REGISTRATION DOCUMENT GROUPAMA SA 2009

REGISTRATION DOCUMENT 2009

GROUPAMA SA

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the AMF on 22 April 2010, 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 337.

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 AMF website www.amf-france.org (French version only).

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

1

OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

The creation of Groupama is the result of a 100-year-old story. The starting point was the Law of 4 July 1900, which allowed the birth, then the subsequent organisation of the agricultural mutual insurance movement in France.

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

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

In 1963, Assurances Mutuelles Agricoles opened up their business to the entire non-life insurance sector. 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, policyholders who were not part of the agricultural world – at the time covered by SAMDA, a subsidiary of Groupama created in 1963 to insure “non-agricultural” customers – became full members of the mutual.

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

In 2001, in a bid to expand its offering to include 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.

Also in 2001, the Board of Directors of the Central Mutual approved a structure for consolidating the regional mutuals and approved measures aimed at preparing the Group for listing on the stock exchange – the authorisation for which was obtained in 2006. This was done in order to meet any total or partial financing or refinancing requirement through one or more major acquisitions or through a strategic partnership, whether in France and/or abroad.

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

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

Moreover, the Group’s national entities were restructured to perfectly match the Group’s growth strategy. 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 the United Kingdom.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, the sixth-largest insurer in Turkey (source: Foreign Economic Relations Division, 2006 data), as well as the UK 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 Asigurări and Asiban, and by strengthening its position 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 internet sales only.

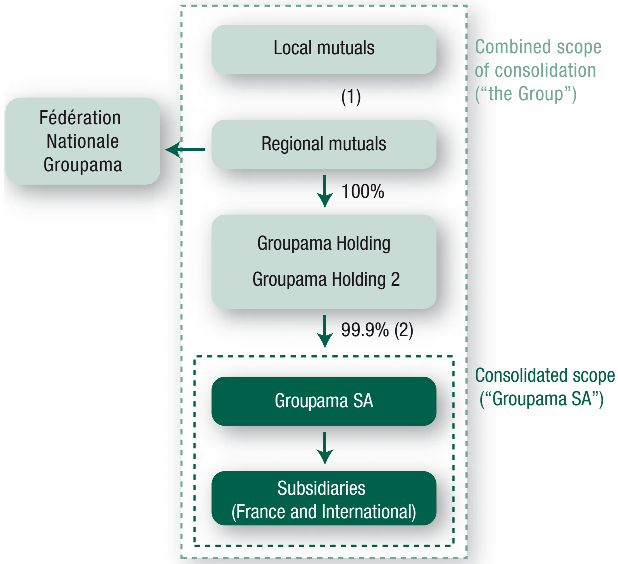
In 2009, Groupama entered into a partnership agreement with La Banque Postale which provides for the set-up of a joint venture in 2010, in which La Banque Postale will be the majority shareholder. This company will initially distribute non-life insurance products via distance-selling channels (internet and telephone), then progressively through La Banque Postale’s network of offices.

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.

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 membe of a regional mutual from which they get reinsurance.

(2) 90.91% 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 the local level (61,000 elected), and they in turn elect their representatives at the regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local (4,800 local mutuals), regional (15 regional 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 15 Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organisation at the national level, and promote mutual-insurance principles within the Group;
- the role of Groupama SA, which directs the operating activities of the Group and its subsidiaries, was strengthened with the responsibilities of reinsurer for the regional mutuals, a role that was previously performed by Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA);
- Groupama Holding: the function of this intermediate entity is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

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

1.2.2 GROUPAMA SA

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

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

The breakdown of share capital at 31 December 2009 was as follows:

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

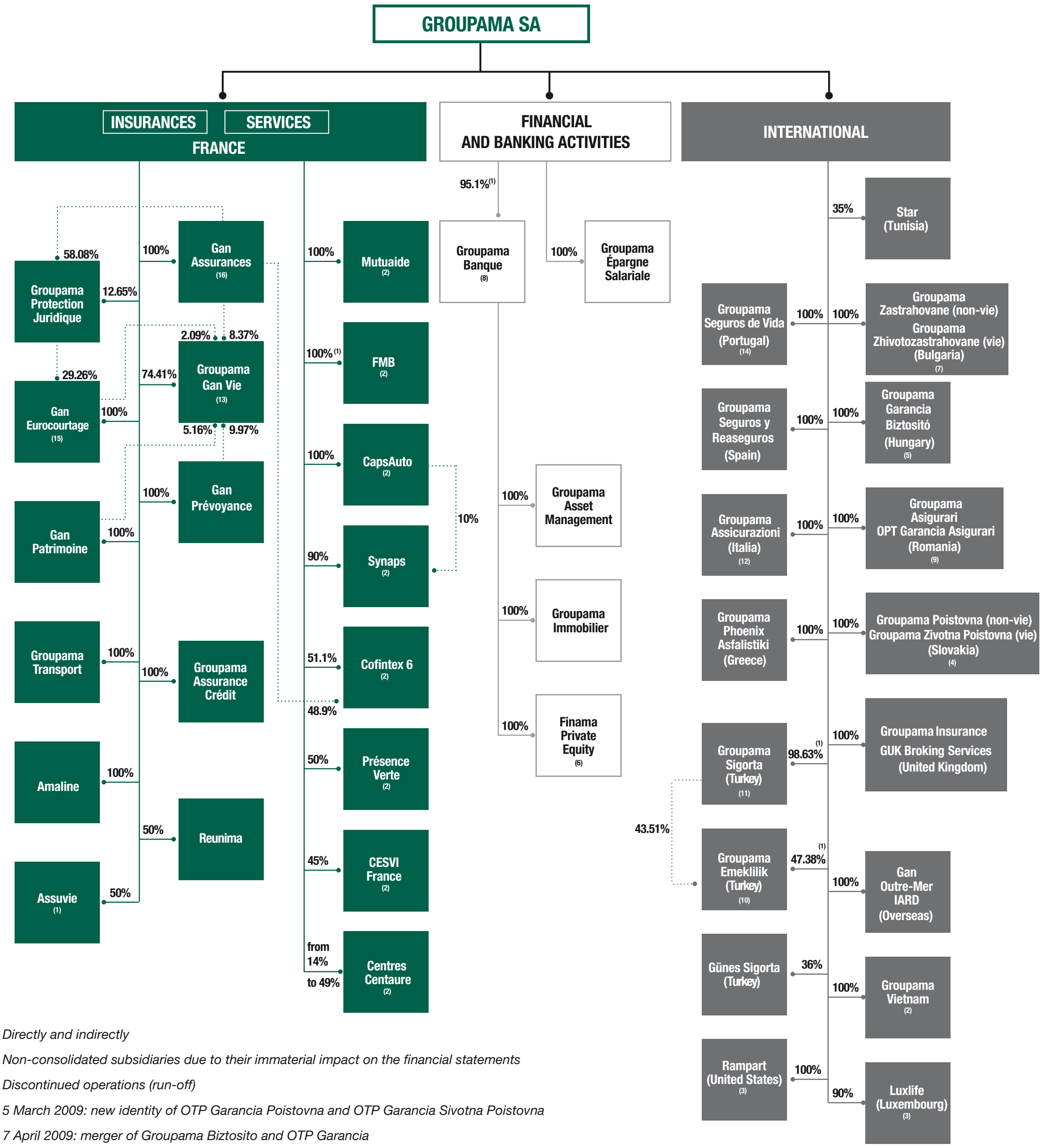
Both Groupama Holding and Groupama Holding 2, which are French sociétés anonymes, are wholly owned by the regional mutuals.

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

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

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

FINANCIAL ORGANISATIONAL CHART AS AT 31 DECEMBER 2009



(1) Directly and indirectly

(2) Non-consolidated subsidiaries due to their immaterial impact on the financial statements

(3) Discontinued operations (run-off)

(4) 5 March 2009: new identity of OTP Garancia Poistovna and OTP Garancia Sivotna Poistovna

(5) 7 April 2009: merger of Groupama Biztosito and OTP Garancia

(6) 15 April 2009: new identity of Finama Private Equity

(7) 8 September 2009: new identity of DSK Garancia and DSK Garancia Life

(8) 1 October 2009: merger/takeover of Groupama Banque by Banque Finama under the name Groupama Banque

(9) 1 October 2009: merger of Asiban and BT Asigur_ri (progressive consolidation of OTP Garancia)

(10) 1 October 2009: merger of life insurance companies Basak Groupama Emeklilik and Güven Hayat

(11) 1 October 2009: merger of non-life insurance companies Basak Groupama Sigorta and Güven Sigorta

(12) 1 November 2009: takeover of Groupama Assicurazioni and Groupama Vita by Nuova Tirrena, retroactive to 1 January 2009; name changed to Groupama Assicurazioni S.p.A.

(13) Retroactive to 1 January 2009: takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie, transfer of the insurance portfolio of Gan Patrimoine and Gan Prévoyance, name changed to Groupama Gan Vie

(14) May 2009: transfer of Groupama Seguros to Groupama Seguros de Vida

(15) Formerly Gan Eurocourtage IARD, modified on 17 December 2009

(16) Formerly Gan Assurances IARD, modified on 17 December 2009

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

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

In the Mutual Insurance Division, they are governed:

- by an Internal Reinsurance treaty that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole members of Fédération Nationale Groupama"), which was signed on 17 December 2003, effective retroactively on 1 January 2003). This agreement is described more precisely in section 3.7 – "Operations with affiliates", and is the object 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 ended 31 December 2007, 2008 and 2009. 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)	2009	2008	2007
Premium income (1)	**14,459**	**13,441**	**12,133**
of which France insurance	9,911	9,142	8,951
of which International insurance	4,259	3,937	2,832
of which financial and banking activities	289	362	350
Combined ratio (2) Property and casualty insurance	**104.7%**	**98.0%**	**97.5%**
excluding storms Klaus & Quinten	101.4%		
Economic operating income (3)	**358**	**561**	**375**
excluding storms Klaus & Quinten	489		
Net result, Group share	**660**	**273**	**793**
Financial structure and solidity			
Group shareholders' equity	4,572	3,179	5,918
Total balance sheet	90,660	85,650	88,327
Debt ratio (4)	31.4%	40.5%	23.3%
Return on equity (ROE) (5)	16.9%	12.2%	22.5%

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this Registration Document (page 336).
(3) Economic operating income corresponds to net profit (i) net of realised capital gains or losses, impairments and unrealised gains or losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortisation of value of business acquired (VOBA) and goodwill impairment losses all after tax.
The transition to economic income from net result, group share is presented in detail in the Report of the Board of Directors (page 136).
(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 336).

1.3.2 COMBINED SCOPE OF CONSOLIDATION

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

(in millions of euros)	2009	2008	2007
Premium income (1)	**17,362**	**16,232**	**14,859**
of which France insurance	12,815	11,933	11,677
of which International insurance	4,259	3,937	2,832
of which financial and banking activities	288	362	350
Combined ratio (2) Property and casualty insurance	**105.9%**	**98.7%**	**99.7%**
excluding storms Klaus & Quinten	102.0%		
Economic operating income (3)	**480**	**661**	**398**
excluding storms Klaus & Quinten	275		
Net result, Group share	**620**	**342**	**938**
Financial structure and solidity			
Shareholders' equity, Group share	7,233	5,562	8,511
Total balance sheet	97,416	91,777	94,882
Debt ratio (4)	22.8%	28.3%	17.1%
Return on equity (ROE) (5)	9.3%	9.2%	16.4%
Solvency margin (6)	**180.0%**	**122.0%**	**277.0%**
S&P rating	**A**	**A+**	**A+**

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this Registration Document (page 336).
(3) Economic operating income corresponds to net profit (i) net of realised capital gains or losses, impairments and unrealised gains or losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortisation of value of business acquired (VOBA) and goodwill impairment losses all after tax.
(4) 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 336).
(6) Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

On 29 June 2009, Standard & Poor's lowered Groupama's long-term counterparty and financial strength rating to "A", and maintained its negative outlook.

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.

1.4 STRATEGY

In 2009, Groupama has achieved the objectives it had set itself in its 2005-2009 strategic plan. Through combined internal and external growth, the Group's revenues rose significantly, i.e., some 7% a year over the period; this also boosted the Group's economic operating income (which increased threefold between 2005 and 2009).

In that context, the Group is pushing ahead with its strategy, reasserting its ambition to rank among Europe's top ten insurers by 2012 whilst maintaining its independence. 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 the ambitious objectives of the 2010-2012 strategic operating plan presented on 27 October 2009, 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.

ACCELERATE GROWTH IN FRANCE

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

The Group wishes to accelerate its organic growth in France. To achieve that 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 online 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, Réunica, etc.);
  - make its offering of products and services a true distinguishing factor, particularly in the core trades 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;
  - rely on a complete and differentiated savings product to firm up its subscription potential for the Group's customer portfolio;
  - continue adapting its Life networks (development of asset management advisor networks, etc.) and examine the requirements to take a position in new channels (Provident Institutions and Mutuelles 45, CGPI, etc.);
  - get ready 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 in the boosting of 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 taken position in China where it is developing a long-term growth strategy.

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

2009 was particularly focused on the consolidation of existing positions; the Group completed the merger and consolidation of the entities acquired in 2008 in Italy, Turkey, Romania and Hungary and promoted the organic growth of the other subsidiaries.

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 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 be done 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:

- finalising the consolidation processes initiated in 2009 in Italy (Groupama and Nuova Tirrena), Hungary (merger of Groupama and OTP Garancia), Turkey (Basak and Güven) and Romania (merger of 3 companies); and consolidation of Slovakia and Bulgaria;
- investing in distribution networks to improve commercial efficiency: opening branches, restructuring distribution networks, strengthening bancassurance agreements and direct selling;
- 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, allowing the sharing of know-how and best practices between Groupama SA and the subsidiaries, as well as among the subsidiaries themselves.

Optimisation of business functions will promote cost synergies whilst 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 Prévoyance. This new, bigger organisation should boost synergies and competition in the health and life insurance sectors;
- the Group also completed the merger of two Group banks: Groupama Banque (retail banking) and Banque Finama (dedicated to institutions, farmers and high-end customers). This streamlining of the organisation is expected to also boost the Group's performance and generate major synergies;
- internationally, Groupama is promoting the development of shared service centres and the set-up of regional platforms to generate maximum synergies. The Italian and Portuguese subsidiaries have thus migrated their information systems to GSI (in Bourges).

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 functions.

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

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

As at 31 December 2009, Groupama SA and its subsidiaries had 22,372 employees (11,569 in metropolitan France/Overseas departments and territories and 10,803 abroad). The total workforce grew by 1.5% (4% increase in metropolitan France/overseas departments and territories and 0.9% drop 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 2009, Group companies outside France hired 1,627 people: 58% women, 10% Managers, 38% aged 30 or under, and 17% aged 50 or over.

In 2009, the companies included in the scope of consolidation hired 1,207 permanent employees in France to strengthen their sales networks and customer relations platform, and to bolster their management and advisory teams: 15% of the new employees are under 26 years of age, 7% are aged 50 or over, 9% were transferred from other group companies (111), and 9% were previously on temporary contracts and are now permanent members of staff.

In the same period, 896 employees left the Group including 518 administrative staff (from this figures, 29% retired, 24% resigned, 13% were laid off, 1% died, 12% left during their probation period, 18% were transferred and 3% breached their contract).

In France, the investment in training within the scope of consolidation is estimated at 6% of payroll (of which, 5% 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 cultural training programmes with a view to promoting exchanges and forming cohesive teams within the Group.

In France, companies in the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 87% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and provident schemes, as well as the organisation and duration of work. The Group Work's Council and the European Work's Council are group-level social bodies.

Regarding the collective wage policy, profit-sharing measures have been implemented in all group companies. To this end, €21,590,400 (10,361 beneficiaries) and €5,729,800 (7,058 beneficiaries) were paid out in 2009, in France.

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

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

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

The Group has also committed to the French government's "Espoir banlieues" ("Hope for disadvantaged urban areas") plan, by signing an 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 341 employees under the age of 26, including 163 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, in France, in 2009, 64% of Managerial promotions concerned women, bringing the ratio of women Managers to 43%.

In addition, in all of its French companies, the Group conducted negotiations on the employment of seniors, which led to the signing of numerous agreements or the initiation of action plans concerning the employment and recruitment level, career management, capitalising on know-how, etc.

In March 2008 the Group also carried out an opinion survey of all its employees in France and internationally. 74% of employees participated in it, and 84% of them declared they were confident of the Group's future. At the end of 2009, the Group began the preparation of the 2010 opinion survey.

1.5.2 GROUP WORKFORCE

Change in the salaried workforce of Groupama SA and its subsidiaries

(workforce on payroll at year end)

The Group's scope of consolidation includes all the companies comprising it. The scope of consolidation contains 35 companies with a total workforce of 22,372 employees.

The following table corresponds to note 47 of the notes to the consolidated financial statements for the fiscal year 2009, as audited by the statutory auditors.

Registered workforce	2009			2008	2007
	Insurance	Finance	Total	Total	Total
France	10,350	1,219	11,569	11,129	10,661
United Kingdom	1,605		1,605	1,649	1,535
Spain	1,000		1,000	937	916
Italy	894		894	923	940
Hungary	2,835		2,835	2,796	270
Greece	401		401	401	390
Romania	2,719		2,719	3,026	1,591
Other EU	470		470	382	105
Outside EU	879		879	790	513
TOTAL	**21,153**	**1,219**	**22,372**	**22,033**	**16,921**

Registered workforce	2009	2008	2007
Groupama SA	1,677	1,584	1,564
Registered offices and after-sales services of subsidiaries with customer/network relationship (1)	3,992	4,020	3,951
Sales forces of subsidiaries with customer/network relationship (1)	2,169	2,077	2,011
France insurance/bank and services subsidiaries	1,416	1,115	950
of which Groupama Banque	683	464	387
Financial and real estate subsidiaries	601	730	666
Support companies (IT, logistics)	1,714	1,603	1,519
Sub-total France	**11,569**	**11,129**	**10,661**
International	**10,803**	**10,904**	**6,260**
TOTAL	**22,372**	**22,033**	**16,921**

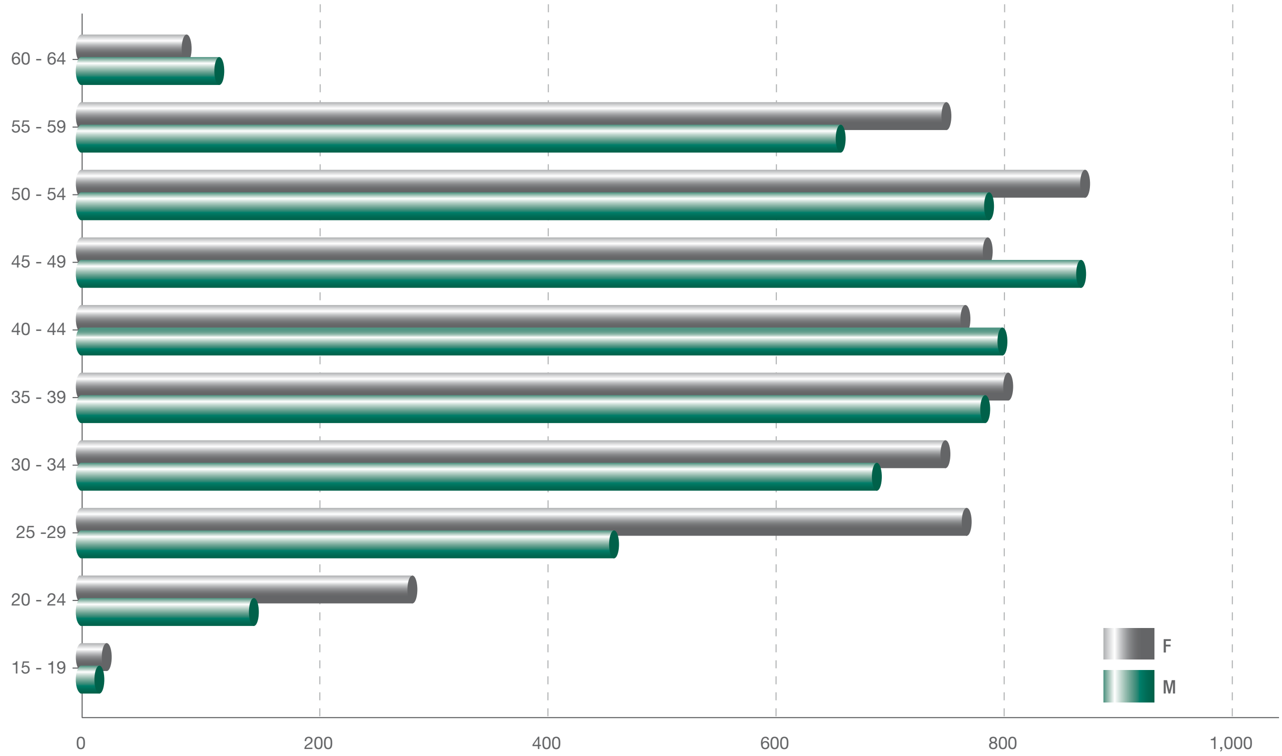
(1) Gan Assurances IARD, Groupama Gan Vie, Gan Eurocourtage IARD, Gan Patrimoine, Gan Prévoyance, Groupama Transport, Gan Outre-Mer IARD.

Total workforce for the France scope of consolidation was 11,569 employees at 31 December 2009, distributed as follows:

Distribution by gender		Distribution by policy type		Distribution by status type	
Men	Women	OEC	FTC	NA	C
47%	53%	95%	5%	52%	48%

The age pyramid is broken down as follows:

BREAKDOWN OF WORKFORCE BY AGE GROUPS



1.5.3 PROFIT SHARING AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in fiscal year 2009. As of the date of filing of this Registration Document, there were no stock subscription or purchase options capable of being exercised.

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

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Retirement schemes

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

Usually, entities included in the scope of consolidation use the services of 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 has also 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 these action principles: proximity, responsibility and solidarity, which govern its operations and the way it fulfils its duties.

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

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

  Likewise, for household appliances, in 2009 Groupama launched the first formula providing replacement for new "ecological" equipment. Groupama has also adopted an incentive pricing policy in Property Damage insurance for high environmental quality (HQE) buildings or for those that have received an energy certificate.

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

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

2

THE GROUP'S BUSINESS LINES

2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In 2009, insurance had to cope with a variable economic and financial environment, which has influenced the insurable base and resulted in differences in the progression of life and non-life insurance. Property and casualty insurance, which was subject to stiff competition, progressed at a slow pace (up +1% in 2009, versus up +2.5% in 2008). Conversely, thanks to a more favourable financial environment, life insurance was back on the rise (up +12%), offsetting the drop in premiums of 2007 and 2008. After two years of recession, all markets posted growth of 9% in 2009, driven by life and health insurance which accounted for three quarters of the global market.

2.1.1 LIFE AND HEALTH INSURANCE IN FRANCE

In France, after two years of reductions, premium income from life and health insurance (life, health, accidental bodily injuries) increased by 9% in 2009 to €154.3 billion.

Life insurance income was up 12% in 2009, thereby returning to the 2007 level with €137.5 billion. In 2009, life insurance climbed back up to the top position in terms of households' new financial investments, benefitting from the withdrawals observed throughout the year from time-deposit accounts with a term of less than 2 years and sight deposit accounts (in France: Livret A and Livret Développement Durable or LDD). Life insurance outstandings (actuarial reserves and profit-sharing reserve) rose +10% in 2009, to €1,234.3 billion.

Health and casualty insurance continued to grow at a steady pace of +5%, down on that of 2008 (up +7%). More specifically, healthcare premiums continued to grow at a rate of +8% due to three factors: the increase in the number of insured parties, the passing on of the increase in contribution to the CMU fund and the increase in rates due to the growing coverage of expenses not fully covered by national health systems.

Short-term disability/long-term disability/long-term care contributions dropped, achieving only +2% growth due to an unfavourable economic environment for company provident schemes.

2.1.2 PROPERTY AND CASUALTY INSURANCE IN FRANCE

In 2009, property and casualty insurance contributions amounted to €45.2 billion. Due to the effects of the economic crisis and stiffer competition, progression in this sector was modest (+1%) and lower than that observed in 2008 (+2.5%). Despite this lack-lustre growth, the French market fared better than those of the main European countries.

2009 was marked by contrasting progress between the retail and professional insurance markets. The professional insurance sector, which remained stable this year (versus +1.9% growth in 2008), was the most affected by this situation. Certain segments such as construction insurance (-3%) and agricultural insurance (-2%) were directly affected by the economic downturn (collapse of the construction market, drop in agricultural prices). The retail insurance market fared better (up +2% in 2009 versus up +3% in 2008), mainly due to multi-risk home (MRH) insurance which increased by 4.5%.

Total claim payments and provisions should increase at least 10% in 2009 to €35 billion. The deterioration of the loss ratio is mainly due to the bad weather conditions at the beginning of the year. The first half year was marked by storms Klaus (estimated cost of €1.7 billion) and Quinten (cost of around €200 million), the increase in the cost of motor insurance claims, the increase in thefts in MRH insurance and the rise in the number of fire claims.

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

A multi-line insurance group member of a large mutual of agricultural origin, Groupama is an independent group, founded at the end of the 19th century by farmers. The expertise developed by the Group through its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player in France (sixth-largest French multi-line insurer – Groupama 2008 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 330 representatives for Gan Assurances, 2,000 brokers partners of Gan Eurocourtage, the network of 600 Gan Patrimoine agents and the network of 1,200 Gan Prévoyance employees. Since each Group – Groupama and Gan – has its specific product and service lines, Groupama kept two separate brands on the national market – Groupama and Gan.

Since 2008, Groupama has also been operating through direct sales channels, following the launch of Amaguiz.com, a new brand exclusively dedicated to internet marketing.

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

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

Internationally, the Group is present in high-potential geographic areas. It is primarily active in Southern, Central and Eastern Europe, where numerous positions were taken in 2007 and 2008.

2.2.1 STRUCTURE OF CONSOLIDATED REVENUES

In 2009, Groupama SA reported total consolidated revenues of €14.5 billion, up +7.6% (i.e., a +5% increase from comparable data), including €14.2 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)	31.12.2009	31.12.2008	31.12.2007	Change 2009/2008 (1)
France property and casualty insurance	3,609	3,631	3,557	-0.6%
France life and health insurance	6,293	5,501	5,384	+14.4%
Sub-total France	**9,902**	**9,132**	**8,941**	**+8.4%**
International property and casualty insurance	3,028	2,813	1,991	+0.0%
International life and health insurance	1,231	1,125	841	-0.6%
Sub-total International	**4,259**	**3,938**	**2,832**	**-0.2%**
Discontinued operations (France and international)	9	10	10	-9.9%
Financial and banking activities	289	362	350	-20.2%
TOTAL GROUPAMA SA	**14,459**	**13,441**	**12,133**	**+5.0%**

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

2.2.2 NETWORK STRUCTURE IN FRANCE

The table below shows the structure of consolidated revenues per distribution network in France.

(in millions of euros)	31.12.2009	31.12.2008	31.12.2007
Groupama SA	1,822	1,811	1,761
Groupama Gan Vie	5,787	4,989	4,868
Gan Assurances	1,054	1,065	1,061
Gan Eurocourtage	789	831	833
Groupama Transport	306	301	278
Amaline Assurances	11	0	0
Other specialised Group companies (1)	133	135	139
Sub-total Insurance, France (2)	**9,902**	**9,132**	**8,941**
Discontinued operations (France and International) (3)	9	10	10
Financial and banking activities	289	362	350

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

At the end of 2009, the Group set up a life insurance company in France, Groupama Gan Vie, through the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie, and by the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance. The effect of this operation is retroactive to 1 January 2009. This life insurance company is backed by the Group's French sales networks detailed below.

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 three years, the eighteen regional mutuals in France (except for the French West Indies, Guyana and the Indian Ocean) were gradually combined into eleven regional mutuals. The purpose of this combination was to achieve better efficiency, greater economies of scale and simplify the decision-making processes.

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

2.2.2.2 The Gan networks

Backed by more than 1,000 insurance agents, 2,000 employees in insurance agencies, and 330 representatives, Gan Assurances is France's fifth-largest insurance network (Groupama 2008 estimate).

Gan Eurocourtage is the third-largest brokerage company in France (Groupama 2007 estimate) and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers.

Gan Prévoyance has a network of 1,400 sales representatives.

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

2.2.2.3 Direct sales channels

Launched on 1 July 2008, "Amaguiz.com", Groupama's new brand intended solely for web-based sales seeks to fully address the needs and motivations of customers through direct sales channels. Amaguiz.com launched its operations with motor insurance, followed by home insurance. Over time, it will cover all the needs of private individuals. At the end of 2009, Amaguiz.com confirmed the success of its launch with a portfolio of 55,000 contracts.

In 2009, Groupama entered into a partnership agreement with La Banque Postale which provides for the set-up of a joint venture in 2010, in which La Banque Postale will be the majority shareholder. This company will initially distribute non-life insurance products via distance-selling channels (internet and telephone), then progressively through the La Banque Postale's network of offices.

2.3 PROPERTY AND CASUALTY INSURANCE (FRANCE)

2.3.1 MOTOR VEHICLE INSURANCE

The Group, as the third-largest insurer in this market in France (source: Argus de l'Assurance, 2008 data) insures 3,906,000 passenger cars excluding fleets*. In 2009, Groupama posted an increase in its vehicles portfolio (excluding business fleets) of over 100,000 vehicles*, due to the effects of CAP 2008, a complete and innovative product range and the successful launch of Amaguiz.com.

2.3.2 MULTI-RISK HOME INSURANCE

The Group is the second-largest player in this market in France (source: Argus de l'Assurance, 2008 data) in terms of premiums issued, with approximately 3.7 million insured homes*. In 2009, in a very competitive environment, Groupama SA increased its portfolio by 1% in terms of numbers, particularly through the densification of its urban network and the launch of the Amaguiz.com product in May 2009.

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, 2008 data). Premium income was €36 million as at 31 December 2009. The leading business line continues to be motor assistance, followed by call rerouting, home assistance, and personal travel insurance.

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

2.3.3.2 Individual service – Fourmi Verte

With over 21,000 operations handled in 2009, Fourmi Verte continued to grow in 2009, with a loyal base of urban and active customers, becoming a major player in the individual services sector, particularly through its research and development activities centred around long-term care and seniors.

2.3.3.3 Legal protection

Groupama SA holds the second position in France (Groupama estimate, 2008) 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 conflicting situations, by assisting them in enforcing their rights and by assuming the corresponding expenses.

The revenue of Groupama Protection Juridique amounted to €43 million at 31 December 2009, benefitting from the continuing development of partnerships (Sogessur and Banque Postale).

2.3.3.4 Credit Insurance

Groupama Assurance-Crédit is the Group's specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents, and specialised brokers. Its premium income totalled €31 million at 31 December 2009.

2.3.4 AGRICULTURAL INSURANCE

The Group, an undisputed leader in this market in France (source: Fédération Française des Sociétés d'Assurances, 2008 data) saw its activity increase in 2009 in the tractor and agricultural equipment (TMA) market, mainly through the deployment of the "Titane Pro" policy.

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

In multi-risk agricultural insurance, the Group launched its new "Reference" policy in 2009, covering property damage, professional liability, operating losses and the life stock mortality. This offer combines essential operating cover with the latest guarantees tailored for new agricultural practices.

2.3.5 INSURANCE FOR PROFESSIONALS

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

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

2.3.6 INSURANCE FOR LOCAL AUTHORITIES

As France's leading insurer of local authorities, the Group is continuing with its global approach through a comprehensive offer including insurance, services and prevention.

In terms of services, a new partnership was signed with crisis management specialist VAE SOLIS. Likewise, the collaboration with Predict Services, a company specialised in the design of flood alert and prevention programmes, is continuing.

2.3.7 COMMERCIAL INSURANCE

In Commercial Non-Life insurance, the Group followed the market trend (still in a downward cycle) with good-quality technical results despite storm Klaus in January 2009.

Concerning fleet insurance, in a slightly receding market, the Group strengthened its positions in motor insurance with premium income growing faster than the market.

2.3.8 MARINE AND TRANSPORT INSURANCE

A benchmark player on the French marine and transport insurance market (the second-largest player on the French market – Source: Fédération Française des Sociétés d'Assurances, 2008 data), Groupama Transport offers "made-to-measure" policies for all aspects of the business (transporters, logistics, ship-owners, fishing, pleasure craft, ports, inland waterways and aviation). Its premium income totalled €306 million in 2009. Marine insurance contributed a total of €232 million and aviation €74 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 2009, with a portfolio of 1.24 million policies, the Group strengthened its leading position in personal health insurance, a position recognised for many years (FFSA reference).

In an environment marked by the growing deficit of compulsory health insurance schemes and concentration on the market of supplementary health cover, 2009 was a year which featured a sharp rise in the number of policies (up +3.9%), significantly higher than that of the previous years and higher than the market average. This was attributable to the quality of Groupama's key product – Groupama Santé Active – once again awarded the label of excellence of Dossiers de l'Epargne. The distinctive feature of this product is that it caters to the customers' stated requirements in terms of flexibility of cover as well as services, particularly in areas which compulsory health insurance schemes tend to overlook, and where the health professionals' fees are not regulated, difficult for the insured to appraise and variable from one professional to another: such is the case for optical equipment and dental care. Thus, in the aim of improving the services offered to their policyholders as well as keeping down costs through the sharing of resources, Groupama and Pro BTP signed a partnership agreement in July 2009 whereby the two Groups pooled their existing partnerships with dental surgeons and opticians.

2009 was also the year of the launch of the "Pays de Santé" health project, conducted in partnership with Mutualité Sociale Agricole, to cope with the cuts in local health care in rural areas. This project firstly rests 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 INDIVIDUAL PROVIDENT INSURANCE, RETIREMENT SAVINGS

The Group posted an increase in its premium income of +20.3% (around €3.9 billion) from individual retirement savings, in a life and capitalisation market that increased +12% in France in 2009. This growth was attributable to the success of the marketing campaigns, particularly that of June for the "2009 Groupama Obligation" offer. The year was also marked by the launch of a diversified investment offer dedicated to high-end customers and marketed by the Group's Personal Asset Management networks.

On the individual provident insurance market, the Group continued to be the benchmark player in an increasingly competitive market. Growth in premium income is primarily driven by strong growth in the everyday accident cover (GAV); with a net gain of 36,400 policies and 358,100 policies in inventory, the portfolio grew +11.2% in terms of number of policies over 2008. Its long-term care portfolio (222,000 policyholders) positions the Group as one of the leaders in this risk.

2.4.3 GROUP INSURANCE

In a difficult economic climate, Group Insurance continued to develop in 2009, accounting for €1.4 billion of the Group's revenues. This performance was mainly attributable to the development of the Gan Eurocourtage network in health and provident schemes targeting medium-size and large companies, and the continuing development of regional mutuals in these sectors.

In 2009, the constant efforts to improve the quality and attractiveness of the products distributed gave rise to the marketing of a health product dedicated to decision-makers and a comprehensive offer dedicated to new entrepreneurs. Moreover, a new insurance policy in case of unemployment, called "GSC", for entrepreneurs and company Directors was launched in September 2009.

2009 was also dedicated to the preparation of the implementation of the co-appointment of ANIPS – a provident institution and long-standing Group partner – in the health and provident scheme branch agreement for non-management agricultural producers; this gave rise to new ANIPS appointments for agreements signed locally. In terms of development, the partnerships – particularly with CEGID – created opportunities for the Gan Assurances network as adviser to small and medium-size businesses.

2.5 INTERNATIONAL INSURANCE

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

Revenues from international insurance totalled €4.3 billion in 2009, up +8.2% excluding discontinued business lines. This was particularly attributable to the full-year consolidation of the entities acquired in 2008 in Romania, Hungary and Turkey. On a like-for-like basis, international revenues remained stable (down -0.2%).

Property and casualty insurance premiums totalled €3,028 million (71.1% of the total). In life and health insurance, premium income totalled €1,231 million (28.9% of the total).

Premium Income *(in millions of euros)*	**31.12.2009**	**31.12.2008**	**31.12.2007**	**Change 2009/2008 (2)**	**Change 2009/2008 (3)**
International Insurance	**4,259**	**3,938**	**2,832**	**+8.2%**	**-0.2%**
Southwestern Europe	1,035	1,058	954	-2.2%	-2.2%
Spain	925	976	870	-5.2%	-5.2%
Portugal	110	82	84	+33.4%	+33.4%
Southeastern Europe	2,087	1,985	1,156	+5.2%	+1.3%
Italy	1,397	1,391	701	+0.4%	+0.4%
Turkey	504	444	383	+13.5%	+1.9%
Greece	186	150	72	+24.1%	+6.7%
CEEC (1)	535	259	41	>100%	-6.0%
United Kingdom	505	544	597	-7.2%	+3.9%
Other countries	96	92	84	+5.0%	+5.0%

(1) Countries of Central and Eastern Europe (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 ranked 12th in the property and casualty insurance market and 35th in life insurance (source: AXCO, 2008).

At the end of 2009, the multi-product and multi-channel company Groupama Seguros posted premium income of €925 million, broken down as follows: 74% through agents and brokers, 25% through bancassurance and 1% through the internet via the Clickseguros subsidiary. The traditional networks continued to develop in 2009 with the set-up of 37 new branches exclusively dedicated to NEXUS.

Premium income from property and casualty insurance amounted to €738 million at the end of 2009, accounting for 80% of revenues. The non-life insurance partnership agreement signed at the beginning of 2009 with Bancaja and deployed during the year gave rise to 67,000 new policies, particularly in home insurance. In life and health insurance, premium income amounted to €187 million at 31 December 2009.

2.5.1.2 Portugal

Groupama Seguros ranked 15th on the Portuguese life insurance market, 9th on the health market and 21st on the non-life insurance market (Groupama estimates, 2008).

In Portugal, Groupama Seguros offers general insurance products distributed by networks of agents and intermediaries (bancassurance). In 2009, its revenues amounted to €110 million.

In 2009, bancassurance agreements were reinforced and three new general branches were set up, as well as five agents' offices.

Premium income for life and health insurance totalled €102 million, up +34% over 2008, given the success of the individual retirement and savings offer, boosted by the launch of the new VivaCapi Seguro offer in May 2009. In property and casualty insurance, in a very competitive Portuguese market, Groupama Seguros posted premiums of €8 million.

2.5.2 SOUTHEASTERN EUROPE

2.5.2.1 Italy

The Group ranked 9th among non-life insurers and 24th among life insurers in Italy (source ANIA, 2008 figures).

The subsidiary Groupama Assicurazioni – created from the merger of the entities Groupama Assicurazioni, Groupama Vita and Nuova Tirrena – posted premium income of €1,397 million at 31 December 2009. The bulk of this amount was earned by the branches. To boost sales, Groupama Assicurazioni opened 22 new branches and reorganised 12 existing ones in 2009.

Premium income in property and casualty insurance totalled €985 million at 31 December 2009. Groupama Assicurazioni continued to renovate its range of products and thus marketed three joint non-life products in April. In life and health insurance, premium income totalled €411 million at 31 December 2009, up +4.6%, notably through the success of the marketing operations carried out in 2009 in savings policies.

2.5.2.2 Turkey

Groupama, which is Turkey's leading agricultural insurer, ranked 2nd in life insurance and 5th in property insurance (Groupama estimates, 2008).

Groupama Sigorta (created from the merger of Groupama Basak Sigorta and Güven Sigorta, effective from 1 January 2009) and Groupama Emeklilik (created from the merger of Groupama Emeklilik and Güven Hayat, effective as from 1 January 2009) achieved premium income of €504 million at 31 December 2009.

At 31 December 2009, property and casualty insurance represented €304 million in premium income, and life and health insurance €200 million. The year 2009 was marked by the continued development of the brokerage business following a new agreement with the Insurope pool for group insurance products and the deployment of new products, particularly in motor insurance and multi-risk fire insurance.

2.5.2.3 Greece

Groupama Phoenix ranked 7th in the property insurance market and 11th in the Greek life insurance market (Groupama estimates, 2008). It posted premium income of €186 million at 31 December 2009.

Premium income from property and casualty insurance amounted to €120 million while that attributable to life and health insurance amounted to €60 million.

In 2009, Groupama Phoenix reinforced its distribution network, notably through the signing of 80 new cooperation agreements with brokers as well as partnerships with car importers. The range of offers was totally renovated and new products were launched in individual health. In motor insurance, Groupama Phoenix launched the innovative "Anesis Car Services" offer at the end of the year.

2.5.3 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Premium income from Central and Eastern European Countries amounted to €535 million at 31 December 2009. The Group holds dominant positions in Hungary and Romania.

2.5.3.1 Hungary

On the Hungarian market, the Group ranked 3rd in non-life insurance and 4th in life insurance (source: MABISZ, 2009).

Groupama Biztosito posted premium income of €311 million at 31 December 2009. In life and health insurance, premium income amounted to €158 million, up +1.4%, particularly through the success of the marketing campaign conducted since May 2009 on the OTP network, confirming the efficiency of the partnership with the Bank. While revenues posted on the other networks receded slightly, they significantly outperformed the market. Premium income from property and casualty insurance amounted to €153 million at 31 December 2009.

2.5.3.2 Romania

The Group ranked 3rd in the Romanian market in non-life insurance, with a market share of 13%, and 4th in life insurance (source: AXCO, 2008).

Groupama Asigurari (created from the merger of BTA and Asiban, effective as from 1 January 2009) and OTP Garancia posted premium income of €209 million at 31 December 2009, breaking down as follows: €190 million from property and casualty insurance and €19 million from life and health insurance. 2009 was also marked by the restructuring of the sales network into 8 regions and the reinforcement of bancassurance agreements with banking partners, particularly OTP Bank.

The merger/takeover of OTP Garancia by Groupama Asigurari was initiated in 2009 and will be completed by the beginning of 2010.

2.5.3.3 Bulgaria/Slovakia

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

At the end of 2009, premium income from the Bulgarian subsidiary Groupama Zastrahovane and Slovak subsidiary Groupama Poistovna amounted to €15 million, broken down as follows: €10 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 17th in the non-life insurance market in the United Kingdom (source: AXCO, 2008) with premium income of €505 million at 31 December 2009.

Premium income from property and casualty insurance totalled €428 million, representing 85% of revenues. Premium income from life and health insurance totalled €78 million and primarily stemmed from the groups sector.

2009 was dedicated to the consolidation of the brokerage division (Carole Nash, Lark, Bollington, ChoiceQuote) and loyalty-building initiatives with the various brokers, particularly through Optima Online. Moreover, Groupama Healthcare – a subsidiary of Groupama Insurances – was awarded the prize of excellence by Cover magazine for the quality of its relations with brokers and private customers.

2.5.5 FRENCH OVERSEAS TERRITORIES

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 €96 million at 31 December 2009, including €91 million from property and casualty insurance.

In 2009, all Pacific-zone branches and head offices were awarded the ISO 9001 certification for their quality management system.

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 2009, these deals currently represent only marginal premium income.

In 2009, the Chinese subsidiary opened up a motor insurance business line in the second quarter of the year and initiated the development of its political agricultural insurance.

2.6 FINANCIAL AND BANKING ACTIVITIES

2.6.1 GROUPAMA BANQUE

The merger of Groupama Banque and Banque Finama was completed on 1 October 2009 and came into effect retroactively as from 1 January 2009. This merger will enable Groupama Banque to cover all the needs of its various types of customers (institutions, professionals, businesses and private individuals) within one single institution.

At the end of 2009, the newly merged entity posted net banking income of €122 million, up 15.7% over 2008. After deduction of its subsidiaries' dividends, net banking income amounted to €94 million, up +39.7% over 2008.

Groupama Banque had 490,000 customers at the end of 2009. Deposits outstanding totalled €1.7 billion at the end of 2009 while outstanding loans totalled €1.1 billion including €620 million in consumer loans.

2.6.2 GROUPAMA ASSET MANAGEMENT

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

Groupama Asset Management and Groupama Fund Pickers posted revenues of €139 million at 31 December 2009. Assets under management (AuM) totalled €88.8 billion in 2009, up +7.5% over 2008, due to the rise of the financial markets and asset yields. Net funds from external customers totalled €1.9 billion. Third-parties AuM represented 19% of total AuM at 31 December 2009.

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 foreign subsidiaries, notably in the UK, Greece, Portugal and Hungary.

Groupama Asset Management posted good performance for its funds and received several awards during the year, specifically the Lipper France Fund Awards and, for the third 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 businesses of Groupama Immobilier revolve around appreciation of assets under management, the administrative and financial management of leases, and an advisory role for companies of the Group and for third parties.

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

At year-end 2009, Groupama Immobilier managed property assets of a total value of €4.4 billion, consisting of commercial real estate (72%) and residential real estate (28%), mainly in central Paris and its immediate suburbs.

2.6.4 GROUPAMA PRIVATE EQUITY

On 15 April 2009, Finama Private Equity changed its name to Groupama Private Equity.

As a subsidiary dedicated to non-listed asset management, Groupama Private Equity, covers two business lines, in which it has developed niche positions: the "Quartilium" fund of funds covering Europe and North America, and the direct funds "Acto Capital" and "Acto Mezzanine".

In a private equity market which is closely correlated to economic cycles and on which there was no recovery in 2009 like on the stock markets, Groupama Private Equity's assets under management remained stable at €1.7 billion (of which 38% is managed on behalf of third parties). Funds of funds represented 78% of total assets under management, and direct funds 22%.

2.6.5 GROUPAMA ÉPARGNE SALARIALE

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. It designs products, manages policies and coordinates commercial activity. Its products are predominantly distributed by the regional mutuals, Gan Assurances and Gan Eurocourtage. Assets under management totalled €1,599 million at the end of 2009, up 20% over 2008.

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2009

Chairman:

- Jean-Luc Baucherel

Vice Chairman:

- Michel Baylet

Directors:

Representing the controlling shareholder:

- Francis Aussat
- Jean Baligand
- Jean-Marie Bayeul (1)
- Annie Bocquet
- Amaury Cornut-Chauvinc
- François Desnoues (2)
- Michel Habig
- François Schmitt
- Jérôme Zanettacci

Independent members:

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

Employee representatives:

- Henri Durand
- Christian Garin

Works Council representative:

- Rémi Paris

Secretary of the Board:

- Christian Collin (3)

(1) Mr Jean-Marie Bayeul was co-opted to the Board at the 26 August 2009 Board meeting replacing Mr Robert Drouet. This appointment will be submitted to the 26 May 2010 General Meeting for approval.

(2) Mr François Desnoues was appointed at the 27 May 2009 General Meeting.

(3) Mr Christian Collin will be replaced on 1 January 2010 by Mr Philippe Carraud.

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 SOLFÉRINO
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 Board meeting of 27 May 2009 and expire 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

- 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 2005 to 2009 no longer held by Mr Baucherel

Served within the Group in France

Groupama Banque	■ Member of the Supervisory Board (end of term 1 March 2005)
Groupama International	■ Director (end of term 11 July 2006)

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 Board meeting on 27 May 2009 and expire 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 of Fédération Nationale Groupama
- Chairman of Groupama Centre-Atlantique

Current terms of office

Served within the Group in France

Centaure Centre-Atlantique	■ Director	Since 14 June 2007
Gan Patrimoine	■ Director	Since 8 March 2005
Gan Prévoyance	■ Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	■ Director	Since 29 June 2006
	■ Vice-Chairman of the Board of Directors	Since 27 August 2008
Groupama Holding 2	■ Director	Since 29 June 2006
	■ Vice-Chairman of the Board of Directors	Since 27 August 2008
SCI du Château 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 2005 to 2009 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-Atlantique	■ Permanent Representative of Groupama Centre-Atlantique, Director (end of term 14 June 2007)

FRANCIS AUSSAT

Date of birth: 24 October 1950

BUSINESS ADDRESS

GROUPAMA D'OC
20, BOULEVARD CARNOT
31071 TOULOUSE CEDEX

Main position in the Company

Francis Aussat has been a Director since 18 December 2003. His term was renewed at the General Meeting of 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
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 2005 to 2009 no longer held by Mr Aussat

Served within the Group in France

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

JEAN BALIGAND

Date of birth: 7 April 1950

BUSINESS ADDRESS

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

Main position in the Company

Jean Baligand has been a Director since 18 December 2003. His term 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 2005 to 2009 no longer held by Mr Baligand

Served within the Group in France

Gan Patrimoine	■ Director (end of term 16 February 2005)
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 3

Main position in the Company

Jean-Marie Bayeul has been Director since 26 August 2009. His term 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

- Director of the Agricultural Professional Organisation OPA

Professional experience/Management expertise

- Vice Chairman of the 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

Terms held from 2005 to 2009 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	Chairman 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 2005 to 2009 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
- Member of the France Télécom Scientific Council

Professional experience/Management expertise

Since 1992, France Télécom 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

Orange	■ Director	Since 21 May 2007

Terms held from 2005 to 2009 no longer held by Ms Bouverot

Served outside the Group abroad

France Telecom North America	■ Chairman (end of term mid 2009)

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

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

Main position in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term 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
SCI du Chateau 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

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

Terms held from 2005 to 2009 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)

FRANÇOIS DESNOUES

Date of birth: 19 July 1952

BUSINESS ADDRESS

GROUPAMA PARIS VAL DE LOIRE
161, AVENUE PAUL VAILLANT COURTURIER
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 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 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 27 May 2009
Groupama Holding 2	■ Director	Since 27 May 2009
SCI du Chateau d'Agassac	■ Member of the Management Committee	Since 6 May 2008
SCI du Chateau 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 2005 to 2009 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)

Served within the Group abroad

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

MICHEL HABIG

Date of birth: 16 February 1947

BUSINESS ADDRESS

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

Main position in the Company

Michel Habig has been a Director since 18 December 2003. His term 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
- Chairman of Groupama Alsace

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 28 November 2003
Gan Prévoyance	Director	Since 28 November 2003
Groupama Holding	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 2005 to 2009 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 with McKinsey in France
- May 2002 to June 2004, Deputy General Secretary in the Office of the President of the French Republic responsible for financial and economic affairs
- May 2000 to May 2002, Deputy General Secretary in charge of finance, Cap Gemini Ernst and Young
- January 2000 to May 2000, Chief Financial Officer Cap Gemini

Current terms of office

Served 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 2005 to 2009 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 2005 to 2009 no longer held by Mr Salmon

None

FRANÇOIS SCHMITT

Date of birth: 6 March 1963

BUSINESS ADDRESS

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

Main position in the Company

François Schmitt has been a Director since 30 June 2008. His term 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 2005 to 2009 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

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

Terms held from 2005 to 2009 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 2005 to 2009 no longer held by Mr Zanettacci

Served within the Group in France

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

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 2005 to 2009 no longer held by Mr Durand

None

CHRISTIAN GARIN

Date of birth: 06 April 1947

BUSINESS ADDRESS

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

Main position in the Company

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

Main position outside the Company

None

Professional experience/Management expertise

- Chairman of the local mutual of Groupama's employees

Current terms of office

None

Terms held from 2005 to 2009 no longer held by Mr Garin

None

3.1.3 GENERAL MANAGEMENT

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

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

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

JEAN AZÉMA

Date of birth: 23 February 1953

BUSINESS ADDRESS

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

Main position in the Company

Jean Azéma has been Chief Executive Officer since 18 December 2003. His term was renewed at the Board 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

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

Professional experience/Management expertise

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

Current terms of office		
Served within the Group in France		
Groupama Holding	■ Non Director Chief Executive Officer	Since 18 December 2003
Groupama Holding 2	■ Non Director Chief Executive Officer	Since 18 December 2003
SCI du Domaine de Nalys	■ Director	Since 10 December 2008
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
Bolloré	■ Permanent Representative of Groupama SA, Director	Since 31 March 2004
Served outside the Group abroad		
Mediobanca	■ Director	Since 28 October 2008

Terms held from 2005 to 2009 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 STEERING COMMITTEE

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

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

The Committee is made up of 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 that was set up at the beginning of January 2010. It has 22 members and meets quarterly in the same place as the General Management Committee.

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

Members of the Groupama SA Strategy Committee take part in meetings of the General 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 up of the Chief Executive Officers of the regional mutuals and the Senior Managers of Groupama SA. It is chaired by the Company's Chief Executive Officer. It meets once a month for a day and a half.

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

3.1.7 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 declared bankrupt 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 INTERESTS IN THE MANAGEMENT BODIES

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

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

3.1.9 LACK OF SERVICE AGREEMENTS

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

Sections 3.2., 3.3. and 3.4. below are the Chairman's Report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was reviewed by the Groupama SA Board of Directors in its meeting on 16 February 2010, 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 2009 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 to be 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;
  - four 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 55.

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 year ending 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 appropriate.

During 2009, its membership was affected by the following:

- ratification by the General Meeting on 27 May 2009 of the co-opting of Mr Jérôme Zanettacci as Director;
- renewal of all the Directors representing shareholders, except for the Directorship of Ms Solange Longuet, and appointment of Mr François Desnoues as Director by the General Meeting on 27 May 2009;
- renewal of the appointment of Mr Jean-Luc Baucherel as Chairman of the Board of Directors and Mr Michel Baylet in the capacity of Vice Chairman, and Mr Jean Azéma as Chief Executive Officer at the Board of Directors meeting of 27 May 2009;
- co-opting of Mr Jean-Marie Bayeul, replacing Mr Robert Drouet, as Director at the General Meeting of 26 August 2009, the ratification of which shall be submitted to the General Meeting of 26 May 2010 (see sixth resolution).

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

3.2.1.4 Authority reserved for the Board of Directors

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

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

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

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

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

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

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

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

Although Groupama is an unlisted Company it applies the current corporate governance rules in France resulting from the AFEP-MEDEF recommendations of December 2008, except for the following three recommendations:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6;
- the number of independent Directors is not quite one third of the total number of Directors on the Board, which is the percentage recommended for companies with a controlling shareholder;
- the Compensation and Appointments Committee does not have a majority of independent Directors.

3.2.1.5 Work of the Board in 2009

The Board of Directors met nine times in fiscal year 2009. The attendance rate of the members of the Board of Directors was 92.2% (96.5% in 2008). The Group Company Secretary carried out the duties of Secretary of the Board.

In 2009, the Board deliberated mainly on the following issues:

- the separate, consolidated, and combined half-year and annual financial statements;
- reinsurance policy;
- the transactions carried out to simplify the financial organisation (merger of Groupama Banque and Banque Finama carried out on 1 October 2009, the combination within one single life insurance company of all French life and health business in France carried out on 31 December 2009 and the transfer of the shares in the Non-life Portuguese subsidiary Groupama Seguros held by Groupama SA into the life subsidiary Groupama Seguros de Vida);
- a major partnership agreement in France with La Banque Postale signed on 12 October 2009;
- financial transactions (reinforcement of the solvency of subsidiaries abroad and the issue of bonds);
- an extension to the Company purpose to allow it to provide reinsurance in France and abroad to companies with which it has no equity link;
- operational strategic planning (OSP) for the 2010/2012 period;
- money laundering;
- provisional audit plan for 2010;
- adoption of an ethics charter.

The Board of Directors also acknowledged the work of three Board Committees.

Furthermore, as the terms of office of those Directors representing the controlling shareholder expired at the General Meeting of 27 May 2009, the Board of Directors, which met after the General Meeting, renewed the appointment of the Chairman and, on the Chairman's recommendation renewed that of the Chief Executive Officer. At that time the Chief Executive Officer expressed his wish to relinquish the employment contract he had with the Company and which had been suspended from the time of his appointment as a Company Director and this was duly noted by the Board of Directors.

The 2009 financial statements were approved on 16 February 2010 by the Board of Directors, which prepares the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting on 26 May 2010. The 2009 financial statements were presented previously to the Audit and Accounts Committee, which examined them on 12 February 2010.

Moreover, a Board of Directors seminar was organised on 19 November 2009 on the subject of risk strategy and particularly in view of Pillar 2 of Solvency II.

3.2.1.6 Internal Regulation of the Board of Directors

In its 10 January 2005 meeting, the Board of Directors adopted unanimously a set of Internal Regulation 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.

Since 2008, this regulation contains provisions on conflicts of interest in the taking of interests in unlisted companies doing business with the Group. In 2009, on the recommendation of the Board Committees, the Board of Directors made the following three amendments to the Company's Regulations:

- an amendment to the wording of the purpose of the Agreements Committee so as to better highlight its economic role directed at safeguarding the interests of Groupama SA and any future minority shareholders;
- adoption in Appendix 4 of the independence criteria for Directors as set out in the AFEP-MEDEF recommendations;
- a proposal to the General Meeting to modify the Company purpose so as to extend it to the transaction of reinsurance business with any insurance company having its head office in France or abroad and whatever legal form it may have.

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 Regulation of the Groupama SA Board of Directors, the Board shall be assisted by Technical Committees in performing its responsibilities.

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

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

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

3.2.2.1 The Audit and Accounts Committee

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

(a) Membership

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

- 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 (Mr Lemoine) and in accounting (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 Group Chief Financial Officer assisted by his Senior Accountant, the Company Secretary, who is also the Secretary of the Committee, and by the Director of the Group's General Auditing and Actuarial Department.

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

(b) Responsibilities

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

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

(c) Activity Report by the Audit and Accounts Committee for 2009

In 2009, the Audit and Accounts Committee met six times, including an Extraordinary Meeting held to examine a partnership proposal. The attendance rate was 100%.

During 2009, under the impact of the financial crisis, the Audit and Accounts Committee reviewed the 2008 annual and 2009 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 also reviewed and informed the Board of its opinion on the Management Report, the Solvency Report and the investment policy, as well as the Reinsurance Report for the fiscal year 2008.

It has also come to devote two meetings a year specifically to examining the principles, rules and options chosen to close both the annual and half-year financial statements so as to guard against and anticipate any difficulties with the close of books. This routine proved to be very useful given the context of the current financial crisis. As part of its work in 2009, the committee looked particularly at the impact of the financial crisis on Groupama SA so as to evaluate its degree of exposure, any provisions for long-term impairment (PDD IFRS) and especially the handling of strategic securities, and also deferred profit sharing, the seasonal reserve, the use of residual tax deficits, especially in the UK and goodwill, mainly with regard to recent acquisitions.

At the time of the half-year and annual close of accounts the committee voiced an opinion on draft press releases.

It is further noted that at every meeting, the Committee heard the statutory auditors without management being present.

The Committee was consulted on renewing the authority for the Company to issue bonds for a total of €2 billion, on the authority to make use of futures so as to immunise the portfolio against the equities and foreign exchange risk, on the reinforcement of the solvency of subsidiaries abroad, on a proposal to switch real estate assets and on the draft 2008 Registration Document, which was registered with the AMF on 14 April 2009 under number R. 09-017.

The committee examined the budgeted statutory auditors' fees, which are up compared to the previous year due to the consolidation of new subsidiaries abroad and extra work undertaken due to the financial crisis. In addition the balance between the two groups of Groupama SA auditors has been strengthened and the amount of work undertaken outside the legal audit remains low in line with previously laid down guidelines. The committee also took note of the rotation that will take place from fiscal year 2009 in the signatory partners at Mazars.

It also acknowledged two internal streamlining plans for the Company's business, firstly the plan for the merger/takeover of Groupama Banque by Groupama Finama, which was carried out on 1 October 2009, and secondly the plan to combine Groupama's French life insurance business into one single organisation called Groupama Gan Vie, which was carried out on 31 December 2009.

Before Groupama SA made its final proposal on 27 February 2009, the committee examined the proposed partnership with La Banque Postale for enlarging its retail non-life product offerings. After a competitive tender process, Groupama's proposal was selected and the partnership agreement with La Banque Postale was signed on 12 October 2009. The joint company, La Banque Postale Assurances IARD, received authorisation on 22 December 2009.

As part of its responsibility for risk control, the Committee reviewed the off-balance sheet commitments of Groupama SA. It also acknowledged reports on internal control, major litigation underway within the Group, the report on anti-money laundering activities, 2010 prospects for the renewal of outside protection measures, execution of the 2009 audit programme and the draft 2009 audit plan. It also presented to the Committee an update on the internal control situation in the Group entities and on the audit assignments in the Company's Eastern European subsidiaries and its financial subsidiaries.

3.2.2.2 The Compensation and Appointments Committee

(a) Membership

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

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

The Chairman of Groupama SA does not attend committee meetings. The Company 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 Regulation 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 2009

During the fiscal year 2009, 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 95%.

At these meetings, the Committee:

- examined the CEO's remuneration in the light of levels pertaining with the competition and the remuneration of members of the Steering Committee and put forward proposals as to changes in the status of the CEO following his proposal to relinquish his employment contract on renewal of his Directorship appointment;
- proposed an assessment of the 2008 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 the fiscal year 2010;
- verified the independent status of the outside Directors of the Board of Directors with regard to criteria set out in the AFEP-MEDEF report of October 2003 and included in the Company's regulations;
- analysed the results of the assessment of the work of the Board and the Committees for fiscal year 2008,based on a questionnaire drawn up in-house and examined a new draft of a questionnaire it had offered to the Board of Directors to assess the work of the Board and Committees for fiscal year 2009;
- examined the draft reference documents and the management report relating to corporate governance and to the remuneration of the Directors and officers.

3.2.2.3 The Agreements Committee

(a) Membership

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

- 2 Directors representing the controlling shareholder: Messrs Jean Baligand, Chairman of the Groupama Rhone-Alpes Auvergne regional mutual and François Desnoues, Chairman of the Groupama Paris Val de Loire regional mutual (since 28 August 2009);
- 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 Group's Chief Financial Officer also participate in the work of this committee.

(b) Responsibilities

The responsibilities of the Agreements Committee, which are included in the Internal Regulation 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 mutual and capital divisions are consistent with the corporate interest of Groupama SA;
- analysing the regulated agreements;
- analysing the conditions for applying the reinsurance agreements between Groupama SA and the regional mutuals.

(c) Activity Report by the Agreements Committee for 2009

During fiscal year 2009, the Agreements Committee met three times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

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

- adjustments made to the general agreement on marketing and management entered into between Groupama Gan Vie and the regional mutuals as a result of the consolidation of the Company's French life insurance businesses;
- adjustments made to the IOB term as a result of the merger of the banks Banque Finama and Groupama Banque carried out on 1 October 2009 and adjustments to the annual marketing agreement on the update of the production targets of the regional mutuals for 2009, as well as their compensation and quality objectives, and a description of the extra leeway accorded by Groupama Banque to its networks;
- the portion of the draft Groupama SA 2009 Registration Document dedicated to transactions with related parties, which sets out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries, and the regional

mutuals, especially the justification for a mechanism of financial back-up for the regional mutuals to support implementation of Groupama SA's major national programmes;

- the financial monitoring of Groupama SA on the Group's major national programmes for 2009, as well as on the 2010 structural factors. This measure is aimed primarily at harmonising information technology (the projected migration to the AVT system used in healthcare, merger/takeovers and the development of common management systems) and monitoring the regional mutuals in their development of the private banking business line, and specifically deposits and consumer loans;
- the financial monitoring or athletic sponsorships applied by the regional mutuals for the 2009/2010 season, which is a function of the media spinoffs of the Groupama brand and contributes to brand awareness on a national level. This monitoring effort is being carried out by specialist firms.

It should be noted that in 2009, the Committee took another look at business relationships between the subsidiaries of Groupama SA and the regional mutuals in the area of group life insurance, banking and asset management.

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

Each year, Groupama SA performs an evaluation of the operating methods of its Board of Directors and Committees and, within this context, undertakes an outside evaluation every three years and this was carried out in 2007.

In 2008 it performed an evaluation using a questionnaire put to each Director and which focused on the following topics: information, the rights and duties of Directors, the purpose and extent of the powers of the Board of Directors and the CEO, the operation and effectiveness of the Board and of its Committees.

Following this evaluation, improvement measures were adopted in 2009 primarily with regard to:

- the monitoring of decisions taken on strategic investments abroad including a review of the situation of recently acquired subsidiaries. As part of this, an examination was made of, on the one hand, the situation of the Italian subsidiaries undergoing merger at the time of the examination, two years after Groupama's acquisition of Nuova Tirrena and, on the other hand, the situation of the Hungarian subsidiary Groupama Biztosito and the bancassurance and insurance banking partnership with OTP Bank;
- the presentation of Groupama's 2010-2012 strategic plan;
- the circulation of information to Directors in between Board meetings via a weekly selection of press articles on Groupama and the insurance, banking and financial services industries, as well as occasional press releases on the life of the Group;
- training for Directors with the organisation of a Board member seminar devoted to risk strategy in the context of the future Pillar 2 of Solvency II;
- an improvement in corporate governance with, on the one hand, the implementation of the AFEP-MEDEF and AMF recommendations concerning the information on the remuneration of Directors and officers to be published in the annual report and, on the other hand, the incorporation into the Company Regulations of an appendix on the independence criteria for Directors;
- an examination by the Board of Directors of topics of a social and societal nature such as the adoption by Groupama of an ethics charter;
- information on the business activities of major subsidiaries of Groupama SA including a presentation of the activity of Groupama Banque.

For fiscal year 2009, a questionnaire was sent to Directors aimed at measuring progress achieved with respect to the recommendations from the previous Board evaluation. The results of this evaluation were brought to the attention of the Compensation and Appointments Committee Meeting on 9 February 2010 and debated at the meeting of the Board of Directors on 16 February 2010.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY MANAGEMENT

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

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

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

3.3.1.1 Compensation paid to the members of the Board of Directors

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

Attendance fees received by each Director for participating in the work of the Board of Directors and as compensation for their general responsibility comprise a fixed portion totalling €24,000 and a variable portion totalling €3,000 per meeting, which since 1 October 2008 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 €5,000 per committee as compensation for their general responsibility, and a variable amount of €3,000 for their actual attendance at each meeting.

These Directors' fees are paid quarterly.

