etc.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and have an adverse impact on its net income and financial position.

4.1.3.5 The inadequacy of hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts to hedge certain risks arising from guarantees given to policyholders.

However, in some cases Groupama may not be able to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity or the insufficient size of the relevant derivatives markets.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses, cannot constitute a guarantee, and could significantly impact Groupama's business, competitive position, net income and financial position.

4.1.3.6 Existence of contingent liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance-sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other contingent liabilities relating to the sale or liquidation of various activities, or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's provisions for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, see Note 48 to the consolidated financial statements on commitments received and given.

4.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy inherent in the Group's business may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: failures or malfunctions of Groupama's information systems; business interruption of its vendors or of the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; or hacking or pirating of information systems.

Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact, these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions or damage to Groupama's reputation.

4.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

4.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, hedge funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama may need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

4.1.4.2 Regulatory changes and reform at the local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of shareholders' net equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, rates of revaluation of life insurance products, and more.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. Changes in regulations that promote the protection of policyholders and confer broad powers of regulation on the authorities could significantly affect the business, net income and financial position of the Group, as well as the products it offers and its ability to sell them.

The Solvency II regulation, applicable from 1 January 2013, will significantly alter the regulatory constraints on insurance companies, notably in respect of their prudential capital requirements. In this respect, the current regulatory environment remains highly dynamic, with the Omnibus II draft directive introducing transitional measures and with consultations and pre-consultations on level 2 and level 3 measures. Given the current uncertainties, the ultimate impact of these changes is still difficult to assess, but is likely to have a significant impact on Groupama's financial and prudential position.

Finally, the rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations also require that Groupama be especially vigilant in respect of compliance. Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, asset manager, banker, securities issuer, investor, employer and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions. Such investigations or proceedings, the potential impact of which is difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

4.1.4.3 Changes to tax legislation and regulations at the local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences on some Group products and reduce their attractiveness, especially those that currently receive favourable tax treatment. Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories. Indeed, several changes of this kind were enacted in 2010, including in France, with the annual tax on the "Fonds Euro" or interest-bearing portion of diversified investment contracts, the special 3.5% tax on supplemental group health insurance agreements (TSCA) and the introduction of a 10% exit tax on capitalisation reserves. In Hungary, the government has introduced a tax on financial institutions amounting to 6.2% of written premiums, which impacts the subsidiary's contribution to the Group's financial statements.

These factors are likely to have an adverse impact on the business, cash position and net income of Groupama.

Furthermore, these changes in tax laws and regulations as well as operating performances that are below anticipated levels or poorly timed may lead to a significant impairment of deferred tax assets, which could require the Group to write down certain tax assets or call their use into question. This could have a significant adverse effect on Groupama's net income and financial position.

4.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2010, as adopted by the European Union. Projects to change the standards are underway at the IASB (the international accounting regulator); some of these changes could have a significant impact on the financial statements of insurance groups and other financial institutions. The proposed changes would concern the recognition of the Group's assets and liabilities as well the income and expenses in the income statement. The changes are expected to be implemented starting in 2013 or 2014, depending on the standard concerned. Major changes that could impact insurance groups are as follows:

- IFRS 4 (Phase II) on the recognition of insurance policies;
- IFRS 9 on financial instruments, replacing IAS 39;
- a draft standard on revenue recognition.

The impact of these changes is difficult to assess at this stage, but would be likely to affect Groupama's net income and financial position.

4.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

4.2 QUANTITATIVE AND QUALITATIVE APPENDICES RELATED TO MARKET RISKS AND RISK FACTORS

This section corresponds to Note 49 of the notes to the consolidated financial statements for fiscal year 2010, audited by the statutory auditors.

4.2.1 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 compliance policy is supplemented by a Group audit charter and a Group compliance charter, which have also been approved by the governing bodies of the Group. These charters, taken together, are the foundation 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; risk management plans are set up 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, operational or support 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 committees are responsible for risk governance at the Group level: the Technical Risk Committee composed of the owners of the Group's major risks and the Group Risk Committee, the composition of which is identical to that of the Groupama SA Management Committee. Similar systems are in place at entity level.

4.2.1.1 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, under the authority of the General Management. All of the internal control managers of the regional mutuals meet regularly as part of information exchange and best practice 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.

4.2.1.2 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 General Management for foreign or overseas 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 as part of information exchange and best practice platforms (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, monitor risks, ensure ethical compliance, review internal audit work and prepare the annual report on internal control as part of its main missions.

4.2.1.3 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 mission 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, particularly 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: combating 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.

4.2.2 INSURANCE RISKS

As a multi-line insurer, Groupama is subject to various types of insurance risks with variable time horizons.

4.2.2.1 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.

Pursuant to the provisions of the European Directive, the adjusted solvency margin is determined on the basis of the combined financial statements. In this scope of consolidation, the 2010 adjusted solvency margin based solely on core equity was 115% of the required capital. The solvency margin, including unrealised capital gains, was 130% of the required capital.

4.2.2.2 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.

(a) Product design

Most of Groupama's activities 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 on 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.

(b) 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 activities are explicitly or implicitly monitored using analytical 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, these Specialist Divisions also act to warn and advise the entities.

(c) Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover the claims of its property and life insurance activities.

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 evaluated 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 annual accounts.

Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or no rate commitments

As at 31 December 2010, the breakdown of actuarial 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	42,359	3,543	45,902	38,423
Variable-rate guaranteed commitments	6,897	27	6,924	11,315
Other products without rate commitment	3,752	646	4,399	3,970
TOTAL	**53,008**	**4,216**	**57,224**	**53,709**

12.1% of the portfolio is considered variable rate. This variable rate depends on 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 the A passbook ("Livret A") savings accounts.

(d) 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 basis 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 of 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 and which would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

4.2.2.3 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

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 range 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.

(a) Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made disasters, such as floods, drought, landslides, storms, earthquakes, 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 an increase in the unpredictable nature and frequency of climatic events and natural disasters 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 disasters 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 Natural Events 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 relating to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offer, the amounts that may be covered and the cost of coverage depend on 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.).

(b) 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 the event of the death of the policyholder.

(c) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or 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 changes 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 €7,720 million, compared to €5,472 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	1,837	27	1,864	1,814
TOTAL	**7,614**	**106**	**7,720**	**5,472**

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

4.2.2.4 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.

(a) 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 geographical 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.

(b) Coverage

Reinsurance coverage will first be adapted to the total amount of the potential loss and, secondly, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life 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.

4.2.3 MARKET RISKS

There are three categories of different market risks, to which Groupama might be subject:

- interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- foreign exchange risk.

4.2.3.1 Interest rate risk

(a) 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.

(b) 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 financial 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 behaviour 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 relating 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 relating 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 in part to 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, the cash flow schedules of which differ from those of the instruments in which the investment is made. At the time it is applied, the instrument allows exchange of 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 synthetically to 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.

(c) 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.

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 €649 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €155 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:

	31.12.2010		31.12.2009	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of tax)	56	(68)	53	(63)
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 account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the Group.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2010		31.12.2009	
	Interest rate		Interest rate	
(in millions of euros)	+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 reserves. The main reserves concerned consist of pension contracts in points (Article L. 441), for which coverage is regulated.

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 Rate risk +1%	-1%	31.12.2009 Rate risk +1%	-1%
Impact on the re-evaluation reserve	**(825)**	**930**	**(744)**	**839**
Equities				
Equity mutual funds				
Bonds	(819)	924	(739)	834
Rate mutual funds	(6)	6	(5)	5
Derivative instruments and embedded derivatives				
Impact on net income	**6**	**1**	**20**	**(11)**
Equities				
Equity mutual funds				
Bonds	(3)	3	(4)	4
Rate mutual funds	(22)	24	(13)	14
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 concern "trading" derivatives, passes through the income statement.

Financial debt sensitivity analysis

Financial debt posted to liabilities on the Group financial statements may be posted either to debt or shareholders' equity under IFRS.

In fiscal year 2007, the Group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). 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 Interest rate +1%	-1%	31.12.2009 Interest rate +1%	-1%
	Fixed portion				
Impact on income	Variable portion			(1)	1
	Fixed portion				
Impact on shareholders' equity	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, 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.

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

(a) 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 savings, 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 according to 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 13% 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).

(b) 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 almost exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the Group. They therefore comply with the limits set by financial management, *i.e.*:

- 3% of the Compagny's capital;
- 10% of the Compagny'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.

(c) Breakdown of the equity portfolio by business sector

The investment policy is aimed at diversifying the Group's investments by business sector to avoid any concentration of risks. At 31 December 2010, the distribution of the equities portfolio by business sector was as follows:

Distribution of the equity portfolio by business sector *(as a %)*	**31.12.2010**	**31.12.2009**
Energy	14.0	13.8
Basic materials	7.7	9.1
Industries	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

(d) 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 rates from 59.94% to 86.03%.

	31.12.2010		31.12.2009	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**243**	**(243)**	**269**	**(269)**
Equities	190	(190)	212	(212)
Equity mutual funds	53	(53)	56	(56)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**21**	**(21)**	**19**	**(19)**
Equities	0	0	0	(0)
Equity mutual funds	21	(21)	18	(18)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				

4.2.3.3 Foreign exchange risks

(a) 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.

(b) 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.

(c) 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 from 59.94% to 86.03%.

	31.12.2010		31.12.2009	
	Foreign currency risk		Foreign currency risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**81**	**(81)**	**84**	**(84)**
Equities	10	(10)	15	(15)
Bonds	69	(69)	65	(65)
Mutual funds	2	(2)	4	(4)
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 would be considerably lower.

4.2.3.4 Summary of sensitivity to market risk analyses

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

	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	
(in millions of euros)	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)	Share-holders' equity	Income (loss)
Interest rate risk	**(825)**	**107**	**930**	**(428)**	**(744)**	**418**	**839**	**(450)**
Operating liabilities		101		(429)		399		(440)
Financial investments	(825)	6	930	1	(744)	20	839	(11)
Financial debt		0		0		(1)		1
Equities risk	**243**	**21**	**(243)**	**(21)**	**269**	**19**	**(269)**	**(19)**
Financial investments	243	21	(243)	(21)	269	19	(269)	(19)
Foreign exchange risks	**81**	**2**	**(81)**	**(2)**	**84**	**2**	**(84)**	**(2)**
Financial investments	81	2	(81)	(2)	84	2	(84)	(2)

We note that the sensitivity criteria applied were the following:

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

4.2.4 LIQUIDITY RISK

The liquidity risks are specifically monitored by the Group for both its insurance and its financial investment activities.

4.2.4.1 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.

4.2.4.2 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 day horizon (1 trading month);
- 97.9% with a 60 day horizon (3 trading months).

A regular check of these liquidity ratios is performed at each Investment Committee Meeting.

4.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.9.2 of the annual accounts.

4.2.4.4 Liabilities relating to insurance policies and liabilities relating to financial contracts by maturity

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

	31.12.2010				31.12.2009			
(in millions of euros)	<1 year	From 1 to 5 years	>5 years	Total	<1 year	From 1 to 5 years	>5 years	Total
Non-life technical reserves	6,388	4,411	3,982	14,781	6,259	4,425	4,079	14,762
Technical life provisions - insurance contracts excluding unit-linked items	2,177	6,216	21,797	30,190	1,965	4,857	21,661	28,483
Technical liabilities relating to financial contracts with discretionary profit-sharing: excluding unit-linked items	1,675	3,548	17,724	22,947	1,806	2,416	17,710	21,932
Technical liabilities relating to financial contracts without discretionary profit-sharing: excluding unit-linked items	7	0	0	7	10	1	5	17
Reserve for deferred liability profit-sharing	2	6	11	18	3	9	22	34
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**10,249**	**14,181**	**43,514**	**67,943**	**10,043**	**11,708**	**43,477**	**65,228**

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.

4.2.4.5 Financial debt by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 - Financial Debt.

4.2.5 CREDIT RISK

The credit risks are also specifically monitored by the Group for both its insurance and its financial investment activities.

4.2.5.1 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 annual financial statements.

(a) 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 are 5% per issuer, with the exception of the securities written or guaranteed by a Member State of the OECD and CADES securities,
  - AA: 3% maximum per issuer,
  - A: 1% maximum per issuer,
  - BBB: 0.5% maximum per issuer,
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- unrated euro zone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by a Member State of the OECD; in this case the prudential ratio of that State applies,
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for rate product bonds without ratings and outside the euro zone and the non-investment grade securities referred to as “high-yield”.

(b) Managing credit risk

The following transactions are systematically covered by guarantee contracts with the banking counterparties in question:

- forward currency sales made to hedge the foreign exchange risk;
- rate swaps (rate risk);
- cap purchases (rate risk).

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

4.2.5.2 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 for a reinsurer and which would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor’s, Fitch Ratings, Moody’s).

	31.12.2010						
(in millions of euros)	**AAA**	**AA**	**A**	**BBB**	**<BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves	152	240	422	0	0	544	1,358
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	7	7	15	0	0	119	148
TOTAL REINSURANCE RECEIVABLES	**159**	**256**	**446**	**0**	**0**	**706**	**1,568**

(in millions of euros)	31.12.2009						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	129	196	499	1	10	641	1,475
Share of reinsurers in life insurance reserves	0	4	17	0	1	54	76
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	6	8	15	0	0	144	173
TOTAL REINSURANCE RECEIVABLES	**136**	**208**	**530**	**1**	**11**	**840**	**1,726**

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

A share of €225 million (€187 million for fiscal year 2009) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal Reinsurance agreement. This amount breaks down into:

- €190 million in share of reinsurers in non-life insurance reserves;
- €35 million in receivables from outward reinsurance transactions.

4.2.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

The Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

4.2.6.1 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 the business continuity of Groupama SA 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 must be conducted. They are appropriate to each business line 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 appropriate 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.).

4.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of the Group's 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.

(a) 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.

(b) 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 laws and precedents 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).

(c) 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 by an agent at Groupama SA;
- to combat 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 combat 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 current texts and recommendations in partnership with the medical officers, in collaboration with the Group compliance function, the Group's IT and Freedom Correspondent (ICF) and the Directorate 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.

4.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements.

4.2.7 MONITORING AND MANAGING BANKING RISKS

4.2.7.1 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 the regulations, including Titles IV and V of 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 and 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.

4.2.7.2 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.

(a) 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, finally, regulatory limits for major risks pursuant to Article 1 of CRBF Regulation 93-05, as amended.

(b) Oversight procedures

Credit risks are overseen 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, the analysis of the burden and cost of the risk.

(c) Impairment procedures

Procedures are adapted to a different treatment for retail banking customers on the one hand and other markets on the other hand. 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 litigation reserve level rate with respect to retail banking customers.

4.2.7.3 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 result.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

(a) 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 the event of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

(b) Payment risk

The bank can assess at any time its resources in securities or cash that are directly available, allowing it to meet its commitments. It has securities available at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

(c) 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 the foreign exchange risk.

(d) 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, keep the cost of its refinancing as low as possible and handle any liquidity crises.

The size and nature of the bank's balance sheet, which has a significant proportion 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 to deal on the interbank market.

4.2.7.4 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.

4.2.7.5 Operational risks

The operating risk management policy is based on the standard method of the "Basel II" agreements. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operating risks and scenario modelling) and lists 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, including:

- activation of a crisis cell;
- back-up of IT systems;
- availability of a disaster recovery site.

The BCPs are updated annually. Technical and user tests are conducted regularly for the backup sites.

EARNINGS AND FINANCIAL POSITION

5

5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

The major events of 2010 included the European sovereign debt crisis, jolts to U.S. growth and strong growth in the emerging countries.

The markets' awareness of the depth of the Greek crisis, that country's actual level of indebtedness and, as a result, the concerns as to its repayment ability produced sharp disturbances in the bond markets. This pressure spread to all European sovereign bond issuances. It was evidenced by investors' withdrawal to the most solid debt, leading to a sharp drop in rates, while conversely, sovereign bond issuances by the eurozone's peripheral countries experienced a sharp increase in credit spreads.

The €110 billion rescue plan for Greece, developed by European authorities and the IMF, and the €750 billion European financial stability fund (EFSF), calmed the waters. The Fund was designed to ensure financing for Greece, Ireland, Portugal and Spain until June 2013. Nonetheless, concerns remain regarding the scheme's ability to bail out the financial system in certain countries. In that context, in order to reassure the markets and halt the growth of public debt, government created austerity plans that are likely to slow growth in 2011. Growth should remain weak, except in Germany, where domestic consumption, supported by salary increases, should take over investment activity from companies that benefited from strong growth in the emerging countries. Given these conditions, the unemployment rate in most eurozone countries will fall very slowly.

In the U.S., while growth slowed at the end of the 2nd quarter, raising fears of another economic downturn, it picked up in the 3rd, led by higher industry inventory levels and sustained household consumption, with volumes exceeding the high of December 2007. However, job creation remains too low to make a dent in the unemployment rate (9.5%), which is still high. The intensity and depth of the crisis in the housing market has reduced household geographic mobility, thus decreasing the fluidity of the labour market. In this context, supportive measures remain in place, with President Obama's decision to extend President Bush's tax cuts and the Fed's decision to keep leading rates low (0.25%). Last, as an anti-deflationary measure, the Fed announced that it would buy public debt (quantitative easing) in order to lower long-term interest rates and, ultimately, generate inflation, create a wealth effect and sustain attractive mortgage lending conditions.

Emerging countries in South America and Asia pulled out of the crisis sooner and in better shape. In China, investment remains the key driver of growth, which is expected to exceed 10% in 2010. To avoid speculative bubbles, authorities tightened access to credit and raised required reserve ratios, as well as leading rates. The effects of this policy are slow to be felt and credit accumulation and real estate prices remain high. To rebalance growth towards consumption and ease the increase in food prices, authorities favour salary increases. The expansion of the health system should lead to a lower savings rate, which stands at 31% of disposable income, which will also promote higher household consumption.

5.1.1.2 Financial markets

(a) Financial markets in 2010

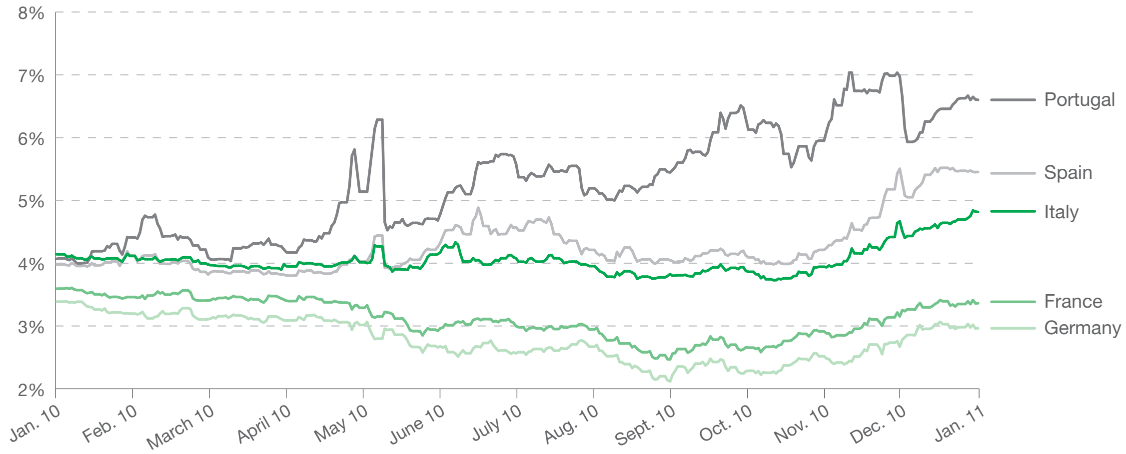
The financial markets have responded to continued low growth in the developed countries, the lack of inflationary expectations, the European sovereign debt crisis and stimulus measures intended to boost the U.S. economy as follows:

- an environment of low short- and long-term interest rates;
- a flight to quality for the most solid European debt and a sharp increase in the risk premium for the weakest;
- considerable contrast across equity markets, based on country and sector;
- large shifts in exchange rates, to the disadvantage of the euro and the dollar.

(b) Interest-rate markets: historically-low long-term interest rates and a sharp widening of risk premiums

Long-term interest rates fell dramatically in the first half, with the 10-year German yield topping out at 2.11% and then rising again in the wake of U.S. rates. Investors' risk premium requirement led to a sharp increase in 10-year bond yields in the peripheral eurozone countries to above 12% (Greece), above 8% (Ireland) and above 5% (Spain). The risk premium demanded on French government bonds (OAT) rose from 0.20% at the start of the year to 0.40% at year-end, The OAT bond rate is thus 3.36%.

YIELD OF 10-YEAR EUROZONE GOVERNMENT BONDS



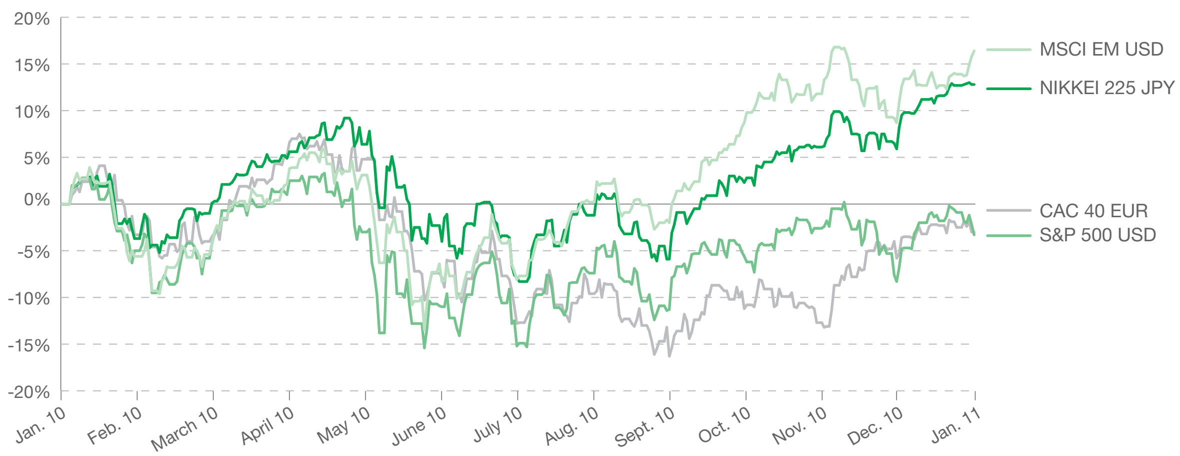
(c) Equity markets: a year of sharp contrasts

As with European debt, German securities served as safe haven investments. The German DAX index, which is, in fact, dominated by industrials, thus rose 16%, while the CAC 40 failed to advance (down 3% and 0.4% by incorporating dividends) and the Spanish IBEX and Greek ATHEX fell, respectively, by 17% and 35%. In sectoral terms, the cyclical securities (including industrials and technology) benefited from the upturn in activity, particularly given their exposure to emerging markets; for example, a stock such as LVMH rose 57%. On the other hand, defensive stocks (including health and telecoms) and, in particular, financials confronted concerns over sovereign debt and the regulatory environment (Basel III and Solvency II).

The diverse performance observed in Europe was matched worldwide. The leading worldwide indices in local currencies and excluding dividends performed as follows:

- US market: +12.8% for the S&P 500 at 1,258 points;
- Eurozone market: -5.8% on the 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).

PERFORMANCE OF EQUITY MARKETS IN 2010



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(d) Foreign exchange markets: the dollar and the euro fell against the leading currencies

The European debt crisis weakened the euro against the dollar and particularly against the yen and the Swiss franc, with the latter serving as a safe haven. Thus, the euro fell 6.6% (1.338) against the dollar, 15.7% against the Swiss franc (1.25 CHF to 1 €) and 18.8% against the yen. As for the dollar, the Fed's quantitative easing policy led the US currency to fall against 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 fell 9.6% against the Swiss franc and nearly 13% against the yen, while the decline against the yuan was limited to 3%.

The appreciation of emerging countries' currencies, prompted by capital flows seeking higher yields, generated fairly widespread purchases of dollars with, in some cases, taxes imposed on capital inflows (Brazil), purchases of government bonds (Korea) and capital gains (Thailand).

5.1.2 SIGNIFICANT EVENTS

5.1.2.1 Development of the Group

(a) France

Gan: a new position

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 Groupama.fr website

With 4.9 million visitors, the website groupama.fr has once again seen strong growth in 2010. Traffic to 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 non-life (IARD) (auto, multi-risk home, individual accident, travel) insurance contracts through the business expertise of Amaline Assurances. This first full line of insurance and financial products offered as a distributor brand was launched 2 June 2010. The partnership with Casino marks the start of a new approach to insurance for the Group through large-scale distribution, and shows Groupama's desire to continue its 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 formed by Groupama and PRO BTP to manage the networks of health professionals, has been operational since 18 January 2010. Sévéane will provide the six million policyholders of the two groups with access to a network of close to 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 Assurances 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.

(b) Internationally

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% customer 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 Great Britain, 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.

5.1.2.2 Other factors

(a) 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 threatening storm materialised 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 €185 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 €75 million.

(b) Flooding in the Var region

The cost of flooding in the department of Var is €56 million for the Group and €17 million covered by external reinsurers. Net of tax, the cost to the Group is estimated at €26 million.

(c) 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 €325 million.

(d) TSR Groupama SA: redemption of the 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds ("TSR") for €750 million and the approval of the French Prudential 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.

(e) Rating

On 21 April 2010, Fitch Ratings gave Groupama a financial solidity 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.

(f) Equity interest in Premafin

In Italy, Groupama has signed an agreement with the Ligresti family to take a 17% financial equity interest 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.

(g) Awards for Groupama Banque and Groupama Asset Management

On 23 September 2010, Groupama Banque won 2nd 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 Group management Company, was ranked 5th out 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 Novethic SRI Label.

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 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.

As at the registration document's date, no other significant post-balance sheet event has occurred that is likely to have a significant impact on the financial or commercial position of the Group.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Summary of activity and income

Premium Income *(in millions of euros)*	**31.12.2009**	**31.12.2009 pro forma**	**31.12.2010**	**Change in value (like-for-like)**	**Reported change**	**Like-for-like change**
France property and casualty insurance	3,609	3,609	3,731	123	3.4%	3.4%
France life and health insurance	6,293	6,293	6,292	(1)	0.0%	0.0%
Total Insurance France	**9,902**	**9,902**	**10,023**	**121**	**1.2%**	**1.2%**
International property and casualty insurance	3,028	3,036	3,168	133	4.7%	4.4%
International life and health insurance	1,231	1,092	1,181	89	-4.1%	8.1%
Total International Insurance	**4,259**	**4,128**	**4,349**	**221**	**2.1%**	**5.4%**
Discontinued operations (France and International) [1]	9	9	9	0	-6.9%	-6.9%
Financial and banking activities	289	289	278	(11)	-3.7%	-3.7%
Total Groupama SA	**14,459**	**14,328**	**14,659**	**332**	**1.4%**	**2.3%**
Total Insurance (excluding ANP)	**14,161**	**14,029**	**14,372**	**343**	**1.5%**	**2.4%**
including property and casualty insurance	6,637	6,644	6,899	255	4.0%	3.8%
including life & health	7,524	7,385	7,473	87	-0.7%	1.2%

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

Pro forma 2009 premium income:

In Turkey, activity as at 31 December 2009 – thanks to the €199 million distribution agreement with Ziraat Bank – was adjusted to present pro forma premium income as at 31 December 2009 excluding Ziraat Bank.

For those entities that do not use the euro as their functional currency (UK, Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma; the data as at 31 December 2009 were converted based on the exchange rate at 31 December 2010.

Economic operating income *(in millions of euros)*	**31.12.2009**	**31.12.2010**	**Change in value**	**Change %**
France property and casualty insurance	144	67	(77)	-53.5%
France life and health insurance	326	129	(197)	-60.4%
Total Insurance France	**470**	**196**	**(274)**	**-58.3%**
International property and casualty insurance	65	84	19	29.3%
International life and health insurance	70	45	(25)	-35.7%
Total International Insurance	**135**	**129**	**(6)**	**-4.4%**
Financial and banking activities	12	17	5	38.4%
Holding company activities	(128)	(150)	(22)	16.8%
Total Groupama SA	**489**	**192**	**(297)**	**-60.7%**
including property and casualty insurance	209	151	(58)	-27.8%
including life & health	396	174	(222)	-56.1%

Net profit *(in millions of euros)*	**31.12.2009**	**31.12.2010**	**Change in value**	**Change %**
France property and casualty insurance	92	106	14	15.2%
France life and health insurance	706	416	(290)	-41.1%
Total Insurance France	**798**	**522**	**(276)**	**-34.6%**
International property and casualty insurance	96	54	(42)	-43.7%
International life and health insurance	72	45	(27)	-38.2%
Total International Insurance	**168**	**99**	**(69)**	**-41.4%**
Financial and banking activities	16	12	(4)	-25.0%
Holding company activities	(166)	(171)	(5)	3.0%
Exceptional impairment VOBA Turkey	(49)	0	49	-100.0%
CEEC goodwill impairment	(113)	(79)	34	-30.1%
Accretion effect, minority mutual funds, Cegid	5	5	0	0.0%
Total net profit Groupama SA	**660**	**387**	**(273)**	**-41.4%**
including property and casualty insurance	188	160	(28)	-14.9%
including life & health (1)	783	466	(317)	-40.5%

(1) Including result of equity method - Cegid.

As at 31 December 2010, Groupama's consolidated insurance premium income reached €14.4 billion, an increase of 1.5% compared with 31 December 2009. By integrating financial activities, the Group's consolidated premium income increased 1.4% to €14.7 billion.

At constant exchange rates and scope of consolidation, the growth in the consolidated insurance premium income was up 2.4% compared with 31 December 2009. The Group's total premium income based on constant exchange rates and scope of consolidation increased 2.3%.

This change occurred in an unfavourable economic context. In France, as in many Southern and Central European countries, GDP growth was low, if not negative. The efforts required to restore public finances are depressing household purchasing power. Moreover, certain countries are experiencing competitive pressures, resulting in declining rates.

As at 31 December 2010, insurance premium income in France had increased +1.2% (like-for-like), representing 68.4% of the Group's total activity during the period. Life and health premium income remained stable and rose by 3.4% on property and casualty insurance. International premium income (29.7% of total premium income) rose 2.1% on a reported basis and 5.4% on a like-for-like basis.

Life and health premium income on like-for-like data (that is, adjusted for the non-renewal of a bancassurance agreement in Turkey and at a constant exchange rate) rose by 8.1%. The international subsidiaries posted premium income of 4.7% on a reported basis and of 4.4% on a like-for-like basis in property and liability insurance. The Group's other business lines (financial and banking activities) accounted for 1.5% of total premium income, a drop of 3.7%.

The Group's economic operating income stood at €192 million in 2010, compared to €489 million in 2009. Excluding Hurricane Xynthia, the combined net ratio at 31 December 2010 stood at 101.4%, stable compared to 2009 (excluding Hurricanes Klaus and Quinten). The combined 2010 ratio (not corrected for these events) stood at 103.2%, compared to 104.7% in 2009.

Economic operating profit in France posted a drop of €274 million. The intensity of the 2010 weather events (flooding in the Var region of France, heavy snowfall in January and December), the increasing frequency of claims, particularly in auto, as well as a drop in recurring investment income, are responsible for the reduced economic operating profit in property and liability insurance, which was €67 million, with a combined net ratio of 102.0% in 2010, compared to 100.6% in 2009. The economic operating profit in life and health insurance was €129 million as at 31 December 2010, compared to €326 million in 2009. This change is linked largely to atypical items and, in particular, to the 2010 pension reform, totalling €45 million, the one-off 2010 cost related to the pooling of back-office functions at Groupama Gan Vie and lower group insurance surpluses compared to prior fiscal years. The recurring financial margin (net of profit sharing) also posted a sharp downturn in 2010.

Internationally, the economic operating profit stood at €129 million in 2010, compared to €135 million as at 31 December 2009. In terms of property and liability insurance, this aggregate rose by €19 million over the period to €84 million. The improvement of the combined ratio of 1.7 points to 100.6% explains these positive results. Life and health insurance operating income fell by €25 million (to €45 million as at 31 December 2010). The recurring financial margin fell by €20 million.

Banking and financial activities contributed up to €17 million to the Group's economic results, a sharp increase over 2009.

The Group's holding business posted an economic loss of €150 million in 2010, compared to a €128 million loss in 2009.

The Group's net profit totalled €387 million in 2010 versus €660 million in 2009.

In France, significant weather events affected fiscal years 2009 and 2010. Hurricanes Klaus and Quinten (2009) had a €131 million impact on the Group's financial statements and Hurricane Xynthia (2010) is estimated to have cost the Group close to €75 million. The 2010 result also includes a one-off gain of €325 million resulting from the change in tax treatment of the capitalisation reserve and, as noted above, the impact of pension reform and regulatory changes in life and health insurance, for €45 million. We also note that in 2009, a bond disposal program intended to extend the portfolio duration while securing future yields generated income of €437 million. By comparison, active management of the bond portfolio generated only €63 million in capital gains in 2010. Net income in France totalled €522 million in 2010 compared to €798 million in 2009, and includes impairment on a line of strategic securities in the amount of €104 million.

Net International income stood at €99 million as at 31 December 2010, compared to €168 million in 2009. Intrinsically, performance remains close because 2009 income included €56 million in tax income related to the capitalisation of tax deficits in the United Kingdom, whereas in 2010, in connection with the reduction of its budget deficit, the Hungarian government established a special 6.2% tax on profits of large companies located in Hungary, which had an €11 million impact on earnings.

Last, an exceptional goodwill impairment in the amount of €79 million in connection with two Central and Eastern European countries (Slovakia and Bulgaria), in connection with a refocusing of activities in this area, was posted in the Group's 2010 accounts.

Details of net profits, by entity, are as follows:

Net profit *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Insurance and services France	**798**	**522**
Gan Assurances	22	55
Gan Eurocourtage	103	93
Groupama Gan Vie	678	415
Groupama Transport	14	13
Other entities	(7)	3
Groupama SA – Operating activity	(14)	(59)
International insurance	**168**	**99**
Financial and banking activities	**16**	**12**
Holding companies	**(166)**	**(171)**
Exceptional impairment VOBA Turkey	**(49)**	
CEEC goodwill impairment	**(113)**	**(79)**
Reallocation of goodwill, accretion effect, minority mutual funds, Cegid	**5**	**5**
TOTAL GROUPAMA SA	**660**	**387**

5.1.4.2 Activity and profits in France

	31.12.2009 pro forma			**31.12.2010**		
Insurance Income *(in millions of euros)*	**Life and Health Insurance France**	**Property and Casualty Insurance France**	**Total France**	**Life and Health Insurance France**	**Property and Casualty Insurance France**	**Total France**
Groupama SA	484	1,338	1,822	521	1,362	1,883
Groupama Gan Vie	5,645		5,645	5,596		5,596
Gan Assurances	142	1,054	1,196	152	1,093	1,245
Gan Eurocourtage		789	789		819	819
Other entities [(1)]	32	428	459	31	457	488
TOTAL	**6,302**	**3,609**	**9,911**	**6,301**	**3,731**	**10,032**

(1) Including discontinued operations.

As at 31 December 2010, Insurance premium income in France rose 1.2% compared to 31 December 2009, to €10,032 million.

(a) Property and casualty insurance (France)

	Property and Casualty Insurance France		
Insurance Income *(in millions of euros)*	**2009 pro forma**	**2010**	**Change %**
Groupama SA	1,338	1,362	1.8%
Gan Assurances	1,054	1,093	3.7%
Gan Eurocourtage	789	819	3.9%
Other entities [(1)]	428	457	7.0%
TOTAL	**3,609**	**3,731**	**3.4%**

(1) Including discontinued operations.

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In a highly competitive context, property and casualty insurance premium income (37.2% of income in France) rose 3.4% to €3,731 million, posting growth 1.9 point above the market (+1.5%, source: FFSA, as at end December 2010). Individual and professional insurance premium income (49.9% of property and casualty insurance premiums, or €1,860 million) rose 6.3%. Increased business combined with rate increases explain this marked change, particularly in the passenger car (+6.5 to €829 million) and home insurance segments (+6.6% to €470 million). Premium income from businesses and local authorities also rose (+1.6% to €782 million), as a result of growth in the fleet segment (up 7.0% also related to rate increases and increased business). More specifically, Group motor vehicle activity (including fleets) outperformed the market, with a 6.6% increase compared to 2% (source: FFSA, as at end December 2010). The passenger car portfolio recorded growth of 5.6%, or 66,000 vehicles.

Groupama SA property and casualty premium income rose 1.8% to €1.362 million, due primarily to growth in the motor vehicle (including fleets) and residential real estate segments, which rose, 5.0% and 6.3%, respectively.

Gan Assurances income stood at €1,093 million, for an increase of 3.7%, led by private and professional insurance premiums (€781 million). This growth was markedly higher than that of the market. It is the result of both increased business and increased rates. Thus, the passenger car segment (up 6.4% to €359 million) recorded more 20,000 new policies, while the residential real estate segment (+4.6%) benefited from increased rates (up 3.7%) and its portfolio grew by nearly 4,000 policies. The professional risk insurance segment (€165 million) also increased (up 5.0%), with nearly 13,000 new policies. On the other hand, business protection (€97 million) and local authority insurance premiums (€12 million) fell, respectively, by 4.9% and 8.9%.

Gan Eurocourtage posted premium income of €819 million as at 31 December 2010 (up 3.9% compared with 31 December 2009). The various markets contributed favourably to that increase. Business protection premiums (€381 million) posted growth of 4.1%. The solid performance of the fleet (+10.5%), general third-party liability (+6.5%), specialities (+9.0%) and industrial Risks (+3.8%) segments is primarily the result of new business. The individual and professional risk market (€402 million) rose by 3.2%. The segments responsible for this increase are automobile (+2.6%), residential real estate (+8.2% based on new business growth, portfolio upgrading and rate increases) and buildings (+5.3% as a result of rate increases). Group insurance (€36 million) rose by 9.4%, led by a major policy.

Groupama Transport's premium income totalled €318 million as at 31 December 2010, up 3.8% over the previous year. The marine insurance segment (more than 74% of the activity) grew by €4.2 million (up 1.8%) to €236 million with the development of business in the international cargo, pleasure craft and harbour markets. The aviation segment (€82 million) also experienced significant income growth (up 10.0%), given increased premium rates.

Amaline's premium income totalled €24 million, posting growth above 100%, resulting from the very sharp increase in new business: 39,000 automobile policies and 12,000 residential real estate policies. This growth reflects the performance and success of the creation of the direct distribution channel now established in the Group.

Groupama Assurance Crédit premium income rose by 9.3% as at 31 December 2010, to €34 million. It is the primarily the result of strong development over the period and of rate increases.

Mutaide Assistance's premium income totalled €36 million as at 31 December 2010 (+0.3% over 2009).

Groupama Protection Juridique revenues rose 6.1%, to €45 million as at 31 December 2010.

The 2010 economic operating income in property and casualty insurance for France totalled €66 million, compared to €144 million (down €77 million) in 2009. This change is due largely to the following:

Property and casualty insurance in France *(in millions of euros)*	**31.12.2009**		**31.12.2010**		**Change 2010/2009**	
Net premiums earned	3,141	100.0%	3,288	100.0%	147	4.7%
Technical expenses (policy services)	(2,187)	-69.6%	(2,323)	-70.6%	(136)	6.2%
Expenses from current technical operations net of earnings	(974)	-31.0%	(1,031)	-31.4%	(57)	5.9%
After-tax recurring financial margin (1)	221	7.0%	162	4.9%	(59)	-26.7%
Other factors	(57)	-1.8%	(30)	(0.9%	27	-47.6%
Economic operating income (excluding storms)	**144**	**4.6%**	**66**	**2.0%**	**(78)**	**-54.2%**
Storms - Xynthia in 2010, Klaus and Quinten in 2009	(128)	-4.1%	(74)	-2.3%	54	-42.2%
Realised capital gains	84	2.7%	71	2.2%	(13)	NA
Long-term impairment provisions		0.0%	(28)	(0.9%	(28)	NA
Gains and losses on financial assets recognised at net fair value	10	0.3%	6	0.2%	(4)	NA
Amortisation of intangible assets and goodwill impairment		0.0%		0.0%		NA
Non-recurring items net of corporate tax	(18)	-0.6%	65	2.0%	83	NA
GROUP NET PROFIT	**92**	**2.9%**	**106**	**3.2%**	**14**	**15.2%**

(1) See glossary in this registration document (page 348).

In France, the net underwriting results (net premiums earned – net technical expenses – net expenses from current technical operations) totalled €66 million, for a decline of €46 million. This decline should be put in perspective, given increased frequency of climate events and, in particular, floods in the Var region and heavy snowfall for, respectively, €26 million and €16 million after reinsurance and taxes. This resulted in a 1% worsening in the net claims ratio, to 70.6% in 2010. The operating expense ratio also rose by 0.4 points to 31.4% primarily as a result of increased commissions. The combined net ratio for France was thus 102.0% in 2010, compared to 100.6% in 2009.

Groupama SA's net underwriting margin (net premiums earned – net technical expenses) in property and casualty insurance totalled €313 million in 2010, compared to €330 million in 2009. The net claims ratio declined 2.4 points primarily as a result of increased costs for other climate-related claims (flooding in the Var region, €11 million, and snowfall, close to €18 million). Adjusted for these items, net claims improved -0.3 points to 69.9%. The reinsurance balance declined over the period, related to the drop in ceded losses.

The Gan Asssurance net underwriting margin of €218 million improved by €15 million over the period, with a combined net ratio of 105%, or down 1.8 points compared to that of 2009, despite an increase in other climate events (flooding in the Var region and snowfall, for a total of nearly €30 million net of reinsurance). The current loss ratio improved by 1.8 points to 73.2% in 2010, in particular in the residential real estate and construction segments (down 8.6 points and 7.3 points). Conversely, the passenger car segment posted an increase of 5.1 points, primarily as the result of a major serious claims expense, representing more than half of this increase. However, that latter point had a favourable impact on the reinsurance balance, which improved over 2009. The increase in surpluses over previous periods should also be noted. Last, the drop in the average discount rate strengthened actuarial reserves for annuities of more than €7 million.

The Gan Eurocourtage net technical underwriting margin totalled €285 million as at 31 December 2010, compared to €292 million as at 31 December 2009. The decline in the net claims ratio of 3.8 points, to 61.1%, should be compared to the increase in the current loss ratio (up 2.5 points primarily as a result of the frequency and increase in major claims) and the decline in surpluses over the previous period of nearly €10 million. The high level of serious claims improved the reinsurance balance. Last, the drop in the average discount rate strengthened actuarial reserves for annuities of more than €3 million.

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Net underwriting results for Groupama Transport totalled €0.5 million, in decline with a combined net ratio of 99.8% (up 3.2 points over 2009). This unfavourable change hides an improvement in the gross technical margin, absorbed by a decline in the reinsurance balance (increase in reinstatement premiums).

In France, the recurring financial margin (after tax) in the property and casualty business was down by €59 million over the period primarily as a result of the drop in rates.

The other items incorporate the other non-technical income and expenses, tax on recurring income, financing expenses, and the results for companies under the equity method and minority interests.

In France, the net 2010 result for property and casualty insurance totalled €106 million, compared to €92 million and includes a non-recurring tax credit of €65 million, related to the change in the tax treatment of the capitalisation reserve. The non-recurring financial margin (capital gains realised, provisions for long-term impairment and gains and losses on financial assets recognised at fair value) is down by more than €40 million and includes the recognition of a provision for long-term impairment on strategic securities in the amount of €28 million. The reduction in capital gains realised in 2010 also explains that change. In addition, this result includes the cost of Hurricane Xynthia in 2010 in the amount of €74 million, compared to a € 128 million cost for Klaus and Quinten in 2009.

The 2009 result included the loss prior to the inclusion of Amaline within the scope of consolidation for -€6.8 million.

(b) Life and health insurance (France)

	Life and Health Insurance France		
Insurance premium income *(in millions of euros)*	**2009 pro forma**	**2010**	**Change (%)**
Groupama SA	484	521	7.6%
Groupama Gan Vie	5,645	5,596	-0.9%
Gan Assurances	142	152	7.6%
Other entities [1]	32	31	-4.3%
TOTAL	**6,302**	**6,301**	**0.0%**

(1) Including discontinued operations.

Life and health insurance premium income (62.8% of premium income for France) remained stable. However, there are differences across segments. Life insurance premiums and group capitalisation fell by -1.8%. However, this must be qualified in light of the exceptional success recorded in 2008 and 2009, which allowed the Group to post growth significantly higher than that of the market (up 12.6% in 2008 and 5.2% in 2009).

Health and bodily injury premiums as at 31 December 2010 rose 5.9% over 31 December 2009, led primarily by the health segment (individual and group), which posted an increase of 6.7%, promoted both by rate increases and portfolio growth (up 6.7% with 12,700 individual health policies).

The Group's collection in France is strongly positive, at €1.327 million, although down because the Group also largely outperformed the market in this area, both in 2009 and 2008, with collection, respectively, above 27.7 points and 11.7 points of the market.

Groupama SA life and health insurance premium income benefited from a new health insurance policy for agricultural employees and rose 7.6% to €521 million, led by growth in the provident (up 99.5%) and private health (up 6.3%) segments.

The networks comprising the Group's life insurance company in France, Groupama Gan Vie, posted premium income down 0.9% as at 31 December 2010, totalling €5,596 million. After an exceptional year in 2009 (following 2008, which was an equally strong growth year), the entity's performance matched market trends (drop in insurance network premiums of 1% at late December 2010, source: FFSA). The subsidiary's activity was buoyed by transactions conducted by the head office as well as by the energy of the specialised and brokerage networks. Individual insurance premiums fell by 1.4% over 31 December 2009 and totalled €4,320 million, or 77.2% of the subsidiary's activity.

Group insurance rose 0.9% to €1,276 million. The breakdown of the entity's premium income by network is as follows:

Groupama Gan Vie premium income by network *(in millions of euros)*	**31.12.2009**	**31.12.2009 pro forma**	**31.12.2010**	**Reported change 2010/2009**
Regional mutuals	2,290	2,290	2,186	-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%
Head office	117	117	181	54.7%
TOTAL GROUPAMA GAN VIE	**5,787**	**5,645**	**5,596**	**-0.9%**

The pro forma corresponds to the transfer of the individual health insurance activity of Groupama Gan Vie general agents to Gan Assurances.

Premium income contributed by the network of regional mutuals totalled €2,186 million as at 31 December 2010, down by 4.5% compared to the preceding period. The year 2009 saw an exceptional level of activity in the area of individual insurance premiums and the success of the Groupama Obligation transaction (€229.6 million).

The network of agents posted premium income of €1,238 million as at 31 December 2010, down 10.7% over 31 December 2009. This was related primarily to individual insurance, which fell 12.7% as a result of the drop in income in the individual savings segment (down 18.1%). The Groupama Obligation transaction was also successful in 2009 in terms of this network (€34.8 million) and was not renewed in 2010. Group insurance posted a decline (down 6.9%), primarily the result of a smaller volume of bonuses over previous premiums. On the other hand, the volume of current business is stable.

