GROUPAMA 2009 COMBINED ACCOUNTS

Groupama

BOARD OF DIRECTOR'S REPORT
ON THE 2009 COMBINED FINANCIAL STATEMENTS OF GROUPAMA

1. ENVIRONMENT

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.

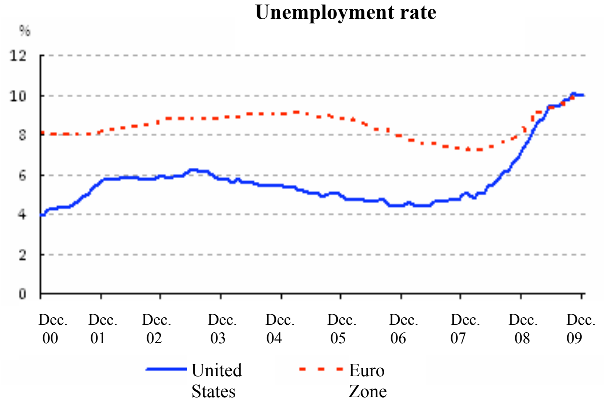
Although the support of the financial system quickly returned banks to profitability, the effects of economic stimulus packages varied according to geographic region. Thus, through an unprecedented support plan (13.5% of GDP), the Chinese economy was the first to recover in the second quarter, followed 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 (+14.6% in the third quarter compared with +11% in Q2), growth was weaker in the United States (+2.8% in the third quarter) and sluggish in the euro zone (+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



FINANCIAL MARKETS

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:

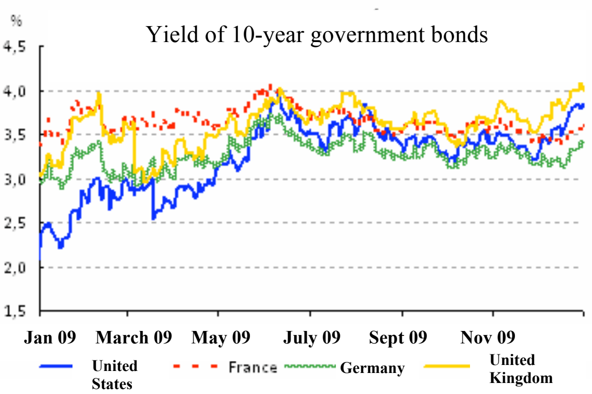
- a sharp decline in market values along with strong volatility, prior to a vigorous rebound in prices and then a more moderate increase against a backdrop of much lower volatility;
- weak leading rates contributing to an overhaul of the banking sector, but not used to inject credit into the economy;
- 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.

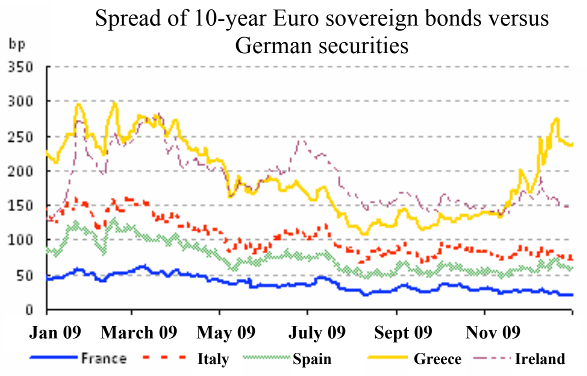
Interest-rate markets: significant steepening of yield curves and strong volatility of risk premiums

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.





Equity markets

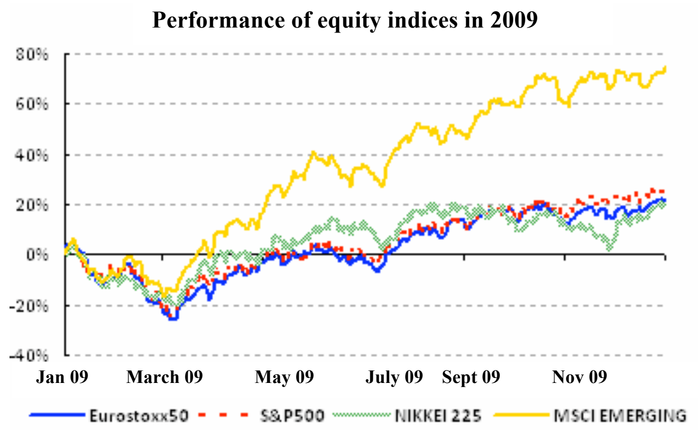
2009 ended up being a very positive year for the equity markets. After declining more than 20% at the beginning of March, the markets increased by more than 20% by year end.