Moreover, in 2009 certain Directors of Groupama SA received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

	Directors' fees received in 2008			Directors' fees received in 2009		
(figures in euros)	By Groupama SA	By Groupama Holding	Total	By Groupama SA	By Groupama Holding	Total
Francis Aussat	42,000	20,000	62,000	68,000	71,000	139,000
Jean Baligand	40,000	15,000	55,000	65,000	51,000	116,000
Claude Bartholomeis	42,000	-	42,000	18,000	-	18,000
Jean-Luc Baucherel	-	-	-	-	-	-
Jean-Marie Bayeul (appointed on 26.08.2009)	-	-	-	5,417	15,000	20,417
Michel Baylet	42,000	20,000	62,000	80,000	71,000	151,000
Annie Bocquet	10,000	15,000	25,000	65,000	58,000	123,000
Anne Bouverot (2) (appointed at the General Meeting of 29.10.2008)	-	-	-	62,583	-	62,583
Amaury Cornut-Chauvinc	42,000	15,000	57,000	80,000	51,000	131,000
François Desnoues (appointed on 27.05.2009)	-	-	-	14,417	15,000	29,417
Robert Drouet	42,000	17,000	59,000	57,750	37,000	94,750
Henri Durand (1)	-	-	-	-	-	-
Christian Garin (1)	-	-	-	-	-	-
Michel Habig	38,000	-	38,000	48,000	-	48,000
Frédéric Lemoine (2)	82,000	-	82,000	97,000	-	97,000
Solange Longuet	42,000	15,000	57,000	52,750	24,000	76,750
Jean Salmon (2)	40,000	-	40,000	65,000	-	65,000
François Schmitt	12,000	15,000	27,000	62,000	51,000	113,000
Philippe Vassor (2)	78,000	-	78,000	94,000	-	94,000
Jean-Luc Viet	30,000	-	30,000	-	-	-
Jean-Luc Wibratte	30,000	-	30,000	-	-	-
Jérôme Zanettacci (appointed on 11.12.2008)	-	-	-	30,000	-	30,000
Caisses Régionales Groupama	-	135,000	135,000	-	459,000	459,000
	612,000	**267,000**	**879,000**	**964,917**	**903,000**	**1,867,917**

(1) Employee Directors for a period of 4 years; they do not receive compensation for their term of office.
(2) Independent and outside Directors appointed by the General Meeting for a period of 6 years.

3.3.1.2 Compensation of the Directors representing the controlling shareholder

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

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

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

	2008			2009			
(figures in euros)	**Gross compensation paid**	**Benefits in-kind (1)**	**Total paid by Groupama SA and subsidiaries**	**Gross compensation paid**	**Benefits in-kind (1)**	**Total paid by Groupama SA and subsidiaries**	**Origin of the compensation**
Francis Aussat	52,956	14,351	67,307			0	Gan Assurances Vie
Jean Baligand	34,931	9,467	44,398			0	Groupama Vie
Jean-Luc Baucherel	Details provided in section 3.3.2.1						Groupama SA
Michel Baylet	37,231	10,090	47,321			0	Gan Prévoyance
Annie Bocquet	-	-	-	-	-	-	
Amaury Cornut-Chauvinc (2)	34,931	9,467	44,398			0	Mutuaide Assistance (3)
Robert Drouet	50,456	13,674	64,130			0	Gan Patrimoine
Solange Longuet	37,231	10,090	47,321			0	Gan Assurances IARD
Jean-Luc Viet (4)	46,575	12,622	59,197	23,000		23,000	Gan Eurocourtage Vie & Gan Eurocourtage IARD
Jean-Luc Wibratte	67,275	18,232	85,507			0	Banque Finama

(1) Benefits in-kind consisting of a housing benefit granted to the Chairman and retirement contributions to the Chairman of Groupama SA and the Managing Directors of the subsidiaries of Groupama SA.
(2) Assumed his positions on 30 May 2007.
(3) Assumed his position on 11 July 2007 as Chairman of Mutuaide Assistance.
(4) 2009 amount paid for 2008.

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 Board of Directors of Groupama SA on the recommendation of the Compensation Committee. It comprises:

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

SUMMARY TABLE OF COMPENSATION AND OF OPTIONS AND STOCKS AWARDED *(FIGURES IN EUROS)*

Jean-Luc Baucherel (Chairman of the Board of Directors)	Fiscal year 2008	Fiscal year 2009
Compensation due during the year (detailed in the following table)	331,585	342,318
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**331,585**	**342,318**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	Fiscal year 2008		Fiscal year 2009	
Jean-Luc Baucherel (Chairman of the Board of Directors)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	Not applicable	268,120	Not applicable	275,324
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	63,365	Not applicable	66,994
TOTAL		**331,585**		**342,318**

(1) Of which, benefits in-kind:
- *in 2009, housing 29,550 and retirement 37,444;*
- *in 2008, housing 27,002 and retirement 36,463.*

(b) Chief Executive Officer

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

His variable compensation is calculated based on a previously established target figure (€600,000 in 2009) 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 2008	Fiscal year 2009
Compensation due during the year (detailed in the following table)	1,263,493	1,401,268
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**1,263,493**	**1,401,268**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	Fiscal year 2008		Fiscal year 2009	
Jean Azéma (Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	910,000	910,000	952,000	952,000
Variable compensation [(1)]	349,500	312,500	433,000	349,500
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in-kind [(2)]	3,993	3,993	16,268	16,268
TOTAL	**1,263,493**	**1,226,493**	**1,401,268**	**1,317,768**

(1) Variable compensation for year "n" is paid at the beginning of the following year.
(2) Provident 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 fiscal year	Exercise price
Jean-Luc Baucherel	Not applicable	Not applicable	Not applicable
Jean Azéma	Not applicable	Not applicable	Not applicable

3.3.2.4 Restricted stock awarded to corporate officers

Restricted stock awarded by the General Meeting during the year to each corporate officer by the issuer and by any group company (nominative list)	Plan No. and date	Number of shares awarded during the year	Value of shares according to the method used for the consolidated financial statements	Date of vesting	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 the meeting of the Board of Directors or Management Board	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	Not applicable
Jean-Luc Baucherel	Not applicable
Jean Azéma	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan contains several tranches)	Not applicable
Number of shares subscribed as at 31 December 2009	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year end	Not applicable

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

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

3.3.2.8 Summary of the status of corporate officers

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

3.3.3.1 Compensation

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

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

(Figures in euros)	2008 Gross amount paid during the year	2009 Gross amount paid during the year
Members of the Steering Committee [(1)]	4,706,415	5,206,692
Average number of members in the year	11	11

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

3.3.3.2 Retirement commitments made for the members of the Steering Committee

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

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

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

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

The total amount of the commitment for all the members of the Steering Committee as at 31 December 2009 comes to €21,943,369.

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 section 3.2 and section 3.4, of Article R. 336-1 correspond to the Insurance Code.

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

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

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

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

  A list of the main subsidiaries and sub-subsidiaries is made and updated regularly by the Legal Department within the Administrative

Division of Groupama SA. Moreover, the scope of consolidation in the books of Groupama SA is presented in the notes to the consolidated financial statements;

- in the Mutual Insurance Division:
  - by an Internal Reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by a reinsurance agreement the terms of which are updated every year;
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama").

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

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

Scope of this report

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

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

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

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 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 Operational Strategic Planning ("PSO").

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

- on the one hand, every very 3 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 OSP 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 PSO processes by Group companies, based on the strategic framework and business-line/market breakdown transmitted to them;
- on the other hand, an annual update 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 PSO forecasts and their operational plans.

The initial PSO of the Group's French and international companies for the 2010-2012 period was completed and validated in 2009. Its monitoring, within the scope of the updated 2011-2013 PSO, will take place in 2010 and will focus 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 PSO 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 Resources 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;
- steering and managing HR capital expenditures;
- managing and administering professional development;
- steering 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 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 the Groupama SA establishment. Two agreements were signed in 2008 after collective bargaining between labour unions and management within the Company.

Specifically, the HRD invests in the following:

- managing the performance monitoring procedure: mainstreaming of annual assessment interviews for each member of personnel by their line Manager, in all departments of Groupama SA; training sessions focused on "setting operational objectives and evaluating skills" were attended by all Managerial staff of Groupama SA; the Managers concerned also received training in assessing the performance of employees receiving variable compensation.
- 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 recognition 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 the employees of the Human Resources Department in the issue of diversity within the Company in order to get their support for the diversity charter signed by the Group in June 2007; further to the training given to HR personnel, the Managers were trained in 2009 in non-discrimination within the Company; moreover, the recruitment of young people stemming from sensitive areas continued this year (particularly through summer jobs);
- 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 2009, the Groupama SA HRD invested in preventive actions such as:

- the installation of defibrillators and training of the employees in their use;
- the organising of theatrical and musical performances for the 13th staging of handicap awareness weeki from 16 to 22 November, as well as participation in various trade shows on the subject.

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, coordination of the network of Group HR Departments) is the responsibility of the Group Human Resource 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 2009, efforts were focused on supporting the Group's internationalisation (inter-cultural and linguistic language programmes) and the deployment of courses on diversity and disability in the workplace.

The Group's management information system installed since 2005 now incorporates the main social data from the Group's companies in France and that of the international subsidiaries. At the end of 2009, programmes were initiated to overhaul and modernise HR information systems and progressively set up a Shared Pay Service Centre.

Concerning social reporting, a measure was initiated to get the opinion of all employees in France and internationally regarding the

Group, its strategy, its social practices and its employees' career development. The second Group Opinion Survey was launched in March 2008. The analysis of the results gave rise to a series of actions at Group level and within each company, particularly focused on internal communication in response to employee expectations (e.g., the overhaul and internationalisation of the Kiosque and University intranets). A similar operation will be carried out in 2010.

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

Following the example of the agreement setting forth security and solidarity systems for the Agricultural Reinsurance Mutuals belonging to the Groupama National Federation (rider – December 2004) – Article 3 Appointing the Managing Directors of the Regional Mutuals – a group process (referring to Groupama SA, its subsidiaries, the inter-company ventures and the Regional Mutuals) has been in effect since 2006, applying to the management of the professional careers of senior executives, to talent spotting and management and the appointment of Senior Managers. It is based on establishing job and incubator categories. With the support of the Group 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 2009.

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 4,200 people and has been upgraded in 2009 (simpler navigation and integration of the project mode in the assessment).

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 11 modules aimed at Senior Managers; it has already been deployed for 70 people.

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:

- the Group Finance 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) carries out business monitoring procedures (scorecards) for the Group and also monitors the financial reports of the subsidiary companies and the Regional Mutuals. The aim is to ensure the proper degree of anticipation and transparency of company results and an understanding of trends in these areas for the Groupama SA General Management and the companies.

This approach is based on a process of estimated management common to all entities. It is implemented and coordinated by the Group Management Control Department and is based on a body of group standards for designing estimates, approved by the General Management Department and updated regularly. The process calls for establishing yearly estimates of results for the next three fiscal years, and then providing four updates of this 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 format is now standardised for all Group entities and is collected through the consolidation and Group reporting application.

This monitoring system is supplemented by business reviews held at least twice a year and involving the General Management of Groupama SA and the Management of the Group's French and international subsidiaries.

The business reviews and April-May review 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 and November-December review 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.

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 GSA) 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 an Operational Strategic Plan (PSO) for the next three years.

In 2009, this process took place from March to may to define the 2010-2012 PSO.

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 according to a common format is organised to monitor 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 2009: on 9 March, 20 May and 20 October).

Data consistency

The International Division's Management Control Department along with the Group Management Control Department carry 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 contact with the Group Finance Division

The International Division (DI) and Group Finance Division (DFG) 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 the subsidiaries' assets. The only exception is when a commercial or strategic partnership with a local bank is accompanied by a management contract, or when Groupama Asset Management does not have the resources to intervene directly in the local market. In both cases, the DFG and Groupama Asset Management still validate the Manager's expertise and procedures.

Control of the Asset/Liability Management of the subsidiaries

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

Securing acquisition transactions

In 2008, 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.

Process of incorporating new subsidiaries

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

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

FINANCIAL MANAGEMENT

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

REINSURANCE

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

ACCOUNTING

New subsidiaries are first integrated into the Group'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

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

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

3.4.2 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 point 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.

Moreover, the Group ethics procedure, set out in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. The contents of the charter were validated by Groupama's Executive Committee on 18 November 2008. The charter is about to be implemented in the Group's French companies, once all of the entities' personnel organisations have been duly informed and consulted; its deployment is underway in international companies, in compliance with the procedures and requirements applicable to each company. Information was provided on the charter at the European Enterprise Committee Meeting of 5 December 2008 and Group Committee Meeting of 24 June 2009.

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 Groupama SA's 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

The Group Internal Control and Risk Management Department and the Group General Audit Department come under the Group General Audit and Actuarial Division of Groupama SA, answering directly to the Chief Executive Officer. 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.

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 RISK MANAGEMENT

The resources allocated to Group Internal Control and Risk Management were increased in 2009 with the recruiting of a Manager for the Internal Control and Risk Management Department; the dedicated team consisted of seven persons at the end of 2009. 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).

  In 2007, a coordination function was also put in place for compliance projects in the Group.

  In 2009, the Internal Control and Risk Management teams had to cope with three major tasks: the analysis and preparation of the Group for the impacts of the implementation of the Solvency II directive, the standardisation of a conceptual Risk Tolerance framework and the action plans aimed at making the Pandemic Business Continuity Plans (BCPs) operational in all Group entities;
- the development of internal control databases and methodological tools for all Group entities; in 2009, within the scope of a common project, the Group set up a risk management solution and "incident database" to make it easier to assess operational risks in an

objective way and to provide the entities' internal control/risk management teams with a computer tool to facilitate their work. After an operational launch in two Group entities in December 2009, the deployment is due to be mainstreamed in the first half 2010;
- coordination of the Group's compliance measures: the fight against money laundering, delegations of authority and medical confidentiality;
- supervising the network of internal control and risk management officers appointed in each of the entities and arranging the sharing of experiences amongst the entities in the Group;
- ensuring that all Group entities file internal control reports, coordinating and drafting the "LSF" and "ACAM" reports by Groupama SA, managing or providing assistance with the completion of the "ACAM" reports of the insurance subsidiaries or regional mutuals. In 2009, the entities' annual report on internal control and risk management was produced in order to anticipate and assess the degree of Group compliance with Pillar 2 of the Solvency II Directive. A draft report on the Group's major risks was also initiated and its deployment is planned for 2010;
- supervising the Technical Risk Committee and the Group Risk Committee (see below).

THE GROUP GENERAL AUDIT DEPARTMENT

The Group General Audit Department consists of a dozen auditors. It operates throughout the Group, at the request of the Chief Executive Officer, to whom it reports on its work.

In 2009, the Group General Audit Department conducted 18 engagements including the following:

- 3 audits of French insurance subsidiaries;
- 1 audit of a financial subsidiary;
- 11 audits of international subsidiaries and branches.

Moreover, the Group General Audit Department pursued its triennial plan for the audit of regional mutuals, with an audit of a regional mutual and two audits of specialised mutuals. 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. A tool for the quarterly monitoring of recommendations was set up in 2009.

Risk Committees

Two committees are used by the General Management of Groupama SA to regularly monitor the main risks incurred at the Group level. These committees come under the Group Internal Control & 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 2009. The main topics examined were the appropriation of the work conducted at the end of 2008 concerning internal control, risk management and compliance, the impacts of the implementation of the Solvency II directive, the change in the scope of major Group risks (RMG), RMG risk control plans, the standardisation of their assessment and continuation of quantification work, the integration of the international scope in risk control measures, progress reports on current Group projects and their validation (dashboard, Risk Tolerance, etc.).

GROUP RISK COMMITTEE

Its membership is the same as that of the Groupama SA Steering 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 2009, this Committee dedicated two 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 set-up of special committees dedicated to risk management governance got underway at the end of 2009 and will continue in 2010.

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 ACAM after approval by its Board of Directors.

Since the end of 2008, the regional mutuals, following the example of the subsidiaries, the main inter-company ventures and Groupama SA divisions, have been providing annual reports to the Group Internal Control and Risk Management Department, describing the status of their control environment, compliance measures, the content of their risk mapping, the methods for carrying out their Business Continuity Plan and their Crisis Management Plan. This report was upgraded in 2009, for better anticipation and assessment of the regional mutuals' degree of compliance with Pillar 2 of the Solvency II Directive (see (a) above).

(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 Steering Committee to which these Senior Managers belong. Like in the regional mutuals, the set-up of special committees dedicated to the governance of risk management started at the end of 2009 and will continue in 2010.

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 ACAM after approval by the Board.

Moreover, all subsidiaries and the main inter-company ventures submit an annual report to the Group Internal Control and Risk Management Department on the same subjects as the regional mutuals. As stated in (b) above, this report was reviewed and upgraded in 2009.

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 Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. The management of Groupama SA has, since 2005, submitted a report to the Group Internal Control and Risk Management Department on the same subjects as the subsidiaries and the inter-company ventures (see above). This report was also amended in 2009 for better anticipation and assessment of the degree of compliance of the inter-company ventures' support Functions and Business Divisions with the requirements of Pillar 2 of the Solvency II Directive.

(d) Groupama Working Groups (WG)

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

Internal Audit and Control WG

With two meetings in 2009, the Internal Audit and Control WG of the regional mutuals, coordinated by the Group Internal Control and Risk Management Department, is a platform for exchanging information on the regional mutuals, and specifically:

- support in setting up consistent risk maps and assessments within the Group, as well as Business Continuity Plans, Crisis Management Plans and risk management plans for the main risks;
- an update on upcoming Solvency II regulations and the impacts of their implementation, particularly in terms of organisational requirements;
- an overview of the issues and projects in the Group in terms of compliance;
- news on recent changes in ethics.

Similarly, within the context of the Internal Audit and Control WG of the French subsidiaries, the Internal Control and Risk Management correspondents of Groupama SA's French insurance subsidiaries held two meetings in 2009 on subjects similar to those of the regional mutuals.

The financial subsidiaries, which had until 2008 been part of the Internal Audit and Control WG of the French subsidiaries, now have 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, of the subsidiaries of Groupama Banque (Groupama Asset Management, Groupama Private Equity, Groupama Immobilier) and of Groupama Epargne Salariale, held its first meeting at the end of November 2009.

Moreover, on the model of the current process applicable to regional mutuals and subsidiaries in France, a specific Internal Audit and Control WG dedicated to international subsidiaries was set up in 2009. This WG coordinated by the Group Internal Control and Risk Management Department is composed of the internal Control and Risk management correspondents of all international subsidiaries; it held 3 meetings in 2009. Those meetings deal with general subjects similar to those examined by the French subsidiaries (Solvency II, BCP, risk mapping, compliance, etc.); in addition, with the participation of the owners of the Group's major risks, they strive to better integrate international subsidiaries in the Group management system for major risks.

Beyond those meetings, theme-based workshops involving the French subsidiaries of Groupama SA and the regional mutuals are held on a regular basis and report to the WGs. In 2009, they mainly focused on the set-up of the risk-management tool and "incident database" operating in the form of "pilot" workshops, BCPs, the consistency of the risk maps, General Insurance risks, the organisational impacts of Solvency II particularly in terms of governance, and the review and monitoring of non-compliance risks.

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);
- designing or validating common internal control procedures to be introduced in the network;
- sharing experience and disseminating good practices in terms of internal control.

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

Banking Compliance WG

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

Steering and Management Control WG

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

3.4.3 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 was joined to 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.

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 the steering and management of the European Enterprise Committee and Group Enterprise Committee, which in 2008 each met twice.

Through the amendment on 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. Within that commission, on 24 October 2008, a framework agreement on diversity and equal opportunities applicable to all of the Group's French entities was negotiated and signed. The commission for the annual monitoring of this agreement met on 5 October 2009. Within the same context, negotiations were initiated on inter-company mobility within the Group in 2009.

(c) Application of insurance law

The Legal Department under the Corporate Office of Groupama SA provides information and advice to the business departments and to insurance subsidiaries on compliance with insurance laws in their operational activities or technical support.

(d) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Corporate Offices is in charge of ensuring that the tax consolidation rules are applied (Article 223A et seq. of the General Tax Code) for the Group trained in the tax plan by Groupama SA as parent company, the regional mutuals, and its 50 subsidiaries consolidated as at 31 December 2009, as well as the holdings of Groupama Holding and Groupama Holding 2.

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

INTERIM CLOSINGS AS AT 30 JUNE

Based on the semi-annual individual financial statements, the Group Tax Division reviews with the Accounting 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.

(e) Financial Ethics

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

(f) Fight against money laundering and terrorist financing

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

Hence, the Group Legal Department:

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

In addition, anti-money laundering meetings are held:

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

The officers in charge of the Fight against Money Laundering and Terrorist Financing and the entities' Tracfin officers ensure constant control of the implementation of the internal procedures in this respect and take the required corrective measures in the event of anomalies.

(g) Protection of medical data

Under the Belorgey Agreement (replaced by the AERAS Agreement on 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 2007, thus made it possible to assess the level of Group compliance with regulations. In 2009, a dashboard was produced, detailing the monitoring actions and risk management measures concerning the confidentiality of policyholders' personal health data.

The PREVI Division gives training in medical confidentiality to consulting physicians and Managers within the various Group entities. In 2009, it set up 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.

Moreover, a working group coordinated by the Group Compliance Department in relation with the Group HR Department and the UDSG Labour Relations Department has been holding meetings since 2008 aimed at harmonising and ensuring the compliance of physicians' employment contracts and Managers' authorisation letters dealing with personal health data for life and health Insurance or Common Law.

In parallel, a comprehensive survey of the claims management tools liable to process or convey medical information was conducted by DOSADP and actions to improve their security in a "medical bubble" are scheduled for 2010.

(h) 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 duties of the authority delegation correspondents and IT authority correspondents were redefined in a precise and formal way at the beginning of 2009;
- 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 2009, the list was totally revised. A clarification was made between delegations of authorities as such, signature delegations and proxies. Only the delegation of authority entails the transfer of responsibilities, notably on the penal level.

The authority delegation chain was reviewed in keeping with this update and clarification.

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.

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

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

The responsibilities of the ITF Agent are:

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

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

In 2009, the ITF conducted actions aimed at checking the compliance of certain regulation-sensitive processes and defining action plans. Standard procedures were implemented to make it easier for correspondents to file process declarations to the ITF, and set up access-rights management procedures as well as procedures in the event of an ITFC inspection on site. A guide on archiving and document preservation periods was produced. The set-up of an intranet enables the ITF to provide correspondents with up-to-date lists of processes within their company, and receive the required information and documentation to carry out assignments. A summary of the correspondents' activity was produced and a memo defining their duties was sent to the Managing Directors of the regional mutuals and Group subsidiaries. The ITF produced its second annual mandatory appraisal and sent it to the General Management of Groupama SA and to the Managing Directors of the regional mutuals and subsidiaries.

3.4.4 MANAGING ASSETS AND LONG-TERM FINANCING

The Group Finance Division is fully 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 (DFI), which is part of the Group Finance Division (DFG), is responsible for the following:

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

Every year, the authorised Asset Managers send to the Group Finance 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 DFG and validates the proposals. The lease management tasks of Groupama Immobilier are defined in a lease management order. The asset management tasks of Groupama Immobilier are defined in an asset management order. Finally, this Manager is certified ISO 9001-2000 by the AFAQ, for all real estate management activities.

For 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 Financial Officer.

In 2009, an "Investment Panorama" Working Group (WG) was 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. Eight meetings were held in 2009.

(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 Group Finance Division is in charge of documenting the strategies on the books.

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

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

Every year, the managing agents assigned to manage the securities submit a report to the Group Finance Division (DFG) 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 Group Finance 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) Management of authorised fund managers

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

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

(c) Control of managing agents and managing investments

Control of managing agents

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

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

They spell out the following:

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

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

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

In terms of internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the “Chinese wall” separating the front and back offices, and the interdepartmental nature of the organisation of the middle office and the back office, the security of computer systems and the protection of access codes and surveillance of atypical behaviour. They have also established their own control systems for monitoring the proper application of the mandates;

- the principal depositary of the entities in the Group, Banque Finama, as well as the depositaries outside the Group, are subject to oversight by the Banking Commission. In particular, Banque Finama 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 scorecards on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

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

- producing monthly dashboards 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 Committee.

For each French subsidiary and for Groupama SA, they meet quarterly. The meetings are attended by the Finance and Investment Director, the Investment Manager, the Group’s Chief Financial Officer and the subsidiary Managers concerned (Head of Management Control, Finance Manager of Groupama SA); its main objectives are to make decisions concerning Asset Allocation and financial results (capital gains programme, etc.).

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

SECURITIES INVESTMENT COMMITTEES

The asset management and allocation team 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 fund 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 subsequently 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 Group Chief Financial Officer.

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

ASSET/LIABILITY COMMITTEES

For Groupama SA and for every subsidiary concerned, these committees meet quarterly. Participants in this meeting include the chief of Asset/Liability Management, 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 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 Group Finance Division implemented rules and processes aimed at guaranteeing the quality of management and investments. The main principle is to resort to assets controlled within the Group, which specifically implies excluding assets currently classified as "toxic" (CDO, CLO, structured products).

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

- delegation of management: financial management delegated to Groupama Asset Management 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 drop in equity indices recorded in 2008, which largely exceeded the model's 30% decline, does not contradict the results of the studies, so long as such a drop 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.

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.

Moreover, work was initiated in 2009 to assess and manage the risks in a consistent way, using a global tolerance approach. This will supplement the asset calibration approaches.

3.4.5 MONITORING OF RISKS

3.4.5.1 General context

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 and Risk Management Department.

Major risks are identified and monitored at entity level and at Group level; the set-up of risk management plans is done by the risk owners and deployed across Group entities.

In 2009, the work of Group risk owners (Business Divisions and Support Functions of Groupama SA) mainly focused on the quantifying of major Group risks and integration of international entities in the major Group risk management system.

The Risk Tolerance project, launched in mid-2009, made it possible to specify the Group's conceptual Risk Tolerance framework.

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).

3.4.5.2 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 Provident, Savings and Life Division (PREVI);
- group life and provident: Group Insurance Division (DAC);
- Health Insurance:
- individual: Individual Health Insurance Division (DASI);
- group: Group Insurance Division (DAC);
- Non-life and Liability Insurance:
- individual: Private Individual Non-life Insurance Division (DADI P);
- businesses and local authorities: Business and Local Authorities Non-life Insurance Division (DADEC);
- farmers, associations and professionals: 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.

Provident, Pension, Savings and Individual Life Risks

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

The PREVI 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 3.4.5.6 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 check is based on a two-way commitment. 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.

Agricultural and Professional Risks

For all the risks within its remit (Professional Agricultural Risks, multi-risk for tradesmen, shopkeepers and service providers, non-occupying owners, associations and construction), the DAAP defines the underwriting methods and controls the prices and commitments of the regional mutuals, GAN Assurances and Gan Eurocourtage, with the closer monitoring of certain risks:

- Agricultural risks:
- multiple climate risks for crops;
- frost on crops (grape vines, fruit, corn, seeds);
- loss of gross margin after governmental decision to stop production in the event of an epizootic disease;
- third-party liability for products delivered to the US and Canada;
- fire, storm cover on forests.
- Professional risks:
- demonstrations and/or temporary concentrations organised by associations.
- Construction:
- risks concerning Tradesmen/Companies/Building Damage/Engineering/Manufacturers;
- impact of new environmental technology.

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

Concerning Agricultural risks, for the risks within its remit and for all Group entities in France (regional mutuals, Gan Assurances), the Agricultural Business Division:

- defines the target underwriting rules and criteria and assumes the joint underwriting and monitoring of the risks of the regional mutuals within the scope of the Internal Reinsurance treaty;

- designs common products and, within that scope, defines common management processes;
- designs pricing models for those products and handles the entities' price analyses;
- analyses the results, in terms of the entities' development and technical results;
- recommends actions in order to meet regulatory standards and improve results.

Concerning risks for professionals and associations (multi-risk, liability and damage, property damage and the liability of managing agents), the DAAP:

- designs common products and pricing models for all Group entities in France (regional mutuals, Gan assurances and Gan Eurocourtage);
- analyses the results, in terms of development and technical results;
- recommends actions in order to meet regulatory standards and improve results.

Concerning construction risks (TPL, ten-year TPL, building damage and comprehensive building site risks), the DAAP monitors and manages all professional construction risks by:

- defining the underwriting products and standards, claims management and management in the construction manual common to all the entities in the Group;
- assuming the joint management of the regional mutuals' claims according to the Internal Reinsurance rules (see 3.4.5.6 a);
- making sure that the entities correctly implement the standards;
- managing the construction insurance business for Gan Assurances.

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 underwriting rules and criteria;
- designs common products and, within that scope, defines common management processes;
- designs pricing models for those products;
- analyses the results, in terms of the entities' development and technical results, notably through internal Group benchmarking procedures and including market trends;
- analyses the entities' pricing positions;
- recommends actions in order to meet regulatory standards and improve results.

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 IARD 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.

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

In operational entities, management control is assumed by:

- the Operations, Services, Direct Insurance and Partnerships Division (DOSADP) for SGPS (Healthcare Services Management Company), a brokerage firm that manages healthcare production and/or services for the entities of the Group.
- the DASI for the inter-company venture Groupama TPG (Tiers Payant Généralisé) [Generalised Third Party Payer], which manages third party payer flows and exchanges with partners for the entities of the Group.

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 contracts and validation of prices. The management of claims is backed by the DCIM's appraisal departments to ensure its proper control.

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

3.4.5.3 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 and 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;
- compliance with professional standards and inter-company agreements, particularly for inexcusable negligence, IDA (Direct Indemnification of Policyholders) and IRCA (Indemnity and Motor Legal Protection) or changes in laws, regulations or jurisprudence;
- management activities:
  - for the largest claims, using information based on claim notices; for the regional mutuals, through integrated processing on the computer systems of Group entities; work was initiated in 2009 to extend this database to Gan Assurances;
  - 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 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 and underwriting for the entities, following the example of the operational management of the activities related to the Social Guarantee of Corporate Executives and Managers or the management of part of the Groupama Vie claims in group life insurance. It carries out 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, Direct Insurance and 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.

3.4.5.4 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 (this was done by Milliman in 2008 and 2009).

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

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

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 Group Finance Division 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.

In 2010, the control mechanism will be reinforced and adapted to meet the new regulations.

3.4.5.5 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 mentioned by BW Deloitte in 2006 and 2007, and by Milliman in 2008 and 2009.

3.4.5.6 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 Department – Estimates by the Internal Reinsurance Division controls the accuracy of the calculation rules written by the Reinsurance Accounting Department of the Internal Reinsurance Division in the specialised computer application.

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

The results of Internal Reinsurance transactions by every Regional Mutual are monitored:

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

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

Monitoring the Internal Reinsurance of subsidiaries

Concerning the inward reinsurance of Groupama SA on the treaties of the profit centres and subsidiaries, like 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 outward business of the profit centre and the inward reinsurance portion Groupama SA.

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

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance

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

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Defining the responsibilities of the 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 Steering Committee between the technical and accounting units of the DCER;
- to control the risk of storms in France, some disaster damage modelling/simulations are done using expert software by the reinsurance brokers or by specialised agencies (such as RMS). 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.);
- 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 an 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 ACAM. This report presents the Group's policy in terms of outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewing the Groupama SA reinsurance scheme for the current year.

3.4.5.7 Investment monitoring and management

The investment management methods and control structure are described in point 3.4.4 (see above).

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

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

3.4.5.9 Monitoring solvency and profitability

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

The DFI 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;
- verification of hedging of regulated commitments (sufficient nature and description of admissible items);
- verification of and decision on the terms and conditions for appropriating 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.

3.4.5.10 Monitoring operating risks

Applying internal control policies led the Group to pay more attention to operating risks. In that context, the work initiated in 2008 continued in 2009 in order to provide Group entities with Business Continuity Plans (BCPs) and crisis management procedures. The Pandemic BCPs involved specific action plans aimed at making them operational for all Group entities as from September 2009, within the scope of a "severe" pandemic such as AH5N1 as well as in the case of a less virulent pandemic such as influenza AH1N1, for which the original procedure was adapted. Moreover, the integrated and standardised management of incidents on operational risks using the risk management tool and "incident database", which has been operational since 2006 in the Group's banking subsidiary, was being deployed in two of the Group's insurance entities at the end of 2009, and is due to be progressively mainstreamed by the second half of 2010. Lastly, following the audit conducted in 2008 on internal and external fraud, recommendations were made to all Group entities and are being implemented.

(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 Logistics. This entity also manages the logistics and general resources of most of the subsidiaries of Groupama SA in France.

The internal control of logistical resources and services is delegated to Groupama Logistics within the scope of the assignments entrusted, under the responsibility of its Managing Director who in turn reports to the General Secretary – Group Strategy and HR (and the Managing Director of the inter-company venture Groupama Systèmes d'Information since 1 December 2009). Like the other entities in the Group, Groupama Logistics has done its own risk mapping and updated it to verify and, if necessary, improve existing control procedures. In June 2009, an Internal Control and Process Department was created and placed under the responsibility of the Corporate Office of Groupama Logistics.

(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 Steering Committee (CDIG). The CDIG is backed by special commissions dealing across all departments with issues related to purchasing, finance, logistics, quality, repositories, standards and methods, human resources, security and risks, and town planning policy.

Since 1 June 2009, internal control has been assumed within GSI by the Department of IT Security, Internal Control and Audit and Quality (DSCQ), which comes under the direct responsibility of the Managing Director of the inter-company venture.

The RSSI (Head of IT Security) reports to the Head of Security, Internal Control and Audit and Quality. He defines and coordinates the security policy for the IT systems managed by GSI and shares its know-how with the Group's French and foreign companies.

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 on 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 Logistics or by an external firm commissioned by Groupama Logistics; 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 SI manages three types of BCPs:
  - a Pandemic BCP, which provides for the inter-company venture's business continuity in the event of a light pandemic (no modification of operations for the inter-company venture) or a severe pandemic (degraded 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 despite a major incident affecting the building; this BCP includes a User Recovery Plan (URP) which can also be integrated in the Building BCPs of our customers;
  - an Information Systems BCP which provides for the inter-company venture's business continuity despite a major incident affecting the IT system; this BCP can integrate the IT Contingency Plans (ICPs) of the applications concerned;

Regular drills are conducted on an annual basis to check the proper continuation of the activities of Groupama SI through remote working, User Recovery Plans and IT Contingency Plans. Each drill gives rise to a report which is transmitted to the customer(s) if applicable, and to an improvement action plan; the results of those actions enhance the corresponding BCP.

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 monthly 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 3.4.4.10.

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

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

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

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

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

Internal control of the Groupama SA procurement process

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

As 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 implementation of the major organisational and operating principles, laid down in the document Ligne Fonctionnelle Achats (Functional Purchasing Chain) at the end of 2008, started with the standardisation of roles and responsibilities in the purchasing optimisation process, the standardisation of control processes for calls for tenders and the calculation of the ensuing economic performance, as well as the reinforcement of the 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 Logistique 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 Group Finance 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 various 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 division 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 is 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-based nature targeting mainly the consistency checks by random sampling done on large-volume transactions, with very low unit amount (e.g., balancing of policyholder balances, tax statements);
- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - within current management:
    - separation of the functions of commitment to and payment of expenses:

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

- monitoring of banking authorities:

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

- Within inventory management and preparation of the financial statements:
  - regular review points between the Group Accounting Department and the other Departments designed to provide an overview of all the flows for the year and anticipate incorporating them into the accounting records;
  - measuring the consistency between the parent company statements and the estimated statements in collaboration with Group Management Control;
  - building up a collection of backup documentation for the financial statements of the year under the supervision of the reviewer's direct superior, then the department head;
  - review of parent company and group tax income/expense with the Group Tax Department;
  - internal meetings within the Group Finance Division (DFG) to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements;
  - approval of the financial statements by General Management.

In addition, the Group Accounting Department regularly updates the modelling of its accounting procedures through 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 the parent company of the Group, Groupama SA keeps the books for a certain number of subsidiaries without their own accounting staff (operating SCIs (real estate investment companies), the inter-company venture GIE-Logistique, Holding companies and other subsidiaries); it also handles the investment accounting for the profit centres.

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

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

3.4.6.2 Consolidated financial statements

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

- Security and internal checking procedures: these are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (see above).
- Built-in controls: 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).
- Control tests: this includes a set of verification and control tests put in place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:
  - checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;

- verification of central processing: accuracy checks are done to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/ accretions, etc.).

  Control tests are clearly outlined in a formal review manual.

- Hierarchical control is aimed at ensuring that the principal items affecting the fairness and accuracy of the financial data as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders are clearly understood in the data presented. This control involves the use of several procedures:
  - checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
  - meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
  - approval meetings with the statutory auditors of the consolidated financial statements;
  - meetings with the Steering Committee to review the consolidated financial statements.

  All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

- The Group standard of reference

  The accounting standards for the consolidated financial statements are the IFRS. They are distributed at the Group level and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:
  - IFRS reference text and a summary of the standard;
  - the area of application and possible options selected by the Group wherever the IFRS allow 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 standard.

  This consolidation manual is accompanied by instructions issued during every financial statement approval process to all the entities in the Group. The instructions emphasise the specific items applicable to each approval process.

  Training in both methodology and operations is given regularly to all the key players in the Group so that the requirements introduced by the IRFS are properly understood and incorporated into the financial statements.

- Pre-closing procedure

  In 2007, the Groupama SA General Management introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the final 2007 estimate and helps to apprehend the profit or loss to be contributed by each entity for the current year at its most probable level. This system involves the following:
  - a systematic and critical review of the principal aggregates making up the interim management balances;
  - identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's General Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the General Management).

  This gives the General Management an across-the-board picture of 2009 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

At the end of 2009, all the entities in the Group, regional mutuals, subsidiaries and Groupama SA are given an internal auditing and control unit related both to its mandate to monitor activities and its on-going mandate to identify and monitor risks.

Moreover, concerning compliance, each regional mutual and each division and subsidiary of Groupama SA now has a compliance correspondent.

The integration of international subsidiaries in risk management processes, particularly for major Group risks, was stepped up in 2009 and will continue in 2010.

The deployment of the common risk-management database and “incident database” which was initiated at the end of 2009 and continued across the Group in the first half 2010 will promote the objective measurement of operational risks and allow the standardised, integrated monitoring of risks at entity level and at Group level.

To supplement the systems already in existence, the Group’s major risk monitoring process has been enhanced with the launch of the Group performance indicator project.

In 2010, the Group will pursue its preparation for the implementation of the future regulatory environment.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

Report by the statutory auditors prepared pursuant to Article L. 225-235 of the Commercial Code, and on the report by the Chairman of the Board of Directors.

(Fiscal year ended 31 December 2009)

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 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 2009.

It is the responsibility of the Chairman to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide other information as required under Article L. 225-37 pertaining in particular to corporate governance procedures.

It is our responsibility:

- to report to you any observations that we may have regarding the information provided in the Chairman's report concerning the internal control procedures related to the preparation and treatment of the 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 auditing 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 required to apply procedures designed to assess the accuracy of information on the 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.

Neuilly-sur-Seine and Paris La Défense, 1 March 2010

The Auditors

PricewaterhouseCoopers Audit — Mazars

Michel Laforce — Bénédicte Vignon — Gilles Magnan

3.6 FEES OF THE STATUTORY AUDITORS

In 2009, the other engagements, which involve audits carried out specifically in connection with external growth transactions, increased. They amounted to €251,000 compared with €184,900 in 2008.

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

	2009				2008			
(in thousands of euros excluding tax)	Price-waterhouse Coopers	Mazars	Other	Total	Price-waterhouse Coopers	Mazars	Other	Total
1. Legal audit assignments								
1.1. Statutory auditors	**3,590.8**	**2,463.3**	**346.0**	**6,400.1**	**3,444.9**	**2,307.6**	**458,1**	**6,210.6**
Groupama SA	535.3	466.3		1,001.6	543.5	473.5	0.0	1,017.0
French subsidiaries	1,759.4	1,262.1	226.0	3,247.5	1,755.2	1,185.9	256.9	3,198.0
International subsidiaries	1,296.1	734.9	120.0	2,151.0	1,146.2	648.2	201.2	1,995.6
1.2. Other engagements and audits directly related to the services by the auditors	**176.0**	**75.0**	**0.0**	**251.0**	**93.0**	**90.0**	**1.9**	**184.9**
Groupama SA	90.0	45.0		135.0	90.0	90.0	0.0	180.0
Other subsidiaries	86.0	30.0	30.4	146.4	3.0	0.0	1.9	4.9
SUB-TOTAL, CONSOLIDATED FINANCIAL STATEMENTS	**3,766.8**	**2,538.3**	**346.0**	**6,651.1**	**3,537.9**	**2,397.6**	**460.0**	**6,395.5**
2. Other engagements (technical, accounting and regulatory consulting)	**9.7**			**9.7**	**36.0**	**0.0**	**0.0**	**36.0**
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,776.5**	**2,538.3**	**346.0**	**6,660.8**	**3,573.9**	**2,397.6**	**460.0**	**6,431.5**

3.7 TRANSACTIONS WITH AFFILIATES

Section 3.7 as a whole corresponds to note 46 on affiliates in the notes to the Financial Statements for fiscal year 2009, audited by the statutory auditors.

3.7.1 GENERAL PRESENTATION

Groupama SA and its subsidiaries, which make up the Equity Management Dsivision of the Groupama group, maintain major lasting relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group's Mutual Insurance Division. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationship amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the regional mutuals network involves mainly Groupama SA and Groupama Gan Vie (which assumes the rights and obligations of Groupama vie). Based on these two entities, the contribution by the network of regional mutuals to consolidated premium income accounts for 29.1% of total consolidated premium income for 2009.

3.7.1.1 Reinsurance

The regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement, which is a regulatory basis, is set forth in the bylaws of the regional mutuals. This reinsurance exclusivity entails financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing" between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determines the financial return for the whole.

Thus, Groupama SA helps to draft the technical terms and conditions, particularly regarding rates that apply to direct insurance, or else it drafts those conditions itself depending on the nature of the risks reinsured.

In addition, Groupama SA may participate in the management of any claims file and jointly manage any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a certain number of mechanisms can be used to quickly re-establish any imbalances.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to hold true over the long term, and the reinsurance agreement between Groupama SA and the regional mutuals has a life equal to that of Groupama SA, which, unless extended, will end in 2086. Any amendments to the agreement must be added in accordance with a decision-making process based on consensus, which grants the authority for final approval to the Groupama SA Board of Directors.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail in section 3.7.2.1.

3.7.1.2 Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. Those subsidiaries are engaged in the business either of offering products or services designed for members and customers in the areas of insurance, banking or services, or providing financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the 14 December 2005 meeting of the Groupama SA Board of Directors.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are described below:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (i.e., products or services designed for members or customers) or to the needs of the entities of the Group (i.e., the financial services designed for the entities of the Group) and that are competitive when 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 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 Director the authority for final approval.

This level was set substantially above the regulatory requirements in terms of solvency.

If the concerned regional mutual disagrees with the recovery measures recommended by an audit, a reconciliation procedure is used after which the Groupama SA Board of Directors may decide by a two-thirds majority to ask for the resignation of the Board of Directors of the regional mutual and/or the dismissal of the Managing Director.

In the event of refusal, the Groupama SA Board of Directors may decide by a two-thirds majority to propose to the Groupama National Federation to exclude the regional mutual from the Groupama National Federation, which would mean excluding the regional mutual from the Group.

Solidarity fund

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals if their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

The regional mutuals contribute to this fund in proportion to the insurance contributions retained by them; the fund also receives an annual allocation to reserves until the total allocations by the regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance from the solidarity fund, calculated according to the same method as the allocations by the mutuals.

Funding support is possible provided two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business, calculated as mentioned above;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is made by the Groupama SA Board of Directors by a two-thirds majority.

Appointing the Managing Directors of the regional mutuals

The Managing Directors of the regional mutuals are appointed by their Board of Directors after advice 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 the terms for the annual application of the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, seeing to it that the said agreements are legally sound and that they comply with the interests of the employees of Groupama SA and its future minority shareholders.

3.7.2 AGREEMENTS BETWEEN GROUPAMA SA AND ITS SUBSIDIARIES AND THE REGIONAL MUTUALS

3.7.2.1 The Reinsurance agreement

The need for reinsurance 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 insurance, crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto must be made in the form of a rider in writing, approved by the Groupama SA regional mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- they are then subject to approval by the regional mutuals in a meeting of the Managing Directors of the regional mutuals and the Chief Executive Officer of Groupama SA;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by 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 like motor, general third-party liability, life and Health insurance, individual health and fire, not including natural risks or highly specific risks like construction, long-term care, etc; those risks are characterised by rather low volatility, which requires essentially a cover for claims exceeding a certain threshold;
- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events;
- heavy risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even catastrophic claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

All the risks classified in the same family are included in same-level outward reinsurance operations and adapted to their shared underwriting characteristics.

The risks that do not fall within these three groups because they are new or because of their specific features are handled appropriately based, if possible, on the principles applicable to the risk family which they most resemble. These involve mainly natural disasters (legal system with State reinsurance), construction insurance (ten-year risk), long-term care insurance (recent and very long-term risk), terrorist attack risks (market pool), and climate multi-risk insurance (new risk). These risks are classified under the heading “other risks”.

(c) Basic risks

All basic risks are subject to a 30% quota share outward reinsurance (40% for overseas mutuals), which represented premium income of €1,253.8 million for Groupama SA in 2009.

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 83% of their premium income. Specific regulations are provided, however, for the unlikely case where a regional mutual would reinsure outward with Groupama SA a total of two consecutive years of a loss under this quota share reinsurance.

This mandatory quota share reinsurance provides Groupama SA with the wherewithal, the margin and the territory enabling it to be a financially sound reinsurer, providing the mutuals with the appropriate risk cover for high-volatility risks classified in other families, which, on the contrary, have a limited premium pool.

Through this quota share, Groupama SA participates directly in the growth of and the return on the core business of the regional mutuals.

Custody by the mutuals is protected by a claims excess with the same threshold for all the regional mutuals in metropolitan France and is indexed annually. This excess is set at a high level; to limit the scope of this coverage to a share calculated in such a way that the overall amount covered does not exceed for Groupama SA an average of 3% of the total basic risk claims recorded by all the regional mutuals. The mutuals retain an interest in the excess portion, which is therefore not completely transferred, which gives them a stake in the total cost of these claims.

(d) Atmospheric risks

All atmospheric risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €183.4 million for Groupama SA in 2009.

This custody is very significant but this important factor in the empowerment of the mutuals is supplemented by a system allowing a modulation of the contribution base of the contributions transferred based on the history of the claims reports observed over a long period.

This allows Groupama SA to automatically correct the rate charged (set by the mutuals), which determines this base, when the rate does not correspond to the risk balance over time, factoring in specifically the external reinsurance costs, which are substantial in these areas.

Custody by each mutual is protected by an annual stop loss, separately for the storm unit and for the hail unit; thus the total annual claims in a given area are cut back if they exceed a high threshold (higher than the premium income).

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the premium income of the mutual adjusted for its claims history.

Nor is the excess portion completely transferred, and the mutuals retain an interest in the annual claims total with no limitation as to amount.

The portion of the claims paid by the annual stop loss represents an average over a long period of 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).

(e) Heavy risks

All heavy risks are subject to a 50% quota share outward reinsurance (65% for overseas mutuals), which represents premium income of €71 million for Groupama SA in 2009.

Custody by the mutuals is thus very significant; and it was recently bolstered, which greatly helped in cleaning up the portfolio.

It is protected by a stop loss above a certain threshold, beyond which, like in the other two risk families, the mutuals retain a portion of the total cost of the claim.

The claim expense paid by this coverage represents an average of 15% of the total cost of the claims under custody with the mutuals after reinsurance of the mandatory portion.

In this area with a low premium base, modulation mechanisms comparable to those applied to atmospheric risks would not be significant; on the contrary, the reinsurance agreement enables Groupama SA, which has a central team of specialised underwriters, to participate directly in setting the insurance terms and rates in underwriting heavy risks and in settling claims.

(f) Principal other risks (“other risks”)

In natural disasters, the mutuals transfer a 70% quota share (the minimum outward reinsurance to the CCR. being 50%), and the claims under their custody are protected by an annual stop loss.

Construction reinsurance is comparable to basic risks insurance with a quota share outward reinsurance of 30% and a stop loss on custody; however, because of its ten-year balancing and accounting principles, it cannot be classified in that family.

Long-term care is reinsured solely in quota share at the rate of 50%.

Corporate takeover risks are transferred at 100% because they are then completely retroceded to the Gareat market pool.

With regard to a new and as yet experimental business, multi-risk climate insurance is transferred by each regional mutual at the rate of 100% to Groupama SA, but the insurance terms and rates are set by Groupama SA and 50% of the national profit/loss is then retroceded to the mutuals.

In all, these outward reinsurance operations accounted for premium income of €277 million for Groupama SA in 2009.

(g) 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 40% 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.

Transactions retroceded are spread out amongst the regional mutuals in proportion to the gross contributions retained by each of them after the quota share transfer to Groupama SA, including basic, atmospheric and major risks.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(h) Amounts involved in fiscal year 2009

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)	31.12.2009	31.12.2008
Earned premiums, non-life	1,786	1,784
Insurance policy servicing expenses	(1,382)	(1,009)
Acquisition costs	(153)	(154)
Administrative expenses	(153)	(154)

At 31 December 2009, the net profit on retrocession was €43 million.

(in millions of euros)	31.12.2009	31.12.2008
Expenses on outward reinsurance	(68)	(81)
Income on outward reinsurance	111	52

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 €1,797.4 million in 2009.

3.7.2.2 Groupama Gan Vie (assuming the rights and obligations of Groupama 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. Those agreements were transferred to Groupama Gan Vie following the takeover of Groupama Vie by Groupama Gan Vie on 31 December 2009.

(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 PR and advertising. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals are charged with covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama 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 €2,286.7 million in 2009. The fees earned by the regional mutuals amounted to €108.5 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 rates for the products as well as the contract documents and communications media. The regional mutuals are responsible for the commercial relationship with customers.

With regard to administration, the regional mutuals are charged with performing all administrative functions for life insurance policies, including medical management, with the exception of certain 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 €35.6 million in 2009. The fees earned by the regional mutuals amounted to €7.1 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 €44.4 million in 2009. The fees earned by the regional mutuals amounted to €5.9 million.

3.7.2.4 Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3.7.3 FINANCING OF MAJOR PROGRAMMES

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.7.3.1 Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body proceeds from the regional level; its role is to embody the collective will and steer the policies resulting therefrom, but from a legal standpoint, it does not have the power to impose those policies on a regional level. Financing is one lever that can facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies are most often the ones to generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty and to involve a business risk making return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national size effect that would exist if this combination were not legally divided into thirteen regional mutuals.

3.7.3.2 Interest of the central reinsurer in expanding the business of the regional mutuals

As indicated above (see 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 2009, Groupama SA contributed €5.7 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to sales objectives are designed to end when the retail banking business reaches a financial breakeven point forecast for the end of 2011. For fiscal year 2009, the amount of financial support devoted to deploying the banking business came to a total of €5.4 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 €0.9 million.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

3.8 MAJOR 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 were signed between Groupama SA, its subsidiaries and the regional Groupama mutuals within the scope of their business relations. These agreements are described in section 3.7.2 above.

3.9 SPECIAL REPORT FROM THE AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

(Fiscal year ended 31 December 2009)

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
Groupama SA
8-10, rue d'Astorg
75008 Paris

Dear Shareholders,

In our capacity as auditors of your company, we hereby submit our report on the regulated agreements and commitments.

Agreements and commitments authorised during the fiscal year

Pursuant to Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code, we have been informed of the agreements and commitments that have been the subject of advance authorisation from your Board of Directors.

It is not our responsibility to investigate the existence of any other agreements and commitments but rather to tell you, based on the information that we have been given, the essential features and terms of the ones that we have been informed of, without having to state an opinion on their utility or justification. Pursuant to Article R. 225-31 of the Commercial Code, it is your responsibility to evaluate the advisability of entering into those agreements and commitments with a view toward their approval.

We performed this engagement with due care according to the professional principles of the French national auditors' association, the Compagnie Nationale des Commissaires aux Comptes. Due care implies checking the concordance of the information that we were given with the basic source documents of such information.

- Chief Executive relinquishes his employment contract

  Upon renewal of his term of office, the Chief Executive stated his wish to relinquish his employment contract.

  Consequently, on 27 May 2009, the Board of Directors noted this change of status and the preservation of his current social security cover with respect to healthcare, retirement and provident 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 severance pay in the event of a forced departure due to a change of control or strategy. This severance pay 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 severance pay would not exceed two years' fixed and variable compensation.

- Financing of large Group programmes

  For the financing of the major programmes for 2010, subsidies of a maximum of €11.9 million net of corporate income tax were granted to Regional Mutuals to support the development of the banking activity (Groupama Banque); moreover, subsidies of €4.055 million 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 28 October 2009, wherein the Chairman of the Mutual concerned did not take part in the vote.

  Moreover, at the meeting of 28 October 2009, the Board of Directors authorised an increase of €0.268 million in the total amount of the 2009 subsidies authorised in 2008 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 €1,350 million exclusive of VAT were granted to certain Regional Mutuals for the 2009/2010 season, depending on factors such as media spin-offs; all of those subsidies were successively authorised at the Board of Directors' meeting of 28 October 2009, wherein the Chairman of the Mutual concerned did not take part in the vote.

  Directors concerned: Mr Aussat, Mr Baligand, Mr Bayeul, Mr Desnoues, Mr Habig, Mr Zanettacci

Agreements and commitments approved in previous fiscal years whose performance continued during the fiscal year

Pursuant to the Commercial Code, we were also informed that the performance of the following agreements and commitments, which were approved during previous fiscal years, had continued in the past fiscal year.

- Chief Executive's pension and retirement insurance policies

  On 1 December 2006, the Board of Directors authorised the extension of the policies for provident insurance, medical expenses and retirement applicable to Steering 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 2009 for the 2009/2010 season amounted to €0.932 million net of corporate income tax.

- Financing of large Group programmes

  Concerning the grants authorised by the Board of Directors on 29 October 2008 for the financing of the major programmes for 2009, the amounts actually allocated to the Regional Mutuals were as follows: €5.424 million net of corporate income tax for the deployment of the banking activity (Groupama Banque) and €5.722 million net of corporate income tax, including the additional grant of €0.268 million authorised by the Board of Directors on 28 October 2009, for joint IT expenses (SIGMA). Moreover, 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 €6.0 million in 2009, 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.

Neuilly-sur-Seine and Paris La Défense, 3 March 2010

The Auditors

PricewaterhouseCoopers Audit		Mazars
Michel Laforce	Bénédicte Vignon	Gilles Magnan

4

RISK FACTORS

This chapter corresponds to note 49 of the notes to the financial statements for fiscal year 2009, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks, with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly the risks related to interest rates, equity markets, and foreign exchange. The liquidity and credit risks are also specifically monitored by the Group for both its insurance and its financial investment activities. In addition, the Group is subject to operational, regulatory, legal and tax risks like all companies in other business sectors.

4.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The risk control organisation within the Group is described in the Report of the Chairman of the Board of Directors on the status of the work carried out by the Board as well as on the internal control procedures for fiscal year 2009 (see section 3.4 of this document).

The general principles, the objectives and the organisation of risk management in the Group are defined in the internal control charter; shared methods are used within the Group's entities to implement them.

4.1.1 REGIONAL MUTUALS

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement. 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.

4.1.2 GROUPAMA SA AND ITS SUBSIDIARIES

Risks related to the insurance business lines are monitored by the business departments specialising in the area in question; reinsurance risks are managed by the reinsurance and management department (see section 4.2 – Insurance risks). The Finance and Investment Department is responsible for managing the risks related to assets and Asset/Liability Management (see section 4.3 – Market risks).

The Board of Directors of Groupama SA has established an Audit and Accounts Committee; the principal duties of this Committee are to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the Annual Report on internal control.

4.1.3 GROUP

The Group General Audit 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.

The mission of the Group Internal Control and Risk Management Department is to coordinate and direct risk management within the Group; this Department is also present within each regional mutual and each subsidiary of Groupama SA. The Internal Control Department is responsible for directing the deployment of internal control procedures within Group companies and for implementing Group-wide action plans to manage risks.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives. Each regional mutual and each subsidiary of Groupama SA also has a Management Control Department.

4.2 INSURANCE RISKS

4.2.1 PRUDENTIAL OVERSIGHT

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

Solvency is periodically monitored by each of the companies and by the Finance and Risk Department.

Pursuant to the European Directive, the adjusted solvency margin is determined on the basis of the combined financial statements. In this scope of consolidation, the 2009 adjusted solvency margin based solely on net assets after goodwill and intangible assets was 105% of the margin requirement. The solvency margin including unrealised capital gains and future earnings from life insurance was 180% of the margin requirement.

4.2.2 OBJECTIVES FOR MANAGING RISKS RESULTING FROM INSURANCE POLICIES AND METHODS TO LIMIT THESE RISKS

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

4.2.2.1 Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore its earnings. The Insurance Divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA on behalf of the Group's companies. It is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the Actuarial Department of the Group. The work performed by the specialist insurance teams includes the drafting of the general terms and conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama SA are then responsible for marketing and managing the products. The products are marketed and managed by the entities of the Gan and Groupama SA sales networks.

4.2.2.2 Underwriting and claims management

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross Managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist divisions and the entities concerned. In addition, the specialist divisions also act to warn and advise the entities.

4.2.2.3 Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the Insurance Divisions in guidelines that are harmonised for all Group entities. Reserves are valued by the claims Managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "technical interest rate". In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the TME), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

(a) Breakdown of the technical reserves of non-life insurance policies by major risks

The breakdown of non-life technical reserves at 31 December 2009, compared to 31 December 2008, is as follows:

	31.12.2009			31.12.2008
(in millions of euros)	Reserves for unearned premiums	Outstanding claims reserve	Total	Total
Motor Insurance	910	3,067	**3,977**	**3,969**
Property damage	606	1,218	**1,824**	**1,737**
General third party liability	70	1,092	**1,162**	**1,274**
Marine, aviation, transport	13	584	**597**	**637**
Bodily injury	140	449	**589**	**586**
Other risks	232	1,126	**1,358**	**1,364**
Inward reinsurance	147	2,932	**3,079**	**3,011**
TOTAL RESERVES, GROSS OF REINSURANCE	**2,117**	**10,468**	**12,585**	**12,577**
Portion reinsured	80	1,270	**1,350**	**1,385**
TOTAL RESERVES, NET OF REINSURANCE	**2,037**	**9,198**	**11,235**	**11,192**

(b) Breakdown of technical reserves for life insurance policies by major risks

The breakdown of life technical reserves at 31 December 2009, compared to 31 December 2008, is as follows:

	31.12.2009			31.12.2008
(in millions of euros)	Reserves for unearned premiums	Outstanding claims reserve	Total	Total
Individual insurance	14,589	289	**14,878**	**13,013**
Group policies	7,274	250	**7,524**	**7,227**
Capitalisation	615	8	**623**	**535**
Other risks	2,609	26	**2,635**	**2,568**
Inward reinsurance	1,994	34	**2,027**	**1,882**
TOTAL RESERVES, GROSS OF REINSURANCE	**27,081**	**606**	**27,687**	**25,226**
Portion reinsured	48	15	**63**	**74**
TOTAL RESERVES, NET OF REINSURANCE	**27,034**	**591**	**27,625**	**21,151**

The change in total commitments may be explained by organic growth in the business line, primarily as a result of Groupama Gan Vie.

(c) Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments

As at 31 December 2009, the breakdown of technical reserves based on fixed-rate, variable rate (i.e., tied to a market rate) or no rate commitments was as follows:

	31.12.2009			31.12.2008
(in millions of euros)	France	International	Total	Total
Fixed-rate guaranteed commitments	35,166	3,257	**38,423**	**41,843**
Variable-rate guaranteed commitments	11,291	24	**11,315**	**4,921**
Unit-linked and other products without rate commitment	3,115	855	**3,970**	**3,435**
TOTAL	**49,572**	**4,136**	**53,709**	**50,199**

21.1% of the portfolio is considered variable rate. This variable rate is a function of an index. In France, in most cases, the index used as the reference for life insurance policies is the A passbook (“livret A”) rate. The TME is used for non-life insurance policies.

The significant change in the breakdown of commitments guaranteed at fixed/variable rate is essentially due to the reclassification of L441-type contracts (Prefon, Rip, Agri, Repma, etc.) which have been considered variable-rate contracts since the 2009 fiscal year. Such contracts have also been the subject of a sensitivity analysis.

4.2.2.4 Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the Security and Reinsurance Committee, which is composed of the External Outward Reinsurance Division of Groupama SA and several of its subsidiaries, which are based on the ratings from ratings agencies, are designed to control the solvency risk from reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run off.

4.2.3 TERMS AND CONDITIONS OF THE INSURANCE POLICIES WHICH HAVE A MATERIAL IMPACT ON THE AMOUNT, MATURITIES, AND UNCERTAINTY OF THE INSURER'S FUTURE CASH FLOWS

4.2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individualised policies and for businesses in the form of group contracts.

The main individual insurance contracts in euros offered to our clients are savings policies, term life policies, mixed insurance contracts, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group contracts offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells unit-linked policies that are multi-component policies with one investment component in euros and another in equities.

(a) Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made catastrophes, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural catastrophes in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of catastrophes or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

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

(b) Specific features of certain life insurance policies

Discretionary profit-sharing clause

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit-sharing must at least correspond to the regulatory and/or contractual constraints. Commercial pressure may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policyholders to participate in financial management results and the underwriting results of the insurance company.

Early redemption options

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. This phenomenon may be intensified in the event of a sharp and lasting increase in interest rates. For some products, redemption penalties are applied in the event of early redemption and allow the insurer to cover a portion of the acquisition costs incurred at the time the policy was signed.

Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder. The insurance company recognises reserves for this risk.

(c) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is known through mortality tables that show the number of persons alive at each age in the human life, based on a given number of persons at birth. On the basis of statistics on mortality for men and women, different mortality tables have been constructed and are regularly revised to take demographic changes into account. In general, these tables correspond to national statistical tables published by the national statistical bodies.

For France, the Group uses the generational and gender mortality tables (known as “TGH” and “TGF”), or tables with annuity forecasts with age differences (“TPRV”), which are both forecasting tables used to define rates for annuity contracts constructed using data from INSEE, the French statistics institute. They take into account the observed trend in decline in mortality.

As at 31 December 2009, the amount of the actuarial reserves for annuities currently being paid was €5,472 million, compared to €5,010 million at 31 December 2008.

	31.12.2009			31.12.2008
(in millions of euros)	France	International	Total	Total
Actuarial reserve for life annuities	3,630	28	**3,658**	**3,163**
Actuarial reserve for non-life annuity	1,789	24	**1,814**	**1,847**
TOTAL	**5,418**	**52**	**5,472**	**5,010**

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

In the international segment, the tables used comply with legal requirements.

In the other portfolios, the mortality risk concerns the whole life and deferred capital products.

4.2.4 INFORMATION ON CONCENTRATIONS OF INSURANCE RISK

At the time of a claim, a major concern for the Group is the risk of facing a concentration of risks and therefore an accumulation of the indemnities to be paid.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group’s entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

4.2.4.1 Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographic risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- three-year statements of commitments for risks of storms, hail, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

4.2.4.2 Protection

Protection consists of implementing reinsurance coverage which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life 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.

4.3 MARKET RISKS

There are three categories of different market risks which Groupama might be subject to:

- interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- foreign exchange risk.

4.3.1 INTEREST RATE RISK

4.3.1.1 Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would affect the profitability of assets invested to cover yields for life insurance products. Net financial profits might be affected specifically on debt products that show a change in value inversely proportional to the change in interest rates. Thus, in the event of a drop in interest rates, the Group's financial performance might be limited because of a decline in the spread between interest rates awarded to policyholders, and the return on the Group's investment portfolio.

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

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

4.3.1.2 Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

(a) Asset/Liability Management

Tracking the profile of liability flows allows bond management to be defined, taking into account the duration and convexity of these liability flows and any sensitivity of these flows to changes in interest rates.

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different rate environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the volatility of the differential between the real yield from the asset and the rate expected by the policyholder. These strategies include calibrating the durations and convexities of the bond portfolios, the portion of variable-rate bonds, the portion of diversification assets, and the features of the hedging products.

Hedging products are used to re-establish the asymmetry between liabilities profiles and those of traditional bond assets in the different rate environments considered.

(b) Interactions with the redemption risk and profit-sharing clauses

Sensitivity of redemption behaviours to changes in interest rates: an increase in the rates can lead to an increase in the policyholders' expectation of revaluation and, if this expectation cannot be met, the sanction of early redemptions. In addition to the loss of income and an increase in benefits, the risk will be losses related to the disposal of assets at a loss (which could be the case for fixed-rate bonds), which would themselves generate a drop in the rate of return on the asset.

However, in addition to the fact that liabilities that can be redeemed do not represent all commitments, the sensitivity of redemptions to changes in interest rates can vary depending on the product and policyholders' expectations. The objective of asset/liabilities management is to reduce the volatility of redemption rates, using strategies that take into account the various reserves available and bond management strategies coupled with hedging products. These are used to adjust the yield profile for the assets in the different potential interest rate environments in order to ensure policyholder satisfaction.

(c) Interest rate risk related to the existence of guaranteed rates

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through prudential reserve mechanisms.

(d) Rate hedges

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases and declines.

Risk of rate decline

Hedges consist of setting the conditions for reinvestment at the market return rate prevailing on the date the hedge is implemented. This is made possible by using instruments whose cash flow schedules differ from those of the instruments in which the investment is made. At the time it is applied, the instrument allows exchanging a fixed rate received and frozen at the time the hedge was applied, against the short-term variable rate paid at the time.

These hedging programmes were primarily applied in 2008. Given the change in rates during the fiscal year, there was no new contractualisation in 2009.

Risk of rate increase

Hedges are used to ensure a rate of return consistent with the market environment in the event of a rise in interest rates.

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other.

- purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option.
- interest rate swap: the hedging strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or to synthetically create a variable rate bond for new investments.

The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. These programmes were subsequently supplemented and expanded. They do not meet the definition of hedge accounting according to IFRS.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

4.3.1.3 Principal features of the bond portfolio

At the end of December 2009, based on market values, the proportion of bonds instruments was 72% of total financial investments excluding unit-linked items, 67% 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.). The following points should be specified:

- the data are expressed at market value at the close of each fiscal year;
- bonds callable at the issuer's initiative are assumed to mature on the date of the call (perpetual subordinated debt, etc.);

■ the convertible bonds and equity interests are considered to be "without interest rate" like all the other investments (shares, real estate).