The brokerage network recorded premium income of €769 million as at 31 December 2010, up 8.2% over 31 December 2009, benefiting, in particular, from the growth of new health (up 20.3%) and provident (up 8.3%) business. The Group life insurance segment also grew sharply (up 10.3%).

Premium income for the Gan Patrimoine network rose 9.0% and totalled €646 million as at 31 December 2010. This growth was based primarily on the individual savings segment (up 9.2%), which benefited from the growth in high-end policies, as underscored by the commercial success of these two Gan Patrimoine Expertise and Gan Patrimoine Capitalisation products (22.5% of premium income as at 31 December 2010).

We note that the network outperformed the market, with the 4.5% increase led by the bancassurance networks (+8%, source: FFSA, late December 2010). This strong performance illustrates the success of efforts over the last few years to redirect the Gan Patrimoine network towards "upgraded" targets.

The sales network of Gan Prévoyance contributed €576 million to Group premium income as at 31 December 2010 (up 5.1% over 31 December 2009). This change is explained primarily by growth in savings/pension (+7.5%) and health (+25.0%) premiums, related to the success of the marketing operations conducted over the course of the year.

The premium income of the head office, which gathers single premiums on business managed on a national level, as well as one-off transactions (capital redemption bonds), totalled €181 million as at 31 December 2010, compared to €117 million over the prior year (+54.7%). This change is primarily due to the subscription of capital redemption bonds for €96.9 million.

The Gan Assurances premium income (in like-for-like data, including, as at 31 December 2009, the individual health activity of Groupama Gan Vie) posted an increase of 7.6%, to €152 million as at 31 December 2010. As with the regional mutuals, it was led both by rate increases and portfolio growth.

The Caisse Fraternelle Epargne and Caisse Fraternelle Vie subsidiaries posted premium income of €22 million as at 31 December 2010, compared to €23 million over the previous year, a decline of 4.3%.

The Assuvie subsidiary's discontinued business line was down over the period. Its premium income as at 31 December 2010 amounted to €8.6 million versus €9.2 million as at 31 December 2009.

Economic operating income in life and health insurance for 2010 in France totalled €129 million compared to €326 million in 2009. This change is primarily due to:

Life and health insurance in France *(in millions of euros)*	**31.12.2009**		**31.12.2010**		**Change 2010/2009**	
Net premiums earned	6,253	100.0%	6,257	100.0%	4	0.1%
Technical expenses (policy services)	(5,376)	-86.0%	(5,582)	-89.2%	(206)	3.8%
Expenses from current technical operations net of earnings	(921)	-14.7%	(990)	-15.8%	(69)	7.5%
Recurring financial margin (1) net of profit sharing and tax	351	5.6%	298	4.8%	(53)	-15.0%
Other factors	19	0.3%	146	2.3%	126	NA
Economic operating income	**326**	**5.2%**	**129**	**2.1%**	**-197**	**-60.4%**
Realised capital gains	387	6.2%	110	1.8%	(277)	NA
Long-term impairment provisions		0.0%	(77)	-1.2%	(77)	NA
Gains and losses on financial assets recognised at net fair value	11	0.2%	2	0.0%	(9)	NA
Amortisation of intangible assets and goodwill impairment		0.0%		0.0%		NA
Non-recurring items net of tax	(13)	-0.2%	258	4.1%	271	NA
GROUP NET PROFIT	**711**	**11.4%**	**422**	**6.7%**	**(289)**	**-40.6%**

(1) See glossary in this registration document (page 348).

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The net underwriting margin (net premiums earned – net technical expenses) fell by €202 million as a result of pension reform, fewer releases over prior periods (in particular, in group insurance) and a decline in the current loss ratio in health, despite significant insurance rates paid. Operating expenses rose as a result of one-off costs related to operational implementation of the life insurance back-office platform.

The claims ratio in Groupama SA life and health insurance stood at 75.6%, compared to 73.8% in 2009 (+1.8 points), due to the decline posted in the individual and group health segment.

Groupama Gan Vie's net underwriting result totalled €514 million as at 31 December 2010, compared to €740 million as at 31 December 2009. After an exceptional year in 2009, in terms of increase in business, the 2010 underwriting margin included more than €78 million in additional provisions for pension reform (gradual extension of the retirement contribution period). Future resources related to this reform (including termination payments and rate increases) were recognised in the form of income of €35 million. The net impact of this reform for the Group totalled nearly €45 million. The year was also marked by fewer releases over previous periods. In addition, a worsening in the current loss ratio in health (individual and group) was noted, reflecting an increase in health expenses after many restrictions in reimbursable medical expenses announced by the French social security agency.

The recurring financial margin (net of profit sharing and taxes) fell €53 million over the period.

In France, the net individual insurance result totalled €422 million as at 31 December 2010, compared to €711 million in 2009. The 2010 non-recurring financial margin includes a provision for long-term impairment on strategic securities of €77 million and fell more than €360 million. As noted earlier, fewer capital gains realised on bonds were noted over the period. As in the case of property and casualty insurance, income of €260 million, under the revised tax treatment of the capitalisation reserve, was posted in 2010.

5.1.4.3 International activity and earnings

	31.12.2009 pro forma			31.12.2010		
Insurance Income *(in millions of euros)*	**Life and Health Insurance, International**	**Property and Casualty Insurance International**	**Total International**	**Life and Health Insurance, International**	**Property and Casualty Insurance, International**	**Total International**
Southeastern Europe	**532**	**1,397**	**1,929**	**587**	**1,486**	**2,073**
of which Italy	411	985	1,397	448	1,057	1,505
of which Greece	66	120	186	65	129	195
of which Turkey	55	292	347	74	299	373
Southwestern Europe	**290**	**746**	**1,035**	**302**	**778**	**1,080**
of which Spain	187	738	925	187	769	956
of which Portugal	102	8	110	115	9	124
Central and Eastern European countries	**185**	**357**	**542**	**204**	**342**	**546**
of which Hungary	160	156	317	183	156	338
of which Romania	20	191	211	15	176	192
of which Others	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 premium income published in 2009 including Ziraat was €4,259 million).

Economic operating income *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Southeastern Europe	**64**	**41**
of which Italy	34	43
of which Greece	5	13
of which Turkey	25	(15)
Southwestern Europe	**52**	**50**
of which Spain	44	43
of which Portugal	2	1
of which Others	6	5
Central and Eastern European countries	**5**	**11**
of which Hungary	26	20
of which Romania	(17)	(5)
of which Others	(4)	(4)
Great Britain	**13**	**16**
Gan Outre-Mer	**1**	**11**
TOTAL	**135**	**129**

Net profit *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Southeastern Europe	**48**	**24**
of which Italy	37	45
of which Greece	3	9
of which Turkey	8	(30)
Southwestern Europe	**62**	**50**
of which Spain	53	43
of which Portugal	3	1
of which Others	6	5
Central and Eastern European countries	**(5)**	**(1)**
of which Hungary	9	10
of which Romania	(9)	(7)
of which Others	(5)	(4)
Great Britain	**63**	**15**
Gan Outre-Mer	**0**	**11**
TOTAL	**168**	**98**

Group International premium income totalled €4.349 million as at 31 December 2010, up 5.4% over 31 December 2009.

Property and casualty insurance posted premium income of €3,168 as at 31 December 2010, up +4.4% over 31 December 2009. We note the Group's very strong International performance; in most countries, its growth exceeded that of the local market. Thus, in many countries in Southern Europe, in particular, growth in the Group's premium income for property and casualty insurance was considerably higher than the market's (Italy: +7.3% for the subsidiary compared to +1.1% for the non-life market in late June 2010; Spain: +4.1% for the Group compared to a -0.5% drop for the non-life market in late September 2010; Greece: +7.4% for the subsidiary compared to +3.8% for the non-life market in late September 2010). With premium income of €2,015 million, representing 63.6% of premiums issued in property and casualty insurance, the motor vehicle segment (including fleets) was the key driver of this growth, up +3.9%. However, this change masks disparities across geographic regions; the strong performance recorded by the Southeastern and Southwestern European countries and by Great Britain makes up for much of the decline posted by Central and Eastern European countries, which were hit harder by the economic crisis. Growth in the housing insurance segment, with premium income of €431 million (+6.9%), and the business protection segment (+3.7% to €431 million as at 31 December 2010) also contributed.

Life and health insurance premium income rose +8.1% (on a like-for-like basis; after taking into account the non-renewal of the Ziraat agreement) to €1,181 million, led by the individual savings and pension segment. Representing 54.8% of premiums issued in life and health insurance, this segment rose +4.6%. It benefited in particular from the success of the marketing campaigns conducted in Hungary and Italy. The health segment (individual and group) also grew (+17.3%). This was related primarily to the development of new business in Italy and Turkey.

In 2010, economic operating income totalled €129 million compared to €135 million in 2009. Economic operating income in property and casualty insurance rose more than +29% to €84 million as at 31 December 2010, compared to €65 million in 2009. International economic operating income in life and health insurance totalled €45 million in 2010, compared to €70 million in 2009.

The -1.7 point improvement in the combined net ratio in property and casualty insurance, to 100.6%, is responsible for the increased underwriting result, which rose by more than €40 million before taxes. The claims ratio was 71.6% (-1.3 points over 2009). The 2010 current loss ratio thus improved in several countries, primarily Italy, Romania, Greece and the U.K. (where the improvement was based on the motor vehicle segment). Conversely, Hungary was struck by harsh weather, resulting in increased claims, and Spain was affected by a serious claim (€14 million). Lastly, Turkey's underwriting margin fell as a result of the non-renewal of the Ziraat Bank agreement. The operating expense ratio also contributed to the improved combined ratio, falling -0.4 points to 29% as at 31 December 2010.

The net underwriting margin in life and health insurance rose by more than €10 million over the period as a result of the decline in net claims by -5.2 points, to 71.4% in 2010. These strong results should be seen in relation to the improved current loss ratio in Spain (primarily in health). The operating expense ratio was stable at 26.3%. The net combined ratio was thus 97.7%, compared to 102.8% in 2009.

The overall recurring financial margin fell by more than €20 million after taxes.

The net result totalled €99 million as at 31 December 2010, compared to €168 million in 2009. It should be noted that in 2009, this result included tax income of €56 million related to the capitalisation of tax deficits in the U.K., as well as income of €13.5 million in connection with the debt write-off received from Groupama SA in Romania. In 2010, the net result included a -€11 million expense resulting from a new tax in Hungary. The other non-recurring items involved the costs of mergers and restructuring, down -€34 million over the period. In addition, several tax adjustments in 2010 generated -€7 million in additional tax expenses.

(a) Italy

The overall premium income for the Italian subsidiary Groupama Assicurazioni rose 7.8% to €1,505 million as at 31 December 2010.

In Property and casualty insurance, premium income rose +7.3% to €1,057 million. The passenger car segment (82.3% of property and casualty premiums issued) was largely responsible for this change (+8.2%). It benefited from rate increases applied in April 2009 and September 2010, but also from an increase in new production. The home insurance segment (+12.1%) also benefited from growth in the portfolio in terms of numbers (up +4.3%, or +10,000 policies).

Life and health insurance premium income (€448 million) rose by +8.9%. This change involves both non-life (+21.7%) and life (+5.6%) insurance. Premiums issued rose +78.6% due to a particularly large new business matter. The collective capitalisation segment benefited from single premiums, thus posting growth above 100%. Premium income in the unit-linked savings segment tripled, thanks to the success of the Index campaigns conducted in March and July 2010.

Overall, economic operating income totalled €43 million in 2010, up by nearly €10 million over 2009. That aggregate rose sharply in property and casualty insurance, to €25 million as at 31 December 2010 compared to €15 million over the prior year. The Italian subsidiary benefited from a sharp increase in its underwriting profitability; however, this was weakened by the sharp drop in its recurring financial result. The economic operating result in life and health insurance in Italy was stable, at €18 million in 2010.

The combined ratio in property and casualty insurance totalled 101.3%, down 2.2 points compared to 31 December 2009. This change resulted from a favourable current loss ratio over 2010, particularly in the motor vehicle (reduction in frequency and serious claims) and home insurance segments. Continued control of overhead expenses also improved the operating cost ratio (increase of +0.9 point).

In life and health insurance, the net underwriting result rose by nearly €7 million due to increased underwriting profitability, particularly in the health segment, which posted a decline in frequency and average cost, and adjustments to technical provisions in life insurance related to demographic changes and underwriting rates.

The recurring financial margin net of profit-sharing totalled nearly €50 million, down more than 15% over 31 December 2009 as a result of lower yields and higher profit-sharing awarded to insured parties.

It should be noted that the benefits from the sale of the subsidiary's former main office were felt in 2009. Italy's net contribution to profit totalled €45 million in 2010 compared to €37 million as at 31 December 2009. This result, like that of 2009, includes the amortisation of the portfolio value, for an amount net of tax of -€15.0 million, as well as restructuring costs.

(b) Greece

Groupama Phoenix premium income as at 31 December 2010 totalled €195 million, a rise of +4.5%.

The restructuring of the network and efforts to increase the broker loyalty in the property and casualty insurance segment (€129 million) were effective, with premium income up by +7.4%. The motor vehicle segment posted strong growth of +20.0%, carried by rate increases, the appeal of an offering that sets us apart based on ancillary services insurance and greater confidence in the broker network.

Premium income in life and health insurance fell by -0.8% to €65 million as a result of the fall in unit-linked premiums (-20.0%), related to the difficult economic conditions. The strong performance posted by group policies (+16.9%) mitigated that decline.

Economic operating income totalled €13 million as at 31 December 2010, up sharply compared to the 2009 figure of €5 million.

The combined net ratio in property and casualty insurance fell by 3.9 points to 86.9% as at 31 December 2010, led by a 3.3 point improvement in the operating cost ratio. This reduction is the result of extensive efforts to control overhead expenses undertaken since the Group acquired the subsidiary. The slight reduction in the net claims ratio (-0.6 points) is due primarily to a much more favourable loss ratio in the fire insurance segment, which had been particularly affected in 2009.

The net underwriting result in life and health insurance also improved (€6.5 million, including €4.7 million in life insurance). Measures to clean up the portfolios, specifically in health, carried out over prior years have had a favourable impact on underwriting profitability.

Net results for Greece were €9 million, compared to €3 million as at 31 December 2009. This result includes provisions for litigation and impairment of the portfolio value. The non-recurring financial margin fell by more than €7 million as a result of lower capital gains and recognition of a provision for long-term impairment in 2010.

(c) Turkey

Premium income from the Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik rose by +7.6% (on a like-for-like basis), totalling €373 million.

Property and casualty insurance premium income (€299 million) grew by +2.6% (on a like-for-like basis), supported by strong performance in the agricultural risk segment (+19.7%, including the Tarsim pool). However, these were mitigated by the drop posted in the business protection segment (-1.7%) and by the Dask pool (-21.7%), which felt the loss of portfolio, although it had benefited from large premiums in 2009 following a regulatory change.

Premium income in life and health insurance (€74 million) posted an increase of 34.4% (on a like-for like basis) resulting from growth in the health and provident segments. The individual health segment grew (to €24 million) by +18.9% as a result of the development of a new offering, while the Group health segment benefited (to €24 million, or 66.9% on a like-for-like basis) from recognition of two new large business matters. Thanks to the success of personal accident policies and loan policies, the provident sector posted an increase of +42.8% to €21 million.

Economic operating income in Turkey totalled -€15 million, compared to +€25 million as at 31 December 2009. It should be noted that the share of the result of the Turkish subsidiary, Gunes, is included in that aggregate (equity method in the Group's accounts), for -€7 million in 2010, compared to €2 million in 2009.

The combined net ratio in property and casualty insurance, which was 112.6%, rose by +8.7 points over 2009 as a result of the worsening net claims ratio. The non-renewal of the sales agreement with Ziraat Bank on 1 January 2010 brought underwriting profitability down, resulting in a decline in the underwriting margin. In addition, in 2010, regulations regarding provisioning were changed. However, the current loss ratio improved. The overhead expense ratio stood at 33.3%.

Life and health insurance registered a drop in the net combined ratio of 4.9 points, to 108.4%, and posted a drop in recurring financial margin (to €8 million) compared to 31 December 2009, a result of the decline in financial yield rates.

The 2010 net result totalled -€30 million, compared to €8 million as at 31 December 2009. As in 2009, the 2010 financial statements include non-recurring items: restructuring expenses, for €2 million, impairment of portfolio value for €2.8 million and various tax adjustments of €4.5 million.

(d) Spain

Groupama Seguros premium income totalled €956 million as at 31 December 2010, up +3.3% over the previous year.

Premium income in property and casualty insurance rose +4.1% to €769 million. The motor vehicle (including fleets) segment grew +2.7% (to €382 million), related to portfolio growth (20,000 new policies, including fleets). The home insurance segment rose by 10.2% (to €157 million), thanks to the agents' and brokers' network (+13.0%) and to the bancassurance channel (+6.5%). It benefited, in particular, from the partnership with Bancaja (up +11.7% over 31 December, to €39 million).

Life and health insurance premium income remained stable at €187 million. Although the life insurance premiums fell 1.5%, the strong performance of the individual savings segment (+3.0%) – the result of a dynamic marketing campaign – should be underscored. The Group pension segment, which benefited from a one-off single premium policy (€4.1 million) in 2009, was responsible for the decline in life and health insurance.

Economic operating income for Spain in 2010 totalled €43 million, a slight drop compared to 2009.

In property and casualty insurance, the net combined ratio rose +1.8% in 2010 to 98.8%. The net claims ratio worsened by +2.2 points to 72.6%. The year 2010 was marked by a particularly unfavourable claims ratio as a result of multiple climate events (the Ela storm and snowfall in Catalonia), and from the frequency of serious claims in the business segments (including a claim assessed at -€3.8 million net of tax in the business segment) and fleet segment. The net operating expense ratio was down -0.4 points to 26.2% in 2010.

The sharp €5 million increase in underwriting results in life and health insurance, with a combined net ratio down -17 points to 91.9%, was the result of a more favourable claims loss in the individual provident segment and increased profitability in the health segment (management streamlining). However, this growth was weakened by the worsening of the savings margin.

The net result totalled €43 million as at 31 December 2010 compared to €53 million as at 31 December 2009. The non-recurring financial margin (net of corporate tax and profit-sharing) fell €5 million over the previous year as a result of the lower capital gains and the drop in the fair value of financial instruments recorded through income. Last, the other non-recurring items concern impairment of the amortisation of the portfolio value (-€2.7 million in 2010 compared to €2 million in 2009) and the cost of the Medytec litigation (-€4.6 million).

(e) Portugal

Premium income as at 31 December 2010 for the Portugal subsidiaries rose +12.9% to €124 million, thanks to growth in life and health insurance (+12.2% to €115 million). Life insurance premiums rose +13.9%, driven by the dynamic performance of the individual savings offer through the bancassurance agreements. Premium income from property and casualty insurance (€9 million as at 31 December 2010) rose +21.3%, thanks to growth in the passenger car segment (+23.4% linked to the launch of a new product in September 2009) and business protection segment (development of the Worten agreement).

Net profit totalled €1 million as at 31 December 2010, compared to €3 million in 2009. Property and casualty insurance premiums were at break even. Net premium income in life and health insurance totalled €1.5 million compared to €2.4 million in 2009. The worsening of the financial markets over the course of 2010 affected Portugal's financial statements.

(f) Tunisia

In Tunisia, STAR profit based on the equity method totalled €5.1 million.

(g) Hungary

The premium income contribution of the Hungarian subsidiary, Groupama Garancia Biztosito, totalled €338 million as at 31 December 2010, an increase of +6.9%.

Premium income from property and casualty insurance remained stable at €156 million (-0.3%). Strong performance in the fleet segment (where premium income doubled to €20 million, thanks to a very active campaign in this market) nearly made up for the decline in the passenger car segment, where premium income totalled €39 million (-16.3%, as a result of a negative market reaction to the considerable, but necessary, rate adjustments in motor vehicle liability insurance). Premiums issued in the home insurance segment remained stable (+0.3%), despite difficult economic conditions.

Premium income in life and health insurance (€183 million) posted growth of +13.9%, led by the bancassurance agreement with OTP Bank. The savings/pension segment grew by +12.2%, in line with the success of several single-premium policy campaigns conducted during the first half of 2010.

Economic operating income in Hungary totalled €20 million as at 31 December 2010, compared to €26 million in 2009.

The combined net ratio in property and liability insurance fell by -2.6 points, to 94.9% as at 31 December 2010. The net claims loss improved by +1.1 points, to 57.6%, primarily as a result of prior year excess releases. On the other hand, the current loss ratio was particularly unfavourable in 2010; specifically, the home insurance segment was strongly affected by the harsh weather in May and June, while the motor vehicle sector experienced harsh rate competition. At the same time, the reinsurance balance improved significantly. Continuing efforts to control overhead expenses had a favourable impact on the operating expense ratio, which fell by -1.5 points to 37.3%.

Net underwriting results in life and health insurance fell compared to 31 December 2009. It should be noted that the savings segment saw a high number of surrenders in 2009 and competition in the area of unit-linked products in 2010. The non-life activity in life and health insurance (exclusively individual provident insurance) posted strong performance, with a combined net ratio down -7 points.

The recurring financial margin was down by nearly -26% compared to 31 December 2009 as a result of the drop in the amount of interest received on the loan repaid at the end of 2009.

The subsidiary's net result was €10 million (compared to €9 million in 2009) and includes the new tax instituted by the Hungarian government, for a net amount of €11.0 million. However, this drop was mitigated by the increase in the non-recurring financial margin (+€5 million), which recorded significant capital gains. It should also be noted that the 2009 accounts were burdened by exceptional costs, such as €6 million in restructuring expenses. In addition, the €5 million reduction in the portfolio value amortisation expense should be noted.

(h) Romania

The contribution to premium income from the Romanian subsidiaries Groupama Asigurari and OTP Garancia Asigurari fell by -9.1% to €192 million as at 31 December 2010.

Property and casualty premium income (€176 million) fell by -7.6% over the period, due primarily to the decline in the motor vehicle segment (down12.6% in damages and +19.1% in civil liability), with motor vehicle premium income at €128 million. The ongoing decline in sales of new and used automobiles (respectively, -13% and -11% as at late September 2010), strong rate competition among market actors and termination of an unprofitable 2,000-truck fleet policy in February 2010 are responsible for that change.

Life and health insurance premium income totalled €15 million as at 31 December 2010 (-22.9%). The difficult economic climate meant there were fewer personal loans (the primary life and health insurance market in Romania), which had a negative impact on the provident segment.

Economic operating income amounted to -€5 million as at 31 December 2010, compared to -€17 million as at 31 December 2009.

The combined net ratio for property and casualty insurance improved by +20.1 points, to 105.6% as at 31 December 2010, including 18.6 points from the net claims ratio. The net underwriting margin improved by €37.8 million, benefiting from a favourable loss ratio in the civil liability and motor vehicle segments, despite a difficult market marked by strong price competition. The civil liability segment recorded strong results following portfolio cleaning and risk selection measures. Conversely, harsh weather had a negative impact on the home insurance segment. The overhead expense ratio improved by 1.5 points as a result of continued overhead cost reduction measures.

Underwriting results in life and health insurance remained relatively stable, at €3.2 million.

Affected by the drop in rates, the recurring financial margin worsened by nearly 50% over 31 December 2009.

The net result was -€7 million, compared to -€10 million in 2009. The non-recurring financial margin rose as a result of capital gains. We note that the 2009 result included a profit of €13.5 million (debt write-off). The contribution to profit also includes restructuring costs of €5 million compared to €6 million in 2009.

(i) Other Central and Eastern European countries

Bulgaria

In Bulgaria, premium income as at 31 December 2010 from the Groupama Zastrahovane and Groupama Jivotozastrahovane subsidiaries totalled €7.3 million compared to €7.1 million over the prior period, up +2.4%. Property and casualty insurance fell by -12.5% in a declining non-life insurance market (down 7% at the end of August 2010) and the commercial reorganisation of the subsidiary. In addition to the impacts of the economic crisis, rates fell and motor vehicle marketing activities stopped. Conversely, life and health insurance posted an increase of 16.7% as a result of the launch of a new individual savings unit-linked product.

The Bulgarian subsidiaries' contribution to Group profit was €0.4 million as at 31 December 2010 compared to -€1 million in 2009.

Slovakia

In Slovakia, premium income from the Groupama Poistovna and Groupama Zivotna subsidiaries rose +14.3% as at 31 December 2010 to €8.7 million compared to €7.6 million over the prior year. Property and casualty premiums issued increased +12.0%, led by growth in the civil liability motor vehicle segment (+24.0% as a result of successful marketing campaigns). Motor vehicle damage insurance remained steady in a market that fell by -7.0% in late September 2010. Life and health insurance rose +31.0% as a result of the growth posted in individual savings, related to strong new production of single-premium policies (+42.0%, while the market posted growth of +1.0% at late September 2010).

The Slovak subsidiaries posted a loss of €5 million as at 31 December 2010 compared to a €4 million loss in 2009.

Given the size of these subsidiaries relative to their respective markets and the conditions under which the insurance business operates in these markets, the Group reviewed the issue of refocusing these subsidiaries.

Great Britain

Groupama Insurances premium income increased +4.6% to €549 million as at 31 December 2010.

The +5.1% increase in premium income in property and casualty insurance (€467 million) benefited from new partnerships and was due to growth in the motor vehicle (up 1.4%, including fleets, to €251 million), home insurance (up 6.6% to €105 million) and business protection (up 12.8% to €77 million) segments. The passenger car segment (+2.2%) benefited from rate increases and the launch of a new partnership with a broker. The fleet segments posted a decline of -1.7%: actions carried out to address highly-competitive market conditions began to have an impact. The home insurance segment benefited from a new agreement with Saga Services and the results of organic growth (brokerage firms). Premium income in life and health insurance rose +1.5% to €82 million as at 31 December 2010.

Economic operating income in England was €15 million as at 31 December 2010, compared to €12 million as at 31 December 2009.

The net combined ratio in property and casualty insurance was 105.4% in 2010, compared to 107.5% in 2009, down -2.1 points. The net claims ratio posted a fall of -1.2 points, to 70.4%, supported by the improvement in the motor vehicle segment, which was particularly penalised in 2009 by harsh weather events and increased frequency and average cost of claims. However, poor climate conditions in 2010 (particularly in December) also affected the underwriting results, particularly in the home insurance segment. The continuation of efforts to streamline operating structures improved the overhead cost ratio by 0.9 points, to 35.0%.

The combined net ratio in life and health insurance rose +1.8 points to 102.2%, specifically, with a worsening in the loss ratio in the health segment, which affected the average cost.

Net results totalled €13 million in 2010 compared to €63 million in 2009. We note that the 2009 result included a €56 million tax charge related to the capitalisation of tax benefits, given the British subsidiary's outlook for long-term profitability. The 2010 result includes a €4 million expense for amortisation of brokers' portfolio values compared to €6 million as at 31 December 2009, as well as a tax expense of €2.5 million related to the reduced tax rate on deferred tax assets in England.

Gan Outre-Mer

Premium income of Gan Outre-Mer rose +5.6% to €101 million as at 31 December 2010.

Premium income from property and casualty insurance rose +4.3% to €95 million. Growth in premium income was slightly higher in the French West Indies (+6.3%) than in the Pacific (+5.2%). More specifically, the French West Indies region, which was affected by demonstrations in 2009, benefited from favourable developments in the home insurance (+7.0%) and passenger car (+4.9%) segments. Activity in the Pacific region benefited from strong performance in the home insurance segment (+10.0%), related to the resiliency of the real estate sector and favourable credit conditions, despite the economic crisis.

Premium income for life and health insurance totalled €6 million, compared to €5 million as at 31 December 2009.

Gan Outre-Mer's economic operating profit totalled €11 million in 2010 compared to €1 million in 2009.

The increase in the net underwriting result was responsible for this change, with no major claims in 2010. The combined net ratio in property and casualty insurance was 82.9% in 2010 (down 14.8 points compared to 2009). The current loss ratio improved (down -14.5 points to 48.3%), primarily in the French West Indies region. We note that 2009 was affected by serious claims related to social unrest and floods. Operating expenses rose more than €3 million, primarily as a result of the cost of IT migration.

The entity's contributed profit totalled €11 million in 2010, compared to €0.3 million as at 31 December 2009.

5.1.4.4 Financial and banking activities

Premium income *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Groupama Banque	128	123
Asset management	154	147
Employee Savings	5	6
TOTAL	**288**	**277**

GDZ *(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 profit from financial and banking activities *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Groupama Banque	(17)	(20)
Asset management	27	26
Other	6	6
TOTAL	**16**	**12**

(a) Groupama Banque

Premium income as at 31 December 2010 totalled €123 million, down -4.2% compared to the prior year.

The entity's economic operating profit was -€15 million in 2010, compared to -€20 million in 2009.

Net banking income fell 7.3% to €87 million as at 31 December 2010. This change was due, in part, to reduced cash activity, which had benefited from exceptional conditions in 2009 (not repeated in 2010) and to the decline in clients' currency transactions.

Operating expenses fell by nearly 9% (specifically, reduced consulting fees).

The contributed profit stood at -€20 million in 2010, compared to -€17 million as at 31 December 2009. The 2009 figure included merger-related costs and a tax expense related to the capitalisation of tax deficits.

(b) Asset management

The asset management subsidiaries include Groupama Asset Management, Groupama Funds Pickers and Groupama Private Equity. Income from these subsidiaries fell -4.5% to €147 million as at 31 December 2010. That change was primarily the result of the drop in Groupama Asset Management income over the year (-3.7%), related to the decline in mutual fund earnings.

Assets managed by Groupama Asset Management and its subsidiaries fell €2.1 billion, or 12% compared to 31 December 2009 as a result of investment outflows from UCITS.

The economic operating income of these subsidiaries totalled €26 million, compared to €27 million in 2009.

(c) Groupama Épargne Salariale

Revenues totalled €6 million as at 31 December 2010. The 27.7% increase in net banking income was largely attributable to increased marketing commissions following improvement in the financial markets, particularly in the 1st quarter 2010, and to increased account maintenance fees.

Economic operating income totalled -€0.4 million in 2010, compared to -€0.7 million in 2009.

(d) Groupama Immobilier

The economic operating income of Groupama Immobilier, the Group's real estate asset management subsidiary, totalled €5 million, compared to €6 million in 2009.

5.1.4.5 Analysis of Groupama SA and holding companies

Holdings' economic operating income *(in millions of euros)*	**31.12.2009**	**31.12.2010**
France	(126)	(148)
International	(2)	(3)
TOTAL	**(128)**	**(151)**

Holdings' net profit *(in millions of euros)*	**31.12.2009**	**31.12.2010**
France	(163)	(169)
International	(3)	(3)
TOTAL	**(166)**	**(172)**

We note that Groupama SA is the parent company of the Group. It serves as a holding company and thus directs the consolidated Group's operating activities. It is the focal point for internal and external financing. The expenses allocated to that activity correspond to the percentage of costs and expenses of general management, functional departments and shared, non-underwriting expenses.

The holdings' economic operating income totalled -€148 million in 2010, compared to -€126 million in 2009. This change was attributable to the Groupama SA holding function, with an increase in professional fees relative to regulatory changes regarding solvency.

The holdings' net income totalled -€172 million in 2010, compared to -€166 million in 2009. In 2009, Groupama SA granted its Romanian subsidiary a debt waiver in the amount of €13.5 million.

Lastly, an exceptional goodwill impairment of €79 million in connection with two Central and Eastern European countries (Slovakia and Bulgaria), to refocus activities in this area, was posted in the Group's 2010 accounts. It should be noted that in 2009, following the non-renewal of a bancassurance agreement, an exceptional impairment of €49 million on the Turkish portfolio value and an exceptional goodwill impairment for the emerging markets in the Central and Eastern European region for €113 million (primarily Russia and Ukraine), were posted.

Net profit *(in millions of euros)*	**31.12.2009**	**31.12.2010**
Total Insurance France	798	522
Total International Insurance	168	99
Financial and banking activities	16	12
Holding company activities	(166)	(171)
Exceptional impairment VOBA Turkey	(49)	0
CEEC goodwill impairment	(113)	(79)
Accretion effect, minority mutual funds, Cegid	5	5
TOTAL NET PROFIT GROUPAMA SA	**660**	**387**

5.1.4.6 Consolidated balance sheet

As at 31 December 2010, the Groupama balance sheet total was €93.1 billion, up from €90.7 billion in 2009, an increase of 2.6%.

(a) Goodwill

Goodwill totalled €3.1 billion compared to €3.2 billion as at 31 December 2009. An exceptional goodwill impairment was posted for Slovakia (€40 million) and Bulgaria (€39 million).

(b) Other intangible assets

Other intangible assets totalling €684 million (versus €665 million in 2009) are composed primarily of amortisable portfolio securities (€394 million) and computer software.

(c) Investments (including unit-linked investments)

Insurance investments totalled €75.1 billion in 2010 compared to €74.0 billion in 2009, up 1.5%. The financial markets were lacklustre in 2010, with a 3.3% decline in the CAC 40 compared to 2009. With most investments on the balance sheets (more than 90%) valued at market value based on IFRS rules, the Group's unrealised capital gains (including property assets) fell by €2.0 billion, reaching €0.7 billion (compared to €2.7 billion as at 31 December 2009), attributable to the decline in unrealised capital gains on assets and, particularly, bonds.

Unrealised capital losses on financial assets (excluding property assets) attributable to the Group totalled €1.04 billion versus €0.5 billion losses as at 31 December 2009. The amounts are recorded on the financial statements as a revaluation reserve. Unrealised capital gains on property assets attributable to the Group (net of taxes, deferred profit sharing and minority interests) totalled €1.5 billion versus €1.47 billion as at 31 December 2009. These do not appear on the balance sheet.

The structure of these investments at market value, including portion attributable to the Group, is as follows:

	2009	2010
Bonds	63%	64%
Equities	14%	13%
Cash and cash equivalents (mutual funds and repurchase transactions)	9%	9%
Real estate	8%	8%
Unit-linked Investments	5%	5%
Other (loans, receivables and other assets)	1%	1%

(d) Shareholders' equity

As at 31 December 2010, Groupama consolidated shareholders' equity totalled €4.3 billion versus €4.6 billion as at 31 December 2009.

This decrease can be summarised as follows:

(in millions of euros)	
SHAREHOLDERS' EQUITY AT THE OPENING OF 2010	**4,572**
Change in revaluation reserve: fair value of AFS assets	(2,086)
Change in revaluation reserve: shadow accounting	1,400
Change in revaluation reserve: deferred tax	175
Unrealised foreign exchange adjustment	16
Dividends	(104)
Other	(92)
Income (loss)	387
SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2010	**4,268**

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €2.8 billion versus €3.8 billion as at 31 December 2009.

As at 31 December 2010, subordinated debt (€1,245 million) fell by €750 million, compared with 2009, following the early redemption, on 22 January 2010, of its redeemable subordinated securities, issued in 1999 for an amount of €750 million.

The Group's external debt totalled €1,404 million, compared to €1,853 million, down €449 million compared to 31 December 2009. Groupama SA reimbursed part of its line of credit.

Financial debt represented by securities increased by €155 million. This new line corresponds to the ORNANE bond (a bond that may be redeemed in cash and/or converted into new and/or existing shares), which the real estate developer, Silic, issued on 3 November 2010.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) totalled €72.0 billion, compared to €69.2 billion as at 31 December 2009. This change was largely attributable to increased life insurance technical reserves, particularly in savings.

Deferred profit-sharing in 2010 totalled €1,718 million, compared to €331 million as at 31 December 2009. A recoverability test was conducted to demonstrate the Group's ability to charge the value of deferred profit-sharing assets to future profit-sharing by policyholders.

(g) Contingent liabilities

Contingent liabilities were stable at €422 million in 2010 and involve primarily pension commitments under IAS 19.

5.1.5 SOLVENCY

Adjusted solvency, including future earnings from life activities, is valued in accordance with regulatory requirements on the combined scope perimeter. The coverage rate in the adjusted solvency margin was 130% as at 31 December 2010, compared to 181% as at 31 December 2009 (-51 points). This reduction results from the decline in unrealised capital gains due, primarily, to the widening of spreads at year-end.

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 49.0%, compared to 56.4% in the previous year, related to the decrease in external debt. A significant part of this debt is attributable to the listed real estate subsidiary Silic, which borrowed to finance growth in its real estate portfolio. Corrected for this item, the Group Insurance debt-to-equity ratio totalled 27.6% versus 37.3% in 2009.

5.1.6 RISK MANAGEMENT

Risk management is addressed in the internal control report.

5.1.7 POLICY ON FINANCIAL INSTRUMENTS

Several years ago, the Group implemented systematic studies on the exposure of Groupama SA's subsidiaries to financial market Risks.

5.1.7.1 Interest-rate risk

Hedges are used to ensure a rate of return consistent with the market environment in the event of a rise in interest rates.

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other. The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

All over-the-counter transactions are secured by a "collateralisation" mechanism with Groupama SA's top tier banking counterparties.

5.1.7.2 Exchange rate risk and other market Risks

Ownership of international shares entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These shares have been renewed ever since they were put in place in 2001, as long as the underlying security is not disposed of. With regard to the Hungarian forint, hedges were stopped at the end of the year as the currency risk was considered to be insignificant in terms of the thresholds set by the Group.

As with interest rate risk, all over-the-counter transactions are secured by a "collateralisation" mechanism with Groupama SA's top tier banking counterparties.

The Group is also constantly monitoring the exposure of its insurance subsidiaries to market Risks (equities), credit risk (corporate bonds), and counterparty risk, and may decide, if necessary, to hedge them using forward financial instruments.

5.1.8 ANALYSIS OF THE CORPORATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Profit (loss)

Earned premiums totalled €2,080.4 million, up 4.9% compared to 2009, when they were €1,982.4 million. They came primarily from contributions received from the regional mutuals (€1,835.3 million) and contributions from the Group's profit centres and subsidiaries (€198.1 million).

Claims expenses (including claims management fees), annuities and other underwriting reserves totalled €1,445.1 million, a decrease of €100.5 million (-6.5 %). This change resulted from a decline in the loss ratio for the year, related specifically to slightly less significant climate events and an increase in run-off surpluses in previous years.

The balance of outward reinsurance and retrocessions yielded an expense of €233.5 million, up €109.9 million over 2009, due primarily to reduced outward reinsurance of storm claims (storm Klaus in 2009).

After taking into account commissions on accepted reinsurance totalling €344.5 million, the net underwriting margin was €57.3 million, up by €81.6 million over 2009 (€24.3 million expense).

Groupama SA's total operating expenses were €315.8 million, compared to €265.1 million in 2009.

After taking into account income allocated to underwriting reserves (€142.4 million or 47.4% of the year's investment income), Groupama SA's 2010 underwriting result came in at a loss of €116.1 million (5.6% of earned premiums).

Investment income totalled €275.7 million, compared to €233.8 million in 2009. It consisted primarily of dividends from subsidiaries and equity stakes, earnings on other assets and loan charges, particularly for Group subsidiaries.

Exceptional items represented a net expense of €17.1 million compared to net income of €8.2 million in 2009.

The "Taxes" item represents income of €147.4 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama SA as the Group's parent company.

Net profit for the year totalled €147.3 million, compared to €148.3 million in 2009.

5.1.8.2 Balance Sheet

The 2010 Groupama SA balance sheet totalled €11,504.1 million, down €1,279.4 million compared to 2009. This sharp decline is related, in particular, to the repayment of the €750 million TSR loans taken out in 1999 and to the reduction in borrowings under its Société Générale credit facility, which totalled €200 million at year-end 2010, compared to €640 million at year-end 2009.

Shareholders' equity totalled €3,211.0 million as at 31 December 2010, compared to €3,180.5 million as at 31 December 2009. The change in shareholders' equity over the year was largely attributable to the year's net profit (up €147.3 million), the distribution of dividends payable for the 2009 profit (-€104.2 million) and the exit tax on the capitalisation reserve (-€12.7 million).

Gross underwriting reserves reached €3,461.3 million, up €41.6 million (+1.2%) compared to year-end 2009. They represent 166.4% of earned premiums. Underwriting reserves ceded and retroceded totalled €642.6 million, down €24.8 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €9,905 million (including differences between bond repayments payable and receivables associated with investments). Strategic assets represented 76.5% of total assets and include equity investments (€7,095 million) and intragroup loans (€487 million).

As a realisable value, Groupama SA investments totalled €14,612 million, including unrealised capital gains of €4,707 million, primarily from strategic intra-group stakes (€4,181 million).

5.1.8.3 Tax on capitalisation reserve

The 2011 French budget law established an exceptional tax, referred to as an "exit tax", on the capitalisation reserve.

The tax rate is 10% and the amount is capped at 5% of shareholders' net equity, including the capitalisation reserve. The tax may not be deducted from income subject to corporate income tax.

This tax constitutes a tax debt recorded in the balance sheet for the year ending 31 December 2010 and is deducted from retained earnings. It is due at the close of the 2010 fiscal year. Half must be paid in 2011 and half in 2012.

For that reason, we recommend that you acknowledge the 31 December 2010 deduction from retained earnings in the amount of €12,660,290.56.

5.1.8.4 Income for the year and proposed allocation

We recommend allocating distributable earnings in the amount of €1,746,837,023.01, corresponding to the year's earnings, or €147,266,208.08, increased by the previous retained earnings of €1,599,570,814.93 after allocation of the exceptional tax on the capitalisation reserve, as follows:

- as dividend: €104,181,645.60
- and the balance to "retained earnings": €1,642,655,377.41

This dividend, in the amount of €0.45 per share, will be paid as from 26 May 2011.

5.1.9 DISCLOSURES ON SHARE CAPITAL

5.1.9.1 Shareholders

In compliance with Article L 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L 233-7 and L 233-12 of said Code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds or nineteen twentieths of the Company's share capital or voting rights at the shareholders' meetings:

- Groupama Holding: 90.92%
- Groupama Holding 2: 8.99%

5.1.9.2 Employee shareholders

Pursuant to Article L 225-102 of the French Commercial Code, employees, former employees, and Directors of the Company held 0.09% of Groupama SA's share capital as at 31 December 2010.

5.1.10 INFORMATION REGARDING COMPANY OFFICERS

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the total compensation and benefits of any kind paid to each Director during the financial year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Commercial Code. During the year, payments were as follows:

- Mr Jean-Luc Baucherel: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €346,744 (gross annual compensation of €280,765, retirement benefit of €37,444 and housing allowance of €28,535);
- Mr Francis Aussat: Directors' fees paid by the company: €62,750 and by Groupama Holding: €72,250;
- Mr Jean Baligand: Directors' fees paid by the company: €62,750 and by Groupama Holding: €52,250;
- Mr Jean-Marie Bayeul: Directors' fees paid by the company: €62,750 and by Groupama Holding: €52,250;
- Mr Michel Baylet: Directors' fees paid by the company: €65,850 and by Groupama Holding: €72,250;
- Ms Annie Bocquet: Directors' fees paid by the company: €59,750 and by Groupama Holding: €72,250;
- Ms Anne Bouverot, independent Director: Directors' fees paid by Groupama SA: €59,800;
- Mr Amaury Cornut-Chauvinc: Directors' fees paid by the company: €65,850 and by Groupama Holding: €52,250;
- Mr François Desnoues: Directors' fees paid by the company: €62,750 and by Groupama Holding: €52,250;
- Mr Michel Habig: Directors' fees paid by the company: €45,575;
- Mr Frédéric Lemoine, independent Director: Directors' fees paid by Groupama SA: €80,025;
- Mr Jean Salmon, independent Director: Directors' fees paid by Groupama SA: €59,750;
- Mr François Schmitt: Directors' fees paid by the Company: €62,750 and by Groupama Holding: €52,250;
- Mr Philippe Vassor, independent Director: Directors' fees paid by Groupama SA: €83,025;
- Mr Jérôme Zanettacci: Directors' fees paid by the Company: €45,575;
- Mr Jean Azéma, Chief Executive Officer: gross annual compensation (including benefits in kind) received for his duties within the Group: €1,544,005 (gross annual compensation €1,072,000, variable compensation €433,000, medical care, provident savings, death and unemployment insurance for entrepreneurs and Company owners: €39,005) and retirement contract awarded to members of the Groupama SA Management Committee.

Lastly, the cumulative gross annual compensation (including profit sharing and benefits in kind) for members of the Groupama SA Management Committee totalled: 5,021,943 euros. The total liability for retirement contracts as of 31 December 2010 was €30,141,210.

5.1.10.1 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors and the Chief Executive Officer appears in § 3.1.2 and 3.1.3.

5.1.10.2 Expiration of the term of the three independent Directors

We recommend that after seeking the opinion of the Compensation and Nominations Committee, you renew the terms of office of Mr Frédéric Lemoine and Mr Philippe Vassor for a period of six years, or until the Ordinary General Meeting convened to approve, in 2017, the financial statements for the fiscal year ending 31 December 2016 and not to renew the term of office of Jean Salmon, who will reach the age limit during the course of his term.

5.1.10.3 Appointment of two new Directors

We recommend that after seeking the opinion of the Compensation and Nominations Committee, you appoint, as independent Directors, Marie-Ange Debon to replace Jean Salmon and Caroline Grégoire Sainte Marie for a term of six years, or until the conclusion of the General Meeting convened to approve, in 2017, the financial statements for the fiscal year ending 31 December 2016. These nominations would bring the number of independent Directors on the Board of Directors to five.

5.1.11 HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

The social and environmental consequences of the activity, covered by Article L. 225-102, paragraph 4 of the French Commercial Code, as well as the information contained in Articles D. 148-2 and D. 148-3, are discussed in the first part of the 2010 Groupama SA annual report.

5.1.12 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, paragraph 7 of the French Commercial Code, is a summary table of the delegation of competence and authority granted by the shareholders' meeting to the Board of Directors to increase the share capital pursuant to Articles L 225-129-1 and L 225-129-2 of said Code. (*See this summary table in section 7.2.1.1*)

We also propose that you renew in advance the financial authorisations previously approved by the General Meeting of 26 May 2010, which fall within the jurisdiction of the Extraordinary General Meeting. These authorisations generally have a duration of 26 months and are intended to give a maximum of flexibility to the Board of Directors to use the market depending on circumstances and financial market conditions. For certain authorisations, the reports of the Company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

Within this context, we propose that you grant the following authority to the Board of Directors:

- to increase share capital by issuing shares and/or investment securities, with or without preferential share rights, as these delegations of authority are the most traditional and may be used alone or simultaneously with other types of delegation of authority. They may be realised up to the nominal maximum amount of €1.1 billion, which also constitutes the global ceiling for capital increases likely to be made under other delegations of authority subject to your approval within the framework of this general meeting, with the exception of capital increases through the incorporation of earnings, premiums or reserves covered under Resolution Sixteen. To these ceilings would be added any par value of shares to be issued within the framework of new financial transactions, to preserve the rights of equity investors.