The performance in emerging markets was even more impressive, with annual performance ranging from 31% (Australia) to 111% for Jakarta.

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% increase 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.



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, giving substance to 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.

2. SIGNIFICANT EVENTS

DEVELOPMENT OF THE GROUP

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.

Expansion of Amaguiz

Amaline, Groupama's direct insurance subsidiary, which was created in mid-2008 and distributes insurance policies under the Amaguiz brand, posted results 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.

Partnership with La Banque Postale

On 12 October 2009, La 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 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.

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.

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.

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.

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.

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.

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 contribution of the OTP Garancia insurance portfolio is expected to be finalised some time in 2010.

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.

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.

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 individual 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) specialised by business line and segment.

In line with this, the non-life insurance companies changed their names to Gan Eurocourtage and Gan Assurances respectively.

OTHER FACTORS

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 €407 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 €205 million.

Rating

On 29 June 2009, Standard & Poor's revised Groupama S.A.'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.

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.

3. POST-BALANCE SHEET EVENTS

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 l'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 amount of €750 million.

4. ANALYSIS OF FINANCIAL STATEMENTS

BUSINESS ACTIVITIES AND RESULTS

Combined revenues

As at 31 December 2009, Groupama's combined insurance premium income reached €17.1 billion, an increase of +7.6% compared with 31 December 2008. By integrating financial activities, the Group's combined premium income increased +7.0% to €17.4 billion.

At constant exchange rates and on a like-for-like basis, the growth in the combined insurance premium income was up +5.4% compared with 31 December 2008. The Group's total premium income at constant exchange rates and on a like-for-like basis increased +4.8%.

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 +7.4%, representing 73.8% of the Group's total activity during the period. International business (24.5% of total premium income) was up +8.2% on a reported basis and stable (-0.2%) on a like-for-like basis. The Group's other business lines (financial and banking activities) accounted for 1.7% of total premium income.

Life and health premium income grew +12.9% on a reported basis and +11.2% on a like-for-like basis. In France, life and health insurance recorded an increase of +13.5%, 2.5 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 Britain (€18 million in 2008 and €3 million in 2009). Adjusted for these items, premium income for life and health insurance showed positive growth.

Property and casualty premium income was up +2.7% on a reported basis and +0.1% on a like-for-like basis. Activity in France was steady in a market showing a +1.0% rise (source: FFSA at the end of December 2009), while the International segment posted premium income up +7.6% on a reported and remained stable on a like-for-like basis.

In the next part of the document, figures are expressed in constant exchange rates and on a like-for-like basis. 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.

Insurance in France (73.8% of Group revenues as at 31 December 2009 compared with 72.1% as at 31 December 2008)

Insurance premium income in France as at 31 December 2009 was up +7.4% over 31 December 2008 to €12,815 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 (42.6% of premium income in France) remained stable at €5,454 million, while the market posted a slight increase of +1.0% (source: FFSA at the end of December 2009). Private and professional insurance (52.7% of premiums written in property and casualty insurance) rose +0.5%. This change is essentially due to the rise in the home segment (+2.6%). In motor, portfolio expansion actions explain the +0.3% rise (i.e., over 102,000 vehicles), versus a market decline of -0.5% (source: FFSA at the end of December 2009). Premium income from commercial and local authorities insurance in turn experienced a slight -0.2% decrease in premium income, with the increase in the fleet segment (+6.6%), related to rate drivers and portfolio expansion, unable to make up for the downturn in the commercial property damage segment (-3.6%), which was marked by the macroeconomic environment.

Life and health insurance premium income (57.4% of premium income for France) grew +13.5%. Group premium income for life and savings insurance rose +17.2%, an increase significantly better than the market (+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 +7.1% over 31 December 2008, driven mainly by the health segment (individual and group), which posted growth of +9.2% 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 (+91.7%) and net inflows significantly greater (+80%) than those of the market.

The regional mutuals contributed €4,705 million to combined premium income as at 31 December 2009, an increase of +2.6% over 31 December 2008.

Life and health insurance (€1,536 million) posted a +6.1% increase from the previous period:

- In health, premiums written totalled €1,113 million and rose primarily in individual health (+5.5% to €994 million) due notably to the portfolio increase by 34,000 policies.