	31.12.2009			31.12.2008		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
available-for-sale	39,195	4,141	43,335	35,398	2,128	37,526
held for trading	26	6	32	13	4	17
designated as fair value through income	836	72	908	1,039	118	1,157
Non-listed bonds						
available-for-sale	44	8	52	16	18	34
held for trading	0	0	0	1	0	1
designated as fair value through income	48	1	49	3	11	14
TOTAL BOND PORTFOLIO	**40,149**	**4,228**	**44,377**	**36,470**	**2,279**	**38,749**

The distribution of the bond portfolio thus shows that the types of investments favoured by the Group are primarily long-term bonds (over 5 years) with fixed rates.

4.3.1.4 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2009 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on shareholders' equity and income are shown net of profit-sharing and corporate tax.

(a) 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 2009, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €579 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was on the order of €288 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:

	31.12.2009		31.12.2008	
	Interest rate		Interest rate	
(in millions of euros)	-1%	+1%	-1%	+1%
Impact on income (net of tax)	(63)	53	(55)	45
Shareholders' equity impact (net of income)	0	0	0	0

Life insurance and financial contracts

The analysis was limited to life commitments with accounts sensitive to changes in interest rates, representing some 5% of all life technical reserves. Most of the Group's technical commitments are restated at fixed rates, which limit the sensitivity of reserves to interest rates. In France, the restated rates used fall within a range of 2% to 4.50% for most of the actuarial reserves.

Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the Group.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2009		31.12.2008	
	Interest rate		Interest rate	
(in millions of euros)	-1%	+1%	-1%	+1%
Impact on income (net of tax)	(377)	346	(60)	55
Shareholders' equity impact (net of income)	0	0	0	0

As mentioned above, and within the broader context of rate decline, the scope of the sensitivity analysis was extended by taking into account the economic sensitivity of L441-type pension contracts (Prefon, Rip, Agri, Repma, etc.). This represents most of the change observed between the two fiscal years.

(b) 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 financial investments;
- the current tax rate.

In fiscal year 2009, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 57.39% to 91.15% (except in the case of Turkey, which was 16.58%).

	31.12.2009		31.12.2008	
	Rate risk		Rate risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on the revaluation reserve	**(744)**	**839**	**(617)**	**695**
Equities				
Equity mutual funds				
Bonds	(739)	834	(611)	688
Rate mutual funds	(5)	5	(6)	6
Derivative instruments and embedded derivatives				
Impact on net income	**20**	**(11)**	**3**	**4**
Equities				
Equity mutual funds				
Bonds	(4)	4	(6)	6
Rate mutual funds	(13)	14	(1)	11
Derivative instruments and embedded derivatives	37	(29)	19	(13)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

(c) Financial debt sensitivity analysis

Financial debt posted to liabilities on the Group income statement may be posted to debt or shareholders' equity under IFRS.

In fiscal year 2007, the Group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this 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%.

		Change +1%		Change -1%	
(in millions of euros)		on income	on equity	on income	on equity
2009	Fixed portion				
	Variable portion	(1)		1	
2008	Fixed portion				
	Variable portion	(1)		1	

With an increase in interest rates, interest expenditure would increase by €1 million. By applying a fixed-rate swap to the variable portion of the debt, the impact on results would be low.

4.3.2 RISK OF VARIATION IN THE PRICE OF EQUITY INSTRUMENTS (STOCKS)

4.3.2.1 Type of and exposure to equity risk

Fluctuations in the financial markets (particularly the equity and debt markets) could have a favourable or unfavourable impact on the sales of Groupama's individual pension, retirement and life insurance products, and on its asset management activity. The Group's ability to earn profits on insurance and investment products depends in part on the return on assets invested in exchange for commitments taken on the products in question. The value of certain specific investments is likely to fluctuate as a function of financial market conditions. For example, any decrease/increase in stock prices would have a direct impact on unrealised capital gains associated with securities in the Group's investment portfolio.

The weight of equity instruments out of total financial investments (including operating activities property) was 13.5% 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 risky FCPR.

4.3.2.2 Group risk management

Equity portfolios held by the Group subsidiaries are generally determined within the context of asset/liability studies to ensure capacity to withstand a market shock over a short-term period, taking into account the objectives for gains required to meet the objectives for the period. These studies cover the reserves available elsewhere, such as the profit-sharing funds or unrealised gains.

Equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. They therefore comply with the limits set by financial management, i.e.:

- 3% of the company's capital;
- 10% of the company's float;
- an amount that must not represent more than 5% of the equity portfolio;
- the portfolio's liquidity must be greater than a minimum liquidity curve.

These management measures, specifically performance, as well as compliance with the defined limits, are tracked at the management company's monthly committee meetings for reporting to financial management.

4.3.2.3 Breakdown of the equity portfolio by business line

The investment policy is aimed at diversifying the Group's investments by business line to avoid any concentration of risks. At 31 December 2009, the distribution of the equities portfolio by business line was as follows.

Distribution of the equity portfolio by business line *(as a %)*	31.12.2009	31.12.2008
Energy	13.8	14.9
Basic materials	9.1	9.1
Industrials	17.2	19.0
Consumer goods	10.5	7.4
Consumer goods (non cyclical)	9.1	11.0
Telecommunications	4.2	6.0
Utilities	8.3	11.0
Financial companies	18.6	17.9
Technologies	6.2	3.7
Health	3.0	

4.3.2.4 Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the financial investments;
- the current tax rate.

In fiscal year 2009, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 57.39% to 91.15% (except in the case of Turkey, which was 16.58%).

	31.12.2009		31.12.2008	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**269**	**(269)**	**225**	**(225)**
Equities	212	(212)	182	(182)
Equity mutual funds	56	(56)	43	(43)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**19**	**(19)**	**12**	**(13)**
Equities	0	(0)	0	0
Equity mutual funds	18	(18)	13	(13)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives			(1)	

4.3.3 FOREIGN EXCHANGE RISKS

4.3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the euro zone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint and the Romanian leu.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under translation adjustment.

4.3.3.2 Managing foreign exchange risk

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

4.3.3.3 Breakdown of financial investments by currency

	31.12.2009					
(in millions of euros)	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets	**51,698**	**441**	**789**	**82**	**1,031**	**54,041**
Equities	6,701	128	67	26	527	7,448
Bonds	41,948	247	697	43	453	43,387
Mutual funds	2,977	65	25	13	51	3,131
Other investments	71	2	1	0	1	75
Assets held for trading	**11,319**	**2**	**0**	**0**	**67**	**11,388**
Equities held for trading	0	0	0	0	0	0
Equities - designated as fair value through profit and loss	10	1	0	0	0	11
Bonds held for trading	32	0	0	0	0	32
Bonds - designated as fair value through profit and loss	903	0	0	0	55	958
Mutual funds held for trading	4,927	0	0	0	0	4,928
Mutual funds - designated as fair value through profit and loss	5,445	0	0	0	0	5,445
Other investments held for trading	0	0	0	0	0	0
Other investments - designated as fair value through profit and loss	3	0	0	0	12	14
Other financial assets	**509**	**0**	**7**	**0**	**99**	**615**
Loans	214	0	7	0	2	223
Deposits	190	0	0	0	95	285
Other investments	105	0	0	0	2	107
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND ULS)	**63,526**	**443**	**796**	**82**	**1,197**	**66,045**

(in millions of euros)	31.12.2008 Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets	**46,258**	**502**	**719**	**82**	**726**	**48,286**
Equities	5,214	147	135	40	380	5,917
Bonds	36,632	27	584	0	317	37,560
Mutual funds	4,289	322	0	42	29	4,682
Other investments	122	5	0	0	0	128
Assets held for trading	**10,731**	**2**	**0**	**1**	**66**	**10,799**
Equities held for trading	4	0	0	0	0	4
Equities - designated as fair value through profit and loss	3	2	0	0	12	16
Bonds held for trading	18	0	0	0	0	18
Bonds - designated as fair value through profit and loss	1,144	0	0	0	27	1,171
Mutual funds held for trading	4,141	0	0	1	0	4,142
Mutual funds - designated as fair value through profit and loss	5,419	0	0	0	0	5,419
Other investments held for trading	0	0	0	0	0	0
Other investments - designated as fair value through profit and loss	3	0	0	0	26	29
Other financial assets	**680**	**1**	**4**	**0**	**97**	**782**
Loans	205	0	4	0	1	210
Deposits	281	1	0	0	95	378
Other investments	194	0	0	0	0	194
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND ULS)	**57,669**	**504**	**723**	**83**	**888**	**59,868**

A significant portion of foreign currency investments came from investments underlying the consolidated mutual funds. Exposure to potential risk was reduced considerably by hedging programmes within these mutual funds.

4.3.3.4 Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

In fiscal year 2009, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 57.39% to 91.97% (except in the case of Turkey, which was 16.58%).

(in millions of euros)	31.12.2009 Foreign currency risk +10%	31.12.2009 Foreign currency risk -10%	31.12.2008 Foreign currency risk +10%	31.12.2008 Foreign currency risk -10%
Impact on the reevaluation reserve	**84**	**(84)**	**71**	**(71)**
Equities	15	(15)	12	(12)
Equity mutual funds	4	(4)	6	(6)
Bonds	65	(65)	53	(53)
Rate mutual funds	0	(0)		0
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**2**	**(2)**
Equities	0	(0)		
Equity mutual funds	0	(0)		
Bonds	1	(1)	1	(1)
Rate mutual funds	0	(0)	1	(1)
Derivative instruments and embedded derivatives				

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

4.3.4 SUMMARY OF SENSITIVITY TO MARKET RISKS ANALYSES

The following table shows all the sensitivity to market risks analyses for fiscal years 2009 and 2008, broken down by shareholders' equity and income, excluding profit sharing and taxes.

	31.12.2009				31.12.2008			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
(in millions of euros)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)
Interest rate risk	**(744)**	**418**	**839**	**(450)**	**(617)**	**102**	**695**	**(110)**
Operating liabilities		399		(440)		100		(115)
Financial investments	(744)	20	839	(11)	(617)	3	695	4
Financial Debt		(1)		1		(1)		1
Equities risk	**269**	**19**	**(269)**	**(19)**	**225**	**12**	**(225)**	**(12)**
Financial investments	269	19	(269)	(19)	225	12	(225)	(12)
Foreign exchange risks	**84**	**2**	**(84)**	**(2)**	**(71)**	**2**	**71**	**(2)**
Financial investments	84	2	(84)	(2)	(71)	2	71	(2)

We note that the sensitivity criteria applied were the following:

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

4.4 LIQUIDITY RISK

4.4.1 NATURE OF EXPOSURE TO LIQUIDITY RISK

The overall liquidity risk is analysed using the asset/liability approach:

- identification of a structural cash requirement, which is the level of cash to be held as an asset, based on the liquidity requirements imposed by liabilities, using:
  - technical cash flow projections in a central scenario;
  - sensitivity scenarios on technical assumptions (production, claims ratio);
- definition of a benchmark for bond management, the results of which support the duration and convexity profile of the liabilities. This approach is based on validated assumptions of liability outflows and takes new business written into consideration.

4.4.2 RISK MANAGEMENT

In addition to the asset/liability approach, the outlines of which have been described above, the liquidity ratios in the equity mandates of the Groupama SA subsidiaries were reinforced in several directions:

- the market value of a security may not exceed:
  - 3% of the capital of the company in question;
  - 10% of the float of the company in question;
- individually, it must be possible to convert all equity portfolios into liquid assets (liquidation assumption: 25% of the average daily volume traded on the market during the last three months) under the following rules:
  - 50% in less than two market weeks;
  - 75% in less than one month (20 market days);
  - 95% in less than three months (60 market days).

At 31 December 2009, all these criteria were met as a whole, and the France equities portfolio may be liquidated as follows:

- 90.7% with a 10 day horizon;
- 94.2% with a 20 day horizon (1 trading month);
- 97.7% with a 60 days horizon (3 trading months).

A regular check of these liquidity ratios is performed at each Investment Committee Meeting.

4.4.3 FINANCIAL INVESTMENT PORTFOLIO BY MATURITY

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

	31.12.2009				31.12.2008			
	Maturity				Maturity			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Listed bonds								
available-for-sale	1,276	7,741	34,318	43,335	2,482	8,787	26,257	37,526
held for trading	0	6	26	32	0	2	14	17
designated as fair value through profit and loss	96	118	694	908	119	267	771	1,157
Non-listed bonds								
available-for-sale	13	28	11	52	29	5	0	34
held for trading	0	0	0	0	0	1	0	1
designated as fair value through profit and loss	5	0	44	49	3	0	11	14
TOTAL BOND PORTFOLIO	**1,390**	**7,894**	**35,093**	**44,377**	**2,633**	**9,062**	**27,053**	**38,749**

4.4.4 LIABILITIES RELATED TO INSURANCE POLICIES AND LIABILITIES RELATED TO FINANCIAL CONTRACTS BY MATURITY

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

(in millions of euros)	31.12.2009 <1 year	31.12.2009 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total	31.12.2008 <1 year	31.12.2008 1 to 5 years	31.12.2008 >5 years	31.12.2008 Total
Non-life technical reserves	6,259	4,425	4,079	14,762	5,940	4,305	4,584	14,829
Technical life provisions- insurance contracts excluding unit-linked items	1,965	4,857	21,661	28,483	1,651	5,124	19,501	26,276
Technical liabilities related to financial contracts with discretionary profit-sharing:	1,806	2,416	17,710	21,932	1,325	3,039	16,777	21,141
Technical liabilities related to financial contracts without discretionary profit-sharing:	10	1	5	17	18	3	147	168
Reserve for deferred liability profit-sharing	3	9	22	34	2	1	3	6
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**10,043**	**11,708**	**43,477**	**65,228**	**8,936**	**12,472**	**41,012**	**62,420**

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.

4.4.5 FINANCIAL DEBT BY MATURITY

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 herein – Financial Debt.

4.5 FAIR VALUE HIERARCHY

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

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

(in millions of euros)	31.12.2009				31.12.2008			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale assets								
Equities	9,728	82	210	10,020	7,718	134	207	8,059
Bonds	42,881	455	675	44,010	37,376	430	2,406	40,212
Other	1		10	12	1		13	15
TOTAL AVAILABLE-FOR-SALE ASSETS	**52,610**	**537**	**894**	**54,041**	**45,095**	**565**	**2,627**	**48,286**
Assets held for trading								
Equities	5,389		398	5,787	3,618		377	3,996
Bonds	3,234	5	84	3,323	5,130	16	83	5,229
Other	2,277		3	2,280	1,575		3	1,577
Total assets held for trading	**10,899**	**5**	**485**	**11,390**	**10,323**	**16**	**463**	**10,802**
Investments in unit-linked policies	**2,795**	**189**	**672**	**3,657**	**2,717**	**118**	**625**	**3,460**
Derivative instrument assets and liabilities	**0**	**10**	**(1)**	**10**	**26**	**205**	**3**	**234**
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	**66,304**	**742**	**2,051**	**69,097**	**58,161**	**903**	**3,718**	**62,783**

Under “Liabilities”, fair value financial contracts without discretionary profit sharing amounted to €136 million at 31 December 2009 versus €167 million at 31 December 2008.

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

Derivative instruments under “Assets” amounted to €181 million and those under “Liabilities” to €171 million at 31 December 2009. 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 millions of euros)	Available-for-sale assets			Assets held for trading			Investments in unit-linked policies	Asset and liability derivatives
	Equities	**Bonds**	**Other**	**Equities**	**Bonds**	**Other**		
Level 3 opening amount	**207**	**2,406**	**13**	**377**	**83**	**3**	**625**	**3**
Change in unrealised capital gains or losses recognised in:								
- income				(39)	19		35	0
- gains and losses recognised directly in shareholders’ equity	2	5	(3)					
Transfer to level 3		2						
Transfer outside level 3		(1,804)						
Reclassification of loans and receivables								
Changes in the consolidation scope								
Acquisitions		69		74	13		62	
Sales/Repayments		(3)		(15)	(31)		(50)	(4)
Level 3 closing amount	**210**	**675**	**10**	**398**	**84**	**3**	**672**	**(1)**

Transfers outside level 3 were to level 1 only and relate to the bond market’s return to liquidity.

4.6 CREDIT RISK

4.6.1 FINANCIAL INVESTMENTS

4.6.1.1 Type and amount of the exposure to credit risk

The rating indicated is an average of the ratings published at year-end 2009 by the three main agencies (S&P, Moody's and Fitch Ratings).

	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
held for trading	4	7	4	0	0	16	32
designated as fair value through profit and loss	32	12	317	338	27	183	908
Non-listed bonds							
available-for-sale	0	3	3	34	10	1	52
held for trading	0	0	0	0	0	0	0
designated as fair value through profit and loss	0	2	42	0	5	0	49
TOTAL BOND PORTFOLIO	**17,447**	**8,355**	**14,158**	**3,768**	**251**	**397**	**44,377**

	31.12.2008						
(in millions of euros)	**AAA**	**AA**	**A**	**BBB**	**<BBB**	**Not rated**	**Total**
Listed bonds							
available-for-sale	19,918	6,253	9,251	1,559	269	276	37,526
held for trading	6	7	4	0	0	0	17
designated as fair value through profit and loss	122	71	556	226	0	182	1,157
Non-listed bonds							
available-for-sale	7	0	0	8	18	1	34
held for trading	0	1	1	0	0	0	1
designated as fair value through profit and loss	3	1	1	1	0	7	14
TOTAL BOND PORTFOLIO	**20,057**	**6,333**	**9,812**	**1,795**	**287**	**466**	**38,749**

4.6.1.2 Type and quality of bond issuers

	31.12.2009	31.12.2008
(in millions of euros)	**Net amount**	**Net amount**
Bonds issued by EU Member States	24,089	19,442
Bonds issued by States outside the EU	60	81
Bonds from public and semi-public sectors	2,938	3,057
Corporate Bonds	16,912	16,005
Other Bonds (including bond funds)	378	164
TOTAL BOND PORTFOLIO	**44,377**	**38,749**

4.6.1.3 Concentration of credit risk

A maximum holding percentage per rating has been implemented under the management mandates of the Groupama SA subsidiaries. These constraints are monitored monthly by the various Investment Committees.

The ratios defined for bonds held are calculated on the market value of the total bond assets of each company (or isolated assets) based on the official rating written by at least two rating agencies:

- investment grade environment (securities with at least BBB ratings):
  - AAA: regulatory ratios, which is 5% per issuer, with the exception of securities written or guaranteed by a member State of the OECD and CADES securities;
  - AA: 3% maximum per issuer;
  - A: 1% maximum per issuer;
  - BBB: 0.5% maximum per issuer;
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- unrated euro zone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by an OECD member State; in this case the prudential ratio of that State applies;
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for rate products bonds without ratings and outside the euro zone and the non-investment grade securities known as “high-yield”.

4.6.1.4 Managing credit risk

The following transactions are systematically covered by guarantee contracts with the banking counterparties in question:

- forward currency sales made to hedge the foreign exchange risk;
- rate swaps (rate risk);
- cap purchases (rate risk).

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

4.6.2 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Group Security Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31.12.2009						
(in millions of euros)	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**

	31.12.2008						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	151	384	172	1	2	799	1,509
Share of reinsurers in life insurance reserves	1	11	33	0	0	44	90
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing	0	0	0	0	0	0	0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing	0	0	0	0	0	2	2
Receivables from outward reinsurance	4	34	14	0	11	91	154
TOTAL REINSURANCE RECEIVABLES	**156**	**429**	**220**	**1**	**13**	**936**	**1,755**

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 €187 million (€180 million for fiscal year 2008) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal Reinsurance agreement.

4.7 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.7.1 OPERATING RISKS

Internal management rules and operational procedures define the manner in which operations must be conducted in the performance of the activities of Groupama SA. They are appropriate to each business and each key process. The formalisation of the rules and procedures constitutes a guarantee of the permanence of the company's methods and expertise over time. The existing rules and procedures cover major operations. They are described in documentation that is regularly updated and is based on a detailed organisational chart and specific delegations of powers.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The contracts are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

The Group's IT department has a second IT site to ensure business continuity in the event of a disaster or failure at the first site.

4.7.2 LEGAL AND REGULATORY RISKS

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

4.7.2.1 Compliance with company law and the French Commercial Code

The Legal Department, under the supervision of the Company Secretary, manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

4.7.2.2 Application of insurance law

The Legal Department, under the Company Secretary's supervision, provides information and advice to the business departments and to insurance subsidiaries on compliance with insurance laws in their operational activities or technical support.

4.7.2.3 Other areas

Specific procedures have been set up to meet special requirements:

- ethical control to prevent insider trading: this responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and an agent at Groupama SA;
- to fight money laundering: the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Legal Department is responsible for monitoring Group compliance with its obligations to fight money laundering.

4.7.3 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.

4.8 MONITORING AND MANAGING BANKING RISKS

4.8.1 GENERAL PRESENTATION

This division includes three differentiated activities with very specific types of risk: banking, capital management for third parties and real estate management. The banking sector operates under a regulatory framework organised around the risks described thereafter. The common focus for the companies of the division is monitoring the operational risk.

Risk management is inherent in banking activity. Groupama Banque's risk policy falls under its affiliation with the Groupama group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation 97-02 of 21 February 1997, the Bank's Management Committee, acting on proposals made by the risk department, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

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

Prudential monitoring (solvency)

Prudential regulations require monitoring the European Solvency Ratio (ESR), which is in the form of a ratio between the level of regulatory equity (Regulation no. 91-05 and 90-02 of the Banking and Financial Regulatory Committee) and the weighted outstanding amounts at risk or equivalent thereof (credit risk, market risk, operating risk) based on defined rules. At 31 December 2009, Groupama Banque's consolidated ESR was 15.83%.

4.8.2 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.

4.8.2.1 Decision-making procedures

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

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

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

4.8.2.2 Oversight procedures

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

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

4.8.2.3 Impairment procedures

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

- reviews sensitive commitments;

- examines doubtful cases for all markets, excluding retail banking, and decides on potential litigation (transferred to the Legal Department) and reserve levels;
- periodically updates the loan loss provisioning with respect to retail banking customers.

4.8.3 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 face the limits defined by the Management Committee. Stress scenarios are also calculated on the various portfolios.

Market risk control ensures, on a daily basis, that end-of-day foreign exchange positions are below the set limit (€30 thousand). It 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 intraday trading on a daily basis. It ensures that no position exceeds the limit set by the Management Committee (€3 million). In addition, it ensures that the portfolio has no positions at the end of the day and calculates income.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

4.8.3.1 Setting and complying with limits

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in case of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

4.8.3.2 Payment risk

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

4.8.3.3 Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The division does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

4.8.3.4 Liquidity risk

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The size and nature of the bank's balance sheet, which has a significant portion of highly liquid short-term instruments, as well as the bank's ability to issue deposit certificates, means that the bank has little exposure to liquidity risk. The liquidity ratio greatly 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 marketable debt instruments (MDI) on an ongoing basis and deal on the interbank market.

4.8.4 ANNUAL PERCENTAGE RATE RISK (ALM)

Pursuant to Article 29 of chapter III – section IV of Regulation 97-02, 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 current net value (CNV) sensitivity within a variation of 100 bp (curve translation), considered to be a reasonable assumption of sudden rate change. The Mergers Committee set the limit of any hedging action at +/-€6.5 million as of 1 October 2009. This limit was never reached during the fiscal year. At 31 December 2009 the sensitivity thus calculated was -€2.5 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 and very hypothetical level with regard to historical data. 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.

4.8.5 OPERATING RISKS IN BANKING ACTIVITY

The operating risk management policy is based on the standard method of the “Basel II” agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operating risks and scenario modelling) and inventories incidents that have occurred. This approach is complemented by a system of reporting and warnings, and measures to improve existing control procedures.

Business Continuity Plan

Each entity in the division has prepared a Business Continuity Plan (BCP) organised around several mechanisms, which includes:

- activating a crisis cell;
- back-up of information and IT systems;
- the availability of a disaster recovery site.

The BCPs are updated annually. Technical and user installation tests are conducted regularly for the backup sites.

5

EARNINGS AND FINANCIAL POSITION

5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

2009 was a year of severe recession. Although the crisis was financial (and American) in origin, it quickly turned into a general confidence crisis, then a liquidity crisis and finally, at the end of 2008/beginning of 2009, a worldwide economic crisis.

The massive, coordinated support of the financial systems by the central banks and government economic stimulus packages took the form of very low interest rates (Eonia has been below 0.40% since July) and an unprecedented increase in public debt. As a result, between 2007 and 2010 public debt increased by 10 percentage points of GDP in the United States and approximately six percentage points in the euro zone. Against this backdrop, average public debt in the euro zone is expected to continue to rise to 86.5% of GDP.

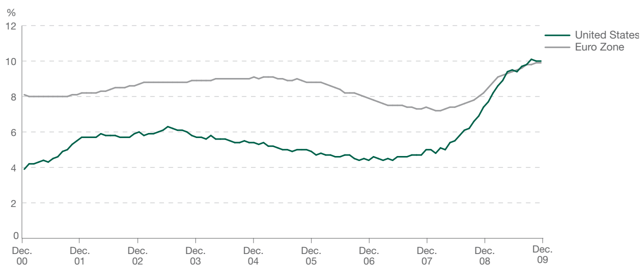
Although the support of the financial system quickly returned banks to profitability, the effects of economic stimulus packages varied according to geographic region. Thus, through an unprecedented support plan (13.5% of GDP), the Chinese economy was the first to recover in the second quarter, followed by the economies of Asia, then other emerging markets (such as Brazil) and finally the United States and Europe from the third quarter onwards. With the notable exception of the United Kingdom and Spain, other countries were on the road to growth by the end of the year.

However, although China has seen significant growth (up +14.6% in the third quarter compared with +11% in Q2), growth was more moderate in the United States (up +2.8% in the third quarter) and weak in the euro zone (up +1.5% on an annualised basis). In the euro zone, the German economy, which is heavily based on exports, was most affected (with a forecast drop of 5% of GDP for 2009). Its third-quarter rebound can be attributed to the robust performance of world trade, government stimulus packages (such as the scrappage premium) and the end of the destocking cycle. France recorded one of the smallest GDP contractions of the European economies.

However, concern still exists in Europe and the United States. The rate of unemployment is increasing to very high levels. In addition, although major corporations are once again moving into profitability, this is mainly due to massive reductions in stocks, investments and strong pressure on salaries. Consequently, the two growth drivers in these zones – company investments and private consumption – remain weak. The recovery observed is primarily due to growth in Asia and certain emerging markets. Furthermore, with production capacity usage rates hovering around 70% (lower than the long-term trend of 80%), company investments will probably not pick up again until after this threshold has been exceeded.

INTERNATIONAL FREIGHT INDEX (BASE 100 IN 2000)

UNEMPLOYMENT RATE



5.1.1.2 Financial markets

(a) Financial markets in 2009

The successive phases of a sharp decline in business activity followed by a turnaround, then doubt followed by an end-of-year spurt were reflected in the financial markets by:

- a sharp decline in market values along with strong volatility, prior to a significant rebound in prices and then a more moderate increase against a backdrop of much lower volatility;
- weak leading rates contributing to an overhaul of the banking sector, but not used to inject credit into the economy;
- a rise in long-term interest rates, moderate in the euro zone but very steep in the United States;
- a gap followed by a tightening of risk premiums on private issuers and lower-rated governments;
- strong increase in the price of raw materials after a drop in 2008, the price of Brent having increased from $34/barrel at the beginning of the year to almost $80/barrel at the end of December;
- erratic currency movements.

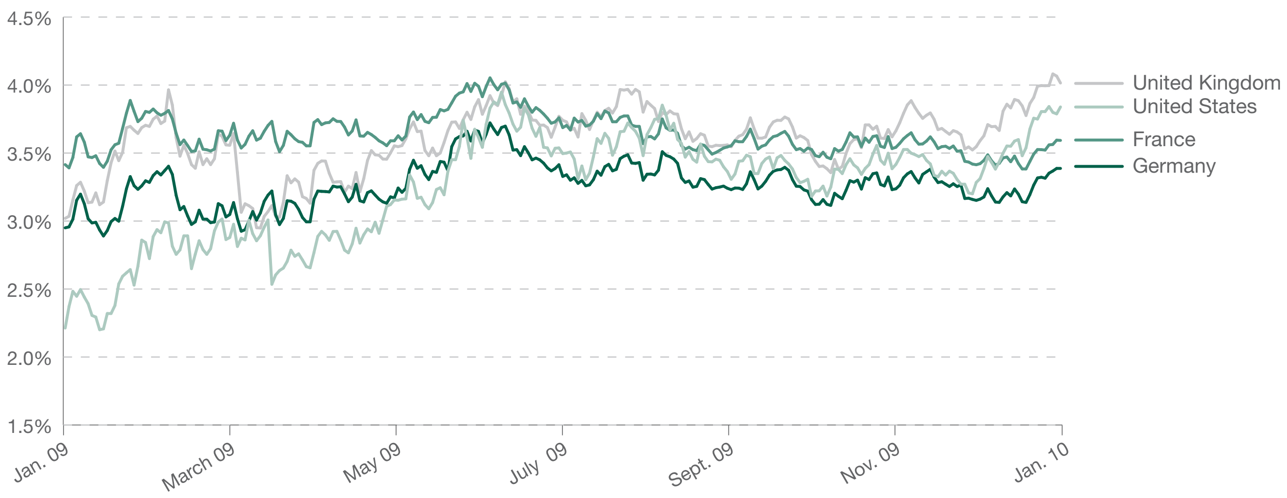
(b) Interest-rate markets: significant steepening of yield curves and strong volatility of risk premiums

Although the boost from the central banks had the effect of lowering short-term interest rates from the second quarter onwards to very low levels in the United States (0.05% for three-month US treasury bills and 0.32% for Eonia in the euro zone at the end of the year), fears of inflation and a return to risk-taking caused the rates for US 10-year government bonds to increase from 2.23% to 3.83% in 2009. In the euro zone the increase was less pronounced, with the average rate for 10-year bonds rising from 3.5% to 3.69%. Yield curves steepened sharply with a differential of almost 3.8% between the three-month rate and the 10-year rate in the USA and almost 3% in the euro zone.

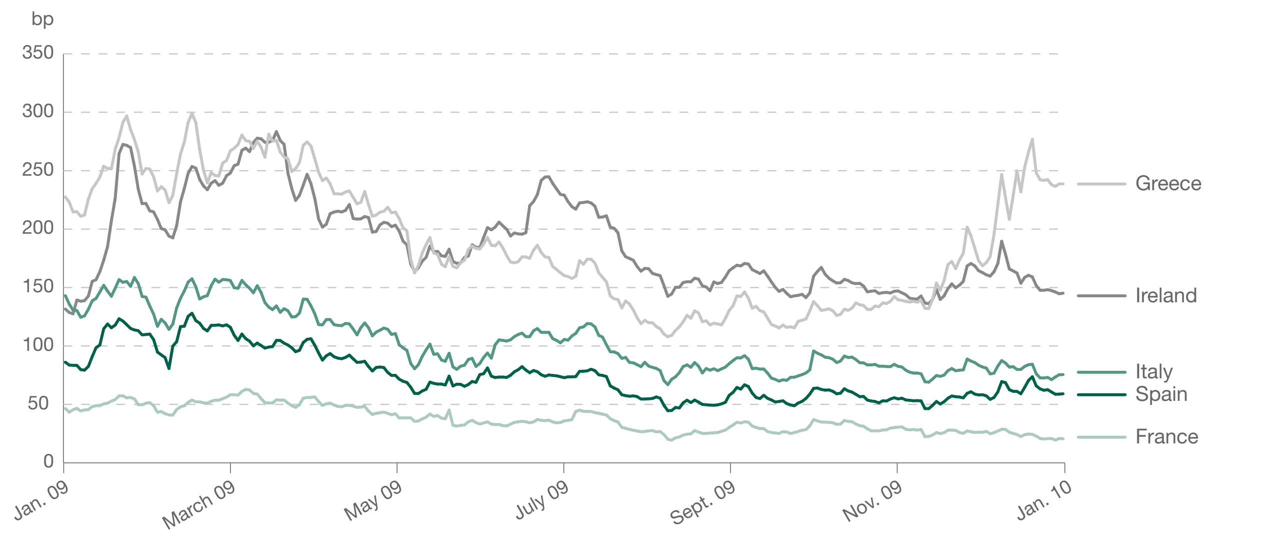
However, the average euro zone rate masks some strong disparity with risk premiums (credit spread vs. the German 10-year Bund), ranging from 0.15%-0.20% for the highest-rated countries (Netherlands and France) to 1.40% (Ireland) and even 2.40% for Greece as a result of its budget crisis.

With regard to private issuers, risk premiums, which reflected concerns over the global economy at the beginning of the year with a level of around 5% for A-rated issuers, contracted markedly to around 1.8% at the end of the year.

YIEL OF 10-YEAR GOVERNMENTS BONDS



SPREAD OF 10-YEARS EURO SOVEREIGN BONDS VERSUS



(c) Equity markets

2009 ended up being a very positive year for the equity markets. After declining more than 20% at the beginning of March, the markets increased by more than 20% by year end.

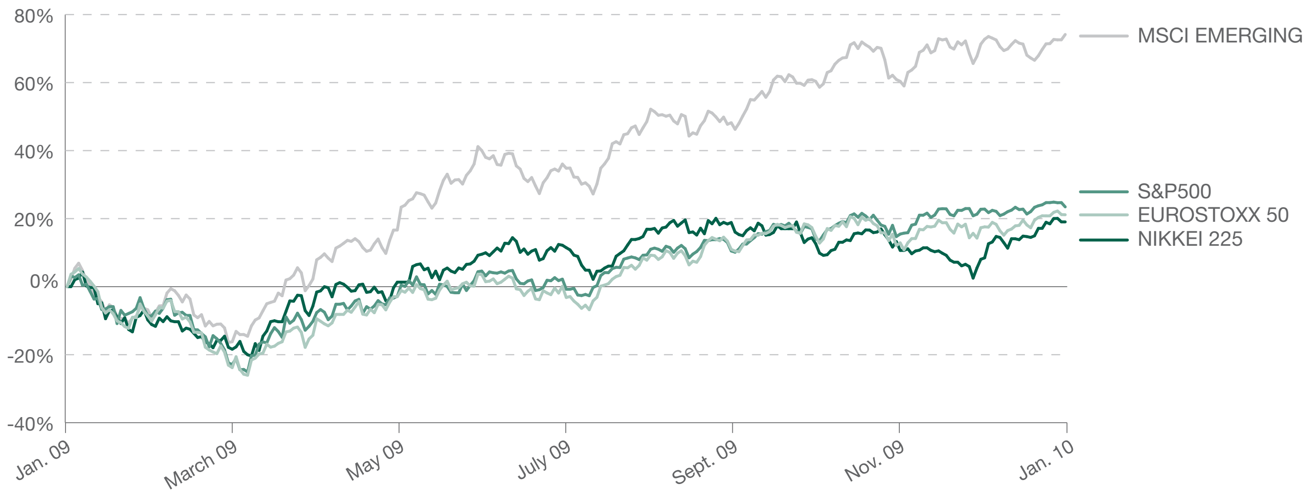
The performance in emerging markets was even more impressive, with annual performance ranging from 31% (Australia) to 111% for Jakarta (Indonesia).

The increase in less-negative key indicators, the decline in the aversion to risk and the very low cash interest rates have enabled markets to rebound. The first sectors to benefit have been commodities, banking and the chemical industry.

The performances of the principal global indices in local currencies (excluding dividends) are as follows:

- US market: increase of 23.5% in the S&P 500;
- Euro zone market: increase of 21.1% in the Eurostoxx 50 index and 22.3% in the CAC40 (3936) at 31 December 2009;
- Japanese market: increase of 19% in the Nikkei 225 index to 10.546 points.

PERFORMANCE OF EQUITY INDICES IN 2009



(d) Foreign exchange markets

Although the rate of the dollar versus the euro at the end of the year (1.43) was close to what it was at the beginning (1.40), it fluctuated broadly, substantiating fears over the global economy; the rate was 1.26 in February and March and reached 1.50 in November before falling back slightly following the Greek crisis.

The rate of the yen versus the euro also fluctuated significantly, dropping from 126 at the beginning of the period to 115 at the peak of the crisis, before settling at 133 yen per euro at the end of the year.

5.1.2 SIGNIFICANT EVENTS

5.1.2.1 Development of the Group

(a) Bancassurance agreement between Groupama and Bancaja in Spain

Groupama and Bancaja signed a 10-year bancassurance agreement relating to the multi-risk home insurance policies distributed by the Bancaja network, thus strengthening a partnership that began in 2001.

Established in 1878 in Spain's Valencia region, Bancaja is the country's third-largest savings bank and its sixth-largest financial institution. With more than 8,000 employees and a network of 1,561 banking branches throughout Spain, Bancaja has a portfolio of 2.8 million customers.

This exclusive, 10-year partnership will allow Groupama to strengthen its positions on the Spanish market, where the bancassurance market is in full expansion.

(b) Expansion of Amaguiz

Amaline, Groupama's direct insurance subsidiary, which was created in mid-2008 and distributes insurance policies under the Amaguiz brand, posted earnings significantly higher than its 2009 objectives.

At the end of December 2009, the portfolio comprised 43,000 motor insurance policies and 6,000 multi-risk home insurance policies, a product introduced in April 2009.

(c) Partnership with La Banque Postale

On 12 October 2009, Banque Postale and Groupama signed a partnership agreement in the non-life segment, which led to the formation of the joint company, in which La Banque Postale Assurances IARD is the majority shareholder.

Authorisation for the new company called La Banque Postale Assurances IARD was obtained on 22 December 2009.

Non-life insurance products will be sold initially through remote sales channels (Internet and telephone), and then gradually through La Banque Postale network.

(d) Opening of a representation office in Beijing

Groupama received the authorisation to open a representation office in Beijing as a stepping stone to obtaining a licence to operate a life insurance business in China.

Such authorisation was officially granted by the China Insurance Regulatory Commission (CIRC) on 30 December 2008.

(e) Partnership with Pro BTP in Health Insurance

On 9 July 2009, Groupama and Pro BTP signed an agreement formalising their intention to become partners in order to improve the services offered to policyholders. Therefore they formed on December 2009 the inter-company venture Sévéane, a joint entity dedicated to managing the networks of health professionals.

5.1.2.2 Group organisation

To streamline Group operating processes, the Group has merged its recently acquired foreign subsidiaries into its existing subsidiaries in those countries. As a further step in this process, all foreign subsidiaries have now been rebranded Groupama. The Group has also streamlined its operations in France by merging its life insurance companies into a single entity, as it has done with its various banking activities.

(a) Merger of the Hungarian subsidiaries

On 16 February 2009, the Hungarian Financial Supervisory Authority (PZSAF) approved the merger of the subsidiaries Groupama Biztosito and OTP Garancia. The merger took effect on 31 March 2009 and the new company was named Groupama Garancia Biztosito on 6 April 2009.

(b) Merger of the Italian subsidiaries

The merger of the Italian subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena took place on 1 November 2009. The new company, Groupama Assicurazioni, is one of the largest insurance companies on the Italian market with premium income of €1.4 billion, €1 billion of which is in non-life insurance and €400 million in life insurance. It has 900 employees, 850 branches and 1.7 million customers.

(c) Merger of the Romanian subsidiaries

BTA Asigurari took over Asiban on 1 August 2009. The new company, which has taken the name Groupama Asigurari, has begun gradually integrating OTP Garancia. The merger with OTP Garancia is expected to be finalised some time in 2010.

(d) Merger of the Turkish subsidiaries

Insurance companies Basak and Güven merged on 21 May 2009, creating two new companies on 15 September 2009 – Groupama Sigorta for non-life insurance and Groupama Emeklilik, dedicated to life insurance.

(e) Merger of banking activities in France

Groupama Banque and Banque Finama merged on 1 October 2009, an operation that brought the Group's French banking business under the same umbrella, thus providing a more complete range of products and services within a single entity and giving rise to cost synergies while optimising the quality of operational control. The bank handles transactions for private as well as business customers, and remains the bank in charge of Group operations.

(f) Creation of Groupama Gan Vie

By creating Groupama Gan Vie, the Group now has a single life insurance company in France to act as an underwriting and claims platform for the Group's various sales networks and, where necessary, for outside partnerships. Groupama Gan Vie is the result of the merger of Groupama Vie and Gan Eurocourtage Vie with and into Gan Assurances Vie and the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance. As part of this transaction, Gan Assurances Vie has changed its name to Groupama Gan Vie. The effective date of the transaction from a legal point of view is 31 December 2009, with retroactive effect for accounting and tax purposes to 1 January 2009.

Gan Assurances Vie's portfolio of private health policies was transferred to Gan Assurances IARD.

These operations were approved on 21 December 2009 and published in the Journal Officiel on 26 December 2009.

The new company has more than 1,200 employees across various sites (Paris, Angers, Bordeaux and Lille) specialized by business line and segment.

In line with this, the non-life insurance companies changed their names to Gan Eurocourtage and Gan Assurances respectively.

5.1.2.3 Other factors

(a) Storms

Southwestern Europe (Southwestern France and Northern Spain) was struck by storm Klaus, a storm of exceptional magnitude, on 24 January 2009, while Northwestern Europe suffered the lesser magnitude storm Quinten on 9 and 10 February 2009. 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 €334 million before reinsurance. The cost to external reinsurers of these events is €99 million. Net of tax, the final cost to the Group is estimated at €131 million.

(b) Rating

On 29 June 2009, Standard & Poor's revised Groupama SA's rating to "A" with negative outlook. This rating and its outlook are tied in with the global financial crisis, which is having a negative effect on the sector's solvency and its future level of profitability.

(c) Diversity

On 10 December 2009, Groupama received the "Action en faveur des jeunes des quartiers" prize awarded for its initiatives to support young people from underprivileged areas under the "National Commitment to Employ Young People from Underprivileged Areas" signed on 15 May 2008. In 2008 and until 31 August 2009, Groupama had consequently hired 341 new employees less than 26 years old from "difficult neighbourhoods", as well as 83 trainees and students enrolled in the alternating work-study programme.

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 Groupama SA subordinated redeemable bonds (TSR): Early redemption of 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds for €750 million and the approval of the French Insurance Regulator, the Autorité de Contrôle des Assurances et Mutuelles (ACAM), Groupama SA, undertook, on 22 January 2010, the early redemption of its subordinated redeemable bonds issued in 1999 for a total amount of €750 million.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Consolidated revenues

As at 31 December 2009, Groupama's consolidated insurance premium income reached €14.2 billion, an increase of 8.4% compared with 31 December 2008. By integrating financial activities, the Group's consolidated premium income increased 7.6% to €14.5 billion.

At constant exchange rates and scope of consolidation, the growth in the consolidated insurance premium income was up +5.7% compared with 31 December 2008. The Group's total premium income based on constant exchange rates and scope of consolidation increased +5.0%.

These results were produced in difficult economic circumstances that saw a marked slowdown in business. The environment had a negative impact on the overall performance of property and casualty insurance by affecting property to be insured, particularly in countries with less mature markets, and strengthening competition. By contrast, life insurance enjoyed a more positive situation, firstly because of a more favourable financial backdrop (spread between the long- and short-term yield curves) and secondly because of the industry's ability to weather the crisis.

As at 31 December 2009, insurance premium income in France had increased +8.4%, representing 68.5% of the Group's total activity during the period. International business (29.5% of total premium income) was up 8.2% on a reported basis and stable (down -0.2%) on a like-for-like basis. The Group's other business lines (financial and banking activities) accounted for 2.0% of total premium income.

Life and health premium income grew 13.5% on a reported basis and 11.6% on a like-for-like basis. In France, life and health insurance recorded an increase of 14.4%, 3.4 points above that of the market, which was up 11.0% (source: FFSA at the end of December 2009). Life and health insurance premium income in the international sector posted a 9.4% increase on a reported basis and a -0.6% decrease on a like-for-like basis. This decline is clearly related to the economic environment but is also explained by the non-renewal of single-premium policies in Spain (€54 million) and the run-off of the creditor portfolio in the United Kingdom (€18 million in 2008 and €3 million in 2009). Adjusted for these items, premium income for life and health insurance showed positive growth in the Group's international markets.

Property and casualty premium income was up +3.0% on a reported basis and down -0.3% on a like-for-like basis. Activity in France fell -0.6%, while the International segment posted premium income up +7.6% on a reported basis and stable on a like-for-like basis.

In the next part of the document, figures are expressed in constant exchange rates and scope of consolidation. Data at constant exchange rates correspond to the comparison between the real data as at 31 December 2009 and real data as at 31 December 2008 converted to the average exchange rate on 31 December 2009.

(a) Insurance in France (68.5% of Group revenues as at 31 December 2009 compared with 66.4% as at 31 December 2008)

Insurance premium income in France as at 31 December 2009 was up 8.4% compared with 31 December 2008 to €9,911 million, primarily driven by the strong performance of life and health insurance.

In a highly competitive context marked by a certain drop in property to be insured, property and casualty insurance premium income (36.4% of premium income in France) fell by -0.6% to €3,609 million. Private and professional insurance (48.5% of premiums issued in property and casualty insurance) recorded a decline of -0.8%. This change is essentially due to the decline in premium income from the passenger vehicles sector (down -0.3%, versus a market decline of -0.5%, source: FFSA at the end of December 2009) and other vehicles (down -15.5%). Premium income from commercial and local authorities insurance also dropped -2.4%, with the increase in the fleet segment (up +2.5%) unable to make up for the downturn in the commercial property damage segment (down -4.5%), which was marked by the macroeconomic environment.

Life and health insurance premium income (63.6% of premium income for France) grew +14.4%. Group premium income for life and savings insurance rose 17.2%, an increase significantly better than the market (up +12.0%, source: FFSA at the end of December 2009). This performance, largely the result of various sales initiatives conducted throughout the year in the different networks, primarily pertained to the individual savings and pensions segment, which posted an increase in premium income of +20.3% as at 31 December 2009.

In France, health and bodily injury insurance as at 31 December 2009 was up 6.0% over 31 December 2008, driven mainly by the health segment (individual and group), which posted growth of 11.1% as a result of a rate adjustment aimed at partially offsetting the rise in the cost of universal medical coverage, and an increase of business in force generated by the success of sales programmes throughout 2009.

It should be noted that this sales performance was accompanied by significant growth in net inflows. Indeed, the Group outperformed the market, with net inflows rising sharply by +91.7% to €1,601 million following the sales initiatives mentioned above. This is the second consecutive year that the Group has recorded substantial growth (up +91.7%) and net inflows significantly greater (up +80%) than those of the market.

Groupama SA's premium income amounted to €1,822 million as at 31 December 2009, an increase of 0.6% over 31 December 2008.

In spite of new rules regarding inward reinsurance of the Regional Mutuals' health insurance premium income, life and health insurance was up 2.0% to €484 million. Property and casualty premium income was up +0.1% to €1,338 million, primarily due to +2.5% growth in the motor vehicle sector (including fleets).

The networks comprising the Group's new life insurance company, Groupama Gan Vie, posted premium income up +16.0% to €5,787 million as at 31 December 2009. In particular, the entity's business in life and savings insurance increased +17.7%. This positive performance is linked to the sales initiatives carried out in 2009 and led the various Groupama Gan Vie networks to record an increase in individual net inflows of +86.4%.

Premium income of the Regional Mutuals' network amounted to €2,407 million as at 31 December 2009, up 24.3% year-on-year compared to 31 December 2008. As at 31 December 2009, the growth in written premiums was primarily generated by individual insurance whose premiums increased +23.4% (representing more than 97% of total business). This performance was linked to the success of the promotional programmes (Groupama Modulation in first quarter 2009, Groupama Obligation 2009 in June/July 2009) which increased premium income for savings by +25.0%. Group insurance also recorded a strong performance with premium income reaching €71 million versus just €43 million at 31 December 2008. This increase was largely due to the underwriting of a single premium of €30 million on a Group policy in first half 2009.

The agent network posted premium income of €1,528 million as at 31 December 2009, up +14.0% over 31 December 2008. The individual insurance business increased 22.0% (to €1,050 million). The success of sales operations conducted in 2009 (Chromatys and Flash Groupama Obligation 2009) resulted in a 42.2% increase in savings premiums. In health insurance, sales initiatives in the last quarter produced an increase in premium income of +7.8%. However, Group insurance fell slightly by -0.4%.

The brokerage network recorded premium income of €711 million as at 31 December 2009, up 8.5% over 31 December 2008. The leading insurance segments showed strong portfolio growth (up +7.3%), particularly in health insurance (up +20.0% to €168 million) and provident insurance (up +10.9% to €161 million). The Group life insurance, co-insurance and reinsurance segments posted a slight decline of -0.5%. These segments are characterised by significant single premiums whose amount varies from year to year.

The sales network of Gan Prévoyance contributed €548 million to Group premium income as at 31 December 2009 (up +5.6% over 31 December 2008). This was largely due to increases in premiums of +9.0% in savings and retirement insurance (€332 million) and 21.9% in health insurance (€22 million). This solid performance was also the result of the successful sales programmes (guaranteed rate and introduction of a new health insurance product in particular). In the provident segment (€195 million), initiatives (such as the release of new products) were launched in 2009 with encouraging results.

Premium income of the Gan Patrimoine network rose 10.0% to reach €593 million as at 31 December 2009 as a result of strong initiatives in support of the sales networks conducted in the first half of 2009. The success of these initiatives also boosted unit-linked premium income, which amounted to €98.5 million as at 31 December 2009 versus €19.6 million as at 31 December 2008.

Caisse Fraternelle Vie posted premium income of €23 million as at 31 December 2009 versus €38 million the previous year, a decline of -39.5%.

Gan Assurances recorded premium income of €1,054 million as at 31 December 2009, a slight drop of 1.0% compared with the premium income posted as at 31 December 2008. This decline was related to a repositioning of rates, primarily in the passenger car segment, which negatively affected premium income by -2.8%. These initiatives led to an increase in the number of policies (+12,700). The decline in the volume of business in the motor vehicle segment was partially offset by the increase in the home insurance and professional risk insurance segments (up +1.1% and +5.0% respectively), primarily as a result of increased business in force and a higher average premium.

Gan Eurocourtage posted premium income of €789 million as at 31 December 2009 (down -5.1% compared with 31 December 2008). This decline was due to claims reserving losses compared with 31 December 2008 and a drop in premium income for the year (down -2.3%). The economic climate had a negative effect on the issue of premiums, as much on the retail and professional market (which was down -4.4% to €389 million) as on the commercial market (down -6.2%). In the motor market, strict portfolio selection was the source of a -12.3% decline.

Groupama Transport premium income saw an increase of +1.7% as at 31 December 2009 to €306 million. In spite of the economic crisis, the marine insurance segment (almost 76% of business) increased by 0.7% to €232 million as a result of new policies underwritten primarily in the pleasure craft, cargo and harbour markets. In aviation, premium income rose +6.2% as a result of the increase in premium rates. The change in the dollar/euro exchange rate worked against both these segments.

As at 31 December 2009, Amaline's premium income totalled €11 million, pertaining almost exclusively to motor vehicle insurance, with a portfolio of 42,935 policies (including 16,080 PAYD policies). The launch of Amaline was a success, almost doubling the goal set for the year for the motor vehicle market. Home insurance was introduced on 18 May 2009, with 5,862 new policies at the end of December 2009 for an objective set at 3,071 policies.

Other specialist group companies

Groupama Assurance-Crédit premium income rose by +16.4% as at 31 December 2009 and totalled €31 million.

Mutuaide Assistance posted premium income of €36 million as at 31 December 2009, up +10.8%.

Groupama Protection Juridique premium income rose +12.4% as at 31 December 2009 and totalled €43 million, due to the continued development of partnerships, especially Sogessur and La Banque Postale.

(b) International insurance (29.5% of Group premium income as at 31 December 2009 compared with 31.0% as at 31 December 2008)

Against a backdrop of economic recession, the Group's consolidated international premium income totalled €4,259 million as at 31 December 2009, stable compared with 31 December 2008 (down -0.2% on a like-for-like basis).

Property and casualty insurance recorded premium income of €3,028 million as at 31 December 2009, also stable compared with 31 December 2008 on a like-for-like basis. It is worth comparing this performance with changes in each local market. Based on the latest data available, the Group outperformed the domestic market in many countries. In an environment characterised by strong competition and a decline in new vehicle sales, the motor segment (including fleets), which represents over 63% of the premiums written in property and casualty, was down 1.5%. This decline was, however, offset by the significant increase recorded in household. In effect, this segment, which represents nearly 15% of property and casualty insurance premium income, was up +20.0% as at 31 December 2009, related primarily to the development of the portfolio in certain countries like Spain, Italy and United Kingdom.

Life and health insurance premium income fell -0.6% to €1,231 million. As mentioned above, this decline was due to the non-renewal of single-premium contracts in Spain and the run-off of the creditor portfolio in the United Kingdom. Adjusted for these items, life and health insurance premium income rose +5.2%.

Southwestern Europe

Consolidated premium income in Southwestern Europe fell -2.2% to €1,035 million as at 31 December 2009. This decline was also true in life and health insurance (down -5.4% to €290 million) and in property and casualty insurance (down -0.8% to €746 million).

Groupama Seguros (Spain) premium income fell -5.2% to €925 million as at 31 December 2009. Premiums written in property and casualty insurance (€738 million) were down -1.1%. This decline should be compared with that in the non-life market which, under the effects of the economic crisis, posted a drop of -2.9% at the end of September 2009 (due primarily to the downturn in the property market, fewer passenger vehicle registrations and a drop in sales of new commercial vehicles). The subsidiary's decrease in property and casualty insurance premium income was due to a decline in premiums in the vehicle fleet segment (down -22.9%). In contrast, home insurance premium income rose +9.4%, mainly as a result of the partnership with Bancaja, whose written premiums rose +18.7% to €35 million. In a market subject to strong competition, the passenger vehicle segment posted an increase of +2.5% thanks to the growth of the portfolio. Life and health insurance (€187 million) declined -18.5%, primarily because of the non-renewal of major unit-linked retirement and savings policies for €54 million. Adjusted for this item, premium income was up +6.4% (versus a market increase of +4.9%). This change was due to the increase in premiums in individual euro savings and a new Group retirement policy. The decline of -5.1% in premium income for individual health insurance was primarily the result of the loss of a major account (€7 million in 2008).

Premium income of the Portuguese subsidiaries as at 31 December 2009 increased +33.4% to €110 million, although the life and non-life markets were down -3.7% and -4.6% respectively at the end of November 2009. Life insurance premiums rose +39.6%, driven by the dynamic performance of the individual savings and retirement offer. This was due to the strong performance of bancassurance agreements. Property and casualty insurance premium income (€8 million as at 31 December 2009) was up +26.0% thanks mainly to growth in the Group fire insurance segment and the signing of a new business protection insurance policy. The passenger vehicles market increased +2.9% as a result of the introduction of a new product in a market down -8% at the end of November 2009.

Southeastern Europe

On a like-for-like basis, premium income as at 31 December 2009 for the Southeastern Europe region rose +1.3% to €2,087 million. The increase recorded in life and health insurance (up +6.0% to €677 million) was attenuated by the drop in premium income for property and casualty insurance (down -0.9% at €1,409 million).

Total premium income for Italian subsidiary Groupama Assicurazioni, formed as a result of the merger of Groupama Assicurazioni, Groupama Vita and Nuova Tirrena, increased slightly (up +0.4%) to €1,397 million as at 31 December 2009. Life and health insurance rose 4.6% to €411 million due to the increase in life insurance (up +5.8%). In particular, premium income for the euro savings segment was up sharply (up +50.3%) thanks to successful sales operations conducted in 2009. Unit-linked savings fell -89% after the Index campaigns were replaced by campaigns promoting euro products (more suited to the current macroeconomic environment). Premium income for property and casualty insurance declined -1.3% to €985 million (pro forma decline following the reclassification of the driver personal accident cover to property and casualty insurance). This decline was, however, less than that of the market (down -2.2% at the end of September 2009).

The Turkish subsidiaries Groupama Sigorta (formed as a result of the merger of Groupama Basak Sigorta and Güven Sigorta on 1 January 2009) and Groupama Emeklilik (formed as a result of the merger of Groupama Emeklilik and Güven Hayat on 1 January 2009) posted an increase of +1.9% (on a like-for-like basis) in their business as at 31 December 2009 and generated total premium income of €504 million. Life and health insurance premium income rose +11.7% to €200 million. This growth was due to the activity of the loan segment resulting from an increase in the volume of business. Brokerage also grew, following a new agreement with the Insurope pool.

In contrast, written premiums in property and casualty insurance (€304 million) declined -3.8%, reflecting the decline in the motor segment in particular. The Turkish market was heavily impacted by the crisis and posted a drop of -9.9% in motor damage and -4.5% in motor TPL (mid-year data).

Groupama Phoenix premium income as at 31 December 2009 totalled €186 million, a drop of 6.7%. In the property and casualty insurance segment (€120 million), the network's restructuring measures taken in 2008 yielded results, with an increase of +11.1% in premiums written. The motor segment posted growth of +18.1%, greater than market growth (up +8% at the end of September 2009). This increase was driven primarily by new partnerships and greater confidence in the broker network.

The decline recorded in life and health insurance (down -0.5%) was related to the economic context (decline of -5.5% in the life insurance market at the end of September 2009) as well as to the repositioning of health insurance rates to make the portfolio more profitable.

Central and Eastern European Countries (CEEC)

Premium income for the countries in Central and Eastern Europe amounted to €535 million as at 31 December 2009, a decline of -6.0% on a like-for-like basis. This downturn affected both life and health insurance (down -4.6% to €182 million) and property and casualty insurance (down -6.7% to €353 million).

The premium income contribution of the Hungarian subsidiary Groupama Garancia Biztosito, on a like-for-like basis, totalled €311 million as at 31 December 2009, a decline of -2.4%. The country was severely affected by the crisis, with the property damage market down -3% and a sharp decline of -23% in the life insurance market at the end of June 2009. The subsidiary's premium income for life and health insurance (€158 million) rose +1.4%, mainly in the bancassurance sector. The success of the sales programmes conducted since May 2009 with the OTP Bank network confirmed the effectiveness of the partnership (particularly in the context of the market). The performances recorded on the other networks, while down slightly, also outperformed the market, demonstrating the balance in the subsidiary's business model. Property and casualty insurance (€153 million) recorded a -6.0% drop in premium income. In the motor insurance market (€46 million), the decline was due to the decrease in vehicle registrations combined with the termination of major fleet policies in a difficult market context. This was partially offset by an increase of 3.5% in premium income for home insurance (€59 million).

Against a backdrop of economic crisis, premium income recorded by the Romanian subsidiaries Groupama Asigurări and OTP Garancia Asigurări declined -10.9% to €209 million as at 31 December 2009 (on a like-for-like basis). Property and casualty insurance (€190 million) fell -7.9% over the period. This change was primarily generated in the motor insurance segment.

The motor market, less mature than in Western Europe, recorded a drop of -63% in sales of new vehicles at the end of November 2009. The subsidiary initiated technical correction measures for the portfolio. Life and health insurance premium income totalled €20 million as at 31 December 2009. 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.

United Kingdom

Premium income for Groupama Insurances rose +3.9% to €505 million as at 31 December 2009 in a stable market. In property and casualty insurance (€428 million), the +10.9% increase in premium income was due to growth in vehicle fleets (up +18.3% to €51 million) and the home insurance segment (up +45.4% to €95 million). These two segments benefited from broker loyalty programmes. Life and health insurance declined -22.0% to €78 million as at 31 December 2010, primarily because of the run-off of the creditor portfolio (down -82.1%). Adjusted for this item, life and health insurance premium income fell -8.5%.

Overseas regions

Premium income of Gan Outre-Mer rose +5.0% to €96 million as at 31 December 2009. Property and casualty insurance was up +4.0% at €91 million. Premium income for life and health insurance totalled €5 million, versus €4 million as at 31 December 2008. The Pacific region recorded stronger growth than the West Indies. Social unrest in the first quarter of 2009 affected business in the West Indies, as did the loss of several major policies, particularly in the fleet segment (down -9.6%), and conditions generally unfavourable to the retail motor market. Rate adjustments nevertheless enabled the home insurance and business protection insurance segments to maintain growth in premiums (up +5.4% and +13.5% respectively). The Pacific region also suffered from the effects of the economic crisis, although the health and motor insurance segments continued to expand.

(c) Discontinued operations

The Assu-Vie subsidiary's discontinued business line was down over the period. Its premium income as at 31 December 2009 amounted to €9 million versus €10 million as at 31 December 2008.

(d) Financial and banking activities

The Groupama Banque and Banque Finama entities merged with effect from 1 January 2009. Groupama Banque's gross revenues as at 31 December 2009 were down -40.9% compared with 31 December 2008 and amounted to €128 million. This was due to the contraction of short-term rates on the market (Eonia was around 0.5% in 2009 and 4% in 2008). Net banking income, however, rose significantly (up +39.7%) to €94 million as at 31 December 2009. This growth reflects both the cash and conversion business, which took advantage of favourable market conditions, and the growth in retail banking activity (number of customers and increase in loans).

Revenues of the asset management subsidiaries increased +10.7% to €156 million as at 31 December 2009. This increase was essentially due to growth in the revenues of Groupama Asset Management over the period (up +14.6%). Assets managed by Groupama Asset Management and its subsidiaries totalled €88.8 billion as at 31 December 2009, up €7.5 billion over 31 December 2008, related to market increases and yields on assets. Net banking income of the asset management subsidiaries was up +22%.

Revenues of Groupama Épargne Salariale remained reasonably stable at €5.1 million as at 31 December 2009. The slight increase in net banking income (up +2.3% at €7 million) was a result of the increase in marketing commissions following improvement in the financial markets.

5.1.4.2 Breakdown of earnings

Group share of net profit totalled €660 million as at 31 December 2009, compared with €273 million as at 31 December 2008. Group share of net profit by business line may be broken down as follows:

(in millions of euros)	31.12.2009	31.12.2008	Change
Property and casualty insurance	188	200	(12)
Life and health insurance	752	213	539
Financial and banking activities	16	1	15
Holding company activities	(297)	(141)	(156)
NET PROFIT GROUP SHARE	**660**	**273**	**387**

Group share of net profit as at 31 December 2009 includes a number of items:

- the cost of the storms Klaus and Quinten in the amount of -€131 million after tax;
- the exceptional goodwill impairment for the emerging markets in the Central and Eastern Europe zone for €113 million, primarily Russia and Ukraine; in the context of uncertainty in those markets, the Group deferred the development of its business in those countries in partnership with OTP Bank and, as a result, to remain prudent, recognised an impairment of the goodwill attached to those countries;
- an exceptional impairment of -€49 million on the value of business in force in Turkey as a result of the non-renewal of a bancassurance agreement;
- capital gains on bonds in the amount of €437 million net of tax, an amount that led to a financial result at a level comparable to that of a typical year. Equity market levels enabled capital gains on bonds to be realised.

Net profit for property and casualty insurance amounted to €188 million in 2009, versus €200 million as at 31 December 2008. As mentioned above, the impact of climatic events seriously compromised this segment's contribution in 2009. Contribution to profit from life and health insurance increased €539 million to €752 million in 2009, driven by the financial results.

Financial and banking activities posted a profit of €16 million versus €1 million in 2008, and for the first time made a significant contribution.

Holding company activities recorded a loss of €297 million in 2009 versus a loss of €141 million as at 31 December 2008, on account of the precautionary recognition of exceptional impairment, as mentioned above.

5.1.4.3 Summary of the economic operating income (excluding storms)

Economic operating income amounted to €489 million as at 31 December 2009, versus €561 million as at 31 December 2008. It can be broken down by business line as follows:

(in millions of euros)	31.12.2009	31.12.2008	Change
Property and casualty insurance	209	346	(137)
Life and health insurance	396	359	37
Financial and banking activities	12	1	11
Holding company activities	(128)	(145)	17
ECONOMIC OPERATING INCOME	**489**	**561**	**(72)**

(a) Economic operating income from Property & Casualty insurance

The economic operating income recorded by property and casualty insurance (excluding storms) fell by -€137 million to €209 million as at 31 December 2009. Apart from the exceptional losses related to storms Klaus and Quinten, claims for 2009 were up 2.9 points because of an increase in claims frequency in both motor and fire.

In 2009 the Group's combined ratio was 101.4% (excluding storms), compared with 98.0% in 2008. This 3.4 point-increase was largely due to the decline in the economic operating result which amounted to more than €133 million net of tax.

In France the 2009 net combined ratio was 100.6% versus 96.9% as at 31 December 2008. The 3.4-point increase in net claims in large part explains this variation. Similar to what was seen on the French market, the motor segment was heavily impacted by the increase in claims frequency, particularly glass breakage and property damage. Likewise, the multi-risk home insurance segment also saw an increase in fires and thefts. The operating cost ratio was 31.0% compared with 30.7% in 2008.

International Insurance posted a net combined ratio of 102.3%, up from 99.4% as at 31 December 2008. The prior year releases were slightly down compared with the past year. Combined with the difficulties induced by the crisis, particularly in the new countries of Eastern Europe or in competitive markets such as the United Kingdom, the prior year releases impacted the net loss ratio, which deteriorated 2 points to 72.9%. The operating cost rate as at 31 December 2009 was 29.4%.

Recurring investment income was down slightly (-€4 million) due mainly to a financial strategy which, in a context of financial crisis, consisted of reinvesting more in very liquid portfolios (cash), characterised by a lower current yield.

(b) Economic operating income from life and health insurance

The economic operating income recorded in life and health insurance amounted to €396 million as at 31 December 2009 compared with €359 million as at 31 December 2008 (up +10.3%).

The net technical margin (before costs) for health and other bodily injury insurance rose €34 million over the previous period. This change is due to a 1.2-point decline in the net loss ratio. In France, the net loss ratio improved. Internationally, in a difficult market climate characterised by tension over rates, the net loss ratio increased by 8.5 points compared with 31 December 2008. In life and health insurance overall, net operating expenses increased by more than 3.5% largely because of the 3.4-point increase in the tax related to the financing of universal medical coverage, representing nearly €16 million.

In the life and savings segment, the net underwriting margin (before costs), corrected for a non-recurring transaction of €33 million in 2008, rose €40 million from the margin as at 31 December 2008. This increase is due primarily to underwriting in France (up +€33 million), taking into account a very strong level of net inflows in individual savings and prior year excess releases in the Group coinsurance and reinsurance segments. In the International segment, the subsidiaries recorded a margin increase of €7 million, primarily related to newly consolidated companies that contributed to the margin in 2009 over a full year. The ratio of operating expenses to written premiums was down (12.2% versus 12.7% in 2008).