  The deal may also be carried out with or without preferential share rights. We note in this regard that preferential share rights are offered to existing shareholders at the time of the transaction, to allow them to avoid suffering from a "dilutive" effect after the transaction is completed.

  This delegation of authority will be granted for a period of 26 months after this date, and will replace the one awarded by the general shareholders' meeting of 26 May 2010.

  Since the purpose of the listing of Groupama SA shares for trading on a regulated market is primarily to allow third parties to acquire equity interests, the preferential share right would in principle be cancelled. Moreover, the cancellation of the preferential share right would allow more freedom to react to market fluctuations. In the event of a rights issue on the international market, the cancellation of the preferential share right is also inevitable. The issuance price of shares issued directly, subsequent to admission for trading of the Company's shares on a regulated market, would be at least equal to the minimum stipulated by the regulatory provisions applicable on the issuance date, after any necessary adjustment of this average in the event of a discrepancy between the dividend dates; until the admission for trading of the Company's shares on a regulated market and for rights issues made at that time, the issuance price of shares issued directly will be at least equal to the proportion of equity per share, as calculated on the last balance sheet approved on the issuance date;
- to increase the share capital by capitalisation of profits, premiums or reserves, realised either through raising the par value of the shares, or scrip issue, or the combined use of these two procedures. The authorisation would be given for a maximum par value of €400 million, with this authorisation being the only one not subject to the global ceiling. This delegation of authority will be granted for a period of 26 months after this date and will replace the one awarded by the general shareholders' meeting of 26 May 2010;
- to increase the number of shares to be issued in case of a capital increase with or without preferential share right. This delegation of authority is primarily intended to implement the option of over-allocation of shares up to a maximum of 15% of the initial issuance, specifically when market demand for the shares is very high. The duration of the delegation of authority will also be 26 months as of this date and will replace the one awarded by the general shareholders' meeting of 26 May 2010;
- to increase share capital by issuing shares and/or marketable securities giving access to the Company's share capital reserved for Groupama Holding and/or Groupama Holding 2 and/or certain categories of investors. This delegation of authority is important to the extent that it may be used by Groupama SA on the occasion:
  - of the financing of a major external growth deal, to the extent that this capital increase will be reserved to Groupama Holding and/ or Groupama Holding 2;
  - of the refinancing of this transaction by Groupama SA on the market. In this case, the capital increase within the framework of initial public offering might be to the benefit specifically of defined investor categories. Thus the following categories may be defined: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups; of an offer reserved to categories of legal entities or persons belonging to the Groupama Group, namely: (ii) the elected representatives of the local and/or regional mutuals; (iii) the employees and managers or company officers provided for in Article L. 3332-2 of the French Labour Code, businesses linked to the Company within the meaning of Articles L. 3344-1 and L. 3344-2 of that Code, who or which are not beneficiaries of the issues effected in application of the 17th Resolution and/ or; (iv) the persons and/or the employees and managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (v) UCITS or other employee shareholding bodies holding investments in the company's securities, whose share owners or shareholders consist of the persons referred to in (iii) and (iv) of this paragraph and/or the beneficiaries of the 20th Resolution.

The delegation of authority will be granted for a period of 18 months after this date, up to a maximum par value of €1.1 billion; it will replace the delegation of authority awarded by the general meeting of 26 May 2010;

- to increase the share capital, by issuing shares and/or equity instruments of the Company reserved for members of savings plans, cancelling their preferential share right. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months after this date, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the general meeting of 26 May 2010.

  By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The share subscription price will be determined in accordance with Articles L. 3332-19 and L. 3332-20 of the French Labour Code and will be equal to at least 80% of the Reference Price (as defined hereunder) or, if the period of unavailability stipulated by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is more than or equal to 10 years, to at least 70% of the Reference Price. The Reference Price is defined as (i) the average value listed during the 20 stock market trading days preceding the day of the decision setting the subscription opening date in cases where the rights issue is subsequent to admission for trading of the Company's shares on a regulated market, (ii) the price of admission on the market, provided that any decision of the Board of Directors is no more than 10 stock market trading days after the date of the initial listing, in cases where the rights issue is concomitant with the admission for trading of the Company's shares on a regulated market, or (iii) the price determined in accordance with the objective methods used to value shares, taking into account, according to a weighting appropriate for each case, the net accounting position, profitability and business outlook of the Company in accordance with the provisions of Article L3332-20 of the French Labour Code, in cases where the rights issue is prior to the admission for trading of the Company's shares on a regulated market.

We note that most of the companies whose shares are traded on a regulated market propose a rights issue reserved for their employees, to the extent that such a measure constitutes a true opportunity to rally all employees around a strategic plan, give a significant boost to their motivation, and increase their sense of belonging and allow them to share in the Group's medium-term development;

- to freely allocate existing shares, or to issue them in favour of categories of the Group's salaried employees, or of some of them, up to the legally defined limit of 10% of the share capital on the date of the allocation decision. In principle, such a delegation of authority is not used at the time of the initial public offering, but in subsequent years. The duration of this delegation of authority will also be 26 months as of this day and will replace the one granted by the general shareholders' meeting of 26 May 2010;
- to reduce the share capital by retiring treasury shares pursuant to Article L. 225-209 of the Commercial Code; in effect, when the Company purchases its shares on the market with a view to stabilising its stock price and does not use them within one year, either by reselling them on the market, or by allocating them to employees, or by using them as payment in the context of a swap, spin off or merger, it must then retire them, which involves a reduction in its share capital. The maximum number of shares that may be retired in a 24-month period may not exceed 10% of the Company's capital. This delegation of authority will be granted for a 24-month period and will replace the delegation granted by the general shareholders' meeting of 26 May 2010. Treasury shares also do not benefit from voting rights;
- to increase the share capital, by issuing shares and/or investment securities without preferential share rights as compensation for contributions in kind involving equity interests or investment securities, primarily in the case of strategic partnerships which may lead a partner to contribute the shares of one or more companies of its Group to Groupama SA, which would then issue shares for the partner as valuable consideration for the contribution. This delegation of authority will be awarded for a period of 26 months after this date, up to a maximum of 10% of the Company's capital; it will replace the delegation of authority granted by the general meeting of 26 May 2010.

We also propose that you extend, for a new period of 18 months, under the condition precedent of the admission for trading of the Company's shares on a regulated market, the authorisation granted to the Board of Directors to purchase the Company's shares under certain specific terms and conditions; this authorisation, which is the responsibility of the ordinary general meeting, will replace the one granted by the general meeting of 26 May 2010.

5.1.13 RENEWAL OF THE APPOINTMENT OF THE PRINCIPAL AND ALTERNATE STATUTORY AUDITORS

We recommend that after seeking the opinion of the Audit and Accounts Committee, you renew the appointment of PricewaterhouseCoopers Audit, principal statutory audit, and that you appoint Yves Nicholas as alternate statutory auditor, to replace Pierre Coll, for a period of six fiscal years, or until the General Meeting convened to approve, in 2017, the financial statements for the fiscal year closing 31 December 2016.

5.1.14 REGULATORY AGREEMENTS

We also request that you approve the agreements cited in Article L. 225-38 of the French Commercial Code and R. 322-7 of the French Insurance Code referred to in the special report prepared by the statutory auditors.

5.1.15 OUTLOOK

The year 2010 was marked by strong growth in the emerging countries, gradual recovery of growth in the U.S. and the sovereign debt crisis in certain European countries. The next year, 2011, is likely to follow in its wake. The emerging countries are thus likely to see GDP grow by nearly 10%, the U.S. will experience stronger growth at levels closer to those prior to the crisis, and the eurozone is likely to move ahead more slowly due to austerity plans.

The context remains uncertain because certain critical indicators must be monitored:

- the growth of world trade, which could be affected by European austerity policies;
- structural imbalances in the U.S. (high unemployment, a still-depressed housing market and growing public debt);
- changes in Chinese monetary policy (parity of the yuan against other currencies).

However, this environment does not cast doubt on the Group's goal to become one of Europe's 10 leading insurance companies to ensure its growth and longevity.

To that end, we will continue our strategic investments in 2011. They will focus on:

- distribution, in France and internationally, on the proprietary networks, direct insurance and development of partnerships;
- an overall approach to savings that combines banking and life insurance.

In addition, the Group will continue to adapt to new business operating conditions resulting from changes in the economic and regulatory environment:

- Solvency II increases the need for strong underwriting controls, improved operational efficiency and guided, controlled risk management;

- in life insurance, today's current low rates and uncertainties regarding the estate tax are the defining issues and challenges for the future.

To address them, the Group has assigned priority to improving its underwriting and operating profitability. This will be implemented via a voluntary programme of overhead cost reduction, risk selection activities, portfolio monitoring and an appropriate rate policy.

The Group will also continue to optimise and reduce its balance sheet sensitivity by pursuing the activities undertaken in the areas of reinsurance and asset management.

Last, the Group retains the ability to decide whether to make a public offering when market conditions are favourable. It will thus benefit from additional resources used on behalf of its development strategy.

5.2 EMBEDDED VALUE

Groupama has been calculating its European Embedded Value (EEV) for the Group's France and International Life and Health Insurance since 31 December 2006 in line with the CFO Forum principles. EEV includes the following two components:

Adjusted Net Asset Value (ANAV)

The ANAV corresponds, under CFO Forum guidelines, to the market value of assets backing the shareholders' net equity and other reserves attributable to Groupama's shareholders. As at 31 December 2010, the ANAV includes the tangible net asset based on the local statutory account, a share of the unrealised capital gains/losses backing shareholders' net equity, a share of the unrealised capital gains/losses backing non modelled non participating products, and the cost related to the holding expenses. These correspond to the present value of Groupama SA's holding expenses attributable to the Group's Life business.

Value of Business in Force (VIF)

The VIF corresponds to the present value of future profits for the in-force portfolio, net of financial options and guarantees costs, cost of capital and cost of non-financial Risks.

VIF includes the following components:

- the value of the in-force portfolio without risk premium, also called the Certainty Equivalent Value (CE), corresponding to the present value of future profits generated by policies in force at valuation date and calculated using the following methods:
  - use of best estimate assumptions for all the non-economic assumptions. These best estimate assumptions have been derived for the most part from statistical studies on Groupama's portfolio,
  - determination of the projected rates of return without allowance of any risk premium over government bond yields,
  - discounting all the future cash flows using a reference interest rate curve corresponding to a composite government yield curve plus a liquidity premium;
- the time value of options and financial guarantees corresponding to the "risk cost" of financial deviation compared to the scenario used to calculate the intrinsic value, calculated by the difference between:
  - the stochastic value of the future margins within the contracts ("Portfolio Market Value"), and
  - the Certainty Equivalent or value in force without risk premiums (CE);
- cost of capital. Groupama has locked-in a capital representing 100% of the minimum solvency margin required by European regulations currently in force (Solvency I). This capital requirement generates a frictional cost for the shareholders in that locking in the capital will cause the Company to incur financial management costs and pay corporate tax on the financial revenues generated;
- cost of non-financial Risks:
  - in terms of operational risk, an additional risk premium has been taken into account in the calculation of the cost of locking in the solvency margin ;
  - in addition, some blocks of business presenting technical Risks are also exposed to risk factors not taken into account elsewhere. These risk factors consist of, among other things, risk of adverse deviation of claims assumptions (mortality, morbidity, longevity, etc.). An additional risk premium has thus been added to take into account these non-financial Risks ;
  - the total of these two risk premiums (for operational Risks and technical Risks) constitutes the additional risk premium included in the cost of capital calculation in order to assess the cost of non-financial Risks.

5.2.1 MAIN CHANGES COMPARED TO THE 2009 EEV

Groupama calculates an EEV on the Life and Health business on France and international perimeters.

5.2.1.1 Expansion of the model's scope

In 2010, the payout annuities, from pensions contract articles 83 and articles 39 of the France valuation perimeter, were added to the valuation perimeter of the costs of options and financial guarantees.

5.2.1.2 Analysis of movement

In 2009, the France valuation perimeter was expanded to include Groupama Asset Management as well as the Romanian and Hungarian subsidiaries (Groupama Asigurari and Groupama Garancia Biztosito). For the 2010 EEV an analysis of movement was carried out on these entities.

5.2.1.3 Adjustment of the risk-free rate curve

The risk-free rate curve was constructed by weighting the government yield curves by the corresponding proportions of sovereign bonds in the portfolio, to take account of the discrepancy at 31 December 2010 between the spread of the main government debts and their underlying credit risk.

The composite government yield curve thus obtained is increased by a liquidity premium in order to take into account the discount due to low liquidity on bond valuations in the calculations. The composite yield curve and the liquidity premium were applied to all subsidiaries except Hungary, Romania, Turkey and Greece for which local governments bonds curves were applied.

The methods for calculating the liquidity premium are the same as those used for the 2009 EEV.

The liquidity premium was estimated based on the difference between the following two indicators to cover the risk of issuer default:

- an indicator of the spread on the bond market, which therefore includes the illiquidity discount;
- an indicator based on CDS premiums which does not include this discount;
- amortization of the liquidity premium after 15 years coming to an end after 20 years.

This "market" liquidity premium is then weighted by the proportion of corporate bonds in the portfolio. The resulting liquidity premium that was applied in the 31 December 2010 EEV calculations amounted to 16 basis points.

5.2.2 RESULTS

5.2.2.1 Analysis of movements - Aggregated figures (France and international)

(in millions of euros)	ANAV	VIF	EEV
VALUE AS AT 31 DECEMBER 2009	**3,005.3**	**1,170.6**	**4,175.9**
Model changes and opening adjustments	(6.0)	(172.5)	(178.5)
Adjusted value as at 31 December 2009	**2,999.3**	**998.2**	**3,997.5**
New business contributions	(95.7)	124.1	28.4
Expected contributions	304.7	27.7	332.4
Non-economic adjustments	24.7	(101.5)	(76.8)
Changes in non-economic assumptions	0.0	104.1	104.1
Contribution from operating businesses	**233.6**	**154.5**	**388.1**
Economic environment contribution	**(284.8)**	**(458.9)**	**(743.7)**
EEV contribution	**(51.2)**	**(304.4)**	**(355.6)**
Capital movements	(360.8)	0.0	(360.8)
Exchange rate movements	0.2	(0.4)	(0.2)
VALUE AS AT 31 DECEMBER 2010	**2,587.5**	**693.4**	**3,280.8**
Operating return	**7.8%**	**15.5%**	**9.7%**
EEV contribution	**-1.7%**	**-30.5%**	**-8.9%**

The operating return was 9.7%. This return includes new business contributions for 2010 (€28.4 million). The total return on EEV in 2010 was -8.9% before capital movements, after exchange rate movements and changes to subsidiaries holdings.

The movement due to the expansion in the model's scope and model adjustments was -€178.5 million.

The contribution of new business corresponds to the value of 2010 business valued using the 2010 assumptions.

The expected contribution corresponds to the effect of a one-year delay calculated using the implied risk discount rate.

The non-economic adjustments of -€76.8 million are as follows:

- improvement of claims in France on the Protection portfolios;
- overall positive impact of the bond portfolio restructuring resulting in an increase in ANAV with a small corresponding deduction posted against the portfolio's VIF;
- negative impact of the pensions reform having led to an increase in reserves.

Other neutral movements on the 2010 EEV resulted in a transfer of value between the portfolio's VIF and the ANAV.

The €104.1 million change in non-economic assumptions is explained by the increase in the contractual financial margins in the France perimeter and by an improvement in the claims of the health portfolios internationally.

The economic environment results had an impact on the EEV of -€743.7 million. This negative impact is due essentially to the exit tax charge on the capitalisation reserve, the decrease of the unrealised capital gains/losses of the bond assets and the upward review of the profit-sharing distribution constraints in the valuation models in line with the review of the reference rates.

Capital movements relate to 2009 dividends paid out in 2010.

5.2.2.2 European Embedded Value – Aggregated figures (France and International)

(in millions of euros)	31.12.2010	31.12.2009 initial adjustments	31.12.2009	Change *(euros)*	% Change
Adjusted Net Asset Value	**2,587.5**	**2,999.3**	**3,005.3**	**(411.9)**	**-13.7%**
Certainty equivalent value (CE)	2,762.5	2,288.6	2,441.7	473.9	20.7%
Time value of financial options and guarantees	(1,468.3)	(780.8)	(763.3)	(687.5)	-88.0%
Cost of Capital	(488.2)	(392.1)	(388.9)	(96.1)	-24.5%
Cost of non-financial Risks	(112.5)	(117.4)	(118.8)	4.9	4.2%
VIF	**693.4**	**998.2**	**1,170.6**	**(304.8)**	**-30.5%**
EMBEDDED VALUE	**3,280.8**	**3,997.5**	**4,175.9**	**(716.7)**	**-17.9%**

The France and international aggregated 2010 *European Embedded Value* was 3,280.8 million euros, including 2,587.5 million euros on the ANAV and 693.4 million euros on the VIF.

ANAV decreased by 13.7%. This change is largely due to the following:

- payment of an exceptional tax on the capitalisation reserve (exit tax);
- a 2010 net income below the dividend paid related to fiscal year 2009;
- a decrease in unrealised capital gains/losses.

VIF decreased by €304.8 million (-31% between 2009 and 2010).

The 21% increase in the certainty equivalent value is largely offset by the increase in the cost of options and financial guarantees. The upward review of the profit-sharing constraints in the valuation models in line with the review of the reference rates had a significant impact on the time value of options and financial guarantees.

The cost of capital for the solvency margin, which corresponds mainly to tax effects, was up (+24%) due to the review of the reference rates.

On the other hand, the cost of non-financial Risks fell slightly (-4.2%).

5.2.2.3 European Embedded Value – France

(in millions of euros)	31.12.2010	31.12.2009 initial adjustments	31.12.2009	Change *(euros)*	% Change
Adjusted Net Asset Value	**2,218.0**	**2,559.9**	**2,566.7**	**(341.9)**	**-13.4%**
Certainty equivalent value (CE)	2,513.8	2,038.1	2,190.3	475.6	23.3%
Time value of financial options and guarantees	(1,382.7)	(702.8)	(691.5)	(679.9)	-96.7%
Cost of Capital	(464.6)	(373.5)	(370.2)	(91.1)	-24.4%
Cost of non-financial Risks	(105.8)	(110.0)	(111.7)	4.2	3.8%
VIF	**560.7**	**851.8**	**1,016.8**	**(291.1)**	**-34.2%**
EMBEDDED VALUE	**2,778.7**	**3,411.7**	**3,583.6**	**(632.9)**	**-18.6%**

The France 2010 European Embedded Value was €2,778.7 million, including €2,218 million on the ANAV and €560.7 million on the VIF.

5.2.2.4 European Embedded Value – International

(in millions of euros)	31.12.2010	31.12.2009 initial adjustments	31.12.2009	Change *(euros)*	% Change
Adjusted Net Asset Value	**369.4**	**439.4**	**438.6**	**(70.0)**	**-15.9%**
Certainty equivalent value (CE)	248.7	250.4	251.4	(1.7)	-0.7%
Time value of financial options and guarantees	(85.6)	(78.0)	(71.8)	(7.6)	-9.8%
Cost of Capital	(23.7)	(18.7)	(18.7)	(5.0)	-27.0%
Cost of non-financial Risks	(6.7)	(7.4)	(7.1)	0.7	9.1%
VIF	**132.6**	**146.4**	**153.8**	**(13.7)**	**-9.4%**
EMBEDDED VALUE	**502.1**	**585.8**	**592.4**	**(83.7)**	**-14.3%**

The International 2010 *European Embedded Value* was €502.1 million, down 14%, including €369.4 million on the ANAV and €132.6 million in the VIF.

The observed decrease is largely explained by the economic environment. The fall in the ANAV results from the decrease in unrealised capital gains/losses further to the widening of the spreads on government debts. Moreover, a new tax (bank tax) on premiums in Hungary also had a negative impact in the ANAV.

The fall in the VIF is concentrated on the Italian subsidiary which remains penalized by the widening of the spreads on sovereign debts.

Moreover, an improvement in the health portfolio claims was noted.

5.2.2.5 New Business value – Consolidated Companies[(1)] (France and international)

(in millions of euros)	31.12.2010	31.12.2009	Change	Change %
New business value without risk premium (CE)	128.7	130.2	(1.5)	-1.2%
Time value of financial options and guarantees	(52.1)	(15.4)	(36.7)	-239.0%
Cost of Capital	(41.6)	(32.2)	(9.4)	-29.2%
COST OF NON-FINANCIAL RISKS	**(6.6)**	**(7.4)**	**0.8**	**10.4%**
New Business value (NBV)	28.4	75.3	(46.9)	-62.3%
APE	770.3	739.2	31.1	4.2%
NBV/APE	**3.7%**	**10.2%**	**-6.5%**	
PVNBP	6,374.7	6,175.1	199.5	3.2%
NBV/PVNBP	**0.4%**	**1.2%**	**-0.8%**	

5.2.2.6 New Business value – France

(in millions of euros)	31.12.2010	31.12.2009	Change	Change %
New business value without risk premium (CE)	114.6	121.7	(7.1)	-5.8%
Time value of financial options and guarantees	(43.7)	(10.5)	(33.2)	-314.6%
Cost of Capital	(38.3)	(29.4)	(8.9)	-30.4%
Cost of non-financial Risks	(5.8)	(6.4)	0.7	10.6%
NEW BUSINESS VALUE (NBV)	**26.8**	**75.3**	**(48.5)**	**-64.4%**
APE	592.1	577.5	14.5	2.5%
NBV/APE	**4.5%**	**13.0%**	**-8.5%**	
PVNBP	5,310.9	5,247.5	63.4	1.2%
NBV/PVNBP	**0.50%**	**1.4%**	**-0.9%**	

(1) Annual Premium Equivalent (APE): 10% of the single premiums and 100% of the regular premiums.
APE ratio: value of new business divided by the APE premiums. This is a currently used indicator of the profitability of new business.
PVNBP: NPV of premiums corresponding to the present value of the future premiums generated by the new business.

5.2.2.7 New Business value – International

(in millions of euros)	31.12.2010	31.12.2009	Change	Change %
New business value without risk premium (CE)	14.1	8.6	5.5	64.5%
Time value of financial options and guarantees	(8.3)	(4.8)	(3.5)	-73.2%
Cost of Capital	(3.3)	(2.8)	(0.5)	-17.0%
Cost of non-financial Risks	(0.9)	(1.0)	0.1	9.4%
NEW BUSINESS VALUE (NBV)	**1.6**	**(0.1)**	**1.6**	
APE	178.3	161.7	16.6	10.3%
NBV/APE	**0.9%**	**0.0%**	**0.9%**	
PVNBP	1,063.8	927.6	136.2	14.7%
NBV/PVNBP	**0.15%**	**0.0%**	**0.2%**	

The 2010 value of new business on the Group amounted to €28.4 million (0.4% of NBV/PVNBP, 3.7% of NBV/APE), representing a decrease compared to 2009 for France and an increase internationally, despite the anticipated non renewal of the Ziraat distribution agreement in Turkey.

This deterioration in France is largely attributable to the worsening of financial margins on euro portfolios.

The improvement on the international perimeter is due to the significant increase in volumes and the production of highly profitable high-risk products.

5.2.2.8 Sensitivities

(a) Definition of sensitivities

The sensitivities carried out throughout the entire perimeter are as follows:

Financial Sensitivities

YIELD CURVE OF +/- 100BP

This sensitivity corresponds to a parallel increase/decrease of the yield curve of 100 basis points at the beginning of the projection. This sensitivity implies a recalculation of the market value of bonds, re-investment rates of all asset classes of 100 basis points and, in accordance with CFO Forum guidelines, adjustment to the discount rate.

DECLINE IN EQUITY AND PROPERTY VALUES OF -10%

This sensitivity corresponds to a sudden decrease in the projected level of equity and property value indices of 10%.

INCREASE IN THE VOLATILITY OF EQUITY AND PROPERTY YIELDS OF 25%

This sensitivity corresponds to a sudden increase at the start of the projected level of equity and property volatility of 25%.

INCREASE IN THE INTEREST RATE VOLATILITY OF 25%

This sensitivity corresponds to a sudden increase at the start of the projected level of swaption volatility.

Non-financial sensitivities

MORTALITY RATE -5%

Mortality sensitivity is presented by separating mortality sensitivity on annuities policies and on other policies (term insurance).

OTHER CLAIM RATIOS -5%

This sensitivity shows the changes in value under a scenario in which the ratio of claims to premiums on protection (other than term insurance) and health decline by 5%.

RATE OF DECLINE -10%

This sensitivity corresponds to a decline in the policy surrender rate of 10%.

COSTS -10%

This sensitivity corresponds to a decrease in administrative and management costs (other than commissions and acquisition costs).

(b) EEV financial sensitivities – France

GROUPAMA EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2010 – FRANCE

(in millions of euros)	ANAV	VIF	EEV	
Central value	**2,218.0**	**560.7**	**2,778.7**	
	Δ ANAV (A)	**Δ VIF (B)**	**Δ EEV (A+B)**	**Δ EEV (%)**
Impact of a 100bp increase in the interest rate curve	(116.5)	(99.8)	(216.3)	-7.8%
Impact of a 100bp decrease in the interest rate curve	140.4	30.4	170.8	6.1%
Impact of a 10% decline in equity and property values	(79.0)	(430.4)	(509.5)	-18.3%
Impact of a 25% increase in interest rate volatility	-	(40.0)	(40.0)	-1.4%
Impact of a 25% increase in equity and property values volatility	-	(211.6)	(211.6)	-7.6%

(c) EEV Financial Sensitivities - International

GROUPAMA EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2010 – INTERNATIONAL

(in millions of euros)	ANAV	VIF	EEV	
Central value	**369.5**	**132.6**	**502.0**	
	Δ ANAV (A)	**Δ VIF (B)**	**Δ EEV (A+B)**	**Δ EEV (%)**
Impact of a 100bp increase in the interest rate curve	(10.6)	(5.3)	(15.9)	-3.2%
Impact of a 100bp decrease in the interest rate curve	11.5	0.1	11.7)	2.3%
Impact of a 10% decline in equity and property values	(5.7)	(7.5)	(13.2)	-2.6%
Impact of a 25% increase in interest rate volatility	-	(11.8)	(11.8)	-2.3%
Impact of a 25% increase in equity and property values volatility	-	(1.7)	(1.7)	-0.3%

(d) EEV non-financial sensitivities – France

GROUPAMA EEV NON-FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2010 – FRANCE

(in millions of euros)	EEV	
Central value	**2,778.7**	
	Δ EEV	**Δ EEV (%)**
Administrative expenses -10%	155.5	5.6%
Lapse rates -10%	26.4	0.9%
Mortality (annuities) -5%	(72.0)	-2.6%
Mortality (other products) -5%	45.7	1.6%
Other claim ratios -5%	190.3	6.8%

(e) EEV non-financial sensitivities – International

GROUPAMA EEV NON-FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2010 – INTERNATIONAL

(in millions of euros)	EEV	
Central value	**502.0**	
	Δ EEV	**Δ EEV (%)**
Administrative expenses -10%	20.5	4.1%
Lapse rates -10%	3.7	0.7%
Mortality (annuities) -5%	(0.2)	-0.0%
Mortality (other products) -5%	4.8	1.0%
Other claim ratios -5%	19.7	3.9%

(f) New Business Sensitivities – France

GROUPAMA 2010 EEV NEW BUSINESS SENSITIVITIES – FRANCE

(in millions of euros)	NBV
Central value	**26.8**
	Δ NBV
Risk-free rate +100 bp	15.5
Risk-free rate -100 bp	(31.8)
Decrease in equity and property values of 10%	(0.7)
Interest rate volatility +25%	(8.2)
Shares and real estate return volatility +25%	-
Administrative expenses +10%	14.2
Lapse rates -10%	5.8
Mortality (annuities) -5%	0.1
Mortality (other products) -5%	3.3
Other claim ratios -5%	26.8

(g) New Business Sensitivities – International

GROUPAMA 2010 EEV NEW BUSINESS SENSITIVITIES – INTERNATIONAL

(in millions of euros)	NBV
Central value	**1.6**
	Δ NBV
Risk-free rate +100 bp	3.6
Risk-free rate -100 bp	(5.5)
Decrease in equity and property values of 10%	-
Interest rate volatility +25%	(1.5)
Shares and real estate return volatility +25%	-
Administrative expenses -10%	3.7
Lapse rates -10%	2.8
Mortality (annuities) -5%	0.0
Mortality (other products) -5%	4.4
Other claim ratios -5%	5.3

5.2.3 EEV ADJUSTMENT/CONSOLIDATED NET EQUITY

The table below shows the adjustments to be made to value the items not accounted for in the consolidated shareholders' equity.

The following adjustments do not take into account Goodwill.

(in millions of euros)	2010 International	2010 France	2010 Total	2009 Total	Change 2009/2010 Total
VIF	133	561	693	1,171	(477)
Additional elements included in VIF	(66)	(95)	(162)	(167)	5
Amortization of acquisition costs	(8)	(76)	(84)	(52)	(32)
Unrealised capital gains entered in consolidated shareholders' net equity	60	546	606	187	419
Unrealised capital gains entered in ANAV	(8)	(105)	(113)	(26)	(87)
Intangible assets	(29)	(73)	(102)	(99)	(3)
Other adjustments	(15)	(23)	(38)	(19)	(19)
ADDITIONAL VALUE NOT TAKEN INTO ACCOUNT IN THE IFRS SHAREHOLDER'S NET EQUITY	**67**	**734**	**801**	**995**	**(194)**

The additional elements included in VIF that gave rise to adjustments at end-2010 correspond to reserve provisions that do not qualify for recognition under IFRS.

Except for unrealised property value gains, the share of unrealised capital gains or losses attributable to the shareholder is allowed for in the consolidated shareholders' net equity and in the portfolio value. Thus the unrealised gains or losses entered on the books in the net consolidated accounts, after profit sharing and tax, are cancelled out.

The share of unrealised gains or losses in equity, included within the ANAV and not within the portfolio value, is included in the adjustments.

The adjusted intangible assets comprise the VOBA and capitalised software.

Other adjustments arise from differences between the net book value of the Company (EEV view) and the consolidated net book value, specifically in the property assets class, as well as the allowance of holding costs attributable to the Life business of the Group in the EEV.

5.2.4 MILLIMAN OPINION

"Milliman independent actuarial firm, has reviewed the European Embedded Value of Groupama as of 31 December 2010. In this context we have reviewed the methodology, the assumptions used and the calculations done internally by the Company according to the directives and under the responsibility of the management. Our review has covered the European Embedded Value (EEV) as of 31 December 2010, the 2010 New Business Value (NBV), the analysis of movements and the calculation of sensitivities.

Milliman has concluded that the methodology and the assumptions used comply with the CFO forum EEV Principles and that the calculations have been produced in accordance with the methodology and the assumptions.

In order to derive the reference yield curve assumption, two categories of subsidiaries have been considered:

- a first category covering the subsidiaries in France, Spain, Italy and Portugal for which a composite government bonds yield curve has been used. This yield curve has been derived by a weighting of the governments bonds curves of the different countries considering their respective weight in the asset portfolio of Groupama, as of 31 December 2010. A liquidity premium of 16 bp has also been used.

The reference rates used are the following:

Maturity	1 y	2 y	3 y	4 y	5 y	7 y	10 y	15 y	20 y
Rates	1,91%	2,35%	2,77%	3,18%	3,56%	4,08%	4,62%	4,85%	4,75%

- the local government bonds yield curves has been used for the subsidiaries in the other countries.

The calculations have been based on a stochastic approach with the exception of the calculations performed for the Romanian and Turkish subsidiaries and for a portfolio of the subsidiary in Hungary. For these entities, the calculations have been performed based on a Traditional Embedded Value approach which allows for the financial options and guarantees through the use of a risk premium.

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In arriving at these conclusions, we have relied on data and information provided by Groupama without undertaking an exhaustive review of them. We have performed limited high-level checks and reconciliations as well as more detailed analyses on some specific portfolios. We have confirmed that any issues discovered do not have a material impact at the Group level.

The calculations of Embedded Value necessarily make numerous assumptions with respect to economic conditions, operating conditions, policyholder behaviours, taxes and other matters, many of which are beyond the control of Groupama's management. The valuations depend on actual results matching assumptions applied; actual future experience may vary from that assumed in the calculation of the Embedded Value results. Such deviation may materially impact the value calculated".

5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed eligible for reduction	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2009	€104,181,645.60	€98,555.85	€104,083,089.75
2008	€53,248,396.64	€52,264.51	€53,196,132.13
2007	€155,114,894.56	€168,034.66	€154,946,859.90

5.3.2 DISTRIBUTION POLICY

In fiscal year 2010, a proposal will be made to the general meeting of 25 May 2011 to pay a dividend of €0.45 per share corresponding to a total distribution of €104.2 million, representing 26.9% of consolidated net income.

	2010	2009	2008
Total dividend	€104.2 million	€104.2 million	€53.2 million
Dividend per share	€0.45	€0.45	€0.23
Consolidated net income	€387 million	€660 million	€273 million
Distribution rate	26.9%	15.8%	19.5%

5.3.3 STATUTE OF LIMITATIONS

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations. They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.4 CASH AND GROUP FINANCING

5.4.1 CASH

Cash and cash equivalents totalled €764 million as at 31 December 2010, down €464 million compared to 31 December 2009.

The distribution of cash flows for fiscal year 2010 among the various business lines is as follows:

- Insurance and Bank cash flow activity: -€24 million
- Financial activities cash flow: -€440 million
- **Total: -€464 million**

5.4.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €2.8 billion as at year-end 2010.

Total subordinated debt as at 31 December 2010 fell €750 million over 31 December 2009 and totalled €1.25 billion. This drop was the result of the January 2010 redemption of the subordinated security (TSR) issued in July 1999. The redemption was made possible by the late 2009 new bond issue in the form of redeemable subordinated bonds in the same amount.

Group external debt totalled €1,404 million, down €449 million compared to 31 December 2009, due primarily to Groupama SA's repayment of a portion of the syndicated loan in the amount of €440 million.

Financial debt to businesses in the banking sector came mainly from:

- borrowings held as part of the financing of real estate programmes of the Group's subsidiaries for an amount of €1,204 million, up €45 million over 31 December 2009, including €155 million in the form of am ORNANE bond (issued by the real estate developer, Silic);
- a credit facility of €200 million at the variable six-month Euribor rate, plus a margin of 0.15%.

The debt-to-equity ratio net of revaluation reserves (including subordinated liabilities and minority interests) totalled 41.7% at year-end 2010. A significant portion of the Group debt (excluding subordinated liabilities) is carried by the Silic, the listed real estate subsidiary, which makes regular use of loans to develop its real estate portfolio.

Adjusting for this item, the Group's debt ratio, which shrank due to its organic growth (including debt related to various real estate leases) stood at 23.4% at year-end 2010, corresponding to subordinated loans issued for an amount of €1,245 million and to the €200 million credit facility.

	31.12.2010				31.12.2009			
(in millions of euros)	<1 year	1 to 5 years	> 5 years	Total	<1 year	1 to 5 years	> 5 years	Total
Subordinated debt			1,245	1,245	750		1,245	1,995
Financial debt represented by securities	1		154	155				0
Financial debt with banking-sector companies	219	815	370	1,404	654	810	389	1,853
TOTAL FINANCING DEBT	**220**	**815**	**1,769**	**2,804**	**1,404**	**810**	**1,634**	**3,848**

The subordinated debt corresponds to:

- a bond in the form of redeemable subordinated bonds (TSRs) was issued on 27 October 2009 as part of the financing of the July 1999 call on this bond, redeemed on 22 January 2010 following the agreement of French Prudential Supervisory Authority (ACP) in late 2009. This 30-year bond has a fixed annual rate of 7.875% until the call date of 27 October 2019. After that date, the rate applied will be the three-month Euribor rate plus a margin of 5.36%. As at 31 December, the price for this issue was 98%, as it was at 31 December 2009;
- a fixed rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for a par value of €500 million, at the fixed rate of 4.375% for the first 10 years, then at the variable three-month Euribor rate plus a margin of 2.25%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. As at 31 December, these perpetual bonds (TSDI) were trading at 77%, compared to 71.5% as at 31 December 2009.

In addition, Groupama SA issued a perpetual super-subordinated bond (TSS) in October 2007 for €1,000 million. Under IFRS, these securities constitute a shareholders' equity instrument and thus do not appear in the tables above. They were issued at a fixed rate of 6.298% for the first ten years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 2.60%. They may be repaid early in full, starting 22 October 2017. As at 31 December, this TSS was trading at 75.3%, compared to 68% as at 31 December 2009.

Furthermore, to enable, as needed, the financing or refinancing of major external growth transactions, the regional mutuals, gathered at a general meeting in February 2006, approved in principle a public offering of the share capital of Groupama SA, provided that the latter would preserve at least 50.01% of the share capital.

5.4.3 FINANCING EQUILIBRIUM

In 2010, the principal financing equilibriums at the Group level were the following:

Sources of funds:

› Free cash flow:	€1,084 million
› Repayment of subsidiaries' loans:	€143 million
› Asset income:	€666 million
› **Total sources:**	**€1,893 million**

Uses of funds:

› Credit facility/TSR repayment:	€1,190 million
› Investments in subsidiaries and shareholdings:	€383 million
› Dividends paid:	€104 million
› Financial balance:	€142 million
› Operating balance:	€74 million
› **Total uses:**	**€ €1,893 million**

In 2009, investments in subsidiaries and shareholdings amounted to €540 million.

In 2008, the Group's acquisitions of international subsidiaries (OTP Garancia Hungary, Asiban, Güven Sigorta, OTP Bank, OTP Garancia Bulgaria and OTP Garancia Slovakia) amounted to €1.4 billion.

5.5 PROPERTY, PLANT AND EQUIPMENT

The registered office of the Company is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, for a total value of €4.1 billion. These assets are located primarily in Paris and Île de France.

5.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

There is no other governmental, administrative, judicial, or arbitration proceedings, including any outstanding or threatened proceedings known to the Company, that might have had, or has had over the past twelve months significant effects on its financial situation or profitability, or that of the Group.

6 FINANCIAL STATEMENTS

Pursuant to Article 28 of the Commission Regulation (EC) no 809/2004 of 29 April 2004, the following information is incorporated by reference in this Registration Document:

- **Groupama SA consolidated financial statements for the fiscal year ended 31 December 2009 and the related statutory auditors' report appearing on pages 164 to 361, and 262 to 263 of the Registration Document registered with the AMF on 22 April 2010 ;**
- **Groupama SA consolidated financial statements for the fiscal year ended 31 December 2009 and the related statutory auditors' report appearing on pages 152 to 247, and 248 to 249 of the Registration Document registered with the AMF on 14 April 2009 under number R.09-017.**

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

ASSET

(in millions of euros)	Notes	31.12.2010	31.12.2009
Goodwill	Note 2	3,141	3,218
Other intangible assets	Note 3	684	665
Intangible assets		**3,826**	**3,883**
Investment properties, excluding unit-linked investments	Note 4	3,139	3,377
Unit-linked investment properties	Note 7	94	102
Operating activities property	Note 5	779	705
Financial investments (excluding unit-linked items)	Note 6	67,353	66,045
Financial investments in unit-linked investments	Note 7	3,569	3,555
Derivative instruments and embedded derivatives treated separately	Note 8	125	181
Insurance activities investments		**75,058**	**73,965**
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**	**1,420**	**1,553**
Other property, plant and equipment	Note 12	200	174
Deferred acquisition costs	Note 13	580	584
Deferred profit-sharing asset	Note 14	1,718	331
Deferred tax assets	Note 15	469	360
Receivables from insurance and inward reinsurance	Note 16	2,658	2,575
Receivables from outward reinsurance	Note 17	148	173
Current tax receivables and other tax receivables	Note 18	241	212
Other receivables	Note 19	1,979	1,935
Other assets		**7,993**	**6,345**
Assets held for sale and discontinued activities			
Cash and cash equivalents	**Note 20**	**1,036**	**1,407**
TOTAL		**93,065**	**90,660**

COMBINED

Liabilities	Notes	31.12.2010	31.12.2009
Share capital	Note 21	1,187	1,187
Revaluation reserves	Note 21	(1,036)	(489)
Other reserves	Note 21	4,021	3,521
Unrealised foreign exchange adjustments	Note 21	(291)	(307)
Consolidated profit	Note 21	387	660
Shareholder's equity (Group share)		**4,268**	**4,572**
Minority interests	Note 21	170	189
Total shareholders' equity		**4,438**	**4,761**
Contingent liabilities	**Note 22**	**422**	**438**
Financial debt	**Note 24**	**2,804**	**3,848**
Liabilities related to insurance policies	**Note 25**	**48,711**	**46,872**
Liabilities related to financial contracts	**Note 26**	**23,227**	**22,290**
Deferred profit-sharing liabilities	**Note 28**	**18**	**34**
Sources of funds for banking sector activities	**Note 9**	**3,073**	**2,973**
Deferred tax liabilities	Note 29	289	771
Debts to unit holders of consolidated mutual funds	Note 30	555	1,460
Operating debts to banking sector companies	Note 20	423	545
Liabilities from insurance or inward reinsurance activities	Note 31	793	799
Liabilities from outward reinsurance activities	Note 32	359	365
Current taxes payable and other tax liabilities	Note 33	294	189
Derivative instrument liabilities	Note 8	262	171
Other debt	Note 34	7,395	5,144
Other liabilities		**10,370**	**9,444**
Liabilities for held for sale or discontinued activities		**0**	
TOTAL		**93,065**	**90,660**

6.1.2 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	31.12.2010	31.12.2009
Written premiums	Note 35	14,380	14,170
Change in unearned premiums		(13)	(48)
Earned premiums		**14,367**	**14,122**
Net banking income, net of cost of risk	**Note 1**	**234**	**235**
Investment income	Note 36	3,022	3,042
Investment expenses	Note 36	(729)	(660)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 36	641	1,253
Change in fair value of financial instruments recorded at fair value through income	Note 36	122	421
Change in impairment losses on investments	Note 36	(182)	(38)
Investment income net of expenses		**2,873**	**4,018**
Total income from ordinary operations		**17,474**	**18,374**
Insurance policy servicing expenses	Note 37	(13,058)	(13,358)
Income from outward reinsurance	Note 38	349	501
Expenses on outward reinsurance	Note 38	(727)	(771)
Net outward reinsurance income (expenses)		**(13,436)**	**(13,627)**
Banking operating expenses	Note 1	(217)	(226)
Policy acquisition costs	Note 40	(1,889)	(1,826)
Administrative costs	Note 41	(954)	(985)
Other income and expenses from current operations	Note 42	(481)	(347)
Total other current income and expenses		**(16,977)**	**(17,013)**
Current operating profit		**497**	**1,362**
Other operating income and expenses	Note 43	(139)	(392)
Operating profit		**358**	**970**
Financing expenses	Note 44	(130)	(129)
Share in income of related companies	Note 10		11
Corporate income tax	Note 45	197	(156)
NET PROFIT FOR THE CONSOLIDATED ENTITY		**425**	**697**
of which, minority interests	Note 21	38	37
OF WHICH NET PROFIT (GROUP SHARE)		**387**	**660**

6.1.3 NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	31.12.2010			31.12.2009		
(in millions of euros)	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the period	**387**	**38**	**425**	**660**	**37**	**697**
Change in foreign exchange gains and losses	16		16	(9)		(9)
Change in gross unrealised capital gains and losses on available-for-sale assets	(2,086)	(7)	(2,093)	2,243	13	2,256
Revaluation of hedging derivative instruments	(33)	(10)	(43)	(27)	(10)	(37)
Change in actuarial gains (losses) on post-employment benefits	(9)		(9)	(30)		(30)
Change in shadow accounting	1,400	6	1,406	(1,244)	(10)	(1,254)
Change in deferred taxes	175	1	176	(103)	(1)	(104)
Other	(9)		(9)	(3)		(3)
Gains (losses) recognised directly in shareholders' equity	**(546)**	**(10)**	**(556)**	**827**	**(8)**	**819**
NET PROFIT AND GAINS (LOSSES) RECOGNISED IN SHAREHOLDERS' EQUITY	**(159)**	**28**	**(131)**	**1,487**	**29**	**1,516**

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.

6.1.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Income (loss)	Deeply sub-ordinated instru-ments	Conso-lidated reserve	Re-valuation reserves	Unrealised foreign exchange adjustment	Unrealised Share-holders' equity Group share	Share of minority interests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS AT 31.12.08	**1,187**	**273**	**1,000**	**2,366**	**(1,349)**	**(298)**	**3,179**	**208**	**3,387**
Appropriation of 2008 profit (loss)		(273)		273					
Dividends				(94)			(94)	(50)	(144)
Change in share capital								9	9
Business combinations								(7)	(7)
Impacts of transactions with shareholders		**(273)**		**179**			**(94)**	**(48)**	**(142)**
Unrealised foreign exchange adjustments						(9)	(9)		(9)
Available-for-sale assets					2,243		2,243	13	2,256
Shadow accounting					(1,244)		(1,244)	(10)	(1,254)
Deferred taxes				9	(112)		(103)	(1)	(104)
Actuarial gains (losses) on post-employment benefits				(30)			(30)		(30)
Other				(3)	(27)		(30)	(10)	(40)
Net profit (loss) for the period		660					660	37	697
Total income (expenses) recognised for the period		**660**		**(24)**	**860**	**(9)**	**1,487**	**29**	**1,516**
Total movements for the period		**387**		**155**	**860**	**(9)**	**1,393**	**(19)**	**1,374**
SHAREHOLDERS' EQUITY AS AT 31.12.09	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**
Appropriation of 2009 profit (loss)		(660)		660					
Dividends				(145)			(145)	(51)	(196)
Change in share capital								5	5
Business combinations								(1)	(1)
Impacts of transactions with shareholders		**(660)**		**515**			**(145)**	**(47)**	**(192)**
Unrealised foreign exchange adjustments						16	16		16
Available-for-sale assets					(2,086)		(2,086)	(7)	(2,093)
Shadow accounting					1,400		1,400	6	1,406
Deferred taxes				3	172		175	1	176
Actuarial gains (losses) on post-employment benefits				(9)			(9)		(9)
Other				(9)	(33)		(42)	(10)	(52)
Net profit (loss) for the period		387					387	38	425
Total income (expenses) recognised for the period		**387**		**(15)**	**(547)**	**16**	**(159)**	**28**	**(131)**
Total changes for the period		**(273)**		**500**	**(547)**	**16**	**(304)**	**(19)**	**(323)**
SHAREHOLDERS' EQUITY AS AT 31.12.2010	**1,187**	**387**	**1,000**	**3,021**	**(1,036)**	**(291)**	**4,268**	**170**	**4,438**

6.1.5 STATEMENT OF CASH FLOWS

(in millions of euros)	31.12.2010	31.12.2009
Operating profit before taxes	358	970
Gains (losses) on sale of investments	(628)	(976)
Net depreciation charges	274	287
Change in deferred acquisition costs	13	0
Changes in impairment	274	(69)
Net increases in technical reserves related to insurance policies and financial contracts	2,938	3,462
Net increases in other provisions	(38)	14
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	(122)	(421)
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	**2,711**	**2,297**
Change in operating receivables and payables	(105)	(459)
Change in banking operating receivables and payables	(213)	4
Change in securities repurchase agreements	2,523	(1,040)
Cash flows from other assets and liabilities	(135)	(51)
Net taxes paid	(297)	71
NET CASH FLOWS FROM OPERATING ACTIVITIES	**4,842**	**1,792**
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	(3,914)	(1,813)
Net acquisitions of real estate investment	303	(156)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	5	(18)
Cash flow from acquisitions and issues of investments	**(3,606)**	**(1,987)**
Net acquisitions of tangible and intangible assets and operating assets	(247)	(100)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(247)**	**(100)**
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(3,963)**	**(2,142)**
Dues		
Equity instruments issued	5	9
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(196)	(145)
Cash flows from transactions with shareholders and members	**(191)**	**(136)**
Cash allocated to financial debt	(1,045)	560
Interest paid on financial debt	(130)	(129)
Cash flows related to Group financing	**(1,175)**	**431**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(1,366)**	**295**

(in millions of euros)	31.12.2010	31.12.2009
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2010	**1,228**	**1,277**
Net cash flows from operating activities	4,842	1,792
Net cash flows from investment activities	(3,963)	(2,142)
Net cash flows from financing activities	(1,366)	295
Effect of foreign exchange fluctuations on cash	23	6
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2010	**764**	**1,228**
Cash and cash equivalents	1,406	
Mutual, central bank and postal bank	370	
Operating debts to banking sector companies	(548)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2010	**1,228**	
Cash and cash equivalents	1,036	
Mutual, central bank and postal bank	162	
Operating debts to banking sector companies	(434)	
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2010	**764**	

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Summary of the Notes

1 SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 – Significant events

1.1.1 – Development of the group

(a) France

GAN: A NEW POSITIONING

On 29 August 2010, Gan presented its new brand positioning 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 website groupama.fr has once again seen strong growth in 2010. Traffic to 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 non life insurance contracts (auto, multi-risk home, individual accident, travel) 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 protection 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, one 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.