- Everyday accident cover premiums (€47 million) rose +11.2% due to the continued expansion of that portfolio.

In property and casualty insurance (€3,169 million), premium income rose +1.0% as at 31 December 2009.

- In motor (€1,340 million), premiums rose by +2.8% over 31 December 2008, supported by rate adjustments and a rise in the stock of insured vehicles (+35,000 vehicles).

- Premiums relative to atmospheric risks (€308 million) were up +2.9%, due to the recorded increase in the storm (+2.0%) and crop segments (+4.3%). The increase in premiums written for various risks (+1.2% to €404 million) results primarily from the assistance and construction segments, which posted growth rates of +16.7% and +3.2% respectively as at 31 December 2009, while conversely, multi-risk climate insurance decreased sharply (-16.7%) insofar as it is indexed to the change in the price of agricultural products, which is declining sharply).

Groupama SA's premium income corresponding to direct businesses (provident cover for certain group insurance contracts of Groupama Vie, Animalia, Assuris, etc.) and to the shares in professional pools (Assurpol,etc.) totalled €26 million as at 31 December 2009.

The networks comprising the Group's new life insurance company, **Groupama Gan Vie**, posted premium income up +16.0% to €5,782 million as at 31 December 2009. In particular, the entity's business in life/capitalisation 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 €2,402 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 (+7.3%), particularly in health insurance (+20.0% to €168 million) and provident insurance (+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 (+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 (+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 (-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 (-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 (-6.2%). In the motor market, strict portfolio selection was the source of a -12.3% decline.

Groupama Transport premium income posted 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/€ 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.

International insurance (24.5% of Group premium income as at 31 December 2009 compared with 25.8% as at 31 December 2008)

Against a backdrop of economic recession, the Group's combined international premium income totalled €4,259 million as at 31 December 2009, stable compared with 31 December 2008 (-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 home. 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 Great Britain.

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 Britain. Adjusted for these items, life and health insurance premium income rose +5.2%.

Southwestern Europe

Combined 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 (-5.4% to €290 million) and in property and casualty insurance (-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 (-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 (+6.0% to €677 million) was attenuated by the drop in premium income for property and casualty insurance (-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 (+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 (+5.8%). In particular, premium income for the euro savings segment was up sharply (+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 (-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, an increase 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 (+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 (-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 (-4.6% to €182 million) and property and casualty insurance (-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.

Great Britain

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 (+18.3% to €51 million) and the home insurance segment (+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 2009, primarily because of the run-off of the creditor portfolio (-82.1%). Adjusted for this item, life and health insurance premium income fell -8.5%.

Gan Outre-Mer

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 (-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 (+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.

Discontinued operations

The **Assuvie** 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.

Financial and banking activities

The **Groupama Banque** and **Banque Finama** entities merged effective 1 January 2009. **Groupama Banque**'s gross revenues as at 31 December 2009 was 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 (+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 (+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 (+2.3% at €7 million) was a result of the increase in marketing commissions following improvement in the financial markets.

Breakdown of earnings

Group share of net profit totalled €620 million as at 31 December 2009, compared with €342 million as at 31 December 2008. Group share of net profit by business line may be broken down as follows:

(in millions of euros)	31/12/2008	31/12/2009	Change
Property and casualty insurance	208	121	(87)
Life and health insurance	279	776	497
Financial and banking activities	1	16	15
Holding company activities	(146)	(294)	(148)
Net profit group share	**342**	**620**	**278**

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 -€205 million after taxes;
- the exceptional impairment of goodwill 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 €121 million in 2009, versus €208 million as at 31 December 2008. As mentioned above, the impact of climatic events seriously compromised this segment's contribution in 2009. Contributed profit from **life and health insurance** increased €497 million to €776 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.

Summary of the economic operating income

Economic operating income amounted to €480 million as at 31 December 2009, versus €661 million as at 31 December 2008. It can be broken down by business line as follows:

(in millions of euros)	31/12/2008	31/12/2009	Change
Property and casualty insurance	373	185	(188)
Life and health insurance	435	410	(25)
Financial and banking activities	1	12	11
Holding company activities	(148)	(128)	20
Economic operating income	**661**	**480**	**(181)**

Economic operating income from property and casualty insurance

The economic operating income recorded by property and casualty insurance (excluding storms) fell by -€188 million to €185 million as at 31 December 2009. Apart from the exceptional losses related to the storms Klaus and Quinten, claims for 2009 were up +3.5 points because of an increase in claims frequency in both motor and fire.