Recurring financial profit in 2009 (net of profit sharing and taxes) increased by €67 million.

(c) Economic operating income from financial and banking activities

The economic operating income of financial and banking activities was €12 million versus €1 million as at 31 December 2008. This increase reflects both the retail banking results and the cash business of the Group's bank. The financial context of the asset management activity also contributed to this increase.

(d) Economic operating income from holding company activities

The holding business line posted an economic operating income loss of -€128 million as at 31 December 2009, compared with a loss of €145 million as at 31 December 2008. The improvement was due to a favourable tax change.

5.1.4.4 Other items from the income statement

These may be broken down as follows:

	Life and health insurance		Property and casualty insurance		Financial and banking activities		Holding company activities		Total	
(in millions of euros)	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Economic operating income	396	359	209	346	12	1	(128)	(145)	489	561
Storms			(131)						(131)	
Realised capital gains(1)	399	33	123	4	0	0	(2)	(3)	520	34
Impairment losses on financial instruments (1)	(1)	(38)	(3)	(102)	0	0	(18)	2	(22)	(138)
Fair value adjustments(1)	12	(115)	9	(37)	0	0	(4)	5	17	(147)
Amortisation of intangible assets and goodwill impairment	(41)	(34)	(38)	(23)	0	0	(131)	0	(210)	(57)
Exceptional items	(13)	8	19	12	4	0	(14)	0	(4)	20
INCOME GROUP SHARE	**752**	**213**	**188**	**200**	**16**	**1**	**(297)**	**(141)**	**660**	**273**

(1) Attributable to shareholders (net of profit sharing and corporate tax).

(a) Non-recurrent investment income

After a critical year in 2008 in terms of the financial markets, there appeared to be a return of confidence, reflected in an upswing of the major stock markets. Against this background, the Group's non-recurrent financial earnings more or less regained their 2007 levels and can be broken down as follows:

	2009				2008				Change			
(in millions of euros)	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total
Capital gains and losses from disposals net of recoveries	968	240	(3)	1,205	166	7	(4)	169	802	233	1	1,036
Change in the fair value of investments	78	14	(6)	86	(785)	(56)	8	(833)	864	70	(14)	919
Change in impairment losses on financial instruments	(6)	(4)	(27)	(38)	(92)	(121)	3	(211)	86	117	(30)	173
TOTAL	**1,040**	**250**	**(36)**	**1,253**	**(712)**	**(170)**	**7**	**(875)**	**1,752**	**420**	**(44)**	**2,128**

By type of investment income, the analysis is as follows:

- net realised capital gains and losses amounted to €1,205 million as at 31 December 2009, relating primarily to the capital gains on bonds sold in accordance with the 2009 bond-selling programme. It is worth noting that capital gains from property assets totalled more than €258 million. Net of profit sharing and taxes, realised capital gains recognised an increase of €485 million;
- the asset portfolio valued in IFRS financial statements using the fair value per profit methodology (securities classified as trading, held for trading and long-term financial instruments) posted an increase over the period of €919 million to reach €86 million. This increase was noted for the most part in the life and health insurance segment for €864 million. Net of profit sharing and taxes, the total was €164 million;
- as a reminder, the Group's 2008 investment income was affected by net allocations to long-term provisions for a total amount of -€211 million. In 2009 these allocations were very limited, which resulted in an increase in Group profits of €116 million (net of profit sharing and taxes).

The amounts net of profit sharing and taxes are as follows:

	2009				2008				Change			
(in millions of euros)	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total
Capital gains and losses from disposals net of recoveries	399	123	(2)	520	33	5	(3)	35	366	118	1	485
Change in the fair value of investments	12	9	(4)	17	(115)	(37)	5	(147)	127	46	(9)	164
Change in impairment losses on financial instruments	(1)	(3)	(18)	(22)	(38)	(102)	2	(138)	37	99	(20)	116
TOTAL	**410**	**129**	**(24)**	**515**	**(120)**	**(134)**	**4**	**(250)**	**530**	**263**	**(28)**	**765**

(b) Other non-financial items

In view of the British subsidiary's outlook for long-term profitability, the Group capitalised €56 million of tax deficits in the United Kingdom. With regard to banking, the healthy situation of this business line and its profitable outlook in line with the business plan led to the recognition of tax income of €8 million in the 2009 accounts.

Restructuring expenses related to mergers in France and internationally were recorded for the period at €57 million. It is also worth noting that non-recurring expenses associated with litigation were excluded from economic operating income and amounted to €28 million.

The other items primarily affect amortisation costs on intangible insurance assets. In property and casualty insurance, amortisation of portfolio values amounted to €38 million and primarily pertained to Italy, Hungary and brokers in the United Kingdom. In life and health insurance, amortisation of portfolio values amounted to €42 million, mainly for Turkey. Lastly, it should be noted that the goodwill impairment of Central and Eastern European countries (particularly Russia and the Ukraine) was recorded at €113 million as a precautionary measure after the Group decided to defer the development of its activity in these countries, given their uncertainty. In Turkey, there was an exceptional amortisation of €49 million on the portfolio value as a result of the non-renewal of a bancassurance agreement.

(c) Insurance and Services France

In 2009, the Insurance and Services France Division recorded a profit of €811 million, compared with €287 million in 2008.

Groupama Gan Vie was formed after the merger/absorption by Gan Assurances Vie of Groupama Vie and Gan Eurocourtage Vie and the transfer of business in force of Gan Patrimoine and Gan Prévoyance. As a result of this operation, life insurance in France was incorporated into a single entity. The 2008 profits listed for comparative purposes below correspond to the algebraic sum of the profits of the five former entities.

The contributed profit of Groupama Gan Vie amounted to €678.5 million compared with €195.0 million as at 31 December 2008. Such a sharp increase is related to a level of non-recurring investment income close to that of 2007, while 2008 saw a severe downturn in the financial markets which impacted both investment income valued at fair value through income and the provisioning of securities classified as AFS.

Groupama Gan Vie economic operating income was €309 million as at 31 December 2009 versus €266 million for the previous period, an increase of 16%. Before expenses, the net underwriting margin of Groupama Gan Vie amounted to €740 million, up more than 14% over the previous period.

Regardless of network, the underwriting margin of Groupama Gan Vie in individual insurance was driven by a sharp increase of net inflows which, at €1,726 million, were virtually double the figure recorded in 2008. For the provident and private health segments, positive run-offs over previous periods, particularly at Gan Prévoyance, also contributed significantly to improving the margin. For group segments, the co-insurance and reinsurance businesses continued in 2009 to produce highly positive margins, as did the agent network's group provident segment, which recorded a steady decline in its net claims ratio.

Operating expenses of Groupama Gan Vie rose 14% to €803 million. With regard to the increase in business (up +16% in 2009), the rate of operating expenses declined -0.2 point to 13.9%. These expenses include in particular sales investments designed to boost the Gan Prévoyance and Gan Patrimoine networks, as well as investments to modernise the life insurance back office (Rivage project). It should also be noted that the increase in tax for universal medical coverage (CMU) impacted this item in an amount of €16 million.

The contribution of Gan Assurances (Groupama Gan Vie's non-life insurance company and the distributor of its life insurance products) to 2009 Group income amounted to €22.5 million compared with €16.1 million as at 31 December 2008. This increase is primarily due to the change in financial capital gains, net of reserves.

The entity's economic operating income (including storms) was -€9 million as at 31 December 2009 versus +€18 million as at 31 December 2008. However, adjusted for storms Klaus and Quinten, which impacted the underwriting results for an amount of €41 million (i.e., €27 million net of taxes), it was comparable to the 2008 level.

The net combined ratio adjusted for climatic events amounted to 106.8%, up 1.9 points compared with 2008. This change is related to the current loss ratio (+3.2 points), particularly in the motor and home insurance segments, which were marked by an increase in serious claims and by a deterioration in annuity income (an expense of €15 million) primarily due to the adverse effect of the change in the discount rate. This development is nevertheless attenuated by an increase in surpluses over previous periods of $25.2 million. The policy for controlling operating expenses was reflected in a 0.4-point decline in the operating expense ratio to 27.4% as at 31 December 2009, compared with 27.8% in 2008.

The change in the net combined ratio is partly compensated by an increase of more than €17 million in the recurring financial margin (net of taxes).

The contributed profit of Gan Eurocourtage (Groupama Gan Vie's non-life insurance company and distributor of its life insurance products) was €103.3 million as at 31 December 2009, compared with €51.3 million as at 31 December 2008.

The entity's economic operating income (excluding storms) was €98 million as at 31 December 2009, compared with €59 million as at 31 December 2008.

Thanks to an extremely strict underwriting policy, the net combined ratio fell from 98.8% as at 31 December 2008 to 93%, a decline of 5.8 points over the period. The current loss ratio posted a decline of 3.5 points to 65.3% as at 31 December 2009, mainly due to the commercial market which was marked in 2009 by a small number of serious claims. Over previous periods, the intrinsic quality of the portfolio combined with a cautious provisioning policy led to a recognised increase of 19% in positive run-offs. The operating expense ratio was down 1.6 points to 35.7%, compared with 37.3% in 2008.

Financially, 2009 was marked by the completion of a programme to dispose of bonds, which accounted for the increase of €16 million in the financial margin (net of tax). The improved changes in fair value for securities classified as trading and held for trading also had a positive impact on financial income in an amount of +€22 million net of tax.

Groupama Transport posted contributed profit of €13.8 million versus €9.9 million in 2008.

Economic operating income amounted to €12 million in 2009 compared with €10 million for the previous period. This increase was primarily due to an improvement in the net loss ratio, reflected in a decline in the net combined ratio of 2.8 points, largely as a result of fewer major shipping claims. The operating expense ratio was stable at 30.1%.

In addition to operating income, the increase in changes in fair value of securities classified as trading and held for trading contributed to the €1.9 million increase (net of tax) in the non-recurring financial margin.

Amaline was consolidated for the first time as at 31 December 2009. Its contributed profit totalled -€22.1 million, of which -€6.8 million was for the loss from the previous period, which, under the rules of consolidation, was recorded as a one-time entry the first year of consolidation. Its level of business activity (considerably higher than planned) has meant that it has not yet been possible to absorb fixed costs.

Other specialised group companies

As at 31 December 2009, the other specialised companies in the Group made a total contribution to the Group's consolidated profit of €12.6 million versus €10.0 million in 2008. This may be broken down as follows:

- Groupama Assurance-Crédit contributed €0.5 million to Group profit, versus €1.0 million in 2008. The entity's economic operating profit fell to €0.2 million compared with €1.4 million for the previous period. The decline in underwriting results associated with the unfavourable market environment was partially offset by an increase in the non-recurring financial margin;
- Mutuaide Assistance contributed profit totalling €3.2 million as at 31 December 2009 versus €3.7 million in 2008. The entity had economic operating income of €4 million versus €3 million in 2008, an improvement linked to the increase in the net underwriting margin;
- Groupama Protection Juridique's contributed profit was up €1.3 million to €5.3 million as at 31 December 2009, as a result of the increase in the non-recurring financial margin. The entity's economic operating income was stable year on year and amounted to €5 million in 2009;
- Caisse Fraternelle Vie and Caisse Fraternelle Epargne, two former subsidiaries of Gan Patrimoine, were not absorbed by Groupama Gan Vie for technical reasons. The contributed profit of Caisse Fraternelle Epargne was stable at €1.6 million as at 31 December 2009. Its economic operating income totalled €1.6 million, identical to that of 2008. Caisse Fraternelle Vie contributed €2 million to Group profit versus a loss of €0.2 million in 2008, essentially related to market conditions in 2008. Its economic operating income was €1.2 million versus €0.2 million in 2008.

Discontinued business lines in France

Assu-Vie's contributed profit totalled €3.1 million versus €5.2 million as at 31 December 2008.

(d) International and French Overseas Territories Insurance

In a difficult economic climate, International Insurance (including international holding companies) posted contributed profit of €166 million versus €50 million in 2008, a return to the usual contribution levels of the years prior to 2008.

Southeastern Europe

In Italy, Groupama Assicurazioni (the entity created by the merger of Groupama Assicurazioni, Nuova Tirrena and Groupama Italia Vita) contributed profit of €37.1 million compared with a loss of €78.9 million in 2008.

The economic operating income of the new entity was €35 million, close to the 2008 figure of €37 million. This near-stability of economic operating income hides an improvement of underwriting results that was offset by a decline in recurring financial income.

In property and casualty insurance, the net combined ratio was 103.5% versus 107.7%. The current loss ratio (up 2.7 points) was impacted by an increase in the frequency as well as the severity of claims. With Nuova Tirrena's level of provisioning brought up to Group standards in 2008, run-offs over previous years returned to a natural level and accounted for the decline in the net loss ratio of 1.6 points to 78.6%. Operating expenses were up 1.0 point to 24.9%.

In life and health insurance, the improvement in the net combined ratio for health and other bodily injury was due in particular to the decline in the current loss ratio in Group provident insurance. As with property and casualty insurance, the level of income over previous periods was more positive. The underwriting margin was stable at almost €3 million.

Non-recurring financial profit rose by almost €140 million (after taxes). As a reminder, the 2008 fiscal year incorporated provisions for long-term impairment of €110 million (net of profit sharing and taxes), primarily on Unicredit securities incorporated as a result of the acquisition of Nuova Tirrena. The 2009 fiscal year incorporated capital gains on property assets for almost €18 million related to the streamlining of the subsidiary's geographic location.

In Greece, the contributed profit of Groupama Phoenix was €3.7 million versus a loss of €13.5 million in 2008.

The economic operating profit totalled almost €5 million versus €1 million in 2008.

In property and casualty insurance, the net combined ratio improved considerably in 2009 (-18.3 points to 90.8%). The net loss ratio fell 17 points, reflecting the success of portfolio recovery procedures undertaken by Group teams following the acquisition of this subsidiary. After a year marked by numerous projects aimed at increasing the security of business tools, the operating expense ratio began to fall (dropping 1.3 point to 43%).

The underwriting margin for life and health insurance was impacted by a €15 million improvement in provisions related to a new risk-free yield curve in conjunction with the Greek macroeconomic context.

The contribution was also influenced by the increase in non-recurring financial income, which was up €18 million primarily as a result of the changes in fair value of financial assets.

Net income for the year was also impacted by a provision for a stock market dispute in the amount of €5 million.

The Turkish subsidiaries made a contribution to consolidated profit totalling €6.9 million versus €25 million in 2008.

The contributed profit of Groupama Sigorta (formed after the merger of Basak Sigorta and Güven Sigorta) amounted to -€6.2 million versus +€8 million as at 31 December 2008.

Economic operating profit in 2009 was virtually nil versus a profit of €6 million in 2008. This decline was associated in equal measure with the change in the recurring financial margin net of tax, which fell €3 million, and with the underwriting margin.

However, the main reason for the decline was health insurance, both individual and group. The net claims ratio of these segments rose by almost 10 points.

In contrast, property and casualty insurance posted an improvement in its net claims ratio (73.4% in 2009 versus 75.7% in 2008) and its operating expense ratio, in spite of an increase in the frequency of motor claims, the bringing up to Group provisioning standards of the Güven portfolio and the floods in September (largely covered by the Group's Internal Reinsurance).

The entity's contributed profit was negatively impacted by merger costs, representing an expense of more than €4 million after tax, and the €2.5-million amortisation of Güven Sigorta's value in force.

Groupama Emeklilik (the entity created by the merger of Groupama Basak Emeklilik and Güven Hayat) posted a profit of €12.5 million compared with a profit of €14.6 million in 2008 on a like-for-like basis.

The new entity's economic operating income was stable at almost €23 million. The underwriting margin net of operating costs for life and health insurance was down more than €10 million in relation to 2008. Operating costs increased, as did, more importantly, commissions. Recurring financial income rose by more than €3 million (after tax).

The contributed profit of Groupama Bosphorus (the top holding company for the subsidiaries located in Turkey) totalled €1.7 million versus zero profit in 2008.

Southwestern Europe

Groupama Seguros in Spain contributed €53.2 million to the Group's profit as at 31 December 2009 versus €103.5 million as at 31 December 2008.

The entity's 2009 economic operating income fell sharply to €44 million versus €114 million in 2008. This decline is primarily related to the following factors:

- the net combined ratio for property and casualty insurance, up 12.7 points to 97.0% due to a sharp decline in run-off surpluses in previous years. The current loss ratio also fell 2.4 points, particularly in the motor segment where claims are on the rise. Against this backdrop, the entity was able to control its operating costs, which fell 1.1 points to 26.6%;
- in life and health insurance, an 8.7-point increase in the net combined ratio for health and other bodily injury due to the increase in claims;
- a fall in the recurring financial margin (after tax) of €4.6 million in relation to 2008.

The non-recurring financial margin rose by almost €23 million (after tax). Note that the 2008 fiscal year included an allocation for long-term provisions on financial assets of €19.3 million.

Subsidiaries in Portugal posted a profit of €2.3 million in 2009 versus a loss of €0.8 million in 2008. The increased financial margin was behind this change. Economic operating income totalled almost €2 million.

In Tunisia, profit from using the equity method for STAR totalled €5.7 million, reflecting the entity's strong operating performance.

Central and Eastern Europe

The Hungarian subsidiary Groupama Garancia Biztosito (which merged with OTP Garancia) posted profit of €9 million versus profit of €7 million in 2008.

Economic operating income supported by the recurring financial margin of the Garancia portfolio over the year rose by almost €18 million to €26 million (versus €8 million in 2008).

With respect to underwriting, the subsidiary's business was affected by poor climate conditions which resulted in an increase in claims for most property and casualty insurance segments. This was partially borne by the reinsurance balance. The net combined ratio for property and casualty insurance totalled 97.5%.

In a difficult market environment for life insurance, particularly in the first half of the year, the underwriting margin for life and health insurance fell by almost €2 million.

Merger costs of €6 million (after tax) negatively affected the new entity's net profit, as did the amortisation of the portfolio value recognised as part of the OTP Garancia purchase price allocation in the amount of -€12.7 million.

In Romania, Groupama subsidiaries Groupama Asigurari and OTP Garancia Asigurari posted a contributed loss of €9.7 million versus -€23.7 million in 2008. The subsidiary undertook major work to streamline its operating procedures and business tools. This has begun to yield results, but it still impacted the net combined ratio, which was 125.7% In addition, an underwriting policy was implemented requiring businesses to undergo a highly stringent selection process. Although this policy worked well over the current year, it negatively impacted premium income. In spite of the combined ratio, economic operating income was stable at -€17 million, due to the increase in recurring financial income. Merger costs amounting to almost €8 million had a negative impact on net profit.

The Slovak subsidiaries posted a loss of €3.9 million versus a loss of €0.8 million in 2008.

In Bulgaria, the contribution to Group profit by the two subsidiaries was -€0.9 million versus -€0.6 million in 2008.

Other countries

UNITED KINGDOM

The contribution of Groupama Insurances totalled €59.5 million as at 31 December 2009 versus €23.1 million in 2008. The result was largely related to a one-time capitalisation of deferred tax in an amount of €56 million.

Economic operating income of €3 million in 2009 (versus €26 million in 2008) was burdened by the net combined ratio of property and casualty insurance, which rose by 5.7 points to 107.5% in 2009. Market conditions were unfavourable in 2009. Bad weather in January and February, together with an increase in claims frequency in motor insurance, accounted for the increase in the net loss ratio of 3.8 points (to 71.6%), which was partly covered by reinsurance protection. The operating expense ratio rose by 1.9 point to 35.9% due to the increase in broker commission. Life and health insurance posted improved underwriting results, down 5.3 points to 100.4% in 2009, due to profits in the Group health segment. The decline in bond income explains the decrease in the recurring financial margin, which also unfavourably impacted economic operating income.

The brokerage subsidiaries (Carole Nash, Bollington and Lark, grouped under the broking services of GUK Broking Services) posted contributed profit of €3.2 million versus €4.0 million in 2008. Economic operating profit of these subsidiaries amounted to €10 million versus €12 million in 2008, before allowing for the depreciation of the portfolio values of these entities.

FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES

Contributed profit of Gan Outre-Mer amounted to -€0.3 million as at 31 December 2009 versus €4.6 million in 2008. The entity's economic operating income was €1 million, down €5 million compared with the close of 2008. This result was due to the 7-point decline in the net combined ratio to 97.7%. The French West Indies region was affected by social unrest at the beginning of the year, as well as by flooding in Martinique. The Pacific region was affected by an increase in the number of serious claims. The net operating expense ratio was down 0.4 point to 26.2%.

(e) Financial and banking activities

Financial and banking activities posted a profit of €19 million versus €1 million as at 31 December 2008.

Groupama Banque, which combined retail banking with the Group's banking activities following its merger on 1 October with Banque Finama, posted profit of -€13.7 million versus -€22.3 in 2008 (on a like-for-like basis). Net banking income of the newly merged entity was up 25% at €88 million. This increase was primarily the result of a 21.2% rise in net banking income from retail banking as a result of increased consumer lending. Cash activity also benefited from favourable market conditions and increased transaction volume. Operating costs recorded a change equivalent to that of net banking income. Non-recurring profit included merger costs as well as tax benefits related to the merger of the entities.

The contributed profit of the asset management subsidiaries (Groupama Asset Management and its subsidiaries) was €24.7 million versus €14.6 million in 2008. The slight upturn in the financial markets was behind both the increase in outstanding amounts of €7.5 billion and the development of external customers. Operating costs increased at a slower pace than net banking income.

In a market unfavourable to private equity, the contribution of Groupama Private Equity totalled €2 million versus €2.9 million in 2008.

Groupama Épargne Salariale's results were stable, albeit still showing a loss of €0.7 million.

The contribution of Groupama Immobilier, the Group's real estate asset management subsidiary, totalled €6.5 million versus €6.8 million in 2008.

(f) Analysis of Groupama SA and holding companies

Groupama SA

Groupama SA posted a loss in 2009 of €177.1 million versus a loss of €48.5 million in 2008. Climatic events at the beginning of the year formed the crux of the Group's Internal Reinsurance and reduced the 2009 contribution by €97.4 million (net of tax).

Adjusted for storms, Groupama SA's economic operating profit (on its operating activity) totalled €30 million in 2009 versus €114 million in 2008. The sharp decline of this aggregate relates to the decrease in the loss ratio (excluding storms) of almost 10 points. This decrease was mainly due to higher frequency of motor claims, combined with a decline in the loss ratio for fire insurance. In addition to the storms in January, storms on 25 and 26 May also affected operating income in an amount of €11 million (after tax), and negatively impacted underwriting results. The net loss ratio for life and health insurance was 73.8% in 2009 versus 70.8% in 2008, due primarily to the modification of reinsurance methods in health insurance to take into account universal medical coverage (CMU). Operating costs were stable at 29.2% as at 31 December 2009.

Non-recurring financial profit improved by almost €85 million (net of tax) in relation to 2008, due to an increase in realised capital gains as well as an increase in fair value changes for securities classified as trading or held for trading.

From an analytical standpoint, Groupama SA's profit can be broken down into operating profit, with a negative contribution of €14.2 million versus a profit of €96 million in 2008, and income from its holding company activities, with a negative contribution of €162.9 million versus €144 million in 2008.

5.1.4.5 Consolidated balance sheet

As at 31 December 2009, the Groupama balance sheet total was €90.7 billion, up from €85.6 billion in 2008, an increase of 6.0%.

(a) Goodwill

Goodwill totalled €3.2 billion versus €3.5 billion as at 31 December 2008. This item includes adjustments related to recent acquisitions as part of the purchase price allocation. The main changes involve the Hungarian subsidiary (-€47 million net of tax, transferred as intangible assets) and the Spanish subsidiary following the consideration of a future tax saving relating to the amortisation of goodwill purchased (-€41 million). In addition, the Central and Eastern European region was subject to an exceptional depreciation of goodwill as a precautionary measure in an amount of -€113 million. An additional price was paid amounting to €56 million for the acquisition of Groupama Transport.

(b) Other intangible assets

Other intangible assets totalling €665 million (versus €601 million in 2008) are composed primarily of amortisable portfolio securities (€440 million) and computer software. The increase in this item during the year was mainly related to the recognition of intangible values within the framework of recent acquisitions. In Hungary, the Group identified a portfolio value on policies acquired for an amount of €58 million. In Spain, Groupama Seguros signed a bancassurance agreement with Bancaja, generating intangible assets of €60 million. In Turkey, an accelerated depreciation of the business's portfolio value was recorded as a result of the termination of a major bancassurance agreement. An exceptional depreciation for the former local brand was also recorded following the adoption of the Groupama Sigorta brand name. These items represent a total expense of -€53 million.

(c) Investments (including unit-linked investments)

Insurance investments totalled €73.9 billion in 2009 versus €67.4 billion in 2008, an increase of €6.5 billion (almost 10%). After a difficult year in 2008, the financial markets, including the CAC 40 (up 22.3% in relation to 2008), began another upward trend. With most investments on the balance sheet (more than 90%) valued at market value according to IFRS, the Group's unrealised capital gains (including property assets) increased by €1.7 billion to €2.7 billion (versus €1 billion as at 31 December 2008). Unrealised capital gains on shares rose by €2 billion. Unrealised capital gains on property assets declined by €518 million compared with 31 December 2008 as a result of an asset realisation programme and market change.

Unrealised capital losses on financial assets (excluding property assets) attributable to the Group totalled -€0.5 billion versus -€1.3 billion as at 31 December 2008. 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 €1.47 billion versus €1.63 billion as at 31 December 2008. 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	2008
Bonds	63%	62%
Equities	14%	13%
Cash and cash equivalents (mutual funds and repurchase transactions)	9%	9%
Property assets	8%	9%
Unit-linked Investments	5%	5%
Other (loans, receivables and other assets)	1%	2%

(d) Shareholders' equity

As at 31 December 2009, Groupama consolidated shareholders' equity totalled €4.6 billion versus €3.2 billion as at 31 December 2008.

This decrease can be summarised as follows:

(in millions of euros)

SHAREHOLDERS' EQUITY AT THE OPENING OF 2009	**3,179**
Change in revaluation reserve: fair value of AFS assets	2,243
Change in revaluation reserve: shadow accounting	(1,244)
Change in revaluation reserve: deferred tax	(103)
Unrealised foreign exchange adjustment	(9)
Other	(154)
Income (loss)	660
SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2009	**4,572**

The improvement in the financial markets in 2009 is behind the increase in the revaluation reserve of securities classified as available-for-sale.

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €3.8 billion versus €3.3 billion as at 31 December 2008.

As at 31 December 2009, subordinated debt (€1,995 million) rose by €750 million compared with 2008 following the issue on 27 October 2009 of senior subordinated securities maturing in 2039. With this extension, Groupama SA carried out an early redemption on 22 January 2010 of redeemable subordinated securities issued in 1999 for an amount of €750 million. As at 31 December, however, this debt had not been repaid and therefore financial debt is artificially inflated.

The Group's external debt totalled €1,853 million versus €2,039 million, down €186 million compared with 31 December 2008. Groupama SA reimbursed part of its syndicated line of credit (€360 million) and the reduction was partly compensated by the increase in financing of the development of the real estate subsidiary, the Silic.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) amounted to €69.2 billion versus €65.9 billion as at 31 December 2008. This change was due both to the increase in life insurance activity, which generated an increase in underwriting reserves, and the increase in provisions for claims reserve following the storms at the beginning of 2009.

The profit sharing asset totalled €331 million as at 31 December 2009.

(g) Contingent liabilities

Contingent liabilities rose by €39 million over the period and totalled €438 million as at 31 December 2009. This increase was due primarily to corporate commitments (retirement benefits, etc.) resulting from rate changes.

5.1.5 SOLVENCY

The coverage rate in the solvency margin was of 180% in the 2009 consolidated accounts compared with 122% as at 31 December 2008 (+58 points).

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 56.4% in 2009, compared to 65.9% in 2008, 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 37.3% in 2009 versus 49% in 2008.

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. For the Hungarian forint, hedges were stopped at the end of the year as the currency risk was below the tolerance threshold 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 Income (loss)

Earned premiums totalled €1,982.4 million, up 1.1% compared to 2008, when they were €1,961.3 million. They came primarily from contributions received from the regional mutuals (€1,791.3 million) and contributions from the Group's profit centres and subsidiaries (€166.7 million).

Claims expenses (including claims management fees), annuities and other underwriting reserves totalled €1,545.6 million, an increase of €431.5 million (up +38.7%). This was due to an increase in the loss ratio for the year, particularly in relation to storms Klaus and Quinten (€273.3 million).

The balance of outward reinsurance and retrocessions yielded an expense of €123.6 million, down €146.6 million from 2008, due primarily to the outward reinsurance of storm claims.

After taking into account commissions on accepted reinsurance totalling €337.6 million, the net underwriting margin was -€24.3 million, down €262.1 million compared with 2008 when income totalled €237.8 million.

Groupama SA's total operating expenses were €265.1 million, compared to €235.8 million in 2008.

After taking into account income allocated to underwriting reserves (€111.0 million or 47.5% of the year's investment income), Groupama SA's 2009 underwriting result came in at a loss of €178.4 million (9.0% of earned premiums).

Total financial income reached €233.8 million, versus €415.4 million in 2008. It consisted primarily of dividends from subsidiaries and equity stakes (€485.6 million), earnings on other assets (€63.7 million), loan charges (-€174.5 million), gains on disposals of shares net of reversals of provisions (+€137.0 million) and changes in financial provisions (-€271.1 million resulting primarily from provisions for Group subsidiary impairment losses).

Exceptional items represented net income of €8.2 million versus a net expense of €20.9 million in 2008.

The "Taxes" item represents an income of €215.4 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama SA as the Group's parent company, and the €100-million refund by the French government of the carry-back receivable, from which the Group benefited as part of the economic stimulus plan.

Net profit for the year totalled €148.3 million, compared to €445.6 million in 2008.

5.1.8.2 Balance Sheet

The total 2009 Groupama SA balance sheet totalled €12,783.5 million, up €1,347.9 million in relation to 2008. This sharp increase is related in particular to the underwriting of the TSR loan at the end of October of €750 million and the issue of two loans underwritten by the Group's life insurance subsidiaries for a total of €381.0 million (related to the promoting of the Groupama Obligations product).

Shareholders' equity totalled €3,180.5 million as at 31 December 2009 versus €3,084.1 million as at 31 December 2008. The increase in shareholders' equity is largely attributable to the net profit for the year (up €148.3 million) and the distribution of dividends payable for the 2008 fiscal year (-€53.2 million).

Gross technical reserves reached €3,419.7 million, up €196.3 million (or 6.1%) compared to the end of 2008 due to claims over the year. These reserves represented 172.5% of premiums earned during the year. Technical reserves ceded and retroceded totalled €667.4 million, up €102.7 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €11,117 million (including differences between bond repayments payable and receivables associated with investments). Strategic assets represent 68.7% of total assets and include equity investments (€7,038 million) and intra-group loans (€610 million).

As a realisable value, Groupama SA investments totalled €15,664 million, including unrealised capital gains of €4,547 million that come primarily from strategic intra-group stakes (€4,101 million).

In accordance with provisions D441-4 of the French Commercial Code, the balance of debt with respect to suppliers represented a total of €91.7 million. This mostly consists of debts payable within 30 days.

5.1.8.3 Income for the year and proposed allocation

Earnings for the year totalled €148,366,524.66. Given previous retained earnings of €1,568,115,632.11, distributable earnings totalled €1,716,482,156.78, which we propose to allocate as follows:

- as shareholder dividend: €104,181,645.60
- balance carried forward: €1,612,300,511.18

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 90.91%
- Groupama Holding 2 8.99%

5.1.9.2 Employee shareholders

Pursuant to Article L. 225-102 of the French Commercial Code, employees, former employees, and Directors of the Company held 0.10% of Groupama SA's share capital as at 31 December 2009.

5.1.10 DISCLOSURES ON CORPORATE DIRECTORS AND 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 fiscal 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: €342,318 (gross annual compensation of €275,324, retirement benefit of €37,444 and housing allowance of €29,550);
- Mr Francis Aussat: Directors' fees paid by Groupama SA: €68,000 and Directors' fees paid by Groupama Holding: €71,000;
- Mr Jean Baligand: Directors' fees paid by Groupama SA: €65,000 and by Groupama Holding: €51,000;
- Mr Claude Bartholomeis: Directors' fees paid by Groupama SA: €18,000;
- Mr Jean-Marie Bayeul, appointed Director on 26 August 2009: Directors' fees paid by Groupama SA: €5,417 and by Groupama Holding: €15,000;
- Mr Michel Baylet: Directors' fees paid by Groupama SA: €80,000 and by Groupama Holding: €71,000;
- Ms Annie Bocquet: Directors' fees paid by Groupama SA: €65,000 and by Groupama Holding: €58,000;
- Ms Anne Bouverot, independent Director: Directors' fees paid by Groupama SA: €62,583;
- Mr Amaury Cornut-Chauvinc: Directors' fees paid by Groupama SA: €80,000 and by Groupama Holding: €51,000;
- Mr François Desnoues, appointed Director on 27 May 2009: Directors' fees paid by Groupama SA: €14,417 and by Groupama Holding: €15,000;
- Mr Robert Drouet, Director until 26 August 2009: Directors' fees paid by Groupama SA: €57,750 and by Groupama Holding: €37,000;
- Mr. Michel Habig: Directors' fees paid by Groupama SA: €48,000;
- Mr Frédéric Lemoine, independent Director: Directors' fees paid by Groupama SA: €97,000;
- Ms Solange Longuet, Director until 27 May 2009: Directors' fees paid by Groupama SA: €52,750 and by Groupama Holding: €24,000;

- Mr Jean Salmon, independent Director: Directors' fees paid by Groupama SA: €65,000;
- Mr François Schmitt: Directors' fees paid by Groupama SA: €62,000 and by Groupama Holding: €51,000;
- Mr Philippe Vassor: independent Director: Directors' fees paid by Groupama SA: €94,000;
- Mr Jérôme Zanettacci: Directors' fees paid by Groupama SA: €30,000;
- Mr Jean Azéma, Chief Executive Officer: gross annual compensation (including benefits in kind) received for his duties within the Group: €1,317,768 (gross annual compensation €952,000, variable compensation €349,500, medical care, provident savings, death and unemployment insurance for entrepreneurs and company owners: €16,268) and retirement contract awarded to members of the Groupama SA Steering Committee.

Lastly, the cumulative gross annual compensation (including profit sharing and benefits in kind) for members of the Groupama SA Steering Committee totalled: €5,206,692. The total liability for retirement contracts as at 31 December 2009 was €21,943,369.

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 paragraphs 3.1.2 and 3.1.3.

5.1.10.2 Co-optation approval

We propose that you ratify the appointment of Mr Jean-Marie Bayeul in his capacity as Director, which occurred at the Board of Directors' meeting of 26 August 2009, to replace Mr Robert Drouet, who resigned, for the remainder of the latter's term of office, i.e., until the Ordinary General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

5.1.11 HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

The social and environmental consequences of the activity, covered by Article L. 225-102, part 4 of the Commercial Code, as well as the information contained in Articles D. 148-2 and D. 148-3, are discussed in the 2009 Groupama SA Annual Report.

5.1.12 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, part 7 of the Commercial Code, is a summary table of the delegation of competence and authority granted by the 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.

We also propose that you renew in advance the financial authorisations previously approved by the General Meeting of 28 May 2008 and 27 May 2009, 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 Thirteen. 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 Meeting of 28 May 2008.

  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 rights issued on international markets, 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 28 May 2008;
- 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 28 May 2008;
- 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 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 and/ or authorized agents of the regional mutuals; (iii) the employees and managers or company officers provided for in Article L.3332-2 of the 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 issue effected in application of the 17th resolution, and/or; (iv) UCITS or other employee shareholding bodies holding investments in the company's securities, whose share owners or shareholders consist of the persons or entities mentioned in (iii) of this paragraph and/or the beneficiaries of the 17th 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 27 May 2009;
- 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 28 May 2008.

  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 L. 3332-20 of the 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 27 May 2009;
- 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 as of this day and will replace the delegation granted by the General Shareholders' Meeting of 28 May 2008. 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 28 May 2008.

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 27 May 2009.

5.1.13 REGULATORY AGREEMENTS

We also request that you approve the agreements cited in Article L. 225-38 of the Commercial Code and R 322-7 of the Insurance Code referred to in the special report prepared by the Statutory Auditors.

5.1.14 OUTLOOK

The year 2010 should be characterised by a cautious outlook for growth. The economic recovery that began in the second half of 2009 is expected to continue. However, that recovery was very much dependent on the emerging demand that favoured industrial production, as much in Asia (particularly China) as in the United States and Europe.

Despite this outlook, negative indicators still remain (product surpluses, companies' access to financing sources, etc). Such factors affect corporate investment and the labour market. In addition, there is a risk that the decrease in consumption stimulus packages in developing countries could exacerbate the decline in household income. The weak demand from these countries as they rebuild savings will have a major impact on consumption and consolidation of growth.

Against this background, the Group is continuing the initiatives undertaken over the last several years. With 16 million customers in 14 countries and a comprehensive product offer in insurance, banking and services, the Group plans to:

- accelerate its growth in France;
- continue its development internationally; and
- seek continual operating efficiency and profitability.

In France, Groupama intends to continue to capture market share in life and health insurance, boost its presence in the non-life segment and step up the development of banking activity with respect to its customers.

Internationally, the Group plans to expand its current locations by focusing its efforts on investing in its distribution networks and diversifying its product range.

At the same time, the Group is benefiting from the synergies that resulted from the restructuring operations carried out in 2009 and will be systematically implementing initiatives aimed at improving its operating performance to generate complementary synergies. In addition, the operational measures related to the reform of the Solvency II insurance regulations will be implemented in 2010.

By combining these various elements and in accordance with its strategic plan, the Group is on course to become one of the top 10 general insurance companies in Europe by 2012.

5.2 EMBEDDED VALUE

Groupama has been calculating its European Embedded Value (EEV) for the Group's French 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 guidelines, to the market value of assets backing the shareholders' net equity and other reserves attributable to Groupama's shareholders. As at 31 December 2009, 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, the net intangible assets 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 Groupama's portfolio;
  - determination of the projected rates of return without allowance of any risk premium;
  - discounting all the future cash flows using a reference interest rate curve derived from the interest rate swap 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 friction 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.

For insurance business transacted directly at the Groupama SA level which does not generate any profit-sharing rights, the consolidation method applied by Groupama consists in adding together – the sum is weighted to account for the ownership interest percentage held – the Embedded Values of the different entities included in the valuation scope. None of the items from the Groupama SA Net Revalued Assets have been included, except for assets resulting from the consolidation as described above.

5.2.1 MAIN CHANGES COMPARED TO THE 2008 EEV

Groupama calculates an EEV on the Life and Health business in France and abroad.

The model covers 96% of the Group's life technical reserves, and 97% of the Group's premiums.

5.2.1.1 Formation of Groupama Gan Vie

Since 31 December 2009 – retroactive to 1 January 2009 – all the Group's Life portfolios in France are held in a single company: Groupama Gan Vie.

As a major feature of the Group's strategy in France, Groupama Gan Vie covers individual and group insurance markets, Health businesses, Provident, Savings and Retirement. In practice, it was formed from Gan Assurances Vie's "merger-absorption" of Groupama Vie and Gan Eurocourtage Vie and from the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance.

Groupama Gan Vie markets its products via a network including Regional Mutuals, Gan assurance, Gan Eurocourtage, Gan Patrimoine and Gan Prévoyance.

The valuation of the consolidation for France therefore includes the entire Life France business, which largely consists of the following:

- the new entity Groupama Gan Vie;
- the distribution companies Gan Prévoyance and Gan Patrimoine stated at shareholders' net equity adjusted for the holding in Groupama Gan Vie;
- Life business costs of other entities.

At 1 January 2009, the formation of Groupama Gan Vie resulted in a new balance sheet assets and liabilities segmentation.

5.2.1.2 Expansion of the model's scope

In 2009, the international business model was expanded in relation to 2008 to include the Romanian and Hungarian subsidiaries. The costs of options and financial guarantees were calculated for the Greek subsidiary bearing in mind that a valuation based on a traditional approach was applied for the 2008 EEV.

The Romanian subsidiary's portfolio was valued using a traditional approach given that its products do not include any guarantee.

The costs of unit-linked policies' options and financial guarantees were calculated for the Hungarian subsidiary. For euro-denominated policies, in view of the low asset values involved, the portfolio was valued based on a traditional approach with the discount rates including risk premiums to cover financial risks.

For the valuation of both these entities, the discount rates include risk premiums to cover non-financial risks.

Lastly, according to principle 2.3 of the CFO Forum, Groupama Asset Management has been included in the France valuation perimeter in respect of the Group's 95.1% equity share of assets relating to Groupama's Life and health business.

The value has been calculated by applying the business margin rate to projected technical reserves, net of cost of capital.

An analysis of movement was carried out on the Group consolidation scope except on the Hungarian and Romanian subsidiaries and on Groupama Asset Management, which this year were included in the EEV perimeter.

5.2.1.3 Adjustment of the risk-free rate curve

The 2009 EEV calculations, like the 2008 EEV calculations, include a liquidity premium. The purpose of adding a liquidity premium to the swap rate curve is to take account of a discount due to low liquidity on bond valuations in the calculations. This liquidity premium was applied to all subsidiaries except Hungary, Romania, Turkey and Greece for which country curves were applied.

The methods for calculating and applying the liquidity premium are the same as those used for the 2008 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.

This “market” liquidity premium is then weighted for the proportion of corporate bonds in the portfolio.

The resulting liquidity premium that was applied in the 31 December 2009 EEV calculations amounted to 25 basis points.

5.2.2 RESULTS

5.2.2.1 Analysis of movements – Aggregated figures

(France and international, excluding the Hungarian and Romanian subsidiaries and Groupama Asset Management)

(in millions of euros)	ANAV	VIF	EEV
VALUE AS AT 31 DECEMBER 2008	**2,023.8**	**718.5**	**2,742.3**
Model changes and opening adjustments	(10.2)	47.3	37.1
Adjusted value as at 31 December 2008	**2,013.6**	**765.8**	**2,779.4**
New business contributions	(105.2)	164.8	59.6
Expected contributions	256.0	(7.7)	248.3
Difference in non-economic experience	544.8	(52.1)	492.7
Changes in non-economic assumptions	0.0	123.0	123.0
Contribution from operating businesses	**695.5**	**228.1**	**923.6**
Economic environment contribution	**414.4**	**(59.2)**	**355.2**
EEV contribution	**1,109.9**	**168.9**	**1,278.8**
Capital movements	(227.6)	0.0	(227.6)
Exchange rate movements impact	(0.1)	0.0	(0.1)
Asset Management business EEV	0.0	190.2	190.2
Business acquired/sold during the period	109.5	45.6	155.1
VALUE AS AT 31 DECEMBER 2009	**3,005.3**	**1,170.6**	**4,175.9**
Operating return	**34.5%**	**29.8%**	**33.2%**
EEV contribution	**55.1%**	**22.1%**	**46.0%**

The total return on EEV in 2009 was 46% before capital movements, after exchange rate movements and the EEV of the entities integrated in the 2009 calculation.

The movement due to the change in scope and model amounts to €37.1 million. The difference largely comes from the Groupama Gan Vie merger, the expansion of the models scope for France and to a lesser extent changes in the model.

The contribution of new business corresponds to the value of new business excluding entities included in 2009.

The expected contribution corresponds to the effect of a one-year delay calculated using the implied risk discount rate.

The non-economic adjustments of €492.7 million are mainly explained by the positive impact from the merger of Groupama Gan Vie's Life entities and the restructuring of the bond portfolio.

The bond portfolio restructuring had a major positive impact on the ANAV with the corresponding deduction posted against the portfolio's EEV.

However, the impact of this transaction comes out strongly positive on the 2009 EEV for two main reasons as follows:

- the capitalisation reserve resulting from the ANAV transactions is before tax whereas the reduction in return on the portfolios is after tax;
- the restructuring performed reduced the asset/liability mismatch by extending the duration, such that the reduction in return on the bond portfolio remained limited.

Furthermore, the merger of the Group's Life entities led to an increase in the portfolio's EEV of about +€210 million due to an improved mutualisation.

Lastly, to a lesser extent, positive experience differences on claims for the Provident business were observed resulting in a transfer of value between the portfolio's EEV and the ANAV (generating a surplus).

The €123 million change in non-economic assumptions is explained by policy adjustments.

The operating results including new business of €59.6 million (excluding entities included in the 2009 scope), were therefore €923.6 million and correspond to an operating return of 33.2%.

The economic environment results had a limited impact on the VIF of -€59.2 million, since the increase in equity volatility and interest rates and the reduction in interest rates were overall offset by the rise in equity markets during 2009. On the ANAV, the economic environment results of €695.5 million arose due to write-backs to the provision for contingent payment risk posted in 2009.

Capital movements largely relate to 2008 dividends paid out in 2009.

The businesses acquired during the period relate to including the Hungarian and Romanian subsidiaries in the valuation.

5.2.2.2 European Embedded Value – Aggregated figures (France and International)

(in millions of euros)	31.12.2009	31.12.2008 initial adjustments	31.12.2008	Change	% Change
Adjusted Net Asset Value	**3,005.3**	**2,013.6**	**2,023.8**	**991.7**	**49.3%**
Certainty equivalent value (CE)	2,441.7	1,889.4	1,790.6	552.2	29.2%
Time value of financial options and guarantees	(763.3)	(598.9)	(547.6)	(164.4)	-27.4%
Cost of Capital (100% of solvency margin)	(388.9)	(420.7)	(418.3)	31.9	7.6%
Cost of non-financial risks	(118.8)	(103.9)	(106.2)	(14.9)	-14.3%
VIF	**1,170.6**	**765.8**	**718.5**	**404.8**	**52.9%**
EMBEDDED VALUE	**4,175.9**	**2,779.4**	**2,742.3**	**1,396.6**	**50.2%**

5.2.2.3 European Embedded Value – Aggregated figures (France and International) before expansion in scope

(in millions of euros)	31.12.2009	31.12.2008 Initial adjustments	31.12.2008	Change	% Change
Adjusted Net Asset Value	**2,904.4**	**2,013.6**	**2,023.8**	**890.9**	**44.2%**
Certainty equivalent value (CE)	2,193.1	1,889.4	1,790.6	303.7	16.1%
Time value of financial options and guarantees	(755.2)	(598.9)	(547.6)	(156.3)	26.1%
Cost of Capital (100% of solvency margin)	(383.9)	(420.7)	(418.3)	36.9	-8.8%
Cost of non-financial risks	(118.1)	(103.9)	(106.2)	(14.2)	13.7%
VIF	**935.9**	**765.8**	**718.5**	**170.0**	**22.2%**
EMBEDDED VALUE	**3,840.3**	**2,779.4**	**2,742.3**	**1,060.9**	**38.2%**

5.2.2.4 European Embedded Value – France

(in millions of euros)	31.12.2009	31.12.2008 Initial adjustments	31.12.2008	Change	% Change
Adjusted Net Asset Value	**2,566.7**	**1,714.7**	**1,726.2**	**852.0**	**49.7%**
Certainty equivalent value (CE)	2,190.3	1,703.6	1,606.6	486.6	28.6%
Time value of financial options and guarantees	(691.5)	(548.3)	(509.1)	(143.2)	-26.1%
Cost of Capital (100% of solvency margin)	(370.2)	(399.6)	(396.2)	29.5	7.4%
Cost of non-financial risks	(111.7)	(98.2)	(101.2)	(13.5)	-13.8%
VIF	**1,016.8**	**657.5**	**600.2**	**359.3**	**54.6%**
EMBEDDED VALUE	**3,583.6**	**2,372.2**	**2,326.3**	**1,211.3**	**51.1%**

5.2.2.5 European Embedded Value – International

(in millions of euros)	31.12.2009	31.12.2008 Initial adjustments	31.12.2008	Change	% Change
Adjusted Net Asset Value	**438.6**	**298.9**	**297.6**	**139.7**	**46.7%**
Certainty equivalent value (CE)	251.4	185.8	183.9	65.6	35.3%
Time value of financial options and guarantees	(71.8)	(50.7)	(38.5)	(21.2)	-41.8%
Cost of Capital (100% of solvency margin)	(18.7)	(21.1)	(22.1)	2.4	11.5%
Cost of non-financial risks	(7.1)	(5.7)	(4.9)	(1.4)	-24.0%
VIF	**153.8**	**108.3**	**118.3**	**45.5**	**42.0%**
EMBEDDED VALUE	**592.4**	**407.1**	**416.0**	**185.2**	**45.5%**

The 2009 consolidated European Embedded Value was €4,175.9 million, of which €3,005.3 million correspond to ANAV and €1,170.6 million to VIF. EEV increased by 50% between 2008 and 2009 (after capital movements, exchange rate movement and increase in scope).

The expansion in scope led to an increase in EEV of €336 million (+12%), €235 million to VIF, and €101 million to ANAV.

Excluding the expansion in scope:

- EEV increased by €1,060.9 million, up +38%;
- ANAV increased by 44%. This change is largely due to the following:
  - movements in the capitalisation reserve for the France scope;
  - growth in results between 2008 and 2009;
  - an increase in unrealised capital gains;

- VIF increased by €170 million (up +22% between 2008 and 2009);
  - the certainty equivalent increased by 16% following the movements in the equity markets;
  - the cost of capital for the solvency margin, which corresponds mainly to tax effects, was down due to the lower interest rates;
  - the cost of options increased by 26%, largely following the increase in equity and interest rate volatility.

The France 2009 European Embedded Value amounted to €3,583.6 million, including €2,566.7 million on the ANAV and €1,016.8 million on the VIF, up 51% between 2008 and 2009. On a like-for-like basis excluding Groupama Asset Management, France 2009 European Embedded Value was up 43% despite the increase in equity and interest rate volatility.

Apart from the growth in the equity markets and the restructuring of the portfolio, the sharp rise in EEV is explained by the founding of Groupama Gan Vie and adjustments to policies.

The 2009 European Embedded Value – International was €592.4 million, up 45%, of which €438.6 million correspond to the ANAV and €153.8 million to the VIF. On a like-for-like basis excluding the new subsidiaries included for the first time in 2009, the international EEV rose by 9.8% between 2008 and 2009, and VIF remained virtually the same.

5.2.2.6 New Business value – Consolidated Companies (1) (France and international)

(in millions of euros)	31.12.2009	31.12.2008	Change	Change %
New business value without risk premium (CE)	130.2	113.7	16.5	14.6%
Time value of financial options and guarantees	(15.4)	(39.4)	24.1	61.0%
Cost of Capital (100% of solvency margin)	(32.2)	(27.9)	(4.3)	-15.4%
Cost of non-financial risks	(7.4)	(5.3)	(2.1)	-38.8%
NEW BUSINESS VALUE (NBV)	**75.3**	**41.0**	**34.2**	**83.5%**
APE	739.2	555.3	183.9	33.1%
NBV/APE	**10.2%**	**7.4%**	**2.8%**	
PVNBP	6,175.1	4,265.7	1,909.4	44.8%
NBV/PVNBP	**1.2%**	**1.0%**	**0.3%**	

5.2.2.7 New Business value – France

(in millions of euros)	31.12.2009	31.12.2008	Change	Change %
New business value without risk premium (CE)	121.7	106.6	15.1	14.1%
Time value of financial options and guarantees	(10.5)	(35.9)	25.3	70.6%
Cost of Capital (100% of solvency margin)	(29.4)	(25.1)	(4.3)	-17.1%
Cost of non-financial risks	(6.4)	(4.7)	(1.7)	-36.1%
NEW BUSINESS VALUE (NBV)	**75.3**	**40.9**	**34.4**	**83.9%**
APE	577.5	436.9	140.6	32.2%
NBV/APE	**13.0%**	**9.4%**	**3.7%**	
PVNBP	5,247.5	3,569.2	1,678.3	47.0%
NBV/PVNBP	**1.4%**	**1.1%**	**0.3%**	

(1) Annual Premium Equivalent (APE): 10% of the single premiums and 100% of the regular premiums.
APE ratio: value of new business divided by the APE premiums. This is the currently used profitability indicator for new business.
PVNBP: NPV of premiums corresponding to the present value of the future premiums generated by the new business.

5.2.2.8 New Business value – International (1)

(in millions of euros)	31.12.2009	31.12.2008	Change	Change %
New business value without risk premium (CE)	8.6	7.1	1.5	20.9%
Time value of financial options and guarantees	(4.8)	(3.6)	(1.2)	-34.5%
Cost of Capital (100% of solvency margin)	(2.8)	(2.8)	0.0	0.1%
Cost of non-financial risks	(1.0)	(0.6)	(0.4)	-59.4%
NEW BUSINESS VALUE (NBV)	**(0.1)**	**0.1**	**(0.1)**	
APE	161.7	118.4	43.3	36.5%
NBV/APE	**0.0%**	**0.0%**	**-0.1%**	
PVNBP	927.6	696.5	231.2	33.2%
NBV/PVNBP	**0.0%**	**0.0%**	**0.0%**	

The 2009 value of new business on the Group amounted to €75.3 million (1.2% of NBV/PVNBP, 10.2% of NBV/APE), representing a sharp rise compared to 2008 for France reflecting the surge in volumes.

This change arose due to two major effects as follows:

- the increase in volumes resulted in economies of scale thereby diluting the acquisition expenses;
- new business benefited from the positive effect of the merger of the Life entities within Groupama Gan Vie.

5.2.2.9 Sensitivities

(a) Definition of sensitivities

These sensitivities highlight what would have been 2009 New Business Value if market conditions at the time of sale had been those corresponding to the sensitivity scenario studied.

The sensitivities carried out throughout the entire perimeter are as follows:

Financial Sensitivities

YIELD CURVE OF +/-100 BP

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 Provident (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).

(1) *55% of the PVNBP on 2009 new business for Turkey corresponds to policies distibuted by Ziraat Banque. The distribution agreement has been cancelled in 2010.*

(b) EEV financial sensitivities – France

GROUPAMA EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2009

(in millions of euros)	ANAV	VIF	EEV	
Central value	**2,566.7**	**1,016.8**	**3,583.6**	
	Δ ANAV (A)	**Δ VIF (B)**	**Δ EEV (A+B)**	**Δ EEV (%)**
Impact of a 100 bp increase in the interest rate curve	(139.6)	211.6	72.0	2.0%
Impact of a 100 bp decrease in the interest rate curve	70.1	(521.6)	(451.5)	-12.6%
Impact of a 10% decline in equity and property values	(86.6)	(443.4)	(530.0)	-14.8%
Impact of a 25% increase in interest rate volatility	-	(61.4)	(61.4)	-1.7%
Impact of a 25% increase in equity and property values volatility	-	(175.5)	(175.5)	-4.9%

(c) EEV financial sensitivities – International

GROUPAMA EEV FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2009

(in millions of euros)	ANAV	VIF	EEV	
Central value	**438.6**	**153.8**	**592.4**	
	Δ ANAV (A)	**Δ VIF (B)**	**Δ EEV (A+B)**	**Δ EEV (%)**
Impact of a 100 bp increase in the interest rate curve	(12.6)	(4.9)	(17.5)	-2.9%
Impact of a 100 bp decrease in the interest rate curve	8.2	(1.6)	6.6	1.1%
Impact of a 10% decline in equity and property values	(7.6)	(7.8)	(15.3)	-2.6%
Impact of a 25% increase in interest rate volatility	-	(12.1)	(12.1)	-2.0%
Impact of a 25% increase in equity and property values volatility	-	(2.1)	(2.1)	-0.4%

ANAV sensitivity to different market scenarios derives from sensitivities of unrealised capital gains/losses registered on assets backing shareholders' net equity.

A decline in interest rates creates a decline in the EEV. The decrease in investments yields implies margins contraction. The latter is not offset by the increase in unrealised capital gains on bond assets backing shareholders' net equity.

The sensitivity to the equity market level (yield and volatility) shows Groupama's exposure to the equity markets. This sensitivity was down compared to 2008.

(d) EEV non-financial sensitivities – France

FRANCE – EEV NON FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2009

(in millions of euros)	EEV (value of holdings)	
Central value	**3,583.6**	
	Δ EEV	**Δ EEV (%)**
Administrative expenses -10%	151.0	4.2%
Lapse rates -10%	47.2	1.3%
Mortality (annuities) -5%	(33.9)	-0.9%
Mortality (other products) -5%	85.1	2.4%
Other claim ratios -5%	170.0	4.7%

(e) EEV non-financial sensitivities – International

INTERNATIONAL – EEV NON FINANCIAL SENSITIVITIES AS AT 31 DECEMBER 2009

(in millions of euros)	EEV (value of holdings)	
Central value	**592.4**	
	(A+B) Δ EEV	**Δ EEV (%)**
Administrative expenses -10%	19.7	3.3%
Lapse rates -10%	1.9	0.3%
Mortality (annuities) -5%	(0.5)	-0.1%
Mortality (other products) -5%	6.7	1.1%
Other claim ratios -5%	19.5	3.3%

(f) New Business Sensitivities – France

GROUPAMA – FRANCE – 2009 EEV NEW BUSINESS SENSITIVITIES

(in millions of euros)	NBV
Central value	**75.3**
	Δ NBV
Risk-free rate +100 bp	35.1
Risk-free rate -100 bp	(49.2)
Decrease in equity and property values of 10%	(0.1)
Interest rate volatility +25%	(12.6)
Shares and real estate return volatility +25%	0.0
Administrative expenses -10%	18.9
Lapse rates -10%	4.1
Mortality (annuities) -5%	(0.3)
Mortality (other products) -5%	4.6
Other claim ratios -5%	24.7

(g) New Business Sensitivities (NBV) – International

GROUPAMA – INTERNATIONAL – 2009 EEV NEW BUSINESS SENSITIVITIES

(in millions of euros)	**NBV**
Central value	**-0.1**
	Δ NBV
Risk-free rate +100 bp	5.2
Risk-free rate -100 bp	(7.8)
Decrease in equity and property values of 10%	0.0
Interest rate volatility +25%	(1.4)
Shares and real estate return volatility +25%	0.0
Administrative expenses -10%	3.1
Lapse rates -10%	1.3
Mortality (annuities) -5%	0.0
Mortality (other products) -5%	1.3
Other claim ratios -5%	3.3

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.

	2009			2008 pro forma [(1)]	2008/2009 spread
(in millions of euros)	**International**	**France**	**Total**	**Total**	
VIF	154	1,017	1,171	718	452
Additional elements included in VIF	(45)	(122)	(167)	(387)	220
Amortization of acquisition costs	(6)	(46)	(52)	(45)	(6)
Unrealised capital gains entered in consolidated shareholders' net equity	(7)	194	187	658	(471)
Unrealised capital gains entered in ANAV	4	(30)	(26)	(128)	101
Intangible assets	(35)	(64)	(99)	(36)	(63)
Other adjustments	(6)	(13)	(19)	37	(56)
ADDITIONAL VALUE NOT TAKEN INTO ACCOUNT IN THE IFRS SHAREHOLDER'S NET EQUITY	**59**	**936**	**995**	**818**	**177**

(1) In 2008, the adjustments to provisions akin to reserves were divided between the headings "Additional elements included in VIF" and "Other adjustments". In 2009, these adjustments were combined under the heading "Additional elements included in VIF".

The adjusted additional elements included in VIF are the tax deficits that have been capitalised in the consolidated financial statements and other specific reserves not allowed for 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, an independent actuarial firm, has reviewed the European Embedded Value of Groupama as at 31 December, 2009. 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, 2009, the 2009 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.

The calculation makes allowance for the financial risks through a market consistent approach. The reference rate used was based on the swap rate curve with the inclusion of a liquidity premium of 25bp. This liquidity premium was applied to all subsidiaries except Hungary, Romania, Turkey and Greece for which the reference rate was based on the local government bonds.

The implied volatility applied for the equity and interest rate markets were calibrated based on market data as at 21 December 2009.

In addition, the calculations performed for the Romanian and Turkish subsidiaries (Groupama Asigurari and Groupama Emeklilik) and for a portfolio of the subsidiary in Hungary (Groupama Garancia) have been carried out according to a Traditional Embedded Value approach which allows for the risks through the use of a risk premium.

In arriving at these conclusions, we have relied on data and information provided by Groupama without undertaking an exhaustive review of them. We have performed limited high-level checks and reconciliations as well as more detailed analyses on some specific portfolios. We have confirmed that any issues discovered do not have a material impact at the Group level.

The 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.

This opinion is made solely to Groupama in accordance with the engagement letter between Groupama and Milliman. Milliman does not accept or assume any responsibility, duty of care or liability to anyone else than Groupama for or in connection with its review, the opinion Milliman has formed or for any statements sets forth in this opinion".

5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2008	€53,248,396.64	€53,248,396.64	€0
2007	€155,114,894.56	€168,034.66	€154,946,859.90
2006	€134,278,565.44	€154,708.62	€134,123,856.82

5.3.2 DISTRIBUTION POLICY

In fiscal year 2009, a proposal will be made to the General Meeting of 26 May 2010 to pay a dividend of €0.45 per share corresponding to a total distribution of €104.2 million, representing 15.8% of consolidated net income.

	2009	2008	2007
Total dividend	€104.2 million	€53.2 million	€155.1 million
Dividend per share	€0.45	€0.23	€0.67
Consolidated net income	€660 million	€273 million	€793 million
Distribution rate	15.8%	19.5%	19.6%

5.3.3 STATUTE OF LIMITATIONS

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations. They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.4 CASH AND GROUP FINANCING

5.4.1 CASH

Cash and cash equivalents totalled €1,228 million as at 31 December 2009, down €49 million compared to 31 December 2008.

The distribution of cashflow for fiscal year 2009 among the various business lines is as follows:

- Cashflow from Insurance and Bank activities +€56 million
- Cashflow from investment activities -€105 million
- Total -€49 million

5.4.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €3.8 billion as at year-end 2009.

Total subordinated debt as at 31 December 2009 rose €750 million over 31 December 2008 and totalled €2 billion. This increase derived from the issue of a new bond issue in the form of redeemable subordinated bonds (TSRs) as part of the refinancing of the TSR by the same amount issued in July 1999. This TSR was redeemed on 22 January 2010.

Group external debt totalled €1,853 million, a decline of €187 million compared with 31 December 2008, due primarily to a repayment by Groupama SA of a portion of the syndicated loan and to the increase in the debt of the real estate subsidiary Silic for the financing of its development.

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 €1,159 million, up €119 million over 31 December 2008;
- a credit facility of €643 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 – excluding TSRs redeemed in 2010 – and minority interests) totalled 47.7% at year-end 2009. A significant portion of the Group debt (excluding subordinated liabilities) is carried by 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 31.4% at year-end 2009, corresponding to subordinated loans issued for an amount of €1,245 million and to the €643-million credit facility.

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt	750		1,245	1,995			1,245	1,245
Financial debt with banking-sector companies	654	810	389	1,853		1,600	440	2,040
TOTAL FINANCING DEBT	**1,404**	**810**	**1,634**	**3,848**	**0**	**1,600**	**1,685**	**3,285**

The subordinated debt corresponds to:

- a bond issued in July 1999 in the form of redeemable subordinated bonds (TSRs) by Caisse Centrale des Assurances Mutuelles Agricoles in two tranches, the first of €500 million at the variable three-month Euribor rate plus a margin of 0.95% for the first 10 years, the other of €250 million at a fixed rate of 5.875% for the first 10 years that was taken over by Groupama SA during the spin-off completed on 1 January 2003. After the first 10 years, the two tranches are subject to variable rates, at the three-month Euribor rate plus a margin of 1.95%. This thirty-year bond offers the issuer the option of early redemption as from the tenth year. The total amount of these TSRs was €750 million, and was repaid at the maturity date of 22 January 2010 following authorisation from ACAM at the end of 2009;
- a new bond issued in the form of redeemable subordinated bonds on 27 October 2009 as part of the financing of the call on these bonds of July 1999. This 30-year bond has a fixed annual rate of 7.875% until the call date of 27 October 2019. After that, the rate applied will be the three-month Euribor plus a margin of 5.36%. As at 31 December, the price for this issue was 98%;
- fixed rate perpetual subordinated bonds (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 2009, these perpetual bonds were trading at 71.5%, compared with 57.2% as at 31 December 2008;
- in addition, Groupama SA issued a perpetual super-subordinated bond loan (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 Euribor 3-month rate plus a margin of 2.60%. They may be repaid early in full starting 22 October 2017. As at 31 December 2009, the quotation of the TSSs was 68%.

In addition, to enable, as needed, the financing or refinancing of major external growth transactions, the regional mutuals, gathered at a General Meeting in February 2006, approved in principle a public offering of the 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 2009, the principal financing equilibriums at the Group level were the following:

Sources of funds:

Issue of redeemable subordinated bonds:	€750 million
Asset arbitrage	€203 million
Total sources:	**€953 million**

Uses of funds:

Investments in subsidiaries and shareholdings:	€540 million
Repayment of credit facility:	€360 million
Dividends paid:	€53 million
Total uses:	**€953 million**

Note that the Group’s acquisitions of international subsidiaries amounted to €1.45 billion in 2008 and €4.4 billion in 2007 as follows:

- 2008 acquisitions of the following subsidiaries: OTP Garancia Hungary for €589 million, Asiban for €388 million, Güven Sigorta for €178 million, OTP Bank for €90 million, OTP Garancia Bulgarie for €79 million, STAR for €78 million and OTP Garancia Slovaquie for €51 million;
- 2007 acquisitions of the following subsidiaries: Nuova Tirrena for €3.4 billion, Groupama Phoenix for €0.8 billion, and BT Asigurari for €0.2 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, consisting of total floor space of approximately 670,000 m2 for a total value of €4.4 billion. These assets are mainly located in Paris and Ile de France.

5.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any administrative, judicial, or arbitration proceedings, including any outstanding or threatened proceedings known to the Company, which might have had, or has recently had, significant effects on its financial situation or profitability, or that of the Group.