(b) 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.

1.1.2 – Other factors

(a) 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 €185 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 €75 million.

(b) Floods in Var

The cost of floods in the department of Var is €56 million for the Group and €17 million covered by external reinsurers. Net of tax, the cost to the Group is estimated at €26 million.

(c) 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 year 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 €325 million.

(d) 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.

(e) 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.

(f) 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.

(g) Awards for Groupama Banque and Groupama Asset Management

On 23 September 2010, Groupama Banque won 2nd 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

(a) 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 CONSOLIDATION 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 the Federation 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 consolidated financial statements

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

The mandatory regulations and interpretations to be applied for fiscal years starting 1 January 2010 were applied in preparing the Group's financial statements as at 31 December 2010, particularly 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 IFRS by insurance entities.

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

The Group adopted IFRS for the first time 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);
- mate 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 – Consolidation scope and policies

A company is included in the consolidation scope once its consolidation, or that of the sub-group, which it heads, on a stand alone basis or with other consolidated businesses, is material in relation to the consolidated financial statements of all companies included in the scope of consolidation. It is assumed that insurance or banking operational entity must be consolidated once the equity, balance sheet, or earned premiums of this entity represent €30 million of the consolidated equity, or €50 million of the consolidated balance sheet total, or €10 million of the Group's earned premiums.

Under IFRS 3, mutual funds and real estate partnerships are either fully consolidated or consolidated by the equity method. Control is 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.

(a) Consolidating company

The consolidating company is the company that exclusively or jointly controls other companies, whatever their legal entity status, or which exerts a significant influence on them.

(b) Exclusively controlled entities

Companies exclusively controlled by the Group, regardless of their structure, are fully consolidated. These entities are consolidated once they are controlled. Control is the power to direct the financial and operational policies of the entity in order to obtain the benefits of its activities.

An entity is no longer fully consolidated once the Group no longer exerts effective control over the entity.

Full consolidation consists of:

- integrating in the consolidating company's accounts the items in the accounts of the consolidated companies, after any restatements;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests".

(c) 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.

(d) Related companies

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

When the consolidating entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

The equity method consists of:

- replacing the carrying amount of the shares held by the Group, share of capital and reserves 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.

(e) Deconsolidation

When an entity is in run-off (*i.e.*, it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, earnings, 1% of consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are recorded in accordance with the methodology defined for this type of securities.

2.3.2 – Change in the scope of consolidation

Changes in the scope of consolidation are described in Note 50 of the notes to the Financial Statements.

2.3.3 – Consistency of accounting principles

The Groupama SA consolidated financial statements are presented consistently for the entity formed by the companies included within the scope of consolidation, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (predominance of substance over form, 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 consolidated by GROUPAMA SA

All Group intercompany transactions are eliminated.

When such transactions affect the consolidated results, 100% of the profits and losses and the capital gains and losses are eliminated, and then allocated between the interests of the consolidating company and the minority interests in the company that recorded the results. In the case of eliminating losses, the Group ensures that the value of the asset transferred is not permanently modified. The elimination of intercompany transactions on assets has the effect of accounting for them at the value they were first recorded in the consolidated balance sheet (consolidated historic cost).

Thus, 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 business 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.

(a) 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.

(b) Reclassifications

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available for sale may be reclassified outside the category of assets 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.

(c) Initial recognition

The Group books its financial assets when it becomes a party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus; 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.

(d) 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.

(e) Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading 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.

(f) 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 a 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 this regard, the observed volatility in the markets in April, May and June 2010 is at a level equivalent to that of markets in the fourth quarter of 2008 or March 2009. The initial observation period may be extended from 36 months to 48 months for securities which are held by the Group over the long term and which are designated as strategic.

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.

(g) 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.

(a) Initial recognition

Lands and buildings appear on the balance sheet at their acquisition cost. Real estate value includes significant transaction costs directly attributable to the transaction, except in the specific case of 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).

(b) Valuation

The amortised cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus 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 prudentiel, in France). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(c) Subsequent expenses

Subsequent expenses must be added to the book value of the real estate:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- and these expenses can be reliably measured.

(d) 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.

(e) 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

3.8.1 – Revaluation reserves

The revaluation reserve includes the differences resulting from the revaluation at fair value of balance sheet items, particularly:

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to the provisions of IAS 21. These are unrealised gains and losses;
- the effects of the revaluation of available-for-sale financial assets in accordance with the provisions of IAS 39. These are unrealised gains and losses;
- the cumulative impact of the gain or loss from shadow accounting;
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

3.8.2 – Other reserves

Other reserves consist of the following items:

- retained earnings;
- Group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to TSS (deeply subordinated securities) whose features allow recognition in shareholders' equity.

3.8.3 – 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.

3.8.4 – Minority interests

Minority interests represent the share in the net assets and net earnings of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning the purchase of minority interests and minority interests on consolidated mutual funds, refer to Note 3.6).

3.9 – 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.

3.9.1 – Personnel benefits

(a) Pension commitments

The companies of the Group have different pension schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined benefit schemes and defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to contribute additional amounts to the scheme in the event the assets are not sufficient to pay all employees the benefits owed for the services rendered during the current and previous years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined benefit pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

The actuarial gains and losses resulting from experience-based adjustments and modifications in the actuarial assumptions are 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.

3.10.1 – Initial recognition

Financial debts are recognised when the Group becomes a party to the contractual provisions for such debts. The amount of the financial debt is then equal to the fair value, adjusted if necessary for the transaction costs directly chargeable to the acquisition or issue of such debts.

3.10.2 – Valuation rules

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

3.10.3 – 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.

(a) Insurance policies

An insurance policy is a contract under which one party, the insurer, accepts a significant insurance risk from another party, the policyholder, agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, negatively affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4, provided that the reserves thus established meet the solvency tests stipulated by international standards (see Note 3.11.2.c).

(b) Financial contracts

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. There are two categories of financial contracts: financial contracts with/without discretionary profit-sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or date of which is wholly or partially at the insurer's discretion, and the valuation of which is based either on the performance of a set of contracts or a specific contract, or on the profit or loss of the insurer, of a fund or any other entity that issued the contract, or on the realised and/or unrealised return on investments from a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit-sharing are treated using the valuation procedures described in Note 3.11.3.

3.11.2 – Insurance policies subject to IFRS 4

(a) Non-life insurance policies

PREMIUMS

Written premiums represent the gross 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.

Premiums written and adjusted for the change in reserves for unearned premiums (which are defined below) constitute earned premiums.

INSURANCE POLICY SERVICING EXPENSES

Non-life insurance policy servicing expenses essentially include the services and related expenses paid and the change in reserves for claims and other technical reserves.

The services and related expenses relate to the claims settled net of claims receivable collected for the year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

TECHNICAL LIABILITIES RELATED TO NON-LIFE INSURANCE POLICIES

- Reserves for unearned premiums

  The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.

- Reserves for unexpired risks

  The reserves for unexpired risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.

- 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 and climate risks, and the risks that are highly seasonal in nature.

- Other technical reserves
  - Actuarial reserves for annuities

    The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.
  - Reserve for increasing risks

    This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.

DEFERRED ACQUISITION COSTS

In Non-life insurance, the acquisition costs for unearned premiums are deferred and booked as assets.

(b) Life insurance policies and financial contracts with discretionary profit-sharing

PREMIUMS

Written premiums represent the gross 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.

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT-SHARING

- Actuarial reserves

  Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the 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

(a) Inward reinsurance

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These transactions are classified using the same rules as described for insurance policies or financial contracts in Note 3.11.1 Classification. In the absence of sufficient information from the outward reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

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

(b) Outward reinsurance

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.11.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and 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 distribution of banking products, including fund management activities, real estate management, private equity and employee savings;
- **Holding company activity**. This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.14 – Functional breakdown of expenses

Management fees and commissions related to insurance business are classified on the basis of their function by applying allocation keys defined as a function of the structure and organisation of each of the insurance entities.

Expenses are classified in the following six categories:

- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

4 NOTES TO THE 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

	31.12.2010			31.12.2009		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Intangible assets	1,239	2,585	3,826	1,195	2,688	3,883
Insurance activities investments	66,708	8,350	75,058	65,569	8,395	73,965
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	1,136	284	1,420	1,220	333	1,553
Other assets	6,248	1,745	7,993	4,696	1,650	6,346
Assets held for sale and discontinued activities						
Cash and cash equivalents	546	490	1,036	785	622	1,407
TOTAL CONSOLIDATED ASSETS	**79,479**	**13,583**	**93,065**	**76,853**	**13,808**	**90,661**
Contingent liabilities	264	158	422	283	155	438
Financial debt	2,785	19	2,804	3,830	18	3,848
Liabilities related to insurance policies	41,221	7,490	48,711	39,195	7,677	46,872
Liabilities related to financial contracts	21,777	1,450	23,227	21,061	1,229	22,290
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	9,681	689	10,370	8,669	775	9,444
Liabilities for activities held for sale or discontinued operations						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**78,820**	**9,806**	**88,626**	**76,045**	**9,854**	**85,899**

Note 1.1.2 – Segment reporting by geographic area - Income statement

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Earned premiums	10,230	4,137	14,367	10,064	4,057	14,122
Net banking income, net of cost of risk	234		234	235		235
Investment income	2,605	417	3,022	2,591	451	3,042
Investment expenses	(674)	(54)	(729)	(614)	(46)	(660)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	577	64	641	1,171	82	1,253
Change in fair value of financial instruments recorded at fair value through income	134	(12)	122	374	47	421
Change in impairment losses on investments	(176)	(6)	(182)	(30)	(8)	(38)
Total income from ordinary operations	**12,929**	**4,545**	**17,474**	**13,792**	**4,582**	**18,374**
Insurance policy servicing expenses	(9,900)	(3,157)	(13,058)	(10,126)	(3,232)	(13,358)
Income from outward reinsurance	307	42	349	380	121	501
Expenses on outward reinsurance	(599)	(128)	(727)	(589)	(182)	(771)
Banking operating expenses	(217)		(217)	(226)		(226)
Policy acquisition costs	(1,148)	(741)	(1,889)	(1,087)	(739)	(1,826)
Administrative costs	(683)	(271)	(954)	(727)	(259)	(985)
Other income and expenses from current operations	(428)	(52)	(481)	(296)	(51)	(347)
CURRENT OPERATING PROFIT	**260**	**237**	**497**	**1,122**	**240**	**1,362**
Other operating income (expenses)	32	(171)	(139)	(85)	(307)	(392)
OPERATING PROFIT	**292**	**66**	**358**	**1,037**	**(67)**	**970**
Financing expenses	(128)	(2)	(130)	(127)	(2)	(129)
Share in income of related companies	2	(2)		3	8	11
Corporate income tax	255	(58)	197	(217)	62	(156)
Net profit of consolidated entity	**420**	**5**	**425**	**697**	**1**	**697**
of which, minority interests	38		38	40	(3)	37
NET PROFIT (GROUP SHARE)	**382**	**5**	**387**	**656**	**3**	**660**

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	3,121	20		3,141	3,198	20		3,218
Other intangible assets	672	12		684	652	13		665
Insurance business investments	76,968	0	(1,911)	75,058	76,150		(2,186)	73,965
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	1,698		(278)	1,420	1,810		(257)	1,553
Other assets	9,082	177	(1,265)	7,994	6,894	174	(722)	6,346
Assets of businesses held for sale and discontinued activities								
Cash and cash equivalents	1,036	20	(20)	1,036	1,407	21	(21)	1,407
TOTAL CONSOLIDATED ASSETS	**92,881**	**3,670**	**(3,486)**	**93,064**	**90,303**	**3,569**	**(3,210)**	**90,661**
Contingent liabilities	407	15		422	428	10		438
Financial debt	3,572	27	(796)	2,804	4,720	27	(900)	3,848
Liabilities related to insurance policies	48,994		(283)	48,711	47,144		(272)	46,872
Liabilities related to financial contracts	23,227			23,227	22,290			22,290
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	12,549	197	(2,375)	10,370	11,259	177	(1,993)	9,444
Liabilities of businesses held for sale or discontinued activities				0				0
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**88,767**	**3,345**	**(3,486)**	**88,626**	**85,876**	**3,233**	**(3,210)**	**85,899**

Note 1.2.2 – Segment reporting by geographic area - Income statement

	31.12.2010										
	France					International					Total
(in millions of euros)	Property and casualty insurance	Life and health insurance	Ban-king	Holding	Total	Property and casualty insurance	Life and health insurance	Ban-king	Holding	Total	
Written premiums	3,827	6,305			10,133	3,073	1,174			4,247	**14,380**
Change in unearned premiums	96	2			98	(95)	(16)			(111)	**(13)**
Earned premiums	**3,923**	**6,307**			**10,230**	**2,978**	**1,159**			**4,137**	**14,367**
Net banking income, net of cost of risk			**234**		**234**						**234**
Investment income	447	2,149	0	8	2,605	193	219		5	417	**3,022**
Investment expenses	(199)	(488)	(0)	13	(674)	(35)	(18)		(1)	(54)	**(729)**
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	112	465		(0)	577	49	15			64	**641**
Change in fair value of financial instruments recorded at fair value through income	8	157		(32)	134	(4)	(8)			(12)	**122**
Change in impairment losses on investments	(29)	(148)		0	(176)	(3)	(3)			(6)	**(182)**
TOTAL INCOME FROM ORDINARY OPERATIONS	**4,263**	**8,443**	**234**	**(11)**	**12,929**	**3,178**	**1,364**		**4**	**4,545**	**17,474**
Insurance policy servicing expenses	(2,723)	(7,178)			(9,900)	(2,083)	(1,075)			(3,157)	**(13,058)**
Income from outward reinsurance	275	32			307	28	13			42	**349**
Expenses on outward reinsurance	(555)	(45)			(599)	(110)	(18)			(128)	**(727)**
Banking operating expenses			(217)		(217)						**(217)**
Policy acquisition costs	(620)	(528)			(1,148)	(606)	(135)			(741)	**(1,889)**
Administrative costs	(327)	(357)			(683)	(196)	(75)			(271)	**(954)**
Other income and expenses from current operations	(155)	(123)	8	(158)	(428)	(41)	(7)		(5)	(52)	**(481)**
CURRENT OPERATING PROFIT	**158**	**246**	**25**	**(169)**	**260**	**171**	**68**		**(1)**	**237**	**497**
Other income and expenses from current operations	(2)	34		0	32	(87)	(5)		(79)	(171)	**(139)**
OPERATING PROFIT	**156**	**280**	**25**	**(169)**	**292**	**84**	**63**		**(81)**	**66**	**358**
Financing expenses	(33)	(9)		(86)	(128)	(0)	(0)		(2)	(2)	**(130)**
Share in income of related companies	(4)	5			2	(2)	0			(2)	
Corporate income tax	25	157	(13)	86	255	(39)	(19)		1	(58)	**197**
NET PROFIT FOR THE CONSOLIDATED ENTITY	**144**	**433**	**12**	**(169)**	**420**	**43**	**44**		**(82)**	**5**	**425**
of which, minority interests	28	10			38						**38**
OF WHICH NET PROFIT (GROUP SHARE)	**116**	**422**	**12**	**(169)**	**382**	**43**	**44**		**(82)**	**5**	**387**

	31.12.2009										
	France					International					Total
(in millions of euros)	Property and casualty insurance	Life and health insurance	Ban-king	Holding	Total	Property and casualty insurance	Life and health insurance	Ban-king	Holding	Total	
Written premiums	3,701	6,306			10,007	2,936	1,226			4,162	**14,170**
Change in unearned premiums	54	3			57	(110)	5			(105)	**(48)**
Earned premiums	**3,755**	**6,309**			**10,064**	**2,826**	**1,232**			**4,057**	**14,122**
Net banking income, net of cost of risk			**235**		**235**						**235**
Investment income	479	2,106	0	6	2,591	194	252		5	451	**3,042**
Investment expenses	(211)	(395)	(0)	(8)	(614)	(24)	(20)		(2)	(46)	**(660)**
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	196	978		(3)	1,171	53	29			82	**1,253**
Change in fair value of financial instruments recorded at fair value through income	13	367		(6)	374	1	46			47	**421**
Change in impairment losses on investments	(1)	(2)		(27)	(30)	(4)	(5)			(8)	**(38)**
TOTAL INCOME FROM ORDINARY OPERATIONS	**4,232**	**9,364**	**235**	**(39)**	**13,792**	**3,046**	**1,534**		**3**	**4,582**	**18,374**
Insurance policy servicing expenses	(2,762)	(7,363)			(10,126)	(2,025)	(1,207)			(3,232)	**(13,358)**
Income from outward reinsurance	356	24			380	102	19			121	**501**
Expenses on outward reinsurance	(537)	(52)			(589)	(157)	(25)			(182)	**(771)**
Banking operating expenses			(226)		(226)						**(226)**
Policy acquisition costs	(575)	(511)			(1,087)	(601)	(138)			(739)	**(1,826)**
Administrative costs	(352)	(375)			(727)	(182)	(77)			(259)	**(985)**
Other income and expenses from current operations	(117)	(55)	9	(134)	(296)	(39)	(8)		(4)	(51)	**(347)**
CURRENT OPERATING PROFIT	**245**	**1,031**	**18**	**(172)**	**1,122**	**143**	**98**		**(1)**	**240**	**1,362**
Other income and expenses from current operations	(47)	(23)	0	(15)	(85)	(120)	(55)		(132)	(307)	**(392)**
OPERATING PROFIT	**198**	**1,008**	**18**	**(187)**	**1,037**	**24**	**42**		**(133)**	**(67)**	**970**
Financing expenses	(30)	(8)		(88)	(127)	(0)	0		(2)	(2)	**(129)**
Share in income of related companies	(1)	4			3	8	0			8	**11**
Corporate income tax	(46)	(282)	(2)	113	(217)	64	(3)		0	62	**(156)**
NET PROFIT FOR THE CONSOLIDATED ENTITY	**120**	**722**	**16**	**(163)**	**696**	**96**	**39**		**(134)**	**1**	**697**
of which, minority interests	28	12			40		(2)			(3)	**(37)**
OF WHICH NET PROFIT (GROUP SHARE)	**92**	**711**	**16**	**(163)**	**656**	**96**	**41**		**(134)**	**3**	**660**

NOTE 2 GOODWILL

	31.12.2010				31.12.2009
(in millions of euros)	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
OPENING AMOUNT	**3,524**	**(121)**	**(186)**	**3,218**	**3,497**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					(32)
Central and Eastern Europe	(4)	(79)	(8)	(91)	(161)
Turkey			10	10	(11)
United Kingdom	0		4	4	4
Greece					(5)
Spain					(41)
Tunisia					(33)
Other changes during the year	**(4)**	**(79)**	**6**	**(77)**	**(279)**
YEAR-END AMOUNT	**3,520**	**(199)**	**(180)**	**3,141**	**3,218**

(a) 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.

(b) 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

	31.12.2010				31.12.2009
(in millions of euros)	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Central and Eastern European countries	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	161			161	161
Total France and abroad	**994**			**994**	**994**
YEAR-END AMOUNT	**3,520**	**(199)**	**(180)**	**3,141**	**3,218**

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	**656**	**725**	**1,381**	**517**	**587**	**1,104**
Increase		200	200	133	192	325
Decrease		(27)	(27)		(58)	(58)
Unrealised foreign exchange adjustments	5		5	6		6
Change in scope of consolidation					4	4
Year-end gross amount	**661**	**898**	**1,559**	**656**	**725**	**1,381**
Opening cumulative amortisation & depreciation	**(142)**	**(496)**	**(638)**	**(79)**	**(406)**	**(485)**
Increase	(46)	(113)	(159)	(61)	(111)	(172)
Decrease		5	5		21	21
Unrealised foreign exchange adjustments	(4)		(4)	(2)		(2)
Change in scope of consolidation						
Year-end cumulative amortisation & depreciation	**(192)**	**(604)**	**(796)**	**(142)**	**(496)**	**(638)**
Opening cumulative long-term impairment	**(74)**	**(4)**	**(78)**	**(12)**	**(5)**	**(17)**
Long-term impairment recognised				(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	**(75)**	**(4)**	**(79)**	**(74)**	**(4)**	**(78)**
OPENING NET AMOUNT	**440**	**225**	**665**	**426**	**176**	**602**
YEAR-END NET AMOUNT	**394**	**290**	**684**	**440**	**225**	**665**

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 9 February 2010), 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 Law 2010-1330. These methods being 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 affect the results of the period and shareholders' equity as at 31 December 2010. 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

	31.12.2010						31.12.2009	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
(in millions of euros)	France	International	France	International	France	International	France	International
Year-end gross amount	**15**	**646**	**778**	**120**	**793**	**766**	**669**	**711**
Year-end cumulative amortisation & depreciation	(2)	(189)	(530)	(75)	(532)	(264)	(453)	(185)
Year-end cumulative long-term impairment	(12)	(64)	(4)		(16)	(64)	(16)	(62)
Amortisation and provisions	**(14)**	**(253)**	**(534)**	**(75)**	**(548)**	**(328)**	**(469)**	**(247)**
NET BOOK VALUE	**1**	**393**	**244**	**45**	**245**	**438**	**200**	**464**

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NOTE 4 INVESTMENT PROPERTIES (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2010			31.12.2009		
(in millions of euros)	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,812**	**363**	**4,175**	**3,540**	**457**	**3,997**
Acquisitions	177	6	183	436	9	445
Change in scope of consolidation	5	(35)	(30)	44		44
Subsequent expenses						
Assets capitalised in the year	12		12	15		15
Transfer from/to unit-linked property						
Transfer from/to operating activities property	(54)		(54)	10		10
Unrealised foreign exchange adjustments	1		1			
Outward reinsurance	(299)	(65)	(364)	(233)	(103)	(336)
Year-end gross amount	**3,654**	**269**	**3,923**	**3,812**	**363**	**4,175**
Opening cumulative amortisation & depreciation	**(791)**		**(791)**	**(750)**		**(750)**
Increase	(71)		(71)	(77)		(77)
Newly consolidated entities				(8)		(8)
Transfer from/to unit-linked property						
Transfer from/to operating activities property	10		10	(1)		(1)
Decrease	74		74	45		45
Year-end cumulative amortisation & depreciation	**(778)**		**(778)**	**(791)**		**(791)**
Opening cumulative long-term impairment	**(7)**		**(7)**	**(7)**		**(7)**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs	1		1			0
Year-end cumulative long-term impairment	**(6)**		**(6)**	**(7)**		**(7)**
OPENING NET AMOUNT	**3,014**	**363**	**3,377**	**2,783**	**457**	**3,240**
YEAR-END NET AMOUNT	**2,870**	**269**	**3,139**	**3,014**	**363**	**3,377**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**6,015**	**538**	**6,553**	**6,169**	**573**	**6,742**
UNREALISED CAPITAL GAINS	**3,145**	**269**	**3,414**	**3,155**	**210**	**3,365**

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 operating activities property (see Note 5) amount to €1.50 billion as at 31 December 2010 (net of profit sharing and tax).

The statement also includes leased real estates for a net book value of €116 million at 31 December 2010, versus €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

	31.12.2010						31.12.2009					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**3,570**	**84**	**3,654**	**269**		**269**	**3,688**	**124**	**3,812**	**363**		**363**
Cumulative amortisation	(762)	(16)	(778)				(766)	(24)	(791)			
Long-term impairment	(6)		(6)				(7)		(7)			
Year-end net amount	**2,802**	**68**	**2,870**	**269**		**269**	**2,915**	**99**	**3,014**	**363**		**363**
Year-end fair value of property, plant and equipment	**5,872**	**143**	**6,015**	**538**		**538**	**5,926**	**243**	**6,199**	**573**		**573**
UNREALISED CAPITAL GAINS	**3,070**	**75**	**3,145**	**270**		**270**	**3,012**	**143**	**3,155**	**210**		**210**

Note 4.2 – Investment properties by business

Note 4.2.1 – Investment properties by business - France

	31.12.2010					
	Property			SCI Shares		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	**1,476**	**2,094**	**3,570**	**217**	**52**	**269**
Cumulative amortisation	(305)	(457)	(762)			
Long-term impairment	(4)	(2)	(6)	(0)	(0)	
Year-end net amount	**1,168**	**1,634**	**2,802**	**217**	**52**	**269**
Year-end fair value of property, plant and equipment	**2,429**	**3,443**	**5,872**	**436**	**102**	**538**
UNREALISED CAPITAL GAINS	**1,261**	**1,809**	**3,070**	**219**	**51**	**270**

	31.12.2009					
	Property			SCI Shares		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	**1,514**	**2,174**	**3,688**	**311**	**52**	**363**
Cumulative amortisation	(307)	(459)	(766)			
Long-term impairment	(4)	(3)	(7)			
Year-end net amount	**1,203**	**1,712**	**2,915**	**311**	**52**	**363**
Year-end fair value of property, plant and equipment	**2,345**	**3,582**	**5,927**	**474**	**99**	**573**
UNREALISED CAPITAL GAINS	**1,142**	**1,870**	**3,012**	**163**	**47**	**210**

Note 4.2.2 – Investment properties by business - International

	31.12.2010					
	Property			SCI Shares		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	**26**	**58**	**84**	**0**	**0**	
Cumulative amortisation	(7)	(9)	(16)			
Long-term impairment			(0)	0	0	
Year-end net amount	**19**	**49**	**68**	**0**	**0**	
Year-end fair value of property, plant and equipment	**56**	**87**	**143**			
UNREALISED CAPITAL GAINS	**37**	**38**	**75**	**0**	**0**	

	31.12.2009					
	Property			SCI Shares		
(in millions of euros)	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 OPERATING ACTIVITIES PROPERTY

(in millions of euros)	31.12.2010 Property	SCI Shares	Total	31.12.2009 Property	SCI Shares	Total
Opening gross amount	**801**	**12**	**814**	**671**	**13**	**685**
Acquisitions	7		7	115		115
Newly consolidated entities						
Assets capitalised in the year	41		41	48		48
Transfer from/to investment property	54		54	(10)		(10)
Unrealised foreign exchange adjustment			0	(1)		(1)
Outward reinsurance	(2)		(2)	(22)	(1)	(23)
Year-end gross amount	**901**	**12**	**914**	**801**	**12**	**814**
Opening cumulative amortisation & depreciation	**(108)**	**0**	**(108)**	**(105)**	**0**	**(105)**
Increase	(18)		(18)	(14)		(14)
Newly consolidated entities						
Transfer from/to investment property	(10)		(10)	1		1
Decrease	2		2	10		10
Year-end cumulative amortisation & depreciation	**(134)**	**0**	**(134)**	**(108)**	**0**	**(108)**
Opening cumulative long-term impairment	**0**	**0**	**0**	**0**	**0**	**0**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs						
Year-end cumulative long-term impairment	**0**	**0**	**0**	**0**	**0**	**0**
OPENING NET AMOUNT	**693**	**12**	**705**	**566**	**13**	**579**
YEAR-END NET AMOUNT	**767**	**12**	**779**	**693**	**12**	**705**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**1,095**	**15**	**1,110**	**968**	**15**	**983**
UNREALISED CAPITAL GAINS	**328**	**3**	**331**	**275**	**3**	**278**

Note 5.1 – Operating activities property - by operating segment

	31.12.2010						31.12.2009					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**764**	**136**	**900**	**12**		**12**	**710**	**91**	**801**	**12**		**12**
Cumulative amortisation	(118)	(16)	(133)				(100)	(7)	(108)			
Long-term impairment												
Year-end net amount	**647**	**120**	**767**	**12**		**12**	**609**	**84**	**693**	**12**		**12**
Year-end fair value of property, plant and equipment	**900**	**195**	**1,095**	**15**		**15**	**851**	**117**	**968**	**15**		**15**
UNREALISED CAPITAL GAINS	**253**	**75**	**328**	**3**		**3**	**242**	**33**	**275**	**3**		**3**

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Note 5.2 – Operating activities property by activity

Note 5.2.1 – Operating activities property by activity - France

	31.12.2010					
	Property			SCI Shares		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	**541**	**224**	**764**	**6**	**6**	**12**
Cumulative amortisation	(68)	(49)	(118)			
Long-term impairment			0	(0)	(0)	
Year-end net amount	**472**	**174**	**647**	**6**	**6**	**12**
Year-end fair value of property, plant and equipment	**591**	**310**	**900**	**8**	**7**	**15**
UNREALISED CAPITAL GAINS	**118**	**135**	**253**	**2**	**1**	**3**

	31.12.2009					
	Property			SCI Shares		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	**503**	**207**	**710**	**6**	**6**	**12**
Cumulative amortisation	(54)	(46)	(100)			
Long-term impairment						
Year-end net amount	**448**	**161**	**609**	**6**	**6**	**12**
Year-end fair value of property, plant and equipment	**551**	**300**	**851**	**8**	**7**	**15**
UNREALISED CAPITAL GAINS	**104**	**139**	**243**	**2**	**1**	**3**

Note 5.2.2 – Operating activities property by activity - International

	31.12.2010					
	Property			SCI Shares		
(in millions of euros)	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						
Year-end net amount	**48**	**73**	**120**			
Year-end fair value of property, plant and equipment	**80**	**114**	**195**			
UNREALISED CAPITAL GAINS	**32**	**43**	**75**			

	31.12.2009					
	Property			SCI Shares		
(in millions of euros)	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						
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)

	31.12.2010	31.12.2009
(in millions of euros)	Net amount	Net amount
Assets valued at fair value	66,855	65,430
Assets valued at amortised cost	498	616
TOTAL FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)	**67,353**	**66,045**

Total investments (excluding real estate, unit-linked items and derivatives) as at 31 December 2010 were €67,353 million and marked an increase of €1,308 million.

The 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

	31.12.2010								
	Net amortised cost			Fair value (1)			Gross unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	9,538	414	9,952	8,343	398	8,741	(1,195)	(16)	(1,211)
Bonds and other fixed-income investments	41,505	6,576	48,081	39,851	6,396	46,247	(1,654)	(180)	(1,834)
Other investments	10	1	11	10	1	11			
Total available-for-sale assets	**51,053**	**6,991**	**58,044**	**48,204**	**6,795**	**54,999**	**(2,849)**	**(196)**	**(3,045)**
Assets held for trading									
Equities and other variable-income investments classified as trading	72	1	73	72	1	73			
Equities and other variable-income investments classified as held for trading	1,114	145	1,259	1,114	145	1,259			
Bonds and other fixed-income investments classified as trading	116	28	144	116	28	144			
Bonds and other fixed-income investments classified as held for trading	3,012	85	3,097	3,012	85	3,097			
Cash UCITS classified as trading	4,392	16	4,408	4,392	16	4,408			
Cash UCITS classified as held for trading	2,872		2,872	2,872		2,872			
Other investments classified as trading									
Other investments classified as held for trading	3		3	3		3			
Total trading assets	**11,581**	**275**	**11,856**	**11,581**	**275**	**11,856**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**62,634**	**7,266**	**69,900**	**59,785**	**7,070**	**66,855**	**(2,849)**	**(196)**	**(3,045)**

(1) 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, the unrealised capital gains (losses) recognised for accounting purposes in equity (revaluation reserves) as available-for-sale investment assets and in income as trading investment assets were -€3,045 million and -€120 million, respectively (compared to -€953 million and €67 million 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 €183 million on its financial investments valued at fair value. Total provision for long-term impairment of investments valued at fair value was €356 million at 31 December 2010, compared to €183 million at 31 December 2009. In total, provisions for impairment on insurance assets accounted for 0.53% 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. 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 taxes and profit sharing, would have been €162.4 million lower and the revaluation reserves for fiscal year 2010, net of taxes and profit sharing, taking into account the rise in 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.

	31.12.2009								
	Net amortised cost			Fair value [1]			Gross unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Bonds and other fixed-income investments	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Other investments	10	1	11	10	1	11			
Total available-for-sale assets	**48,295**	**6,699**	**54,994**	**47,319**	**6,722**	**54,041**	**(976)**	**23**	**(953)**
Assets held for trading									
Equities and other variable-income investments classified as trading	3,581	28	3,609	3,581	28	3,609			
Equities and other variable-income investments classified as held for trading	2,035	143	2,178	2,035	143	2,178			
Bonds and other fixed-income investments classified as trading	109	18	127	109	18	127			
Bonds and other fixed-income investments classified as held for trading	3,064	132	3,196	3,064	132	3,196			
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	**11,057**	**333**	**11,390**	**11,057**	**333**	**11,390**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**59,352**	**7,032**	**66,384**	**58,376**	**7,055**	**65,431**	**(976)**	**23**	**(953)**

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

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Note 6.2 – Investments valued at fair value by business

Note 6.2.1 – Investments valued at fair value by business - France

	31.12.2010								
	Net amortised cost			Fair value [1]			Gross unrealised gains (losses)		
(in millions of euros)	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	7,854	1,684	9,538	6,974	1,369	8,343	(880)	(315)	(1,195)
Bonds and other fixed-income investments	38,086	3,419	41,505	36,531	3,320	39,851	(1,555)	(99)	(1,654)
Other investments		10	10		10	10			
Total available-for-sale assets	**45,940**	**5,113**	**51,053**	**43,505**	**4,699**	**48,204**	**(2,435)**	**(414)**	**(2,849)**
Assets held for trading									
Equities and other variable-income investments classified as trading	59	13	72	59	13	72			
Equities and other variable-income investments classified as held for trading	891	223	1,114	891	223	1,114			
Bonds and other fixed-income investments classified as trading	116		116	116		116			
Bonds and other fixed-income investments classified as held for trading	2,463	549	3,012	2,463	549	3,012			
Cash UCITS classified as trading	3,645	747	4,392	3,645	747	4,392			
Cash UCITS classified as held for trading	2,627	245	2,872	2,627	245	2,872			
Other investments classified as trading									
Other investments classified as held for trading	1	2	3	1	2	3			
Total trading assets	**9,802**	**1,779**	**11,581**	**9,802**	**1,779**	**11,581**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,742**	**6,892**	**62,634**	**53,307**	**6,478**	**59,785**	**(2,435)**	**(414)**	**(2,849)**

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

	31.12.2009								
	Net amortised cost			Fair value (1)			Gross unrealised gains (losses)		
(in millions of euros)	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	9,069	1,464	10,533	8,186	1,321	9,507	(883)	(143)	(1,026)
Bonds and other fixed-income investments	32,504	5,248	37,752	32,548	5,254	37,802	44	6	50
Other investments	9	1	10	9	1	10			
Total available-for-sale assets	**41,582**	**6,713**	**48,295**	**40,743**	**6,576**	**47,319**	**(839)**	**(137)**	**(976)**
Assets held for trading									
Equities and other variable-income investments classified as trading	3,083	498	3,581	3,083	498	3,581			
Equities and other variable-income investments classified as held for trading	1,752	283	2,035	1,752	283	2,035			
Bonds and other fixed-income investments classified as trading	94	15	109	94	15	109			
Bonds and other fixed-income investments classified as held for trading	2,638	426	3,064	2,638	426	3,064			
Other investments classified as trading	1,054	170	1,224	1,054	170	1,224			
Other investments classified as held for trading	899	145	1,044	899	145	1,044			
Total trading assets	**9,520**	**1,537**	**11,057**	**9,520**	**1,537**	**11,057**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**51,102**	**8,250**	**59,352**	**50,263**	**8,113**	**58,376**	**(839)**	**(137)**	**(976)**

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

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Note 6.2.2 – Investments valued at fair value by business - International

(in millions of euros)	31.12.2010 Net amortised cost			Fair value [1]			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	42	85	43	42	85			
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**	**149**	**275**	**126**	**149**	**275**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**3,500**	**3,766**	**7,266**	**3,377**	**3,693**	**7,070**	**(123)**	**(73)**	**(196)**

(1) 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 Life and health insurance	Property and casualty insurance	Total	Fair value (1) Life and health insurance	Property and casualty insurance	Total	Gross unrealised gains (losses) 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**

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

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Note 6.3 – Investments valued at fair value - by type

	31.12.2010								
	Net amortised cost			Fair value [1]			Gross unrealised gains (losses)		
(in millions of euros)	France	Interna-tional	Total	France	Interna-tional	Total	France	Interna-tional	Total
Equities and other variable-income investments									
Available-for-sale assets	9,538	414	9,952	8,343	398	8,741	(1,195)	(16)	(1,211)
Assets classified as trading	72	1	73	72	1	73			
Assets classified as held for trading	1,114	145	1,259	1,114	145	1,259			
Total equities and other variable-income investments	**10,724**	**560**	**11,284**	**9,529**	**544**	**10,073**	**(1,195)**	**(16)**	**(1,211)**
Bonds and other fixed-income investments									
Available-for-sale assets	41,505	6,576	48,081	39,851	6,396	46,247	(1,654)	(180)	(1,834)
Assets classified as trading	116	28	144	116	28	144			
Assets classified as held for trading	3,012	85	3,097	3,012	85	3,097			
Total bonds and other fixed-income investments	**44,633**	**6,689**	**51,322**	**42,979**	**6,509**	**49,488**	**(1,654)**	**(180)**	**(1,834)**
Cash UCITS									
Assets classified as trading	4,392	16	4,408	4,392	16	4,408			
Assets classified as held for trading	2,872		2,872	2,872		2,872			
Total cash UCITS	**7,264**	**16**	**7,280**	**7,264**	**16**	**7,280**			
Other investments									
Available-for-sale assets	10	1	11	10	1	11			
Assets classified as trading									
Assets classified as held for trading	3		3	3		3			
Total other investments	**13**	**1**	**14**	**13**	**1**	**14**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**62,634**	**7,266**	**69,900**	**59,785**	**7,070**	**66,855**	**(2,849)**	**(196)**	**(3,045)**

(1) 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 France	Interna-tional	Total	Fair value [1] France	Interna-tional	Total	Gross unrealised gains (losses) France	Interna-tional	Total
Equities and other variable-income investments									
Available-for-sale assets	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Assets classified as trading	3,581	28	3,609	3,581	28	3,609			
Assets classified as held for trading	2,035	143	2,178	2,035	143	2,178			
Total equities and other variable-income investments	**16,149**	**680**	**16,829**	**15,123**	**684**	**15,807**	**(1,026)**	**4**	**(1,022)**
Bonds and other fixed-income investments									
Available-for-sale assets	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Assets classified as trading	109	18	127	109	18	127			
Assets classified as held for trading	3,064	132	3,196	3,064	132	3,196			
Total bonds and other fixed-income investments	**40,925**	**6,339**	**47,264**	**40,975**	**6,358**	**47,333**	**50**	**19**	**69**
Other investments									
Available-for-sale assets	10	1	11	10	1	11			
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	**2,278**	**13**	**2,291**	**2,278**	**13**	**2,291**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**59,352**	**7,032**	**66,384**	**58,376**	**7,055**	**65,431**	**(976)**	**23**	**(953)**

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

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Note 6.4 – Investments valued at amortised cost - net amount

(in millions of euros)	31.12.2010 France	International	Total	31.12.2009 France	International	Total
Loans	125	94	219	131	92	223
Deposits	142	83	225	127	159	286
Other	54		54	105	2	107
Loans and receivables	**321**	**177**	**498**	**363**	**253**	**616**
TOTAL ASSETS MEASURED AT AMORTISED COST	**321**	**177**	**498**	**363**	**253**	**616**

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	8,214	50	27	5	446	8,741
Bonds and other fixed-income investments	44,851	116	721	9	548	46,246
Other investments	10	1	0	0	0	11
Total available-for-sale assets	**53,075**	**167**	**749**	**13**	**994**	**54,998**
Assets held for trading						
Equities and other variable-income investments classified as trading	74	0	0	0	0	74
Equities and other variable-income investments classified as held for trading	1,255	3	0	0	0	1,259
Bonds and other fixed-income investments classified as trading	144	0	0	0	0	144
Bonds and other fixed-income investments classified as held for trading	3,068	5	0	0	25	3,098
Cash UCITS classified as trading	4,392	12	1	1	2	4,408
Cash UCITS classified as held for trading	2,866	4	0	0	1	2,872
Other investments classified as trading	0	0	0	0	0	0
Other investments classified as held for trading	3		0	0		3
Total trading assets	**11,801**	**24**	**2**	**2**	**28**	**11,857**
Loans and receivables						
Loans	206	2	9	0	1	219
Deposits	181	9	0	0	35	225
Other investments	54	0	0	0		54
Total loans and receivables	**441**	**11**	**9**	**0**	**36**	**498**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**65,316**	**202**	**760**	**16**	**1,058**	**67,353**

	31.12.2009					
(in millions of euros)	**Euro**	**Dollar**	**Pounds**	**Yen**	**Other**	**Total**
Available-for-sale assets						
Equities and other variable-income investments	6,701	128	67	26	527	7,448
Bonds and other fixed-income investments	41,948	247	697	43	453	43,387
UCITS	2,977	65	25	13	51	3,131
Other investments	71	2	1	0	1	75
Total available-for-sale assets	**51,698**	**441**	**789**	**82**	**1,031**	**54,041**
Assets held for trading						
Equities and other variable-income investments classified as trading	0	0	0	0	0	0
Equities and other variable-income investments classified classified as held for trading	10	1	0	0	0	11
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	903	0	0	0	55	958
Cash UCITS classified as trading	4,927	0	0	0	0	4,928
Cash UCITS classified as held for trading	5,445	0	0	0	0	5,445
Other investments classified as trading	0	0	0	0	0	0
Other investments classified as held for trading	3		0	0	12	14
Total trading assets	**11,319**	**2**	**0**	**0**	**67**	**11,388**
Loans and receivables						
Loans	214	0	7	0	2	223
Deposits	190	0	0	0	95	285
Other investments	105	0	0	0	2	107
Total loans and receivables	**509**	**0**	**7**	**0**	**99**	**615**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**63,526**	**443**	**796**	**82**	**1,197**	**66,045**

Note 6.6 – Breakdown of listed investments

	31.12.2010	31.12.2009
(in millions of euros)	**Net amount**	**Net amount**
Equities	6,484	7,231
Shares in fixed-income mutual funds	2,811	2,956
Shares in other mutual funds	3,318	10,548
Cash UCITS	7,280	
Bonds and other fixed-income securities	46,461	44,276
TOTAL LISTED INVESTMENTS	**66,354**	**65,010**

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.

As at 31 December 2010, total long-term impairment provisions for listed investments recognised at fair value were €268 million, compared with €96 million at 31 December 2009.

Note 6.7 – Breakdown of unlisted investments

(in millions of euros)	31.12.2010 Net amount	31.12.2009 Net amount
Equities at fair value	270	292
Bonds and other fixed-income securities at fair value	217	102
Other investments at fair value	14	26
Loans at amortised cost	219	223
Other investments at amortised cost	279	393
TOTAL UNLISTED INVESTMENTS	**999**	**1,035**

As at 31 December 2010, total long-term impairment provisions for unlisted investments recognised at fair value were €88 million, compared with €87 million at 31 December 2009.

Note 6.8 – Significant investments in unconsolidated companies

	31.12.2010				31.12.2009			
(in millions of euros)	% of owner-ship	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of owner-ship	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	4.22%	1,754	1,301	(453)	4.21%	1,737	1,522	(215)
Lagardère	1.97%	97	80	(17)	1.97%	95	73	(22)
Veolia Environnement	5.63%	788	614	(174)	5.66%	788	647	(141)
Saint Gobain	1.91%	440	394	(46)	1.97%	440	385	(55)
Eiffage	6.71%	205	205	0	6.71%	358	238	(120)
French companies		**3,414**	**2,766**	**(648)**		**3,548**	**2,987**	**(561)**
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		**4,536**	**3,486**	**(1,017)**		**4,705**	**3,860**	**(812)**

(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. One of the features of these securities is that 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.

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 74% of total financial investments excluding unit-linked items, 69% 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.).

	31.12.2010			31.12.2009		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available for sale	44,603	1,069	45,672	39,195	4,141	43,335
Classified as trading	42	5	47	26	6	32
Classified as held for trading	676	66	742	836	72	908
Total listed bonds	**45,322**	**1,139**	**46,461**	**40,057**	**4,219**	**44,275**
Unlisted bonds						
Available for sale	130	44	173	44	8	52
Classified as trading	0		0	0		0
Classified as held for trading	4	39	43	48	1	49
Total unlisted bonds	**134**	**83**	**217**	**92**	**9**	**102**
TOTAL BOND PORTFOLIO	**45,456**	**1,222**	**46,678**	**40,149**	**4,228**	**44,377**

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:

	31.12.2010				31.12.2009			
(in millions of euros)	<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	2,199	6,708	36,765	45,672	1,276	7,741	34,318	43,335
Classified as trading	11	22	14	47	0	6	26	32
Classified as held for trading	341	166	235	742	96	118	694	908
Total listed bonds	**2,551**	**6,895**	**37,015**	**46,461**	**1,372**	**7,865**	**35,038**	**44,275**
Unlisted bonds								
Available for sale	21	98	54	173	13	28	11	52
Classified as trading	0	0	0	0	0	0	0	0
Classified as held for trading	1	2	40	43	5	0	44	49
Total unlisted bonds	**22**	**100**	**94**	**217**	**18**	**29**	**55**	**102**
TOTAL BOND PORTFOLIO	**2,573**	**6,996**	**37,109**	**46,678**	**1,390**	**7,894**	**35,093**	**44,377**

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.