In 2009 the Group's combined ratio was 102.0% (excluding storms), compared with 98.7% in 2008. This 3.3-point increase was largely due to the decline in the economic operating result which amounted to more than €170 million net of tax.

- In France the 2009 net combined ratio was 101.9% versus 98.5% as at 31 December 2008. The 4.2-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 29.4% compared with 30.2% in 2008, demonstrating the efficacy of all the actions engaged in by the Group to streamline and control its operating cost, while at the same time maintaining – it must be underscored – a high level of commercial investments (networks, marketing, advertising) comparable to 2008. It should be noted that 2008 was marked by an increase in marketing and advertising expenses compared to 2007.

- 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 highly 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 (-€6 million) due mainly to a financial strategy which consisted of reinvesting more in very liquid portfolios (cash) in the financial crisis context, characterised by a lower current yield.

Economic operating income from life and health insurance

The economic operating income recorded in life and health insurance amounted to €410 million as at 31 December 2009 compared with €435 million as at 31 December 2008 (-5.7%).

The net technical margin (before costs) for health and other bodily injury insurance rose +€41 million over the previous period. This change is due to a 0.5-point decline in the net loss ratio. In France, the net loss ratio improved by -1.6 points. Internationally, in a difficult market climate characterised by tension over rates, the net loss ratio increased by -8.7 points compared with 31 December 2008. In life and health insurance overall, net operating expenses increased by +21% largely because of the 3.4-point increase in the tax related to the financing of universal medical coverage, representing nearly €55 million.

In the life/capitalisation 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 (+€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 operating cost ratio was down (12.2% versus 12.7% in 2008).

Recurring financial profit in 2009 (net of profit sharing and taxes) increased by +€63 million.

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.

Economic operating income from holding company activities

The holding business line posted an **economic operating loss** of -€128 million as at 31 December 2009, compared with a loss of -€148 million as at 31 December 2008. The improvement was due to a favourable tax change.

Other items from the income statement

These may be broken down as follows:

(in millions of euros)	Life and health insurance		Property and casualty insurance		Financial and banking activities		Holding company activities		Total	
	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	31/12/09
Economic operating income	**435**	**410**	**373**	**185**	**1**	**12**	**(148)**	**(128)**	**661**	**480**
Storms				(205)						(205)
Realised capital gains (1)	42	411	25	155	0	0	0	(1)	67	565
Impairment losses on financial instruments (1)	(44)	(3)	(117)	(7)	0	0	2	(18)	(159)	(28)
Fair value adjustments (1)	(128)	16	(63)	19	0	0	1	(2)	(190)	33
Amortisation of intangible assets and goodwill impairment	(34)	(42)	(22)	(38)	0	0	(1)	(131)	(57)	(211)
Exceptional items	8	(16)	12	12	0	4	0	(14)	20	(14)
Income group share	**279**	**777**	**208**	**121**	**1**	**16**	**(146)**	**(294)**	**342**	**620**

(1) Attributable to shareholders (net of profit sharing and corporate tax)

Non-recurring 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-recurring financial income more or less regained their 2007 levels and can be broken down as follows:

(in millions of euros)	**31/12/2008**				**31/12/2009**				**Change**			
	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 write-backs	180	37	2	218	986	289	(1)	1,274	807	252	(3)	1,056
Change in the fair value of investments	(805)	(95)	1	(899)	83	29	(4)	109	888	124	(5)	1,008
Change in impairment losses on financial instruments	(101)	(143)	3	(242)	(9)	(10)	(27)	(46)	93	133	(30)	196
Total	**(726)**	**(201)**	**5**	**(923)**	**1,061**	**308**	**(32)**	**1,337**	**1,787**	**509**	**(37)**	**2,259**

By type of investment income, the analysis is as follows:

- **Net realised capital gains and losses** amounted to €1,274 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 €270 million. Net of profit sharing and taxes, realised capital gains recognised an increase of +€497 million.

- **The asset portfolio valued in the IFRS financial statements using the fair value per profit methodology** (securities classified as trading, held for trading and long-term financial instruments) posted an increase over the period of €1,008 million to reach €109 million. This increase was noted for the most part in the life and health insurance segment for €888 million. Net of profit sharing and taxes, the total was +€224 million.

- **As a reminder, the Group's 2008 investment income was affected by net allocations to long-term provisions** for a total amount of -€242 million. In 2009 these allocations were very limited, which resulted in an increase in Group profits of +€131 million (net of profit sharing and taxes).