6

FINANCIAL STATEMENTS

Pursuant to Article 28 of the Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is incorporated by reference in this Registration Document:

- **consolidated financial statements for the fiscal year ended 31 December 2008 and the related statutory auditors' report appearing on pages 152 to 247, and 248 of the Registration Document registered with the AMF on 14 April 2009 under number R. 09-017;**
- **consolidated financial statements for the fiscal year ended 31 December 2007 and the related statutory auditors' report appearing on pages 140 to 223, and 224 of the Registration Document registered with the AMF on 29 April 2008 under number R. 08-040.**

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euros)	Notes	31.12.2009	31.12.2008
Goodwill	Note 2	3,218	3,496
Other intangible assets	Note 3	665	601
Intangible assets		**3,883**	**4,098**
Investment properties, excluding unit-linked investments	Note 4	3,377	3,240
Unit-linked investment properties	Note 7	102	120
Operating activities property	Note 5	705	579
Financial investments, excluding unit-linked items	Note 6	66,045	59,869
Financial investments in unit-linked investments	Note 7	3,555	3,340
Derivative instruments and embedded derivatives treated separately	Note 8	181	281
Insurance activities investments		**73,965**	**67,430**
Uses of funds for banking sector activities and investments of other activities	**Note 9**	**3,317**	**3,303**
Investments in related companies	**Note 10**	**192**	**58**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	**Note 11**	**1,553**	**1,601**
Other property, plant and equipment	Note 12	174	178
Deferred acquisition costs	Note 13	584	592
Deferred profit-sharing asset	Note 14	331	1,611
Deferred tax assets	Note 15	360	510
Receivables from insurance and inward reinsurance	Note 16	2,575	2,397
Receivables from outward reinsurance	Note 17	173	154
Current tax receivables and other tax receivables	Note 18	212	266
Other receivables	Note 19	1,935	2,155
Other assets		**6,345**	**7,863**
Assets held for sale and discontinued activities			
Cash and cash equivalents	**Note 20**	**1,407**	**1,297**
TOTAL		**90,660**	**85,650**

LIABILITIES

(in millions of euros)	Notes	31.12.2009	31.12.2008
Share capital	Note 21	1,187	1,187
Revaluation reserves	Note 21	(489)	(1,349)
Other reserves	Note 21	3,521	3,366
Unrealised foreign exchange adjustments	Note 21	(307)	(298)
Consolidated profit	Note 21	660	273
Shareholder's equity (Group share)		**4,572**	**3,179**
Minority interests	Note 21	189	208
Total shareholders' equity		**4,761**	**3,387**
Contingent liabilities	**Note 22**	**438**	**399**
Financial debt	**Note 24**	**3,848**	**3,285**
Liabilities related to insurance policies	**Note 25**	**46,872**	**44,126**
Liabilities related to financial contracts	**Note 26**	**22,290**	**21,723**
Deferred profit-sharing liabilities	**Note 28**	**34**	**6**
Sources of funds for banking sector activities	**Note 9**	**2,973**	**2,979**
Deferred tax liabilities	Note 29	771	643
Debts to unit holders of consolidated mutual funds	Note 30	1,460	709
Operating debts to banking sector companies	Note 20	545	356
Liabilities from insurance or inward reinsurance activities	Note 31	799	754
Liabilities from outward reinsurance activities	Note 32	365	409
Current taxes payable and other tax liabilities	Note 33	189	202
Derivative instrument liabilities	Note 8	171	47
Other liabilities	Note 34	5,144	6,626
Other liabilities		**9,444**	**9,746**
Liabilities for held for sale or discontinued activities			
TOTAL		**90,660**	**85,650**

6.1.2 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	31.12.2009	31.12.2008
Written premiums	Note 35	14,170	13,078
Change in unearned premiums		(48)	(61)
Earned premiums		**14,122**	**13,017**
Net banking income, net of cost of risk	**Note 1**	**235**	**192**
Investment income	Note 36	3,042	3,245
Investment expenses	Note 36	(660)	(829)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 36	1,253	387
Change in fair value of financial instruments recognised at fair value through income	Note 36	421	(1,415)
Change in impairment losses on investments	Note 36	(38)	(211)
Investment income net of expenses		**4,018**	**1,178**
Total income from ordinary operations		**18,374**	**14,386**
Insurance policy servicing expenses	Note 37	(13,358)	(10,241)
Income from outward reinsurance	Note 38	501	389
Expenses on outward reinsurance	Note 38	(771)	(736)
Net outward reinsurance income (expenses)		**(13,627)**	**(10,587)**
Banking operating expenses	Note 39	(226)	(194)
Policy acquisition costs	Note 40	(1,826)	(1,702)
Administrative costs	Note 41	(985)	(922)
Other income and expenses from current operations	Note 42	(347)	(332)
Total other current income and expenses		**(17,013)**	**(13,737)**
Current operating profit		**1,362**	**650**
Other operating income and expenses	Note 43	(392)	(96)
Operating profit		**970**	**554**
Financing expenses	Note 44	(129)	(133)
Share in income of related companies	Note 10	11	3
Corporate income tax	Note 45	(156)	(109)
NET PROFIT FOR THE CONSOLIDATED ENTITY		**697**	**315**
of which, minority interests	Note 21	37	42
NET PROFIT (GROUP SHARE)		**660**	**273**

6.1.3 NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	31.12.2009			31.12.2008		
(in millions of euros)	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the year	**660**	**37**	**697**	**273**	**42**	**315**
Change in foreign exchange adjustments	(9)		(9)	(299)	(3)	(302)
Change in gross unrealised capital gains and losses on available-for-sale assets	2,243	13	2,256	(6,010)	(13)	(6,023)
Revaluation of hedging derivative instruments	(27)	(10)	(37)	(63)	(30)	(93)
Change in actuarial gains (losses) on post-employment benefits	(30)		(30)	15		15
Change in shadow accounting	(1,244)	(10)	(1,254)	3,750	10	3,760
Change in deferred taxes	(103)	(1)	(104)	(223)	1	(222)
Other	(3)		(3)	14	(1)	13
Gains (losses) recognised directly in shareholders' equity	**827**	**(8)**	**819**	**(2,816)**	**(36)**	**(2,852)**
NET PROFIT AND GAINS (LOSSES) RECOGNISED IN SHAREHOLDERS' EQUITY	**1,487**	**29**	**1,516**	**(2,543)**	**6**	**(2,537)**

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 subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AS AT 31.12.2007	**1,187**	**793**	**1,000**	**1,746**	**1,191**	**1**	**5,918**	**262**	**6,180**
Appropriation of 2007 profit (loss)		(793)		793					
Dividends				(196)			(196)	(57)	(253)
Change in share capital								11	11
Business combinations								(14)	(14)
Impacts of transactions with shareholders		**(793)**		**597**			**(196)**	**(60)**	**(256)**
Unrealised foreign exchange adjustments						(299)	(299)	(3)	(302)
Available-for-sale assets					(6,010)		(6,010)	(13)	(6,023)
Shadow accounting					3,750		3,750	10	3,760
Deferred taxes				(6)	(217)		(223)	1	(222)
Actuarial gains (losses) on post-employment benefits				15			15		15
Other				14	(63)		(49)	(31)	(80)
Net profit (loss) for the year		273					273	42	315
Total income (expenses) recognised for the period		**273**		**23**	**(2,540)**	**(299)**	**(2,543)**	**6**	**(2,537)**
Total changes for the period		**(520)**		**620**	**(2,540)**	**(299)**	**(2,739)**	**(54)**	**(2,793)**
SHAREHOLDERS' EQUITY AS AT 31.12.2008	**1,187**	**273**	**1,000**	**2,366**	**(1,349)**	**(298)**	**3,179**	**208**	**3,387**
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 year		660					660	37	697
Total income (expenses) recognised for the period		**660**		**(24)**	**860**	**(9)**	**1,487**	**29**	**1,516**
Total changes for the period		**387**		**155**	**860**	**(9)**	**1,393**	**(19)**	**1,374**
SHAREHOLDERS' EQUITY AS AT 31.12.2009	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**

6.1.5 STATEMENT OF CASH FLOWS

(in millions of euros)	31.12.2009	31.12.2008
Operating profit before taxes	970	553
Gains (losses) on sale of investments	(976)	(349)
Net depreciation charges	287	237
Change in deferred acquisition costs	0	(11)
Changes in impairment	(69)	143
Net increases in technical reserves related to insurance policies and financial contracts	3,462	539
Net increases in other provisions	14	(158)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	(421)	1,415
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	**2,297**	**1,816**
Change in operating receivables and payables	(459)	109
Change in banking operating receivables and payables	4	176
Change in securities repurchase agreements	(1,040)	(1,360)
Cash flows from other assets and liabilities	(51)	103
Net taxes paid	71	(167)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,792**	**1,230**
Acquisitions/disposals of subsidiaries and joint ventures, net of cash acquired	(55)	(1,354)
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	**(55)**	**(1,354)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(1,813)	416
Net acquisitions of real estate investment	(156)	(124)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(18)	12
Cash flow from acquisitions and issues of investments	**(1,987)**	**304**
Net acquisitions of tangible and intangible assets and operating assets	(100)	(274)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(100)**	**(274)**
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(2,142)**	**(1,324)**
Dues		
Equity instruments issued	9	11
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(145)	(253)
Cash flows from transactions with shareholders and members	**(136)**	**(242)**
Cash allocated to financial debt	560	1,102
Interest paid on financial debt	(129)	(133)
Cash flows related to Group financing	**431**	**969**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**295**	**727**

(in millions of euros)	31.12.2009	31.12.2008
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**1,277**	**713**
Net cash flows from operating activities	1,792	1,230
Net cash flows from investment activities	(2,142)	(1,324)
Net cash flows from financing activities	295	727
Effect of foreign exchange fluctuations on cash	6	(69)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**1,228**	**1,277**
Cash and cash equivalents	1,297	
Mutual, central bank and postal bank	339	
Operating debts to banking sector companies	(359)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2009	**1,277**	
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 31 DECEMBER 2009	**1,228**	

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 – Significant events

1.1.1 – Development of the Group

(a) Bancassurance agreement between Groupama and Bancaja in Spain

Groupama and Bancaja signed a 10-year bancassurance agreement relating to the multi-risk home insurance policies distributed by the Bancaja network, thus strengthening a partnership that began in 2001.

Established in 1878 in Spain's Valencia region, Bancaja is the country's third-largest savings bank and its sixth-largest financial institution. With more than 8,000 employees and a network of 1,561 banking branches throughout Spain, Bancaja has a portfolio of 2.8 million customers.

This exclusive, 10-year partnership will allow Groupama to strengthen its position on the Spanish market, where the bancassurance market is in full expansion.

(b) Expansion of Amaguiz

Amaline, Groupama's direct insurance subsidiary, which was created in mid-2008 and distributes insurance policies under the Amaguiz brand, posted earnings significantly higher than its 2009 objectives.

At end December 2009, the portfolio comprised 43,000 motor insurance policies and 6,000 in multi-risk home insurance policies, a product introduced in April 2009.

(c) Partnership with La Banque Postale

On 12 October 2009, Banque Postale and Groupama signed a partnership agreement in the Non-life segment, which led to the formation of a joint company in which La Banque Postale is the majority shareholder.

Autorisation for the new company called La Banque Postale Assurances IARD was obtained on 22 December 2009.

Non-life insurance products will be sold initially through remote sales channels (Internet and telephone), and then gradually through La Banque Postale network.

(d) Opening of a representation office in Beijing

Groupama received the authorisation to open a representation office in Beijing as a stepping stone to obtaining a licence to operate a life insurance business in China.

Such authorisation was officially granted by the China Insurance Regulatory Commission (CIRC) on 30 December 2008.

(e) Partnership with Pro BTP in Health Insurance

On 9 July 2009, Groupama and Pro BTP signed an agreement formalising their intention to become partners in order to improve the services offered to policyholders. Therefore they formed on December 2009 the intercompany venture Sévéane, a joint entity dedicated to managing the networks of health professionals.

1.1.2 – Group organisation

To streamline Group operating processes, the Group has merged its recently acquired foreign subsidiaries into its existing subsidiaries in those countries. As a further step in this process, all foreign subsidiaries have now been rebranded Groupama. The Group has also streamlined its operations in France by merging its life insurance companies into a single entity, as it has done with its various banking activities.

(a) Merger of the Hungarian subsidiaries

On 16 February 2009, the Hungarian Financial Supervisory Authority (PZSAF) approved the merger of the subsidiaries Groupama Biztosito and OTP Garancia. The merger took effect on 31 March 2009 and the new company was named Groupama Garancia Biztosito on 6 April 2009.

(b) Merger of the Italian subsidiaries

The merger of the Italian subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena took place on 1 November 2009. The new company, Groupama Assicurazioni, is one of the largest insurance companies on the Italian market with premium income of €1.4 billion, €1 billion of which is in non-life insurance and €400 million in life insurance. It has 900 employees, 850 branches and 1.7 million customers.

(c) Merger of the Romanian subsidiaries

BTA Asigurări took over Asiban on 1 August 2009. The new company, which has taken the name Groupama Asigurări, has begun gradually integrating OTP Garancia. The merger with OTP Garancia is expected to be finalised some time in 2010.

(d) Merger of the Turkish subsidiaries

Insurance companies Basak and Güven merged on 21 May 2009, creating two new companies on 15 September 2009 – Groupama Sigorta for non-life insurance and Groupama Emeklilik, dedicated to life insurance.

(e) Merger of banking activities in France

Groupama Banque and Banque Finama merged on 1 October 2009, an operation that brought the Group's French banking business under the same umbrella, thus providing a more complete range of products and services within a single entity and giving rise to cost synergies while optimising the quality of operational control. The bank handles transactions for private as well as business customers, and remains the bank in charge of Group operations.

(f) Creation of Groupama Gan Vie

By creating Groupama Gan Vie, the Group now has a single life insurance company in France to act as an underwriting and claims platform for the Group's various sales networks and, where necessary, for outside partnerships. Groupama Gan Vie is the result of the merger of Groupama Vie and Gan Eurocourtage Vie with and into Gan Assurances Vie and the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance. As part of this transaction, Gan Assurances Vie has changed its name to Groupama Gan Vie. The effective date of the transaction from a legal point of view is 31 December 2009, with retroactive effect for accounting and tax purposes to 1 January 2009.

Gan Assurances Vie's portfolio of private health policies was transferred to Gan Assurances IARD.

These operations were approved on 21 December 2009 and published in the *Journal Officiel* on 26 December 2009.

The new company has more than 1,200 employees across various sites (Paris, Angers, Bordeaux and Lille) specialized by business line and segment.

In line with this, the Non-life insurance companies changed their names to Gan Eurocourtage and Gan Assurances respectively.

1.1.3 – Other factors

(a) Storms

Southwestern Europe (Southwestern France and Northern Spain) was struck by storm Klaus, a storm of exceptional magnitude, on 24 January 2009, while Northwestern Europe suffered the lesser magnitude storm Quinten on 9 and 10 February 2009. 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 €335 million before reinsurance. The cost to external reinsurers of these events is €138 million. Net of tax, the final cost to the Group is estimated at €131 million.

(b) Rating

On 29 June 2009, Standard & Poor's revised Groupama SA's rating to "A" with negative outlook. This rating and its outlook are tied in with the global financial crisis, which is having a negative effect on the sector's solvency and its future level of profitability.

(c) Diversity

On 10 December 2009, Groupama received the "Action en faveur des jeunes des quartiers" prize awarded for its initiatives to support young people from underprivileged areas under the "National Commitment to Employ Young People from Underprivileged Areas" signed on 15 May 2008. In 2008 and until 31 August 2009, Groupama had consequently hired 341 new employees less than 26 years old from "difficult neighbourhoods", as well as 83 trainees and students enrolled in the alternating work-study programme.

1.2 – Post-balance sheet events

(a) Groupama SA subordinated redeemable bonds (TSR): early redemption of 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds for €750 million and the approval of the French Insurance Regulator, the Autorité de Contrôle des Assurances et Mutuelles (ACAM), Groupama SA, on 22 January 2010 undertook the early redemption of its subordinated redeemable bonds issued in 1999 for a total of €750 million.

On 8 December 2009, in accordance with the terms and conditions of that issue, the Group announced it was to proceed with early redemption.

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 Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("regional mutuals") which form the mutual division of Groupama. Groupama SA is domiciled in France. Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

The breakdown of share capital as at 31 December 2009 was as follows:

- 90.91% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.10% by the former and current agents and employees of Groupama SA (directly or through 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 Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- direct all subsidiaries;
- to establish the reinsurance programme for the entire group;
- to manage direct insurance activity;
- to prepare the consolidated and combined financial statements.

The consolidated financial statements of Groupama SA include the outward reinsurance by the regional mutuals and the business of the subsidiaries.

The combined financial statements relate to the Groupama group, which is composed of all the local mutuals, the regional mutuals, Groupama SA and its subsidiaries.

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the oversight of the French Insurance and Mutual Society Supervisory Authority.

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

- within the Groupama SA division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control;
- in the mutual insurance division:
  - by an internal reinsurance treaty that binds the regional mutuals to Groupama SA. The treaty, signed in December 2003 in connection with the businesses acquired by Groupama SA at the time of the contribution of the regional mutual reinsurance business granted by the CCAMA retroactive to 1 January 2003, replaced the general reinsurance regulations that had previously governed the internal reinsurance ties between the regional mutuals and the CCAMA,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of the Fédération 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 2009 were approved by the Board of Directors, which met on 16 February 2010.

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 2009 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

The standards and interpretations that were compulsory for drawing up financial statements from 1 January 2009 were used in the preparation of the Group's financial statements as at 31 December 2009. In particular, the Group has applied for the first time the following standards with mandatory application on or after 1 January 2009:

- revised IAS 1 on the presentation of financial statements;
- IFRS 8 on operating segments;
- amendment to IFRS 7 of March 2009 on the fair value disclosure hierarchy for financial instruments.

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 IFRS 3: Business combinations;
- revised IAS 27: Consolidated and separate financial statements;
- amendments to IAS 39: Financial Instruments – Eligible hedged items;
- amendment to IAS 32: Classification of rights issues;
- IFRIC 15: Agreements for the construction of real estate;
- IFRIC 17: Distribution of non-cash assets to owners;
- IFRIC 18: Transfers of assets from customers.

IFRIC interpretation 16 on hedges of a net investment in a foreign operation with mandatory application for fiscal years starting on or after 1 January 2010 was applied early.

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);
- estimate of certain fair values on unlisted assets or real estate assets (notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets, as well as the permanent or temporary nature of impairments of certain of these assets (note 3.2.1);
- recognition of profit sharing assets (note 3.11.2.b) and deferred tax assets (note 3.12);
- calculation of 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) Joint ventures

When an entity is controlled jointly, it is consolidated using the proportionate consolidation method. Its assets, liabilities, income and expenses are grouped, line by line, with the similar items in the consolidated financial statements of the consolidating entity. Joint control is the sharing of an economic activity under a contractual agreement.

(d) De facto controlled companies

When the Group believes it holds de facto control 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.

(e) Related companies

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

When the consolidating entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

The equity method consists of:

- replacing the carrying amount of the shares held by the Group, share of capital and reserves including the earnings for the fiscal year in accordance with consolidation rules;
- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

(f) Deconsolidation

When an entity is in run-off (i.e., it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, earnings, 1% of consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are 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, matching of expenses to income, elimination of local tax accounting entries).

Restatements under the principles of consistency are made when they are material.

2.3.4 – Translation of statements of foreign companies

Balance sheet items are translated to Euros at the official exchange rate on the balance sheet date, with the exception of capital and reserves, excluding income, which are translated at historic rates. The Group share of the resulting unrealised foreign exchange 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 remaining goodwill resulting from the excess of the price paid over the IFRS consolidated net asset value on the acquisition date is adjusted for any intangible assets identified under purchase accounting according to IFRS 3 (fair value of assets and liabilities acquired).

The remaining goodwill therefore represents the estimated value of expected future earnings. Such expected future earnings reflecting the value of future operations is a combination of intangible assets that cannot be 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.

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.

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 measurement 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 measurement of the assets, liabilities and provisions and the measurement 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 reverse entry for this liability is an addition to goodwill equal to the option price (value of the Group share), an impact on minority interests is thus recorded as an addition recognised in goodwill.

3.1.2 – Other intangible assets

An intangible fixed asset is an identifiable asset, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

They primarily include values in force and investment contracts, customer relations values and network values and brands, determined during business combinations, as well as software acquired and developed.

Amortisable intangible insurance assets (specifically including values in force and investment contracts, the value of customer relations and the value of the networks) are depreciated as margins are discharged over the lifetime of the policy portfolios. A recoverability test is performed each year as a function of experience and anticipated changes in major assumptions.

Software acquired and developed has a finite lifetime and is generally amortised on a straight-line basis over that lifetime.

Other intangible fixed assets that do not have a finite lifetime are not amortised but are subject to a systematic impairment test.

Start-up costs are expensed rather than capitalised.

3.2 – Insurance activities investments

Investments and any impairment thereon are measured in accordance with IFRS based on the asset class of the investments.

3.2.1 – Financial assets

Equities, bonds, loans and receivables, derivatives and bank accounts are considered financial assets.

(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 measured 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.

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 capital and reserves.

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

(f) Provisions for impairment

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

DEBT INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

For debt instruments classified as available-for-sale assets, an impairment loss 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.

OWN EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

As regards own 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 significant or prolonged decline in value as per paragraph 61 of IAS 39.

As at 31 December 2009, 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 24 months prior to the balance sheet date. This period may be extended to 36 months for securities designated as strategic and set out in the appendix, 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 an 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 VALUED 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 the Insurance and Mutual Society Supervisory Authority (l'Autorité de Contrôle prodentiel, 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 an impairment 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 and offset against minority interests and recognised in goodwill. Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The 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 – Unrealised foreign exchange adjustment

Unrealised foreign exchange adjustment 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 liabilitiesare 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 and without discretionary profit-sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or date of which is wholly or partially at the insurer's discretion, and the valuation of which is based either on the performance of a set of contracts or a specific contract, or on the profit or loss of the insurer, of a fund or any other entity that issued the contract, or on the realised and/or unrealised return on investments from a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit-sharing are treated using the valuation procedures described in note 3.11.3.

3.11.2 – Insurance policies subject to IFRS 4

(a) Non-life insurance policies

PREMIUMS

Written premiums represent the gross 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 policyholder respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities on the balance sheet at their gross underwriting value, before 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 projections for insurance investments and the future performance of the insurance portfolios is carried out in line with the recommendations of the Conseil National de la Comptabilité. 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 valued separately at fair value when not closely linked to the host contract or when the accounting standards do not require joint recognition of the rights and obligations linked to the deposit component, under IFRS 4. In other cases, the entire contract is treated as an insurance policy.

3.11.3 – Insurance policies governed by IAS 39

Liabilities relating to financial contracts without discretionary profit-sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned revenues are deferred over the estimated life of the contract.

This category primarily includes unit-linked policies and indexed policies that do not meet the definition of insurance policies and financial contracts with discretionary profit-sharing. Commitments under these policies are valued at 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. In addition, the capitalisation reserve is included in the base for calculating deferred taxes.

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.

All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as "more probable than improbable", i.e., if it is likely that sufficient taxable earnings will be available in the future to offset the deductible timing differences. In general, a 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 20.2), 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 CONSOLIDATED 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

	31.12.2009			31.12.2008		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Intangible assets	1,195	2,688	3,883	1,182	2,916	4,098
Insurance business investments	65,569	8,395	73,965	59,797	7,633	67,430
Assets used in the banking sector and investments of other activities	3,317		3,317	3,303		3,303
Investments in related companies	72	119	192	(7)	65	58
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,220	333	1,553	1,200	401	1,601
Other assets	4,696	1,650	6,346	6,267	1,596	7,863
Assets held for sale and discontinued activities						
Cash and cash equivalents	785	622	1,407	374	923	1,297
TOTAL CONSOLIDATED ASSETS	**76,853**	**13,808**	**90,661**	**72,116**	**13,533**	**85,650**
Contingent liabilities	283	155	438	271	128	399
Financial debt	3,830	18	3,848	3,263	21	3,284
Liabilities related to insurance policies	39,195	7,677	46,872	36,666	7,460	44,126
Liabilities related to financial contracts	21,061	1,229	22,290	20,474	1,249	21,723
Deferred profit-sharing liabilities	34		34	6		6
Income for banking sector business	2,973		2,973	2,979		2,979
Other liabilities	8,669	775	9,444	8,944	801	9,746
Liabilities for activities held for sale or discontinued activities						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**76,045**	**9,854**	**85,899**	**72,604**	**9,660**	**82,263**

Note 1.1.2 – Segment reporting by geographic area – Income statement

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Earned premiums	10,064	4,057	14,122	9,290	3,726	13,017
Net banking income, net of cost of risk	235		235	192		192
Investment income	2,591	451	3,042	2,829	416	3,245
Investment expenses	(614)	(46)	(660)	(791)	(37)	(829)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	1,171	82	1,253	387		387
Change in fair value of financial instruments recorded at fair value through income	374	47	421	(1,368)	(47)	(1,415)
Change in impairment losses on investments	(30)	(8)	(38)	(29)	(182)	(211)
Total income from ordinary operations	**13,792**	**4,582**	**18,374**	**10,511**	**3,875**	**14,386**
Insurance policy servicing expenses	(10,126)	(3,232)	(13,358)	(7,479)	(2,762)	(10,241)
Income from outward reinsurance	380	121	501	267	122	389
Expenses on outward reinsurance	(589)	(182)	(771)	(581)	(154)	(736)
Banking operating expenses	(226)		(226)	(194)		(194)
Policy acquisition costs	(1,087)	(739)	(1,826)	(1,029)	(673)	(1,702)
Administrative costs	(727)	(259)	(985)	(676)	(246)	(922)
Other income and expenses from current operations	(296)	(51)	(347)	(292)	(41)	(332)
CURRENT OPERATING PROFIT	**1,122**	**240**	**1,362**	**528**	**121**	**650**
Other operating income and expenses	(85)	(307)	(392)	(39)	(57)	(96)
OPERATING PROFIT	**1,037**	**(67)**	**970**	**489**	**64**	**554**
Financing expenses	(127)	(2)	(129)	(131)	(2)	(133)
Share in income of related companies	3	8	11		3	3
Corporate income tax	(217)	62	(156)	(90)	(19)	(109)
Net profit of the combined entity	**697**	**1**	**697**	**268**	**47**	**315**
of which, minority interests	40	(3)	37	40	2	42
NET PROFIT (GROUP SHARE)	**656**	**3**	**660**	**228**	**45**	**273**

Note 1.2 – Segment reporting by business activity

Note 1.2.1 – Segment reporting by business activity – Balance sheet

	31.12.2009				31.12.2008			
(in millions of euros)	Insurance	Banking	Inter-sector eliminations	Total	Insurance	Banking	Inter-sector eliminations	Total
Goodwill	3,198	20		3,218	3,477	20		3,496
Other intangible assets	652	13		665	592	9		601
Insurance business investments	76,150		(2,186)	73,965	71,127		(3,697)	67,430
Assets used in the banking sector and investments of other activities		3,341	(24)	3,317		3,512	(209)	3,303
Investments in related companies	192			192	58			58
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,810		(257)	1,553	1,841		(239)	1,602
Other assets	6,894	174	(722)	6,346	8,272	191	(600)	7,863
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,407	21	(21)	1,407	1,297	19	(19)	1,297
TOTAL CONSOLIDATED ASSETS	**90,303**	**3,569**	**(3,210)**	**90,661**	**86,663**	**3,751**	**(4,764)**	**85,650**
Contingent liabilities	428	10		438	389	10		399
Financial debt	4,720	27	(900)	3,848	3,387	27	(129)	3,285
Liabilities related to insurance policies	47,144		(272)	46,872	44,361		(235)	44,126
Liabilities related to financial contracts	22,290			22,290	21,723			21,723
Deferred profit-sharing liabilities	34			34	6			6
Income for banking sector business		3,018	(45)	2,973		3,207	(228)	2,979
Other liabilities	11,259	177	(1,993)	9,444	13,717	200	(4,172)	9,746
Liabilities for held for sale or discontinued activities								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**85,876**	**3,233**	**(3,210)**	**85,899**	**83,582**	**3,445**	**(4,764)**	**82,263**

Note 1.2.2 – Segment reporting by geographic area – Income statement

	31.12.2009										
	France					International					Total
(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	
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	**120**	**722**	**16**	**(163)**	**696**	**96**	**39**		**(134)**	**1**	**697**
of which, minority interests	28	12			40		(2)			(3)	**37**
NET PROFIT (GROUP SHARE)	**92**	**711**	**16**	**(163)**	**656**	**96**	**41**		**(134)**	**3**	**660**

	31.12.2008										
	France					International					Total
(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	
Written premiums	3,718	5,515			9,232	2,725	1,120			3,845	13,078
Change in unearned premiums	53	5			58	(113)	(6)			(119)	(61)
Earned premiums	**3,771**	**5,519**			**9,290**	**2,612**	**1,114**			**3,726**	**13,017**
Net banking income, net of cost of risk			**192**		**192**						**192**
Investment income	510	2,287	1	32	2,829	210	200		6	416	3,245
Investment expenses	(242)	(503)	(0)	(46)	(791)	(16)	(17)		(5)	(37)	(829)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	66	325		(4)	387	(4)	4			(0)	387
Change in fair value of financial instruments recorded at fair value through income	(54)	(1,322)		8	(1,368)	(2)	(45)			(47)	(1,415)
Change in impairment losses on investments	(2)	(29)		3	(29)	(119)	(63)			(182)	(211)
TOTAL INCOME FROM ORDINARY OPERATIONS	**4,049**	**6,276**	**192**	**(6)**	**10,511**	**2,680**	**1,193**		**1**	**3,875**	**14,386**
Insurance policy servicing expenses	(2,340)	(5,139)			(7,479)	(1,832)	(930)			(2,762)	(10,241)
Income from outward reinsurance	221	46			267	85	38			122	389
Expenses on outward reinsurance	(532)	(49)			(581)	(124)	(30)			(154)	(736)
Banking operating expenses			(194)		(194)						(194)
Policy acquisition costs	(573)	(456)			(1,029)	(534)	(138)			(673)	(1,702)
Administrative costs	(378)	(297)			(676)	(179)	(67)			(246)	(922)
Other income and expenses from current operations	(68)	(115)	10	(119)	(292)	(31)	(6)		(3)	(41)	(332)
CURRENT OPERATING PROFIT	**379**	**266**	**8**	**(125)**	**528**	**64**	**59**		**(2)**	**121**	**650**
Other income and expenses from current operations	(18)	(11)		(10)	(39)	(43)	(14)		(0)	(57)	(96)
OPERATING PROFIT	**361**	**255**	**8**	**(135)**	**489**	**22**	**45**		**(2)**	**64**	**554**
Financing expenses	(32)	(9)		(90)	(131)	(0)	0		(2)	(2)	(133)
Share in income of related companies	(0)	(0)				3	0			3	3
Corporate income tax	(114)	(54)	(7)	85	(90)	(9)	(13)		3	(19)	(109)
NET PROFIT	**215**	**192**	**1**	**(140)**	**268**	**16**	**32**		**(1)**	**47**	**315**
of which, minority interests	30	10			40		2			2	42
NET PROFIT (GROUP SHARE)	**185**	**182**	**1**	**(140)**	**228**	**16**	**30**		**(1)**	**45**	**273**

NOTE 2 GOODWILL

	31.12.2009				31.12.2008
(in millions of euros)	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
OPENING AMOUNT	**3,705**	**(43)**	**(166)**	**3,497**	**2,601**
Central and Eastern Europe Countries					848
Turkey					152
France					78
Tunisia					33
United Kingdom					17
Newly consolidated entities					**1,128**
Eliminations from the scope of consolidation					
France	(67)	36		(32)	18
Central and Eastern Europe Countries	(17)	(113)	(30)	(161)	(10)
Turkey	(11)		(0)	(11)	(27)
United Kingdom	(5)		9	4	(43)
Greece	(5)			(5)	
Spain	(41)			(41)	
Tunisia	(34)		1	(33)	
Italy					(171)
Other changes during the year	**(181)**	**(78)**	**(20)**	**(279)**	**(233)**
YEAR-END AMOUNT	**3,524**	**(121)**	**(186)**	**3,218**	**3,497**

Gross amounts in the above table are stated after the following deductions:

- cumulative depreciation under French GAAP (CRC Regulation no 2005.05) as at 31 December 2003 amounting to €530 million; and
- impact of the first application of IFRS as at 1 January 2004 being a net reduction in net assets of €446 million.

This reduction results from a breach of equilibrium conditions under “impairment” tests. This breach arises from the recognition of income previously considered as not yet earned for accounting purposes under the former accounting principles (being unrealised gains for shareholders, equalisation reserves and tax receivables) within the IFRS net position. The coordination of future cash flows with margin factors already included in the net shareholders’ equity under IFRS resulted in the automatic impairment of a portion of the intangible assets recorded on the balance sheet in accordance with the former accounting principles.

(a) Other changes during the year

France

The main flows related to goodwill for France are as follows:

The original sale agreement relating to the acquisition of Groupama Transport provided for payment in 2009 of part of the sale price on a conditional basis. As a consequence of this, a price supplement in the amount of €56 million was paid in 2009. This price adjustment increases the goodwill on Groupama Transport.

The goodwill recognised as a result of the stake acquired in the share capital of Cegid was reclassified at the fair value of the securities acquired. It is now posted to Investments in related companies (note 10 of the financial statements).

The amount transferred represents €101 million gross and a €24 million impairment.

As a result of the merger of Banque Finama and Groupama Banque, the historical goodwill for Groupama Banque has been reduced to zero following revision of the value of the short put which was used for this transaction. This transaction resulted in a write back of €24 million and €12 million in aggregated loss in value.

Tunisia

The goodwill recognised as a result of the 35% stake acquired in the share capital of Société Tunisienne d’Assurance et de Réassurance (STAR) was reclassified at the fair value of the acquired securities. It is now posted to Investments in related companies (note 10 of the financial statements).

The amount transferred represents €34 gross and a €1 million unrealised foreign exchange adjustment.

Central and Eastern European Countries

HUNGARY

As part of the purchase price allocation of Groupama Garancia Biztosito (previously known as OTP Garancia Hongrie), the company's assets and liabilities were measured at fair value. That allowed the Group to book amortisable intangible assets and revise the valuation of certain assets and liabilities that had been provisionally measured in the financial statements at 31 December 2008.

The intangible values thus recognised are amortised over their estimated lifetime.

These account postings automatically generated the following changes to goodwill provisionally booked at 31 December 2008:

(in millions of euros)	Gross amount	Deferred tax	Net amount
GOODWILL ON FIRST CONSOLIDATION			**431**
Adjustment in the valuation of assets and liabilities acquired	(3)	1	(2)
Value of the Life portfolio	(33)	6	(26)
Value of the Non-Life portfolio	(33)	6	(26)
Unrealised foreign exchange adjustments	0		0
Total movements for the period	**(68)**	**14**	**(54)**
REMAINING GOODWILL AT YEAR END			**377**

ROMANIA

As part of the purchase price allocation of the Romanian companies, the company's assets and liabilities were measured at fair value. This has led to the Group revising the valuation of certain assets and liabilities that had been valued on a provisional basis in the financial statements as at 31 December 2008.

The corrections made to newly-acquired positions accordingly resulted in a total increase of €37 million in goodwill.

Greece

A liability guarantee clause has been brought into play following a claim on the liability guarantee related to a market dispute. The effects of this have been recorded as a reduction of the acquisition price of €4.5 million.

Spain

During the fiscal year, the goodwill of Plus Ultra Generales in Spain was reduced by €41 million. This was done after uncovering future tax savings relative to the amortisation of the business goodwill recorded by the subsidiary in its company accounts.

In the specific case of deferred tax assets not recognised at the end of the initial recognition period, IFRS 3 allows for this amount to be deducted from the goodwill initially posted by the Group.

United Kingdom

The acquisition prices for the brokerage firms acquired in fiscal year 2007 (Bollington Ltd and Lark Insurance Broking Group) included unconditional sales options granted to the sellers. The valuation of these options was based on the financial performance of these firms after their integration into the Group.

At 31 December 2009, the valuation of the options was revised, thus generating a reduction in the price supplement payable to the sellers, in the amount of €5 million.

Turkey

As part of the purchase price allocation of Güven Sigorta, the company's assets and liabilities were measured at fair value. That allowed the Group to book amortisable intangible assets and revise the valuation of certain assets and liabilities that had been provisionally measured in the financial statements at 31 December 2008.

The intangible values thus recognised are amortised over their estimated lifetime.

These account postings automatically generated the following changes to goodwill provisionally booked at 31 December 2008:

(in millions of euros)	Gross amount	Deferred tax	Net amount
GOODWILL ON FIRST CONSOLIDATION			**260**
Adjustment in the valuation of assets and liabilities acquired	2		2
Value of the Non-Life portfolio	(17)	3	(13)
Unrealised foreign exchange adjustments	(0)		(0)
Total movements for the period	**(14)**	**3**	**(11)**
REMAINING GOODWILL AT YEAR END			**248**

Central and Eastern Europe

Under the terms of the acquisition of the insurance subsidiaries of the OTP Bank group, part of the purchase price included a strategic bonus with regard to the starting up of operations in some emerging countries (Russia, Ukraine, Croatia, Serbia and Montenegro). This part of the purchase price paid is consideration for the possibility made available to Groupama to establish insurance companies in a selection of countries where the OTP group operates and to benefit from partnerships with their banking subsidiaries. Currently, in view of the financial crisis which has had a significant impact on this geographic zone, Groupama has put back the start up of its insurance activities in these countries. As a consequence and as a prudential measure, goodwill impairment relating to this agreement has been recorded for 2009, i.e., €113 million.

(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 mentioned previously, the group has decided to make an early depreciation of that part of the purchase price that related entirely to operations in the CEEC zone and where the Group to date has not started operating.

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.

Apart from this, the Group has been able to document for all business units the future income flows that justify the goodwill amounts recorded.

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 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 50 basis points in the discount rate, and;
- decline of 100 basis points in the rate of growth to infinity.

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

Note 2.1 – Goodwill – Breakdown by cash generating entity

(in millions of euros)	31.12.2009 Gross amount	Impairment	Unrealised foreign exchange adjustment	Net amount	31.12.2008 Net amount
Central and Eastern European Countries	1,033	(113)	(129)	791	952
Italy	781			781	781
Turkey	262		(14)	248	260
Spain	131	(3)		128	169
United Kingdom	186	(4)	(43)	138	135
Greece	137			137	141
Tunisia					33
Total International	**2,531**	**(121)**	**(186)**	**2,224**	**2,471**
Groupama Gan Vie	469			469	469
Gan Assurances IARD	196			196	196
Gan Eurocourtage IARD	168			168	168
Investment, real estate and other insurance companies	161			161	192
Total France and abroad	**994**			**994**	**1,025**
YEAR-END AMOUNT	**3,525**	**(121)**	**(186)**	**3,218**	**3,496**

NOTE 3 OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2009 Intangible assets related to insurance activities	31.12.2009 Other intangible assets	31.12.2009 Total	31.12.2008 Intangible assets related to insurance activities	31.12.2008 Other intangible assets	31.12.2008 Total
Opening gross amount	**517**	**587**	**1,104**	**218**	**560**	**778**
Increase	133	192	325		126	126
Decrease		(58)	(58)		(99)	(99)
Unrealised foreign exchange adjustments	6		6	(44)	(5)	(49)
Change in scope of consolidation		4	4	343	5	348
Year-end gross amount	**656**	**725**	**1,381**	**517**	**587**	**1,104**
Opening cumulative amortisation and depreciation	**(79)**	**(406)**	**(485)**	**(45)**	**(393)**	**(438)**
Increase	(61)	(111)	(172)	(21)	(76)	(97)
Decrease		21	21		60	60
Unrealised foreign exchange adjustments	(2)		(2)	9	3	12
Change in scope of consolidation				(22)		(22)
Year-end cumulative amortisation and depreciation	**(142)**	**(496)**	**(638)**	**(79)**	**(406)**	**(485)**
Opening cumulative long-term impairment	**(12)**	**(5)**	**(17)**	**(12)**	**(7)**	**(19)**
Long-term impairment recognised	(62)		(62)			
Long-term impairment write-backs		1	1		2	2
Unrealised foreign exchange adjustment						
Change in scope of consolidation						
Year-end cumulative long-term impairment	**(74)**	**(4)**	**(78)**	**(12)**	**(5)**	**(17)**
OPENING NET AMOUNT	**426**	**176**	**602**	**161**	**160**	**321**
YEAR-END NET AMOUNT	**440**	**225**	**665**	**426**	**176**	**602**

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. The increase in this line item during the year in terms of gross amount is primarily related to the recognition of intangible items as part of acquisitions.

While assessing the fair value of assets and liabilities of Groupama GaranciaBiztosito, the Group identified a value of in-force business amounting to €58 million for policies acquired in Hungary. Of this, €16 million was amortised over the year.

While assessing the fair value of assets and liabilities of Güven Sigorta, the Group identified a value of in-force business amounting to €16 million for policies acquired in Turkey. Of this, €3 million was amortised over the year.

Groupama Seguros (Spain) signed a bancassurance agreement with Bancaja, generating intangible assets of €60 million. These assets will be amortised over the life of the portfolio. The amortisation charge recorded as at 31 December 2009 was €3 million.

Overall, the provisions for amortisation for the year on the Group's portfolio represent a charge of €60 million as at 31 December 2009.

Furthermore, following a revision of the forecasts underlying the valuation of Basak Emeklilik in Turkey, the Group has had to revise the initial valuation of the brand following the adoption of the brand

Groupama Sigorta and revise the life insurance portfolio values as a result of the non renewal of a bancassurance agreement. This revision resulted in reduction in profit of €53 million net of deferred taxation. These intangible assets have been fully impaired.

Other intangible assets

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

Note 3.1 – Other intangible assets – by operating segment

	31.12.2009						31.12.2008	
	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**	**641**	**654**	**70**	**669**	**711**	**559**	**545**
Year-end cumulative amortisation and depreciation	(2)	(140)	(451)	(45)	(453)	(185)	(386)	(99)
Year-end cumulative long-term impairment	(12)	(62)	(4)		(16)	(62)	(16)	(1)
Amortisation and provisions	**(14)**	**(202)**	**(455)**	**(45)**	**(469)**	**(247)**	**(402)**	**(100)**
NET BOOK VALUE	**1**	**439**	**199**	**25**	**200**	**464**	**157**	**445**

NOTE 4 INVESTMENT PROPERTIES (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2009			31.12.2008		
(in millions of euros)	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,540**	**457**	**3,997**	**3,640**	**456**	**4,096**
Acquisitions	436	9	445	169	11	180
Newly consolidated entities	44		44	1		1
Subsequent expenses						
Assets capitalised in the year	15		15	21		21
Transfer from/to operating activities property				(99)		(99)
Transfer from/to operating activities property	10		10	(72)		(72)
Unrealised foreign exchange adjustments				(4)		(4)
Disposals	(233)	(103)	(336)	(116)	(10)	(126)
Year-end gross amount	**3,812**	**363**	**4,175**	**3,540**	**457**	**3,997**
Opening cumulative amortisation and depreciation	**(750)**		**(750)**	**(735)**		**(735)**
Increase	(77)		(77)	(61)		(61)
Newly consolidated entities	(8)		(8)			0
Transfer from/to operating activities property				19		19
Transfer from/to operating activities property	(1)		(1)	12		12
Decrease	45		45	15		15
Year-end cumulative amortisation and depreciation	**(791)**		**(791)**	**(750)**		**(750)**
Opening cumulative long-term impairment	**(7)**		**(7)**	**(4)**		**(4)**
Long-term impairment recognised				(3)		(3)
Newly consolidated entities						
Long-term impairment write-backs			0			
Year-end cumulative long-term impairment	**(7)**		**(7)**	**(7)**		**(7)**
OPENING NET AMOUNT	**2,783**	**457**	**3,240**	**2,901**	**456**	**3,357**
YEAR-END NET AMOUNT	**3,014**	**363**	**3,377**	**2,783**	**457**	**3,240**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**6,169**	**573**	**6,742**	**6,312**	**760**	**7,072**
UNREALISED CAPITAL GAINS	**3,155**	**210**	**3,365**	**3,529**	**303**	**3,832**

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 €1.47 billion as at 31 December 2009 (net of profit sharing and tax).

The table also includes property being purchased on a lease purchase basis for a net book value of €108 million as at 31 December 2009 compared to €44 million as at 31 December 2008. This increase is due to the acquisition of a building with a net book value at 31 December 2009 of €66 million. The fair value of this real estate is estimated at €112 million (i.e., total unrealised capital gains of €4 million at 31 December 2009 compared to €13 million at 31 December 2008).

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

	31.12.2009						31.12.2008					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	3,688	124	3,812	363		363	3,413	127	3,540	457		457
Cumulative amortisation	(766)	(24)	(791)				(725)	(25)	(750)			
Long-term impairment	(7)		(7)				(7)		(7)			
Year-end net amount	**2,915**	**99**	**3,014**	**363**		**363**	**2,681**	**102**	**2,783**	**457**		**457**
Year-end fair value of property, plant and equipment	**5,926**	**243**	**6,169**	**573**		**573**	**6,041**	**271**	**6,312**	**760**		**760**
UNREALISED CAPITAL GAINS	**3,012**	**143**	**3,155**	**210**		**210**	**3,359**	**169**	**3,529**	**303**		**303**

Note 4.2 – Investment properties by business

Note 4.2.1 – Investment properties by business – France

	31.12.2009						31.12.2008					
	Property			SCI Shares			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	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	1,470	1,943	3,413	393	63	457
Cumulative amortisation	(307)	(459)	(766)			0	(309)	(416)	(725)	0	0	0
Long-term impairment	(4)	(3)	(7)			0	(4)	(3)	(7)	(0)	(0)	(0)
Year-end net amount	**1,203**	**1,712**	**2,915**	**311**	**52**	**363**	**1,157**	**1,524**	**2,681**	**393**	**63**	**457**
Year-end fair value of property, plant and equipment	**2,345**	**3,582**	**5,927**	**474**	**99**	**573**	**2,549**	**3,492**	**6,041**	**646**	**114**	**760**
UNREALISED CAPITAL GAINS	**1,142**	**1,870**	**3,012**	**163**	**47**	**210**	**1,392**	**1,968**	**3,359**	**253**	**51**	**303**

Note 4.2.2 – Investment properties by business - International

	31.12.2009						31.12.2008					
	Property			SCI Shares			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	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	45	77	123				46	80	126			
Cumulative amortisation	(10)	(13)	(23)				(9)	(15)	(24)			
Long-term impairment												
Year-end net amount	**35**	**64**	**100**				**37**	**65**	**102**			
Year-end fair value of property, plant and equipment	**103**	**140**	**243**				**98**	**173**	**271**			
UNREALISED CAPITAL GAINS	**68**	**76**	**143**				**61**	**108**	**169**			

NOTE 5 OPERATING ACTIVITIES PROPERTY

	31.12.2009			31.12.2008		
(in millions of euros)	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**671**	**13**	**685**	**345**	**12**	**357**
Acquisitions	115		115	137	2	139
Newly consolidated entities				50		50
Assets capitalised in the year	48		48	78	(1)	77
Transfer from/to investment property	(10)		(10)	72		72
Unrealised foreign exchange adjustment	(1)		(1)	(8)		(8)
Disposals	(22)	(1)	(23)	(3)		(3)
Year-end gross amount	**801**	**12**	**814**	**671**	**13**	**685**
Opening cumulative amortisation and depreciation	**(105)**	**0**	**(105)**	**(83)**		**(83)**
Increase	(14)		(14)	(10)		(10)
Newly consolidated entities						
Transfer from/to investment property	1		1	(12)		(12)
Decrease	10		10	1		1
Year-end cumulative amortisation and depreciation	**(108)**	**0**	**(108)**	**(105)**		**(105)**
Opening cumulative long-term impairment	**0**	**0**	**0**	**(1)**		**(1)**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs				1		1
Year-end cumulative long-term impairment	**0**	**0**	**0**			
OPENING NET AMOUNT	**566**	**13**	**579**	**261**	**12**	**273**
YEAR-END NET AMOUNT	**693**	**12**	**705**	**566**	**13**	**579**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**968**	**15**	**983**	**894**	**15**	**910**
UNREALISED CAPITAL GAINS	**275**	**3**	**278**	**329**	**2**	**330**

Note 5.1 – Operating activities property – by operating segment

	31.12.2009						31.12.2008					
	Property			SCI Shares			Property			SCI Shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	710	91	801	12		12	561	110	671	12		12
Cumulative amortisation	(100)	(7)	(108)				(95)	(10)	(105)			
Long-term impairment												
Year-end net amount	**609**	**84**	**693**	**12**		**12**	**465**	**100**	**566**	**12**		**12**
Year-end fair value of property, plant and equipment	**851**	**117**	**968**	**15**		**15**	**740**	**154**	**894**	**15**		**15**
UNREALISED CAPITAL GAINS	**242**	**33**	**275**	**3**		**3**	**275**	**54**	**329**	**3**		**3**

Note 5.2 – Operating activities property by business

Note 5.2.1 – Operating activities property by business – France

	31.12.2009						31.12.2008					
	Property			SCI Shares			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	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	370	191	561	6	7	12
Cumulative amortisation	(54)	(46)	(100)				(50)	(45)	(95)			
Long-term impairment												
Year-end net amount	**448**	**161**	**609**	**6**	**6**	**12**	**320**	**145**	**465**	**6**	**7**	**12**
Year-end fair value of property, plant and equipment	**551**	**300**	**851**	**8**	**7**	**15**	**450**	**290**	**740**	**8**	**7**	**15**
UNREALISED CAPITAL GAINS	**104**	**139**	**243**	**2**	**1**	**3**	**130**	**145**	**275**	**2**	**1**	**3**

Note 5.2.2 – Operating activities property by business – International

	31.12.2009						31.12.2008					
	Property			SCI Shares			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	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	34	57	91				35	75	110			
Cumulative amortisation	(3)	(4)	(7)				(2)	(7)	(10)			
Long-term impairment							(0)	(0)	(0)			
Year-end net amount	**31**	**53**	**84**				**33**	**67**	**100**			
Year-end fair value of property, plant and equipment	**48**	**69**	**117**				**45**	**109**	**154**			
UNREALISED CAPITAL GAINS	**17**	**16**	**33**				**12**	**42**	**54**			

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2009 Net amount	31.12.2008 Net amount
Assets valued at fair value	65,430	59,087
Assets valued at amortised cost	616	782
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**66,045**	**59,869**

Total investments as at 31 December 2009 were €66,045 million and marked an increase of €6,176 million. This trend is due both to growth in the business during the year and the performance of the financial markets.

Investment repurchase agreements totalled €2,841 million at 31 December 2009, versus €4,392 million at 31 December 2008.

Note 6.1 – Investments valued at fair value by operating segment

	31.12.2009								
	Net amortised cost			Fair value (1)			Unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Bonds	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Other	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 classified under trading	3,581	28	3,609	3,581	28	3,609			
Equities held for trading	2,035	143	2,178	2,035	143	2,178			
Bonds classified under trading	109	18	127	109	18	127			
Bonds held for trading	3,064	132	3,196	3,064	132	3,196			
Other securities classified under trading	1,224		1,224	1,224		1,224			
Other securities 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.

As at 31 December 2009, the capital gains (losses) that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as available-for-sale investment assets and through income as trading investment assets were €(953) million and €67 million respectively, compared to €(3,209) million and €(192) million at 31 December 2008.

The decline in unrealised losses versus as at 31 December 2008 is primarily due to the change in stock market indices for the equity component (particularly strategic securities, which out-performed these indices). On the other hand, interest rate trends have had an effect on bond unrealised losses.

At 31 December 2009, the Group posted a long-term impairment charge of €38 million on its financial investments valued at fair value. Total provisions for long-term impairment of investments valued at fair value was €183 million as at 31 December 2009, compared to €421 million as at 31 December 2008. In total, provisions for impairment on insurance assets accounted for 0.28% of the Group's investments.

With a view to optimising the yield of its financial assets, in first half 2009 the Group continued its bond repurchase activity. These repurchase activities were in two distinct forms:

- investment repurchase agreements: As at 31 December 2009, the amount in question was €2,265 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: the amount at 31 December 2009 totalled €576 million. In this type of transaction, cash is reinvested in different forms of investment.

Developments related to the securities reclassified on 9 December 2008 from the trading category to the available-for-sale category:

- the fair value as at 31 December 2009 of assets re-classified amounted to €2,374.4 million against a purchase price of €2,400.4 million. A net loss to profit sharing and tax of €5.6 million would have been brought through the result as at 31 December 2009 if these securities had not been re-classified.

	31.12.2008								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities	10,505	626	11,131	7,443	616	8,059	(3,062)	(10)	(3,072)
Bonds	34,602	5,732	40,334	34,830	5,382	40,212	228	(350)	(122)
Other	27	2	29	13	1	14	(14)	(1)	(15)
Total available-for-sale assets	**45,134**	**6,360**	**51,494**	**42,286**	**5,999**	**48,285**	**(2,848)**	**(361)**	**(3,209)**
Assets held for trading									
Equities classified under trading	2,477	32	2,509	2,477	32	2,509			
Equities held for trading	1,455	32	1,487	1,455	32	1,487			
Bonds classified under trading	89	20	109	89	20	109			
Bonds held for trading	4,979	141	5,120	4,979	141	5,120			
Other securities classified under trading	1,548		1,548	1,548		1,548			
Other securities held for trading	3	26	29	3	26	29			
Total trading assets	**10,551**	**251**	**10,802**	**10,551**	**251**	**10,802**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,685**	**6,611**	**62,296**	**52,837**	**6,250**	**59,087**	**(2,848)**	**(361)**	**(3,209)**

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

Note 6.2 – Investments valued at fair value by business

Note 6.2.1 – Investments valued at fair value by business – France

	31.12.2009								
	Net amortised cost			Fair value [1]			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	9,069	1,464	10,533	8,186	1,321	9,507	(883)	(143)	(1,026)
Bonds	32,504	5,248	37,752	32,548	5,254	37,802	44	6	50
Other	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 classified under trading	3,083	498	3,581	3,083	498	3,581			
Equities held for trading	1,752	283	2,035	1,752	283	2,035			
Bonds classified under trading	94	15	109	94	15	109			
Bonds held for trading	2,638	426	3,064	2,638	426	3,064			
Other securities classified under trading	1,054	170	1,224	1,054	170	1,224			
Other securities 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.

	31.12.2008								
	Net amortised cost			Fair value (1)			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	8,972	1,533	10,505	6,357	1,086	7,443	(2,615)	(447)	(3,062)
Bonds	29,554	5,048	34,602	29,748	5,082	34,830	194	34	228
Other	23	4	27	11	2	13	(12)	(2)	(14)
Total available-for-sale assets	**38,549**	**6,585**	**45,134**	**36,116**	**6,170**	**42,286**	**(2,433)**	**(415)**	**(2,848)**
Assets held for trading									
Equities classified under trading	2,116	361	2,477	2,116	361	2,477			
Equities held for trading	1,243	212	1,455	1,243	212	1,455			
Bonds classified under trading	76	13	89	76	13	89			
Bonds held for trading	4,253	726	4,979	4,253	726	4,979			
Other securities classified under trading	1,322	226	1,548	1,322	226	1,548			
Other securities held for trading	3		3	3		3			
Total trading assets	**9,013**	**1,538**	**10,551**	**9,013**	**1,538**	**10,551**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**47,562**	**8,123**	**55,685**	**45,129**	**7,708**	**52,837**	**(2,433)**	**(415)**	**(2,848)**

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

Note 6.2.2 – Investments valued at fair value by business – International

	31.12.2009								
	Net amortised cost			Fair value [1]			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	231	278	509	233	280	513	2	2	4
Bonds	2,810	3,379	6,189	2,818	3,390	6,208	8	11	19
Other		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 classified under trading	13	15	28	13	15	28			
Equities held for trading	65	78	143	65	78	143			
Bonds classified under trading	8	10	18	8	10	18			
Bonds held for trading	60	72	132	60	72	132			
Other securities classified under trading									
Other securities 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.

	31.12.2008								
	Net amortised cost			Fair value (1)			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	282	344	626	278	338	616	(4)	(6)	(10)
Bonds	2,582	3,150	5,732	2,425	2,957	5,382	(157)	(193)	(350)
Other	1	1	2		1	1	(1)		(1)
Total available-for-sale assets	**2,865**	**3,495**	**6,360**	**2,703**	**3,296**	**5,999**	**(162)**	**(199)**	**(361)**
Assets held for trading									
Equities classified under trading	14	18	32	14	18	32			
Equities held for trading	14	18	32	14	18	32			
Bonds classified under trading	9	11	20	9	11	20			
Bonds held for trading	64	77	141	64	77	141			
Other securities classified under trading									
Other securities held for trading	12	14	26	12	14	26			
Total trading assets	**113**	**138**	**251**	**113**	**138**	**251**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**2,978**	**3,633**	**6,611**	**2,816**	**3,434**	**6,250**	**(162)**	**(199)**	**(361)**

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

Note 6.3 – Investments valued at fair value – by type

	31.12.2009								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities									
Available-for-sale assets	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Assets classified under trading	3,581	28	3,609	3,581	28	3,609			
Assets held for trading	2,035	143	2,178	2,035	143	2,178			
Total equities	**16,149**	**680**	**16,829**	**15,123**	**684**	**15,807**	**(1,026)**	**4**	**(1,022)**
Bonds									
Available-for-sale assets	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Assets classified under trading	109	18	127	109	18	127			
Assets held for trading	3,064	132	3,196	3,064	132	3,196			
Total bonds	**40,925**	**6,339**	**47,264**	**40,975**	**6,358**	**47,333**	**50**	**19**	**69**
Other									
Available-for-sale assets	10	1	11	10	1	11			
Assets classified under trading	1,224		1,224	1,224		1,224			
Assets held for trading	1,044	12	1,056	1,044	12	1,056			
Total other	**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.

	31.12.2008								
	Net amortised cost			Fair value [1]			Unrealised gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities									
Available-for-sale assets	10,505	626	11,131	7,443	616	8,059	(3,062)	(10)	(3,072)
Assets classified under trading	2,477	32	2,509	2,477	32	2,509			
Assets held for trading	1,455	32	1,487	1,455	32	1,487			
Total equities	**14,437**	**690**	**15,127**	**11,375**	**680**	**12,055**	**(3,062)**	**(10)**	**(3,072)**
Bonds									
Available-for-sale assets	34,602	5,732	40,334	34,830	5,382	40,212	228	(350)	(122)
Assets classified under trading	89	20	109	89	20	109			
Assets held for trading	4,979	141	5,120	4,979	141	5,120			
Total bonds	**39,670**	**5,893**	**45,563**	**39,898**	**5,543**	**45,441**	**228**	**(350)**	**(122)**
Other									
Available-for-sale assets	27	2	29	13	1	14	(14)	(1)	(15)
Assets classified under trading	1,548		1,548	1,548		1,548			
Assets held for trading	3	26	29	3	26	29			
Total other	**1,578**	**28**	**1,606**	**1,564**	**27**	**1,591**	**(14)**	**(1)**	**(15)**
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,685**	**6,611**	**62,296**	**52,837**	**6,250**	**59,087**	**(2,848)**	**(361)**	**(3,209)**

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

Note 6.4 – Investments valued at amortised cost – net amount

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Loans	131	92	223	135	76	211
Deposits	127	159	286	145	233	378
Other	105	2	107	194		194
Loans and receivables	**363**	**253**	**616**	**474**	**309**	**783**
ASSETS VALUED AT AMORTISED COST	**363**	**253**	**616**	**474**	**309**	**783**

Total long-term impairment provisions for investments recognised at amortised cost remained unchanged compared with €4 million at 31 December 2008.

Note 6.5 – Breakdown of listed investments

(in millions of euros)	31.12.2009 Net amount	31.12.2008 Net amount
Equities	7,231	5,694
Shares in fixed-income mutual funds	2,956	4,291
Shares in other mutual funds	10,548	9,955
Bonds and other fixed-income securities	44,276	38,700
TOTAL LISTED INVESTMENTS	**65,010**	**58,641**

As as 31 December 2009, total long-term impairment provisions for unlisted investments recognised at fair value were €96 million, compared with €321 million at 31 December 2008.

Note 6.6 – Breakdown of unlisted investments

(in millions of euros)	31.12.2009 Net amount	31.12.2008 Net amount
Equities at fair value	292	354
Bonds and other fixed-income securities at fair value	102	49
Other investments at fair value	26	44
Loans at amortised cost	223	210
Other investments at amortised cost	393	572
TOTAL UNLISTED INVESTMENTS	**1,035**	**1,229**

As at 31 December 2009, total long-term impairment provisions for unlisted investments recognised at fair value were €87 million, compared with €100 million at 31 December 2008.

Total provisions for long-term impairment on unlisted investments recognised at amortised cost remained unchanged over 31 December 2008, i.e., €4 million.

Note 6.7 – Significant investments in unconsolidated companies

(in millions of euros)	31.12.2009 % of ownership	31.12.2009 Acquisition cost net of provision	31.12.2009 Fair value	31.12.2009 Revaluation reserve (before profit sharing and tax) (1)	31.12.2008 % of ownership	31.12.2008 Acquisition cost net of provision	31.12.2008 Fair value	31.12.2008 Revaluation reserve (before profit sharing and tax)
Bolloré Investissement	4.31%	130	122	(8)	4.31%	81	86	5
Société Générale	4.21%	1,737	1,522	(215)	4.07%	1,449	787	(662)
Lagardère	1.97%	95	73	(22)	1.85%	92	68	(24)
Veolia Environnement	5.66%	788	647	(141)	5.50%	746	555	(191)
Saint Gobain	1.97%	440	385	(55)	1.99%	402	251	(152)
Eiffage	6.71%	358	238	(120)	6.61%	379	223	(155)
French companies		**3,548**	**2,987**	**(561)**		**3,148**	**1,971**	**(1,178)**
Médiobanca	4.93%	500	357	(143)	4.97%	503	294	(208)
OTP bank	9.16%	657	516	(108)	8.31%	642	256	(386)
Foreign companies		**1,157**	**873**	**(251)**		**1,145**	**550**	**(594)**
TOTAL SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES		**4,705**	**3,860**	**(812)**		**4,293**	**2,521**	**(1,772)**

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

The securities presented in this note are exclusively those considered strategic treated in terms of impairment in the manner set out in section 3.2.1 of the accounting principles.

NOTE 7 INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Variable-income and similar securities		16	16		8	8
Bonds	6	636	642		727	727
Shares in equity mutual funds	2,561	55	2,615	1,831	57	1,889
Shares in bond mutual funds and other	82	81	163	637	77	714
Other investments		119	119		3	3
Unit-linked financial investment sub-total	**2,649**	**906**	**3,555**	**2,469**	**872**	**3,340**
Unit-linked investment properties	102		102	120		120
Unit-linked investment properties sub-total	**102**		**102**	**120**		**120**
TOTAL INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS	**2,751**	**906**	**3,657**	**2,589**	**872**	**3,460**

Unit-linked investments pertain exclusively to the Life Insurance business.

NOTE 8 ASSETS AND LIABILITIES DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

	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)**

	31.12.2008					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	87	(45)			87	(45)
Options	66	(2)			66	(2)
Forward currency contracts	128				128	
Other						
TOTAL	**281**	**(47)**	**0**	**0**	**281**	**(47)**

NOTE 9 USES AND SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

Note 9.1 – Uses of funds for banking sector activities

	31.12.2009			31.12.2008		
(in millions of euros)	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	41		41	47		47
Financial assets at fair value through income	819		819	228		228
Hedging derivative instruments						
Available-for-sale assets	17		17	16		16
Loans and receivables from credit institutions	563		563	955		955
Customer loans and receivables	1,431	(20)	1,410	1,519	(16)	1,504
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	466		466	554		554
Investment property						
TOTAL ASSETS USED FOR BANKING SECTOR ACTIVITIES	**3,337**	**(20)**	**3,317**	**3,319**	**(16)**	**3,303**

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.

Income related to this change in value that would have been recognised in the financial statements had these assets not been reclassified would have been €2.1 million. The fair value of these assets is €467 million.

Note 9.2 – Sources of funds for banking sector activities

(in millions of euros)	31.12.2009	31.12.2008
Central banks, postal accounts		
Financial liabilities at fair value through income	728	550
Hedging derivative instruments		
Debt owed to credit institutions	305	278
Debt to customers	1,935	2,143
Debt represented by securities	5	8
Revaluation variance on rate-hedged portfolios		
TOTAL SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES	**2,973**	**2,979**

The make up of the uses of funds varies from one period to another due to re-orientation of the investment of surplus cash, which previously was invested with credit institutions and which is now invested on the fixed interest securities market or in extremely short-term debt.

Debts to customers (€1,935 million) are down mainly due to the effects of recurring volatility in deposits made by corporate customers and mutual funds.

NOTE 10 INVESTMENTS IN RELATED COMPANIES

	31.12.2009		31.12.2008	
(in millions of euros)	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	41	2	23	2
Socomie	(1)	(1)	1	
Cegid	73	5	(8)	
Star	79	6	42	1
TOTAL INVESTMENTS IN RELATED COMPANIES	**192**	**11**	**58**	**3**

The equity value of Günes shares, which represents Group share of adjusted shareholders' equity, increased by €18 million during the period as a result of various adjustments.

For its part, Socomie posted a loss of €1 million, which reduced the equity value from where it stood at 31 December 2008.

Goodwill for Cegid and Star shares was reclassified from “Goodwill” to “Investments in related companies”. The amount transferred for Cegid was €101 million gross and a €24 million impairment. The transfer amount pertaining to Star amounted to €34 million gross and a €1 million unrealised foreign exchange adjustment.