	31.12.2010						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available for sale	16,495	7,971	14,321	3,349	3,249	287	45,672
Classified as trading	1	14	7	15	4	6	47
Classified as held for trading	37	13	192	141	149	209	742
Total listed bonds	**16,533**	**7,998**	**14,520**	**3,505**	**3,402**	**502**	**46,461**
Unlisted bonds							
Available for sale	38	4	2	6	124	0	173
Classified as trading	0	0	0	0	0	0	0
Classified as held for trading	0	0	0	0	0	43	43
Total unlisted bonds	**38**	**4**	**2**	**6**	**124**	**43**	**217**
TOTAL BOND PORTFOLIO	**16,571**	**8,002**	**14,522**	**3,511**	**3,526**	**545**	**46,678**

	31.12.2009						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available for sale	17,411	8,331	13,792	3,396	209	197	43,335
Classified as trading	4	7	4	0	0	16	32
Classified as held for trading	32	12	317	338	27	183	908
Total listed bonds	**17,447**	**8,350**	**14,113**	**3,734**	**236**	**396**	**44,275**
Unlisted bonds							
Available for sale	0	3	3	34	10	1	52
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**	**1**	**101**
TOTAL BOND PORTFOLIO	**17,447**	**8,355**	**14,158**	**3,768**	**251**	**397**	**44,377**

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 Net amount	31.12.2009 Net amount
Bonds issued by EU Member States	27,106	24,089
Bonds issued by States outside the EU	120	60
Bonds from public and semi-public sectors	3,061	2,938
Corporate Bonds	16,215	16,912
Other Bonds (including bond funds)	175	378
TOTAL BOND PORTFOLIO	**46,678**	**44,377**

The carrying amounts of Group investments in "non-core" government-issued bonds, *i.e.* Portugal, Ireland, Italy, Greece and Spain, totalled €13,257 million as at 31 December 2010. As at 31 December 2010, unrealised losses on these securities totalled -€473 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.

	31.12.2010				31.12.2009			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	8,372	70	299	8,741	9,728	82	210	10,020
Bonds and other fixed-income investments	45,342	712	193	46,247	42,881	455	675	44,010
Other investments	2		10	11	1		10	12
Total available-for-sale assets	**53,716**	**781**	**502**	**54,999**	**52,610**	**537**	**894**	**54,041**
Assets held for trading								
Equities and other variable-income investments classified as trading or as held for trading	864		468	1,332	5,389		398	5,787
Bonds and other fixed-income investments classified as trading or as held for trading	3,112	78	51	3,242	3,234	5	84	3,323
Cash UCITS classified as trading or as held for trading	7,279			7,279				
Other investments			2	2	2,277		3	2,280
Total trading assets	**11,256**	**78**	**522**	**11,856**	**10,899**	**5**	**485**	**11,390**
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	(1)	10
TOTAL ASSETS AND FINANCIAL LIABILITIES VALUED AT FAIR VALUE	**67,883**	**892**	**1,605**	**70,381**	**66,304**	**742**	**2,051**	**69,097**

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

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

Derivative instruments under "Assets" amounted to €125 million and those under "Liabilities" to €262 million at 31 December 2010. These instruments are mainly 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.

	31.12.2010								
	Available-for-sale assets			Assets held for trading					
(in millions of euros)	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments	Investments in unit-linked policies	Asset and liability derivatives
LEVEL 3 OPENING AMOUNT	**210**	**675**	**10**	**398**	**84**		**3**	**672**	**(1)**
Change in unrealised capital gains or losses recognised in:									
- income				16	1			(54)	(0)
- gains and losses recognised directly in shareholders' equity	(19)	10							
Transfer to level 3	93	4	1	1	4		(0)	13	
Transfer outside level 3	(8)	(123)			(51)			(2)	
Reclassification of loans and receivables									
Changes in the consolidation scope									
Acquisitions	39	44		73	33			127	(16)
Sales/Repayments	(17)	(418)	(2)	(21)	(21)			(152)	
Unrealised foreign exchange adjustments	1				(0)			(5)	
LEVEL 3 CLOSING AMOUNT	**299**	**194**	**9**	**468**	**50**	**0**	**3**	**599**	**(17)**

NOTE 7 INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

	31.12.2010			31.12.2009		
(in millions of euros)	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		102
Unit-linked investment properties sub-total	**94**	**0**	**94**	**102**		**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

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

	31.12.2009					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	160	(164)		(2)	160	(166)
Options	21				21	
Forward currency contracts		(2)				(2)
Other		(3)				(3)
TOTAL	**181**	**(169)**	**0**	**(2)**	**181**	**(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 SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

Note 9.1 – Uses of funds for banking sector activities

(in millions of euros)	31.12.2010 Gross amount	31.12.2010 Provisions	31.12.2010 Net amount	31.12.2009 Gross amount	31.12.2009 Provisions	31.12.2009 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 would have been immaterial. The fair value of these assets is €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 Equity value	31.12.2010 Share of net profit	31.12.2009 Equity value	31.12.2009 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 Premium income	31.12.2010 Net profit	31.12.2010 Total assets	31.12.2010 Sharehol-ders'equity	31.12.2009 Premium income	31.12.2009 Net profit	31.12.2009 Total assets	31.12.2009 Sharehol-ders'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		(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.

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

	31.12.2010			31.12.2009		
(in millions of euros)	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	933	197	1,129	1,038	232	1,270
Other technical reserves	147	7	154	118	7	125
Total	**1,110**	**247**	**1,358**	**1,180**	**295**	**1,475**
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	**1,136**	**284**	**1,420**	**1,220**	**333**	**1,553**

Note 11.1 – Change in the share of outward reinsurers and retrocessionaires in claims reserves for Non-Life claims split by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	France	International	Total	France	International	Total
SHARE OF REINSURERS IN CLAIMS RESERVES AT OPENING	**1,038**	**232**	**1,270**	**1,004**	**267**	**1,271**
Transfers in portfolio and changes in scope of consolidation	0	0	0		76	76
Share of reinsurers in the total claims expense	246	54	300	336	88	424
Share of reinsurers in total payments	(352)	(92)	(444)	(292)	(134)	(426)
Changes in exchange rate	0	3	3	(10)	(65)	(75)
SHARE OF REINSURERS IN CLAIMS RESERVES AT CLOSING	**932**	**197**	**1,129**	**1,038**	**232**	**1,270**

NOTE 12 OTHER PROPERTY, PLANT AND EQUIPMENT

Note 12.1 – Change in other property, plant and equipment

(in millions of euros)	31.12.2010 Other property, plant and equipment	31.12.2010 Other long-term operating assets	31.12.2010 Total	31.12.2009 Other property, plant and equipment	31.12.2009 Other long-term operating assets	31.12.2009 Total
Opening gross amount	**406**	**34**	**440**	**406**	**31**	**437**
Acquisitions	77	3	80	36	3	39
Newly consolidated entities		16	16			0
Assets capitalised in the year			0			0
Foreign exchange adjustments	1		1	1		1
Outward reinsurance	(38)	(2)	(40)	(37)		(37)
Year-end gross amount	**446**	**51**	**497**	**406**	**34**	**440**
Opening cumulative amortisation & depreciation	**(261)**	**0**	**(261)**	**(255)**		**(255)**
Increase	(50)		(50)	(45)		(45)
Newly consolidated entities			0			0
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Decrease	19		19	40		40
Year-end cumulative amortisation & depreciation	**(293)**	**0**	**(293)**	**(261)**	**0**	**(261)**
Opening cumulative long-term impairment	**(2)**	**(3)**	**(5)**	**(4)**		**(4)**
Long-term impairment recognised			0	(2)	(3)	(5)
Newly consolidated entities			0			0
Foreign exchange adjustment			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	**143**	**31**	**174**	**147**	**31**	**178**
Year-end net amount	**152**	**48**	**200**	**143**	**31**	**174**
Year-end fair value of other property, plant and equipment	**152**	**54**	**206**	**143**	**32**	**175**
UNREALISED CAPITAL GAINS	**0**	**6**	**6**	**0**	**1**	**1**

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

	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		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**270**	**176**	**446**	**51**		**51**	**241**	**165**	**406**	**34**		**34**
Cumulative amortisation	(164)	(128)	(293)				(146)	(115)	(261)			
Long-term impairment	(1)		(1)	(3)		(3)	(2)		(2)	(3)		(3)
Year-end net amount	**105**	**47**	**152**	**48**		**48**	**93**	**50**	**143**	**31**		**31**
Year-end fair value of property, plant and equipment	**105**	**47**	**152**	**54**		**54**	**93**	**50**	**143**	**32**		**32**
UNREALISED CAPITAL GAINS	**0**	**0**	**0**	**6**	**0**	**6**	**0**	**0**	**0**	**1**	**0**	**1**

NOTE 13 DEFERRED ACQUISITION COSTS

	31.12.2010			31.12.2009		
(in millions of euros)	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	120		120	124		124
Life insurance policies and financial contracts with discretionary profit-sharing	199	8	207	223	(16)	208
France	**319**	**8**	**327**	**348**	**(16)**	**332**
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	**582**	**(2)**	**580**	**610**	**(26)**	**584**

NOTE 14 DEFERRED PROFIT-SHARING ASSET

	31.12.2010			31.12.2009		
(in millions of euros)	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 t‹he 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 France	31.12.2010 International	31.12.2010 Total	31.12.2009 Total
Deferred tax assets	342	127	469	360
TOTAL DEFERRED TAX ASSETS	**342**	**127**	**469**	**360**

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		(472)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	32	(95)
Acquisition costs for life policies and total management reserves	(52)	(52)
Consolidation adjustments on technical reserves	(87)	(83)
Other differences on consolidation adjustments	38	(38)
Deferred acquisition costs for Non-life policies	(41)	(43)
Tax differences on technical reserves and other contingent liabilities	328	343
Gains on tax suspension	(4)	(3)
Mutual fund valuation differential	(19)	(28)
Currency hedging	22	8
Other tax timing differences	18	6
Sub-total of deferred taxes resulting from timing differences	**235**	**(457)**
Recognition of tax assets on operating losses	**(55)**	**46**
Deferred taxes capitalised	**180**	**(411)**
of which assets	469	360
of which liabilities	(289)	(771)

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 (€472 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
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount	Total	
Receivables from insurance or inward insurance transactions								
Earned premiums not written	917		917	67		67	984	932
Policyholders, intermediaries and other third parties	733	(34)	699	716	(69)	647	1,346	1,173
Co-insurer and other third party current accounts	53	(1)	52	56	(22)	34	86	95
Current accounts of ceding and retroceding companies	225	(1)	224	19	(1)	18	242	376
TOTAL	**1,927**	**(36)**	**1,892**	**858**	**(92)**	**766**	**2,658**	**2,575**

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	984			984	919	13		932
Policyholders, intermediaries and other third parties	1,346			1,346	1,171	2		1,173
Co-insurer and other third party current accounts	69	17		86	75	20		95
Current accounts of ceding and retroceding companies	219	19	3	242	351	22	3	376
TOTAL	**2,619**	**35**	**3**	**2,658**	**2,516**	**57**	**3**	**2,575**

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	94	(16)	78	92
Other receivables from reinsurance transactions	77	(7)	70	82
TOTAL	**170**	**(22)**	**148**	**173**

Note 17.1 – Receivables from outward reinsurance transactions - by maturity

(in millions of euros)	31.12.2010 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Receivables from outward reinsurance transactions								
Outward reinsurer and retrocessionnaire current accounts	68	10		78	75	17		92
Other receivables from reinsurance transactions	66	4	1	70	76	5	1	82
TOTAL	**134**	**14**	**1**	**148**	**151**	**22**	**1**	**173**

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 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Current tax receivables and other tax receivables	241			241	211	1		212

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 State 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 only to the tax credits. Foreign tax receivables totalled €52 million in 2010, an increase of €1 million over 2009.

Other receivables from the State 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 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 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Current tax receivables and other tax receivables	148	93	241	122	90	212

NOTE 19 OTHER RECEIVABLES

(in millions of euros)	31.12.2010 Gross amounts	31.12.2010 Provisions	31.12.2010 Total	31.12.2009 Total
Interest accrued not due	907		907	867
Employee receivables	24		24	14
Social security agencies	9		9	8
Miscellaneous debtors	746	(93)	653	623
Other receivables	387		387	423
TOTAL	**2,072**	**(93)**	**1,979**	**1,935**

Note 19.1 – Other receivables – by maturity

(in millions of euros)	31.12.2010 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Interest accrued not due	907			907	867			867
Employee receivables	24			24	14			14
Social security agencies	9			9	8			8
Miscellaneous debtors	482	140	31	653	503	95	25	623
Other receivables	387			387	423			423
TOTAL	**1,808**	**140**	**31**	**1,979**	**1,815**	**95**	**25**	**1,935**

Note 19.2 – Other receivables - by operating segment

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Interest accrued not due	775	131	907	733	134	867
Employee receivables	19	5	24	9	5	14
Social security agencies	9		9	8		8
Miscellaneous debtors	529	124	653	490	133	623
Other receivables	339	48	387	368	55	423
TOTAL	**1,671**	**308**	**1,979**	**1,609**	**326**	**1,935**

NOTE 20 CASH

Note 20.1 – Cash shown as balance sheet assets

(in millions of euros)	31.12.2010	31.12.2009
France	546	785
International	490	622
TOTAL	**1,036**	**1,407**

Note 20.2 – Cash shown as balance sheet liabilities

	31.12.2010				31.12.2009			
(in millions of euros)	<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	372	51		423	502	43		545
TOTAL	**372**	**51**		**423**	**502**	**43**		**545**

	31.12.2010			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating debts to banking institutions	422	1	372	51
TOTAL	**422**	**1**	**372**	**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 Article R. 322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

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 – Impacts of transactions with shareholders

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	(3,045)	(953)
Shadow accounting	2,005	599
Cash flow hedge and other changes	(162)	(119)
Deferred taxes	124	(48)
Share of minority interests	42	32
UNREALISED NET CAPITAL GAINS (LOSSES), GROUP SHARE	**(1,036)**	**(489)**

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

	31.12.2010						
	France			International			Total
(in millions of euros)	Provision for pensions and similar obligations	Other contin-gencies (1)	Total	Provision for pensions and similar obligations	Other contin-gencies (1)	Total	
OPENING AMOUNT	**168**	**114**	**283**	**98**	**57**	**155**	**438**
Changes in the scope of consolidation and changes in accounting methods	8	3	11	4		4	15
Increases for the year	39	27	66	6	23	29	95
Write-backs for the year	(36)	(59)	(95)	(18)	(14)	(32)	(127)
Changes in exchange rate			0	2		2	2
YEAR-END AMOUNT	**179**	**85**	**264**	**92**	**66**	**158**	**422**

(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)	France			International			Total
	31.12.2009						
	Provision for pensions and similar obligations	Other contin-gencies (1)	Total	Provision for pensions and similar obligations	Other contin-gencies (1)	Total	
OPENING AMOUNT	**168**	**103**	**270**	**79**	**48**	**128**	**398**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	26	27	53	33	33	66	119
Write-backs for the year	(25)	(15)	(41)	(17)	(25)	(42)	(83)
Changes in exchange rate				3		3	3
YEAR-END AMOUNT	**168**	**114**	**283**	**98**	**57**	**155**	**438**

(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	**426**	**32**	**458**	**379**	**28**	**407**
Cost of past services	20	3	23	15	2	17
Benefits paid	(18)	(2)	(20)	(22)	(2)	(24)
Interest on actuarial debt	19	1	20	20	2	22
Actuarial gains (losses) (actual variations)	3	(1)	2	5	(1)	4
Actuarial gains (losses) (hypothetical variations)	19	(1)	18	40	3	42
Changes in the plan	(13)	(0)	(13)	2	0	2
Change in scope of consolidation	(2)	(1)	(3)	(7)	(2)	(8)
Changes in exchange rates	8		8	14		14
Other	(2)	1	(1)	(20)	2	(18)
Year-end actuarial debt (A)	**461**	**33**	**492**	**426**	**32**	**458**
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)	**220**	**0**	**220**	**191**		**191**
YEAR-END NET ACTUARIAL DEBT (A) - (B)	**241**	**31**	**272**	**235**	**32**	**267**

Note 23.2 - Change in the provision for pensions recognised in the balance sheet under contingent liabilities

	31.12.2010			31.12.2009		
(in millions of euros)	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
OPENING AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**235**	**31**	**266**	**219**	**28**	**247**
Present value of commitment	16	3	19	3	4	7
Actuarial differences affecting shareholders' equity	11		11	35		35
Write-back of reserves for benefits paid by the employer	(11)	(1)	(12)	(22)	(1)	(23)
Reclassifications	(11)	(1)	(12)			0
Change in scope of consolidation	(2)	(1)	(3)	(7)	(1)	(8)
Changes in exchange rates	2		2	2		2
Other			0	5	1	6
YEAR-END AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**240**	**31**	**271**	**235**	**31**	**266**

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	(20)	(15)
Benefits paid by the employer	(18)	(22)
Interest on actuarial debt	(19)	(20)
Return expected from hedging assets	12	11
SORIE Option	12	35
Plan changes	(13)	
Effects of exchange rate changes	(2)	(2)
Other		
ANNUAL POST-EMPLOYMENT BENEFITS EXPENSE	**(48)**	**(13)**

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

	31.12.2010				31.12.2009			
(in millions of euros)	**France**	**United Kingdom**	**Other**	**Total**	**France**	**United Kingdom**	**Other**	**Total**
Actuarial debt	185	261	46	492	173	240	45	458
Fair value of hedging assets	6	212	2	220	5	184	2	191
Net actuarial debt	**179**	**49**	**44**	**272**	**168**	**56**	**43**	**267**
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	2.58%	3.40%	6.06%		1.88%	3.30%	5.87%	
Staff turnover								
- 18 to 34 years	4.98%	NA	NS		0 to 20%	NA	NS	
- 35 to 44 years	3.57%	NA	NS		0 to 6%	NA	NS	
- 45 to 54 years	1.93%	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 -5% 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 1.9% 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	(801)	(801)
Social security expenses	(330)	(319)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(48)	(13)
Anniversary days and employee awards	(3)	(4)
Other personnel benefits	(49)	(24)
ANNUAL SALARY EXPENSES	**(1,231)**	**(1,161)**

NOTE 24 FINANCIAL DEBT

Note 24.1 - Financial debt - by maturity

(in millions of euros)	31.12.2010 <1 year	From 1 to 5 years	>5 years	Total	31.12.2009 <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	219	815	370	1,404	654	810	389	1,853
TOTAL FINANCIAL DEBT	**220**	**815**	**1,770**	**2,804**	**1,404**	**810**	**1,634**	**3,848**

Debt commitments outside the Group fell by nearly €1,044 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 €449 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: Euro zone	Currencies: Non-euro zone	Rates: Fixed rate	Rates: Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities	155		155	
Financial debt with banking-sector companies	1,385	19	1,274	130
TOTAL	**2,785**	**19**	**2,674**	**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 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 price resulted from a counterparty valuation, with the liquidity of this stock being extremely 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 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 €1,203 million, compared with €1,159 million at 31 December 2009;
- the partial use of a €201 million credit facility as at 31 December 2010, versus €643 million as at 31 December 2009.

NOTE 25 LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 - Liabilities related to insurance policies - by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	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	753	1,395	2,149	758	1,359	2,117
Outstanding claims reserves	7,271	3,123	10,394	7,292	3,176	10,468
Other technical reserves	2,149	89	2,238	2,088	89	2,178
Total Non-life Insurance	**10,174**	**4,608**	**14,781**	**10,138**	**4,624**	**14,762**
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	**41,221**	**7,490**	**48,711**	**39,195**	**7,677**	**46,872**

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

	31.12.2010			31.12.2009		
(in millions of euros)	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**		**28,099**	**26,173**		**26,173**
Reserves for unearned premiums	39	715	754	33	725	758
Outstanding claims reserves	761	6,510	7,271	720	6,571	7,292
Other technical reserves	1,442	707	2,149	1,418	670	2,088
Total Non-life Insurance	**2,242**	**7,932**	**10,174**	**2,171**	**7,966**	**10,138**
Life Insurance reserves for unit-linked policies	**2,948**		**2,948**	**2,885**		**2,885**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**33,289**	**7,932**	**41,221**	**31,229**	**7,966**	**39,195**

Note 25.2.2 - Technical liabilities related to insurance policies - International

	31.12.2010			31.12.2009		
(in millions of euros)	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 Gross life insurance reserves	31.12.2010 Gross outstanding claims reserves	31.12.2010 Total	31.12.2009 Gross life insurance reserves	31.12.2009 Gross outstanding claims reserves	31.12.2009 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 Reserves for unearned premiums	31.12.2010 Gross outstanding claims reserves	31.12.2010 Total	31.12.2009 Reserves for unearned premiums	31.12.2009 Gross outstanding claims reserves	31.12.2009 Total
Non-life insurance						
Motor Insurance	945	3,107	4,052	910	3,067	3,977
Bodily injury	144	452	596	140	449	589
Property damage	600	1,186	1,786	605	1,218	1,823
General third party liability	82	1,058	1,140	70	1,092	1,162
Marine, aviation, transport	11	568	579	13	583	596
Other	207	1,065	1,272	232	1,126	1,358
Inward reinsurance	**160**	**2,959**	**3,119**	**147**	**2,932**	**3,079**
TOTAL NON-LIFE INSURANCE RESERVES	**2,149**	**10,395**	**12,544**	**2,117**	**10,467**	**12,584**

Note 25.4 - Change in Non-life outstanding claims reserves

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Opening reserves for non-life claims	**7,291**	**3,178**	**10,469**	**7,363**	**3,167**	**10,530**
Portfolio transfers/changes in scope of consolidation						
Claims expense for the current year	4,105	2,580	6,685	3,959	2,428	6,387
Claims expense for prior years	(354)	(186)	(540)	(328)	(160)	(488)
Total claims expense	**3,752**	**2,394**	**6,145**	**3,631**	**2,268**	**5,899**
Claims payments for the current year	(1,833)	(1,344)	(3,177)	(1,815)	(1,286)	(3,101)
Claims payments for prior years	(1,942)	(1,121)	(3,063)	(1,860)	(1,001)	(2,861)
Total payments	**(3,774)**	**(2,466)**	**(6,240)**	**(3,675)**	**(2,287)**	**(5,962)**
Changes in exchange rate	**3**	**19**	**22**	**(28)**	**30**	**2**
TOTAL RESERVES FOR NON-LIFE CLAIMS AT YEAR END	**7,271**	**3,123**	**10,394**	**7,291**	**3,178**	**10,469**

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	4,712	5,087	5,655	6,466	6,671
At end of N+1	4,750	5,036	5,606	6,291	
At end of N+2	4,637	4,893	5,441		
At end of N+3	4,563	4,787			
At end of N+4	4,475				
At end of N+5					
Claims expense	**4,475**	**4,787**	**5,441**	**6,291**	**6,671**
Cumulative claims payments	**4,000**	**4,144**	**4,474**	**4,913**	**3,168**
Outstanding claims reserves	**475**	**643**	**967**	**1,378**	**3,503**
Earned premiums	**6,638**	**6,897**	**7,509**	**8,158**	**8,425**
CLAIMS AND RESERVES/EARNED PREMIUM	**67.4%**	**69.4%**	**72.5%**	**77.1%**	**79.2%**

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

	31.12.2010			31.12.2009		
(in millions of euros)	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**1,837**	**27**	**1,863**	**1,789**	**24**	**1,813**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,799	27	1,826	1,739	24	1,764
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,441	34	2,475	2,313	30	2,342
Technical interest	(642)	(7)	(649)	(573)	(5)	(579)
Impact of change in discount rate	38		38	50		50

› Proportion ceded

	31.12.2010			31.12.2009		
(in millions of euros)	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	22,239	20,880
Reserves on unit-linked policies	158	205
Outstanding claims reserves	259	191
Profit-sharing reserves	449	843
Other technical reserves		19
Total	**23,105**	**22,137**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	8	18
Reserves on unit-linked policies	116	136
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**124**	**154**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS	**23,227**	**22,291**

Note 26.1 - Liabilities relating to financial contracts (excluding unit-linked) split by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life financial contract reserves	20,901	1,345	22,246	19,788	1,108	20,896
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	**21,596**	**1,357**	**22,953**	**20,833**	**1,116**	**21,949**
Total Gross technical reserves	**21,596**	**1,357**	**22,953**	**20,833**	**1,116**	**21,949**
Share of reinsurers in technical reserves	**2**		**2**	**2**		**2**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS NET OF REINSURANCE	**21,594**	**1,357**	**22,951**	**20,831**	**1,116**	**21,947**

Note 26.2 - Breakdown of liabilities related to financial contracts by major category

(in millions of euros)	31.12.2010 Life financial contract reserves	Gross outstanding claims reserves	Total	31.12.2009 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	18,667	143	18,810
Group policies	57		57	51		51
Other						
Total reserves for single-premium policies	**20,972**	**224**	**21,196**	**19,525**	**157**	**19,682**
Periodic-premium contracts						
Capitalisation	217	8	225	255	2	257
Individual insurance	571	22	593	578	27	605
Group policies	482	3	485	538	3	541
Other	3	2	5		2	2
Total reserves for periodic premium policies	**1,273**	**35**	**1,308**	**1,371**	**34**	**1,405**
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	**22,245**	**259**	**22,504**	**20,896**	**191**	**21,087**

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

(in millions of euros)	31.12.2010 France	International	Total	31.12.2009 France	International	Total
OPENING ACTUARIAL RESERVES	**44,719**	**3,258**	**47,977**	**41,756**	**3,158**	**44,915**
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	(57)	(66)	(123)	405	(83)	322
TOTAL YEAR-END ACTUARIAL RESERVES	**48,043**	**3,304**	**51,347**	**44,719**	**3,258**	**47,977**

NOTE 28 DEFERRED PROFIT-SHARING LIABILITIES

	31.12.2010			31.12.2009		
(in millions of euros)	**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

	31.12.2010			31.12.2009
(in millions of euros)	**France**	**International**	**Total**	**Total**
Deferred tax liabilities	216	72	289	771
TOTAL DEFERRED TAX LIABILITIES	**216**	**72**	**289**	**771**

NOTE 30 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

	31.12.2010			31.12.2009		
(in millions of euros)	**Insurance**	**Banking**	**Total**	**Insurance**	**Banking**	**Total**
Debts to unit holders of consolidated mutual funds	555		555	1,460		1,460
TOTAL	**555**		**555**	**1,460**		**1,460**

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 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Liabilities from insurance or inward reinsurance activities								
Policyholders, intermediaries and other third parties	657	4		661	717	5		721
Co-insurers	83	9		92	52	9		61
Current accounts of ceding and retroceding companies	34	6		40	11	5		16
TOTAL	**774**	**20**		**793**	**780**	**19**		**799**

NOTE 32 LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2010 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Liabilities from insurance ceded activities								
Outward reinsurer and retrocessionnaire current accounts (1)	227	41	1	269	230	47	1	278
Other liabilities from reinsurance activities	83	7		90	78	9		87
TOTAL	**310**	**48**	**1**	**359**	**309**	**56**	**1**	**365**

(1) Including deposits received from reinsurers.

NOTE 33 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

(in millions of euros)	31.12.2010 <1 year	31.12.2010 From 1 to 5 years	31.12.2010 >5 years	31.12.2010 Total	31.12.2009 <1 year	31.12.2009 From 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total
Current taxes payable and other tax liabilities	292	3		294	185	4		189
TOTAL	**292**	**3**		**294**	**185**	**4**		**189**

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NOTE 34 OTHER LIABILITIES

Note 34.1 - Other debt - by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	France	International	Total	France	International	Total
Personnel creditors	184	7	191	188	17	204
Social security agencies	117	11	129	103	12	115
Other loans, deposits and guarantees received	5,984	79	6,063	3,512	106	3,618
Miscellaneous creditors	526	108	635	576	119	695
Other liabilities	333	46	378	453	58	511
TOTAL	**7,145**	**251**	**7,395**	**4,832**	**311**	**5,144**

The "Other loans, deposits and guarantees received" line item amounted to €6,063 million at 31 December 2010 versus €3,618 million at 31 December 2009, an increase of €2,445 million.

This change is essentially due to liabilities from repurchase agreements, which totalled €5,878 million as at 31 December 2010, as compared to €3,352 as at 31 December 2009.

Note 34.2 - Other liabilities - by maturity

	31.12.2010				31.12.2009			
(in millions of euros)	<1 year	From 1 to 5 years	>5 years	Total	<1 year	From 1 to 5 years	>5 years	Total
Personnel creditors	177		13	191	193		12	204
Social security agencies	129	0	0	129	115	0	0	115
Other loans, deposits and guarantees received	5,938	54	71	6,063	3,473	80	65	3,618
Miscellaneous creditors	625	2	8	635	678	2	15	695
Other liabilities	378			378	511			511
TOTAL	**7,248**	**56**	**92**	**7,395**	**4,970**	**82**	**92**	**5,144**

Note 34.3 - Other liabilities - by currency and rate

	31.12.2010			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-euro zone	Fixed rate	Variable rate
Personnel creditors	189	2	191	
Social security agencies	124	5	128	1
Other loans, deposits and guarantees received	6,063		6,063	
Miscellaneous creditors	604	31	627	8
Other liabilities	347	31	378	
TOTAL	**7,326**	**69**	**7,386**	**9**

NOTE 35 ANALYSIS OF PREMIUM INCOME

Note 35.1 - Analysis of insurance premium income by major category

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 pro forma France	31.12.2009 pro forma International	31.12.2009 pro forma Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Individual retirement savings	3,877	647	4,524	3,936	616	4,552	3,936	616	4,552
Individual provident insurance	441	123	564	441	113	554	441	113	554
Individual health insurance	498	126	624	462	107	569	462	107	569
Other	119		119	127		127	127		127
Individual life and health insurance	**4,935**	**896**	**5,831**	**4,966**	**836**	**5,802**	**4,966**	**836**	**5,802**
Group retirement savings	285	85	370	261	69	330	261	69	330
Group provident scheme	465	99	564	479	243	722	479	223	702
Group health	412	94	506	390	78	468	390	78	468
Other	209		209	210		210	210	20	230
Group life and health insurance	**1,371**	**278**	**1,649**	**1,340**	**390**	**1,730**	**1,340**	**390**	**1,730**
LIFE AND HEALTH INSURANCE	**6,305**	**1,175**	**7,480**	**6,306**	**1,226**	**7,532**	**6,306**	**1,226**	**7,532**
Motor Insurance	868	1,853	2,721	816	1,778	2,594	816	1,688	2,504
Other vehicles	67		67	69		69	69		69
Home insurance	480	421	901	450	398	848	450	439	889
Retail and professional property and casualty	357	37	394	335	36	371	335	36	371
Construction	153		153	142		142	142		142
Private and professional	**1,925**	**2,311**	**4,236**	**1,812**	**2,213**	**4,024**	**1,812**	**2,163**	**3,975**
Fleets	265	114	379	248	99	347	248	186	434
Business and local authorities property	549	410	959	553	390	943	553	351	904
Businesses and local authorities	**814**	**524**	**1,338**	**801**	**490**	**1,290**	**801**	**537**	**1,338**
Agricultural risks	214	102	316	212	101	313	212	99	311
Climate risks	117		117	127		127	127		127
Tractors and agricultural equipment	78		78	76		76	76		76
Agricultural business segments	**409**	**102**	**511**	**415**	**101**	**516**	**415**	**99**	**514**
Other business segments	679	136	815	673	133	806	673	137	810
PROPERTY AND CASUALTY INSURANCE	**3,827**	**3,073**	**6,900**	**3,701**	**2,936**	**6,637**	**3,701**	**2,936**	**6,637**
TOTAL INSURANCE	**10,133**	**4,248**	**14,380**	**10,007**	**4,162**	**14,169**	**10,007**	**4,162**	**14,169**

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	6,305	3,827	278	10,411	71%	6,306	3,701	289	10,296	71%
Southeastern Europe	587	1,486		2,073	14%	677	1,410		2,087	14%
Southwestern Europe	302	778		1,080	7%	290	746		1,035	7%
Central and Eastern European Countries (CEEC)	203	342		546	4%	182	353		535	4%
United Kingdom	82	467		549	4%	78	428		505	3%
TOTAL	**7,480**	**6,900**	**278**	**14,658**	**100%**	**7,533**	**6,637**	**289**	**14,459**	**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;
- United Kingdom.

Consolidated 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 tariffs 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	152	222	63	155	218
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		1	1
Income from other activities		3	3		4	4
BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME	**123**	**155**	**278**	**128**	**161**	**289**

Banking revenues shown in the consolidated statements correspond to banking income before taking into account refinancing costs.

NOTE 36 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 36.1 - Investment income net of investment expenses by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Income from investments	**2,605**	**417**	**3,022**	**2,591**	**451**	**3,042**
Interest on deposits and financial investments income	1,994	395	2,388	1,904	435	2,338
Gains on foreign exchange transactions	34	13	47	49	6	55
Income from differences on redemption prices to be received (premium-discount)	174	5	179	206	5	211
Revenues from property	403	4	407	432	4	436
Other investment income					1	1
Investment expenses	**(674)**	**(54)**	**(729)**	**(614)**	**(46)**	**(660)**
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)	(96)	(20)	(116)	(50)	(20)	(70)
Depreciation and provisions on real estate	(93)	(2)	(95)	(91)	(4)	(95)
Management expenses	(387)	(18)	(404)	(403)	(16)	(419)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**577**	**64**	**641**	**1,171**	**82**	**1,253**
Held for trading	13	9	22	190	1	191
Available for sale	390	36	425	769	42	811
Held to maturity						
Other	175	19	194	212	40	251
Change in fair value of financial instruments recognised at fair value by result	**134**	**(12)**	**122**	**374**	**47**	**421**
Held for trading	48	(9)	39	235	12	247
Derivatives	(57)	(2)	(59)	(161)	(1)	(161)
Adjustments on unit-linked policies	144	(1)	142	299	35	335
Change in impairment losses on financial instruments	**(176)**	**(6)**	**(182)**	**(30)**	**(8)**	**(38)**
Available for sale	(177)	(6)	(183)	(11)	(7)	(18)
Held to maturity						
Receivables and loans	1		1	(19)	(1)	(20)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,465**	**408**	**2,873**	**3,493**	**525**	**4,018**

Note 36.2 - Investment income net of investment expenses by business

Note 36.2.1 - Investment income net of investment expenses by business - France

	31.12.2010				31.12.2009			
(in millions of euros)	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from investments	**447**	**2,149**	**8**	**2,605**	**479**	**2,106**	**6**	**2,591**
Interest on deposits and financial investments income	185	1,803	5	1,994	194	1,704	6	1,904
Gains on foreign exchange transactions	24	7	3	34	40	9		49
Income from differences on redemption prices to be received (premium-discount)	4	170		174	7	200		206
Revenues from property	233	170		403	238	194		432
Other investment income						0		
Investment expenses	**(199)**	**(488)**	**13**	**(674)**	**(211)**	**(395)**	**(8)**	**(614)**
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)	(9)	(87)		(96)	(5)	(45)		(50)
Depreciation and provisions on real estate	(56)	(37)		(93)	(55)	(37)		(91)
Management expenses	(108)	(293)	14	(387)	(108)	(291)	(4)	(403)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**112**	**465**		**577**	**196**	**978**	**(3)**	**1,171**
Held for trading	4	9		13	25	165		190
Available for sale	28	362		390	131	641	(3)	769
Held to maturity								
Other	81	94		175	40	172		212
Change in fair value of financial instruments recognised at fair value by result	**8**	**157**	**(32)**	**134**	**13**	**367**	**(6)**	**374**
Held for trading	8	71	(32)	48	23	219	(6)	235
Derivatives		(58)		(57)	(10)	(151)		(161)
Adjustments on unit-linked policies		144		144		299		299
Change in impairment losses on financial instruments	**(29)**	**(148)**		**(176)**	**(1)**	**(2)**	**(27)**	**(30)**
Available for sale	(29)	(149)		(177)	(1)	17	(27)	(11)
Held to maturity								
Receivables and loans		1		1		(19)		(19)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**340**	**2,136**	**(11)**	**2,465**	**476**	**3,055**	**(39)**	**3,493**

Note 36.2.2 - Investment income net of investment expenses by business - International

(in millions of euros)	31.12.2010 Property and casualty insurance	31.12.2010 Life and health insurance	31.12.2010 Holding	31.12.2010 Total	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Holding	31.12.2009 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 Revenue and expenses	31.12.2010 Income from sales	31.12.2010 Change in fair value	31.12.2010 Change in provisions	31.12.2010 Total	31.12.2009 Revenue and expenses	31.12.2009 Income from sales	31.12.2009 Change in fair value	31.12.2009 Change in provisions	31.12.2009 Total
Property	407	194			601	436	293			729
Equities	203	82	(7)		278	223	84			307
Bonds	2,149	307	(29)		2,427	2,077	658	63		2,798
Equity mutual funds	37	13	36		86	45	102	(4)		143
Cash UCITS: repurchase transactions		14	3		17					0
Other cash UCITS		13	3		16					0
Bond mutual funds	38	8	33		79	34	34	187		255
Interest on cash deposits	17				17	40				40
Other investment income	171	10	(59)	(183)	(61)	187	82	(160)	(38)	71
Investment income	**3,022**	**641**	**(20)**	**(183)**	**3,460**	**3,042**	**1,253**	**86**	**(38)**	**4,343**
Internal and external management expenses	(358)				(358)	(387)				(387)
Other investment expenses	(371)				(371)	(273)				(273)
Investment expenses	**(729)**				**(729)**	**(660)**				**(660)**
Investment income, net of expenses	**2,293**	**641**	**(20)**	**(183)**	**2,731**	**2,382**	**1,253**	**86**	**(38)**	**3,683**
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	**2,293**	**641**	**122**	**(183)**	**2,873**	**2,382**	**1,253**	**421**	**(38)**	**4,018**

Investment income net of investment expenses fell by €1,145 million. This fall was due mainly to the following:

- a drop in financial income of €89 million, essentially on bonds;
- the net 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 €208 million on assets held for trading, and an increase of €102 million was posted on derivative instruments;
- the change in impairment losses for a total of -€145 million primarily focussed on assets 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

	31.12.2010					31.12.2009				
(in millions of euros)	**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	403	175			578	432	254			686
Equities	193	64	(7)		250	209	68			277
Bonds	1,801	285	(22)		2,064	1,702	644	55		2,401
Equity mutual funds	32	10	38		80	43	94	(7)		130
Cash UCITS: repurchase transactions		14	3		17					0
Other cash UCITS		13	3		16					0
Bond mutual funds	37	4	32		73	34	30	187		251
Interest on cash deposits	3				3	4				4
Other investment income	135	12	(57)	(176)	(86)	167	81	(160)	(29)	59
Investment income	**2,604**	**577**	**(10)**	**(176)**	**2,995**	**2,591**	**1,171**	**75**	**(29)**	**3,808**
Internal and external management expenses	(343)				(343)	(372)				(372)
Other investment expenses	(331)				(331)	(242)				(242)
Investment expenses	**(674)**				**(674)**	**(614)**				**(614)**
Investment income, net of expenses	**1,930**	**577**	**(10)**	**(176)**	**2,321**	**1,977**	**1,171**	**75**	**(29)**	**3,194**
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	**1,930**	**577**	**134**	**(176)**	**2,465**	**1,977**	**1,171**	**374**	**(29)**	**3,493**

Note 36.3.2 – Investment income net of management expenses (revenue breakdown by type of asset) – International

	31.12.2010					31.12.2009				
(in millions of euros)	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	39			43
Equities	11	18			29	14	16			30
Bonds	348	22	(7)		363	375	14	8		397
Equity mutual funds	4	3	(1)		6	2	8	3		13
Cash UCITS: repurchase transactions					0					0
Other cash UCITS					0					0
Bond mutual funds		4			4		4			4
Interest on cash deposits	14				14	36				36
Other investment income	36	(2)	(2)	(6)	26	20	1		(9)	12
Investment income	**417**	**64**	**(10)**	**(6)**	**465**	**451**	**82**	**11**	**(9)**	**535**
Internal and external management expenses	(15)				(15)	(15)				(15)
Other investment expenses	(40)				(40)	(31)				(31)
Investment expenses	**(55)**				**(55)**	**(46)**				**(46)**
Investment income, net of expenses	**362**	**64**	**(10)**	**(6)**	**410**	**405**	**82**	**11**	**(9)**	**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**	**405**	**82**	**47**	**(9)**	**525**

NOTE 37 INSURANCE POLICY SERVICING EXPENSES

Note 37.1 - Insurance policy servicing expenses - by operating segment

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Claims						
Paid to policyholders	(7,100)	(3,211)	(10,311)	(6,816)	(3,068)	(9,884)
Change in technical reserves						
Outstanding claims reserves	(89)	114	25	(60)	41	(19)
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	(30)	39	9	141	(11)	130
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(9,901)**	**(3,157)**	**(13,058)**	**(10,125)**	**(3,233)**	**(13,358)**

Insurance policy servicing expenses totalled €13,058 million as at 31 December 2010, down from €13,358 million as at 31 December 2009, with the year 2010 being impacted by climate events in Europe and an increase in claims.