Note 10.1 – Significant data

(in millions of euros)	31.12.2009				31.12.2008			
	Premium income	Net profit	Total assets	Shareholders' equity	Premium income	Net profit	Total assets	Shareholders' equity
Günes Sigorta	311	7	324	93	334	5	272	48
Socomie	12	(1)	7	(1)	14		7	1
Cegid	249	17	339	164	248	11	315	153
Star	117	17	398	103		4	127	120

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

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

(in millions of euros)	31.12.2009			31.12.2008		
	France	International	Total	France	International	Total
Share of reinsurers in Non-life insurance reserves						
Reserves for unearned premiums	25	56	80	26	89	115
Outstanding claims reserves	1,038	232	1,270	1,004	267	1,270
Other technical reserves	118	7	125	119	4	123
Total	**1,180**	**295**	**1,475**	**1,149**	**360**	**1,509**
Share of reinsurers in life insurance reserves						
Life insurance reserves	15	33	48	14	35	50
Outstanding claims reserves	9	6	15	18	7	25
Profit-sharing reserves	10		10	12		12
Other technical reserves	4		4	4		4
Total	**38**	**39**	**76**	**48**	**42**	**90**
Share of reinsurers in reserves for financial contracts	**1**	**0**	**1**	**2**	**0**	**2**
TOTAL SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES	**1,220**	**333**	**1,553**	**1,199**	**402**	**1,601**

Note 11.1 – Change in the share of outward reinsurers and retrocessionaires in reserves for Non-Life claims split by operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
SHARE OF REINSURERS IN RESERVES FOR CLAIMS AT THE BEGINNING OF THE YEAR	**1,004**	**267**	**1,271**	**1,026**	**274**	**1,300**
Transfers in portfolio and changes in scope of consolidation		76	76		35	35
Share of reinsurers in the total claims expense	336	88	424	231	73	303
Share of reinsurers in total payments	(292)	(134)	(426)	(255)	(85)	(340)
Changes in exchange rate	(10)	(65)	(75)	2	(30)	(28)
SHARE OF REINSURERS IN RESERVES FOR CLAIMS AT YEAR END	**1,038**	**232**	**1,270**	**1,004**	**267**	**1,270**

NOTE 12 OTHER PROPERTY, PLANT AND EQUIPMENT

Note 12.1 – Change in other property, plant and equipment

	31.12.2009			31.12.2008		
(in millions of euros)	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross amount	**406**	**31**	**437**	**375**	**31**	**406**
Acquisitions	36	3	39	76	1	77
Newly consolidated entities			0	11		11
Assets capitalised in the year			0			
Foreign exchange adjustments	1		1	(8)		(8)
Disposals	(37)		(37)	(48)	(1)	(49)
Year-end gross amount	**406**	**34**	**440**	**406**	**31**	**437**
Opening cumulative amortisation & depreciation	**(255)**		**(255)**	**(244)**		**(244)**
Increase	(45)		(45)	(49)		(49)
Newly consolidated entities			0	(1)		(1)
Foreign exchange adjustment	(1)		(1)	3		3
Decrease	40		40	36		36
Year-end cumulative amortisation & depreciation	**(261)**	**0**	**(261)**	**(255)**		**(255)**
Opening cumulative long-term impairment	**(4)**		**(4)**	**(4)**		**(4)**
Long-term impairment recognised	(2)	(3)	(5)	(1)		(1)
Newly consolidated entities			0	(2)		(2)
Foreign exchange adjustment			0	1		1
Long-term impairment write-backs	4		4	2		2
Year-end cumulative long-term impairment	**(2)**	**(3)**	**(5)**	**(4)**		**(4)**
Opening net amount	**147**	**31**	**178**	**127**	**31**	**158**
Year-end net amount	**143**	**31**	**174**	**147**	**31**	**178**
Year-end fair value of other property, plant and equipment	**143**	**32**	**175**	**149**	**36**	**185**
UNREALISED CAPITAL GAINS	**0**	**1**	**1**	**2**	**5**	**7**

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

Note 12.2 – Changes in other property, plant and equipment – by operating segment

	31.12.2009						31.12.2008					
	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	241	165	406	34		34	240	166	406	31		31
Cumulative amortisation	(146)	(115)	(261)				(140)	(115)	(255)			
Long-term impairment	(2)		(2)	(3)		(3)	(1)	(3)	(4)			
Year-end net amount	**93**	**50**	**143**	**31**		**31**	**99**	**48**	**146**	**31**		**31**
Year-end fair value of property, plant and equipment	**93**	**50**	**143**	**32**		**32**	**99**	**50**	**149**	**36**		**36**
UNREALISED CAPITAL GAINS				**1**		**1**		**3**	**3**	**5**		**5**

NOTE 13 DEFERRED ACQUISITION COSTS

	31.12.2009			31.12.2008		
(in millions of euros)	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	124		124	119		119
Life insurance policies and financial contracts with discretionary profit-sharing	223	(16)	208	242	(11)	232
France	**348**	**(16)**	**332**	**362**	**(11)**	**351**
Non-life insurance policies	230		230	216		216
Life insurance policies and financial contracts with discretionary profit-sharing	33	(10)	23	36	(10)	26
International	**263**	**(10)**	**252**	**251**	**(10)**	**241**
TOTAL DEFERRED ACQUISITION COSTS	**610**	**(26)**	**584**	**613**	**(21)**	**592**

NOTE 14 DEFERRED PROFIT-SHARING ASSET

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Deferred profit-sharing asset	293	38	331	1,438	174	1,611
TOTAL DEFERRED PROFIT-SHARING ASSET	**293**	**38**	**331**	**1,438**	**174**	**1,611**

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 2009, in France, ranged from 73.8% to 81.2%, compared to 67.6% to 90.0% at 31 December 2008.

A recoverability test was carried out to demonstrate the Group's ability to charge the value of deferred profit-sharing assets to future profit-sharing by policyholders.

NOTE 15 DEFERRED TAX ASSETS

Note 15.1 – Deferrred tax assets – by operating segment

	31.12.2009			31.12.2008
(in millions of euros)	France	International	Total	Total
Deferred tax assets	232	128	360	510
TOTAL DEFERRED TAX ASSETS	**232**	**128**	**360**	**510**

Note 15.2 – Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2009	31.12.2008
Deferred taxes resulting from timing differences on consolidation restatements		
Capitalisation reserve	(472)	(245)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(95)	(72)
Acquisition costs for life policies and total management reserves	(52)	(47)
Consolidation adjustments on technical reserves	(83)	(61)
Other differences on consolidation adjustments	(38)	(84)
Deferred acquisition costs for Non-life policies	(43)	(40)
Tax differences on technical reserves and other contingent liabilities	343	378
Gains on tax suspension	(3)	(9)
Mutual fund valuation differential	(28)	(44)
Currency hedging	8	43
Other tax timing differences	6	13
Sub-total of deferred taxes resulting from timing differences	**(457)**	**(167)**
Capitalisation of operating losses	**46**	**34**
Deferred taxes capitalised	**(411)**	**(133)**
of which assets	360	510
of which, liabilities	(771)	(643)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banque) in France. As at 31 December 2009 these off-balance sheet assets totalled €107 million.

NOTE 16 RECEIVABLES FROM INSURANCE AND INWARD REINSURANCE TRANSACTIONS

Note 16.1 – Receivables from insurance or inward reinsurance transactions – by operating segment

	31.12.2009							31.12.2008
	France			International			Total	Total
(in millions of euros)	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Receivables from insurance or inward insurance transactions								
Earned premiums not written	863		863	69		69	932	700
Policyholders, intermediaries and other third parties	597	(43)	553	681	(61)	620	1,173	1,173
Co-insurer and other third party current accounts	63	(1)	62	52	(18)	33	95	84
Current accounts of ceding and retroceding companies	365	(1)	364	13	(2)	12	376	439
TOTAL	**1,886**	**(45)**	**1,842**	**815**	**(81)**	**734**	**2,575**	**2,397**

Note 16.2 – Receivables from insurance or inward reinsurance transactions – by maturity

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Receivables from insurance or inward insurance transactions								
Earned premiums not written	919	13		932	700			700
Policyholders, intermediaries and other third parties	1,171	2		1,173	1,164	10		1,173
Co-insurer and other third party current accounts	75	20		95	58	26		84
Current accounts of ceding and retroceding companies	351	22	3	376	409	26	3	439
TOTAL	**2,516**	**57**	**3**	**2,575**	**2,331**	**62**	**3**	**2,397**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE

	31.12.2009			31.12.2008
(in millions of euros)	Gross amount	Provision	Net amount	Net amount
Receivables from outward reinsurance				
Outward reinsurer and retrocessionnaire current accounts	106	(14)	92	93
Other receivables from reinsurance transactions	87	(6)	82	61
TOTAL	**193**	**(20)**	**173**	**154**

Note 17.1 – Receivables from outward reinsurance transactions – by maturity

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Receivables from outward reinsurance transactions								
Outward reinsurer and retrocessionnaire current accounts	75	17		92	80	13		93
Other receivables from reinsurance transactions	76	5	1	82	60	1		61
TOTAL	**151**	**22**	**1**	**173**	**140**	**14**		**154**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

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

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current tax receivables and other tax receivables	211	1		212	263		3	266

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 €53 million compared to €136 million at 31 December 2008. In 2008, Groupama SA had receivables from the State corresponding to corporate income tax on-account payments already made whilst its tax result was a loss. Groupama SA made no corporate income tax on-account payments in 2009.

Other receivables from the State and public authorities consisted mainly of legally prescribed increases in life annuities amounting to €30 million, on-account payments made for social security contributions owed on savings contracts amounting to €62 million, allowable VAT and VAT credits amounting to €22 million and corporate income tax in foreign countries amounting to €39 million.

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

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	122	90	212	179	87	266

NOTE 19 OTHER RECEIVABLES

	31.12.2009			31.12.2008
(in millions of euros)	Gross amount	Provisions	Total	Total
Interest accrued not due	867		867	833
Employee receivables	14		14	18
Social security agencies	8		8	66
Other debtors	700	(77)	623	787
Other receivables	423		423	451
TOTAL	**2,012**	**(77)**	**1,935**	**2,155**

Note 19.1 – Other receivables by maturity

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Interest accrued not due	867			867	832			832
Employee receivables	14			14	18			18
Social security agencies	8			8	66			66
Other debtors	503	95	25	623	659	126	2	787
Other receivables	423			423	441		11	451
TOTAL	**1,815**	**95**	**25**	**1,935**	**2,016**	**126**	**13**	**2,155**

Note 19.2 – Other receivables – by operating segment

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Interest accrued not due	733	134	867	721	111	832
Employee receivables	9	5	14	15	4	19
Social security agencies	8		8	66		66
Other debtors	490	133	623	680	107	787
Other receivables	368	55	423	406	45	451
TOTAL	**1,609**	**326**	**1,935**	**1,888**	**267**	**2,155**

NOTE 20 CASH

Note 20.1 – Cash shown as balance sheet assets

(in millions of euros)	31.12.2009	31.12.2008
France	785	374
International	622	923
TOTAL	**1,407**	**1,297**

Note 20.2 – Cash shown as balance sheet liabilities

(in millions of euros)	31.12.2009 <1 year	31.12.2009 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total	31.12.2008 <1 year	31.12.2008 1 to 5 years	31.12.2008 >5 years	31.12.2008 Total
Operating liabilities to banking institutions	502	43		545	308	47		356
TOTAL	**502**	**43**		**545**	**308**	**47**		**356**

	31.12.2009			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating liabilities to banking institutions	529	16	506	39
TOTAL	**529**	**16**	**506**	**39**

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 2009

During 2009, 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)	31.12.2009	31.12.2008
Unrealised gross capital gains (losses) on AFS assets	(953)	(3,208)
Shadow accounting	599	1,854
Cash flow hedge and other changes	(119)	(83)
Deferred taxes	(48)	65
Share of minority interests	32	23
UNREALISED NET CAPITAL GAINS (LOSSES), GROUP SHARE	**(489)**	**(1,349)**

The deferred tax amount shown in the table above corresponds to the application of 1) a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and 2) a short-term tax rate on deferred profit-sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 1.72%).

The "Cash flow hedge and other changes" item in the amount of -€119 million can be broken down as follows:

- €100 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 increase in the revaluation reserve is mainly due to an increase in unrealised gains (losses) caused by considerable variations in the financial markets throughout the year and which finished on 31 December at levels (equities) that were higher than those of 31 December 2008.

NOTE 22 CONTINGENT LIABILITIES

	31.12.2009						
	France			International			Total
(in millions of euros)	Provision for pensions and similar obligations	Other contingencies [1]	Total	Provision for pensions and similar obligations	Other contingencies [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.

	31.12.2008						
	France			International			Total
(in millions of euros)	Provision for pensions and similar obligations	Other contingencies [1]	Total	Provision for pensions and similar obligations	Other contingencies [1]	Total	
OPENING AMOUNT	**169**	**280**	**449**	**101**	**33**	**134**	**583**
Changes in the scope of consolidation and changes in accounting methods		1	1	1	2	3	4
Increases for the year	38	28	65	6	29	36	101
Write-backs for the year	(39)	(205)	(244)	(16)	(16)	(32)	(276)
Changes in exchange rate				(12)	(2)	(14)	(14)
YEAR-END AMOUNT	**168**	**103**	**270**	**79**	**48**	**128**	**398**

(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 EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

Note 23.1 – Provisions for pensions at year end

	Post-employment benefits		Other long term benefits		Total	
(in millions of euros)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Opening actuarial debt	**379**	**484**	**28**	**28**	**407**	**512**
Cost of past services	15	7	2	2	17	9
Benefits paid	(22)	(21)	(2)	(2)	(24)	(22)
Interest on actuarial debt	20	22	2	1	22	23
Actuarial gains (losses) (actual variations)	5	(49)	(1)	(1)	4	(50)
Actuarial gains (losses) (hypothetical variations)	40	(7)	3	(0)	42	(7)
Changes in the plan	2	(0)	0	0	2	(0)
Change in scope of consolidation	(7)	1	(2)		(8)	1
Changes in exchange rates	14	(61)			14	(61)
Other	(20)	2	2	(0)	(18)	2
YEAR-END ACTUARIAL DEBT (A)	**426**	**379**	**32**	**28**	**458**	**407**
Opening fair value of hedging assets	**160**	**241**			**160**	**242**
Return on hedging assets	11	15			11	15
Benefits paid	(11)	(11)			(11)	(11)
Required contributions	10	8			10	8
Actuarial gains (losses)	10	(44)			10	(44)
Change in scope of consolidation						
Changes in exchange rates	11	(49)			11	(49)
Other	0	(0)			0	(0)
YEAR-END FAIR VALUE OF HEDGING ASSETS (B)	**191**	**160**			**191**	**160**
NET ACTUARIAL DEBT AT YEAR END RECOGNISED UNDER PROVISIONS FOR PENSIONS (A)-(B)	**235**	**219**	**32**	**28**	**267**	**247**

Note 23.2 – Change in the provision for pensions recognised in the balance sheet under contingent liabilities

(in millions of euros)	Post-employment benefits 31.12.2009	Post-employment benefits 31.12.2008	Other long-term benefits 31.12.2009	Other long-term benefits 31.12.2008	Total 31.12.2009	Total 31.12.2008
OPENING AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**219**	**243**	**28**	**27**	**247**	**270**
Present value of commitment	3	19	4	1	7	20
Actuarial differences affecting shareholders' equity	35	(11)			35	(11)
Write-back of reserves for benefits paid by the employer	(22)	(21)	(1)		(23)	(21)
Reclassifications					0	0
Change in scope of consolidation	(7)	1	(1)		(8)	1
Changes in exchange rates	2	(12)			2	(12)
Other	5		1		6	0
YEAR-END AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**235**	**219**	**31**	**28**	**266**	**247**

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

Note 23.3 – Post-employment benefits expense recognised in the income statement

(in millions of euros)	31.12.2009	31.12.2008
Cost of past services	(15)	(7)
Benefits paid by the employer	(22)	(20)
Interest on actuarial debt	(20)	(22)
Return expected from hedging assets	11	14
SORIE Option	35	(11)
Plan changes		
Effects of exchange rate changes	(2)	12
Other		
ANNUAL POST-EMPLOYMENT BENEFITS EXPENSE	**(13)**	**(34)**

Note 23.4 – Information pertaining to employee benefits – Distribution of hedging assets

(in millions of euros)	31.12.2009	31.12.2008
Equities	96	76
Bonds	86	77
General euro funds	7	6
Other	2	1
YEAR-END FAIR VALUE OF ASSETS	**191**	**160**

Note 23.5 – Principal actuarial assumptions

	31.12.2009				31.12.2008			
(in millions of euros)	**France**	**United Kingdom**	**Other**	**Total**	**France**	**United Kingdom**	**Other**	**Total**
Actuarial debt	173	240	45	458	172	187	48	407
Fair value of hedging assets	5	184	2	191	4	154	2	160
Net actuarial debt	**168**	**56**	**43**	**267**	**168**	**33**	**46**	**247**
Principal actuarial assumptions								
Discount rate	5.25%	5.70%	5.20%		5.50%	6.40%	3.90%	
Yield expected from plan assets	2.45%	6.78%	2.00%		4.50%	7.19%	4.60%	
Expected salary/pension increase	1.88%	3.30%	5.87%		3.00%	2.75%	3.00%	
Staff turnover								
-18 to 34	0 to 20%	NA	NS		0 to 20%	NA	NS	
-35 to 44	0 to 6%	NA	NS		0 to 15%	NA	NS	
-45 to 54	0 to 10%	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 2008, the discount rate used at 31 December 2009 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to a 50-bp increase 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 2009, the actuarial debt of healthcare plans amounted to €8.3 million or 1.5% of the total actuarial debt.

A 0.5% change in the increase in medical costs would not have a material impact on the Group consolidated financial statements.

Note 23.6 – Breakdown of employee expenses

(in millions of euros)	31.12.2009	31.12.2008
Salaries	(801)	(723)
Social security expenses	(319)	(283)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(13)	(34)
Anniversary days and employee awards	(4)	(1)
Other personnel benefits	(24)	(23)
ANNUAL SALARY EXPENSES	**(1,161)**	**(1,064)**

NOTE 24 FINANCIAL DEBT

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt	750		1,245	1,995			1,245	1,245
of which subordinated debt of insurance companies	750		1,245	1,995			1,245	1,245
of which subordinated debt of banking companies								
Financial debt represented by securities								
Financial debt with banking-sector companies	654	810	389	1,853		1,600	440	2,040
TOTAL FINANCIAL DEBT	**1,404**	**810**	**1,634**	**3,848**		**1,600**	**1,685**	**3,285**

Debt commitments outside the Group increased by nearly €564 million.

Subordinated debt increased by €750 million following the issue on 27 October 2009 of senior subordinated debt securities redeemable in 2039 amounting to €750 million.

Financial debt to banking institutions decreased by €187 million mainly due to the Groupama SA's repayment of part of a syndicated loan and an increase in indebtedness of the SILIC real estate company related to the financing of its growth.

Note 24.1 – Breakdown by currency and rate

	31.12.2009			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-euro zone	Fixed rate	Variable rate
Subordinated debt	1,995		1,495	500
Financial debt represented by securities				
Financial debt with banking-sector companies	1,839	14	1,837	16
TOTAL	**3,834**	**14**	**3,332**	**516**

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

- first, a bond in the form of redeemable subordinated securities (TSR) issued in July 1999 by Caisse Centrale des Assurances Mutuelles Agricoles in two tranches, one variable interest rate tranche of €500 million and the other being a fixed rate tranche of €250 million. This bond was taken over by Groupama SA in course of the contribution transactions carried out on 1 January 2003. These loans were reimbursed early on 22 January 2010;
- and second, 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 2009, this issue was quoted at 71.5% compared to 57.2% at 31 December 2008. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low;
- a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

  The key terms of this bond are as follows:

  - the term of the bond is 30 years;
  - an early redemption option available to Groupama SA that it may exercise as from the tenth year;
  - a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the TSR.

- interest payments are subject to specific conditions covering solvency in particular: if the company has margin of less than 100%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

At 31 December 2009, this issue was quoted at 98%.

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 to banking sector companies" line item corresponds mainly to:

- borrowings held as part of the financing of the real estate programmes of the Group's subsidiaries. The total of this financial debt at 31 December 2009 was €1,159 million, compared to €1,040 million at 31 December 2008;
- use of a syndicated loan totalling €643 million.

NOTE 25 LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 – Liabilities related to insurance policies – by operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Gross technical reinsurance reserves						
Life Insurance reserves	24,931	2,150	27,081	22,619	2,065	24,684
Outstanding claims reserves	505	101	606	439	104	542
Profit-sharing reserves	669	19	688	908	16	924
Other technical reserves	68	40	107	113	13	126
Total Life Insurance	**26,172**	**2,311**	**28,483**	**24,079**	**2,197**	**26,276**
Reserves for unearned premiums	758	1,359	2,117	740	1,307	2,047
Outstanding claims reserves	7,292	3,176	10,468	7,363	3,167	10,530
Other technical reserves	2,088	89	2,178	2,158	94	2,252
Total Non-life Insurance	**10,138**	**4,624**	**14,762**	**10,262**	**4,567**	**14,829**
Life Insurance reserves for unit-linked policies	**2,885**	**742**	**3,627**	**2,325**	**696**	**3,021**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**39,195**	**7,677**	**46,872**	**36,666**	**7,460**	**44,126**

The rise in technical reserves relating to insurance policies is due mainly to an increase in life and health insurance business. The success of various marketing initiatives undertaken in the course of the year contributed to the significant increase in business.

The adequacy tests carried out as at 31 December 2009 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

	31.12.2009			31.12.2008		
(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	24,931		24,931	22,619		22,619
Outstanding claims reserves	505		505	439		439
Profit-sharing reserves	669		669	908		908
Other technical reserves	68		68	113		113
Total Life Insurance	**26,173**		**26,173**	**24,079**		**24,079**
Reserves for unearned premiums	33	725	758	36	704	740
Outstanding claims reserves	720	6,571	7,292	835	6,528	7,363
Other technical reserves	1,418	670	2,088	1,443	715	2,158
Total Non-life Insurance	**2,171**	**7,966**	**10,138**	**2,314**	**7,948**	**10,262**
Life Insurance reserves for unit-linked policies	**2,885**		**2,885**	**2,325**		**2,325**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**31,229**	**7,966**	**39,195**	**28,718**	**7,948**	**36,666**

Note 25.2.2 – Technical liabilities related to insurance policies – International

	31.12.2009			31.12.2008		
(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	2,150		2,150	2,065		2,065
Outstanding claims reserves	101		101	104		104
Profit-sharing reserves	19		19	16		16
Other technical reserves	40		40	13		13
Total Life Insurance	**2,310**		**2,310**	**2,197**		**2,197**
Reserves for unearned premiums	95	1,264	1,359	101	1,205	1,307
Outstanding claims reserves	123	3,053	3,176	129	3,038	3,167
Other technical reserves	10	79	89	12	82	94
Total Non-life Insurance	**228**	**4,396**	**4,624**	**242**	**4,325**	**4,567**
Life insurance reserves for unit-linked policies	**742**		**742**	**696**		**696**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**3,280**	**4,396**	**7,676**	**3,135**	**4,325**	**7,460**

Note 25.3 – Breakdown of technical reserves for insurance policies by main categories

(in millions of euros)	31.12.2009 Life financial contract reserves	31.12.2009 Gross outstanding claims reserves	31.12.2009 Total	31.12.2008 Gross life insurance reserves	31.12.2008 Gross outstanding claims reserves	31.12.2008 Total
Single-premium policies						
Capitalisation	168	3	171	187	29	216
Individual insurance	7,641	122	7,763	5,903	96	5,999
Group policies	279	14	293	295	15	310
Other	1,956	20	1,976	1,885	16	1,901
Total reserves for single-premium policies	**10,044**	**159**	**10,203**	**8,270**	**156**	**8,426**
periodic-premium contracts						
Capitalisation	447	5	452	303	17	320
Individual insurance	6,948	167	7,115	6,862	152	7,014
Group policies	6,996	236	7,231	6,739	177	6,916
Other	653	6	659	662	6	667
Total reserves for periodic premium policies	**15,043**	**414**	**15,457**	**14,566**	**352**	**14,918**
Inward reinsurance	**1,994**	**34**	**2,027**	**1,848**	**34**	**1,882**
TOTAL LIFE RESERVES	**27,081**	**606**	**27,687**	**24,684**	**542**	**25,226**

(in millions of euros)	31.12.2009 Reserves for unearned premiums	31.12.2009 Gross outstanding claims reserves	31.12.2009 Total	31.12.2008 Reserves for unearned premiums	31.12.2008 Gross outstanding claims reserves	31.12.2008 Total
Non-life insurance						
Motor Insurance	910	3,067	3,977	908	3,062	3,970
Bodily injury	140	449	589	136	450	585
Property damage	605	1,218	1,823	555	1,181	1,736
General third party liability	70	1,092	1,162	70	1,203	1,274
Marine, aviation, transport	13	583	596	16	621	637
Other	232	1,126	1,358	224	1,140	1,364
Inward reinsurance	**147**	**2,932**	**3,079**	**138**	**2,873**	**3,011**
TOTAL NON-LIFE RESERVES	**2,117**	**10,467**	**12,584**	**2,047**	**10,530**	**12,577**

Note 25.4 – Change in Non-life outstanding claims reserves

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Opening reserves for non-life claims	**7,363**	**3,167**	**10,530**	**7,462**	**3,250**	**10,711**
Portfolio transfers/changes in scope of consolidation					**185**	**185**
Claims expense for the current year	3,959	2,428	6,387	3,542	2,190	5,732
Claims expense for prior years	(328)	(160)	(488)	(312)	(185)	(497)
Total claims expense	**3,631**	**2,268**	**5,899**	**3,230**	**2,003**	**5,233**
Claims payments for the current year	(1,815)	(1,286)	(3,101)	(1,463)	(1,081)	(2,544)
Claims payments for prior years	(1,860)	(1,001)	(2,861)	(1,887)	(1,010)	(2,897)
Total payments	**(3,675)**	**(2,287)**	**(5,962)**	**(3,350)**	**(2,091)**	**(5,441)**
Changes in exchange rate	**(28)**	**30**	**2**	**21**	**(182)**	**(161)**
TOTAL RESERVES FOR NON-LIFE CLAIMS AT YEAR END	**7,291**	**3,178**	**10,469**	**7,363**	**3,167**	**10,530**

Note 25.5 – Impact of gross claims

(in millions of euros)	2005	2006	2007	2008	2009
Estimate of the claim expense					
At end of N	4,584	4,695	5,070	5,637	6,391
At end of N+1	4,491	4,733	5,019	5,554	
At end of N+2	4,332	4,625	4,899		
At end of N+3	4,262	4,542			
At end of N+4	4,176				
At end of N+5					
Claims expense	**4,176**	**4,542**	**4,899**	**5,554**	**6,391**
Cumulative claims payments	**3,694**	**3,903**	**4,009**	**4,107**	**3,112**
Outstanding claims reserves	**482**	**639**	**890**	**1,447**	**3,279**
Earned premiums	**6,230**	**6,787**	**7,027**	**7,606**	**8,188**
CLAIMS AND RESERVES/EARNED PREMIUM	**67.0%**	**66.9%**	**69.7%**	**73.0%**	**78.1%**

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2005 to 2009, 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 early January 2009 had an impact on the year's claims experience.

Note 25.6 – Impact of the discount in actuarial reserves for non-life annuities by operating segment

- Gross amount

(in millions of euros)	31.12.2009			31.12.2008		
	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**1,789**	**24**	**1,813**	**1,829**	**18**	**1,847**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,739	24	1,764	1,819	18	1,837
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,313	30	2,342	2,396	17	2,413
Technical interest	(573)	(5)	(579)	(577)	1	(576)
Impact of change in discount rate	50		50	10		10

- Proportion ceded

(in millions of euros)	31.12.2009			31.12.2008		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**98**	**10**	**109**	**103**	**7**	**110**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	96	10	106	103	7	110
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	126	16	141	134	6	140
Technical interest	(30)	(5)	(35)	(31)	1	(30)
Impact of change in discount rate	3		3			

NOTE 26 LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2009	31.12.2008
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	20,880	20,069
Reserves on unit-linked policies	205	247
Outstanding claims reserves	191	219
Profit-sharing reserves	843	852
Other technical reserves	19	
Total	**22,137**	**21,388**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	18	162
Reserves on unit-linked policies	136	167
Outstanding claims reserves		4
Profit-sharing reserves		3
Other technical reserves		
Total	**154**	**337**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS	**22,291**	**21,723**

Note 26.1 – Liabilities relating to financial contracts (excluding unit-linked) split by operating segment

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Gross technical reinsurance reserves						
Life financial contract reserves	19,788	1,108	20,896	19,138	1,094	20,231
Outstanding claims reserves	185	6	191	215	9	223
Profit sharing reserves	840	2	843	850	5	855
Other technical reserves	19		19			
Total Life Insurance	**20,833**	**1,116**	**21,949**	**20,202**	**1,107**	**21,309**
Total Gross technical reserves	**20,833**	**1,116**	**21,949**	**20,202**	**1,107**	**21,309**
Share of reinsurers in technical reserves	**2**		**2**	**2**		**2**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS NET OF REINSURANCE	**20,831**	**1,116**	**21,947**	**20,200**	**1,107**	**21,307**

Note 26.2 – Breakdown of liabilities related to financial contracts by major category

(in millions of euros)	31.12.2009 Life financial contract reserves	31.12.2009 Gross outstanding claims reserves	31.12.2009 Total	31.12.2008 Life financial contract reserves	31.12.2008 Gross outstanding claims reserves	31.12.2008 Total
Life business: single-premium policies						
Capitalisation	807	14	821	730	13	743
Individual insurance	18,667	143	18,810	17,767	146	17,913
Group policies	51		51	48		48
Other			0			0
Total reserves for single-premium policies	**19,525**	**157**	**19,682**	**18,545**	**159**	**18,704**
Life business: periodic-premium contracts						
Capitalisation	255	2	257	455	2	457
Individual insurance	578	27	605	625	33	658
Group policies	538	3	541	605	28	633
Other		2	2		2	2
Total reserves for periodic premium policies	**1,371**	**34**	**1,405**	**1,685**	**65**	**1,750**
Inward reinsurance						
TOTAL LIFE RESERVES	**20,896**	**191**	**21,087**	**20,230**	**224**	**20,454**

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

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
OPENING ACTUARIAL RESERVES	**41,756**	**3,158**	**44,915**	**39,257**	**3,103**	**42,360**
Premiums for the year	2,958	568	3,526	3,130	433	3,563
Portfolio transfer/changes in scope of consolidation					182	182
Interest credited	326	93	419	320	115	435
Profit-sharing	1,407	13	1,420	1,348	14	1,361
Policies at term	(577)	(219)	(795)	(623)	(253)	(876)
Redemptions	(831)	(246)	(1,077)	(1,444)	(326)	(1,770)
Annuity arrears	(448)	(7)	(455)	(412)	(6)	(418)
Death benefits	(278)	(20)	(298)	(397)	(16)	(413)
Other changes	405	(83)	322	577	(88)	489
TOTAL YEAR-END ACTUARIAL RESERVES	**44,719**	**3,258**	**47,977**	**41,756**	**3,158**	**44,914**

NOTE 28 DEFERRED PROFIT-SHARING LIABILITIES

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Reserve for deferred profit-sharing on insurance policies	26		26	6		6
Reserve for deferred profit-sharing on financial contracts	8		8			
TOTAL DEFERRED PROFIT SHARING LIABILITY	**34**		**34**	**6**		**6**

NOTE 29 DEFERRED TAX LIABILITIES

	31.12.2009			31.12.2008
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	673	98	771	643
TOTAL DEFERRED TAX LIABILITIES	**673**	**98**	**771**	**643**

NOTE 30 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

	31.12.2009			31.12.2008		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	1,460		1,460	709		709
TOTAL	**1,460**		**1,460**	**709**		**709**

NOTE 31 LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Liabilities from insurance or inward reinsurance activities								
Policyholders, intermediaries and other third parties	717	5		721	618	6		624
Co-insurers	52	9		61	81	9		90
Current accounts of ceding and retroceding companies	11	5		16	39	2		41
Deposits received from reinsurers								
TOTAL	**780**	**19**		**799**	**738**	**17**		**754**

NOTE 32 LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Liabilities from insurance ceded activities								
Outward reinsurer and retrocessionnaire current accounts	230	47	1	278	259	43	32	334
Other liabilities from reinsurance activities	78	9		87	61	14		75
TOTAL	**309**	**56**	**1**	**365**	**320**	**57**	**32**	**409**

NOTE 33 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2009				31.12.2008			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current taxes payable and other tax liabilities	185	4		189	195	7		202
TOTAL	**185**	**4**		**189**	**195**	**7**		**202**

NOTE 34 OTHER LIABILITIES

Note 34.1 – Other debt – by operating segment

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Personnel creditors	188	17	204	177	15	192
Social security agencies	103	12	115	101	9	110
Other loans, deposits and guarantees received	3,512	106	3,618	4,724	83	4,807
Other creditors	576	119	695	783	140	923
Other liabilities	453	58	511	529	64	593
TOTAL	**4,832**	**311**	**5,144**	**6,315**	**311**	**6,626**

The "Other loans, deposits and guarantees received" line item amounted to €3,618 million at 31 December 2009 versus €4,807 million at 31 December 2008, a decrease of €1,189 million. This change is the result, in particular, of a decrease in the repurchase of fixed interest securities of €1,366 million.

Note 34.2 – Other liabilities – by maturity

(in millions of euros)	31.12.2009 <1 year	31.12.2009 1 to 5 years	31.12.2009 >5 years	31.12.2009 Total	31.12.2008 <1 year	31.12.2008 1 to 5 years	31.12.2008 >5 years	31.12.2008 Total
Personnel creditors	193		12	204	181	1	10	192
Social security agencies	115	0	0	115	110	1		110
Other loans, deposits and guarantees received	3,473	80	65	3,618	4,462	58	287	4,807
Other creditors	678	2	15	695	896	18	9	923
Other liabilities	511			511	593			593
TOTAL	**4,970**	**82**	**92**	**5,144**	**6,242**	**78**	**306**	**6,626**

Note 34.3 – Other liabilities – by currency and rate

	31.12.2009			
	Currencies		Rates	
(in millions of euros)	Euro zone	Non-euro zone	Fixed rate	Variable rate
Personnel creditors	194	11	204	
Social security agencies	113	2	115	1
Other loans, deposits and guarantees received	3,618		3,618	
Other creditors	585	110	608	86
Other liabilities	483	28	511	
TOTAL	**4,993**	**151**	**5,056**	**87**

NOTE 35 ANALYSIS OF PREMIUM INCOME BY MAJOR CATEGORIES

	31.12.2009			31.12.2008 *pro forma*			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Individual retirement savings	3,936	616	4,552	3,272	443	3,715	3,272	438	3,710
Individual provident insurance	441	113	554	433	152	585	433	169	602
Individual health insurance	462	107	569	444	113	557	444	113	557
Other	127		127	125		125	125		125
Individual life and health insurance	**4,966**	**836**	**5,802**	**4,273**	**708**	**4,981**	**4,273**	**720**	**4,993**
Group retirement savings	261	69	330	268	92	360	268	80	348
Group provident scheme	479	223	702	450	214	664	450	214	664
Group health	390	78	468	322	92	414	322	92	414
Other	210	20	230	202	15	217	202	15	217
Group life and health insurance	**1,340**	**390**	**1,730**	**1,242**	**413**	**1,655**	**1,242**	**401**	**1,643**
LIFE AND HEALTH INSURANCE	**6,306**	**1,226**	**7,532**	**5,514**	**1,121**	**6,635**	**5,514**	**1,121**	**6,635**
Motor Insurance	816	1,688	2,504	853	1,671	2,524	900	1,671	2,571
Other vehicles	69		69	47		47			
Home insurance	450	439	889	443	313	756	443	313	756
Retail and professional property and casualty	335	36	371	329	34	363	683	94	777
Construction	142		142	153	3	156	153	3	156
Private and professional	**1,812**	**2,163**	**3,975**	**1,825**	**2,021**	**3,846**	**2,179**	**2,081**	**4,260**
Fleets	248	186	434	241	105	346	241	105	346
Business and local authorities property	553	351	904	575	402	977	575	402	977
Transport							290	41	331
Businesses and local authorities	**801**	**537**	**1,338**	**816**	**507**	**1,323**	**1,106**	**548**	**1,654**
Agricultural risks	212	99	311	219	60	279			
Climate risks	127		127	136		136			
Tractors and agricultural equipment	76		76	76		76			
Agricultural business segments	**415**	**99**	**514**	**431**	**60**	**491**			
Other business segments	673	137	810	646	137	783	432	96	528
PROPERTY AND CASUALTY INSURANCE	**3,701**	**2,936**	**6,637**	**3,718**	**2,725**	**6,443**	**3,718**	**2,725**	**6,443**
TOTAL	**10,007**	**4,162**	**14,169**	**9,232**	**3,846**	**13,078**	**9,232**	**3,846**	**13,078**

There have been some changes in the property and casualty insurance segment compared to 31 December 2008. The changes made are as follows:

- retail and professional:
  - splitting of motor business into Private Motor and Other Motor,
  - withdrawal from Agricultural Risks and Climate Risks business in the retail and professional Property damage segment,
  - addition of Construction business;
- businesses and local authorities: withdrawal from Construction business;
- creation of class entitled Agricultural business combining the Agricultural risks, Climate risks and Tractors and agricultural equipment (TMA) segments (previously included in the Other property and casualty segment).

The 31 December 2008 pro forma column was made necessary because changes in the breakdown of premium income took place on foreign business after the financial statements were released. Variations are minimal and do not affect the Life and health/Property and casualty split.

Note 35.1 – Analysis of premium income by business

(in millions of euros)	31.12.2009					31.12.2008				
	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	6,306	3,701	289	10,296	71%	5,515	3,719	362	9,596	71%
Southeastern Europe	677	1,410		2,087	14%	659	1,326		1,985	15%
Southwestern Europe	290	746		1,035	7%	306	752		1,058	8%
Central and Eastern European Countries (CEEC)	182	353		535	4%	44	215		258	2%
United Kingdom	78	428		505	3%	112	432		544	4%
TOTAL	**7,533**	**6,637**	**289**	**14,459**	**100%**	**6,636**	**6,444**	**362**	**13,441**	**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.

The change in the premium income of countries in Southeast Europe and the CEECs relates to the consolidation on a full-year basis of companies acquired in 2008:

- Hungary: +€215 million;
- Romania: +€52 million;
- Turkey: +€60 million.

In France, premium income grew strongly due to the good performance of thelife and health segment.

Note 35.2 – Analysis of banking activities included in premium income

(in millions of euros)	31.12.2009			31.12.2008		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	35		35	36	51	87
Commissions (income)	63	155	218	26	171	197
Gains on financial instruments at fair value through income	30	1	31		76	76
Gains on available-for-sale financial assets		1	1			
Income from other activities		4	4		2	2
BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME	**128**	**161**	**289**	**62**	**300**	**362**

Banking Premium income shown in the consolidated statements correspond to banking income before taking into account refinancing costs.

Premium income at 31 December 2009 from the new entity Groupama Banque corresponds to revenues from the old subsidiaries Banque Finama and Groupama Banque, who merged with effect from 1 January 2009.

NOTE 36 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 36.1 – By operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Investment income	**2,591**	**451**	**3,042**	**2,829**	**416**	**3,245**
Interest on deposits and financial investments income	1,904	435	2,338	2,071	407	2,478
Gains on foreign exchange transactions	49	6	55	103	(1)	102
Income from differences on redemption prices to be received (premium-discount)	206	5	211	232	4	236
Revenues from property	432	4	436	424	5	429
Other investment income		1	1			
Investment expenses	**(614)**	**(46)**	**(660)**	**(791)**	**(37)**	**(829)**
Interest received from reinsurers	(3)	(2)	(5)	(4)	(2)	(5)
Losses on foreign exchange transactions	(66)	(5)	(71)	(91)	2	(88)
Amortisation of differences in redemption prices (premium-discount)	(50)	(20)	(70)	(55)	(12)	(68)
Depreciation and provisions on real estate	(91)	(4)	(95)	(87)	(2)	(89)
Management expenses	(403)	(16)	(419)	(555)	(23)	(578)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**1,171**	**82**	**1,253**	**387**		**387**
Held for trading	190	1	191	308		308
Available for sale	769	42	811	(8)	(4)	(12)
Held to maturity						
Other	212	40	251	87	4	91
Change in fair value of financial instruments recognised at fair value by result	**374**	**47**	**421**	**(1,368)**	**(47)**	**(1,415)**
Held for trading	235	12	247	(651)	(40)	(691)
Derivatives	(161)	(1)	(161)	(161)	19	(142)
Adjustments on unit-linked policies	299	35	335	(555)	(27)	(582)
Change in impairment losses on financial instruments	**(30)**	**(8)**	**(38)**	**(29)**	**(182)**	**(211)**
Available for sale	(11)	(7)	(18)	(26)	(182)	(208)
Held to maturity						
Receivables and loans	(19)	(1)	(20)	(3)		(2)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**3,493**	**525**	**4,018**	**1,029**	**149**	**1,178**

Note 36.2 – Investment income net of investment expenses by business

Note 36.2.1 – Investment income net of investment expenses by business – France

	31.12.2009				31.12.2008			
(in millions of euros)	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Investment income	**479**	**2,106**	**6**	**2,591**	**510**	**2,287**	**32**	**2,829**
Interest on deposits and financial investments income	194	1,704	6	1,904	248	1,816	6	2,071
Gains on foreign exchange transactions	40	9		49	24	53	26	103
Income from differences on redemption prices to be received (premium-discount)	7	200		206	10	222		232
Revenues from property	238	194		432	228	196		424
Other investment income		0				0		
Investment expenses	**(211)**	**(395)**	**(8)**	**(614)**	**(242)**	**(503)**	**(46)**	**(791)**
Interest received from reinsurers	(3)	(1)		(3)	(3)	(1)		(4)
Losses on foreign exchange transactions	(40)	(23)	(3)	(66)	(26)	(37)	(28)	(91)
Amortisation of differences in redemption prices (premium-discount)	(5)	(45)		(50)	(8)	(48)		(55)
Depreciation and provisions on real estate	(55)	(37)		(91)	(52)	(34)		(87)
Management expenses	(108)	(291)	(4)	(403)	(154)	(383)	(18)	(555)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**196**	**978**	**(3)**	**1,171**	**66**	**325**	**(4)**	**387**
Held for trading	25	165		190	60	248		308
Available for sale	131	641	(3)	769	(27)	23	(3)	(8)
Held to maturity								
Other	40	172		212	34	54		87
Change in fair value of financial instruments recognised at fair value by result	**13**	**367**	**(6)**	**374**	**(54)**	**(1,322)**	**8**	**(1,368)**
Held for trading	23	219	(6)	235	(55)	(605)	9	(651)
Derivatives	(10)	(151)		(161)	1	(162)	(1)	(161)
Adjustments on unit-linked policies		299		299		(555)		(555)
Change in impairment losses on financial instruments	**(1)**	**(2)**	**(27)**	**(30)**	**(2)**	**(29)**	**3**	**(29)**
Available for sale	(1)	17	(27)	(11)	3	(24)	(5)	(26)
Held to maturity								
Receivables and loans		(19)		(19)	(6)	(5)	8	(3)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**476**	**3,055**	**(39)**	**3,493**	**278**	**757**	**(6)**	**1,029**

Note 36.2.2 – Investment income net of investment expenses by business – International

(in millions of euros)	31.12.2009				31.12.2008			
	Property and casualty insurance	**Life and health insurance**	**Holding**	**Total**	**Property and casualty insurance**	**Life and health insurance**	**Holding**	**Total**
Investment income	**194**	**252**	**5**	**451**	**210**	**200**	**6**	**416**
Interest on deposits and financial investments income	182	247	5	435	205	196	6	407
Gains on foreign exchange transactions	6	1		6	(1)	(0)		(1)
Income from differences on redemption prices to be received (premium-discount)	2	3		5	2	2		4
Revenues from property	3	1		4	3	2		5
Other investment income	1	0		1		0		
Investment expenses	**(24)**	**(20)**	**(2)**	**(46)**	**(16)**	**(17)**	**(5)**	**(37)**
Interest received from reinsurers		(1)		(2)		(1)		(2)
Losses on foreign exchange transactions	(4)	(0)	(1)	(5)	2	0		2
Amortisation of differences in redemption prices (premium-discount)	(12)	(8)		(20)	(6)	(6)		(12)
Depreciation and provisions on real estate	(2)	(1)		(4)	(1)	(1)		(2)
Management expenses	(5)	(9)	(2)	(16)	(10)	(9)	(4)	(23)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**53**	**29**		**82**	**(4)**	**4**		
Held for trading	4	(3)		1	(1)	1		
Available for sale	24	18		42	(5)	1		(4)
Held to maturity		0				0		
Other	25	15		40	1	2		4
Change in fair value of financial instruments recognised at fair value through income	**1**	**46**		**47**	**(2)**	**(45)**		**(47)**
Held for trading	1	11		12	(17)	(23)		(40)
Derivatives	(1)	(0)		(1)	14	5		19
Adjustments on unit-linked policies		35		35		(27)		(27)
Change in impairment losses on financial instruments	**(4)**	**(5)**		**(8)**	**(119)**	**(63)**		**(182)**
Available for sale	(2)	(5)		(7)	(119)	(63)		(182)
Held to maturity		0				0		
Receivables and loans	(1)	0		(1)		0		
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**220**	**303**	**3**	**525**	**69**	**79**	**1**	**149**

Note 36.3 – Investment income net of management expenses (revenue breakdown by type of asset)

	31.12.2009					31.12.2008				
(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	436	293			729	429	91			520
Equities	223	84			307	279	(91)	(7)		181
Bonds	2,077	658	63		2,798	2,161	14	(179)		1,996
Equity mutual funds	45	102	(4)		143	56	269	(307)		18
Bond mutual funds	34	34	187		255	18	34	(206)		(154)
Interest on cash deposits	40				40	29				29
Other investment income	187	82	(160)	(38)	71	273	71	(135)	(211)	(2)
Investment income	**3,042**	**1,253**	**86**	**(38)**	**4,343**	**3,245**	**388**	**(834)**	**(211)**	**2,588**
Internal and external management expenses	(387)				(387)	(556)				(556)
Other investment expenses	(273)				(273)	(272)				(272)
Investment expenses	**(660)**				**(660)**	**(828)**				**(828)**
Investment income, net of expenses	**2,382**	**1,253**	**86**	**(38)**	**3,683**	**2,417**	**388**	**(834)**	**(211)**	**1,760**
Capital gains on securities representing unit-linked policies			401		401			114		114
Capital losses on securities representing unit-linked policies			(66)		(66)			(696)		(696)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,382**	**1,253**	**421**	**(38)**	**4,018**	**2,417**	**388**	**(1,416)**	**(211)**	**1,178**

Investment income net of investment expenses increased by €2,840 million. This increase was due mainly to the following:

- a drop in financial income of -€35 million, essentially on bond and share revenues;
- an increase in realised gains of €866 million particularly on bonds;
- an increase in the change in fair value of €1,837 million, mainly for mutual funds (€696 million) and assets representing unit-linked policies (€917 million).

Note 36.4 – Investment income net of investment expenses (revenue breakdown by type of asset) – France

	31.12.2009					31.12.2008				
(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	432	254			686	424	87			511
Equities	209	68			277	257	(77)	(6)		174
Bonds	1,702	644	55		2,401	1,816	8	(144)		1,680
Equity mutual funds	43	94	(7)		130	54	268	(302)		20
Bond mutual funds	34	30	187		251	18	33	(206)		(155)
Interest on cash deposits	4				4	11				11
Other investment income	167	81	(160)	(29)	59	249	68	(154)	(28)	135
Investment income	**2,591**	**1,171**	**75**	**(29)**	**3,808**	**2,829**	**387**	**(812)**	**(28)**	**2,376**
Internal and external management expenses	(372)				(372)	(540)				(540)
Other investment expenses	(242)				(242)	(251)				(251)
Investment expenses	**(614)**				**(614)**	**(791)**				**(791)**
Investment income, net of expenses	**1,977**	**1,171**	**75**	**(29)**	**3,194**	**2,038**	**387**	**(812)**	**(28)**	**1,585**
Capital gains on securities representing unit-linked policies			359		359			83		83
Capital losses on securities representing unit-linked policies			(60)		(60)			(639)		(639)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,977**	**1,171**	**374**	**(29)**	**3,493**	**2,038**	**387**	**(1,368)**	**(28)**	**1,029**

Note 36.5 – Investment income net of investment expenses (revenue breakdown by type of asset) – International

	31.12.2009					31.12.2008				
(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	39			43	5	4			9
Equities	14	16			30	22	(14)	(1)		7
Bonds	375	14	8		397	345	6	(35)		316
Equity mutual funds	2	8	3		13	2	1	(5)		(2)
Bond mutual funds		4			4		1			1
Interest on cash deposits	36				36	18				18
Other investment income	20	1		(9)	12	24	3	19	(183)	(137)
Investment income	**451**	**82**	**11**	**(9)**	**535**	**416**	**1**	**(22)**	**(183)**	**212**
Internal and external management expenses	(15)				(15)	(16)				(16)
Other investment expenses	(31)				(31)	(21)				(21)
Investment expenses	**(46)**				**(46)**	**(37)**				**(37)**
Capital gains on securities representing unit-linked policies			42		42			31		31
Capital losses on securities representing unit-linked policies			(6)		(6)			(57)		(57)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**405**	**82**	**47**	**(9)**	**525**	**379**	**1**	**(48)**	**(183)**	**149**

NOTE 37 INSURANCE POLICY SERVICING EXPENSES

Note 37.1 – Insurance policy servicing expenses – by operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(6,816)	(3,068)	(9,884)	(6,755)	(2,997)	(9,752)
Change in technical reserves						
Outstanding claims reserves	(60)	41	(19)	126	146	272
Actuarial reserves	(1,197)	21	(1,176)	(756)	199	(557)
Unit-linked reserves	(510)	(57)	(567)	861	(26)	835
Profit-sharing	(1,683)	(159)	(1,842)	(987)	(81)	(1,068)
Other technical reserves	141	(11)	130	32	(3)	29
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(10,125)**	**(3,233)**	**(13,358)**	**(7,479)**	**(2,762)**	**(10,241)**

Insurance policy servicing expenses totalled €13,358 million as at 31 December 2009, up from €10,241 million as at 31 December 2008, i.e., an increase of €3,117 million.

This change is largely due to:

- the storms at the beginning of the year, which had a significant negative impact on the Group's financial statements (at a total cost of €335 million before reinsurance);
- changes in fair values of unit-linked policies through profit or loss amounting to €1,402 million;
- an increase in profit sharing due especially to an improvement in financial results.

Note 37.2 – Insurance policy servicing expenses by business

Note 37.2.1 – Insurance policy servicing expenses by business – France

(in millions of euros)	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Total	31.12.2008 Property and casualty insurance	31.12.2008 Life and health insurance	31.12.2008 Total
Claims						
Paid to policyholders	(2,630)	(4,186)	(6,816)	(2,441)	(4,314)	(6,755)
Change in technical reserves						
Outstanding claims reserves	(71)	11	(60)	124	2	126
Actuarial reserves		(1,197)	(1,197)		(756)	(756)
Unit-linked reserves		(510)	(510)		861	861
Profit-sharing	(8)	(1,675)	(1,683)	(7)	(980)	(987)
Other technical reserves	(54)	195	141	(15)	47	32
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(2,763)**	**(7,362)**	**(10,125)**	**(2,340)**	**(5,140)**	**(7,479)**

Note 37.2.2 – Insurance policy servicing expenses by business – International

(in millions of euros)	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Total	31.12.2008 Property and casualty insurance	31.12.2008 Life and health insurance	31.12.2008 Total
Claims						
Paid to policyholders	(2,077)	(990)	(3,068)	(1,976)	(1,021)	(2,997)
Change in technical reserves						
Outstanding claims reserves	38	3	41	153	(7)	146
Actuarial reserves		21	21		199	199
Unit-linked reserves		(57)	(57)		(26)	(26)
Profit-sharing		(159)	(159)		(81)	(81)
Other technical reserves	15	(25)	(11)	(9)	5	(3)
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(2,025)**	**(1,207)**	**(3,233)**	**(1,832)**	**(930)**	**(2,762)**

NOTE 38 EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

Note 38.1 – Expenses and income net of outward reinsurance – by operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
Acquisition and administrative expenses	44	31	74	33	28	61
Claims charge	340	87	427	228	94	322
Change in technical reserves	(6)	2	(5)	16		16
Profit sharing	3	2	5	(10)		(10)
Change in the equalisation reserve						
Income from outward reinsurance	**380**	**121**	**501**	**267**	**122**	**389**
Outward premiums	(589)	(182)	(771)	(581)	(154)	(735)
Expenses on outward reinsurance	**(589)**	**(182)**	**(771)**	**(581)**	**(154)**	**(736)**
INCOME AND EXPENSES ON OUTWARD REINSURANCE	**(208)**	**(61)**	**(270)**	**(314)**	**(32)**	**(346)**

The improvement in the reinsurance balance is largely explained by the external outward reinsurance for the storms Klaus and Quinten, which amounted to €138 million.

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

	31.12.2009			31.12.2008		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	31	12	44	25	8	33
Claims charge	325	15	340	195	33	228
Change in technical reserves		(6)	(6)		16	16
Profit sharing		3	3	1	(11)	(10)
Change in the equalisation reserve						
Income from outward reinsurance	**356**	**24**	**380**	**221**	**46**	**267**
Outward premiums	(537)	(52)	(589)	(532)	(49)	(581)
Expenses on outward reinsurance	**(537)**	**(52)**	**(589)**	**(532)**	**(49)**	**(581)**
INCOME AND EXPENSES ON OUTWARD REINSURANCE	**(180)**	**(28)**	**(208)**	**(311)**	**(4)**	**(314)**

Note 38.2.2 – Expenses and income net of outward reinsurance by business – International

	31.12.2009			31.12.2008		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	26	4	31	21	8	28
Claims charge	72	15	87	63	30	94
Change in technical reserves	4	(2)	2			
Profit sharing		2	2			
Change in the equalisation reserve						
Income from outward reinsurance	**102**	**19**	**121**	**85**	**38**	**122**
Outward premiums	(157)	(25)	(182)	(124)	(30)	(154)
Expenses on outward reinsurance	**(157)**	**(25)**	**(182)**	**(124)**	**(30)**	**(154)**
INCOME AND EXPENSES ON OUTWARD REINSURANCE	**(56)**	**(6)**	**(61)**	**(40)**	**7**	**(32)**

NOTE 39 OPERATING EXPENSES

Note 39.1 – Operating expenses by operating segment

	31.12.2009			31.12.2008		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(744)	(209)	(953)	(732)	(204)	(936)
Taxes	(182)	(13)	(196)	(144)	(8)	(151)
Personnel expenses	(842)	(301)	(1,143)	(785)	(266)	(1,051)
Commissions	(1,055)	(653)	(1,708)	(1,024)	(561)	(1,585)
Amortisation and provisions (net of write-backs)	(121)	(27)	(148)	(94)	(23)	(117)
Other expenses	(33)	(84)	(118)	(26)	(106)	(132)
TOTAL OPERATING EXPENSES BY TYPE	**(2,978)**	**(1,288)**	**(4,266)**	**(2,805)**	**(1,168)**	**(3,973)**
Personnel expenses directly posted to paid services and costs	(4)		(4)	(4)		(4)
Claims management expenses	(236)	(105)	(341)	(234)	(105)	(339)
Acquisition costs	(1,076)	(732)	(1,808)	(1,016)	(654)	(1,671)
Administrative costs	(727)	(259)	(985)	(676)	(246)	(922)
Other underwriting expenses	(424)	(142)	(566)	(422)	(107)	(529)
Investment management expenses	(129)	(9)	(138)	(135)	(8)	(143)
Other non-operating expenses	(156)	(42)	(198)	(124)	(47)	(171)
Banking operating expenses	(226)		(226)	(194)		(194)
TOTAL OPERATING EXPENSES BY FUNCTION	**(2,978)**	**(1,288)**	**(4,266)**	**(2,805)**	**(1,168)**	**(3,973)**

It should be noted that entities consolidated for the first time at end 2008 have had an impact on the full year at the end of 2009. These are the Hungarian, Romanian, Bulgarian and Slovak entities as well as Amaline which was first consolidated in 2009.

Note 39.2 – Operating expenses – by business

(in millions of euros)	31.12.2009 Insurance	31.12.2009 Banking	31.12.2009 Total	31.12.2008 Insurance	31.12.2008 Banking	31.12.2008 Total
External expenses	(861)	(92)	(953)	(858)	(78)	(936)
Taxes	(187)	(9)	(196)	(144)	(7)	(151)
Personnel expenses	(1,025)	(118)	(1,143)	(943)	(107)	(1,051)
Commissions	(1,708)		(1,708)	(1,585)		(1,585)
Amortisation and provisions (net of write-backs)	(142)	(5)	(148)	(113)	(5)	(117)
Other expenses	(100)	(18)	(118)	(118)	(14)	(132)
TOTAL OPERATING EXPENSES BY TYPE	**(4,022)**	**(243)**	**(4,266)**	**(3,761)**	**(212)**	**(3,973)**
Personnel expenses directly posted to paid services and costs	(4)		(4)	(4)		(4)
Claims management expenses	(341)		(341)	(339)		(339)
Acquisition costs	(1,808)		(1,808)	(1,671)		(1,671)
Administrative costs	(985)		(985)	(922)		(922)
Other underwriting expenses	(566)		(566)	(529)		(529)
Investment management expenses	(138)		(138)	(143)		(143)
Other non-operating expenses	(180)	(18)	(198)	(152)	(19)	(171)
Banking operating expenses		(226)	(226)		(194)	(194)
TOTAL OPERATING EXPENSES BY FUNCTION	**(4,022)**	**(243)**	**(4,266)**	**(3,761)**	**(212)**	**(3,973)**

NOTE 40 POLICY ACQUISITION COSTS

Note 40.1 – Policy acquisition costs by operating segment

(in millions of euros)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Commissions	(679)	(564)	(1,242)	(680)	(509)	(1,189)
Change in deferred acquisition costs	(11)	(8)	(18)	(13)	(19)	(31)
Other expenses	(397)	(168)	(566)	(336)	(145)	(481)
TOTAL ACQUISITION COSTS	**(1,087)**	**(739)**	**(1,826)**	**(1,029)**	**(673)**	**(1,702)**

Note 40.2 – Policy acquisition costs by business

Note 40.2.1 – Policy acquisition costs by business – France

(in millions of euros)	31.12.2009 Property and casualty insurance	31.12.2009 Life and health insurance	31.12.2009 Total	31.12.2008 Property and casualty insurance	31.12.2008 Life and health insurance	31.12.2008 Total
Commissions	(418)	(261)	(679)	(422)	(258)	(680)
Change in deferred acquisition costs	7	(18)	(11)		(13)	(13)
Other expenses	(165)	(233)	(397)	(152)	(185)	(336)
TOTAL ACQUISITION COSTS	**(575)**	**(511)**	**(1,087)**	**(573)**	**(456)**	**(1,029)**

Note 40.2.2 – Policy acquisition costs by business – International

(in millions of euros)	31.12.2009 Property and casualty insurance	Life and health insurance	Total	31.12.2008 Property and casualty insurance	Life and health insurance	Total
Commissions	(461)	(103)	(564)	(405)	(104)	(509)
Change in deferred acquisition costs	(7)	(1)	(8)	(15)	(4)	(19)
Other expenses	(134)	(34)	(168)	(114)	(31)	(145)
TOTAL ACQUISITION COSTS	**(601)**	**(138)**	**(739)**	**(534)**	**(138)**	**(673)**

NOTE 41 ADMINISTRATIVE EXPENSES

Note 41.1 – Administrative expenses by operating segment

(in millions of euros)	31.12.2009 France	International	Total	31.12.2008 France	International	Total
Commissions	(304)	(46)	(349)	(303)	(56)	(359)
Other expenses	(423)	(213)	(636)	(373)	(190)	(563)
TOTAL ADMINISTRATIVE EXPENSES	**(727)**	**(259)**	**(985)**	**(676)**	**(246)**	**(922)**

Note 41.2 – Administrative expenses by business

Note 41.2.1 – Administrative expenses by business – France

(in millions of euros)	31.12.2009 Property and casualty insurance	Life and Health insurance	Total	31.12.2008 Property and casualty insurance	Life and health insurance	Total
Commissions	(200)	(103)	(304)	(200)	(103)	(303)
Other expenses	(151)	(272)	(423)	(179)	(194)	(373)
TOTAL ADMINISTRATIVE EXPENSES	**(352)**	**(375)**	**(727)**	**(379)**	**(297)**	**(676)**

Note 41.2.2 – Administrative expenses by business – International

(in millions of euros)	31.12.2009 Property and casualty insurance	Life and Health insurance	Total	31.12.2008 Property and casualty insurance	Life and health insurance	Total
Commissions	(35)	(11)	(46)	(45)	(12)	(56)
Other expenses	(147)	(66)	(213)	(134)	(56)	(190)
TOTAL ADMINISTRATIVE EXPENSES	**(182)**	**(77)**	**(259)**	**(179)**	**(67)**	**(246)**

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)	31.12.2009 France	31.12.2009 International	31.12.2009 Total	31.12.2008 France	31.12.2008 International	31.12.2008 Total
Commissions and other operating expenses, Life	(155)	(13)	(168)	(140)	(8)	(148)
Employee profit-sharing, Life	(1)	0	(1)	(9)	0	(9)
Other operating income, Life	15	9	24	14	8	22
Transfer of operating expenses and capitalised production, Life	59	0	59	52	0	52
Total income and expenses from current operations, Life	**(82)**	**(4)**	**(85)**	**(83)**	**0**	**(83)**
Non-life commissions and other operating expenses	(209)	(123)	(332)	(207)	(100)	(308)
Employee profit-sharing, Non-life	(5)	(2)	(7)	(6)	(0)	(6)
Other Non-life operating income	118	91	209	109	79	188
Transfer of Non-life operating expenses and capitalised production	26	0	26	10	0	10
Total income and expenses from current operations, Non-life	**(70)**	**(34)**	**(104)**	**(94)**	**(21)**	**(116)**
Other non-operating expenses	(160)	(43)	(203)	(161)	(42)	(202)
Other non-operating income	16	30	46	47	22	69
Total income and expenses from current operations, Non-technical	**(144)**	**(13)**	**(157)**	**(114)**	**(20)**	**(133)**
Total income and expenses from current operations, banking	**(1)**		**(1)**			
OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**(297)**	**(51)**	**(348)**	**(291)**	**(41)**	**(332)**

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

	31.12.2009					31.12.2008				
(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**
Commissions and other operating expenses, Life	(0)	(155)			(155)		(140)			(140)
Employee profit-sharing, Life		(1)			(1)		(9)			(9)
Other operating income, Life		15			15		14			14
Transfer of operating expenses and capitalised production, Life		59			59		52			52
Total income and expenses from current operations, Life	**(0)**	**(82)**			**(82)**		**(83)**			**(83)**
Non-life commissions and other operating expenses	(235)	26		0	(209)	(173)	(34)			(207)
Employee profit-sharing, Non-life	(5)		(1)		(5)	(4)	(0)	(1)		(6)
Other non-life operating income	111	7			118	99	9			109
Transfer of Non-life operating expenses and capitalised production	26				26	10				10
Total income and expenses from current operations, Non-life	**(103)**	**33**	**(1)**	**0**	**(70)**	**(68)**	**(25)**	**(1)**		**(94)**
Other non-operating expenses	(19)	(10)	2	(134)	(160)	(17)	(14)	2	(132)	(161)
Other non-operating income	5	3	9		16	17	7	9	14	47
Total income and expenses from current operations, Non-technical	**(14)**	**(7)**	**11**	**(134)**	**(144)**	**(0)**	**(7)**	**11**	**(119)**	**(114)**
Total income and expenses from current operations, banking			**(1)**		**(1)**					
OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**(117)**	**(55)**	**10**	**(134)**	**(297)**	**(68)**	**(115)**	**10**	**(119)**	**(291)**

Note 42.2.2 – Other income and expenses from current operations by business – International

(in millions of euros)	31.12.2009 Property and casualty insurance	Life and health insurance	Banking	Holding	Total	31.12.2008 Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Commissions and other operating expenses, Life		(13)			(13)		(8)			(8)
Employee profit-sharing, Life		0					0			
Other operating income, Life		9			9		8			8
Transfer of operating expenses and capitalised production, Life		0					0			
Total income and expenses from current operations, Life		**(4)**			**(4)**		**0**			
Non-life commissions and other operating expenses	(110)	(6)		(7)	(123)	(89)	(4)		(8)	(100)
Employee profit-sharing, Non-life	(2)	0		0	(2)	(0)	(0)			
Other non-life operating income	81	2		8	91	70	0		8	79
Transfer of Non-life operating expenses and capitalised production	0	0				0	0			
Total income and expenses from current operations, Non-life	**(30)**	**(4)**		**0**	**(34)**	**(19)**	**(4)**		**0**	**(21)**
Other non-operating expenses	(37)	(3)		(4)	(43)	(33)	(6)		(4)	(42)
Other non-operating income	27	3			30	20	2		0	22
Total income and expenses from current operations, Non-technical	**(10)**	**(1)**		**(4)**	**(13)**	**(13)**	**(3)**		**(4)**	**(20)**
OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS	**(39)**	**(9)**		**(4)**	**(51)**	**(32)**	**(7)**		**(3)**	**(41)**

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)	31.12.2009 France	International	Total	31.12.2008 France	International	Total
Income from non-current operations	29	7	36	73	9	82
Expenses from non-current operations	(116)	(200)	(317)	(89)	(66)	(154)
Allocation to the provision for goodwill	3	(113)	(111)	(24)		(24)
OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS	**(85)**	**(307)**	**(392)**	**(39)**	**(57)**	**(96)**

Other net income and expenses from non-current operations amounted to a loss of -€392 million at 31 December 2009 compared to a loss of -€96 million at 31 December 2008.

The main items comprising this total include:

- impairment on value of in-force business for the following companies for a total loss of -€54 million:
  - Nuova Tirrena: -€22 million,
  - Garancia Biztosito: -€16 million,
  - UK broking firms: -€8 million;
- impairment of in-force business, goodwill and brand name in Turkey for a loss of -€53 million;

- merger costs incurred over the year, representing a total expense of -€53 million;
- the decrease in goodwill of €41 million for Plus Ultra Generales acquired by Groupama Seguros Spain in 2002. This was due to the subsidiary's confirmation in its financial statements of future tax savings in respect of the amortisation of the business goodwill. In the specific case of deferred tax assets not recognised at the end of the initial recognition period, IFRS 3 allows for this amount to be deducted from the goodwill initially posted by the Group. This expense was offset by deferred tax income of an equal amount;
- goodwill impairment recorded at 31 December 2009 on foreign subsidiaries in the CEEC zone for an amount of -€113 million.

Note 43.2 – Other income and expenses from non-current operations by business

Note 43.2.1 – Other income and expenses from non-current operations by business – France

	31.12.2009				31.12.2008			
(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 non-current operations	10	19		29	28	40	5	73
Expenses from non-current operations	(57)	(42)	(17)	(116)	(46)	(28)	(15)	(89)
Allocation to the provision for goodwill			3	3		(24)		(24)
OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS	**(47)**	**(23)**	**(14)**	**(85)**	**(18)**	**(11)**	**(10)**	**(39)**

Note 43.2.2 – Other income and expenses from non-current operations by business – International

	31.12.2009				31.12.2008			
(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 non-current operations	7	0		7	8	1		9
Expenses from non-current operations	(126)	(56)	(18)	(200)	(51)	(15)	(0)	(66)
Allocation to the provision for goodwill	0	(0)	(113)	(113)	0	0		
OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS	**(120)**	**(55)**	**(132)**	**(307)**	**(43)**	**(14)**	**(0)**	**(57)**

NOTE 44 FINANCING EXPENSES

(in millions of euros)	31.12.2009	31.12.2008
Interest expenses on loans and debt	(129)	(133)
Interest income and expenses – Other		
TOTAL FINANCING EXPENSES	**(129)**	**(133)**

The amount of financing charges reduced mainly from the effects of the reduction in market interest rates that offset the slight increase in outstanding commitments over the period.

Note 44.1 – Financing expenses

(in millions of euros)	31.12.2009					31.12.2008				
	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	(30)	(8)		(90)	(129)	(32)	(9)		(92)	(133)
Interest income and expenses – Other										
TOTAL FINANCING EXPENSES	**(30)**	**(8)**	**0**	**(90)**	**(129)**	**(32)**	**(9)**	**0**	**(92)**	**(133)**

Loan charges amounted to €129 million compared to €133 million in 2008. The reduction of €4 million was due mainly to the lowering of interest rates and a reduction in the debt load of certain entities.

The increase in financing debt came mainly from year-end events that had a limited effect on the period in terms of financing expenses but which will have an effect from 2010.

NOTE 45 BREAKDOWN OF TAX EXPENSES

Note 45.1 – Breakdown of tax expenses by operating segment

(in millions of euros)	31.12.2009 France	International	Total	31.12.2008 Total
Current taxes	59	(46)	12	(117)
Deferred taxes	(276)	108	(168)	8
TOTAL TAX EXPENSE	**(217)**	**62**	**(156)**	**(109)**

Note 45.2 – Breakdown of tax expenses by business

Note 45.2.1 – Breakdown of tax expenses by business

(in millions of euros)	31.12.2009					31.12.2008				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(155)	39	(18)	192	59	(133)	(61)	(13)	133	(73)
Deferred taxes	109	(322)	16	(79)	(276)	19	7	6	(48)	(17)
TOTAL TAX EXPENSE	**(46)**	**(283)**	**(2)**	**113**	**(217)**	**(114)**	**(54)**	**(7)**	**85**	**(90)**

Note 45.2.2 – Breakdown of tax expenses by business

(in millions of euros)	31.12.2009					31.12.2008				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(26)	(21)		1	(46)	(36)	(10)		3	(43)
Deferred taxes	90	18		(1)	108	28	(3)		0	25
TOTAL TAX EXPENSE	**64**	**(3)**		**0**	**62**	**(9)**	**(13)**		**3**	**(19)**

Note 45.3 – Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2009	31.12.2008
THEORETICAL TAX EXPENSE	**(293)**	**(146)**
Impact of expenses or income defined as non-deductible or non-taxable	196	46
Impact of differences in tax rate	20	50
Tax credit and various charges	1	
Charges of prior deficits	(1)	
Losses for the year not activated		
Deferred tax assets not accounted for	(108)	
Other differences	30	(60)
EFFECTIVE TAX EXPENSE	**(156)**	**(109)**

Corporate income tax came to an overall expense of -€156 million as at 31 December 2009 versus -€109 million as at 31 December 2008. The effective rate of tax was 18% as at 31 December 2009 against 26% as at 31 December 2008. The change in the effective rate of tax is attributable in part to prior years losses at Groupama Insurances as well as the use of deferred tax credits on losses arising from the Plus Ultra Generales merger, shown in the "Other differences" line item.

The reconciliation with the theoretical statutory tax is as follows:

	31.12.2009		31.12.2008	
(in millions of euros)	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	914	34.43%	357	34.43%
Spain	34	30.00%	147	30.00%
Greece	3	25.00%	(14)	25.00%
Italy	56	27.50%	(104)	27.50%
Portugal	3	26.50%	(1)	26.50%
United Kingdom	8	28.00%	26	28.00%
Turkey	(56)	20.00%	27	20.00%
Hungary	(102)	19.00%		
Bulgaria	(1)	10.00%		
Romania	(8)	16.00%	(24)	16.00%
Tunisia	6	30.00%		
Slovakia	(4)	19.00%		
TOTAL	**853**		**415**	

NOTE 46 AFFILIATES

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)	31.12.2009	31.12.2008
Financing commitments received		
Guarantee commitments received	106	105
Securities commitments receivable		
Total banking commitments received	**106**	**105**
Commitments received on currency transactions	94	22
Other commitments received	23	25
Total of other banking commitments received	**117**	**47**
Financing commitments given	234	163
Guarantee commitments given	84	105
Commitments on securities to be delivered		10
Total banking commitments given	**318**	**278**
Commitments given on currency transactions	94	22
Commitments given on financial instrument transactions		1
Other commitments given		1
Total of other banking commitments given	**94**	**24**

Off balance sheet commitments received on banking business amounted to €106 million. For spot foreign exchange transactions, the position at 31 December 2009 was as follows:

- foreign currencies purchased for euros not yet received €94 million;
- foreign currencies sold for euros not yet delivered €94 million.

As regards commitments given these were marked by an increase in new commitments (financial guarantees and other guarantees) which brought the total financing commitments to €234 million.

Groupama Banque reduced its miscellaneous guarantees item. This item consisted at 31 December 2009 of a total amount of €84 million.

Note 48.2 – Commitments given and received, insurance and reinsurance business segments

(in millions of euros)	31.12.2009	31.12.2008
Endorsements, securities and guarantees received	665	109
Other commitments received	1,036	672
Total commitments received, excluding reinsurance	**1,701**	**781**
Reinsurance commitments received	**422**	**387**
Endorsements, securities and guarantees given	445	463
Other commitments on securities, assets or income	533	585
Other commitments given	159	212
Total commitments given, excluding reinsurance	**1,137**	**1,260**
Reinsurance commitments given	**2,519**	**1,787**
Securities belonging to provident institutions	**3**	**3**
Other assets held on behalf of third parties	**1**	

Endorsements, securities and guarantees received amounted to €665 million and primarily comprise new commitments received as a result of the acquisition of Asiban (€175 million) and the OTP Bank's insurance subsidiaries (€301 million).

Other commitments received excluding reinsurance largely comprise the following items:

- commitments in conjunction with construction work conducted by Silic amounting to €445 million broken down between unused but confirmed lines of credit of €322 million, and the outstanding balance on outstanding construction work of €123 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 €360 million granted by Société Générale.

Endorsements, securities and guarantees given amounted to €445 million and are broken down into the following major transactions:

- a guarantee valued at €53 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 €318 million.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to high-risk mutual funds ("FCPR"). The balance of €533 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given amounted to €159 million and consist mainly of residual commitments on construction work in progress being carried out by Silic and amounting to €123 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 debts of all categories are as follows:

Financial ratios	% Debt (1)	Covenants	2009	2008	2007
Net bank debt / Re-valued real estate assets	94%	Ratio < 0.45 for 21% Ratio < 0.50 for 76%	36.6%	31.7%	26.9%
EBITDA / Bank interest (2)	85%	Ratio > 3.0 for 9% Ratio > 2.5 for 56% Ratio > 2.0 for 20%	3.69-4.54	3.37-3.82	3.53-3.75
Re-valued real estate assets / Real estate assets pledged	20%	Ratio > 2 for 20%	3.96	4.07	3.75
Debt pledged / Re-valued real estate assets	40%	Ratio < 0.20 for 22% Ratio < 0.25 for 18%	12.4%	11.0%	11.4%
Re-valued real estate assets	34%	Amount > €1,000 million for 18% Amount > €1,500 million for 16%	3,184	3,099	3,178
Net re-valued assets	21%	Amount > €800 million	1,934	2,044	2,250

(1) Based on authorised bank debt excluding any cross default clauses.
(2) Depending on the facility, capitalised interest inclusive or exclusive of "bank interest".

At 31 December 2009 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 a "trigger clause", whereby it is entitled to defer payment of interest on the July 1999 TSR of €750 million should the Group solvency margin fall below 150%. Groupama SA undertook the early redemption of these subordinated securities on 22 January 2010.

Groupama SA also has a similar option in conjunction with the July 2005 issue of TSDI of €500 million.

The trigger is valued as at 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

The principal changes in the scope of consolidation are the following:

Additions to the scope of consolidation, acquisitions, new companies

Amaline Assurances commercialises insurance policies through the www.amaguiz.com Internet portal.

De-consolidations, Mergers

FRANCE

- Gan Assurances Vie took over Gan Saint Lazare with effect from 1 January 2009;
- Gan Assurances Vie took over Groupama Vie and Gan Eurocourtage Vie with effect from 1 January 2009 and changed its corporate name to Groupama Gan Vie;
- Compagnie Foncière Parisienne took over Actipar SA with effect from 1 January 2009;
- Banque Finama took over Groupama Banque with effect from 1 January 2009. The merged entity bears the name Groupama Banque;
- the unlisted real-estate companies Atlantis and Groupama Les Massues were sold during the financial year 2009.

ABROAD

- Hungary: OTP Garancia Biztosito took over Groupama Biztosito. merged entity bears the name Groupama Garancia Biztosito;
- Italy: Nuova Tirrena took over Groupama Italia Vita and Groupama Assicurazioni. The merged entity bears the name Groupama Assicurazioni;
- Romania: BT Asigurări took over Asiban. The merged entity bears the name Groupama Asigurări;
- Turkey: Groupama Basak Sigorta took over Güven Sigorta and Groupama Basak Sigorta Emeklilik took over Güven Hayat. The merged entities bear the names Groupama Sigorta and Groupama Sigorta Emeklilik.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
				31.12.2009			31.12.2008	
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent co	100.00	100,00	Parent co
GIE GROUPAMA SI	GIE	France	88.42	88.40	FC	88.38	88.34	FC
GIE LOGISTIQUE	GIE	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA INTERNATIONAL	Holding	France			FC	100.00	100.00	FC
GAN ASSURANCES VIE (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	99.98	99.98	FC	99.98	99.98	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.76	99.76	FC	99.76	99.76	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN EUROCOURTAGE VIE	Insurance	France			FC	100.00	100.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA VIE	Insurance	France			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 IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC			
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA ITALIA VITA	Insurance	Italy				100.00	100.00	FC
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SFCORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPMA SIGORTA	Insurance	Turkey	98.63	98.63	FC	98.34	98.34	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.29	FC	90.00	89.37	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GUVEN SIGORTA	Insurance	Turkey				100.00	100.00	FC
GUVEN HAYAT	Insurance	Turkey				100.00	100.00	FC
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 BIZTOSITO	Insurance	Hungary				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 INSURANCE CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control 31.12.2009	% interest 31.12.2009	Method 31.12.2009	% control 31.12.2008	% interest 31.12.2008	Method 31.12.2008
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
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	Insurance	Italy				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
BT ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
ASIBAN	Insurance	Romania				100.00	100.00	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. Mgmt.	France	99.98	99.98	FC	99.98	99.98	FC
GROUPAMA FUND PICKERS	Portf. Mgmt.	France	100.00	99.98	FC	100.00	99.98	FC
FINAMA PRIVATE EQUITY	Portf. Mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE (ex Banque Finama)	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE	Banking	France				80.00	80.00	FC
GROUPAMA ÉPARGNE SALARIALE	Portf. Mgmts	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	100.00	FC	100.00	100.00	FC
SILIC	Real estate	France	42.09	42.09	FC	41.71	41.71	FC
SEPAC	Real estate	France	100.00	42.09	FC	100.00	41.71	FC
COMPAGNIE FONCIÈRE PARISIENNE	Real estate	France	95.30	95.30	FC	95.30	95.30	FC
SCI DÉFENSE ASTORG	Real estate	France	100.00	95.30	FC	100.00	95.30	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ÉLYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCIFMA	Real estate	France	78.93	78.93	FC	78.93	78.93	FC
SCI TOUR GAN	Real estate	France	100.00	98.88	FC	100.00	99.02	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control 31.12.2009	% interest 31.12.2009	Method 31.12.2009	% control 31.12.2008	% interest 31.12.2008	Method 31.12.2008
GAN SAINT LAZARE	Real estate	France				100.00	100.00	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
ACTIPAR SA	Real estate	France				100.00	95.30	FC
SAFRAGAN	Real estate	France	90.00	85.77	FC	90.00	85.77	FC
261 RASPAIL	Real estate	France	100.00	95.30	FC	100.00	95.30	FC
SOCOMIE	Real estate	France	100.00	42.09	EM	100.00	41.71	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.71	FC	100.00	98.81	FC
1 BIS FOCH	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
16 MESSINE	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
9 MALESHERBES	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
40 RENE BOULANGER	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
44 THEATRE	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
97 VICTOR HUGO	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
47 VILLIERS	Real estate	France	100.00	98.92	FC	100.00	99.02	FC
IMMOPREF	Real estate	France	100.00	100.00	FC	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
ATLANTIS (SCI)	Real estate	France				100.00	100.00	FC
FORGAN (SA)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
14 MADELEINE (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
204 PEREIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CÉLESTE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIÈRES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
GOUBET PETIT	Real estate	France	66.66	66.66	EM	66.66	66.66	EM
GROUPAMA LES MASSUES (SCI)	Real estate	France				75.07	75.07	EM
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

FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2009			31.12.2008		
SCA CHÂTEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
LES FRÈRES LUMIÈRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
6 MESSINE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIÈRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LES GÉMEAUX (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	100.00	FC			
FRANCE-GAN SI D	Mutual funds	France	81.65	69.81	FC	82.08	71.90	FC
GROUPAMA CASH	Mutual funds	France	49.17	49.01	EM	85.01	84.84	FC
ASTORG TAUX VARIABLE FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH FCP	Mutual funds	France	89.31	88.20	FC			
ASTORG CTT	Mutual funds	France	85.37	85.37	FC			
ASTORG PENSION	Mutual funds	France	74.58	74.58	FC			
ASTORG CASH MA	Mutual funds	France	100.00	99.29	FC			
ASTORG CASH MT	Mutual funds	France	99.98	99.27	FC			
GROUPAMA ECONIA I	Mutual funds	France	38.43	36.23	EM			
ASTORG EONIA	Mutual funds	France	100.00	100.00	FC			
GROUPAMA ALTERNATIF DYNAMIQUE	Mutual funds	France	82.68	82.68	FC			
GROUPAMA OBLFC. EUR.CREDIT LT I	Mutual funds	France	99.05	99.05	FC			
GROUPAMA FP DETTE EMERGENTE	Mutual funds	France	94.53	94.48	FC			
GROUPAMA ALTERNATIF EQUILIBRE	Mutual funds	France	79.17	79.17	FC			
HAVRE OBLIGATION FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE LT	Mutual funds	France	84.15	82.10	FC	77.84	76.08	FC
GROUPAMA CONVERTIBLES FCP	Mutual funds	France	87.28	85.61	FC	87.24	85.57	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual funds	France	40.52	40.52	EM	93.07	93.07	FC
GROUPAMA ET.CT D	Mutual funds	France	89.01	89.01	FC	91.37	91.37	FC
GROUPAMA AAEXA FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ACTIONS INTERNATIONALES	Mutual funds	France	99.76	99.76	FC	95.34	95.34	FC
GROUPAMA OBLIG. EUR.CR. MT I D	Mutual funds	France	58.16	58.16	FC	90.32	90.32	FC
GROUPAMA OBLIG. EUR.CR. MT I C	Mutual funds	France	58.58	58.58	FC	58.27	58.27	FC
GROUPAMA EURO STOCK	Mutual funds	France	38.53	38.53	EM	51.41	51.41	FC
GROUPAMA INDEX INFLATION LT I D	Mutual funds	France	100.00	97.21	FC	96.92	94.63	FC
GROUPAMA INDEX INFLATION LT I C	Mutual funds	France				26.82	26.81	FC
ASTORG EURO SPREAD FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual funds	France	99.92	99.92	FC	99.36	99.36	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual funds	France	100.00	99.99	FC	97.77	97.77	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual funds	France	100.00	100.00	FC	99.77	99.77	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2009			31.12.2008		
WASHINGTON EURO NOURRI 7 FCP	Mutual funds	France	100.00	100.00	FC	97.65	97.65	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual funds	France	100.00	100.00	FC	95.05	95.05	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual funds	France	100.00	99.97	FC	90.25	90.25	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	98.76	98.75	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROPEXEURO. FCP	Mutual funds	France	100.00	100.00	FC	98.63	98.62	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	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual funds	France	100.00	99.94	FC	100.00	99.94	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual funds	France	100.00	99.99	FC	99.75	99.74	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual funds	France	100.00	99.95	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	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual funds	France	100.00	100.00	FC	99.88	99.88	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual funds	France	100.00	100.00	FC	99.64	99.64	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation   EM: Equity method

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 AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended 31 December 2009)

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

Groupama SA

8-10, rue d'Astorg

75008 Paris

Dear Shareholders,

In performance of the audit engagement assigned to us by your General Meeting, we hereby present our report on the fiscal year ended 31 December 2009 regarding:

- the audit of the annual financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the specific checks required by law.

The consolidated financial statements were prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the combined financial statements are free of material misstatement. An audit consists of examining, on a test basis or other methods of selection, the evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that the evidence we collected provide a sufficient and appropriate basis for our opinion.

We certify that the consolidated financial statements, under the IFRS as adopted in the European Union, are accurate and present fairly in all material respects the holdings, financial position and the results of the entity formed by the parties and entities included in the combination.

II – JUSTIFICATION OF ASSESSMENTS

The economic crisis which has followed on from the financial crisis has created special conditions in which to prepare the financial statements as at 31 December 2009, particularly as regards the accounting estimates that are required in application of the accounting principles. It is in this context of a certain difficulty to grasp economic and financial outlooks that, pursuant to the provisions of Article L. 823-9 of the Commercial Code, we conducted our own assessments, which we are now reporting to you:

- in Note 3.2.1 to the consolidated financial statements, your company detailed the valuation methods used for financial assets based on their classification and their direct and indirect exposure to the financial crisis.

  We examined the appropriateness of the mechanism put in place to identify this exposure, measure the value of financial assets and the impairments recognised as well as the disclosures in the note mentioned above;

- certain technical items related to insurance and reinsurance in the assets and liabilities of the consolidated financial statements of your company are estimated on statistical and actuarial bases, particularly the technical reserves, the deferred acquisition costs and the method of amortising such costs as well as the deferred profit-sharing asset. The conditions for determining these elements are described Notes 3.11.2, 3.11.3 and 3.11.4 to the consolidated financial statements.

  We have obtained assurance of the reasonable nature of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment, and the consistency of all these assumptions.
- at each closing, the Group systematically conducts an impairment test of goodwill according to the methods described in Note 2 to the consolidated financial statements.

  We have reviewed the procedures for performing this impairment test, the cash flow projections, the discount rate used and the sensitivity analyses and we have verified the consistency of all assumptions used.

  Deferred tax assets are recognised in accordance with the methods described in Note 3.12 to the consolidated financial statements.

We are convinced that the assumptions used are consistent with the fiscal projections resulting from forecasts made by the Group.

The assessments made were part of our audit of the consolidated financial statements, considered overall, and therefore provided a basis for our opinion as expressed in the first part of this report.

III – SPECIFIC CHECKS

In compliance with the professional standards applicable in France, we also conducted the specific check stipulated by law on the disclosures in the Group's management report.

We have no comment to make on the fair presentation and consistency of these disclosures with the consolidated financial statements.

Executed in Neuilly-sur-Seine and Paris La Défense, 1 March 2010

The Auditors

PricewaterhouseCoopers Audit		Mazars
Michel Laforce	Bénédicte Vignon	Gilles Magnan

6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

ASSETS

(in thousands of euros)	Notes	Net amount 31.12.2009	Net amount 31.12.2008
Intangible assets	**Note 4**	**19,227**	**17,613**
Investments:		**11,136,581**	**10,049,531**
Land and buildings	Note 5.1	628,937	640,447
Investments in affiliated companies and in Equity-linked companies	Note 5.2	8,568,448	8,465,954
Other investments	Note 5.3	1,939,196	943,130
Share of outward reinsurers and retrocessionaires in underwriting reserves:	**Note 6**	**667,414**	**564,657**
Reserves for unearned contributions		57	153
Provisions for claims (Non-life)		586,726	488,749
Reserves for profit sharing and rebates (Non-life)		378	818
Equalisation reserve		2,788	2,419
Other technical reserves (Non-life)		77,465	72,518
Receivables:	**Note 7**	**540,650**	**670,468**
Receivables arising from direct insurance operations		33,607	40,937
Receivables relating to reinsurance operations		322,410	332,094
Other receivables		184,633	297,437
Other assets:		**374,881**	**94,484**
Operating activities property, plant and equipment		11,481	4,818
Cash and equivalent in banks and at hand		363,400	89,666
Accruals - Assets	**Note 8**	**13,794**	**14,864**
Unrealised foreign exchange gains (losses)		**30,919**	**23,966**
TOTAL ASSETS		**12,783,466**	**11,435,583**

LIABILITIES

(in thousands of euros)	Notes	Net amount 31.12.2009	Net amount 31.12.2008
Shareholders' equity:	**Note 9**	**3,180,457**	**3,084,123**
Capital		1,186,513	1,186,513
Additional paid-in capital		103,482	103,482
Other reserves		173,979	174,537
Retained earnings		1,568,116	1,173,999
Net profit for the year		148,367	445,592
Subordinated debt	**Note 10**	**2,995,445**	**2,245,445**
Gross technical reserves:	**Note 11**	**3,419,700**	**3,223,435**
Reserves for unearned contributions		155,706	140,417
Provisions for claims (Non-life)		2,860,284	2,706,527
Reserves for profit sharing and rebates (Non-life)		2,778	3,131
Equalisation reserve		37,032	34,370
Other technical reserves (Non-life)		363,900	338,990
Contingent liabilities	**Note 12**	**92,834**	**122,743**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**68,947**	**62,921**
Other liabilities:	**Note 13**	**3,011,584**	**2,683,737**
Debts arising from direct insurance operations		9,976	9,353
Debts relating to reinsurance operations		126,308	138,445
Bonds (including convertible bonds)		380,986	
Debt to credit institutions		1,033,012	1,073,848
Other liabilities		1,461,302	1,462,091
Accruals - Liabilities	**Note 14**	**1,956**	**8,983**
Unrealised foreign exchange gains (losses)		**12,543**	**4,196**
TOTAL LIABILITIES		**12,783,466**	**11,435,583**

6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	2009 Gross transactions	2009 Outward reinsurance and retrocessions	2009 Net transactions	2008 Net transactions
Earned premiums	**2,001,650**	**457,671**	**1,543,979**	**1,548,078**
Premiums	2,017,026	457,575	1,559,451	1,555,302
Change in unearned premiums	(15,376)	96	(15,472)	(7,224)
Income from allocated investment	**111,029**		**111,029**	**197,337**
Other underwriting income	**4**		**4**	**6**
Claims charge	**(1,528,609)**	**(296,156)**	**(1,232,453)**	**(973,631)**
Benefits and expenses paid	(1,369,694)	(198,179)	(1,171,515)	(1,028,389)
Charges from provisions for claims	(158,915)	(97,977)	(60,938)	54,758
Charges from other technical reserves	**(24,457)**	**(4,507)**	**(19,950)**	**(16,944)**
Profit sharing	**157**		**157**	**(1,106)**
Acquisition and administrative expenses	**(440,933)**	**(24,315)**	**(416,618)**	**(415,038)**
Acquisition costs	(248,381)		(248,381)	(240,568)
Administrative costs	(192,552)		(192,552)	(194,840)
Commissions received from reinsurers		(24,315)	24,315	20,370
Other underwriting expenses	**(162,209)**		**(162,209)**	**(138,164)**
Change in the equalisation reserve	**(2,661)**	**(369)**	**(2,292)**	**(1,289)**
Operating profit from Non-life insurance	**(46,029)**	**132,324**	**(178,353)**	**199,249**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	Net transactions 2009	Net transactions 2008
Operating profit from Non-life insurance		**(178,353)**	**199,249**
Investment proceeds	**Note 18**	**1,052,805**	**820,081**
Investment income		563,303	636,471
Other investment proceeds		304,949	129,889
Gain on realisation of investments		184,553	53,721
Investment expenses	**Note 18**	**(818,987)**	**(404,702)**
Internal and external investment management costs		(191,340)	(200,794)
Other investment expenses		(296,159)	(138,558)
Losses on realisation of investments		(331,488)	(65,350)
Transferred investment proceeds		**(111,029)**	**(197,337)**
Other non-technical income and expenses	**Note 19**	**(19,595)**	**(27,749)**
Extraordinary income	**Note 20**	**8,162**	**(20,891)**
Income tax	**Note 21**	**215,364**	**76,941**
NET PROFIT		**148,367**	**445,592**

6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2005	2006	2007	2008	2009
I. Financial position at year end					
a) Capital	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186
b) Number of existing shares	57,878,692	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	1,794,278,346	1,833,736,770	1,897,911,117	1,979,571,342	2,001,650,526
b) Income before tax, amortisation and provisions	433,151,218	285,892,777	109,231,365	316,345,925	(97,809,332)
c) Corporate income tax	(135,518,598)	(88,191,919)	(45,861,849)	(76,940,609)	(215,363,627)
d) Employee profit-sharing owed for the fiscal year					
e) Income after tax, profit-sharing, amortisation and provisions	530,573,004	318,647,532	379,012,201	445,591,544	148,366,525
f) Distributed earnings	87,975,612	134,278,565	155,114,895	53,248,396	104,181,646
III. Income per share					
a) Income after tax and profit-sharing but before amortisation and provisions	9.83	1.62	0.67	1.70	0.51
b) Income after tax, profit-sharing, amortisation and provisions	9.17	1.38	1.64	1.92	0.64
c) Dividend allotted for each share	1.52	0.58	0.67	0.23	0.45
IV. Personnel					
a) Number of employees	1,510	1,510	1,550	1,584	1,677
b) Amount of payroll costs	93,572,531	87,914,032	100,105,039	101,483,682	115,851,594
c) Amounts paid in employee benefits	42,971,708	42,277,365	44,866,170	49,146,040	54,633,252

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the de facto group but before billing to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 – Development of the Group

(a) Partnership with La Banque Postale

On 12 October 2009, Banque Postale and Groupama signed a partnership agreement in the Non-life segment, which led to the formation of the joint company, in which La Banque Postale Assurances IARD is the majority shareholder.

Authorisation for the new company called La Banque Postale Assurances IARD was obtained on 22 December 2009.

Non-life insurance products will be sold initially through remote sales channels (Internet and telephone), and then gradually through La Banque Postale network.

(b) Partnership with Pro BTP in Health Insurance

On 10 July 2009, Groupama and Pro BTP created a common entity to serve their health insurance policyholders. Groupama and Pro BTP signed an agreement formalising their intention to become partners in order to improve the services offered to policyholders. On 18 December 2009 they formed the intercompany venture Sévéane, a joint entity dedicated to managing the networks of health professionals.

1.2 – Group organisation

To streamline Group operating processes, the Group has merged its recently acquired foreign subsidiaries into its existing subsidiaries in those countries. As a further step in this process, all foreign subsidiaries have now been rebranded Groupama. The Group has also streamlined its operations in France by merging its life insurance companies into a single entity, as it has done with its various banking activities.

(a) Merger of the Hungarian subsidiaries

On 16 February 2009, the Hungarian Financial Supervisory Authority (PZSAF) approved the merger of the subsidiaries Groupama Biztosito and OTP Garancia. The merger took effect on 31 March 2009 and the new company was named Groupama Garancia Biztosito on 6 April 2009.

(b) Merger of the Italian subsidiaries

The merger of the Italian subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena took place on 1 November 2009. The new company, Groupama Assicurazioni, is one of the largest insurance companies on the Italian market with premium income of €1.4 billion, €1 billion of which is in Non-life insurance and €400 million in life insurance. It has 900 employees, 850 branches and 1.7 million customers.

(c) Merger of the Romanian subsidiaries

BTA Asigurări took over Asiban on 1 August 2009. The new company, which has taken the name Groupama Asigurări, has begun gradually integrating OTP Garancia. The merger with OTP Garancia is expected to be finalised some time in 2010.

(d) Merger of the Turkish subsidiaries

Insurance companies Basak and Güven merged on 21 May 2009, creating two new companies on 15 September 2009 – Groupama Sigorta for Non-life insurance and Groupama Emeklilik, dedicated to life insurance.

(e) Merger of banking activities in France

Groupama Banque and Banque Finama merged on 1 October 2009, an operation that brought the Group's French banking business under the same umbrella, thus providing a more complete range of products and services within a single entity and giving rise to cost synergies while optimising the quality of operational control. The bank handles transactions for private as well as business customers, and remains the bank in charge of Group operations.

(f) Creation of Groupama Gan Vie

By creating Groupama Gan Vie, the Group now has a single life insurance company in France to act as an underwriting and claims platform for the Group's various sales networks and, where necessary, for outside partnerships. Groupama Gan Vie is the result of the merger of Groupama Vie and Gan Eurocourtage Vie with and into Gan Assurances Vie and the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance. As part of this transaction, Gan Assurances Vie has changed its name to Groupama Gan Vie. The effective date of the transaction from a legal point of view is 31 December 2009, with retroactive effect for accounting and tax purposes to 1 January 2009.

Gan Assurances Vie's portfolio of private health policies was transferred to Gan Assurances IARD.

These operations were approved on 21 December 2009 and published in the *Journal Officiel* on 26 December 2009.

The new company has more than 1,200 employees across various sites (Paris, Angers, Bordeaux and Lille) specialized by business line and segment.

In line with this, the Non-life insurance companies changed their names to Gan Eurocourtage and Gan Assurances respectively.

1.3 – Other factors

(a) Storms

Southwestern Europe (Southwestern France and Northern Spain) was struck by storm Klaus, a storm of exceptional magnitude, on 24 January 2009, while Northwestern Europe suffered the lesser magnitude storm Quinten on 9 and 10 February 2009. The cost of these storms to Groupama SA was €283 million before reinsurance. After outside reinsurance and retrocessions to the regional mutuals, the impact on the Groupama SA company accounts was €147 million.

(b) Bond issue

In the course of the summer of 2009 Groupama SA issued two bonds.

These two issues have the following characteristics:

- the issue of 20 July 2009 is a progressive rate senior bond with a duration of 8 years subscribed up to €30 million;
- the issue of 14 August 2009 is a zero-coupon type senior bonded debt with a duration of 8 years subscribed up to €349.4 million with a gross actuarial yield of 5.80%. This issue was subscribed by the Group's life insurance companies and distributed to policyholders via unit-linked policies.

(c) Rating

On 29 June 2009, Standard & Poor's revised Groupama SA's rating to "A" with negative outlook. This rating and its outlook are tied in with the global financial crisis, which is having a negative effect on the sector's solvency and its future level of profitability.

2 POST-BALANCE SHEET EVENTS

(a) Redemption of the TSRs issued in 1999

Following the issuance on 27 October 2009 of subordinated redeemable bonds for €750 million and the approval of the French Insurance Regulator, the Autorité de Contrôle des Assurances et Mutuelles (ACAM), Groupama SA, on 22 January 2010, undertook the early redemption of its subordinated redeemable bonds issued in 1999 for a total of €750 million.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's individual financial statements were drawn up and presented in accordance with the French Insurance Code as modified by Decrees no. 94-481 and no. 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no. 91-674/EEC of 19 December 1991 concerning the individual and consolidated financial statements of insurance companies.

3.1 – Technical operations

Groupama SA is engaged mainly in the following Non-life insurance operations:

- business underwritten directly and that conducted within co-insurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 – Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 – Reserves for unearned premiums

The provision for unearned premiums for all policies in force at the financial year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 – Acquisition and administrative expenses

These expenses mainly consist of:

- 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 mathematical reserves on the annuities accepted from the regional mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA.

In construction risk, the reserve for claims yet to be made is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A.331-21 of the French Insurance Code.

The mathematical provisions, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these provisions are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining the provisions for outstanding claims were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

- using specific Groupama tables certified by an independent actuary for individual risk and maintenance tables from the Bureau Commun des Assurances Collectives (BCAC) for group risk with respect to temporary disability coverage;
- using the BCAC maintenance tables for pending disability coverage.

3.1.6 – Equalisation reserve

The reserve for equalisation aims to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no 2001-1280 of 28 December 2001 and by Article 39 *quinquies* G of France’s General Tax Code as modified by Decree no 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 – Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The provision for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance transactions covering health and disability risks. This provision concerns the provisions formed in dependency insurance as well as the provisions on direct business managed by Groupama SA.

The mathematical reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on inward reinsurance business.

In life and health insurance, the methods for determining mathematical provisions that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the provisions are determined by applying maintenance tables from the Bureau commun des assurances collectives (BCAC).

However, taking longer life spans into account requires continuing the gradual anticipation of a change in mortality tables, which was initiated in fiscal year 2000. As a result, the mathematical provisions of life annuities from general business calculated at year end in application of the regulatory tables TD-TV 88/90 are the subject of an additional provision, the implementation of which will be spread over a period of 15 years, and which is based on TPRV 93.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no 2008-1437 of 22 December 2008, a provision for liquidity risk is allocated when investments subject to Article R. 332-20 are found to be in a situation of overall net unrealised capital loss. This provision is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Allocations to this provision may be spread out over three years.

3.1.8 – Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its Regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 – Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance are accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with Regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 – Investments

3.2.1 – Entry costs and valuation at year end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation no 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation no 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the accounts by components.

The four components used by the Group are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residence skyscrapers	
Components	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**
Bare structure	120 years	65%	80 years	65%	50 years	50%	70 years	40%
Framework, girders, posts, floors, walls								
Wind- and water tight facilities	35 years	10%	30 years	10%	30 years	10%	30 years	20%
Roof-terrace, facades, covering, external woodwork								
Technical facilities	25 years	15%	25 years	15%	20 years	25%	25 years	25%
Lifts, heating/air conditioning, networks (electrical, plumbing, etc.)								
Fixtures, finishings	15 years	10%	15 years	10%	15 years	15%	15 years	15%
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using the actuarial or straight-line methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R. 332-19 and an option to convert into shares under Article R. 332-20.

Pursuant to the provisions of decrees no 2002-1535 of 24 December 2002 and no 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the company.

(c) Shares and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. As of fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 – Provisions

(a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for diminution in value. Nevertheless, a provision for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

INVESTMENT PROPERTIES

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 investment has constantly shown a significant unrealised capital loss from its book value over a period of six consecutive months prior to closing; significant unrealised capital loss is assumed to apply when, over a six-month period, the security has permanently declined by 20% from its historical cost (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 foreign purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

(b) Swaps

Groupama SA makes use of interest rate swaps as part of its yield strategy. In accordance with CRC regulation no 2002-09 of 12 December 2002, the interest received and/or paid is recorded in an accrual account and carried over to the income statement over the planned term of the strategy by factoring in the actual yield from each of the swaps.

3.3 – Other transactions

3.3.1 – Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if 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 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 an unrealised foreign exchange adjustment account.

3.3.4 – Receivables

Receivables are recorded at their face redemption value (historical cost).

They include:

- for direct insurance operations:
  - premiums yet to be written for policyholders;
  - premiums yet to be cancelled for policyholders;
  - premiums yet to be collected from policyholders;
  - loans or advances from co-insurers;
- for inwards reinsurance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance;
  - loans or advances with the ceding entities;
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers;
  - income owed relating to transactions ceded to outward reinsurers;
- for other receivables:
  - tax combination loans or advances to daughter companies;
  - receivables from government bodies and social security agencies;
  - loans or advances to various other entities;
  - other income due.

When the inventory value at the financial year end is below the book value, a provision for diminution in value is set aside.

3.3.5 – Property, plant and equipment

The PPE account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which range from 2 to 10 years depending on the type of asset.

3.3.6 – Accruals - assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 – Contingent liabilities

The contingent liabilities provisions are established pursuant to CRC Regulation 2000-06 of 7 December 2000. This item also includes regulated provisions, especially accelerated amortisation.

3.3.8 – Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 68 tax combined subsidiaries.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the accounts pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 – Liabilities

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-policyholders;
- for inwards reinsurance transactions:
  - advances or loans with the ceding offices,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers;

- for the other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 – Accruals - liabilities

The accruals accounts on the liabilities side mainly include:

- amortisation of the differences on bond redemption prices;
- interest collected (or paid) on swaps used in the yield strategy (see note 3.2.4 (b) Swaps).

3.4 – Change in accounting method

No changes in accounting methods were observed for the year.

4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2008	Transfers inflow/outflow	Inflow/increase in Amortisation	Outflows/ amortisation write-back	Amount as at 31.12.2009
Gross amounts	67,411		13,815	14,169	67,057
Amortisation	49,798		8,071	10,039	47,830
TOTAL NET AMOUNTS	**17,613**		**5,744**	**4,130**	**19,227**

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 31.12.2008	Transfers inflows/outflows	Inflow during the year	Outflow during the year	Amount as at 31.12.2009
Gross amounts					
Provisions	257,133		16,196	15,892	257,437
Shares of real-estate companies	450,098		4,681	19,666	435,113
Total gross amounts	**707,231**		**20,877**	**35,558**	**692,550**
Amortisation/Depreciation					
Provisions	66,753		6,036	9,208	63,581
Shares of real-estate companies	32				32
Total amortisation	**66,785**		**6,036**	**9,208**	**63,613**
TOTAL NET AMOUNTS	**640,446**		**14,841**	**26,350**	**628,937**

Note 5.2 – Investments in affiliated companies and in companies with which there is an equity tie

SUMMARY TABLE

(in thousands of euros)	Amount as at 31/12/2008	Transfers inflows/ outflows	Inflows during the year	Outflows during the year	Amount as at 31.12.2009
Gross amounts					
Equity securities					
Affiliated companies	7,857,239		1,600,403	1,610,394	7,847,248
Companies with equity-linked interest	710,155		95,100	37,184	768,071
Loans and receivables					
Affiliated companies	568,638		96,778	49,629	615,787
Companies with equity-linked interest	700				700
Cash deposits with ceding entities	6,146		**17,999**	**16,850**	7,295
Total gross amounts	**9,142,878**		**1,810,280**	**1,714,057**	**9,239,101**
Provisions					
Equity securities					
Affiliated companies	654,590		283,965	290,408	648,147
Companies with equity-linked interest	22,334		172		22,506
Loans and receivables					
Partner companies					
Companies with equity-linked interest					
Cash deposits with ceding entities					
Total provisions	**676,924**		**284,137**	**290,408**	**670,653**
TOTAL NET AMOUNTS	**8,465,954**		**1,526,143**	**1,423,649**	**8,568,448**

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.

Mergers among Group entities as part of Group restructuring have generated portfolio inflows and outflows for Groupama SA, who is the securities holder, but this has had no impact on the result. This is because when a merger takes place between companies where a 100% stake is held directly or indirectly by the same shareholder or under joint control, which was the case here, then the securities received are valued at book value according to French accounting standards. Only the merger of the banks had any effect on the amount of equity exchanged since the transaction included the buy-out of minority interests.

The breakdown of additional interests concerns mainly: Groupama Transport for €56.2 million, Groupama Phoenix Asfalistiki (Greece) for €52.7 million, Amaline Assurance for €21 million, Groupama Vietnam for €11.5 million, and OTP Garancia Asigurări for €7.9 million.

The principal changes relating to loans and advances granted by Groupama SA correspond to a loan to Gan Assurances for €60 million, a change in the exchange rate difference observed on the loan granted to Gan UK Broking Service for €4 million and reimbursement of loans granted to Groupama Seguros de Vida for €16.5 million.

With respect to provisions, long-term impairment provisions concern primarily an amount of €164.9 million recorded in 2009 for the subsidiaries in the Eastern European countries. The other provision flows are related notably to reversals and/or increases in (previously booked) provisions in the context of merger transactions.

Note 5.3 – Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds, and mutual fund units.

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2008	Transfers inflows/ outflows	Inflows during the year	Outflows during the year	Amount as at 31.12.2009
Gross amounts					
Financial investments	957,616		5,778,564	4,789,347	1,946,833
Total gross amounts	**957,616**		**5,778,564**	**4,789,347**	**1,946,833**
Provisions					
Financial investments	14,486		96	6,945	7,637
Total provisions	**14,486**		**96**	**6,945**	**7,637**
TOTAL NET AMOUNTS	**943,130**		**5,778,468**	**4,782,402**	**1,939,196**

Inflows and outflows during the year were related to asset and liability management transactions.

Note 5.4 – Summary of investments

	2009 Balance sheet		
Summary by type *(in thousands of euros)*	Gross amount	Net amount	Realisable value
1. Real estate investments (incl. pending)	388,653	324,503	689,869
2. Equities and other variable-income securities	8,032,957	7,388,197	11,378,834
3. Variable-income mutual funds	93,890	93,794	80,867
4. Fixed-income mutual funds	479,593	479,593	480,991
5. Bonds and other fixed-income securities	18,383	11,804	11,813
6. Mortgage loans			
7. Other loans and similar notes	632,867	632,867	632,891
8. Deposits with ceding companies	2,236,505	2,210,353	2,413,223
9. Other deposits, cash guarantees and other investments	43,489	43,489	43,489
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**11,926,337**	**11,184,600**	**15,731,977**
Of which total FFI			
Of which total investments	11,926,337	11,184,600	15,731,977
Other items (1)	(48,019)	(48,019)	
TOTAL INVESTMENTS	**10,807,724**	**11,136,581**	

(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.

Summary statement of investments (cont.)

(in thousands of euros)	2009 Balance sheet Gross amount	Net amount	Realisable value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	71,146	65,270	65,420
Securities estimated according to Article R. 332-20	11,855,191	11,119,330	15,666,557
Securities estimated according to Article R. 332-5			
Sub-total	**11,926,337**	**11,184,600**	**15,731,977**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,060,165	8,353,673	12,693,151
Securities that secure commitments toward provident institutions or hedge managed investment funds			
Securities deposited with ceding entities	2,236,505	2,210,353	2,413,223
– Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	629,667	620,574	625,603
Sub-total	**11,926,337**	**11,184,600**	**15,731,977**
II. – Securities allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**5,733**	**5,733**	**5,733**
III. – Securities belonging to provident institutions			
A) Itemisation of land and buildings			
Operating activities property			
– Real assets	203,894	154,536	292,930
– Holdings in SCIs or real estate companies	6,391	6,391	7,730
Other fixed assets			
– Real assets	56,186	41,426	216,495
– Holdings in SCIs or real estate companies	428,723	428,691	555,137
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		181	
– Redemption premium not recovered		2,219	

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

	31.12.2009				31.12.2008			
(in thousands of euros)	Outward reinsurance on direct business (1)	Retrocession on inward reinsurance from Regional Mutuals	Other retrocessions	Total	Outward reinsurance on direct business (1)	Retrocession on inward reinsurance from Regional Mutuals	Other retrocessions	Total
Reserves for unearned premiums	124	(80)	13	57	40	53	60	153
Reserves for claims	83,688	263,433	239,605	586,726	95,313	184,812	208,624	488,749
Profit-sharing reserves	378			378	818			818
Equalisation reserves	1,808		980	2,788	1,657		762	2,419
Other technical reserves	15,336	61,869	260	77,465	15,314	57,204		72,518
TOTAL	**101,334**	**325,222**	**240,858**	**667,414**	**113,142**	**242,069**	**209,446**	**564,657**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

NOTE 7 RECEIVABLES

	31.12.2009				31.12.2008			
	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	**13,390**	**20,217**		**33,607**	**14,535**	**26,402**		**40,937**
Earned premiums not written	4,007			4,007	6,025			6,025
Other receivables relating to direct insurance transactions	9,383	20,217		29,600	8,510	26,402		34,912
Policyholders	1,764			1,764	964			964
Insurance intermediaries	265			265	388			388
Co-insurers	7,354	20,217		27,571	7,158	26,402		33,560
Receivables relating to reinsurance transactions	**285,570**	**36,840**		**322,410**	**294,581**	**37,513**		**332,094**
Reinsurers	52,866	3,733		56,599	8,384	11,126		19,510
Ceding entities	232,704	33,107		265,811	286,197	26,387		312,584
Other receivables	**148,277**	**36,356**		**184,633**	**174,967**	**122,470**		**297,437**
Personnel	1,716			1,716	7,237			7,237
Government, Social Security, public authorities	1,150	2,161		3,311	1,421	89,018		90,439
Other debtors	145,411	34,195		179,606	166,309	33,452		199,761
TOTAL RECEIVABLES	**447,237**	**93,413**		**540,650**	**484,083**	**186,385**		**670,468**

The decrease in the “Government, social security, public authorities” item is primarily due to the prepayment of corporate income tax in 2008 totalling €89 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)	31.12.2009	31.12.2008
Accrued interest not yet due	5,726	7,406
Deferred acquisition costs	7,861	6,796
Reimbursement price differences receivable	91	399
Other accruals	116	263
TOTAL ASSET ACCRUALS	**13,794**	**14,864**

NOTE 9 SHAREHOLDERS' EQUITY

Capital structure

231,514,768 shares with a par value of €5.125

TABLE OF MOVEMENTS IN RESERVES AND CHANGES IN CAPITAL AND RESERVES

(in thousands of euros)	31.12.2008	Allocation of income 2008	Other movements during the year	Income (loss) during the year	31.12.2009
Shareholders' equity					
Capital	1,186,513				1,186,513
Issue premiums	62,530				62,530
Merger premium	38,806				38,806
Contribution premium	2,147				2,147
Regulatory reserves					
Capitalisation reserve	127,161		(558)		126,603
Other reserves	47,376				47,376
Retained earnings	1,173,998	392,343	1,774 (2)		1,568,115
Net profit (loss) for the year	445,591	(445,591)	148,367		148,367
TOTAL	**3,084,122**	**(53,248) (1)**	**149,583**		**3,180,457**

(1) Dividends paid in 2009 for fiscal year 2008 amounted to €53,248,000.
(2) Foreign exchange adjustment for the China branch.

NOTE 10 SUBORDINATED DEBT

The item "subordinated debt", which amounted to €2,995.4 million, is itemised as follows:

- a bond issued in July 1999 by the Caisse Centrale des Assurances Mutuelles Agricoles, in the form of subordinated redeemable bonds (TSR) for a term of 30 years in the amount of €750 million. That bond issue breaks down into a variable-rate tranche of €500 million and a fixed-rate tranche, which becomes variable after 10 years, of €250 million. The bond was fully redeemed after the balance sheet date on 22 January 2010 (see "Post balance sheet events");
- a fixed-rate bond issue of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at issue price of 99.089%, i.e., a collected amount of €495.4 million. This bond issue may be fully redeemed in advance as at the tenth year;
- super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt written at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as at 22 October 2017;
- a bond issued on 16 October 2009 in the form of 30 year subordinated redeemable bonds (TSR) subscribed by Société Générale for an amount of €750 million at a fixed rate of 7.875% revisable in October 2019.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 – Breakdown of gross technical reserves

	31.12.2009				31.12.2008			
(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 reinsurance	Total
Reserves for unearned contributions	3,878	139,878	11,950	155,706	2,405	129,564	8,447	140,416
Provisions for claims	132,345	2,426,169	301,770	2,860,284	141,203	2,308,587	256,737	2,706,527
Profit-sharing reserves	604		2,174	2,778	1,012		2,120	3,132
Equalisation reserves	3,705	31,253	2,074	37,032	3,618	29,088	1,664	34,370
Other technical reserves	122,086	237,082	4,732	363,900	125,837	209,192	3,961	338,990
TOTAL	**262,618**	**2,834,382**	**322,700**	**3,419,700**	**274,075**	**2,676,431**	**272,929**	**3,223,435**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

Under current regulation, Groupama SA is not in a position to apply a provision for liquidity risk as at 31 December 2009.

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.

		Fiscal years					
(in thousands of euros)	Total	2004 and earlier	2005	2006	2007	2008	2009
Estimate of the claims expense							
At end of N		4,750,738	1,145,295	1,128,945	1,267,164	1,197,465	1,540,902
At end of N+1		4,386,230	1,110,057	1,121,983	1,238,201	1,191,376	
At end of N+2		4,464,124	1,093,500	1,099,318	1,220,972		
At end of N+3		4,411,972	1,079,367	1,086,164			
At end of N+4		9,774,836	1,054,942				
At end of N+5		9,772,831					
Claims expense (a)		**9,772,831**	**1,054,942**	**1,086,164**	**1,220,972**	**1,191,376**	**1,540,902**
Cumulative claims payments (b)		**8,531,606**	**914,267**	**915,956**	**994,793**	**885,096**	**789,063**
Reserves for claims to be paid (a)-(b)=(c) (net of the retained share of the CDA)	2,836,406	1,241,225	140,675	170,208	226,179	306,280	751,838
Earned premiums		**8,143,072**	**1,674,832**	**1,773,438**	**1,976,758**	**1,797,222**	**1,962,077**
CLAIMS AND RESERVES/EARNED PREMIUM			**62.99%**	**61.25%**	**61.77%**	**66.29%**	**78.53%**

Note 11.3 – Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2009	2008
Opening claims reserves net of expected recoveries	2,687,976	2,765,119
Payments made during the year for previous years net of recoveries	(565,116)	(613,797)
Year-end net claims reserves net of expected recoveries	(2,126,188)	(2,063,232)
INCOME/LOSS RESERVES CHANGE	**(3,328)**	**88,090**

The opening deficit posted in 2009 on claims reserves totalled €3.3 million. This was made up primarily of a surplus of €4.6 million on direct business and deficits of €7 million on inwards reinsurance from the regional mutuals and €1 million from other inwards reinsurances.

NOTE 12 CONTINGENT LIABILITIES

			Write-backs		
(in thousands of euros)	Total provisions as at 31.12.2008	Increase in provisions during the year	Total used during the year	Amounts not used written back during the year	Total Provisions as at 31.12.2009
Regulatory provisions	8,670	8,430		2,203	14,897
Pension provisions	24,885	11,161		2,432	33,614
Tax provisions					
Other risk provisions	89,188	25,715	70,580		44,323
TOTAL	**122,743**	**45,306**	**70,580**	**4,635**	**92,834**

The “reserves for risks and expenses” item applied to liabilities on the balance sheet as at 31 December 2009 in the amount of €92.8 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

	31.12.2009				31.12.2008			
	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	**785**	**9,191**		**9,976**	**354**	**8,999**		**9,353**
Policyholders	224			224	71			71
Insurance intermediaries	321			321	75			75
Co-insurers	240	9,191		9,431	208	8,999		9,207
Debts relating to reinsurance transactions	**99,743**	**26,565**		**126,308**	**110,842**	**27,603**		**138,445**
Reinsurers	86,876	24,844		111,720	97,938	25,921		123,859
Ceding entities	12,867	1,721		14,588	12,904	1,682		14,586
Bonds (including convertible bonds)			**380,986**	**380,986**				
Debt to credit institutions	**1,033,012**			**1,033,012**	**1,073,848**			**1,073,848**
Other liabilities	**296,498**	**1,161,206**	**3,598**	**1,461,302**	**365,531**	**1,088,645**	**7,915**	**1,462,091**
Other loans, deposits and guarantees received	37,633	1,145,728		1,183,361	37,126	1,086,857		1,123,983
Personnel Social Security entities and local governments	23,258	15,478	3,598	42,334	26,545	1,788	7,915	36,248
Government, Social Security	44,380			44,380	30,592			30,592
Other creditors	191,227			191,227	271,268			271,268
TOTAL	**1,430,038**	**1,196,962**	**384,584**	**3,011,584**	**1,550,575**	**1,125,247**	**7,915**	**2,683,737**

The increase in debt is due mainly to the issue of two bonds subscribed by the French and Italian subsidiaries of Groupama SA in the summer of 2009.

Pursuant to D441-4 of the French Commercial Code, we would draw to your attention the fact that outstanding debt to suppliers amounts to €91.7 million. This is largely made up of debt maturing in less than 30 days.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2009	31.12.2008
Deferred amortisation on reimbursement price	263	820
Other accrued liabilities	1,693	8,163
TOTAL ACCRUED LIABILITIES	**1,956**	**8,983**

In 2008 the “Other accrued liabilities” item was essentially made up of interest received and/or paid on the swaps used in connection with a yield strategy. These transactions were unwound in 2009.

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

	31.12.2009				31.12.2008			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
A) ASSET								
Intangible assets	**15,961**		**3,266**	**19,227**	**10,500**		**7,113**	**17,613**
Investment								
Real estate	15,244	419,838	193,855	628,937	449,857	209	190,381	640,447
Shares & other variable-income securities var.	7,199,100	745,566	1,824,511	9,769,177	7,176,841	649,950	846,147	8,672,938
Oblig. - bonds tcn & other fixed-income securities	11,175		67,473	78,648	11,175		108,950	120,125
Loans	602,610	2,800		605,410	557,569	700		558,269
Deposits with other credit institutions credit								
Other investments			47,114	47,114			51,606	51,606
Receivable cash at ceding entities investments in unit-linked policies	1,056		6,239	7,295	2,199		3,947	6,146
Reinsurer share of technical reserves								
Unearned premiums (Non-life)	169		(112)	57	100		53	153
Claims reserves (Non-life)	246,463		340,263	586,726	236,392		252,357	488,749
Share of benef. and dividends (Non-life)	378			378	818			818
Reserve for equalisation	2,788			2,788	2,419			2,419
Other technical reserves (Non-life)	15,536		61,929	77,465	68,680		3,838	72,518
Receivables from direct insurance transactions								
of which policyholders	(1,814)		7,586	5,772	(1,591)		8,580	6,989
receivables from reinsurance transactions			265	265			388	388
of which other third parties			27,570	27,570			33,560	33,560
Receivables from direct insurance transactions	**238,661**		**83,749**	**322,410**	**248,477**		**83,617**	**332,094**
Personnel			**1,716**	**1,716**			**7,237**	**7,237**
State, social security and local Authorities			**3,311**	**3,311**			**90,439**	**90,439**
Miscellaneous debtors	**144,871**	**(131)**	**34,866**	**179,606**	**171,660**	**1,143**	**26,958**	**199,761**
Tangible operating assets			**11,481**	**11,481**			**4,818**	**4,818**
Cash and equivalents	**360,119**		**3,281**	**363,400**	**88,951**		**715**	**89,666**
Inter. and lease payments written and not due	**4,533**	**12**	**1,181**	**5,726**	**4,175**		**3,231**	**7,406**
Deferred acquisition costs	**5,328**		**2,533**	**7,861**	**4,631**		**2,165**	**6,796**
Other accruals - assets			**207**	**207**			**662**	**662**
Unrealised foreign exchange adjustments	**19,280**		**11,639**	**30,919**	**23,966**			**23,966**
TOTAL	**8,881,458**	**1,168,085**	**2,733,923**	**12,783,466**	**9,056,819**	**652,002**	**1,726,762**	**11,435,583**

Liabilities and commitments

(in thousands of euros)	31.12.2009				31.12.2008			
	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
B) LIABILITIES								
Capital and reserves	**3,177,143**		**3,314**	**3,180,457**	**3,080,693**		**3,430**	**3,084,123**
Share capital	1,185,193		1,320	1,186,513	1,185,193		1,320	1,186,513
Other shareholders' equity	1,991,950		1,994	1,993,944	1,895,500		2,110	1,897,610
Subordinated debt			**2,995,445**	**2,995,445**			**2,245,445**	**2,245,445**
Gross technical reserves								
Unearned premiums (Non-life)	154,166		1,540	155,706	137,848		2,569	140,417
Claims reserves (Non-life)	2,692,434		167,850	2,860,284	2,588,551		117,976	2,706,527
Share of benef. and dividends. (Non-life)	2,174		604	2,778	2,120		1,012	3,132
Reserve for equalisation	31,253		5,779	37,032	29,088		5,282	34,370
Other technical reserves (Non-life)	343,965		19,935	363,900	160,856		178,133	338,989
Contingent liabilities	**57,600**	**81**	**35,153**	**92,834**	**86,492**	**2,494**	**33,757**	**122,743**
Debts for cessionn. cash			**68,947**	**68,947**			**62,921**	**62,921**
Debts from dir. insurance transactions								
Owed to policyholders			224	224			71	71
Owed to insurance intermediaries			321	321			75	75
Owed to other third parties			9,431	9,431			9,207	9,207
Debts from reinsurance transactions	**29,417**		**96,891**	**126,308**	**49,636**		**88,810**	**138,446**
Bond debt	**380,986**			**380,986**				
Debts to credit establishments	**389,906**		**643,106**	**1,033,012**	**55,263**			**55,263**
Other debt								
Other loans, deposits and guarantees received	**1,143,904**		**39,457**	**1,183,361**	**1,084,961**	**1,018,585**	**39,022**	**2,142,568**
Personnel			**42,334**	**42,334**			**36,248**	**36,248**
Government, social security and local authorities			**44,380**	**44,380**			**30,591**	**30,591**
Miscellaneous creditors	**123,477**	**1,612**	**66,138**	**191,227**	**136,228**	**8**	**135,032**	**271,268**
Accruals - liabilities			**1,956**	**1,956**			**8,983**	**8,983**
Unrealised foreign exchange adjustments	**2,531**		**10,012**	**12,543**	**4,196**			**4,196**
TOTAL	**8,528,956**	**1,693**	**4,252,817**	**12,783,466**	**7,415,932**	**1,021,087**	**2,998,564**	**11,435,583**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

	31.12.2009					31.12.2008
(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	Total
1. Commitments received		**530,091**	**3,519**	**565,851**	**1,099,461**	**745,499**
2. Commitments given						
2a. Endorsements, securities and credit guarantees given		45,922	1,328	92,116	139,366	140,861
2b. Stock and assets acquired through sale commitment						
2c. Other commitments relating to stock, assets or revenue		7,669		39,065	46,734	51,436
2d. Other commitments given		56,494		1,867	58,361	53,987
Total 2. Commitments given		**110,085**	**1,328**	**133,048**	**244,461**	**246,284**
3. Securities received in pledge from outward reinsurers and retrocessionaires		**50,480**		**104,042**	**154,522**	**146,663**
4. Securities received through agencies reinsured with joint and several guarantee				**23,270**	**23,270**	**12,682**
5. Securities belonging to provident institutions						
6. Other securities held on behalf of third parties						
7. Long-term financial instruments outstanding						**357,023**

Commitments received

The €1,099.5 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 €360 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 Asigurări, Asiban and the insurance subsidiaries of OTP Bank) by Groupama International for a total of €526 million;
- various other commitments received for €13.9 million, including €7.5 million concerning affiliated companies or equity-linked companies.

Commitments given

The €244.5 million of commitments given by Groupama SA correspond mainly to:

- commitments granted as real estate lease-loans totalling €13.9 million as guarantee of the commitments of SCI Raspail;
- a total of €15.6 million of guarantees on liabilities granted along with the sale of Western Continental Company shares;
- a revised guarantee of €3.6 million on Gan Assurance Vie bonds made when that company wrote a contract for an oil company in late 2001;
- a joint and several guarantee granted by Groupama SA to the French Treasury involving €19.3 million of contested taxes owed by Gan Assurances IARD, which would be responsible for the payment of those taxes;
- two joint and several guarantees granted to the Public Treasury by Groupama SA in settlement of tax assessments that are currently being contested by Gan Assurances IARD in the amounts of €20.8 million and €2.4 million, which the latter allegedly still owes;

- commitments on unlisted funds €39.1 million;
- the general liability guarantee of €53.5 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 €38.7 million;
- commitments linked to the sale of the subsidiary Zénith Vie by Groupama International for a total of €1.7 million;
- various other commitments given for €35.9 million, including €30.1 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 €154.5 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 €23.3 million held in custody;

Long-term financial instruments outstanding

Groupama SA had no long-term financial instruments outstanding in 2009.

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 acquisition of CGU Courtage amounting to €280 million for Groupama SA and an unlimited amount for Gan SA as part of the guarantee agreement on behalf of Abeille Assurance for a period of 20 years starting in May 2002. When Groupama SA took over Gan SA's commitments at the time of their 2002 merger, its guarantees became unlimited;
- the guarantee given to Société d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) to cover contractual obligations made by Groupama Asset Management to 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 Épargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Réassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Ré and MMA portfolios);
- the unconditional guarantees granted by Groupama SA to Gan Assurances IARD, Gan Eurocourtage IARD, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees are designed to improve the debt ratings of these companies. Groupama SA is also responsible for commitments of this type given previously by the CCAMA to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- unlimited technical guarantees, upon the disposal of Gan North America to Sorema North America on 2 August 1999, for the insurance and reinsurance portfolios underwritten by Gan National and Gan North America for 12 years, the benefits of which were transferred to Rampart Company Insurance on 30 July 2001;
- the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU Group Canada Ltd. (previously against a guarantee by Groupama International);
- lastly, with respect to the right to training requirement (Droit Individuel à la Formation "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 115,264 hours. In 2009, 398 training actions under the DIF were conducted by employees of Groupama SA, for a total of 5,769 hours.

NOTE 17 TECHNICAL INCOME STATEMENT BY SOURCE

	31.12.2009			31.12.2008		
(in thousands of euros)	Direct business [1]	Inward reinsurance	Total	Direct business [1]	Inward reinsurance	Total
Earned premiums	49,315	1,952,334	2,001,649	51,031	1,928,540	1,979,571
Benefits expense [2]	29,355	1,526,215	1,555,570	23,611	1,100,423	1,124,034
A - Underwriting result	**19,960**	**426,119**	**446,079**	**27,420**	**828,117**	**855,537**
Acquisition costs	5,712	242,668	248,380	5,247	235,321	240,568
Administrative costs and other underwriting expenses and income	7,595	347,162	354,757	7,604	325,394	332,998
B - Net acquisition and management costs	**13,307**	**589,830**	**603,137**	**12,851**	**560,715**	**573,566**
C - Allocated investment income	**9,787**	**101,243**	**111,030**	**16,758**	**180,579**	**197,337**
D - Reinsurance result	**10,997**	**121,328**	**132,325**	**7,302**	**272,757**	**280,059**
OPERATING PROFIT/LOSS (A-B+C-D)	**5,443**	**(183,796)**	**(178,353)**	**24,025**	**175,224**	**199,249**

(1) Of which, CDA Antilles Guyane.
(2) Including equalisation reserves and profit sharing.

NOTE 18 INVESTMENT INCOME AND EXPENSES

(in thousands of euros)	31.12.2009				31.12.2008			
Type of income	Affiliated companies	Equity- linked companies	Other sources	Total	Affiliated companies	Equity-linked companies	Other sources	Total
Investment income								
Income from investments	521,761	7,578	33,964	563,303	573,745	12,422	50,304	636,471
Income from equity interests	505,472	7,573		513,045	543,945	12,421		556,366
Investment property income	16,229	5	13,070	29,304	29,705	1	13,290	42,996
Other investment income	60		20,894	20,954	95		37,014	37,109
Other financial income								
Other investment income	297,750	227	6,972	304,949	111,000	6	18,882	129,888
Profits on sale of investments	57,643	33,549	93,361	184,553			53,721	53,721
Total investment income	**877,154**	**41,354**	**134,297**	**1,052,805**	**684,745**	**12,428**	**122,907**	**820,080**
Investment expenses								
Expenses of internal and external management of investments and financial expenses	35,708	6	155,626	191,340	44,094	6	156,694	200,794
Other investment expenses	284,184	173	11,802	296,159	92,208	22,333	24,017	138,558
Losses on sale of investment	300,870		30,618	331,488	26,546		38,804	65,350
Total investment expenses	**620,762**	**179**	**198,046**	**818,987**	**162,848**	**22,339**	**219,515**	**404,702**
FINANCIAL RESULTS	**256,392**	**41,175**	**(63,749)**	**233,818**	**521,897**	**(9,911)**	**(96,608)**	**415,378**

Net write-backs for long-term impairment totalled €14 million at 31 December 2009, against a net provision of €54 million in 2008.

Given the volatility of the financial markets, the trigger for posting long term impairment was reduced to 20% compared to 30% in 2008.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical income of €0.3 million is immaterial.

Other non-technical expenses totalling €19.9 million consist largely of the share of general expenses broken down by purpose, totalling €6.8 million, as well as an additional provision for retirement pension commitments of €6.3 million.

NOTE 20 EXCEPTIONAL INCOME AND EXPENSES

The 2009 exceptional profit of €8.1 million mainly corresponds to:

- provisions for net risks and charges: +€19.9 million;
- subsidies paid as part of the financing of major programmes: -€11.8 million.

NOTE 21 CORPORATE INCOME TAX

Tax charge

(in thousands of euros)	31.12.2009	31.12.2008
Corporate income tax payable	(10,296)	(15)
Reserves linked to fiscal consolidation gains in year N	139,173	86,765
Carry back	100,000	
Other	(13,513)	(9,809)
TOTAL INCOME TAX	**215,364**	**76,941**

Specific nature and make-up of the "Corporate income tax" line

As at 31 December 2009, the "Corporate income tax" line includes a net tax credit of €215.4 million that breaks down as follows:

- tax consolidation income: €251.4 million;
- tax consolidation expenses: -€36.0 million.

The "income tax" item consists principally of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €139.2 million, a positive amount corresponding to a carry-back credit totalling €100 million. Since the consolidated group posted a loss, no group income tax charges were booked for fiscal year 2009, except a tax charge of €10.3 million relating to a real estate transaction at a rate of 19%.

Tax loss carry-forwards

At 31 December 2009, the consolidated group had €6 million in short-term carry-forwards.

NOTE 22 BREAKDOWN OF EMPLOYEE EXPENSES

(in thousands of euros)	31.12.2009	31.12.2008
Salaries	66,390	55,046
Social Security charges	27,632	23,652
Other	2,784	2,381
TOTAL	**96,806**	**81,079**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2009, the average rate of expenses of the Group kept by Groupama SA is 57.20%.