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 Property and casualty insurance	31.12.2010 Life and health insurance	31.12.2010 Total	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Total
Claims						
Paid to policyholders	(2,682)	(4,418)	(7,100)	(2,630)	(4,186)	(6,816)
Change in technical reserves						
Outstanding claims reserves	13	(103)	(90)	(71)	11	(60)
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	(46)	17	(30)	(54)	195	141
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(2,723)**	**(7,178)**	**(9,900)**	**(2,763)**	**(7,362)**	**(10,125)**

Note 37.2.2 - Insurance policy servicing expenses by business - International

	31.12.2010			31.12.2009		
(in millions of euros)	**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)	(3,068)
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	15	(25)	(11)
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(2,083)**	**(1,075)**	**(3,157)**	**(2,025)**	**(1,207)**	**(3,233)**

NOTE 38 EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

Note 38.1 Expenses and income net of outward reinsurance - by operating segment

	31.12.2010			31.12.2009		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Acquisition and administrative expenses	40	19	59	44	31	74
Claims charge	275	25	300	340	87	427
Change in technical reserves	(1)	(4)	(6)	(6)	2	(5)
Profit sharing	(6)	2	(4)	3	2	5
Change in the equalisation reserve						
Income from outward reinsurance	**307**	**42**	**349**	**380**	**121**	**501**
Outward premiums	(599)	(115)	(715)	(589)	(148)	(736)
Change in unearned premiums		(13)	(12)		(35)	(35)
Expenses on outward reinsurance	**(599)**	**(128)**	**(727)**	**(589)**	**(182)**	**(771)**
INCOME AND EXPENSES NET OF OUTWARD REINSURANCE	**(292)**	**(86)**	**(378)**	**(208)**	**(61)**	**(270)**

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	30	10	40	31	12	44
Claims charge	238	38	275	325	15	340
Change in technical reserves	7	(9)	(1)		(6)	(6)
Profit sharing		(6)	(6)		3	3
Change in the equalisation reserve						
Income from outward reinsurance	**275**	**32**	**307**	**356**	**24**	**380**
Outward premiums	(554)	(46)	(600)	(537)	(52)	(589)
Change in unearned premiums	(1)	1	0	0		0
Expenses on outward reinsurance	**(555)**	**(45)**	**(599)**	**(537)**	**(52)**	**(589)**
INCOME AND EXPENSES NET OF OUTWARD REINSURANCE	**(280)**	**(12)**	**(292)**	**(180)**	**(28)**	**(208)**

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

	31.12.2010			31.12.2009		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(725)	(182)	(907)	(744)	(209)	(953)
Taxes	(191)	(17)	(207)	(182)	(13)	(196)
Personnel expenses	(878)	(306)	(1,183)	(842)	(301)	(1,143)
Commissions	(1,060)	(673)	(1,733)	(1,055)	(653)	(1,708)
Amortisation and provisions (net of write-backs)	(132)	(21)	(153)	(121)	(27)	(148)
Other expenses	(63)	(93)	(156)	(33)	(84)	(118)
TOTAL OPERATING EXPENSES BY NATURE	**(3,048)**	**(1,291)**	**(4,339)**	**(2,978)**	**(1,288)**	**(4,266)**
Personnel expenses directly posted to paid services and costs	(3)		(3)	(4)		(4)
Claims management expenses	(255)	(102)	(357)	(236)	(105)	(341)
Acquisition costs	(1,120)	(736)	(1,856)	(1,076)	(732)	(1,808)
Administrative costs	(683)	(271)	(954)	(727)	(259)	(985)
Other underwriting expenses	(470)	(146)	(616)	(424)	(142)	(566)
Investment management expenses	(134)	(8)	(142)	(129)	(9)	(138)
Other non-operating expenses	(164)	(28)	(192)	(156)	(42)	(198)
Banking operating expenses	(217)		(217)	(226)		(226)
TOTAL OPERATING EXPENSES BY FUNCTION	**(3,048)**	**(1,291)**	**(4,339)**	**(2,978)**	**(1,288)**	**(4,266)**

Note 39.2 - Operating expenses - by business

(in millions of euros)	31.12.2010 Insurance	31.12.2010 Banking	31.12.2010 Total	31.12.2009 Insurance	31.12.2009 Banking	31.12.2009 Total
External expenses	(834)	(73)	(907)	(861)	(92)	(953)
Taxes	(200)	(7)	(207)	(187)	(9)	(196)
Personnel expenses	(1,062)	(121)	(1,183)	(1,025)	(118)	(1,143)
Commissions	(1,733)		(1,733)	(1,708)		(1,708)
Amortisation and provisions (net of write-backs)	(145)	(8)	(153)	(142)	(5)	(148)
Other expenses	(131)	(25)	(156)	(100)	(18)	(118)
TOTAL OPERATING EXPENSES BY NATURE	**(4,104)**	**(234)**	**(4,339)**	**(4,022)**	**(243)**	**(4,266)**
Personnel expenses directly posted to paid services and costs	(3)		(3)	(4)		(4)
Claims management expenses	(357)		(357)	(341)		(341)
Acquisition costs	(1,856)		(1,856)	(1,808)		(1,808)
Administrative costs	(954)		(954)	(985)		(985)
Other underwriting expenses	(616)		(616)	(566)		(566)
Investment management expenses	(142)		(142)	(138)		(138)
Other non-operating expenses	(175)	(17)	(192)	(180)	(18)	(198)
Banking operating expenses		(217)	(217)		(226)	(226)
TOTAL OPERATING EXPENSES BY FUNCTION	**(4,104)**	**(234)**	**(4,339)**	**(4,022)**	**(243)**	**(4,266)**

NOTE 40 POLICY ACQUISITION COSTS

Note 40.1 - Policy acquisition costs by operating segment

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Commissions	(691)	(575)	(1,266)	(679)	(564)	(1,242)
Change in deferred acquisition costs	(27)	(5)	(33)	(11)	(8)	(18)
Other expenses	(430)	(160)	(590)	(397)	(168)	(566)
TOTAL ACQUISITION COSTS	**(1,148)**	**(741)**	**(1,889)**	**(1,087)**	**(739)**	**(1,826)**

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	(440)	(251)	(691)	(418)	(261)	(679)
Change in deferred acquisition costs	(3)	(24)	(27)	7	(18)	(11)
Other expenses	(177)	(252)	(430)	(165)	(233)	(397)
TOTAL ACQUISITION COSTS	**(620)**	**(528)**	**(1,148)**	**(575)**	**(511)**	**(1,087)**

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	(347)	(61)	(408)	(304)	(46)	(349)
Other expenses	(336)	(210)	(546)	(423)	(213)	(636)
TOTAL ADMINISTRATIVE COSTS	**(683)**	**(271)**	**(954)**	**(727)**	**(259)**	**(985)**

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	(209)	(138)	(347)	(200)	(103)	(304)
Other expenses	(117)	(218)	(336)	(151)	(272)	(423)
TOTAL ADMINISTRATIVE EXPENSES	**(327)**	**(357)**	**(683)**	**(352)**	**(375)**	**(727)**

Note 41.2.2 - Administrative expenses by business - International

(in millions of euros)	31.12.2010 Property and casualty insurance	31.12.2010 Life and health insurance	31.12.2010 Total	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 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 France	31.12.2010 International	31.12.2010 Total	31.12.2009 France	31.12.2009 International	31.12.2009 Total
Commissions and other operating expenses, Life	(123)	(14)	(137)	(155)	(13)	(168)
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	**(88)**	**(3)**	**(91)**	**(82)**	**(4)**	**(85)**
Non-life commissions and other operating expenses	(297)	(128)	(425)	(209)	(123)	(332)
Employee profit-sharing, Non-life	(5)	(1)	(6)	(5)	(2)	(7)
Other non-life operating income	114	75	189	118	91	209
Transfer of non-life operating expenses and capitalised production	15	0	15	26	0	26
Total income and expenses from current operations, Non-life	**(172)**	**(54)**	**(226)**	**(70)**	**(34)**	**(104)**
Other non-operating expenses	(189)	(28)	(218)	(160)	(43)	(203)
Other non-operating income	22	33	56	16	30	46
Total income and expenses from current operations, Non-technical	**(167)**	**5**	**(162)**	**(144)**	**(13)**	**(157)**
Total income and expenses from current operations, banking				**(1)**		**(1)**
TOTAL OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**(428)**	**(52)**	**(480)**	**(297)**	**(51)**	**(348)**

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

	31.12.2010					31.12.2009				
(in millions of euros)	**Property and casualty insurance**	**Life and health insurance**	**Ban-king**	**Holding**	**Total**	**Property and casualty insurance**	**Life and health insurance**	**Ban-king**	**Holding**	**Total**
Commissions and other operating expenses, Life		(125)			(125)	(0)	(155)			(155)
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		**(91)**			**(91)**	**(0)**	**(82)**			**(82)**
Non-life commissions and other operating expenses	(247)	(50)			(297)	(235)	26		0	(209)
Employee profit-sharing, Non-life	(4)		(1)		(5)	(5)		(1)		(5)
Other non-life operating income	93	21			114	111	7			118
Transfer of Non-life operating expenses and capitalised production	15				15	26				26
Total income and expenses from current operations, Non-life	**(142)**	**(29)**	**(1)**		**(172)**	**(103)**	**33**	**(1)**	**0**	**(70)**
Other non-operating expenses	(18)	(14)	(0)	(158)	(189)	(19)	(10)	2	(134)	(160)
Other non-operating income	5	9	9		22	5	3	9		16
Total income and expenses from current operations, Non-technical	**(14)**	**(4)**	**9**	**(158)**	**(167)**	**(14)**	**(7)**	**11**	**(134)**	**(144)**
Total income and expenses from current operations, banking								**(1)**		**(1)**
TOTAL OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**(156)**	**(124)**	**8**	**(158)**	**(429)**	**(117)**	**(55)**	**10**	**(134)**	**(297)**

Note 42.2.2 - Other income and expenses from current operations by business - International

(in millions of euros)	31.12.2010 Property and casualty insurance	31.12.2010 Life and health insurance	31.12.2010 Banking	31.12.2010 Holding	31.12.2010 Total	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Banking	31.12.2009 Holding	31.12.2009 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)	(2)	0		0	(2)
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)**	**(30)**	**(4)**		**0**	**(34)**
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	**(41)**	**(7)**		**(5)**	**(52)**	**(39)**	**(9)**		**(4)**	**(51)**

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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	84	13	97	29	7	36
Expenses from non-current operations	(52)	(105)	(157)	(116)	(200)	(317)
Allocation to the provision for goodwill		(79)	(79)	3	(113)	(111)
TOTAL OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**32**	**(171)**	**(139)**	**(85)**	**(307)**	**(392)**

Other net income and expenses from non-current operations amounted to a loss of -€139 million as at 31 December 2010 compared with a loss of -€392 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 for an 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 43.1 - 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	32	50	3	84	10	19		29
Expenses from non-current operations	(34)	(16)	(3)	(52)	(57)	(42)	(17)	(116)
Allocation to the provision for goodwill							3	3
TOTAL OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS	**(2)**	**34**	**0**	**32**	**(47)**	**(23)**	**(14)**	**(85)**

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	(130)	(129)
Interest income and expenses - Other		
TOTAL FINANCING EXPENSES	**(130)**	**(129)**

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	(33)	(9)		(88)	(130)	(30)	(8)		(90)	(129)
Interest income and expenses - Other										
TOTAL FINANCING EXPENSES	**(33)**	**(9)**	**0**	**(88)**	**(130)**	**(30)**	**(8)**	**0**	**(90)**	**(129)**

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NOTE 45 BREAKDOWN OF TAX EXPENSES

Note 45.1 - Breakdown of tax expenses by operating segment

(in millions of euros)	31.12.2010 France	31.12.2010 International	31.12.2010 Total	31.12.2009 Total
Current taxes	(168)	(40)	(209)	12
Deferred taxes	423	(17)	406	(168)
TOTAL TAX EXPENSES	**255**	**(58)**	**197**	**(156)**

The new tax regulations on capitalisation reserves have a positive impact on Group accounts in the amount of €325 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

	31.12.2010					31.12.2009				
(in millions of euros)	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(107)	(171)	(16)	125	(169)	(155)	39	(18)	192	59
Deferred taxes	131	328	3	(39)	424	109	(322)	16	(79)	(276)
TOTAL TAX EXPENSES	**25**	**157**	**(13)**	**86**	**255**	**(46)**	**(283)**	**(2)**	**113**	**(217)**

Note 45.2.2 - Breakdown of tax expenses by business - International

	31.12.2010					31.12.2009				
(in millions of euros)	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 EXPENSES	**(78)**	**(293)**
Impact of expenses or income defined as non-deductible or non-taxable	352	196
Impact of differences in tax rate	(84)	20
Tax credit and various charges	2	1
Charges of prior deficits	(13)	(1)
Losses for the year not activated		
Deferred tax assets not accounted for	18	(108)
Other differences	0	30
EFFECTIVE TAX EXPENSES	**197**	**(156)**

Income tax totalled €197 million at 31 December 2010, compared with €156 million for 31 December 2009. The change in the effective rate of tax 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:

	31.12.2010		31.12.2009	
(in millions of euros)	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	165	34.43%	914	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	**228**		**853**	

NOTE 46 RELATED PARTIES

This note is included in the Registration Document under 3.7.

NOTE 47 EMPLOYEES OF THE CONSOLIDATED COMPANIES

This note is included in the Registration Document under 1.5.

NOTE 48 COMMITMENTS GIVEN AND RECEIVED

Note 48.1 - Commitments given and received - banking segment

(in millions of euros)	31.12.2010	31.12.2009
Financing commitments received		
Guarantee commitments received	167	106
Securities commitments receivable		
Total banking commitments received	**167**	**106**
Commitments received on currency transactions	23	94
Other commitments received	14	23
Total of other banking commitments received	**36**	**117**
Financing commitments given	310	234
Guarantee commitments given	93	84
Commitments on securities to be delivered		
Total banking commitments given	**403**	**318**
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 €167 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
- foreign currencies sold for euros not yet delivered: €23 million

As regards commitments given, these were marked by an increase in commitments to customers, which brought the total financing commitments to €310 million.

Note 48.2 - Commitments given and received - insurance and reinsurance business segments

(in millions of euros)	31.12.2010	31.12.2009
Endorsements, securities and guarantees received	566	665
Other commitments received	1,413	1,036
Total commitments received, excluding reinsurance	**1,979**	**1,701**
Reinsurance commitments received	**395**	**422**
Endorsements, securities and guarantees given	427	445
Other commitments relating to stock, assets or revenue	477	533
Other commitments given	105	159
Total commitments given, excluding reinsurance	**1,009**	**1,137**
Reinsurance commitments given	**1,810**	**2,519**
Securities belonging to protection 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 as a result of 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 €427 million and are broken down into the following major transactions:

- 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;
- securities and guarantees for €74 million.

Other commitments on securities, assets or income consist exclusively of subscriptions to venture capital funds ("FCPR"). The balance of €477 million 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 amounted to €105 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 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%	38.8%	36.6%	31.7%
		Ratio < 0.50 for 74%			
■ EBITDA / Bank interest [2]	76%	Ratio > 3 for 9%	3.11 - 3.95	3.69 - 4.54	3.37 - 3.82
		Ratio > 2.5 for 54%			
		Ratio > 2 for 23%			
■ 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%	10.8%	12.4%	11.0%
		Ratio < 0.25 for 18%			
■ Re-valued real estate assets	33%	Amount > €1,000 million for 22%	3,460	3,184	3,099
		Amount > €1,500 million for 16%			
■ 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:

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 49 RISK FACTORS AND SENSITIVITY ANALYSES

This note is included in the Registration Document under Chapter 4.

NOTE 50 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 has changed its name to Société Forestière Groupama with effect from 10 May 2010.

Newly consolidated entities

La Banque Postale IARD, 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

			% control	% interest	Method	% control	% interest	Method
	Sector	Country	31.12.2010			31.12.2009		
GROUPAMA SA	Holding	France	100.00	100.00	Parent co.	100.00	100.00	Parent co.
GIE GROUPAMA SI	GIE	France	88.44	88.42	FC	88.42	88.40	FC
GIE LOGISTIQUE	GIE	France	99.98	99.98	FC	99.99	99.99	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	99.99	99.99	FC	99.98	99.98	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.78	FC	99.76	99.76	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM			
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.81	FC	98.63	98.63	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.37	FC	90.89	90.29	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
GUK BROKING SERVICES	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
LARK	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GREYSTONE	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
HALVOR	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Insurance brokerage	UK	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation.
EM: Equity method.

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	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
GRIFFITHS GOODS	Insurance brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
CHOICE QUOTE	Insurance brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GROSVENOR COURT SERVICES	Insurance brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSICURAZIONI (ex Nuova Tirrena)	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. Mgmt.	France	99.98	99.35	FC	99.98	99.98	FC
GROUPAMA FUND PICKERS	Portf. Mgmt.	France	100.00	99.38	FC	100.00	99.98	FC
GROUPAMA PRIVATE EQUITY	Portf. Mgmt.	France	100.00	99.37	FC	100.00	100.00	FC
GROUPAMA BANQUE (ex Banque Finama)	Banking	France	99.37	99.37	FC	100.00	100.00	FC
GROUPAMA EPARGNE SALARIALE	Portf. Mgmt.	France	100.00	99.37	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	99.37	FC	100.00	100.00	FC
SILIC	Real estate	France	42.36	42.36	FC	42.09	42.09	FC
SEPAC	Real estate	France	100.00	42.36	FC	100.00	42.09	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	95.32	95.32	FC	95.30	95.30	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	95.32	FC	100.00	95.30	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA (ex-SCIFMA)	Real estate	France	87.67	87.67	FC	78.93	78.93	FC
SCI TOUR GAN	Real estate	France	100.00	98.88	FC	100.00	98.88	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
SAFRAGAN	Real estate	France				90.00	85.77	FC
261 RASPAIL	Real estate	France	100.00	95.32	FC	100.00	95.30	FC
SOCOMIE	Real estate	France	100.00	42.36	EM	100.00	42.09	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.71	FC	100.00	98.71	FC
1 BIS FOCH	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
16 MESSINE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
9 MALESHERBES	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
40 RENE BOULANGER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
44 THEATRE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
47 VILLIERS	Real estate	France				100.00	98.92	FC

FC: Full consolidation.
EM: Equity method.

	Sector	Country	% control 31.12.2010	% interest 31.12.2010	Method 31.12.2010	% control 31.12.2009	% interest 31.12.2009	Method 31.12.2009
IMMOPREF	Real estate	France				100.00	100.00	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FORGAN (SA)	Real estate	France				100.00	100.00	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
14 MADELEINE (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
204 PEREIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CELESTE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
GOUBET PETIT	Real estate	France				66.66	66.66	EM
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
LES FRERES LUMIERE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
6 MESSINE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LES GEMEAUX (SCI)	Real estate	France				100.00	100.00	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FRANCE-GAN I D	Mutual funds	France	41.69	29.15	EM	81.65	69.81	FC
GROUPAMA TRESORERIE I C	Mutual funds	France	27.24	27.24	EM	49.17	49.01	EM
ASTORG TAUX VARIABLE D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH G D	Mutual funds	France	96.60	96.05	FC	89.31	88.20	FC
ASTORG CTT C	Mutual funds	France	100.00	100.00	FC	85.37	85.37	FC

FC: Full consolidation.
EM: Equity method.

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	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
ASTORG PENSION C	Mutual funds	France	100.00	100.00	FC	74.58	74.58	FC
ASTORG CASH MA	Mutual funds	France				100.00	99.29	FC
ASTORG CASH MT D	Mutual funds	France	85.11	82.91	FC	99.98	99.27	FC
GROUPAMA EONIA I C	Mutual funds	France	30.79	30.36	EM	38.43	36.23	EM
ASTORG EONIA	Mutual funds	France				100.00	100.00	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual funds	France	81.67	81.67	FC	82.68	82.68	FC
GROUPAMA CREDIT EURO LT I D	Mutual funds	France				99.05	99.05	FC
GROUPAMA FP DETTE EMERGENTE G C	Mutual funds	France	89.32	89.32	FC	94.53	94.48	FC
GROUPAMA ALTERNATIF EQUILIBRE C	Mutual funds	France	79.17	79.17	FC	79.17	79.17	FC
HAVRE OBLIGATION D	Mutual funds	France				100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	Mutual funds	France	66.42	64.37	FC	84.15	82.10	FC
GROUPAMA CONVERTIBLES I D	Mutual funds	France	84.88	82.81	FC	87.28	85.61	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual funds	France				40.52	40.52	EM
GROUPAMA ETAT EURO CT I D	Mutual funds	France	89.06	89.06	FC	89.01	89.01	FC
GROUPAMA AAEXA D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ACTIONS INTERNATIONALES I C	Mutual funds	France	99.71	99.71	FC	99.76	99.76	FC
GROUPAMA CREDIT EURO I D	Mutual funds	France	55.56	55.56	FC	58.16	58.16	FC
GROUPAMA CREDIT EURO I C	Mutual funds	France	49.29	49.29	EM	58.58	58.58	FC
GROUPAMA EURO STOCK	Mutual funds	France				38.53	38.53	EM
GROUPAMA INDEX INFLATION EURO I D	Mutual funds	France	100.00	97.21	FC	100.00	97.21	FC
ASTORG EURO SPREAD D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual funds	France	99.83	99.83	FC	99.92	99.92	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual funds	France	100.00	99.97	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROPEXEURO D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON ACTIONS EURO	Mutual funds	France				99.97	99.96	FC
WASHINGTON ACT. INTERNATIONALES	Mutual funds	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual funds	France	80.00	80.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation.
EM: Equity method.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2010			31.12.2009		
WASHINGTON EURO NOURRI 13 FCP	Mutual funds	France	100.00	99.94	FC	100.00	99.94	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual funds	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual funds	France	100.00	100.00	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual funds	France	88.89	88.89	FC	100.00	100.00	FC
ASTORG ACTIONS EURO I C	Mutual funds	France	98.88	98.88	FC			
GROUPAMA CREDIT EURO LT I C	Mutual funds	France	53.15	53.15	FC			
GROUPAMA US STOCK I C	Mutual funds	France	59.38	59.38	FC			
GROUPAMA CREDIT EURO LT G D	Mutual funds	France	99.53	99.53	FC			
GROUPAMA CREDIT EURO G D	Mutual funds	France	43.56	43.56	EM			

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.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended 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.

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
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Groupama SA
8-10, rue d'Astorg
75008 PARIS

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 the 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 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 the 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, 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 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

6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

ASSETS

(in thousands of euros)		Net amount 31.12.2010	Net amount 31.12.2009
Intangible assets	**Note 4**	**25,401**	**19,227**
Investments		**10,015,661**	**11,136,581**
Land and buildings	Note 5.1	642,442	628,937
Investments in affiliated companies and in Equity-linked companies	Note 5.2	8,459,552	8,568,448
Other investments	Note 5.3	913,667	1,939,196
Share of outward reinsurers and retrocessionaires in underwriting reserves	**Note 6**	**642,580**	**667,414**
Reserves for unearned contributions		5,419	57
Provisions for claims (non-life)		509,799	586,726
Reserves for profit sharing and rebates (non-life)		326	378
Equalisation reserve		2,943	2,788
Other technical reserves (non-life)		124,093	77,465
Receivables	**Note 7**	**605,287**	**540,650**
Receivables arising from direct insurance operations		31,466	33,607
Receivables relating to reinsurance operations		301,857	322,410
Other receivables		271,964	184,633
Other assets		**184,860**	**374,881**
Operating activities property, plant and equipment		8,719	11,481
Cash and equivalent in banks and at hand		176,141	363,400
Accruals - Assets	**Note 8**	**14,331**	**13,794**
Unrealised foreign exchange gains (losses)		**15,941**	**30,919**
TOTAL ASSETS		**11,504,061**	**12,783,466**

LIABILITIES

(in thousands of euros)		Net amount 31.12.2010	Net amount 31.12.2009
Shareholders' equity	**Note 9**	**3,210,962**	**3,180,457**
Capital		1,186,513	1,186,513
Additional paid-in capital		103,482	103,482
Other reserves		174,130	173,979
Retained earnings		1,599,571	1,568,116
Net profit for the year		147,266	148,367
Subordinated debt	**Note 10**	**2,245,445**	**2,995,445**
Gross technical reserves	**Note 11**	**3,461,281**	**3,419,700**
Reserves for unearned contributions		167,536	155,706
Provisions for claims (non-life)		2,883,119	2,860,284
Reserves for profit sharing and rebates (non-life)		374	2,778
Equalisation reserve		17,710	37,032
Other technical reserves (non-life)		392,542	363,900
Contingent liabilities	**Note 12**	**99,056**	**92,834**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**87,715**	**68,947**
Other liabilities	**Note 13**	**2,395,824**	**3,011,584**
Debts arising from direct insurance operations		10,389	9,976
Debts relating to reinsurance operations		150,178	126,308
Bonds (including convertible bonds)		396,772	380,986
Debt to credit institutions		495,269	1,033,012
Other liabilities		1,343,216	1,461,302
Accruals - Liabilities	**Note 14**	**3,778**	**1,956**
Unrealised foreign exchange gains (losses)		**0**	**12,543**
TOTAL LIABILITIES		**11,504,061**	**12,783,466**

6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Net transactions 2010	Net transactions 2009
Earned premiums	**2,100,714**	**490,227**	**1,610,487**	**1,543,979**
Premiums	2,107,193	490,470	1,616,723	1,559,451
Change in unearned premiums	(6,479)	(243)	(6,236)	(15,472)
Income from allocated investment	**142,369**		**142,369**	**111,029**
Other underwriting income	**152**		**152**	**4**
Claims charge	**(1,448,147)**	**(209,627)**	**(1,238,520)**	**(1,232,453)**
Benefits and expenses paid	(1,428,438)	(252,510)	(1,175,928)	(1,171,515)
Charges from provisions for claims	(19,709)	42,883	(62,592)	(60,938)
Charges from other technical reserves	**(27,743)**	**(11,602)**	**(16,141)**	**(19,950)**
Profit sharing	**(217)**		**(217)**	**157**
Acquisition and administrative expenses	**(459,702)**	**(26,735)**	**(432,967)**	**(416,618)**
Acquisition costs	(264,984)		(264,984)	(248,381)
Administrative costs	(194,718)		(194,718)	(192,552)
Commissions received from reinsurers		(26,735)	26,735	24,315
Other underwriting expenses	**(200,787)**		**(200,787)**	**(162,209)**
Change in the equalisation reserve	**19,338**	**(155)**	**19,493**	**(2,292)**
Operating profit from non-life insurance	**125,977**	**242,108**	**(116,131)**	**(178,353)**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)		Net transactions 2010	Net transactions 2009
Operating profit from non-life insurance		**(116,131)**	**(178,353)**
Investment proceeds	**Note 18**	**738,319**	**1,052,805**
Investment income		623,426	563,303
Other investment proceeds		72,811	304,949
Gain on realisation of investments		42,082	184,553
Investment expenses	**Note 18**	**(462,611)**	**(818,987)**
Internal and external investment management costs		(210,633)	(191,340)
Other investment expenses		(225,325)	(296,159)
Losses on realisation of investments		(26,653)	(331,488)
Transferred investment proceeds		**(142,369)**	**(111,029)**
Other non-technical income and expenses	**Note 19**	**(257)**	**(19,595)**
Extraordinary income	**Note 20**	**(17,105)**	**8,162**
Income tax	**Note 21**	**147,420**	**215,364**
NET PROFIT		**147,266**	**148,367**

6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2006	2007	2008	2009	2010
I. Financial position at year end					
a) Capital	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186
b) Number of existing shares	231,514,768	231,514,768	231,514,768	231,514,768	231,514,768
c) Number of bonds convertible into shares actions					
II. Transactions and results for fiscal year					
a) Net profit for the year	1,833,736,770	1,897,911,117	1,979,571,342	2,001,650,526	2,100,713,950
b) Income before tax, amortisation and provisions	285,892,777	109,231,365	316,345,925	(97,809,332)	169,750,226
c) Corporate income tax	(88,191,919)	(45,861,849)	(76,940,609)	(215,363,627)	(147,419,879)
d) Employee profit-sharing owed for the fiscal year					
e) Income after tax, profit-sharing, amortisation and provisions	318,647,532	379,012,201	445,591,544	148,366,525	147,266,208
f) Distributed earnings	134,278,565	155,114,895	53,248,396	104,181,645	104,181,646
III. Income per share					
a) Income after tax and profit-sharing but before amortisation and provisions	1.62	0.67	1.70	0.51	1.37
b) Income after tax, profit-sharing, Amortisation and provisions	1.38	1.64	1.92	0.64	0.64
c) Dividend allotted for each share	0.58	0.67	0.23	0.45	0.45
IV. Personnel					
a) Number of employees	1,510	1,550	1,584	1,677	1,669
b) Amount of payroll costs	87,914,032	100,105,039	101,483,682	115,851,594	130,006,779
c) Amounts paid in employee benefits	42,277,365	44,866,170	49,146,040	54,633,252	62,660,557

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the *de facto* group but before billing to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Summary of the Notes

1 SIGNIFICANT EVENTS OF THE YEAR

Storm "Xynthia"

The beginning of 2010 was marked by 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 of these storms to Groupama SA amounted to €123 million before reinsurance. The cost of these events to Groupama net of reinsurance is €70 million. Net of tax, the cost to Groupama SA is €47 million.

Floods in the Var region

The cost of floods in the department of the Var is €31 million for Groupama SA before reinsurance and €11 million net of reinsurance. Net of tax, the cost to the Group is €7 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 in the amount of €12.6 million. This tax is not deductible from taxable income.

TSR Groupama SA: redemption of the 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds (TSR) for €750 million and the approval of the French Prudential Supervision 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

FITCH RATINGS

On 21 April 2010, Fitch Ratings gave Groupama a financial solidity 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.

STANDARD & POOR'S

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 17% financial equity interest 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.

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.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's individual financial statements were drawn up and presented in accordance with the French Insurance Code as amended by Decrees no. 94–481 and no. 94–482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no. 91–674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings.

3.1 - Underwriting operations

Groupama SA is engaged mainly in the following Non-life insurance operations:

- business underwritten directly and that conducted within co-insurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 - Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 - Reserves for unearned premiums

The provision for unearned premiums for all policies in force at the financial year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 - Acquisition and administrative expenses

These expenses mainly consist of:

- commissions paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 - Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 - Claims

The claims expense for the year consists mainly of:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These provisions also include actuarial reserves on the annuities accepted from the regional mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA.

In construction risk, the reserve for claims yet to be made comprises direct claims and claims from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A.331-21 of the French Insurance Code.

The mathematical provisions, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these provisions are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining the provisions for outstanding claims were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

- using specific Groupama tables on the one hand certified by an independent actuary for individual risk and maintenance tables from the *Bureau Commun des Assurances Collectives* (BCAC) for group risk with respect to temporary disability coverage;
- using the BCAC maintenance tables for pending disability coverage.

3.1.6 - Equalisation reserve

The reserve for equalisation aims to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no. 2001-1280 of 28 December 2001 and by Article 39 quinquies G of France's General Tax Code as modified by Decree no 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 - Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The provision for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance transactions covering health and disability risks. This provision concerns the provisions formed in dependency insurance as well as the provisions on direct business managed by Groupama SA.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on inward reinsurance business.

In life and health insurance, the methods for determining actuarial reserves that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the provisions are determined by applying maintenance tables from the *Bureau Commun des Assurances Collectives* (BCAC).

However, taking longer life spans into account requires continuing the gradual anticipation of a change in mortality tables, which was initiated in fiscal year 2000. As a result, the actuarial reserves of life annuities from general business calculated at year end in application of the regulatory tables TD-TV 88/90 are the subject of an additional provision, the implementation of which will be spread over a period of 15 years, and which is based on TPRV 93.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no. 2008-1437 of 22 December 2008, a provision for liquidity risk is allocated when investments subject to Article R. 332-20 are found to be in a situation of overall net unrealised capital loss. This provision is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Allocations to this provision may be spread out over three years.

3.1.8 - Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 - Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 - Investment

3.2.1 - Entry costs and valuation at year end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation no. 2004-06 of the French Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation no. 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the accounts by components.

The four components used by Groupama SA are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residence skyscrapers	
Components	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**
Building shell	**120 years**	**65%**	**80 years**	**65%**	**50 years**	**50%**	**70 years**	**40%**
Frame, beams, columns, floors, walls								
Wind- and water-tight facilities	**35 years**	**10%**	**30 years**	**10%**	**30 years**	**10%**	**30 years**	**20%**
Roof-terrace, facades, covering, external woodwork								
Technical facilities	**25 years**	**15%**	**25 years**	**15%**	**20 years**	**25%**	**25 years**	**25%**
Lifts, heating/air conditioning, networks (electrical, plumbing, etc.)								
Fixtures, finishings	**15 years**	**10%**	**15 years**	**10%**	**15 years**	**15%**	**15 years**	**15%**
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using actuarial methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R. 332-19 and an option to convert into shares under Article R. 332-20.

Pursuant to the provisions of decrees no. 2002-1535 of 24 December 2002 and no. 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the Company.

(c) Equities and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. As of fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the Company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 - Provisions

(a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for diminution in value. Nevertheless, a provision for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a permanent provision for impairment may be allocated. Such impairment provisions are applied to investment properties where this is significant but is not applied to properties used in the business where such business usage for the Company is not likely to change.

LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For those investments covered by Article R. 332-20, a line-by-line provision for impairment may only be allocated when there is reason to deem that the impairment is permanent.

Hence, pursuant to Note no. 2002-F of the French National Accounting Board's Emergency Committee dated 18 December 2002, the permanent nature may only be presumed:

- if there was a long-term provision for an investment line in the previous published statement;
- for a listed investment, the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing. Significant unrealised capital loss is assumed to apply when, over a six-month period, the security has permanently declined by 20% from its sale price (this rate may be increased to 30% in the event of high volatility in the financial markets);
- there are objective indicators of long-term impairment.

In the event of long-term impairment of a security the amount of the provision is the difference between historical cost price and recoverable amount.

The reference value or recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

EQUITY INTERESTS

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation.

When the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities, a provision for impairment is made after taking the significance threshold into account.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a provision for impairment is allocated for the difference.

3.2.3 - Investment income and expenses

Financial income includes the revenue from investments received during the financial year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of provisions for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and provisions for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In Non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical provisions is transferred to the Non-life technical income statement on a basis prorated to the technical provisions and equity.

3.2.4 - Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

3.3 - Other transactions

3.3.1 - Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if necessary, to recognise an additional depreciation deemed to be irreversible at the year end.

3.3.2 - Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA Group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 - Foreign currency transactions

Pursuant to Accounting Regulation Committee regulation no. 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 - Receivables

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations:
  - premiums yet to be written for policyholders,
  - premiums yet to be cancelled for policyholders,
  - premiums yet to be collected from policyholders,
  - loans or advances from co-insurers;
- for inwards reinsurance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance,
  - loans or advances with the ceding entities,
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers,
  - income owed relating to transactions ceded to outward reinsurers;
- for the other receivables:
  - tax combination loans or advances to daughter companies,
  - receivables from government bodies and social security agencies,
  - loans or advances to various other entities,
  - other income due.

When the inventory value at the financial year end is below the book value, a provision for diminution in value is set aside.

3.3.5 - Tangible operating assets

The tangible operating assetes account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 - Accruals - assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 - Contingent liabilities

The contingent liabilities provisions are established pursuant to CRC Regulation no. 2000-06 dated 7 December 2000. This item also includes regulated provisions, especially accelerated amortisation.

3.3.8 - Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 61 tax combined subsidiaries.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the accounts pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the *Conseil National de la Comptabilité*.

3.3.9 - Liabilities

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-policyholders;
- for inward reinsurance transactions:
  - advances or loans with the ceding offices,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers;
- for other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 - Accruals - liabilities

The accruals accounts on the liabilities side mainly include: amortisation of the differences on bond redemption prices.

3.3.11 - Non-operating expenses and income

Pursuant to the ministerial order of 31 December 2010 following the tax system change to the capitalisation reserve introduced by the 2011 financial law, allocations and reversals to the capitalisation reserve mentioned in paragraph 3.2.3 of the accounting principles, rules, and methods generate both a non-operating reversal and an allocation to the capitalisation reserve corresponding to the income and the theoretical tax expense on this reversal and allocation.

3.4 - Change in accounting method

Note No. 2009-12 of the French National Accounting Board dated 1 October 2009 with regard to accounting rules governing insurance bodies and so-called "finite" reinsurance contracts as well as purely financial reinsurance contracts (pursuant to Article L. 310-1-1 of the French Insurance Code) was applied to the financial statements. After analysing the reinsurance contracts in Groupama SA's portfolios, all of these contracts are shown to be classic reinsurance contracts.

4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2009	Transfers inflow/outflow	Inflow/increase in Amortisation	Outflows/ amortisation write-back	Amount as at 31.12.2010
Gross amounts	67,057		13,634	50	80,641
Amortisation	47,830		7,451	41	55,240
TOTAL NET AMOUNTS	**19,227**		**6,183**	**9**	**25,401**

Intangible assets are composed primarily of software.

NOTE 5 INVESTMENTS

Note 5.1 Land and buildings

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2009	Transfers inflows/outflows	Inflow during the year	Outflow during the year	Amount as at 31.12.2010
Gross amounts					
Fixed Assets	257,437		25,810	7,156	276,091
Shares of real-estate companies	435,113		4,511	6,101	433,523
Total gross amounts	**692,550**		**30,321**	**13,257**	**709,614**
Amortisation/Depreciation					
Fixed Assets	63,581		6,282	2,726	67,137
Shares of real-estate companies	32		3		35
Total amortisation	**63,613**		**6,285**	**2,726**	**67,172**
TOTAL NET AMOUNTS	**628,937**		**24,036**	**10,531**	**642,442**

Note 5.2 Investments in affiliated companies and in companies with equity-linked interest

SUMMARY TABLE

(in thousands of euros)	Amount as at 31.12.2009	Transfers inflows/outflows	Inflows during the year	Outflows during the year	Amount as at 31.12.2010
Gross amounts					
Equity securities					
Affiliated companies	7,847,248		245,067	99,587	7,992,728
Companies with equity-linked interest	768,071		20,534	317	788,288
Loans and receivables					
Affiliated companies	615,787		110,505	234,416	491,876
Companies with equity-linked interest	700				700
Cash deposits with ceding entities	7,295		20,803	19,579	8,519
Total gross amounts	**9,239,101**		**396,909**	**353,899**	**9,282,111**
Provisions					
Equity securities					
Affiliated companies	648,147		158,666	59,426	747,387
Companies with equity-linked interest	22,506		58,422	5,756	75,172
Loans and receivables					
Affiliated companies					
Companies with equity-linked interest					
Cash deposits with ceding entities					
Total provisions	**670,653**		**217,088**	**65,182**	**822,559**
TOTAL NET AMOUNTS	**8,568,448**		**179,821**	**288,717**	**8,459,552**

The principal changes occurring with regard to equity securities during the year were the strengthening of existing interests and internal restructuring transactions within the Group.

The breakdown of additional interests concerns mainly: La Banque Postale IARD for €101 million, Amaline Assurance for €36 million and Groupama Sigorta for €10.8 million.

The principal changes relating to loans and advances granted by Groupama SA concern loans to: Groupama Asigurari for €10 million, Gan Outre-Mer for €5 million, the foreign exchange adjustment difference on the loan granted in pounds sterling to Gan UK Broking Services for €3.3 million, as well as the redemptions on the loans granted to: Gan Eurocourtage for €64 million, Gan Assurances for €30.5 million, and Groupama Transport for €27.4 million.

With respect to provisions, long-term impairment provisions concern primarily: Groupama Jivoto Zastrahovane for €56.4 million, Groupama Emeklilik for €38.1 million, Groupama Zivotna Poistovna for €33.8 million and Gan Prévoyance for €26 million. The write-back of reserves relates to the Gan UK Broking Services reserve for €59.5 million.

Note 5.3 Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds, and mutual fund units.

(in thousands of euros)	Amount as at 31.12.2009	Transfers inflows/ outflows	Inflows during the year	Outflows during the year	Amount as at 31.12.2010
Gross amounts					
Financial investments	1,946,833		2,465,026	3,490,518	921,304
Total gross amounts	**1,946,833**		**2,465,026**	**3,490,518**	**921,304**
Provisions					
Financial investments	7,637				7,637
Total provisions	**7,637**				**7,637**
TOTAL NET AMOUNTS	**1,939,196**		**2,465,026**	**3,490,518**	**913,667**

Inflows and outflows during the year were related to asset and liability management transactions.

As stated in Note 10, it is worth pointing out that in October 2009 Groupama SA issued a €750 million bond to repay a bond of the same amount coming due in 2010.

As at 31 December 2009, cash and cash equivalents pertaining to that subordinated debt were invested on that date in short-term investments designed to inflate balance sheet items. As at this date redemption of the bond explains the correlative drop in investment assets noted in 2010.

Note 5.4 Summary of investments

	2010		
Summary by type *(in thousands of euros)*	Gross amount	Net amount	Realisable value
1. Real estate investments (incl. pending)	410,904	341,696	725,655
2. Equities and other variable-income securities	8,304,032	7,535,159	11,577,293
3. Variable-income mutual funds	66,684	66,588	66,140
FFI yield strategies			(359)
4. Fixed-income mutual funds	180,932	180,932	181,469
5. Bonds and other fixed-income securities	18,002	11,423	11,427
6. Mortgage loans			
7. Other loans and similar notes	508,919	508,918	508,896
8. Deposits with ceding companies	1,472,473	1,418,699	1,711,734
9. Other deposits, cash guarantees and other investments	41,110	41,110	41,110
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**11,003,056**	**10,104,525**	**14,823,365**
Of which total FFI			(359)
Of which total investments	11,003,056	10,104,525	14,823,726
Other items (1)	(88,864)	(88,864)	
TOTAL INVESTMENTS	**10,914,192**	**10,015,661**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current account of a group entity (Groupama Investissement).

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

The balance sheet amounts of Group investments in "non-core" government-issued bonds, *i.e.*, Portugal, Ireland, Italy, Greece and Spain, totalled €68.8 million as at 31 December 2010. Unrealised losses on these securities totalled €1 million (net of taxes), as at 31 December 2010.

Summary statement of investments (cont.)

(in thousands of euros)	2010 Gross amount	Net amount	Realisable amount
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	58,412	52,712	48,480
Securities estimated according to Article R. 332-20	10,944,643	10,051,813	14,774,885
Securities estimated according to Article R. 332-5			
Sub-total	**11,003,055**	**10,104,525**	**14,823,365**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,024,827	8,189,191	12,609,966
Securities that secure commitments toward provident institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,472,473	1,418,699	1,711,734
- Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	505,756	496,635	501,665
Sub-total	**11,003,055**	**10,104,525**	**14,823,365**
II. Securities allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**10,804**	**10,804**	**10,804**
III. Securities belonging to provident institutions			
A) Itemisation of land and buildings			
- Operating activities property			
- Real assets	225,455	171,726	314,400
Holdings in SCIs or real estate companies	6,298	6,298	7,735
- Other fixed assets			
- Real assets	56,683	41,238	223,733
Holdings in SCIs or real estate companies	427,225	427,191	583,217
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
Including discount not yet amortised		159	
Redemption premium not recovered		1,721	

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NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

	31.12.2010				31.12.2009			
(in thousands of euros)	Outward reinsurance on direct business [(1)]	Retro on inward reinsur. from RMs	Other retrocessions	Total	Outward reinsurance on direct business	Retro on inward reinsur. from RMs	Other retrocessions	Total
Reserves for unearned contributions	191	5,228	0	5,419	124	(80)	13	57
Reserves for claims	80,877	207,327	221,595	509,799	83,688	263,433	239,605	586,726
Profit-sharing reserves	326			326	378			378
Equalisation reserves:	1,630		1,313	2,943	1,808		980	2,788
Other technical reserves:	16,696	106,957	440	124,093	15,336	61,869	260	77,465
TOTAL	**99,721**	**319,512**	**223,347**	**642,580**	**101,334**	**325,222**	**240,858**	**667,414**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

NOTE 7 RECEIVABLES

	31.12.2010				31.12.2009			
	Maturity				Maturity			
(in thousands of euros)	<1 year	1-5 years	+5 years	Total	<1 year	1-5 years	+5 years	Total
Receivables relating to direct insurance operations	**14,283**	**17,183**		**31,466**	**13,390**	**20,217**		**33,607**
Earned premiums not written	3,555			3,555	4,007			4,007
Other receivables relating to direct insurance transactions	10,728	17,183		27,911	9,383	20,217		29,600
Policyholders	2,388			2,388	1,764			1,764
Insurance intermediaries	133			133	265			265
Co-insurers	8,207	17,183		25,390	7,354	20,217		27,571
Receivables relating to reinsurance transactions	**268,872**	**32,985**		**301,857**	**285,570**	**36,840**		**322,410**
Reinsurers	20,321	14,135		34,456	52,866	3,733		56,599
Ceding entities	248,551	18,850		267,401	232,704	33,107		265,811
Other receivables	**243,817**	**28,147**		**271,964**	**148,277**	**36,356**		**184,633**
Personnel	12,559			12,559	1,716			1,716
Government, Social Security, local authorities	56,802	481		57,283	1,150	2,161		3,311
Other debtors	174,456	27,666		202,122	145,411	34,195		179,606
TOTAL RECEIVABLES	**526,972**	**78,315**		**605,287**	**447,237**	**93,413**		**540,650**

The increase in the “Government, social security, local authorities” item is primarily due to the prepayment of corporate income tax in 2010 totalling €55 million, while due to the 2009 loss no prepayment of corporate income tax was recorded that year.

NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2010	31.12.2009
Accrued interest not yet due	6,141	5,726
Deferred acquisition costs	7,858	7,861
Reimbursement price differences receivable	113	91
Other accruals	219	116
TOTAL ASSET ACCRUALS	**14,331**	**13,794**

NOTE 9 SHAREHOLDERS' EQUITY

Capital structure

The capital is composed of 231,514,768 shares with a par value of €5.125.

TABLE OF MOVEMENTS IN RESERVES AND CHANGES IN CAPITAL AND RESERVES

(in thousands of euros)	31.12.2009	Allocation of income 2009	Other movements during the year	Income (loss) during the year	31.12.2010
Shareholders' equity Capital	**1,186,513**				**1,186,513**
Issue premiums	62,530				62,530
Merger premiums	38,806				38,806
Contribution premiums	2,147				2,147
Sub-total: Additional paid-in capital	**103,483**				**103,483**
Regulatory reserves					
Capitalisation reserve	126,603		150		126,753
Other reserves	47,376				47,376
Sub-total: Other reserves	**173,979**		**150**		**174,129**
Retained earnings	**1,568,115**	**44,185**	**(12,729)** (2)		**1,599,571**
Net profit (loss) for the year	**148,367**	**(148,367)**		**147,266**	**147,266**
TOTAL	**3,180,457**	**(104,182)** (1)	**(12,579)**	**147,266**	**3,210,962**

(1) Dividends paid in 2010 for fiscal year 2009 amounted to €104,182,000.
(2) The finance law for 2011 introduces a one-time tax of 10% on the total capitalisation reserve as at 1 January 2010. Pursuant to regulations and in accordance with the finance law, this discharge fee on future tax charged directly to shareholders' equity under "retained earnings".

NOTE 10 SUBORDINATED DEBT

The item "subordinated debt", which amounted to €2,245.4 million, is itemised as follows:

- a fixed-rate bond issuance of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at an issue price of 99.089%, i.e., a collected amount of €495.4 million. This bond issue may be fully redeemed in advance as at the tenth year;
- super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt written at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as at 22 October 2017;
- a bond issued on 16 October 2009 in the form of 30 year subordinated redeemable bonds (TSR) for an amount of €750 million at a fixed rate of 7.875% with an early redemption in October 2019.

The difference compared with 31 December 2009 is the result of the 22 January 2010 redemption of redeemable subordinated bonds issued in 1999 for €750 million.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 Breakdown of gross technical reserves

	31.12.2010				31.12.2009			
(in thousands of euros)	Direct business (1)	Inward reinsurance from regional mutuals	Other inward reinsurance	Total	Direct business (1)	Inward reinsurance from regional mutuals	Other inward re-insurance	Total
Reserves for unearned contributions	4,193	152,409	10,934	167,536	3,878	139,878	11,950	155,706
Provisions for claims	130,612	2,438,544	313,962	2,883,119	132,345	2,426,169	301,770	2,860,284
Profit-sharing reserves	374			374	604		2,174	2,778
Equalisation reserves	3,591	11,107	3,012	17,710	3,705	31,253	2,074	37,032
Other technical reserves	121,647	265,103	5,792	392,542	122,086	237,082	4,732	363,900
TOTAL	**260,417**	**2,867,163**	**333,701**	**3,461,281**	**262,618**	**2,834,382**	**322,700**	**3,419,700**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

Note 11.2 Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

(in thousands of euros)	Fiscal years 2005 and earlier	2006	2007	2008	2009	2010
Estimate of the claims expense:						
At end of N	11,091,057	1,128,945	1,267,164	1,197,465	1,540,902	1,513,352
At end of N+1	10,921,243	1,121,983	1,238,201	1,191,376	1,503,255	
At end of N+2	10,877,846	1,099,318	1,220,972	1,172,941		
At end of N+3	10,826,204	1,086,164	1,204,188			
At end of N+4	10,827,773	1,074,113				
At end of N+5	10,831,930					
Claims expense (a)	**10,831,930**	**1,074,113**	**1,204,188**	**1,172,941**	**1,503,255**	**1,513,352**
Cumulative claims payments (b)	**9,579,853**	**930,502**	**1,021,998**	**953,950**	**1,202,503**	**753,107**
Reserves for claims to be paid (a)-(b)=(c) (net of the retained share of the CDA)	**1,252,077**	**143,610**	**182,191**	**218,991**	**300,751**	**760,246**
Earned premiums	**9,839,843**	**1,773,698**	**1,977,397**	**1,804,158**	**1,960,011**	**2,052,647**
CLAIMS AND RESERVES/EARNED PREMIUM	**110.08%**	**60.56%**	**60.90%**	**65.01%**	**76.70%**	**73.73%**

Note 11.3 Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2010	2009
Opening claims reserves net of expected recoveries	2,869,132	2,687,976
Payments made during the year for previous years net of recoveries	(658,026)	(565,116)
Year-end claims reserves net of expected recoveries	(2,151,137)	(2,126,188)
INCOME/LOSS RESERVES CHANGE	**59,970**	**(3,329)**

The opening deficit posted in 2010 on claims reserves totalled €59.9 million. It is made up of €35.9 million shortfall on inward reinsurance from regional mutuals, especially from heavy risks caused by the reserve discharge in accordance with the Group's actuarial standards, as well as a €24 million shortfall on other transactions in connection with clearing late payments and the change in prior positive years of the Réunion Aérienne and Spatiale pools.

NOTE 12 CONTINGENT LIABILITIES

(in thousands of euros)	Total Provisions as at 31.12.09	Increase in provisions during the fiscal year	Write-backs for the year	Total Provisions as at 31.12.10
Regulatory provisions	14,897	8,435	35	23,297
Pension provisions	33,614	11,803	2,455	42,962
Tax provisions				
Other risk provisions	44,323	17,599	29,125	32,797
TOTAL	**92,834**	**37,837**	**31,615**	**99,056**

The "reserves for risks and expenses" item applied to liabilities on the balance sheet as at 31.12.10 in the amount of €99 million specifically includes a provision related to retirement pension commitments, the foreign currency adjustment applied to GAN UK, and a provision applied for guarantees granted upon the disposal of the GAN Canada shares.