NOTE 23 WORKFORCE

Personnel

(in numbers)	31.12.2009	31.12.2008
Senior management	154	130
Executives	1,228	1,145
Non-managerial staff	295	309
TOTAL PERSONNEL	**1,677**	**1,584**

NOTE 24 DIRECTORS' REMUNERATION

2009 compensation allocated to the Groupama SA administrative and executive bodies was respectively €342,300 and €5,206,700.

NOTE 25 PROPOSED ALLOCATION OF INCOME

The taxable profit for fiscal year 2009 was €148,367,000.

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: €44,185,000.

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 company's capital; subject to publication:	Share of capital held at 31.12.2009	Book value of stocks held at 31.12.2009		Premium income from the latest fiscal year	Profit (loss) from the latest fiscal year
		Gross	Net		
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	100.00%	671,462	671,462	1,068,620	3,517
GROUPAMA GAN VIE	74.41%	734,655	734,655	5,797,230	455,304
GAN EUROCOURTAGE	100.00%	367,636	367,636	788,467	93,910
GROUPAMA ASSURANCE CRÉDIT	99.99%	19,818	19,818	31,521	600
GROUPAMA TRANSPORT	100.00%	177,908	177,908	307,275	7,638
AMALINE ASSURANCES	99.99%	43,589	43,589	11,332	(15,951)
GROUPAMA GARANCIA BIZTOSITO	100.00%	578,764	459,464	322,294	36,479
GROUPAMA ASIGURARI SA	100.00%	531,343	518,843	200,771	(7,318)
GROUPAMA ASSICURAZIONI	100.00%	1,395,276	1,395,276	1,397,662	78,195
GROUPAMA VIETNAM	100.00%	19,193	14,789	147	(278)
GROUPAMA SEGUROS Y REASEGUROS SA	100.00%	518,167	518,167	925,435	51,224
GROUPAMA SEGUROS DE VIDA	100.00%	35,940	35,940	88,132	2,691
RAMPART INSURANCE COMPANY	100.00%	42,607	0	0	(2,665)
GAN OUTRE MER	99.99%	31,636	31,636	96,098	3,880
GROUPAMA PHOENIX	100.00%	192,274	192,274	186,932	1,083
GROUPAMA INSURANCE COMPANY LIMITED	100.00%	423,354	360,969	507,024	59,800
OTP GARANCIA ASIGURARI	100.00%	31,217	6,217	8,697	(7,582)
OTP GARANCIA BULGARIE VIE	100.00%	72,680	72,680	3,484	147
OTP GARANCIA SLOVAQUIE VIE	100.00%	45,594	37,494	923	(1,597)
GROUPAMA SIGORTA	64.45%	309,083	309,083	337,252	(3,163)
Other companies:					
GROUPAMA BANQUE	84.12%	275,082	275,082	116,541	1,436
GAN PATRIMOINE	99.97%	37,351	37,351	0	NC
GAN PREVOYANCE	99.99%	193,628	193,628	0	NC
GAN BROKING SERVICES LIMITED	100.00%	570,667	207,960	0	3,192
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	81,589	81,589	0	585
SCI 79 CHAMPS ELYSEES	91.21%	60,496	60,496	7,500	4,535
SCIFMA	74.88%	36,069	36,069	1,762	(662)
GROUPAMA EPARGNE SALARIALE	99.99%	23,278	23,278	9,913	(1,113)
Equity interests held between 10 & 50%					
COMPAGNIE FONCIÈRE PARISIENNE	32.74%	307,076	307,076	57,102	65,514
SILIC	30.02%	136,248	136,248	155,378	38,940
BASAK GROUPAMA EMEKLILIK	37.36%	71,319	71,319	168,722	15,771
GUNES SIGORTA	36.00%	37,012	37,012	NA	NA
Société Tunisienne d'Assurances et de Réassurances	35.00%	70,598	70,598	NA	NA

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests in thousands of euros	Book value of securities held		Total loans and advances granted	Total guarantees and surety given	Total dividends deposited (1)
	Gross	Net			
Subsidiaries					
French	2,694,850	2,690,569	563,233	9,131	307,418
Foreign	4,899,360	4,262,357	92,387	38,739	55,990
Equity interests					
French	467,521	466,986	1,578	0	35,044
Foreign	179,393	179,393	0	0	9,296

(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.

6.4. AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

(Year ended 31 December 2009)

Dear Shareholders,

In performance of the audit engagement assigned to us by your General Meeting, we hereby present our report on the fiscal year ended 31 December 2009 regarding:

- the audit of the annual company financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the checks and specific disclosures required by law.

The annual financial statements were prepared by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit consists of examining, on a test basis, or other methods of selection, the evidence supporting the amounts and disclosures in the annual financial statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that the evidence we collected provide a sufficient and appropriate basis for our opinion.

We certify that, with respect to French accounting principles and rules, the parent company financial statements are proper and accurate and give a faithful image of the transactions of the past fiscal year and the financial condition and net worth of the company at the end of that fiscal year.

II – JUSTIFICATION OF ASSESSMENTS

The economic crisis which has followed on from the financial crisis has created special conditions in which to prepare the financial statements as at 31 December 2009, particularly as regards the accounting estimates that are required in application of the accounting principles. It is in this context of a certain difficulty to grasp economic and financial outlooks that, pursuant to the provisions of Article L. 823-9 of the Commercial Code, we conducted our own assessments, which we are now reporting to you:

- in notes 3.2.2 and 5. of the notes to the annual financial statements, your company detailed the valuation and impairment methods used for financial assets. We examined the recoverable amounts, the horizons of ownership and your company's capacity to hold those securities over those horizons.

  We also examined the appropriateness of the mechanism put in place to identify the direct and indirect exposure of the financial assets to the financial crisis, the methods used to measure the value of those assets, the provisions recognised for long-term impairment, and the disclosures in the notes mentioned above;
- certain technical items specific to insurance, to the assets and liabilities on your company's financial statements are estimated according to regulatory methods and by using statistical data and actuarial techniques. This is the case with the technical provisions in particular. The methods of determining those items are described in note 3 of the notes to the financial statements.

  We also checked the consistency of all the assumptions and calculation models used by your company and the compliance of the evaluations obtained with the requirements of its regulatory and economic environment.

The assessments made were part of our audit of the annual financial statements, considered overall, and therefore have provided a basis for our opinion as expressed in the first part of this report.

III – CHECKS AND SPECIFIC DISCLOSURES

In compliance with the professional standards applicable in France, we also carried out the specific checks required by law.

We have no comments to make about the sincerity and concordance, with the annual financial statements, of the disclosures made in the Board of Directors' management discussion and analysis and in the documents sent to shareholders on the financial position and the annual financial statements. With respect to the disclosures made pursuant to Article L. 225-102-1 of the Commercial Code, concerning the compensation and benefits paid to the directors and officers and the commitments made to them, we have checked on their concordance with the financial statements and with the data used in preparing the financial statements and, where applicable, the data collected by your company from the companies that control your company or which it controls. On the basis of this work, we hereby certify the accuracy and sincerity of those disclosures.

Pursuant to the law, we have made sure that the various disclosures with regard to equity holdings and acquisitions of control and the identity of the holders of share capital and reciprocal holdings have been communicated to you in the management discussion and analysis.

Executed in Neuilly-sur-Seine and Paris La Défense, 3 March 2010

The Auditors

PricewaterhouseCoopers Audit — Mazars

Michel Laforce — Bénédicte Vignon — Gilles Magnan

7

LEGAL INFORMATION

7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded 11 December 1987 for a period of 99 years, i.e., until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

7.1.2.1 Form (Article 1)

The Company, which is a French 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 departmental reinsurance mutuals (hereinafter referred to by the term "Mutual"), pursuant to Article R. 322-120, 4o of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of covers provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- reinsurance of any insurance or reinsurance companies governed by the Insurance Code, regardless of form and with registered offices in France or abroad;
- engaging in any activities involving outward reinsurance, retrocession, or compensation of the risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services, and related activities;

and, 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 is at 8-10, rue d'Astorg, 75008 Paris, France.

It may be relocated to any other location within the same department or to a neighbouring department by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The Company's duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid-in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the company's shares to 1,000 francs.

The same Meeting resolved to increase the Company's share capital from two hundred fifty thousand (250,000) francs to three billion, five hundred forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting of 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred sixty-five million (4,565,000,000) francs to five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs, through the issuance of six hundred eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs to five billion, three hundred twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issuance 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 twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issuance of eleven million, two hundred and fifty-eight thousand, twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) The General Meeting deliberating on an extraordinary basis on 29 June 2001, resolved to convert the company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the Company's share capital was increased by €5,381,563.46, from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L. 236-11 of the Commercial Code dated 28 June 2002, the assets of that company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322, following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L. 236-11 of the Commercial Code dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01, following the transfer by the CCAMA of all items relative to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's equity management division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met the same day after the meeting;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-takeover of Groupama International, pursuant to Article L. 236-11 of the Commercial Code, the assets of that Company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,186,513,186. It is divided among 231,514,768 shares of €5.125 each, fully paid-in and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, a registration certification will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the Board of Directors ruling by 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 envisioned in the sale, and the offered price, is to be issued by registered letter with return receipt to the Company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered as given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be invited by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a director to carry out his appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to 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 Ordinary General Meeting

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The directors are appointed by the Ordinary General Meeting for six (6) years of office.

  If one director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor.

- Directors elected by Company employees

  The status and methods of election of these directors are set by Articles L. 225-27 to L. 225-34 of the Commercial Code, as well as by the bylaws.

  They are two (2) in number, including a representative of the officers.

  In any event, their number may not exceed one third the number of directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a director will end upon completion of the meeting of the Ordinary General Meeting approving the parent company's financial statements for the fiscal year ended, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of director is set at the seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting in the year of his sixty-ninth birthday.

Each director must own at least one (1) share for the entire duration of his term of office.

(b) Conditions for the election of employee directors

For each vacant seat on the board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, if the number of seats of elected directors actually filled falls below two before the normal expiration of these directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the list of candidates is to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by Company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the Commercial Code, or by these bylaws, are set by General Management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Chairman from among its individual members, set his compensation, and set the duration of his term, which may not exceed that of his term as director.

If the acting Chairman attains the maximum age of 70 set for his term of office as director, his duties will terminate upon completion of the Ordinary General Meeting held in the year of his sixty-ninth birthday.

The Chairman will organise and lead the works of the Board of Directors, for which he reports to the General Meeting. He will ensure the successful functioning of the corporate bodies and specifically ensure that the directors are capable of fulfilling their duties.

(b) Vice Chairman

The Board of Directors may appoint from among its members a Vice Chairman, whose duties, in case of impediment of the Chairman, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meeting of the Board

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of impediment of the Chairman, the Board of Directors may be summoned either by the Vice Chairman, or by at least one third of its members or, if a director, by the company Chief Executive Officer.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out valid business if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice Chairman, and failing this, by a director appointed for this purpose at the start of the meeting.

Each director may give one of his colleagues power of attorney to represent him, but each director may only represent one of his colleagues and each power of attorney may only be given for a specific board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the validity of the deliberations.

The Chief Executive Officer will attend Board meetings.

A representative of the Works Council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the meeting Chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions set by law, the internal regulation may provide that meetings may be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, directors who participate in Board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors, or in his absence the author of the notice to meet, will inform the individuals invited of the methods to be applied for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors will set the guidelines for the Company's activity and ensure their implementation. Subject to the powers expressly assigned to the Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

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

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

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

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

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

The Board may resolve to create committees responsible for studying issues that 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 General Meetings and the Board of Directors. He will represent the Company vis-à-vis third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, 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 ended.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the Commercial Code apply to agreements entered into directly or through an intervening party, between the Company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company in the sense of Article L. 233-3 of the Commercial Code.

7.1.2.18 Non-voting board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting members, who may not exceed six in number.

In the event of a vacancy of one or more non-voting board member 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 board members are invited to meetings of the Board of Directors and may take part in the deliberations, in an advisory capacity; however, their absence shall not prevent the holding of valid deliberations.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice to meet.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice Chairman or a director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be filled by the two members of the Meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice Chairman, or the meeting secretary.

7.1.2.21 Deliberation by Meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions governing them, respectively, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by law, with regard to the proportion of share capital they represent, is to be allocated to all shares fully paid in, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a member State of the European Union.

7.1.2.22 Fiscal year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends – Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution – Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company is dissolved upon expiration of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares, the Company's expiration or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 AMENDMENTS TO THE BYLAWS APPROVED BY THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL 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", has been amended; Article 10, "Transfer of shares – approval clause" is replaced by "Identification of shareholders"; Article 11, "Exceeding thresholds", is created; Articles 12 to 27 are formerly Articles 11 to 26, and Article 21 "General meetings", formerly Article 20, has been amended.

7.1.3.1 Form of the shares and identification of shareholders (future Articles 9 and 10 of the bylaws)

(a) Form of the shares (future Article 9 of the bylaws)

Shares fully paid in are registered or bearer shares, at the shareholder's discretion, subject to the current legal and regulatory provisions and the Company bylaws; they are required to be registered until such time as they are paid-in in their entirety.

(b) Identification of shareholders (future Article 10 of the bylaws)

10.1 - Ownership of the shares is established by a record in the Company's accounts in accordance with current regulation.

If the owner of the shares is not domiciled on French territory, any intermediary may be registered on behalf of that owner. Registration may be undertaken in the form of a joint account or in several individual accounts, each corresponding to one owner. The registered intermediary is required, at the time its account is opened either with the Company, or with the qualified financial intermediary that is the account owner, to declare its status as intermediary holding shares on behalf of another party, in accordance with current legal and regulatory provisions.

10.2 - For purposes of identifying holders of bearer shares, the Company may request that the central depository that keeps the account for issuance of its shares provide the information corresponding to Article L. 228-2 of the Commercial Code. Thus, the Company is entitled to request at any time, in exchange for compensation, for which it is responsible, the name and year of birth or, in the case of a legal entity, the corporate name and year of founding, the nationality, and the address of the holders of securities conferring either immediately or over time the right to vote in the meetings as well as the number of shares held by each and, as applicable, any restrictions to which the shares may be subject.

The Company, in view of the list sent by the central custodian, is entitled to request, under the same conditions, either through the intervention of this body or directly from the parties appearing on this list and for which the Company believes they might be registered on behalf of third parties, the same information concerning share owners. These parties are required, if they have the status of intermediary, to reveal the identity of the owners of these shares. The information is provided directly to the financial intermediary and authorised account holder, with the latter responsible for communicating it, as applicable, to the Company or central depository.

In the case of registered shares exercisable immediately or over time, the registered intermediary is required to reveal the identity of the owners of these shares as well as the number of shares held by each, upon mere request of the Company or its representative, which may be submitted at any time.

So long as the Company believes that certain holders whose identity has been communicated thereto are owners of the shares on behalf of third parties, it is entitled to ask such holders to reveal the identity of the owners of these shares as well as the number of shares held by each. Upon issuing this request, the Company may request that any legal entity holding its shares and owning interests exceeding 2.5% of the share capital or voting rights, disclose the identity of the persons directly or indirectly holding more than one third of the capital or voting rights of the legal entity holding the Company's shares.

In the event of a breach of the obligations mentioned above, the shares or equity instruments exercisable immediately or over time and for which the party that violated these obligations was registered to the account shall be deprived of voting rights at any general meeting that might be held until the date of clarification of the identification, and payment of the corresponding dividend will be deferred until that date.

Moreover, in the event that the registered party knowingly ignores its obligations, the court in the jurisdiction of the Company's registered offices may, at the request of the Company or of one or more shareholders holding at least 5% of the share capital, pronounce complete or partial suspension, for a total period not to exceed five years, of the voting rights attached to the shares that had been subject to a request for information from the Company and possibly, for the same period of time, the right to payment of the corresponding dividend.

7.1.3.2 Exceeding the threshold set by the bylaws (future Article 11 of the bylaws)

In addition to the legal obligations to report on exceeding the threshold or declare intent to do so, any individual or legal entity acting alone or in concert which directly or indirectly acquires through the intermediation of one or more legal entities that it controls in the sense of Articles L. 233-3 or L. 233-9 of the Commercial Code a number of shares representing a proportion of the share capital or voting rights equal to or greater than 2%, and then an additional tranche equal to a minimum of 0.5% of the share capital, or exceeds the thresholds of declarations provided for by the legal and regulatory provisions, must inform the Company by registered letter with acknowledgment of receipt sent to the Company's corporate registered offices within five trading days after exceeding the threshold, stating the total number of shares and voting rights it holds, alone or in concert, directly or indirectly through the intermediation of companies it controls in the sense of Article L. 233-3 of the Commercial Code or as indicated in Article L. 233-9 of the Commercial Code. It must also indicate the date or dates the declared shares were acquired.

This reporting obligation also applies when the shareholder's interest in the share capital or voting rights falls below any of the thresholds mentioned in the above paragraph.

Failure to satisfy the above provisions is subject to penalties, upon request set forth in the minutes of the General Meeting, by one or more shareholders holding a proportion of the Company's share capital or voting rights equal to at least 5%, by the suspension of voting rights for the shares or rights attached thereto exceeding the proportion that would have had to be declared, for any general meeting that might be held within two years after the date of clarification of the above notification.

7.1.3.3 General Meetings (future Article 21 of the bylaws)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice to meet.

Any shareholder may attend General Meetings in person, by proxy or by 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 meeting notice.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides. These shareholders will be deemed as present at the meeting for calculating quorum and majority. Any proxy or vote cast electronically under these circumstances before the meeting as well as any notice of receipt, shall be considered unconditional and binding on all parties; it shall be understood, however, that, in the event any securities are sold before the third business day preceding the meeting at midnight Paris time, the Company shall invalidate any proxy or vote cast electronically before the meeting or modify it accordingly, as the case may be.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice Chairman or a director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be filled by the two members of the Meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice Chairman, or the meeting secretary.

7.1.4 INTERNAL REGULATION

The purpose of 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 necessary.

The board is to be assisted by technical committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the Commercial Code, the Board of Directors decided to create within it an Audit and Accounts Committee, Compensation and Appointments Committee and an Agreements Committee. The duties, membership, and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create ad hoc committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of directors with the skills, experience, independence of mind, and a willingness to become involved in the company's business. These directors are appointed to serve the interest of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to directors representing the controlling shareholder and directors elected by the employees of the Company, the Board will consist of four (4) outside directors who lack any direct or indirect relationship with the company and/or companies of the Group to which the Company belongs (independent director).

Status of independent director

A director is considered independent when he maintains no relationship of any kind whatsoever with the Company, its group, or its management, which might compromise the exercise of his freedom of judgement.

The Board of Directors is required to verify that candidates to independent director positions meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each director with regard to the status of independent director and report its findings in the Annual Report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting board members

Pursuant to Article 18 of the Company bylaws, the General Meeting may appoint one or more non-voting members, up to a maximum of six.

All obligations of the directors under this instrument apply to the non-voting board members, including when the obligations result from provisions applicable only to directors (whether these provision derive from the law, from decrees, or from regulations, specifically those of the Autorité des Marchés Financiers ("AMF").

(e) Notice to meet – holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom he delegated this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices shall be made by letter, telegram, telex, fax, e-mail, or verbally, and may be sent by the 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 request that the Chairman invites the Company's principal administrative officers to meetings of the Board of Directors or Committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors or Committee meetings will summarise the debates that took place.

(f) Provisions specific to the holding of Board meetings by videoconference or any telecommunications method

Directors who participate in Board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed as present for purposes of calculating quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and allow continuous broadcast of its deliberations.

However, participation in Board meetings by videoconference is not possible for the following decisions:

- appointment, compensation, and dismissal of the Chairman and Chief Executive Officer;
- preparation of the annual parent company financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be filled by the Company Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the directors participating in the Board meetings and indicating the name of the directors deemed present in the sense of Article L. 225-37 of the Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the director temporarily assigned to the duties of meeting Chairman, the secretary of the Board, or a legal representative authorised for this purpose.

(i) Evaluation of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures, and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 Rights and obligations of directors

(a) Submission of the bylaws and internal regulation

Before accepting his duties, a director must be familiar with the laws and regulations related to his duties. Upon entering into office, a copy of the Company bylaws and of this internal regulation will be submitted to him. The Board will provide for an updating of the internal regulation to take into consideration any legal and regulatory changes as well as local practice.

(b) Training

If necessary, directors and members of specialised Committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core businesses, and its business lines.

(c) Participation in Board and Committee meetings

A director must dedicate the necessary time and effort to his duties. He must undertake to faithfully attend meetings of the Board and Committees of which he is a member, and actively participate in their respective works.

If he feels that any decision of the Board of Directors is likely to harm the Company, a director must undertake to clearly express his opposition and to use every means possible to convince the Board of the relevance of his position.

(d) Loyalty and conflicts of interest

The director has an obligation of loyalty to the Company. He must not under any circumstances act in his own interest against that of the Company.

The director undertakes not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other directors, specific groups of shareholders, creditors, suppliers, and any third party in general.

To this end, prior to signing, he undertakes to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the Commercial Code.

Moreover, it is forbidden for a director to:

- acquire a stake or responsibility in any unlisted company in which the Company or the Group, directly or indirectly holds a share, in a capacity other than as a group representative;
- acquire a stake or responsibility in any unlisted company that has a contractual relationship with the Company or the companies of the Group.

He is to ensure that his participation on the Board is not the source of any conflict of interest for him or the Company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the director in question will report it completely and in advance to the Board of Directors; he will be required to abstain from participating in board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and the vote). In the event of any question, directors may consult the Company Secretary, who will guide them on this point.

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 Corporate Secretary, and whose name, address and telephone number shall be sent to the directors by the Corporate Secretary.

(e) Rights and obligations of directors with regard to information

The Company Chairman or Chief Executive Officer must send each director any documents and information necessary for fulfilment of the Board's duties, i.e., the making of decisions for which it is competent, and control of the administration exercised by management.

Preparation for board meetings

The Chairman or Chief Executive Officer will seek to communicate to the directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the directors to participate in board discussions in a knowledgeable manner and to usefully discuss points on the agenda.

In the absence of information or in the event of the communication of information deemed to be incomplete, the directors will request that the Chairman or Chief Executive Officer provide information they believe essential to their participation at the Board of Directors' meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer are required to communicate to directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as directors have an obligation of confidentiality.

Requests for documents and information from directors are to be sent to the Corporate Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or Chief Executive Officer may deem it preferable to make the requested documents available to directors at the Company's registered offices.

If he believes the information request exceeds the responsibilities of the director or is likely to raise a problem of conflict of interest, the Chairman or Chief Executive Officer, after having so informed the director in question, may consult the Chairman of the Audit and Accounts Committee for his advice, prior to any response.

(f) Personal shares

It is desirable that each director hold at least one (1) share.

(g) The accumulation of terms of office

Candidates to the offices of director are required to inform the Board of Directors of positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer, which they may hold in other companies with registered corporate offices in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year ended, Directors are also required to communicate the list of positions they have occupied during the year ended with a view to preparing the Management Report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and Committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties, and specifically Company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by directors which involve listed companies or the securities of listed companies, whenever directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the Autorité des Marchés Financiers (AMF) general regulations.

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security which is not known to the public and which may significantly influence the trading price of that security must be kept strictly confidential and may not be used or communicated for the placing of orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The AMF general regulations contain similar prohibitions, violation of which will expose the perpetrator to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits which may be made.

Significant changes to laws and regulations shall be made known to the directors by a note from the Corporate Secretary.

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his functions, has privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directory or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the price of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event which has happened or is likely to happen when it is possible to conclude from them the effect that those circumstances or that event could have on the price of the securities in question.

This information, were it to be made public, could have considerable influence on the price of the securities in question and could be used by a reasonable investor as one of the foundations of his investment decision (buy, sell or hold).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED TO CONSTITUTE PRIVILEGED INFORMATION?

This includes, among other things:

- earnings (or estimated earnings), earnings higher or lower than announced projections;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, investment stakes, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event tied to activity which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of securities holders, public or private sales of additional shares).

This list is not exhaustive; other information may be considered privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, among other means:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with an audit authority (such as the Registration Document filed with the AMF);
- the Internet;
- documents sent to shareholders (Annual Report or information prospectus).

Applicable rules

It is likely that Company directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined for approval.

Listed companies in which the company holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any director having, as part of his functions, privileged information related to a listed company or the securities of a listed company to keep this information confidential.

He is forbidden to disclose this information outside of the normal framework of his functions or for reasons other than those related to why the information was disclosed to him.

In the event that the director in question should need to divulge this information to another person in the Group or a third party for the purpose of his functions, he undertakes to do so only after he has informed that person or third party that the information is confidential and that he is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the director having such information as part of his functions for a listed company or listed security is forbidden to:

- use the privileged information that he has, to acquire or dispose of, or attempt to acquire or dispose of, on either his own behalf or on behalf of others, directly or indirectly, the securities tied to that information or the securities to which those securities are tied;
- recommend to another person to acquire or dispose of, or to have another person acquire or dispose of, the securities tied to that information or the securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of directors is to be set by the Board at the proposal of the Appointments and Compensation Committee. The rules for the distribution of directors' fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

7.1.4.3 Appendices to the internal regulation

Appendix 1

Audit and Accounts Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Accounts Committee is the following:

- to analyse the semi-annual and annual financial statements distributed by the Company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and consistency of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to examine the risk management policy;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for carrying out legal audits, ensuring monitoring of the latter and ensuring compliance with the rules guaranteeing the independence of the statutory auditors; to this end, the Committee may request communication of the fees paid by the Company and its Group to the statutory auditors and their respective networks;
- to address upon request, on any subjects falling within its competence, the Group's financial and accounting management;
- to examine external growth transactions, by verifying that the proposed transaction is within the strategy defined by the Group and the profitability of the project and its impact on the overall financial balance of the Group;
- to assess the consistency of the mechanisms involving internal control, risk monitoring, and ethics compliance; to assess the internal audit works and the annual report on internal control;
- to receive the reports of the statutory auditors;
- to provide that the internal data collection and control procedures ensure the quality and reliability of the company's accounts;
- and to verify, before publication, all accounting and financial information documents issued by the Company.

MEMBERSHIP

The Audit and Accounts Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the directors and auditors. At least one (1) of the committee members must be independent and chosen from among the Company's outside directors. The committee cannot include the Chairman among its members. At least one committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the company, and good understanding of internal control procedures and the committee's functions.

The terms of office of Committee members coincides with their terms as director or auditor. The committee appoints its Chairman. The Groupama SA Corporate Secretary serves as Committee secretary.

OPERATION

Internal organisation of the Committee

The Audit and Accounts Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and semi-annual financial statements by the Board of Directors. Members are convened by the committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Audit and Accounts Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for purposes of its deliberation.

The Committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the Committee relevant and useful clarifications for proper understanding of an issue;
- must exclude from its discussions non-independent members of the Committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Accounts Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational specifics.

The timeframes for examination of the accounts by the Audit and Accounts Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For purposes of its examination of the accounts, the Committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is the following:

- to propose to the Board of Directors any questions relative to the personal status of the corporate officers, specifically compensation, retirement, and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the company's management bodies;
- to make any proposals regarding the compensation of corporate officers, and the allocation and distribution of directors' fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate officers and ensure the consistency of these rules with the evaluation performed annually of the performance of the corporate officers and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to annually verify the individual status of each director with regard to the classification of independent director and communicate the conclusions of its examination to the Board of Directors;
- to examine the succession plans for the Company's directors and corporate officers;
- to annually perform tasks involving evaluation of the Board of Directors' operating methods, and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the directors and auditors. At least one (1) of the Committee members must be chosen from among the Company's outside directors.

The terms of office of Committee members coincides with their terms as director or auditor. The Committee appoints its Chairman. The Groupama SA 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 auditors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and the Chief Executive Officer.

Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the Committee's opinions and recommendations for purposes of its deliberation.

The committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The Agreements Committee has the following purpose:

- to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries which are likely to result from their business relationships. In this context, the Committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are respected;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the Commercial Code, including those signed between the Company and one of its auditors or with the Company which controls one of its shareholders (that has a fraction of voting rights above 10%) as defined in Article L. 233-3 of the Commercial Code.

  In this context, the Committee must submit a report to the Board of Directors for each of these agreements, specifically, regarding its purpose, its amount, and its principal conditions, and draw its conclusions, in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions in the sense of Article L. 225-39 of the Commercial Code);

The Committee will also report to the Board of Directors on the status of these agreements;

- to analyse any and all agreements between the regional mutuals and Groupama SA and its subsidiaries, and more specifically, making certain that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practices;
- to analyse the conditions for applying the reinsurance agreement between Groupama SA and its regional mutuals.

MEMBERSHIP

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the directors and the auditors. At least one (1) of the committee members must be independent and chosen from among the Company's outside directors, on the understanding that independence is determined in accordance with the criteria listed by the Afep/Medef task force. The Committee cannot include the Chairman among its members.

The terms of office of committee members coincides with their terms as director or auditor. The committee appoints its Chairman from among the independent directors. The Groupama SA 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 purposes of its deliberation.

The Committee is required to prepare an activity report on the fiscal year ended, which it must submit to the Board of Directors within three (3) months after the close of such year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The timeframes for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

Appendix 4

Criteria for independence

DEFINITION

For the purposes of this appendix, the term "corporate officer" will be understood as defined in recommendation 2002-01 of the Commission des Opérations de Bourse:

"The corporate officers are as follows:

- the managers;
- the Chairman (Chairman of the Board of Directors or Chief Executive Officer);
- the Executive Officers;
- the Delegated Executive Officers;
- the members of the Management Board;
- the individuals or legal entities exercising the functions of director or member of the Supervisory Board, as well as the permanent representatives of the legal entities exercising these functions, and;
- any person exercising equivalent functions in foreign companies."

CRITERIA

A director is considered to be independent if he meets the following conditions:

- he is not an employee or does not exercise managerial functions within the company, or is not an employee or director of the parent company or a Company it is consolidating, and has not been at any time over the past five years;
- he has not been paid by the Company, in any form whatsoever, with the exception of directors' fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he is not the corporate officer of a company in which the Company holds, directly or indirectly, the position of director or in which an employee designated as such or a corporate officer of the company (currently or within the past five years) holds the position of director;
- he is not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- he has no close family ties to a corporate officer;
- he has not been the auditor of the company over the previous five years and has not been a director of the company for over twelve years;
- he does not represent a major shareholder in the Company, on the understanding that:
  - a shareholder is considered to be a major shareholder when he holds more than 10% of share capital or voting rights (as calculated by consolidating his various shareholdings);
  - above this threshold, the Board, on the recommendation of the Compensation and Appointments Committee, will routinely inquire into his qualification as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relative to the Company's bylaws and share capital appearing in 7.2.1.1 and 7.2.1.3 results from or is the consequence of resolutions adopted by the Combined Ordinary and Extraordinary General Meetings held 29 June 2006, 30 May 2007, 28 May 2008 and 27 May 2009 under the condition precedent of the listing of shares for trading and the first trading of the Company's shares on the Eurolist of Euronext Paris SA market.

7.2.1.1 Total share capital

- Total share capital issued: €1,186,513,186, represented by shares all of the same category
- Number of shares issued and fully paid in: 231,514,768
- Par value of the shares: €5.125
- Authorised share capital not issued

Status of powers of attorney to the Board of Directors adopted by the Combined Ordinary and Extraordinary General Meetings of 28 May 2008 and 27 May 2009, under the condition precedent of the listing of the Company's shares for trading and the first trade of the shares on the Eurolist of Euronext Paris SA market:

Securities	Duration of the authorisation and expiration	Maximum par value of the increase in share capital
Preferred stock (Capital increase from all shares combined)	26 months as of the General Meeting of 28 May 2008	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Non-preferred stock (Capital increase from all shares combined)	26 months as of the General Meeting of 28 May 2008	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Capital increase by capitalisation of premiums, reserves, earnings, etc.	26 months as of the General Meeting of 28 May 2008	€400 million
Issuances reserved for categories of persons (Capital increase reserved for a category of persons)	18 months as of the General Meeting of 27 May 2009	€1.1 billion to be allocated to the total capital increases authorised by the Meeting, i.e., €1.1 billion
Increase in the number of shares to be issued in case of a capital increase with or without preferential share right	26 months as of the General Meeting of 28 May 2008	15% of the initial issuance
Capital increase reserved for employee members of a company savings plan	26 months as of the General Meeting of 28 May 2008	€150 million
Free allocations of shares existing or to be issued in favour of employees of the Group or certain members thereof	26 months as of the General Meeting of 27 May 2009	10% of the share capital
Capital reduction by cancellation of treasury shares	24 months as of the General Meeting of 28 May 2008	10% of the share capital
Share buyback programme	18 months as of the General Meeting of 27 May 2009	10% of the share capital up to a maximum of €500 million
Capital increase by contributions in kind consisting of shares or equity instruments	26 months as of the General Meeting of 28 May 2008	10% of the share capital

A proposal will be made to the General Meeting of 26 May 2010 to renew:

- the issuance of shares and/or equity securities, with preservation of the preferential subscription right, in Resolution Eight, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Nine;
- the issuance 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 Nine and Ten, which cancel and replace the one previously issued by the General Meeting of 28 May 2008 in Resolution Ten;
- the increase in the number of securities to be issued in the event of a capital increase with or without preferential subscription rights, in Resolution Eleven, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Twelve;
- the issuance of shares or equity securities in payment for in-kind contributions involving shares or equity securities in Resolution Twelve, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Seventeen;
- the increase of share capital by capitalisation of issue premiums, reserves, profits or other, in Resolution Thirteen, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Eleven;
- the issuance of shares and/or equity securities reserved to Groupama Holding, in Resolution Fourteen, which cancels and replaces the one previously issued by the General Meeting of 27 May 2009 in Resolution Nineteen;
- the issuance of shares and/or equity securities reserved to Groupama Holding 2, in Resolution Fifteen, which cancels and replaces the one previously issued by the General Meeting of 27 May 2009 in Resolution Nineteen;
- the issuance of shares and/or equity securities reserved for certain categories of investors in Resolution Sixteen, which cancels and replaces the one previously issued by the General Meeting of 27 May 2009 in Resolution Nineteen;
- the issuance of shares and/or equity securities reserved for savings plans participants, in Resolution Seventeen, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Fourteen;
- the free allocations of shares existing or to be issued in favour of some or all group employees, in Resolution Eighteen, which cancels and replaces the one previously issued by the General Meeting of 27 May 2009 in Resolution Twenty;
- the reduction of share capital by cancelling treasury shares, in Resolution Nineteen, which cancels and replaces the one previously issued by the General Meeting of 28 May 2008 in Resolution Sixteen.

7.2.1.2 Non-equity instruments

As of the date of the recording of this Registration Document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares of the Company.

The Combined Ordinary and Extraordinary General Meeting of 27 May 2009 has authorised the Board of Directors, for a period of eighteenth months, to purchase shares in the Company pursuant to Articles L. 225-209 et seq. of the Commercial Code and in accordance with the Autorité des Marchés Financiers general regulations.

Pursuant to this authorisation, shares may be purchased, sold, or transferred at any time, including during a public offering period, and by any means, on the market or over the counter, including through the purchase or sale of blocks of shares, without limit as to the proportion of the purchase programme that may be realised by this means, by public purchase, sale, or exchange offer, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market or through the remittance of shares following the issuance of stock by conversion, exchange, redemption, exercise of an order or in any other manner, either directly or indirectly through an investment services provider.

This authorisation is intended to allow the Company to purchase and sell its shares for the following purposes:

- either allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 3332-18 et seq. of the Labour Code;
- or allotting bonus shares pursuant to Articles L. 225-197-1 et seq. of the Commercial Code and L. 322-26-7 II of the Insurance Code;

and, under the condition precedent of the listing for trading and the first trade of the Company's shares on the Eurolist of Euronext market and pursuant to Articles L. 225-209 et seq. of the Commercial Code:

- or tendering stock when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- or their cancellation, in whole or in part, under the terms indicated in Resolution Sixteen, which was adopted by the General Meeting of 28 May 2008;

- or tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, split offs or spin-offs;
- or for market-making or liquefying the Company's stock through an investment services provider under a liquidity agreement in compliance with the ethics charter recognised by the Autorité des Marchés Financiers;
- or carrying out purchasing or sales transactions by any means through an investment services provider, particularly during off-market transactions.

Share purchases by the Company may involve a [limited] number of shares, i.e.:

- the number of shares purchased by the company during the share buyback programme shall at no time exceed 10% of the shares comprising the Company's share capital; this percentage applies to capital adjusted based on the operations affecting it after this General Meeting;
- the number of shares to be held by the Company shall at no time exceed 10% of the shares comprising the company's share capital on the date considered.

The maximum purchase price of the shares under this resolution shall be €80 per share or the exchange value of such amount on the same date in any other currency.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

Moreover, in the event of a change in share par value, a capital increase through the capitalisation of reserves, the free allocation of shares, the split or consolidation of shares, the distribution of reserves or any other assets, the amortisation of share capital, or any other transaction affecting net equity, the General Meeting has delegated to the Board of Directors the authority to adjust the aforementioned purchase price in order to take into consideration the impact of these transactions on the share's value.

A proposal will be made to the General Meeting of 26 May 2010 to renew the share purchase programme in Resolution Seven, which cancels and replaces the one previously issued by the General Meeting of 27 May 2009 in Resolution Seventeen.

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 31.12.2009			Position at 31.12.2008			Position at 31.12.2007		
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	210,475,723	90.91%	90.91%	210,461,604	90.91%	90.91%	210,442,880	90.90%	90.90%
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*	224,681	0.10%	0.10%	238,800	0.10%	0.10%	257,524	0.11%	0.11%
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, officers and directors.*

The following table shows the changes in the share capital over the past three years.

Date of meeting	Transaction	Number of shares	Par value of the shares	Par value of capital increase	Additional paid-in capital	Cumulative amount of share capital	Number of shares
29 June 2006 Extraordinary General Meeting	Division of the par value of the share by 4	-	€5.125	-	-	€1,186,513,186	231,514,768

7.2.1.6 Share of employees in the share capital of Groupama SA

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, subject to the suspension periods, and with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA that occurred in June 2002, then by Groupama Holding following simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated semi-annual financial statements were audited.

Moreover, by virtue of the laws relative to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies, applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the highest between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will be forfeited if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA shares at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2009, employees, former employees and exclusive officers of Groupama SA held 0.10% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the company's principal shareholders as at 31 December 2009.

Shareholders	Number of shares	% of share capital	Number of voting rights	% of voting rights
Groupama Holding (1)	210,475,723	90.91%	420,918,603	90.91%
Groupama Holding 2 (2)	20,814,364	8.99%	41,628,728	8.99%
Other**	224,681	0.10%	449,338	0.10%
TOTAL	**231,514,768**	**100.00%**	**462,996,669**	**100.00%**

(1) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(2) As at 31 December 2009, employees, former employees, and exclusive officers held 224,613 shares, i.e., 0.10% of the Company. Moreover, on the same date, directors as a whole held 68 shares, i.e., four company shares each, after the split in the par value of the Groupama SA share by four as approved by the General Meeting of 29 June 2006.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals control a majority of Groupama SA.

7.3 GENERAL MEETING OF 26 MAY 2010

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management discussion and analysis from the Board of Directors on fiscal year 2009 and report from the chairman on internal control procedures.
- General reports from the statutory auditors on execution of their audit engagement during fiscal year 2009 and special report from the statutory auditors on the report from the chairman pursuant to paragraph 6 of Article L. 225-37 of the Commercial Code.
- Approval of the individual and consolidated financial statements for fiscal year 2009.
- Allocation of income and setting of the dividend.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the Commercial Code.
- Approval of the appointment of a director.
- 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

- Delegation of authority to the Board of Directors to increase the share capital, through the issuance of Company shares and/or equity securities, maintaining the preferential 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. 4 11-2 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.
- Delegation of authority to the Board of Directors to increase the number of shares to be issued in case of a capital increase with or without preferential subscription right.
- Delegation of authority to the Board of Directors to issue shares or equity securities without preferential subscription rights as compensation for contributions in kind corresponding to shares or equity securities.
- Delegation of authority to the Board of Directors to increase share capital through the capitalisation of issue 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 the share capital, through the issuance of Company shares and/or equity securities reserved for certain categories of investors.
- Delegation of authority to the Board of Directors to increase share capital, by issuing Company shares and/or equity securities reserved for savings plans participants, eliminating the preferential subscription right on their behalf.
- Delegation 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 treasury shares.

Within the scope of responsibilities of the combined Ordinary and Extraordinary General Meeting

- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First resolution (Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having taken note of the reports from the Board of Directors and statutory auditors on the fiscal year ended 31 December 2009 and the opinion of the Central Works Council on these same statements, approves the financial statements for said 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 €148,366,524.67.

Second resolution (Allocation of profit)

The General Meeting, ruling under the conditions of 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 €1,568,115,632.11, amount to €1,716,482,156.78; and

(ii) decides to allocate distributable earnings as follows:

- as shareholder dividend €104,181, 645.60
- and the balance to retained earnings €1,612,300,511.18

The dividend per share will be €0.45; it will be paid as from 27 May 2010.

It is hereby specified that all dividends paid out to natural persons, who are tax residents in France, are eligible for the 40% allowance pursuant to 2 and 3 of Article 158 of the General Tax Code, unless such persons opt for the fixed allowance under Article 117 quater of the General Tax Code.

To meet the provisions of Article 243bis of the 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
2008	€53,248,396.64	€53,248,396.64	€0
2007	€155,114,894.56	€168,034.66	€154,946,859.90
2006	€134,278,565.44	€154,708.62	€134,123,856.82

Third resolution (Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of 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 2009, approves these financial statements as presented, yielding a net profit (group share) of €659,707,000.

Fourth resolution (Regulated agreements referred to in Article L. 225-38 of the Commercial Code)

The General Meeting, ruling under the conditions of 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 Commercial Code and Article R. 322-7 of the Insurance Code on agreements referred to in Article L. 225-38 of the Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth resolution (Agreement containing commitments made to Mr Jean Azéma by decision of the Board of Directors dated 27 May 2009)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as provided for in Article L. 225-40, 3rd paragraph of the Commercial Code and Article R. 322-7 of the Insurance Code on agreements referred to in Article L. 225-38 of the Commercial Code, approves with reference to Article L. 225-42-1 of the Commercial Code, the terms and conditions of the compensation due or liable to fall due to Mr Jean Azéma in the event of termination of his duties as Chief Executive Officer, as authorised by the meeting of the Board of Directors of 27 May 2009.

Sixth resolution (Ratification of a director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Jean-Marie Bayeul in his capacity as director, which occurred at the Board of Directors' meeting of 26 August 2009, to replace Mr Robert Drouet, who resigned, for the remaining duration of his term of office, i.e., until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

Seventh resolution (Purchase by the Company of its own shares)

The General Meeting, ruling under the conditions of 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 Commercial Code, to purchase Company shares with a view to:

- the allocation of shares to employees for sharing in the results of the company's growth and the implementation of any company savings plan under the conditions set by law, specifically Articles L. 3332-1 et seq. of the Labour Code;
- the free allocation of shares within the framework of the provisions of Articles L. 225-197-1 et seq. of the 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 approval of the nineteenth resolution below;
- tendering the shares in exchange, payment or otherwise in the course of external growth transactions, mergers, spin-offs or capital contributions;
- ensuring the liquidity of the Company's shares through an investment services provider under a liquidity agreement in compliance with the ethics charter recognised by the Autorité des Marchés Financiers.

Share purchases by the Company may involve a specific number of shares so that:

- 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 would not exceed 10% of the shares comprising the Company's share capital on the date considered.

The shares may be acquired, sold or transferred at any time, including during public offerings and by any means, on the market or over-the-counter, including by block acquisition or sale with no limitation on any share buyback programme carried out by such means, by public tender offer for sale or exchange, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market, or by tendering shares following the issuance of securities entitling the holder access to the equity in the Company by conversion, exchange or 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 nominal value of the share, the authority to raise capital by capitalising reserves, by awarding bonus shares, by splitting or reverse splitting shares, by distributing reserves or any other assets, by writing down the share capital or any other transactions affecting shareholders' equity and the power to adjust the aforementioned purchase price in order to take into account the effect of such transactions on the share value.

The General Meeting grants full authority 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. With immediate effect and in respect of any unused portion, the General Meeting hereby terminates the authority granted under the combined Ordinary and Extraordinary General Meeting of 27 May 2009 in its 17th resolution.

Items within the scope of responsibilities of the Extraordinary General Meeting

Eighth resolution (Delegation of authority to increase the share capital by issuing shares and/or securities entitling the holder access to the Company's equity, with the preferential 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 Commercial Code, specifically Article L. 225-129-2 of the said Code:

1. hereby delegates to the Board of Directors 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 proportions and at times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash, or by 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 nominal 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 maximum nominal value of all capital increases likely to be carried out under this authority, including those granted under the ninth, tenth, eleventh, twelfth, fourteenth, fifteenth and sixteenth 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 nominal 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 Ordinary and Extraordinary General Meeting of 28 May 2008, in its 9th resolution;

4. in the event this authority is used by the Board of Directors:

- hereby resolves that any issuances 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 approved increase;
  - distribute freely some or all of the shares or, in the case of equity securities, i.e., those securities approved for issuance 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 allotted 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 allotment rights of fractional shares will not be traded and that the corresponding securities will be sold;

5. hereby resolves that the Board of Directors has full powers to implement this authority for the following purposes:

- to decide on the capital increase and determine the securities to be issued;
- to 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 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 nominal 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;
- 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 retroactive, from which the new shares will take legal effect, to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets of 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as applicable, to set the terms for preserving the rights of holders of equity securities;
- 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.

Ninth resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities and/or securities entitling the holder to an allotment 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 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 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 allotment of debt securities, on one or more occasions, in proportions and at times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash, or by offset against receivables. Such 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 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 nominal value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion;
   - to these maximum limits will be added, if applicable, the nominal 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 28 May 2008, in its 10th 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 Monetary and Financial Code completed based on the 10th 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 by the shareholders, have not absorbed the entire issuance, 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 to expressly 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 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 (being the Company's weighted average quoted share price before the three most recent trading sessions preceding the setting of such price, less a 5% discount and 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 issuance of those equity securities, be at least equal to the minimum subscription price defined in the two foregoing paragraphs;
9. hereby resolves that the Board of Directors has full powers to implement this authority for the following purposes:
   - to decide on the capital increase and determine the securities to be issued;
   - to 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, as applicable;
   - 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 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 nominal 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;

- 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 retroactive, from which the new shares will take legal effect, to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets of 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as applicable, to set the terms for preserving the rights of holders of equity securities;
- 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.

Tenth resolution (Delegation of authority to increase the share capital through a public offer, as specified under Article L. 4 11-2 II of the Monetary and Financial Code, by issuing shares and/or equity securities and/or securities entitling the holder to an allotment 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 the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 et seq. of the Commercial Code, specifically Articles L. 225-129-2, L. 225-136 and L. 225-148 of the said Code:

1. authorises the Board of Directors to decide to issue through offers covered under Article L. 411-2 II of the 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 allotment of debt securities, on one or more occasions, in proportions and at times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash, or by 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 nominal 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 maximum nominal limit of €1.1 billion stated under the eighth resolution submitted to this general meeting;
   - to these maximum limits will be added, if applicable, the nominal 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;
4. resolves that the security issues under this authority shall be carried out through offers specified under II of Article L. 4 11-2 of the Monetary and Financial Code, it being understood that they may be carried out in combination with a public offer or offers completed based on the ninth resolution submitted to this general 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 issuance, 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 to expressly 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 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 (being the Company's weighted average quoted share price before the three most recent trading sessions preceding the setting of such price, less a 5% discount and 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 issuance of those equity securities, be at least equal to the minimum subscription price defined in the two foregoing paragraphs;

9. resolves that the Board of Directors, in accordance with the law, shall have all powers to implement this authority including:

- 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 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 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 nominal 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;
- 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 retroactive, from which the new shares will take legal effect, to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets of 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as applicable, to set the terms for preserving the rights of holders of equity securities;
- 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.

Eleventh resolution (Delegation of authority to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription 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 Commercial Code:

1. hereby delegates to the Board of Directors the authority 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 subscription rights, at the same price as the price selected for

the initial issue, within the deadlines and limits set forth by the applicable regulations as at the issue date (at present, 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 nominal 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 general meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the combined Ordinary and Extraordinary General Meeting of 28 May 2008, in its twelfth resolution.

Twelfth resolution (Issuance 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, 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 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 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 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 transfers 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 general meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the combined Ordinary and Extraordinary General Meeting of 28 May 2008, in its 17th resolution.

Thirteenth resolution (Delegation of authority to increase the share capital by capitalisation of issue premiums, reserves, profits or other)

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 Commercial Code:

1. hereby delegates to the Board of Directors the authority to approve a capital increase, on one or more occasions, in the proportion and at 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 allotment of bonus shares or by raising the nominal value of any outstanding shares or by using both of these methods. The maximum nominal value of the capital increases likely to be carried out hereto may not exceed €400 million;
2. should the Board of Directors use this authority, the general meeting hereby delegates to the Board of Directors all powers to implement this authority, including:

- 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 nominal value of the outstanding shares comprising the share capital will be increased, to set the date, even retroactively, from when the new shares will take legal effect or the date on which the increase in nominal value goes into effect;
- to make the following decisions if bonus shares are allotted:
  - 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 by existing laws and regulations;
  - that the portion of the shares to be allotted 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, including if there are changes in the nominal value of the share, a capital increase by capitalisation of reserves, an allotment 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 against one or more available reserve accounts 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 general meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the combined Ordinary and Extraordinary General Meeting of 28 May 2008, in its 11th resolution.

Fourteenth 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 Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the Commercial Code:

1. delegates to the Board of Directors the authority to determine the capital increase, on one or more occasions, in proportions and at 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 by 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 French trade and companies registry 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 equity securities issued pursuant to this resolution could entitle them in favour of the holders of such securities;
4. resolves that the maximum nominal 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, this maximum limit will be increased for the nominal 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 foregoing paragraph;

6. resolves that the Board of Directors shall have all powers to implement this authority including:

- 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 the rights attached to the shares or equity securities to be issued and in particular, to set the date, even retroactively, from which the new shares will take legal effect, to determine the methods of exercising any rights to conversion, exchange or redemption, including by tendering assets of the Company such as securities already issued by the Company as well as any other terms and conditions for completing the capital increase;
- 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 nominal 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or

in any other transaction involving the shareholders' equity, and, as applicable, to set the terms for preserving the rights of holders of equity securities;

- 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;

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 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 27 May 2009, in its 19th resolution.

Fifteenth 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 Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the Commercial Code:

1. authorises the Board of Directors to determine the capital increase, on one or more occasions, in proportions and at times it deems appropriate, by issuing shares or equity securities of the Company, on the understanding that subscription of shares and other securities may be either in cash, or by 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 security 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 nominal 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, this maximum limit will be increased for the nominal 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 foregoing paragraph;

6. hereby resolves that the Board of Directors shall have full powers to implement this authority for the following purposes:

- 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, if applicable, the terms for exercising the rights attached to the shares or equity securities to be issued and in particular, to set the date, even retroactively, from which the new shares will take legal effect, to determine the methods of exercising any rights to conversion, exchange or redemption, including by tendering assets of the Company such as securities already issued by the Company as well as any other terms and conditions for completing the capital increase;
- 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 nominal 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as applicable, to set the terms for preserving the rights of holders of equity securities;
- 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;

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 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 27 May 2009, in its 19th resolution.

Sixteenth resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities, reserved for certain categories of investors)

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 Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the Commercial Code,

1. authorises the Board of Directors to determine the capital increase, on one or more occasions, in proportions and at 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 by offsetting against receivables;
2. 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 Articles L. 3344-1 and L. 3344-2 of said code, who are not beneficiaries of the issues carried out in accordance with the 17th resolution below, and/or (iv) of mutual funds or other employee shareholder entities investing in company securities for which the unitholders or shareholders will consist of persons mentioned under (iii) of this paragraph and/or beneficiaries of the 17th 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 nominal 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, this maximum limit will be increased for the nominal 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 foregoing paragraph;
- for issues to beneficiaries mentioned under (iii) and (iv) of 2 above, the issue price for new shares or equity securities will be based on the terms specified under 3 of the 17th resolution below or identical to the price at which securities of the same type will be issued pursuant to the 17th resolution below;

6. hereby resolves that the Board of Directors has full powers to implement this authority for the following purposes:

- to decide on the capital increase and determine the securities to be issued;
- to prepare the exact list of the recipients within the recipient classes cited in paragraph 2 above, for whom 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 be requested upon issue;
- determine the method of paying the shares or equity securities in full immediately or in the future;

- to set, if applicable, the terms for exercising the rights attached to the shares or equity securities to be issued and in particular, to set the date, even retroactively, from which the new shares will take legal effect, to determine the methods of exercising any rights to conversion, exchange or redemption, including by tendering assets of the Company such as securities already issued by the Company as well as any other terms and conditions for completing the capital increase;
- 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 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 nominal 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 possibly 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 issue premiums arising therefrom;
- 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 nominal value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or reverse splits, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of holders of equity securities;
- 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;

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 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 27 May 2009, in its 19th resolution.

Seventeenth resolution (Delegation of authority to increase the share capital, by issuing shares or equity securities in the Company reserved for members of savings plans, eliminating their preferential subscription rights on their behalf)

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 Commercial Code and Articles L. 3332-1 et seq. of the Labour Code:

1. authorises the Board of Directors to determine the capital increase, on one or more occasions, of a maximum nominal value of €150 million, by issuing Company shares or equity securities, reserved for members of one or more savings plans (or another plan with members for which Article L. 3332-18 of the 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 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 28 May 2008, in its 14th 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 Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or 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 Labour Code equals or exceeds ten years; however, the annual meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the foregoing 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 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 allotment does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the 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 waive any right to any bonus shares or equity securities issued under this resolution;
6. resolves that the Board of Directors shall have full powers to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, for the purpose of:

- preparing, as stipulated by law, a list of the employees, early retirees and retirees who may subscribe for the shares or equity securities thus issued and who may qualify 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 entitles 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 allotted 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 chose either to replace in full or in part the allotment 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 issue premiums arising therefrom;
- to enter into any and all agreements, to carry out, either directly or indirectly by an agent, any and all operations and meeting any and all requirements including any formalities subsequent to the capital increases, and to amend the bylaws accordingly;
- and in general, to enter into any and all agreements 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 or subsequent to any capital increases completed.

Eighteenth resolution (Delegation of authority to proceed with the free allocation of previously issued or future bonus shares to the Group's employees or to some of them)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after reviewing the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 et seq. of the Commercial Code and L. 322-26-7 II of the Insurance Code, to proceed, 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 among them of the Company or companies or groups affiliated to it under the conditions defined in Article L. 322-26-7 II of the Insurance Code and/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 2 years at minimum;

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 given under Article L. 341-4 of the 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 general 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 purposes of implementing this authority and including:
   - to determine the identity of the recipients or the classes of recipients, the share allotments among the employees of the Company or the aforementioned companies or groups, and the number of shares allotted to each of them;
   - to establish the terms and, as applicable, the criteria for allocating the shares;
   - provide for the option of suspending allotment rights temporarily;
   - to register the shares issued free of charge to a named account in the name of their holder, stating that such shares are unavailable and the period they are unavailable;
   - to adjust, as applicable, the number of shares allotted free of charge required to preserve the rights of the recipients based on any transactions on the Company's share capital, particularly in the event of any change in the nominal value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issuance of new equity shares, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issuance of preferred shares or any other transaction involving the shareholders' equity;
   - if new shares are issued, to charge any sums necessary to pay up 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 recipients of the said shares part of the reserves, earnings and issue premiums thus capitalised as well as their preferential subscription rights over the shares to be issued during the final share allotment period;
9. resolves that this authority is granted for a period of twenty-six months with effect from this general meeting and terminates, with immediate effect, in respect of the unused portion, the authority granted by the combined Ordinary and Extraordinary General Meeting of 27 May 2009, in its 20th resolution.

Nineteenth 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 treasury shares decided by it up to the limits allowed by law, pursuant to the provisions of Article L. 225-209 of the 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 that limit applies to the value of the company's share capital after adjusting for any transactions affecting share capital after this general meeting.

This authority is granted for a period of twenty-four months with effect from this general meeting. The General Meeting, with immediate effect and for the unused portion, terminates the authority granted by the combined Ordinary and Extraordinary General Meeting of 28 May 2008, in its 16th resolution.

The General Meeting grants full powers to the Board of Directors, with the option of sub-delegation, to carry out any transaction(s) involving the cancellation and reduction of the share capital that may be conducted under this authority, to amend the bylaws accordingly and to carry out any and all formalities.

Items within the scope of responsibilities of the combined annual and Extraordinary General Meeting

Twentieth resolution (Powers for formalities)

The General Meeting grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Jean Azéma, Chief Executive Officer of Groupama SA.

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this Registration Document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and all the companies included in its scope of consolidation, and the information disclosed in the management report presented under 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 faced by them.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the company's financial position and the financial statements given in this reference document (with the exception of the information concerning embedded value, which they did not review, but which they did verify to reconcile it, for fiscal year 2009, with the findings of the actuarial audit by Milliman Paris done on 11 February 2010, and for fiscal year 2008, with the findings of the actuarial audit by Milliman Paris done on 24 February 2009), and in the overall reading of the Registration Document.

Paris, 21 April 2010

Chief Executive Officer

Jean Azéma

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

Mr Christian Collin

Chief Finance and Risk Officer

Telephone: 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 Michel Laforce and Bénédicte Vignon

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2010.

- Mazars

  Represented by Gilles Magnan

  Tour Exaltis

  61, rue Henri Regnault

  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 ending 31 December 2011.

7.4.4.2 Alternate Auditors

Members of the Versailles regional auditors' institute

- Mr Pierre Coll

  Crystal Park

  63, rue de Villiers

  92908 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2005 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2010.

- Mr Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Regnault

  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 ending 31 December 2011.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements issued by the Company and the annual reports including the historical financial information on the Company are available on the company's website at the following address: www.groupama.com, heading "Finance" under "Financial Information" and a copy can be obtained at the Company's registered office at 8-10, rue d'Astorg, 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, auditors' reports, and parent company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg, 75008 Paris, in the Legal Department.

7.6 PRINCIPAL PUBLICATIONS BY GROUPAMA SA

Annual information document cited by Article 222-7 of the AMF general regulations:

21.04.2010	Groupama chose Fitch Ratings as a second rating agency
17.02.2010	2009 annual results: strong growth in activity and operating profit – strong growth in premium income despite the storms
15.02.2010	Banque Casino develops its insurance offer with Groupama
01.02.2010	Christian Collin is appointed Chief Finance and Risk Officer of Groupama
28.01.2010	Groupama group reorganises its businesses within Groupama Gan Vie
28.01.2010	Benoît Maes, Chief Executive Officer of Groupama Gan Vie
28.01.2010	Eric Gelpe, appointed Chief Executive Officer of Gan Assurances
22.01.2010	Groupama SA starts the early redemption of the 1999/2029 TSRs
08.12.2009	Groupama SA: 1999/2029 TSR redemption decision
27.10.2009	2010-2012 Strategic plan: Growth and profitability: staying the course
22.10.2009	Groupama launches a new major insurance player in Italy
15.10.2009	Groupama creates the 3rd insurance group in Turkey
15.10.2009	Non-life insurance: definitive agreements between Banque Postale and Groupama
13.10.2009	Merger of Groupama Banque and Banque Finama
28.09.2009	Groupama launches a new leader on the Romanian insurance market
02.09.2009	Management of Groupama
27.08.2009	2009 half-year results
12.08.2009	Listing of Groupama SA bonds offered in France on Euronext Paris
16.07.2009	Listing of senior Groupama SA bonds offered in Italy on Euronext Paris
22.06.2009	Groupama SA: decision on the 1999/2029 TSRs
18.06.2009	CSA approves the planned merger of Groupama Asigurări
22.04.2009	Finama Private Equity becomes Groupama Private Equity
18.02.2009	2008 annual results: strong growth in activity and operating profit
12.01.2009	Groupama and Bancaja sign a bancassurance agreement in Spain

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.

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.

Items in Schedule 1 of EU Regulation 809/2004		Page of the Registration Document
1.	**Persons responsible**	**332**
2.	**Auditors**	**333**
3.	**Selected financial information**	
3.1	Historical financial information	8 and 9
3.2	Interim financial information	NA
4.	**Risk factors**	**99 to 123**
5.	**Information about the issuer**	
5.1	History and development of the company	4 and 298
5.2	Investments	128 to 130 and 160
6.	**Business overview**	
6.1	Principal activities	17 to 26
6.2	Principal markets	17 to 26
6.3	Exceptional factors that had an impact on the information provided under 6.1 and 6.2	NA
6.4	Any dependence on patents, licenses, industrial, commercial or financial contracts	NA
6.5	The basis for any statement made by the issuer regarding its competitive position	17 to 26
7.	**Organisational structure**	
7.1	Brief description of the Group and the issuer's position within the Group	5 to 7
7.2	List of major subsidiaries	5 to 7
8.	**Property, plant and equipment**	
8.1	Material existing or planned property, plant and equipment	161
8.2	Environmental issue that can affect the use of property, plant and equipment	NA
9.	**Review of financial position and results**	
9.1	Financial position	130 to 143 and 159 to 160
9.2	Operating income	130 to 143
10.	**Cash and capital**	
10.1	Information on the capital of the issuer	142 to 143 and 159 to 160
10.2	Source and amount of cash flows	142 to 143 and 159 to 160
10.3	Borrowing terms and financing structure	142 to 143 and 159 to 160
10.4	Information concerning any restrictions on the use of the capital that have influenced or that may influence noticeably transactions by the issuer	159 and 160
10.5	Sources of funding expected to honour commitments	159 and 160
11.	**Research and development, patents and licenses**	**NA**
12.	**Information on trends**	**130 and 148**
13.	**Earnings forecasts or estimates**	**NA**

Items in Schedule 1 of EU Regulation 809/2004		Page of the Registration Document
14.	**Administrative, management, and supervisory bodies and general management**	
14.1	Information concerning the members of the administrative and management bodies	28 to 48 and 306 to 313
14.2	Conflicts of interest in the administrative, management and supervisory bodies and the general management	48
15.	**Compensation and benefits**	
15.1	Amount of compensation and in-kind benefits paid	54 to 60
15.2	Total amount of the sums funded or recorded for the payment of pensions, retirement or other benefits	60
16.	**Operating methods of the administrative and management bodies**	
16.1	Expiration dates of current terms of office	29 to 46 and 49
16.2	Service contracts between the members of the managing bodies to the issuer or to any of its subsidiaries	48
16.3	Information on the operating methods of the corporate governance bodies	49 to 54 and 306 to 313
16.4	Compliance with the corporate governance system in force	50
17.	**Employees**	
17.1	Number of employees	12 to 14
17.2	Profit sharing and stock options	14
17.3	Agreement for employee profit-sharing in the equity of the issuer	316 to 317
18.	**Principal shareholders**	**317**
19.	**Related party transactions**	**87 to 95**
20.	**Financial information on the assets, the financial position and the results of the issuer**	
20.1	Historical financial information	164 to 261
20.2	Pro forma financial information	NA
20.3	Parent company financial statements	264 to 294
20.4	Audits of the annual historical financial information	262 to 263 and 295 to 296
20.5	Date of the latest financial information	164
20.6	Interim financial and other information	NA
20.7	Dividend distribution policy	158 and 159
20.8	Legal and arbitration proceedings	161
20.9	Significant changes in the Group's financial or commercial position	128 to 130
21.	**Additional information**	
21.1	Share capital	299 and 314 to 315
21.1.1	Total share capital	314 and 315
21.1.2	Debt instruments	315
21.1.3	Shares held by the company or its subsidiaries	315 and 316
21.1.4	Other equity instruments	316
21.1.5	Information on the conditions governing any right of acquisition and/or any obligation attached to the subscribed capital	NA
21.1.6	Information on the share capital of any group member company subject to an option	NA
21.1.7	History of the share capital over the past three years	316
21.1.8	Employee holdings of Groupama SA shares	316 and 317
21.2	Articles of association and bylaws	298 to 304
21.2.1	Corporate purpose	298
21.2.2	General Management of the company	302

Items in Schedule 1 of EU Regulation 809/2004		Page of the Registration Document
21.2.3	Rights, privilege, restriction attached to shares	303
21.2.4	Modification of the capital and voting rights attached to shares	NA
21.2.5	General meeting	303
21.2.6	Provisions that might have an effect of delaying, deferring or preventing a control commitment of the issuer	NA
21.2.7	Share form and transfer — Approval clause	299 and 300
21.2.8	Conditions governing changes to capital, when the conditions are more stringent than the legal provisions	NA
22.	**Major policies**	**90 to 94 and 95**
23.	**Information from third parties, appraisal reports and interest reports**	**NA**
24.	**Documents available to the public**	**334**
25.	**Information on equity interests**	**256 to 261**

CONCORDANCE TABLE WITH THE DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

Disclosures required in the annual financial report		Page of the Registration Document
1.	**Attestation by the person responsible for the document**	**332**
2.	**Management Report**	
2.1	Analysis of the results, the financial position, the risks and a list of authorisations granted for capital increase purposes to the parent company and the consolidated entity (Articles L. 225-100 and L. 225-100-2 of the Commercial Code)	126 to 148
2.2	Information required by Article L. 225-100-3 of the Commercial Code on factors liable to have an effect in the event of a public offer	NA
2.3	Information on share buybacks (Article L. 225-211, paragraph 2 of the Commercial Code)	NA
3.	**Financial statements**	
3.1	Annual financial statements	264 to 294
3.2	Auditors' report on the annual financial statements	295 to 296
3.3	Consolidated financial statements	164 to 261
3.4	Auditors' report on the consolidated financial statements	262 to 263

Designed & published by Labrador +33 (0)1 53 06 30 80

Cover design: TBWA\CORPORATE
Photo credit: ©Olix Wirtinger - Corbis

Groupama contributes to the protection of the environment by using an “Imprim’Vert” site and paper sourced from sustainably managed forests.
It also funds the recycling of printed matter through the Ecofolio tax.
Document printed by the DRIDE print shop using PEFC-certified paper and vegetable inks.

Ref. 221008 - April 2010

Groupama

8-10 rue d'Astorg - F - 75383 Paris cedex 08 - Tel.: + 33 (0) 1 44 56 77 77
www.groupama.com