NOTE 13 LIABILITIES

	31.12.2010				31.12.2009			
	Maturity				Maturity			
(in thousands of euros)	<1 year	1-5 years	+5 years	Total	<1 year	1-5 years	+5 years	Total
Debts arising from direct insurance operations	**959**	**9,430**		**10,389**	**785**	**9,191**		**9,976**
Policyholders	638			638	224			224
Insurance intermediaries	216			216	321			321
Co-insurers	105	9,430		9,535	240	9,191		9,431
Debts relating to reinsurance transactions	**127,411**	**22,768**		**150,179**	**99,743**	**26,565**		**126,308**
Reinsurers	99,700	21,011		120,711	86,876	24,844		111,720
Ceding entities	27,711	1,757		29,468	12,867	1,721		14,588
Bonds (including convertible bonds)			**396,772**	**396,772**			**380,986**	**380,986**
Debt to credit institutions	**495,269**			**495,269**	**1,033,012**			**1,033,012**
Other liabilities	**346,265**	**991,447**	**5,503**	**1,343,215**	**296,498**	**1,161,206**	**3,598**	**1,461,302**
Other loans, deposits and guarantees received	33,658	965,487		999,145	37,633	1,145,728		1,183,361
Personnel Social Security entities and local authorities	22,652	22,815	5,503	50,970	23,258	15,478	3,598	42,334
Government, Social Security	50,068			50,068	44,380			44,380
Other creditors	239,887	3,145		243,032	191,227			191,227
TOTAL	**969,904**	**1,023,645**	**402,275**	**2,395,824**	**1,430,038**	**1,196,962**	**384,584**	**3,011,584**

The decrease in the "Other loans, deposits and guarantees received" item is primarily due to the prepayment of two internal Group loans.

The decrease in the "debt to credit institutions" item is primarily due to the partial repayment of a €440 million credit line with Société Générale.

Pursuant to provisions of D441-4 of the French Commercial Code, all outstanding debt to outside suppliers has a maturity of less than six months.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2010	31.12.2009
Deferred amortisation on reimbursement price	233	263
Other accrued liabilities	3,545	1,693
TOTAL ACCRUED LIABILITIES	**3,778**	**1,956**

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

	31.12.2010				31.12.2009			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
A) ASSET								
Intangible assets	**15,552**		**9,849**	**25,401**	**15,961**		**3,266**	**19,227**
Investments								
Real estate	29,786	403,703	208,953	642,442	15,244	419,838	193,855	628,937
Shares & other variable-income securities	7,245,341	713,116	814,255	8,772,712	7,199,100	745,566	1,824,511	9,769,177
Oblig. bonds tcn & other fixed-income securities	11,175		54,616	65,791	11,175		67,473	78,648
Loans	479,048	2,450		481,498	602,610	2,800		605,410
Deposits with other credit institutions								
Other investments			44,699	44,699			47,114	47,114
Receivable Cash at ceding entities	3,335		5,184	8,519	1,056		6,239	7,295
Reinsurer share of technical reserves								
Unearned premiums (Non-life)	191		5,228	5,419	169		(112)	57
Claims reserves (Non-life)	244,971		264,828	509,799	246,463		340,263	586,726
Share of benef. and dividends (Non-life)	326			326	378			378
Equalisation reserves	2,943			2,943	2,788			2,788
Other tech. reserves (Non-life)	17,136		106,957	124,093	15,536		61,929	77,465
Receivables from direct insurance transactions								
of which policyholders	(2,163)		8,107	5,944	(1,814)		7,586	5,772
receivables from reinsurance transactions			132	132			265	265
of which other third parties			25,390	25,390			27,570	27,570
Receivables from reinsur. trans.	**200,426**		**101,431**	**301,857**	**238,661**		**83,749**	**322,410**
Personnel			**12,559**	**12,559**			**1,716**	**1,716**
State, social security and local authorities			**57,283**	**57,283**			**3,311**	**3,311**
Miscellaneous debtors	**172,984**	**6,724**	**22,414**	**202,122**	**144,871**	**(131)**	**34,866**	**179,606**
Tangible operating assets			**8,719**	**8,719**			**11,481**	**11,481**
Cash and equivalents	**151,542**		**24,599**	**176,141**	**360,119**		**3,281**	**363,400**
Inter. and lease payments written and not due	**5,172**	**11**	**958**	**6,141**	**4,533**	**12**	**1,181**	**5,726**
Deferred acquisition costs	**7,798**		**60**	**7,858**	**5,328**		**2,533**	**7,861**
Other accruals - assets			**332**	**332**			**207**	**207**
Unrealised foreign exchange adjustments	**15,941**			**15,941**	**19,280**		**11,639**	**30,919**
TOTAL	**8,601,504**	**1,126,004**	**1,776,553**	**11,504,061**	**8,881,458**	**1,168,085**	**2,733,923**	**12,783,466**

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Liabilities and commitments

	31.12.2010				31.12.2009			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
B) LIABILITIES								
Capital and reserves	**3,207,840**		**3,122**	**3,210,962**	**3,177,143**		**3,314**	**3,180,457**
Share capital	1,185,193		1,320	1,186,513	1,185,193		1,320	1,186,513
Other shareholders' equity	2,022,647		1,802	2,024,449	1,991,950		1,994	1,993,944
Subordinated debt			**2,245,445**	**2,245,445**			**2,995,445**	**2,995,445**
Gross technical reserves								
Unearned premiums (Non-life)	166,289		1,247	167,536	154,166		1,540	155,706
Claims reserves (non-life)	2,723,062		160,057	2,883,119	2,692,434		167,850	2,860,284
Share of benef. and dividends. (Non-life)			374	374	2,174		604	2,778
Reserve for equalisation	11,589		6,121	17,710	31,253		5,779	37,032
Other tech. res. (non-life)	370,101		22,441	392,542	343,965		19,935	363,900
Contingent liabilities	**54,011**	**341**	**44,704**	**99,056**	**57,600**	**81**	**35,153**	**92,834**
Debts for cessionn. cash			**87,715**	**87,715**			**68,947**	**68,947**
Debts from dir. insurance transactions								
Owed to policyholders			638	638			224	224
Owed to insurance intermediaries			216	216			321	321
Owed to other third parties			9,535	9,535			9,431	9,431
Debts from reinsur. transactions	**48,077**		**102,101**	**150,178**	**29,417**		**96,891**	**126,308**
Bond debt	**396,772**			**396,772**	**380,986**			**380,986**
Debts to credit establishments	**289,656**	**200,765**	**4,848**	**495,269**	**389,906**	**643,106**		**1,033,012**
Other debt								
Other loans, deposits and guarantees received	**997,465**		**1,680**	**999,145**	**1,143,904**		**39,457**	**1,183,361**
Personnel			**50,970**	**50,970**			**42,334**	**42,334**
Government, social security and local authorities			**50,068**	**50,068**			**44,380**	**44,380**
Miscellaneous creditors	**159,443**	**15,901**	**67,689**	**243,033**	**123,477**	**1,612**	**66,138**	**191,227**
Accruals - liabilities			**3,778**	**3,778**			**1,956**	**1,956**
Unrealised foreign exchange adjustments					**2,531**		**10,012**	**12,543**
TOTAL	**8,424,305**	**217,007**	**2,862,749**	**11,504,061**	**8,528,956**	**644,799**	**3,609,711**	**12,783,466**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total commitments to Managers	Total commitments to linked companies	Total commitments to companies with which there is an equity interest	Other sources	Total 31.12.2010	Total 31.12.2009
1. Commitments received		**434,746**	**803,519**	**200,972**	**1,439,237**	**1,099,461**
2. Commitments given						
2a. Endorsements, securities and credit guarantees given		6,928	1,241	90,576	98,745	139,366
2b. Stock and assets acquired through sale commitment						
2c. Other commitments relating to stock, assets or revenue		9,119	145,711	34,373	189,203	46,734
2d. Other commitments given		43,695		108	43,803	58,361
Total 2. Commitments given		**59,742**	**146,952**	**125,057**	**331,751**	**244,461**
3. Securities received in pledge from outward reinsurers and retrocessionaires		**44,626**		**111,158**	**155,784**	**154,522**
4. Securities received through agencies reinsured with joint and several guarantee				**26,228**	**26,228**	**23,270**
5. Securities belonging to provident institutions						
6. Other securities held on behalf of third parties						
7. Long-term financial instruments outstanding				**9,113**	**9,113**	

Commitments received

The €1,439.2 million of commitments received correspond mainly to:

- up to €149.6 million of guarantees given by CGU France in May 2002 pertaining to the acquisition of CGU Courtage;
- a contractual commitment given in mid-December 2004 in connection with the opening of a credit line of €800 million. This line of credit runs until December 2011;
- the guarantee of the €50 million debt received in connection with the acquisition of shares of Nuova Tirrena S.p.a.;
- commitments related to acquisitions of foreign subsidiaries (Phoenix Metrolife, BT Asigurari, Asiban and the insurance subsidiaries of OTP Bank) by Groupama International for a total of €431.4 million;
- various other commitments received for €8.2 million, including €6.9 million concerning affiliated companies or equity-linked companies.

Commitments given

The €331.8 million of commitments given by Groupama SA correspond mainly to:

- commitments granted as real estate lease-loans totalling €11.8 million as a guarantee of the commitments of SCI Raspail;
- a total of €16.8 million of guarantees on liabilities granted along with the sale of Western Continental company shares;
- a revised guarantee of €1.3 million on Groupama Gan Vie bonds made when that company wrote a contract for an oil company in late 2001;
- two joint and several guarantees granted to the Public Treasury by Groupama SA in settlement of tax assessments that are currently being contested by Gan Assurances IARD in the amounts of €3.1 million and €1.2 million, which the latter allegedly still owes;
- commitments on unlisted funds €34.4 million;
- the general liability guarantee of €55.2 million in connection with the sale of Minster Insurance Company Limited by Gan UK Holding Limited to BSG Insurance Holding Limited;
- a loan agreement to GUK Brokerage Services for €40.5 million;
- commitments linked to the sale of the subsidiary Zenith Vie by Groupama SA for a total of €1.7 million;
- a commitment to pay €145.7 million for a 17.1% stake in the capital of Premafin as part of a future capital increase through the Group's acquisition of DPS;
- various other commitments given for €20.1 million, including €14.6 million concerning affiliated companies or equity-linked companies.

Sureties received as collateral from outward reinsurance and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €155.8 million.

Sureties given by reinsured entities with joint and several guarantee

The amount corresponds to securities received from the Antilles Guyane regional mutual which represent a direct substitution of Groupama SA for this mutual with respect to the representation of its technical reserves of €26.2 million held in custody.

Long-term financial instruments outstanding

Groupama SA's long-term financial instruments outstanding totals €9.1 million and corresponds to currency hedging transactions involving the sale of currency futures.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

- guarantees given upon the Groupama SA's acquisition of CGU Courtage amounting to €280 million, and an unlimited amount for Gan SA as part of the guarantee agreement on behalf of Abeille Assurance for a period of 20 years starting in May 2002. When Groupama SA took over Gan SA's commitments at the time of their 2002 merger, its guarantees became unlimited.
- the guarantee given to *Societe d'Assurances de Consolidation des Retraites de l'Assurance* (SACRA) to cover contractual obligations made by Groupama Asset Management to S.A.C.R.A. starting at the end of 2000;
- the letters of intent written by Groupama SA to the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* (CECEI) as part of the creation of Groupama Epargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the specific guarantees received as part of the liability guarantee included in the acquisition of AS – GES securities (formerly SERVEPAR) from the ACCOR group;
- the unconditional guarantees granted by Groupama SA to Gan Assurances, Gan Eurocourtage, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees are designed to improve the debt ratings of these companies. Groupama SA is also responsible for commitments of this type given previously by the CCAMA to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- unlimited technical guarantees, upon the disposal of Gan North America to Sorema North America on 2 August 1999, for the insurance and reinsurance portfolios underwritten by Gan National and Gan North America for 12 years, the benefits of which were transferred to Rampart Company Insurance on 30 July 2001;
- the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU group Canada Ltd.;
- lastly, with respect to the right to training requirement (*Droit Individuel a la Formation* "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 131,992 hours. In 2010, 287 training actions under the DIF were conducted by employees of Groupama SA, for a total of 5,476 hours.

NOTE 17 TECHNICAL INCOME STATEMENT BY SOURCE

(in thousands of euros)	31.12.2010 Direct business (1)	31.12.2010 Inward reinsurance	31.12.2010 Total	31.12.2009 Direct business (1)	31.12.2009 Inward reinsurance	31.12.2009 Total
Earned premiums	55,498	2,045,216	2,100,714	49,315	1,952,334	2,001,649
Claims expense	36,761	1,411,386	1,448,147	33,712	1,495,246	1,528,958
Charges from other technical reserves	(653)	28,396	27,743	(4,562)	28,670	24,108
Change in the equalisation reserve	(131)	(19,207)	(19,338)	88	2,573	2,661
profit-sharing	(217)		(217)	(117)	274	157
A - UNDERWRITING RESULT	**19,304**	**624,641**	**643,945**	**19,960**	**426,119**	**446,079**
Acquisition costs	7,100	257,884	264,984	5,712	242,668	248,380
Administrative costs	3,075	191,642	194,717	3,320	189,232	192,552
Other technical costs and income	5,415	195,221	200,636	4,275	157,930	162,205
B- NET ACQUISITION AND MANAGEMENT COSTS	**15,590**	**644,747**	**660,337**	**13,307**	**589,830**	**603,137**
C- ALLOCATED INVESTMENT INCOME	**9,523**	**132,846**	**142,369**	**9,787**	**101,243**	**111,030**
D - REINSURANCE RESULT	**10,052**	**232,056**	**242,108**	**10,997**	**121,328**	**132,325**
OPERATING PROFIT/LOSS (A-B+C-D)	**3,185**	**(119,316)**	**(116,131)**	**5,443**	**(183,796)**	**(178,353)**

(1) Of which, CDA Antilles Guyane.

NOTE 18 INVESTMENT INCOME AND EXPENSES

(in thousands of euros)

Type of income	31.12.2010 Affiliated companies	31.12.2010 Equity-linked companies	31.12.2010 Other sources	31.12.2010 Total	31.12.2009 Affiliated companies	31.12.2009 Equity-linked companies	31.12.2009 Other sources	31.12.2009 Total
Investment income								
Income from investments	585,124	6,505	31,798	623,427	521,761	7,578	33,964	563,303
Income from equity interests	570,962	6,343		577,305	505,472	7,573		513,045
Investment property income	14,162	162	13,881	28,205	16,229	5	13,070	29,304
Other investment income			17,917	17,917	60		20,894	20,954
Other financial income								
Other investment income	59,779	5,996	7,036	72,811	297,750	227	6,972	304,949
Profits on the sale of investments	21,037	92	20,953	42,082	57,643	33,549	93,361	184,553
Total investment income	**665,940**	**12,593**	**59,787**	**738,320**	**877,154**	**41,354**	**134,297**	**1,052,805**
Investment expenses								
Expenses of internal and external management of investments and financial expenses	48,438	306	161,889	210,633	35,708	6	155,626	191,340
Other investment expenses	159,670	58,422	7,232	225,324	284,184	173	11,802	296,159
Losses on the sale of investments	22,896	74	3,684	26,654	300,870		30,618	331,488
Total investment expenses	**231,004**	**58,802**	**172,805**	**462,611**	**620,762**	**179**	**198,046**	**818,987**
FINANCIAL RESULTS	**434,936**	**(46,209)**	**(113,018)**	**275,709**	**256,392**	**41,175**	**(63,749)**	**233,818**

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Net provision for long-term impairment totalled €151.9 million at 31 December 2010, against net write backs of €12.8 million in 2009 (*see breakdown in Note 5.2*).

Despite the volatility in the financial markets in 2010, the trigger for posting long-term impairment remained at 20%.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical income of €0.8 million is immaterial.

Other non-technical expenses totalling €1 million consist largely of the share of general expenses broken down by purpose, totalling €0.2 million.

NOTE 20 NON-RECURRING INCOME AND EXPENSES

The 2010 non-recurring loss of -€17.1 million mainly corresponds to:

- contingency reserves: -€6.3 million;
- subsidies paid as part of the financing of major programmes: -€10.8 million.

NOTE 21 CORPORATE INCOME TAX

Tax charge

(in thousands of euros)	31.12.2010	31.12.2009
Corporate income tax payable	(11,495)	(10,296)
Reserves linked to fiscal consolidation gains in year N	159,175	139,173
Carry back		100,000
Other	(261)	(13,513)
TOTAL CORPORATE INCOME TAX	**147,419**	**215,364**

Specific nature and make-up of the “Corporate income tax” line

As at 31 December 2010, the “Corporate income tax” line includes a net tax credit of €147.4 million that breaks down as follows:

- tax consolidation income: €166.3 million;
- tax consolidation expenses: -€7.3 million;
- expenses from reduced tax consolidation -€11.5 million.

The “income tax” item consists principally of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €159.2 million. Since the consolidated group posted a loss, no group income tax charges were booked for fiscal year 2010, except a tax charge of €11.5 million relating to a real estate transaction at a rate of 19%.

Tax loss carry-forwards

At 31 December 2010, the consolidated group had €30 million in short-term carry-forwards.

Groupama SA tax audit

In 2010, Groupama SA’s 2007 and 2008 accounts were audited. There are provisions for all approved adjustments. However, there are no provisions for adjustments specifically related to the risks and uncertainties nor to long-term care. Groupama SA essentially believes that the reasons behind the adjustments are highly questionable, and it thus has a technical case to make in litigation.

NOTE 22 BREAKDOWN OF EMPLOYEE EXPENSES

(in thousands of euros)	31.12.2010	31.12.2009
Salaries	78,114	66,390
Social Security charges	31,004	27,632
Other	4,496	2,784
TOTAL	**113,614**	**96,806**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2010, the average rate of expenses of the Group kept by Groupama SA is 64.10%.

NOTE 23 WORKFORCE

Personnel

(in numbers)	31.12.2010	31.12.2009
Senior management	177	154
Executives	1,178	1,228
Non-managerial staff	314	295
TOTAL PERSONNEL	**1,669**	**1,677**

NOTE 24 DIRECTORS' REMUNERATION

2010 compensation allocated to the Groupama SA administrative and executive bodies was respectively €346.7 thousand and €5,021.9 thousand.

NOTE 25 PROPOSED ALLOCATION OF INCOME

The taxable profit for fiscal year 2010 was €147,266,000.

The proposed allocation of income submitted to the General Meeting breaks down as follows:

- as shareholder dividend: €104,182,000;
- and the balance to retained earnings: €43,084,000.

NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

Information about subsidiaries and equity interests (in thousands of euros)

Detailed information about equity interests with gross amount greater than 1% of the capital of the Company's capital, subject to publication:	Share of capital held as at 31.12.10	Book value of securities held as at 31.12.2010 gross	net	Premium income from the latest fiscal year	Profit (loss) from the latest fiscal year
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	100.00%	671,462	671,462	1,260,987	33,774
GROUPAMA GAN VIE	89.54%	899,808	899,808	5,630,761	126,216
GAN EUROCOURTAGE	100.00%	367,636	367,636	819,144	76,605
GROUPAMA ASSURANCE CREDIT	99.99%	19,818	19,818	34,450	1,245
GROUPAMA TRANSPORT	100.00%	177,908	177,908	318,354	13,578
AMALINE ASSURANCES	99.99%	79,589	79,589	25,222	(29,364)
GROUPAMA GARANCIA BIZTOSITO	100.00%	598,433	479,133	335,176	12,499
GROUPAMA ASIGURARI SA	100.00%	558,618	546,118	189,091	(7,836)
GROUPAMA ASSICURAZIONI	100.00%	1,395,276	1,395,276	1,505,991	18,858
GROUPAMA VIETNAM	100.00%	19,193	14,789	84	58
GROUPAMA SEGUROS Y REASEGUROS SA	100.00%	518,167	518,167	955,831	39,332
GROUPAMA SEGUROS DE VIDA	100.00%	60,540	60,540	109,483	1,254
RAMPART INSURANCE COMPANY	100.00%	42,607	0		(2,098)
GAN OUTRE MER	99.99%	31,636	31,636	101,460	11,827
GROUPAMA PHOENIX	100.00%	192,274	192,274	195,808	4,975
GROUPAMA INSURANCE COMPANY LIMITED	100.00%	392,869	330,484	547,035	7,928
OTP GARANCIA ASIGURARI	100.00%	28,500	3,500	192	(3,186)
GROUPAMA ZHIVOTZASTRAHOVANE (Bulgarie V)	100.00%	73,396	17,016	4,231	113
GROUPAMA ZIVOTNA POISTOVNA (Slovaquie V)	100.00%	46,191	4,301	1,209	(1,588)
GROUPAMA POISTOVNA	100.00%	11,946	8,386	7,501	(2,674)
GROUPAMA SIGORTA	69.16%	327,274	327,274	335,302	(3,527)
Other companies:					
GROUPAMA BANQUE	84.12%	275,082	275,082	69,318	2,509
GAN PATRIMOINE	99.97%	16,069	16,069	0	1,506
GAN PREVOYANCE	99.99%	49,758	23,728	0	1,407
GAN BROKING SERVICES LIMITED	100.00%	529,574	226,293	0	5,374
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	83,543	83,543	0	(374)
SCI 79 CHAMPS ELYSEES	91.21%	60,496	60,496	7,622	4,689
Equity interests held between 10 & 50%					
COMPAGNIE FONCIERE PARISIENNE	32.74%	307,076	307,076	51,979	33,586
SILIC	30.27%	136,248	136,248	202,127	64,711
GROUPAMA EMEKLILIK	37.36%	73,027	34,924	24,946	1,154
GUNES SIGORTA	36.00%	37,898	37,898	0	(6,528)
Societe Tunisienne d'Assurances et de Reassurances	35.00%	77,569	77,569	0	16,146
LA BANQUE POSTALE ASSURANCES IARD	35.00%	102,003	102,003	0	(10,621)
SOCIETE FORESTIERE GROUPAMA	43.85%	36,069	36,069	3,550	1,288

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	**Book value of securities held**		**Total loans and advances granted**	**Total guarantees and sureties given**	**Total dividends collected** (1)
	GROSS	**NET**			
Subsidiaries					
French	2,671,398	2,641,086	442,756	12,155	478,441
Foreign	4,921,322	4,250,015	90,726	40,526	138,109
Equity interests					
French	605,947	604,513	2,261	1,450	34,994
Foreign	188,957	150,854	0	0	5,484

(1) Including SCI results.

NOTE 28 CONSOLIDATION

Groupama SA prepares:

- consolidated financial statements incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

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6.4 AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

(Year ending 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 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 financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri Régnault
92075 La Défense Cedex

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 annual financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These 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 ANNUAL 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 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 annual 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II – JUSTIFICATION OF OUR ASSESSMENTS

The 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:

- Provisions for the prolonged impairment of securities in the Company's portfolio are measured as described in Note 3.2 to the financial statements.

  We ensured that the measurement of these provisions was consistent with the intention to hold the securities by the Company, and reviewed, as necessary, the underlying data, assumptions and documentation, as well as the disclosures provided in the notes to the financial statements.
- the direct and indirect exposure to sovereign risk in certain countries in the eurozone is described in Note 5 to the financial statements.

We examined the appropriateness of the procedures in place to identify this exposure and the related accounting treatment. Certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the financial statements of your Company are estimated using regulatory methods and based on statistical data and actuarial techniques, in particular technical provisions. The methods used to determine these items are described in Note 3 to the financial statements.

We verified the consistency of the assumptions and calculation models used by your Company taken as a whole, and the compliance of the measurements with the regulatory requirements and economic environment.

These assessments were made as part of our audit of the 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 VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris La Défense, 2 March 2011

The Statutory Auditors

PricewaterhouseCoopers Audit

Eric Dupont

Bénédicte Vignon

Mazars

Jean-Claude Pauly

Maxime Simoen

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LEGAL INFORMATION

7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.*, until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

7.1.2.1 Form (Article 1)

The Company, which under French law is a société anonyme, is governed by current and future legislative and regulatory provisions and by these bylaws.

7.1.2.2 Purpose (Article 2)

The Company has the purpose below:

- activities involving insurance and co-insurance against Risks of any kind, excluding life insurance and capitalisation;
- reinsurance of agricultural regional or départemental reinsurance mutuals (hereinafter referred to by the term "Mutual"), pursuant to Article R. 322-120, No. 4 of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R 322-132 of the Insurance Code;
- the reinsurance of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad;
- engaging in any activities involving cession, retrocession or compensation of the Risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services, and related activities;

and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

7.1.2.3 Corporate name (Article 3)

The Company's name is the following: Groupama SA.

7.1.2.4 Corporate registered offices (Article 4)

Its registered offices are at 8-10, rue d'Astorg - 75008, Paris, France.

It may be relocated to any other place within the same département or to a neighbouring département by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The Company's duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid-in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the Company's shares to 1,000 francs.

The same meeting resolved to increase the Company's share capital from two hundred and fifty thousand (250,000) francs to three billion, five hundred and forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred and sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting of 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred and sixty-five million (4,565,000,000) francs to five billion, two hundred forty-five million and three hundred thousand (5,245,300,000) francs, through the issue of six hundred eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred forty-five million and three hundred thousand (5,245,300,000) francs to five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issue of eighty-two thousand, three hundred and four (82,304) shares issued at the price of 1,215 francs, *i.e.*, with an issue premium of 215 francs per share.

f) Pursuant to an authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors dated 9 July 1998, the Company's capital was increased from five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred and eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issue of eleven million, two hundred and fifty-eight thousand and twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) With the General Meeting deliberating on an extraordinary basis on 29 June 2001, it was resolved to convert the Company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the Company's share capital was increased by €5,381,563.46 from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L. 236-11 of the French Commercial Code dated 28 June 2002, the assets of that company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28th June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L. 236-11 of the French Commercial Code dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01, following the transfer by the CCAMA of all items relating to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's equity management division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met the same day after the meeting;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-takeover of Groupama International, pursuant to Article L. 236-11 of the French Commercial Code, the assets of that company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,186,513,186. It is divided among 231,514,768 shares of €5.125 each, fully paid-in and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, a registration certification will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the Board of Directors ruling by a two-thirds majority of members present or represented.

In the event of a sale to a third party, the request for approval indicating the buyer's corporate name or identity, the number of shares envisaged in the sale and the price offered is to be issued by registered letter with return receipt to the Company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be asked by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a Director to carry out his appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to voting rights, each share allows entitlement to a share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the Company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The Company is administered by a Board of Directors made up of two categories of Directors:

- directors appointed by the shareholders' Ordinary General Meeting.

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The Directors are appointed by the shareholders' Ordinary General Meeting for a term of office of six (6) years.

  If a Director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor;
- directors elected by Company employees.

  The status and methods of election of these Directors are set by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by the bylaws.

  They are two (2) in number, including a representative of the officers.

  In any event, their number may not exceed one third of the number of Directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a Director will end upon completion of the meeting of the Ordinary General Meeting approving the corporate financial statements for the fiscal year just elapsed, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of Director is set at the seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting in the year of his sixty-ninth birthday.

Each Director must own at least one (1) share for the entire duration of his term of office.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, [if] the number of seats of elected Directors actually filled falls below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates is to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by General Management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Board from among its individual members, set his compensation and set his term of office, which may not exceed that of his term as Director.

If the acting Chairman attains the maximum age of 70 set for his term of office as Director, his duties will terminate upon completion of the Ordinary General Meeting held in the year of his sixty-ninth birthday.

The Chairman will organise and lead the work of the Board of Directors, on which he reports to the General Meeting. He will ensure the successful functioning of the corporate bodies and specifically ensure that the Directors are capable of fulfilling their duties.

(b) Vice Chairman

The Board of Directors may appoint from among its members a vice Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meeting of the Board

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of the Chairman's impediment, the Board of Directors may be summoned either by the Vice Chairman, or by at least one third of its members or, if a Director, by the Company Chief Executive Officer.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out valid business if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice Chairman, and failing this, by a Director appointed for this purpose at the start of the meeting.

Each Director may give one of his colleagues power of attorney to represent him, but each Director may only represent one of his colleagues and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the validity of the deliberations.

The Chief Executive Officer will attend Board meetings.

A representative of the Works Council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the meeting Chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions set by law, the internal regulation may provide that meetings may be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, Directors who participate in Board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors or, in his absence, the author of the notice to meet, will inform the individuals invited of the methods to be used for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

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

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

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

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

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;

- acquiring or disposing of any properties, excluding the insurance investment business;
- granting any pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

The Board may resolve to create committees responsible for studying issues that it or its Chairman submit, upon notification, for their examination.

The Board of Directors is authorised to prepare an internal regulation intended to set the rules of functioning for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of Directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 General Management of the Company (Article 16)

The Company's General Management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking General Management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to shareholders' meetings and the Board of Directors. He will represent the Company vis-à-vis third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, or that of his term of office as Director. The board will also set the compensation of the Chief Executive Officer.

No one aged 65 or older may be appointed Chief Executive Officer. If the acting Chief Executive Officer attains the age of 65, his duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the year just elapsed.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code apply to agreements entered into directly or through an intervening party, between the Company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its Directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company under the terms of Article L. 233-3 of the French Commercial Code.

7.1.2.18 Non-voting board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting Directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting Director positions by death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Non-voting board members, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the year then ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting Directors are to be invited to meetings of the Board of Directors and take part in the deliberations in an advisory capacity. However their absence shall not prevent valid deliberations being held.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered office or at any other location defined in the notice convening the meeting.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be filled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation by meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions respectively governing them, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all fully paid-up shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

7.1.2.22 Fiscal year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends - Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution - Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company is dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares, the Company's expiry or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 AMENDMENTS TO THE BYLAWS APPROVED BY THE COMBINED GENERAL MEETINGS OF 29 JUNE 2006 AND 28 MAY 2008 BUT VALID ONLY UNDER THE CONDITION PRECEDENT OF THE LISTING FOR TRADING AND THE FIRST TRADE OF THE COMPANY'S SHARES ON THE EUROLIST MARKET OF EURONEXT

Article 9, "Form of the shares", will be amended; Article 10, "Transfer of shares – approval clause" will be replaced by "Identification of shareholders"; "Article 11, "Exceeding thresholds," will be created; Articles 12 to 27 will replace Articles 11 to 26, and Article 21 "General Meetings", formerly Article 20, will be amended.

7.1.3.1 Form of the shares and identification of shareholders (future Articles 9 and 10 of the bylaws)

(a) Form of the shares (future Article 9 of the bylaws)

Shares fully paid up are registered or bearer shares, at the shareholder's discretion, subject to the current legal and regulatory provisions and the Company bylaws; they are required to be registered until such time as they are paid-up in their entirety.

(b) Identification of shareholders (future Article 10 of the bylaws)

10.1 - Ownership of the shares is established by a record in the Company's accounts in accordance with current regulations.

If the owner of the shares is not domiciled on French territory, any intermediary may be registered on behalf of that owner. Registration may be undertaken in the form of a joint account or in several individual accounts, each corresponding to one owner. The registered intermediary is required, at the time its account is opened either with the Company, or with the qualified financial intermediary that is the account owner, to declare its status as intermediary holding shares on behalf of another party, in accordance with current legal and regulatory provisions.

10.2 - For the purposes of identifying holders of bearer shares, the Company may request that the central depository that keeps the account for issuing its shares provide the information corresponding to Article L. 228-2 of the French Commercial Code. Thus, the Company is entitled to request at any time, in exchange for compensation, for which it is responsible, the name and year of birth or, in the case of a legal entity, the corporate name and year it was founded, the nationality, and the address of the holders of securities conferring, either immediately or over time, the right to vote in the meetings as well as the number of shares held by each and, as applicable, any restrictions to which the shares may be subject.

The Company, in view of the list sent by the central custodian, is entitled to request, under the same conditions, either through the intervention of this body or directly from the parties appearing on this list and for which the Company believes they might be registered on behalf of third parties, the same information concerning share owners. These parties are required, if they have the status of intermediary, to reveal the identity of the owners of these shares. The information is provided directly to the financial intermediary and authorised account holder, with the latter responsible for communicating it, as applicable, to the Company or central depository.

In the case of registered shares exercisable immediately or over time, the registered intermediary is required to reveal the identity of the owners of these shares as well as the number of shares held by each, upon mere request of the Company or its representative, which may be submitted at any time.

So long as the Company believes that certain holders whose identity has been communicated thereto are owners of the shares on behalf of third parties, it is entitled to ask such holders to reveal the identity of the owners of these shares as well as the number of shares held by each. Upon issuing this request, the Company may request that any legal entity holding its shares and owning interests exceeding 2.5% of the share capital or voting rights, disclose the identity of the persons directly or indirectly holding more than one third of the share capital or voting rights of the legal entity holding the Company's shares.

In the event of a breach of the obligations mentioned above, the shares or equity instruments exercisable immediately or over time and for which the party that violated these obligations was registered to the account shall be deprived of voting rights at any shareholders' meeting that might be held until the date of clarification of the identification, and payment of the corresponding dividend will be deferred until that date.

Moreover, in the event that the registered party knowingly ignores its obligations, the court in the jurisdiction of the Company's registered offices may, at the request of the Company or of one or more shareholders holding at least 5% of the share capital, pronounce complete or partial suspension, for a total period not exceeding five years, of the voting rights attached to the shares that had been subject to a request for information from the Company and possibly, for the same period of time, the right to payment of the corresponding dividend.

7.1.3.2 Exceeding the threshold set by the bylaws (future Article 11 of the bylaws)

In addition to the legal obligations to report on exceeding the threshold or declare intent to do so, any individual or legal entity acting alone or in concert, which directly or indirectly acquires, through the intermediation of one or more legal entities that it controls under the terms of Articles L. 233-3 or L. 233-9 of the French Commercial Code, a number of shares representing a proportion of the share capital or voting rights equal to or greater than 2%, and then an additional tranche equal to a minimum of 0.5% of the share capital, or exceeds the thresholds of declarations provided for by the legal and regulatory provisions, must inform the Company by registered letter with return receipt sent to the Company's corporate registered offices within five trading days after exceeding the threshold, stating the total number of shares and voting rights it holds, alone or in concert, directly or indirectly through the companies it controls under the terms of Article L. 233-3 of the French Commercial Code or as indicated in Article L. 233-9 of the French Commercial Code. It must also indicate the date or dates the declared shares were acquired.

This reporting obligation also applies when the shareholder's interest in the share capital or voting rights falls below any of the thresholds mentioned in the above paragraph.

Failure to satisfy the above provisions is subject to penalties, upon request set forth in the minutes of the General Meeting, by one or more shareholders holding a proportion of the Company's share capital or voting rights equal to at least 5%, by the suspension of voting rights for the shares or rights attached thereto exceeding the proportion that would have had to be declared, for any General Meeting that might be held within two years after the date of clarification of the above notification.

7.1.3.3 General Meetings (future Article 21 of the bylaws)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice convening the meeting.

Any shareholder may attend General Meetings in person, by proxy or by postal vote upon proof of identity.

Such attendance is subject to registration on the books of the Company of the shares in the name of the shareholder or the intermediary registered for his account as of the third business day preceding the General Meeting at midnight Paris time:

- for the holders of registered shares, in the registered securities accounts kept by the Company;
- for the holders of bearer shares in the bearer securities accounts kept by the authorised intermediary, with such registration to be certified with certification to be issued, if necessary, via e-mail by the authorised intermediary.

The formal requirements described above must be completed no later than five days prior to the meeting date. However, the Board of Directors, by means of a general resolution, may shorten this period, which will then be so stated in the notice convening the meeting.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides. These shareholders will be deemed as present at the meeting for calculating quorum and majority. Any proxy or vote cast electronically under these circumstances before the meeting as well as any notice of receipt, shall be considered unconditional and binding on all parties. It shall be understood, however, that, in the event any securities are sold before the third business day preceding the meeting at midnight Paris time, the Company shall invalidate any proxy or vote cast electronically before the meeting or modify it accordingly, as the case may be.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be fulfilled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice Chairman, or the meeting secretary.

7.1.4 INTERNAL REGULATION

The purpose of the internal regulation is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and to define the rights and obligations of the Directors. Each Director agrees to abide by this internal regulation by accepting his term of office. In the case of any corporate Directors, this regulation applies to the legal entity as well as individually to its individual representative.

7.1.4.1 Functioning of the Board of Directors

(a) Purpose of the Board of Directors

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

The Board is to be assisted by technical committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R 225-29 of the French Commercial Code, the Board of Directors decided to create within it an Audit and Accounts Committee, Compensation and Appointments Committee and an Agreements Committee. The duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create ad hoc committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of Directors with the skills, experience, independence of mind and a willingness to become involved in the Company's business. These Directors are appointed to serve the interest of the Company.

The board's membership must ensure impartiality in its deliberations. In addition to Directors representing the controlling shareholder and Directors elected by corporate employees, the Board will consist of four (4) outside Directors who do not have any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (independent Director).

Status of independent Director

A Director is considered independent when he maintains no relationship of any kind whatsoever with the Company, its Group or its management, which might compromise the exercise of his freedom of judgement.

The Board of Directors is required to verify that candidates for positions as independent Directors meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company Directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of independent Director and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting board members

Pursuant to Article 18 of the Company bylaws, the general shareholders' meeting may appoint one or more non-voting company Directors, up to a maximum of six.

All obligations of the Directors under this instrument apply to the non-voting Directors, in particular when the obligations result from provisions applicable only to Directors (whether these provisions derive from the law, from decrees or from regulations, specifically those of the Autorité des Marchés Financiers (AMF).

e) Notice convening meetings – holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom he delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax, e-mail or verbally and may be sent by the Company Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December for the following year.

Directors may ask the Chairman to invite the Company's principal administrative officers to meetings of the Board of Directors or committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors' or committee meetings will summarise the debates that took place.

(f) Provisions specific to the holding of Board meetings by videoconference or any telecommunications method

Directors who participate in Board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and allow continuous broadcast of its deliberations.

However, participation in Board meetings by videoconference is not possible for adopting the following decisions:

- appointment, compensation and dismissal of the Chairman and Chief Executive Officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be fulfilled by the Corporate Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings, indicating the names of the Directors deemed present under the terms of Article L. 225-37 of the French Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the Director temporarily assigned to the duties of meeting Chairman, the secretary of the Board, or a legal representative authorised for this purpose.

(i) Evaluation of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 Rights and obligations of Directors

(a) Submission of the bylaws and internal regulation

Before accepting his duties, a Director must be familiar with the laws and regulations relating to his duties. Upon entering into office, a copy of the Company bylaws and of this internal regulation will be submitted to him. The Board will provide for an updating of the internal regulation to take into consideration any legal and regulatory changes as well as local practice.

(b) Training

If necessary, Directors and members of specialist committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core activities and its business lines.

(c) Participation in board and committee meetings

A Director must dedicate the necessary time and effort to his duties. He must undertake faithfully to attend meetings of the Board and committees of which he is a member and actively participate in their respective work.

If he feels that any decision of the Board of Directors is likely to harm the Company, a Director must undertake to clearly express his opposition and to use every means possible to convince the Board of the relevance of his position.

(d) Loyalty and conflicts of interest

The Director has an obligation of loyalty to the Company. He must not under any circumstances act in his own interest against that of the Company.

The Director undertakes not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other Directors, specific groups of shareholders, creditors, suppliers and any third party in general.

To this end, prior to signing, he undertakes to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the French Commercial Code.

Moreover, it is forbidden for a Director to:

- acquire a stake or responsibility in any unlisted company in which the Company or the Group, directly or indirectly holds a share, in a capacity other than as a Group representative;
- acquire a stake or responsibility in any unlisted company that has a contractual relationship with the Company or the companies of the Group.

He is to ensure that his participation on the Board is not the source of any conflict of interest for him or the Company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the Director in question will report it in full and in advance to the Board of Directors; he will be required to abstain from participating in board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and of the vote).

In the event of any question, Directors may consult the Company Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the Company Secretary and whose name, address and telephone number shall be sent to the Directors by the Company Secretary.

e) Rights and obligations of Directors with regard to information

The Company Chairman or Chief Executive Officer must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman or Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the Directors to participate in board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event of the communication of information deemed to be incomplete, the Directors will request that the Chairman or Chief Executive Officer provide information they believe indispensable to their participation in the Board of Directors' meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer are required to communicate to Directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the Company Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's registered offices.

If he believes the information request exceeds the responsibilities of the Director or is likely to raise a problem of conflict of interest, the Chairman or Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Accounts Committee for his advice, prior to any response.

f) Personal shares

It is desirable that each Director hold at least one (1) share.

g) The accumulation of terms of office

Candidates for the offices of Director are required to inform the Board of Directors of positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer, which they may hold in other companies with registered corporate offices in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year just elapsed, Directors are also required to communicate the list of positions they have occupied during the year just elapsed with a view to preparing the management report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by Directors, which involve listed companies or the securities of listed companies, whenever Directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the AMF (Autorité des Marchés Financiers) general regulations.

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security, which is not known to the public and which may significantly influence the trading price of that security, must be kept strictly confidential and may not be used or communicated to place orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The AMF general regulations contain similar prohibitions, violation of which will expose the perpetrator to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits, which may be made.

Significant changes to laws and regulations shall be made known to the Directors by a note from the Corporate Secretary.

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his functions, has privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the price of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event that has happened or is likely to happen when it is possible to conclude from them the effect that those circumstances or that event could have on the price of the securities in question.

This information, were it to be made public, could have considerable influence on the price of the securities in question and could be used by a reasonable investor as one of the foundations of his investment decision (buy, sell or keep).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED TO CONSTITUTE PRIVILEGED INFORMATION?

This includes among other things:

- earnings (or estimated earnings), earnings higher or lower than announced projections;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, investment stakes, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);

- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event tied to activity, which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of securities, public or private sales of additional shares).

This list is not exhaustive; other information may be considered privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with a control authority (such as the Registration Document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

It is likely that company Directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined.

Listed companies in which the Group holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any Director having, as part of his functions, privileged information relating to a listed company or the securities of a listed company to keep this information confidential.

He is forbidden to disclose this information outside the normal framework of his functions or for reasons other than those related to why the information was disclosed to him.

In the event that the Director in question should need to divulge this information to another person in the Group or a third party for the purpose of exercising his functions, he undertakes to do so only after he has informed this person or third party that the information is confidential and that he is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the Director having such information as part of his functions for a listed company or listed security is forbidden to:

- use the privileged information that he has, to acquire or dispose of, or attempt to acquire or dispose of, on either his own behalf or on behalf of others, directly or indirectly, the securities tied to that information or the securities to which those securities are tied;
- recommend to another person to acquire or dispose of, or to have another person acquire or dispose of, the securities tied to that information or the securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of Directors is to be set by the Board at the proposal of the Appointments and Compensation Committee. The rules for the distribution of Directors' attendance fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

7.1.4.3 Appendices to the Internal Regulation

Appendix 1

Audit and Accounts Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Accounts Committee is the following:

- to analyse the mid-year and annual financial statements distributed by the Company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to examine the risk management policy;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for performing the legal audit assignments, ensuring monitoring of the latter and ensuring compliance with the rules guaranteeing the independence of the statutory auditors. To this end, the committee may ask to be notified of the fees paid by the Company and its Group to the statutory auditors and their respective networks;

to receive reports upon request, on any subjects falling within its competence, from the Group's financial and accounting management;

- to examine external growth transactions, by verifying firstly that the proposed transaction is well within the strategy defined by the Group and secondly, the profitability of the project and its impact on the overall financial balance of the Group;
- to assess the consistency of the mechanisms involving internal control, risk monitoring, and ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to receive the reports of the statutory auditors;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- and to check, before publication, all accounting and financial information documents issued by the Company.

MEMBERSHIP

The Audit and Accounts Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors. The committee cannot include the Chairman among its members. At least one committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, and good understanding of internal control procedures and the committee's functions.

The terms of office of committee members coincides with their terms as Director or non-voting Director. The committee appoints its Chairman. The Groupama SA Company Secretary serves as committee secretary.

OPERATION

Internal organisation of the committee

The Audit and Accounts Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Audit and Accounts Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberation.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of the year.

Exceptional cases

Depending upon the agenda, the committee Chairman:

- may convene any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Accounts Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational details.

The timeframes for examination of the accounts by the Audit and Accounts Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to Risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is the following:

- to propose to the Board of Directors any questions relating to the personal status of the corporate officers, specifically compensation, retirement and any allocation of options for the subscription or purchase of company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of corporate officers and the allocation and distribution of Directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate officers and ensure the consistency of these rules with the evaluation performed annually of the performance of the corporate officers and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the classification of independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving evaluation of the Board of Directors' operating methods and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be chosen from among the Company's outside Directors.

The terms of office of committee members coincides with their terms as Director or non-voting Director. The committee appoints its Chairman. The Groupama SA Company Secretary serves as committee secretary.

OPERATION

Internal organisation of the committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting Directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberation.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The Agreements Committee has the following purpose:

- to prevent any potential conflict of interest between the Regional Mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. In this context, the committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are respected;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the French Commercial Code, including those signed between the Company and one of its non-voting Directors or with the Company that controls one of its shareholders (having a proportion of voting rights above 10%) as defined in Article L. 233-3 of the French Commercial Code.

  In this context, the committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article L. 225-39 of the French Commercial Code);

The committee will also report to the Board of Directors on the status of these agreements:

- to analyse any and all agreements between the Regional Mutuals and Groupama SA and its subsidiaries and, more specifically, to make certain that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practice;
- to analyse the conditions for applying the reinsurance agreement between Groupama SA and its Regional Mutuals.

MEMBERSHIP

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors, on the understanding that independence is determined in accordance with the criteria listed by the Afep/Medef task force. The committee cannot include the Chairman among its members.

The terms of office of committee members coincides with their terms as Director or non-voting member. The committee appoints its Chairman from among the independent Directors. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The timeframes for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

Appendix 4

Criteria for independence

DEFINITION

For the purposes of this appendix, the term 'corporate officer' will be understood as defined in recommendation 2002-01 of the Commission des Opérations de Bourse:

The corporate officers are as follows:

- the Managers;
- the Chairman (Chairman of the Board of Directors or Chief Executive Officer);
- the Executive Officers;
- the Delegated Executive Officers;
- the members of the Management Board;
- the individuals or legal entities exercising the functions of Director or member of the Supervisory Board, as well as the permanent representatives of the legal entities exercising these functions, and;
- any person exercising equivalent functions in foreign companies."

CRITERIA

A Director is considered to be independent if he meets the following criteria:

- he is not an employee or does not exercise managerial functions within the Company, or is not an employee or Director of the parent company or a company it is consolidating and has not been at any time over the past five years;
- he has not been paid by the Company, in any form whatsoever, with the exception of Directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he is not a corporate officer of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a corporate officer of the Company (currently or within the past five years) holds the position of Director;
- he is not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- he has no close family ties to a corporate officer;
- he has not been the auditor of the Company over the previous five years and has not been a Director of the Company for over twelve years;
- he does not represent a major shareholder in the Company, on the understanding that:
  - a shareholder is considered to be a major shareholder when he holds more than 10% of share capital or voting rights (as calculated by consolidating his various shareholdings),
  - above this threshold, the Board, on the recommendation of the Compensation and Appointments Committee, will routinely inquire into his status as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relating to the Company's bylaws and share capital appearing in 7.2.1.1 and 7.2.1.3 results from, or is the consequence of, resolutions adopted by the Combined shareholders' General Meetings held on 29 June 2006 and which have regularly been renewed since then. The most recent renewal was at the General Meeting of 26 May 2010 under the condition precedent that the Company's shares are admitted for trading on a regulated market.

7.2.1.1 Total share capital

- Total share capital issued: €1,186,513,186, represented by shares all in the same category
- Number of shares issued and fully paid up: 231.514.768
- Par value of the shares: €5.125
- Authorised share capital not issued.

Status of powers of attorney to the Board of Directors adopted by the Combined General Meeting of 26 May 2010 under the condition precedent that the Company's shares are admitted for trading on a regulated market :

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum par value of the increase in share capital
Purchase by the Company of its own shares	Resolution Seven	18 months	25 November 2012	10% of the share capital up to a maximum of €500 million
Issues with preferential subscription rights (capital increase from all shares combined)	Resolution Eight	26 months	25 July 2012	€1.1 billion to be allocated to the total capital increases authorised by the meeting, *i.e.*, €1.1 billion
Issues without preferential subscription rights (capital increase from all shares combined)	Resolutions Nine and Ten	26 months	25 July 2012	€1.1 billion to be allocated to the total capital increases authorised by the meeting, *i.e.*, €1.1 billion
Issue with or without preferential subscription rights during the implementation of the over-allocation option	Resolution Eleven	26 months	25 July 2012	15% of the amount of the initial issue
Issue without preferential subscription rights as compensation for contributions in kind corresponding to shares or equity securities	Resolution Twelve	26 months	25 July 2012	10% of the share capital
Capital increase by capitalisation of premiums, reserves, earnings, etc.	Resolution Thirteen	26 months	25 July 2012	400 million euros
Issues reserved for categories of persons (capital increase reserved for a category of persons)	Resolutions Fourteen, Fifteen and Sixteen	18 months	25 November 2012	€1.1 billion to be allocated to the total capital increases authorised by the meeting, *i.e.*, €1.1 billion
Capital increase reserved for employee members of a company savings plan	Resolution Seventeen	26 months	25 July 2012	150 million euros
Free allocations of shares existing or to be issued in favour of employees of the Group or certain members thereof	Resolution Eighteen	26 months	25 July 2012	10% of share capital as at the date of the Board's decision
Capital reduction by cancellation of treasury shares	Resolution Nineteen	24 months	25 May 2012	10% of the share capital

A proposal will be made to the General Meeting of 25 May 2011 to renew:

- the issue of shares and/or equity securities, with preservation of the preferential subscription right, in Resolution Eleven, which cancels and replaces the one previously issued by the General Meeting of 26 May 10 in Resolution Eight;
- the issue through a public offer and an offer made under the terms of Article L. 411-2-II of the Monetary and Financial Code of company shares and/or equity securities and/or securities giving the right to the allocation of debt securities, eliminating preferential subscription rights in Resolutions twelve and thirteen, which cancel and replace the one previously issued by the General Meeting of 26 May 2010 in Resolutions Nine and Ten;
- the increase in the number of shares to be issued in the event of a capital increase with or without preferential subscription right in Resolution Fourteen, which cancels and replaces the

one previously issued by the General Meeting of 26 May 2010 in Resolution Eleven;

- the issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities in Resolution Fifteen, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Twelve;
- the increase of capital by capitalisation of issue premiums, reserves, profits or other, in Resolution Sixteen, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Thirteen;
- the issue of shares and/or equity securities reserved for Groupama Holding, in Resolution Seventeen, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Fourteen;
- the issue of shares and/or equity securities reserved for Groupama Holding 2, in Resolution Eighteen, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Fifteen;
- the issue of shares and/or equity securities reserved for categories of persons, in Resolution Nineteen, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Sixteen;
- the issue of shares and/or equity securities reserved for members of savings plan, in Resolution Twenty, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Seventeen;
- the free allocations of shares existing or to be issued in favour of some or all Group employees in Resolution Twenty-One, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Eighteen;
- the reduction of capital by cancelling treasury shares, in Resolution Twenty-Two, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Nineteen.

7.2.1.2 Non-equity instruments

As of the date of the recording of this reference document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares of the Company.

The Combined Ordinary and Extraordinary General Meeting of 26 May 2010 has authorised the Board of Directors, for a period of eighteenth months, with the condition precedent of admission of the Company's shares to trading on a regulated market, to purchase shares in the Company pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code and in accordance with the general regulations of the Autorité des Marchés Financiers.

Pursuant to this authorisation, shares may be purchased, sold, or transferred at any time, in particular during a public offering period, and by any means, on the market or over the counter, in particular through the purchase or sale of blocks of shares, without limit as to the proportion of the purchase programme that may be realised by this means, by public purchase, sale, or exchange offer, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market or through the remittance of shares following the issuance of stock by conversion, exchange, redemption, exercise of an order or in any other manner, either directly or indirectly through an investment services provider.

This authorisation is intended to allow the Company to purchase and sell its shares for the following purposes:

- allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 3332-1 *et seq*. of the French Labour Code;
- or allocating bonus shares pursuant to Articles L. 225-197-*1 et seq.* of the French Commercial Code;
- tendering stock when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- their cancellation in whole or in part, in accordance with the terms set forth in Resolution Nineteen as adopted by the General Meeting on 26 May 2010;
- tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, splits or spin-offs;
- or ensuring the liquidity of the Company's shares through an investment services provider under a liquidity agreement in compliance with the Ethics code recognised by the Autorité des Marches Financiers;

Share purchases by the Company may involve a limited number of shares, *i.e.:*

- the number of shares purchased by the Company in the share buyback programme would not exceed 10% of the shares comprising the Company's capital; this percentage applies to adjusted capital based on transactions affecting it after this General Meeting;
- the number of shares held directly or indirectly at any time by the Company would not exceed 10% of the shares comprising the Company's capital on the date considered.

The maximum purchase price of the shares under this resolution shall be €80 per share.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

Moreover, in the event of a change in par value of the share, a capital increase through the capitalisation of reserves, the free allocation of shares, the split or consolidation of securities, the distribution of reserves or any other assets, the amortisation of capital, or any other transaction affecting net equity, the General Meeting has delegated to the Board of Directors the authority to adjust the aforementioned maximum purchase price in order to take into consideration the impact of these transactions on the share's value.

A proposal will be made to the General Meeting of 25 May 2011 to renew the share buyback programme in the tenth Resolution, which cancels and replaces the one previously issued by the General Meeting of 26 May 2010 in Resolution Seven.

7.2.1.4 Other equity interests

As of the recording date of this reference document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

	Position at 31.12.2010			Position at 31.12.2009			Position at 31.12.2008		
Shareholders	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Groupama Holding	210,489,521	90.92%	90.92%	210,475,723	90.91%	90.91%	210,461,604	90.91%	90.91%
Groupama Holding 2	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%
Other *	210,883	0.09%	0.09%	224,681	0.10%	0.10%	238,800	0.10%	0.10%
TOTAL	**231,514,768**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**

* *Employees, former employees and exclusive officers and Directors.*

There has been no change in capital since the split of the share's par value by four on 29 June 2006.

7.2.1.6 Employee holdings of Groupama SA shares

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed to an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, subject to the suspension periods and with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA that occurred in June 2002, then by Groupama Holding following simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated mid-year financial statements were audited.

Moreover, by virtue of the laws relating to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the highest between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become null and void if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA equity at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2010, employees, former employees and exclusive officers of Groupama SA held 0.09% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2010.

A double voting right is to be allocated to all fully paid-up shares, for which nominative registration is justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

Almost the entire share capital of the Company has a double voting right.

Shareholders	Shareholders	% of share capital	Number of voting rights	% of voting rights
Groupama Holding *	210,489,521	90.92%	420,951,125	90.92%
Groupama Holding 2 *	20,814,364	8.99%	41,628,728	8.99%
Other **	210,883	0.09%	421,750	0.09%
TOTAL	**231,514,768**	**100.00%**	**463,001,603**	**100.00%**

(*) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(**) As at 31 December 2010, employees, former employees, and exclusive officers held 210,815 shares, i.e., 0.09% of the Company. Moreover, on the same date, Directors as a whole held 68 shares, i.e., four company shares each, after the split in the par value of the Groupama SA share by four as approved by the General shareholders' Meeting of 29 June 2006.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Mutuals control a majority of Groupama SA.

7.3 GENERAL MEETING OF 25 MAY 2011

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management report from the Board of Directors on fiscal year 2010 and report from the Chairman on internal control procedures.
- General reports from the statutory auditors on the performance of their audit engagement during fiscal year 2010 and special report from the statutory auditors on the report from the Chairman pursuant to section 6, Article L. 225-37 of the French Commercial Code.
- Approval of the individual and consolidated financial statements for fiscal year 2010.
- Allocation of income and setting of the dividend.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the French Commercial Code.
- Renewal of the terms of two Directors and expiry of the term of one Director.
- Appointment of two new Directors.
- Renewal of the term of the current auditor PricewaterhouseCoopers and of the deputy auditor.
- Authorisation to be given to the Board of Directors for trading in the Company's shares.

Items within the scope of responsibilities of the Extraordinary General Meeting

- Assignment of authority to the Board of Directors to increase the capital stock, through the issue of company shares and/or equity interests, maintaining the preferential share subscription right.
- Delegation of authority to the Board of Directors to increase the share capital through a public offer of company shares and/or equity securities and/or securities giving the right to the allocation of debt securities, eliminating preferential subscription rights.
- Delegation of authority to the Board of Directors to increase the share capital through a public offer, as specified under Article L. 411-2 II of the Monetary and Financial Code, of company shares and/or equity securities and/or securities giving the right to the allocation of debt securities, eliminating preferential subscription rights.
- Assignment of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential share subscription right.
- Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities.
- Assignment of authority to the Board of Directors to increase share capital through the incorporation of premiums, reserves, profits, etc.
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity securities reserved for Groupama Holding.
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity securities reserved for Groupama Holding 2.
- Delegation of authority to the Board of Directors to increase share capital, through the issuance of company shares and/or equity securities reserved for certain categories of persons.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for members of savings plans, eliminating the preferential share subscription right on their behalf.
- Assignment of authority to the Board of Directors to undertake free allocations of shares existing or to be issued in favour of all or certain Group employees.
- Authorisation granted to the Board of Directors to reduce share capital by cancelling own shares.

Within the scope of responsibilities of the Combined General Meeting

- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution (Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having:

- taken note of the report of the Board of Directors and the statutory auditors on the fiscal year ended 31 December 2010 and the opinion of the Central Works Council on these same statements;
- taken note of the deduction made on 31 December 2010 on Retained Earnings of €12,660,290.56, under the one-time tax on the total capitalisation reserve, pursuant to the provisions of the Finance Act for 2011 (Act 2010-1657 of 29 December 2010), which moved Retained Earnings to a credit amount of €1,599,570,814.93;

approves the financial statements for this fiscal year as presented, *i.e.*, the balance sheet, income statement and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a profit of €147,266,208.08.

Second Resolution (Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2010, approves these financial statements as presented, yielding a net profit (Group share) of €387,351,000.

Third Resolution (Allocation of profit)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the report of the Board of Directors:

(i) establishes that distributable earnings, after taking account of retained earnings brought forward of €1,599,570,814.93 amount to €1,746,837,023.01; and

(ii) decides to allocate distributable earnings as follows:

- as shareholder dividend: €104,181,645.60
- and the balance to "retained earnings": €1,642,655,377.41

The dividend per share will be €0.45; it will be paid as from 26 May 2011.

It is hereby specified that all dividends paid out to natural persons, who are resident for tax purposes in France, are eligible for the 40% allowance pursuant to paragraph 2 of Article 158-3 of the French General Tax Code, unless such persons opt for the fixed allowance under Article 117 (quater) of the French General Tax Code.

To meet the provisions of Article 243 bis of the French General Tax Code, distributions for the past three fiscal years were as follows:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2009	€104,181,645.60	€98,555.85	€104,083,089.75
2008	€53,248,396.64	€52,264.51	€53,196,132.13
2007	€155,114,894.56	€168,034.66	€154,946,859.90

Fourth Resolution (Regulated agreements referred to in Article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as provided for in paragraph 3 of Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code on agreements referred to in Article L. 225-38 of the French Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution (Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr Frédéric Lemoine for a period of six years, *i.e.*, until the close of the General Meeting convened in 2017 to approve the financial statements for the fiscal year ending 31 December 2016.

Sixth Resolution (Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term as Director of Mr Philippe Vassor for a period of six years, i.e., until the close of the General Meeting convened in 2017 to approve the financial statements for the fiscal year ending 31 December 2016.

Seventh Resolution (Expiry of a Director's term of office and nomination of a new Director)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the expiry of the term as Director of Mr Jean Salmon, resolves to name as his replacement Ms Marie-Ange Debon for a period of six years, *i.e.*, until the close of the General Meeting convened in 2017 to approve the financial statements for the fiscal year ending 31 December 2016.

Eighth Resolution (Nomination of a new Director)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, resolves to name Ms Caroline Grégoire Sainte Marie as Director for a period of six years, *i.e.*, until the close of the General Meeting convened in 2017 to approve the financial statements for the fiscal year ending 31 December 2016.

Ninth Resolution (Expiry of the terms of office of the statutory and deputy auditors)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the favourable report issued by the Mutual Society Supervisory Authority (ACP) resolves to:

- renew the term to expire during the present meeting, of the company PricewaterhouseCoopers Audit, statutory auditors;
- not to renew the term of Mr Pierre Coll, deputy auditor;
- and to name Mr Yves Nicolas as his replacement;

for a period of six fiscal years, *i.e.*, until the Ordinary General Meeting convened in 2017 to approve the financial statements for the fiscal year ending on 31 December 2016.

Tenth Resolution (Purchase by the Company of its own shares)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the report of the Board of Directors and subject to the Company's shares being admitted for trading on a regulated market, resolves to authorise the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to purchase company shares with a view to:

- allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 3332-1 *et seq*. of the French Labour Code;
- the free allocation of shares within the framework of the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- tendering shares when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- cancelling them in whole or in part, subject to adoption of Resolution Twenty-Two below;
- tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, splits or spin-offs;
- ensuring the liquidity of the Company's shares through an investment services provider under a liquidity agreement in compliance with the Ethics Code recognised by the Autorité des marchés financiers.

Share purchases by the Company may involve a number of shares, *i.e.*:

- the number of shares purchased by the Company in the share buyback programme would not exceed 10% of the shares comprising the Company's share capital; this percentage applies to adjusted share capital based on transactions affecting it after this General Meeting;
- the number of shares held directly or indirectly by the Company at any time would not exceed 10% of the shares comprising the Company's share capital on the date in question.

The shares may be acquired, sold or transferred at any time, except during public offerings and by any means, on the market or over-the-counter, in particular by block acquisition or sale with no limitation on any share buyback programme carried out by such means, by public offering of sale or exchange, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market, or by tendering shares following the issue of securities entitling the holder access to the equity in the Company by conversion, exchange, redemption, the exercise of a warrant or by any other means, either directly or indirectly through an investment services provider.

The maximum purchase price of the shares under this resolution shall be €80 per share.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

The General Meeting delegates to the Board of Directors, in the event of a change in the par value of the share, the authority to raise capital by capitalising reserves, by awarding bonus shares, by splitting or combining shares, by distributing reserves or any other assets, by amortising the equity or by trading in shareholders' equity in any other way and the power to adjust the aforementioned maximum purchase price in order to take into account the effect of such operations on the value of the share.

The General Meeting grants full powers to the Board of Directors, with the option of sub-delegation, to approve and implement this authority, to spell out the terms thereof, if necessary, to carry out the purchase programme, in particular to place any market order, enter into any agreement to keep the ledgers showing share purchases and sales, make any representations to the Autorité des Marchés Financiers, to perform any and all formalities and, in general, to do whatever is necessary.

This authority is given for a period of eighteen months from the date hereof. The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Ordinary General Meeting of 26 May 2010, in its 7th Resolution.

Items within the scope of responsibilities of the Extraordinary General Meeting

Eleventh Resolution (Delegation of authority to increase the share capital by issuing stock and/or securities entitling the holder access to the Company's equity, with the preferential share subscription right maintained)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 of the said Code:

1. hereby grants to the Board of Directors, with the option of sub delegation under the conditions set forth by law, the authority to decide to issue company shares or equity securities, with preferential subscription rights of the shareholders maintained, on one or more occasions, in the proportion and at the times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash, or offset against receivables;

2. hereby resolves to set the following limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:

- the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion, on the understanding that the overall maximum par value of capital increases likely to be carried out under this authority, including those granted under the twelfth, thirteenth, fourteenth, seventeenth, eighteenth and nineteenth resolutions submitted to this General Meeting (as well as those granted under any resolution approved by a General Meeting replacing in whole or in part one of such resolutions) is set at €1.1 billion;
- to these maximum limits will be added, if applicable, the par value of any additional shares to be issued in the event of new financial transactions, to preserve the rights of holders of equity securities;

3. sets at twenty-six months, with effect from the date of this General Meeting, the period of validity of this authority and with immediate effect and in respect of any unused portion, the General Meeting hereby terminates the authority granted under the Combined General Meeting of 26 May 2010, in its 8th Resolution;

4. in the event this authority is used by the Board of Directors:

- hereby resolves that any issues be reserved for shareholders who will be able to apply as of right for new shares in proportion to the number of shares owned by them at the time;
- duly notes the fact that the Board of Directors has the option of introducing a right to apply for excess shares;
- duly notes the fact that this authority automatically allows the bearers of equity securities issued under this authority to waive their preferential subscription rights to any shares to which those securities may entitle them immediately or in the future;
- hereby resolves that if the applications as of right, as well as any applications for excess shares have not absorbed the entire capital increase, then the Board of Directors, as allowed by law and in the order it shall decide, may use either one or both of the options below:
  - limit the capital increase to the amount of the subscriptions provided that this amount equals at least three-quarters of the increase approved,
  - distribute freely some or all of the shares or, in the case of equity securities, *i.e.*, those securities approved for issue but not subscribed,
  - offer the public some or all of the shares or, in the case of equity securities, some or all of any un-subscribed equity securities, on the French and/or foreign market and/or on the international market;
- hereby resolves that share warrants may be issued by subscription offer, but also may be allocated free of charge to the holders of existing shares; on the understanding that the Board of Directors shall have the option of determining that the allocation rights of fractional shares will not be traded and that the corresponding securities will be sold;

5. resolves that the Board of Directors, with the option of sub delegation under the conditions set forth by law, shall have all powers to implement this authority in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code); to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and to stipulate, as applicable, any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (in particular the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company). As applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company; and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, in particular by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs to the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and to set the terms, as applicable, for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and in general, to enter into any and all agreements notably designed to ensure the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto.

Twelfth Resolution (Delegation of authority to increase the share capital per issue by public tender offer, shares and/or equity securities and/or securities entitling the holder to an allocation of debt securities with the preferential subscription right eliminated)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Articles L. 225-129-2, L. 225-136 and L. 225-148 of the said Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to decide to issue by public tender offer, with preferential subscription rights of the shareholders eliminated, shares, equity securities of the Company or securities entitling the holder to an allocation of debt securities, on one or more occasions, in the proportions and at the times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash or offset against receivables. Such shares and securities may be issued to pay for any securities tendered to the Company in the context of a public exchange offer in France or abroad pursuant to local rules on securities meeting the conditions set forth in Article L. 225-148 of the French Commercial Code;
2. hereby resolves to set as follows the limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:
   - the maximum par value of the capital increases liable to be completed immediately or in the future under this authority is set at €1.1 billion; on the understanding that this amount shall be charged to the amount of the overall ceiling set forth in subsection 2 of the Eleventh Resolution by this meeting;
   - to these maximum limits will be added, if applicable, the par value of the shares to be issued in the future in the event of new financial transactions, to preserve the rights of holders of equity securities;
3. sets at twenty-six months, with effect from the date of this General Meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined Ordinary and Extraordinary General Meeting of 26 May 2010, in its 9th Resolution;
4. resolves that the security issues under this authority shall be carried out by public tender offer, it being understood that they may be carried out in combination with an offer or offers specified under II of Article L. 411-2 of the French Monetary and Financial Code completed based on the 13th Resolution submitted to this General Meeting;
5. consequently resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities issued pursuant to this delegation of authority, without affecting the authority of the Board of Directors, in accordance with Article L. 225-135, 2nd paragraph, to grant shareholders, for a period and based on the procedures that it shall determine in accordance with applicable statutory and regulatory provisions and in respect of all or part of a completed issue, a priority subscription period that does not give rise to new tradable rights and which must be exercised in proportion to the number of shares held by each shareholder and in addition to which the shareholders may have the right to apply for excess shares;
6. duly notes the fact that if the subscriptions, including, as applicable, those of the shareholders, have not absorbed the entire issue, the Board of Directors may limit the amount of the issue to the amount of subscriptions received, provided that they equal at least three-quarters of the approved issue;
7. duly takes note of the fact that this authority automatically allows the bearers of equity securities that may be issued under this authority expressly to waive their preferential subscription right to any shares to which they may be entitled as the bearers of equity securities;
8. hereby resolves as follows, pursuant to Article L. 225-136 of the French Commercial Code:
   - until the shares of the Company are admitted for trading and first listing on a regulated market and for any capital increases completed on that occasion, the issue price of the shares issued directly shall be equal to at least the shareholders' equity per share, as reflected on the last approved balance sheet as of the issue date;
   - after the Company's shares have been admitted for trading on a regulated market, the issue price of the issued shares shall at least equal the minimum amount specified under applicable regulations as at the issue date (as of the present time, being the Company's weighted average quoted share price before the three most recent trading sessions preceding the setting of this price, less a 5% discount and after adjusting this average, as applicable, for any difference in vesting date);
   - the issue price of the equity securities shall be such that the sum received immediately by the Company plus, if applicable, any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the two previous paragraphs;
9. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority, and in particular:
   - to decide on the capital increase and determine the securities to be issued;
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue;
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the

option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued, and specifically to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights, as applicable, to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and in general, to enter into any and all agreements notably designed to ensure successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto.

Thirteenth Resolution (Delegation of authority to increase the share capital through a public offer, as specified under Article L. 411-2 II of the French Monetary and Financial Code, by issuing shares and/or equity securities and/or securities entitling the holder to an allocation of debt securities with the preferential subscription right eliminated)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, specifically Articles L. 225-129-2, L. 225-136 and L. 225-148 of the said Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to decide to issue by tender offer provided for in Article L. 411-2 II of the French Monetary and Financial Code, with preferential subscription rights of the shareholders eliminated, shares, equity securities of the Company or securities entitling the holder to an allocation of debt securities, on one or more occasions, in the proportions and at the times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash or offset against receivables;
2. hereby resolves to set as follows the limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:
   - the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion and may not exceed under any circumstances the statutory maximum limit (currently standing at 20% of share capital per year); it is specified that the nominal value of the capital increases carried out immediately and/or in the future under this authority shall be included in the overall limit stated in paragraph 2 of Resolution Eleven submitted to this meeting;
   - to these maximum limits will be added, if applicable, the par value of the shares to be issued in the future in the event of financial transactions, to preserve the rights of holders of equity securities;
3. sets at twenty-six months, with effect from the date of this meeting, the period of validity of this authority and, with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 10th Resolution;
4. resolves that the issues under this authority shall be carried out through offers specified under II of Article L. 411-2 of the French Monetary and Financial Code, on the understanding that they may be carried out in combination with a public tender or tenders completed on the basis on the twelfth Resolution submitted to this meeting;
5. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities issued pursuant to this authority;
6. duly notes the fact that if the subscriptions, including those by the shareholders, have not absorbed the entire issue, the Board of Directors may limit the amount of the operation to the amount of subscriptions received, provided that they equal at least three-quarters of the approved issue;
7. duly notes the fact that this authority automatically allows the bearers of equity securities that may be issued under this authority expressly to waive their preferential subscription right to any shares to which they may be entitled as the bearers of equity securities;
8. hereby resolves as follows, pursuant to Article L. 225-136 of the French Commercial Code:
   - until the shares of the Company are admitted for trading and first listing on a regulated market and for any capital increases completed on that occasion, the issue price of the shares issued directly shall be equal to at least shareholders' equity per share, as reflected on the last approved balance sheet as of the issue date;
   - after the Company's shares have been admitted for trading on a regulated market, the issue price of the issued shares shall at least equal the minimum amount specified under applicable regulations as at the issue date (as of the present time, being the Company's weighted average quoted share price before the three most recent trading sessions preceding the setting of this

price, less a 5% discount and, if applicable, after adjusting this average for any difference in vesting date);

- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the two previous paragraphs;

9. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued, and in addition to decide, in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and in general, to enter into any and all agreements notably designed to ensure successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto.

Fourteenth Resolution (Delegation of authority to increase the number of shares to be issued in the event of a capital increase with or without preferential share rights)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, pursuant to the provisions of Article L. 225-135-1 of the French Commercial Code:

1. hereby delegates to the Board of Directors the authority, with the option of sub-delegation under the conditions set forth by law, to decide to increase the number of shares to be issued in the event of an increase in the Company's share capital, with or without preferential share rights, at the same price as the price selected for the initial issue, within the deadlines and limits set forth by the applicable regulations on the date of the issue (as of the present time, within thirty days of the close of the subscription and up to a limit of 15% of the initial issue), particularly in order to grant an over-allocation option in accordance with market practices;
2. resolves that the par value of the capital increases determined pursuant to this resolution must comply with the maximum limit(s) set by the resolution that approved the issue.

This authority is granted for a period of twenty-six months with effect from the date of this Meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26th May 2010, in its eleventh Resolution.

Fifteenth Resolution (Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities)

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors, with the option of sub-delegation under the conditions set forth by law, subject to the Company's shares being admitted for trading on a regulated market, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code and specifically Article L. 225-147, 6th paragraph of said Code grants all powers to the Board of Directors to carry out an issue of the Company's shares or equity securities, up to 10% of share capital as at the issue date, in payment for in-kind contributions to the Company consisting of equity shares or other equity securities, whenever the provisions of Article L. 225-148 of the French Commercial Code do not apply.

If it uses this authority, the Board of Directors will make a decision based on a report from one or more contribution auditors ("commissaires aux apports"), referred to in Article L. 225-147 of the French Commercial Code.

The General Meeting resolves that the Board of Directors shall have all powers to implement this authority, notably to approve the valuation and confirmation of the asset contributions and to post all costs and dues on the issue premiums and amend the bylaws accordingly.

The authority granted to the Board of Directors is valid for a twenty-six month period with effect from this meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26th May 2010, in its twelfth Resolution.

Sixteenth Resolution (Delegation of authority to increase the share capital by capitalisation of issue premiums, reserves, profits or other funds)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, having taken note of the report by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the French Commercial Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to approve a capital increase, on one or more occasions, in the proportion and at the times it deems appropriate, by capitalisation of issue premiums, reserves, profits or other funds that can be capitalised in accordance with existing laws and regulations, in the form of allocation of bonus shares or by raising the par value of any outstanding shares or by using both of these methods. The maximum par value of the capital increases likely to be carried out hereto may not exceed €400 million;
2. in the event this authority is used by the Board of Directors, (the meeting) hereby gives him full authority, with the option of sub-delegation, under the terms set forth by law, to implement this authorisation for the following purposes:

› to set the amount and the nature of the sums to be capitalised, to set the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital will be increased, to set the date, even retroactively, from when the new shares will bear interest or the date on which the increase in par value comes into effect;

› to make the following decisions if bonus shares are allocated:
   - that fractional shares will not be traded and that the corresponding shares will be sold; the sums from the sale shall be allocated to the owners of rights under the conditions provided for by existing laws and regulations,
   - that the portion of the shares to be allocated in proportion to existing shares that are entitled to double voting rights will enjoy that right when issued,
   - to make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, in particular if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down to share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
   - to charge to one or more available reserve items the amount of the costs associated with the corresponding capital increase,
   - to take due note of every capital increase completed and to amend the bylaws accordingly,
   - in general, to enter into any and all agreements, take any and all measures and carry out any and all formalities necessary to issue, list and account for the securities issued under this authority and to exercise any rights attached thereto;

3. this authority is granted for a period of twenty-six months with effect from this meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 13th Resolution.

Seventeenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Articles L. 225-129-2 and L. 225-138 of this Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for Groupama Holding, a *société anonyme* with share capital of €2,067,011,352, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies Register under number 428 734 818;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares, to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that if applicable, the global limit stated in paragraph 2 of the eleventh Resolution submitted to this meeting will be increased by the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

› the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;

- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and specifically to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company);
- as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs to the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;
8. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 14th Resolution.

Eighteenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding 2)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to cancel the preferential subscription rights of the shareholders to shares or securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these issues for Groupama Holding 2, a *société anonyme* (limited liability company) with share capital of €463,469,680, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies' Registry under number 411 955 404;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that if applicable, the global limit stated in paragraph 2 of the eleventh Resolution submitted to this meeting will be increased, as applicable, for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;

- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue;
- determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;
8. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 15th Resolution.

Nineteenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities, reserved for certain categories of persons)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that subscription of shares and other securities may be either in cash, or offset against receivables;
2. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for the following categories of persons: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their Groups and/ or all companies managed by the companies of their Groups, (ii) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals, and/or (iii) the employees and Directors or company officers as specified under Article L. 3332-2 of the French Labour Code, of companies related to the Company as defined under Article L. 3344-1 of the same Code, who are not beneficiaries of the issues carried out in accordance with the 20th Resolution below, and/or (iv) persons and/or employees and managers or officers of companies not provided for above but who fulfil the criteria mentioned in paragraph 1 of Article L. 3344-1 above, and/or (v) of mutual funds or other employee shareholder entities investing in company securities, for which the unit holders or shareholders will consist of persons mentioned under (iii) and (iv) of this paragraph and/or beneficiaries of the 20th Resolution below;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;

4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of Resolution Eleven submitted to this meeting will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;

5. resolves that:
   - the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
   - the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
   - for issues to beneficiaries mentioned under (iii) and (v) of 2 above, the issue price for new shares or equity securities will be based on the terms specified under 3 of the 20th Resolution below or identical to the price at which securities of the same type will be issued pursuant to the 20th Resolution below;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:
   - to decide on the capital increase and determine the securities to be issued;
   - to prepare the exact list of the beneficiaries within the beneficiaries classes cited in paragraph 2 above, for whom shareholders' preferential subscription rights were eliminated;
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
   - to determine the method of paying the shares or equity securities in full immediately or in the future;
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
   - to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
   - on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
   - to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
   - to take note of every capital increase completed and amend the bylaws accordingly;
   - and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;

8. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 16th Resolution.

Twentieth Resolution (Delegation of authority to increase the share capital, by issuing shares and/or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report and, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq*. of the French Labour Code:

1. authorises the Board of Directors, with the option of sub-delegation under the conditions set forth by law, to determine the capital increase, on one or more occasions, of a maximum par value of €150 million, by issuing company shares or equity securities, reserved for members of one or more savings plans (or another plan for members, for which Article L. 3332-18 of the French Labour Code would allow a reserved capital increase under equivalent terms) introduced within Groupama SA or the Groupama Group comprising the Company and French and foreign companies included in the Company's accounting consolidation

or combination in accordance with Articles L. 3344-1 and L. 3344-2 of the French Labour Code;

2. sets at twenty-six months with effect from this General Meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined Ordinary and Extraordinary General Meeting of 26 May 2010, in its 17th Resolution;

3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 3332-19 and L. 3332-20 of the French Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or at least 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 3332-25 and L. 3332-26 of the French Labour Code equals or exceeds ten years; however, the General Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the above-mentioned discounts up to the legal and regulatory limits in order to take into account, inter alia, the legal, accounting, tax and corporate systems applicable locally; for the purposes of this paragraph, the Reference Price designates (i) if the capital increase occurs subsequent to admission for trading and the first listing of the Company's shares on a regulated market, the average trading price during the twenty trading days prior to the date of the decision setting the subscription opening date, (ii) if the capital increase occurs simultaneously with admission for trading and upon the first listing of the Company's shares on a regulated market, the subscription price is set by reference to the market admission price, provided that the decision of the Board of Directors or its delegates, as applicable, occurs no later than ten trading days after the date of the first listing, or (iii) if the capital increase occurs prior to admission for trading and upon the first listing of the Company's shares on a regulated market, the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net assets, profitability and the firm's business prospects, pursuant to the provisions of Article L. 3332-20 of the French Labour Code;

4. authorises the Board of Directors to award future or previously issued shares or equity securities free of charge to the above-mentioned recipients, in addition to the shares or equity securities to be subscribed for in cash, in order to make up for all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allocation does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the French Labour Code;

5. resolves to eliminate the preferential subscription right of the shareholders to the securities subject to this authorisation in favour of the above-mentioned recipients; the said shareholders also waiving any right to any bonus shares or equity securities which might be allocated free of charge under this resolution;

6. resolves that the Board of Directors shall have full powers, with the option of sub-delegation under the conditions set forth by law, to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, in particular for the purpose of:

- preparing, as stipulated by law, a list of companies to which employees, early retirees and retirees who may subscribe to the shares or equity securities thus issued and who may qualify, if appropriate, for bonus shares or equity securities;
- deciding that applications for shares may be made directly or through company mutual funds (FCPE) or other vehicles or entities allowed under the applicable laws and regulations;
- setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases;
- determining the subscription opening and closing dates;
- setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions and terms for payment in full, delivery and effective legal date of the securities (even if retroactive), as well as the other terms and conditions for the issues;
- if bonus shares or equity securities are awarded, to set the number of shares or equity securities to be issued, the number to be allocated to each recipient and to determine the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations and, in particular, to choose either to replace in full or in part the allocation of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two possibilities;
- to take note of the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription;
- to charge any costs of the capital increases to the amount of the premiums associated with them;
- to enter into any and all agreements, to carry out, either directly or indirectly by an agent, any and all operations, including any formalities subsequent to the capital increases and to amend the bylaws accordingly;
- and, in general, to enter into any and all agreements aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto or subsequent to any capital increases completed.

Twenty-first Resolution (Delegation of authority to proceed with the free allocation of existing bonus shares or those to be issued to some or all of the Group's employees)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code and L. 322-26-7 II of the French Insurance Code, to proceed, on one or more occasions, with bonus allocations of previously issued or future shares to any recipients to be determined by it among employees, or certain categories of them, of the Company or companies or Groups affiliated to it under the conditions defined in Article L. 322-26-7 II of the French Insurance Code and/or the

corporate officers referred to in Article L. 225-197-1 II, under the conditions defined below;

2. resolves that the existing or future shares issued pursuant to this authority may not account for more than 10% of share capital as at the date of the Board of Directors decision;
3. resolves that the allocation of the shares to their beneficiaries will be final following a vesting period lasting at least 2 years;
4. resolves that the period during which the beneficiaries must hold their shares is set at a minimum of 2 years with effect from the final allocation of the shares if the vesting period applied is less than 4 years, on the understanding that the Board of Directors may reduce or even cancel this holding period in respect of beneficiaries for whom the vesting period applied equals or exceeds 4 years;
5. resolves that as an exception to the above, in the event of a beneficiary's disability as classified in the second or third category of the categories provided for in Article L. 341-4 of the French Social Security Code or complete disability based on applicable foreign law, the Board of Directors may resolve that the allocation of the shares to the beneficiaries will be final prior to the end of the vesting period;
6. resolves that the Board of Directors shall determine the final durations of the vesting and holding period(s) in accordance with the limits established by the meeting, shall determine the procedures for holding the shares during the share holding period, shall make required charges to reserves, profits or issue premiums, which are available to the Company, in order to pay up the shares to be issued to the beneficiaries;
7. grants all powers to the Board of Directors for the purposes of implementing this authority and in particular:
   - to determine the identity of the beneficiaries or the classes of beneficiaries, the share allocations among the employees and/or corporate officers of the Company or the aforementioned companies or Groups, and the number of shares allocated to each of them;
   - to establish the terms and, as applicable, the criteria for allocating the shares;
   - provide for the option of suspending allocation rights temporarily;
   - to register the shares allocated free of charge to a named account in the name of their holder, stating that such shares are unavailable and the period thereof;
   - to adjust, if appropriate, the number of shares allocated free of charge required to preserve the rights of the beneficiaries based on any transactions on the Company's share capital, particularly in the event of any change in the par value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issue of new equity shares with pre-emptive subscription rights for shareholders, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issuance of preferred shares or any other transaction involving the shareholders' equity;
   - if new shares are issued, to charge any sums necessary to pay for the said shares, to reserves, earnings or issue premiums, to take note of the capital increases carried out under this authority and to amend the bylaws accordingly and in general to carry out any and all formalities required;
8. takes note of the fact that if new shares are issued, this authority shall entail, after the acquisition period, a capital increase by capitalisation of reserves, earnings or issue premiums for the recipients of the said shares. Accordingly, under this authority the shareholders may waive, in favour of the beneficiaries of the said shares, part of the reserves, earnings and premiums thus capitalised as well as their preferential share rights over the shares to be issued during the final share allocation period;
9. resolves that this authority is granted for a period of twenty-six months with effect from this meeting and terminates, with immediate effect, in respect of the unused portion, the authority granted by the Combined General Meeting of 26th May 2010, in its 18th Resolution.

Twenty-second Resolution (Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, under the condition precedent of admission for trading and for first listing of the Company's shares on a regulated market, hereby authorises the Board of Directors to reduce the share capital on one or more occasions, in the proportions and at the times to be decided by it by cancelling any amount of own shares decided by it up to the limits allowed by law, pursuant to the provisions of Article L. 225-209 of the French Commercial Code.

The maximum number of shares that can be cancelled by the Company under this authority per 24-month period is ten percent (10%) of the shares comprising the Company's share capital, provided that this limit applies to the value of the Company's share capital, having been adjusted, if appropriate, for any transactions affecting share capital subsequent to this meeting.

This authority is granted for a period of twenty-four months with effect from this meeting.

The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Combined General Meeting of 26 May 2010, in its 19th Resolution.

The General Meeting grants full powers to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, to carry out any transaction(s) involving the cancellation and reduction of the capital stock that may be conducted under this authority, to amend the bylaws accordingly and to carry out any and all formalities.

Within the scope of responsibilities of the Combined General Meeting

Twenty-third Resolution (Powers for formalities)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.3.3 INFORMATION CONCERNING THE DIRECTORS WHOSE NOMINATIONS HAVE BEEN PROPOSED TO THE GENERAL MEETING

MARIE-ANGE DEBON

Date of birth: 18 May 1965

ADRESSE PROFESSIONNELLE

SUEZ ENVIRONNEMENT
TOUR CB 21
16, PLACE DE L'IRIS
92040 PARIS LA DÉFENSE CEDEX

Main position outside the Company

- General Secretary of Suez Environnement
- Member of the Collège de l'Autorité des Marchés Financiers

Professional experience / Management expertise

Since 2008: Suez Environnement

- Since 2009: Director of Water and Waste Project Division; Information Systems; Risks/Investments, Insurance and Purchasing
- Since 2008: General Secretary in charge of legal, governance and auditing

1998-2008: Technicolor (formally Thomson)

- 2007-2008: Deputy General Manager
- 2003-2008: Company Secretary responsible for the Legal and Real Estate Department
- 2001-2003: Vice Chairman, Deputy Financial Officer
- 1998-2000: Vice-Chairman for Coordination

1994-1998: France 3 (Deputy General Manager from 1997)

1990-1994: Court of Auditors (Deputy Baron from 1993)

Professional experience / Management expertise

Served outside the Group in France

Degremont	Director	Since 14 October 2009
Sita France	Director	Since 26 January 2010
Technip	Director	Since 20 July 2010

Served outside the Group abroad

Hisusa	Director	Since 7 June 2010
Sita Waste Services Limited	Director	Since 29 March 2010

Terms of office held from 2006 to 2010 and no longer held by Ms Debon

None

CAROLINE GRÉGOIRE SAINTE MARIE

Date of birth: 27 October 1957

ADRESSE PROFESSIONNELLE

FRANS BONHOMME
3, RUE DENIS PAPIN
37300 JOUÉ LES TOURS

Main position outside the Company

- Chairman of Frans Bonhomme (SAS)

Professional experience/Management expertise

Since 2009: Chairman of Frans Bonhomme (SAS)

2007-2009: Chief Executive Officer of Tarmac, France and Belgium

1997-2007: Lafarge

- 2004-2007: Managing Director of Lafarge Ciment Germany, Director of Mergers-Acquisitions of the Cement Branch
- 1997-2004: Financial and Legal Officer of the Specialist Metals Sector

1994-1997: Financial Officer of Albert Roussel Pharma

1983-1997: Various positions in the Management and Finance Control Department of Hoechst Pharma

Current terms of office

Served outside the Group in France

Bonhom Management	› Non-partner Manager	Since 15 July 2009
Bonhom SAS	› Managing Director	Since 15 June 2010
Frans Bonhomme	› Chairman	Since 15 July 2009

Terms of office held from 2006 to 2010 and no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Tarmac France	› Chief Executive Officer	(term of office ended on 30 June 2009)

Served outside the Group abroad

Lafarge Ciment Allemagne	› Chief Executive Officer	(term of office ended on 31 October 2010)
Tarmac Belgique	› Chief Executive Officer	(term of office ended on 30 June 2009)

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Jean Azéma, Chief Executive Officer of Groupama SA.

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this Registration Document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 5.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal Risks and uncertainties they face.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this reference document (with the exception of the information concerning Embedded Value, which they did not review, but which they did verify to reconcile it, for fiscal year 2010, with the findings of the actuarial audit by Milliman Paris conducted on 11 February 2011, and for fiscal year 2009, with the findings of the actuarial audit by Milliman Paris conducted on 11 February 2010), and in the overall reading of the Registration Document.

The consolidated financial statements for the fiscal year ending 31 December 2010 have been certified by the statutory auditor. Their report which enclosed a comment is disclosed on page 274 of the present Registration Document.

Paris, 14 April 2011

Chief Executive Officer

Jean Azéma

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

Mr Christian Collin

Chief Finance and Risk Officer

Telephone: +(33) 01.44.56.35.00

Address: 8-10, rue d'Astorg - 75008 Paris (registered office)

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Statutory Auditors

Members of the Versailles regional auditors' institute

- PricewaterhouseCoopers Audit

  Represented by Eric Dupont and Bénédicte Vignon

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2010.

- Mazars

  Represented by Jean-Claude Pauly and Maxime Simoen

  Tour Exaltis

  61, rue Henri Régnault

  92075 La Défense Cedex

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2011.

7.4.4.2 Alternate Auditors

Members of the Versailles regional auditors' institute

- Mr Pierre Coll

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2010.

- Mr Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Régnault

  92075 La Défense Cedex

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2011.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports, including in particular the historical financial information on the Company, are available on the Company's website at the following address: www.groupama.com, "Finance" – under "Financial information", and a copy can be obtained at the Company's registered office at 8-10 rue d'Astorg - 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, auditors' reports and parent company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg - 75008 Paris, in the Legal Department.

7.6 PRINCIPAL PUBLICATIONS BY GROUPAMA SA

Annual information document cited by article 222–7 of the AMF general regulations:

07.04.2011	Clarification on Italian press releases
18.03.2011	Press Release 18 March 2011
15.03.2011	Groupama notes the annoucement of the family Ligresti
09.03.2011	Board of Directors of Groupama 9 March 2011
05.03.2011	Groupama has received the reasoning of the decision by Consob
04.03.2011	Communication of Consob's decision
16.02.2011	2010 annual results: good resilient in a difficult environment - continued growth in France and abroad
11.02.2011	Groupama and Cegid sign a partnership with Francis Lefebvre publishing
14.01.2011	Groupama announces its profit-sharing rates
13.01.2011	Clarification on press article
07.01.2011	Groupama continues to diversify its storm coverage for France
23.12.2010	Groupama creates a new stakeholder in China's insurance market
05.11.2010	Groupama will create a joint venture in China
05.08.2010	2010 half-year results: sustainable development – the Group confirmes its strenght in a difficult environment
21.04.2010	Groupama chooses Fitch Ratings as a second rating agency
22.03.2010	Jean-Charles Simon is appointed Director for Financial and Economic Affairs
17.02.2010	2009 annual results: strong growth in premium income - improved profit despite storms
15.02.2010	Banque Casino develops insurance policies with Groupama
01.02.2010	Christian Collin is appointed Chief Finance and Risk Officer of Groupama
28.01.2010	The Groupama Group reshuffles its life insurance business and creates Groupama Gan Vie
28.01.2010	Benoît Maes, Managing Director of Groupama Gan Vie
28.01.2010	Eric Gelpe, appointed Manager Director of Gan Assurances
22.01.2010	Groupama SA redeems its subordinated bonds 1999/2029

GLOSSARY

ACTUARIAL RESERVES

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

ON A LIKE-FOR-LIKE BASIS

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

COMBINED RATIO

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

CONVEXITY

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows – one in period 0 and the other in period 10 – will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

CURRENT INCOME

Groupama SA's current income is the net profit or loss excluding the effect of unrealised capital gains and losses on the financial assets recognised at fair value owed to the shareholder net of corporate income tax, of non-recurring transactions and of impairment of goodwill.

DURATION

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

ECONOMIC OPERATING PROFIT

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

EMBEDDED VALUE

Embedded Value (EV) is a method often used to calculate the value of long-term contracts in an insurance portfolio. It measures the present value of amounts available for the shareholder immediately and in the future. The European Embedded Value (EEV) is an effort to standardise the calculation of Embedded Value based on the guidelines defined by the CFO Forum of European insurance companies.

GROUP INSURANCE

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

GUARANTEED RATES POLICY

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

INDIVIDUAL INSURANCE

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

LIFE AND HEALTH INSURANCE

Policies covering a personal risk. These policies include life and death insurance but also all Risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

LONG-TERM CARE POLICY

Policy designed to cover the risk of the loss of independence by the elderly.

MULTI-VEHICLE POLICY

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

POLICY IN EUROS

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

PROFIT-SHARING

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

RECURRING FINANCIAL MARGIN

Recurring financial margin accounts for the income from investments minus investment expenses.

ROE (RETURN ON EQUITY)

The ROE of Groupama SA is the financial ratio equal to the quotient of the Net result (group share) of the average shareholders' equity, excluding the revaluation reserves and the fair value effect. It represents return on the funds invested by shareholders.

RUN-OFF

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

STATUTORY SOLVENCY MARGIN

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

UNIT-LINKED POLICY

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION N° 809/2004

The concordance table below refers to the principal items required by EU Regulation 809/2004 (Schedule 1) pursuant to the "Prospectus" directive.

CONCORDANCE TABLE

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