The amounts net of profit sharing and taxes are as follows:

(in millions of euros)	31/12/2008				31/12/2009				Change			
	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health	Property and casualty	Holding	Total	Life and health	Property and casualty	Holding	Total
Capital gains and losses from disposals net of write-backs	42	24	2	68	411	155	(1)	565	369	131	(3)	497
Change in the fair value of investments	(128)	(63)		(191)	16	19	(2)	33	144	82	(2)	224
Change in impairment losses on financial instruments	(44)	(117)	2	(159)	(3)	(7)	(18)	(28)	41	110	(20)	131
Total	**(130)**	**(156)**	**4**	**(282)**	**424**	**167**	**(21)**	**570**	**554**	**323**	**(25)**	**852**

Other non-financial items

In view of the British subsidiary's outlook for long-term profitability, the Group capitalised €56 million of tax losses in Britain. 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 €37 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.

Insurance and Services France

In 2009, the Insurance and Services France division recorded a profit of €772 million, compared with €366 million in 2008.

The contributed profit/loss of the **regional mutuals** (including local mutuals) totalled -€39.4 million in 2009 versus €78.9 million in 2008. As noted earlier, the climatic events from the beginning of the year penalised the 2009 results by -€72 million.

Operating income of the regional mutuals (adjusted for storms) totalled -€9 million as at 31 December 2009 compared to +€107 million in 2008. This sharp drop can be explained by a declining technical result compared to 2008.

- In property and casualty insurance, the net loss ratio deteriorated by 5.4 points to 77.1% in 2009 compared to 71.7% in 2008. This deterioration is related on the one hand to the increase in the frequency of claims in the motor segment (whose current loss ratio has deteriorated almost 4.3 points to 80.2% (excluding storms) and, on the other hand, by an upsurge of claims in the fire segment (deterioration by +11.2 points in the current claims of the segment).

- In life and health insurance, the net loss ratio stood at 77.6% in 2009 slightly up (+0.6 point) from 2008. In health, claims for the year improved by 1.2 points to 71.6% while everyday accident cover claims deteriorated +2.8 points to 69.5%. No-claims bonuses for prior years were close to €19 million lower compared to 2008.

- The 3.4-point increase in the universal medical cover weighed notably on the operating costs of the regional mutuals in 2009, resulting in a 1.5-point increase in the operating cost ratio to 24.7% as at 31 December 2009.

The non-recurring financial margin was up +€80 million compared to 2008, a year marked by provisions for the impairment of assets as a result of the crisis.

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 (+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 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. Considering the structure of its portfolio, Gan Eurocourtage was relatively spared by the atmospheric events from the beginning of the year which impacted the result of the period by €7.7 million (5 million, net of tax).

Thanks to an extremely strict underwriting policy, the combined net ratio fell from 98.8% to 93% as at 31 December 2008, 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 specialist Group companies

As at 31 December 2009, the other specialised companies in the Group made a total contribution to the Group's combined 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;

- **The Caisse Fraternelle Vie and Caisse Fraternelle Epargne** mutuals, 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

Assuvie's contributed profit totalled €3.1 million versus €5.2 million as at 31 December 2008.

International and Overseas France 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 (+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 points 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 combined 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 (73.4% in 2009 versus 75.7% in 2008), 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/loss 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 **BT Asigurări, OTP Garancia and Asiban** 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

Great Britain

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 points 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 Gan UK)** 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.

Gan Outre-Mer

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 end 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%.

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 (including cost of risk) 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.

Analysis of Groupama SA and holding companies

Groupama SA (including its operating activity) and the holding companies posted a loss of -€179 million in 2009 compared to -€53 million in 2008.

Groupama SA

Groupama SA posted a loss in 2009 of -€178.9 million versus a loss of -€53.3 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 €16.2 million versus a profit of €91 million in 2008, and income from its holding company activities, with a negative contribution of -€163 million versus -€144 million in 2008.

The contributions of **Groupama Holding and Groupama Holding 2** were even.

Combined balance sheet

As at 31 December 2009, the Groupama combined balance sheet total was €97.3 billion, up from €91.8 billion in 2008, an increase of +6.0%.

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 (-€49 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.

Other intangible assets

Other intangible assets totalling €770 million (versus €697 million in 2008) are composed primarily of amortisable portfolio securities (€459 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.

Investments (including unit-linked investments)

Insurance investments totalled €79.5 billion in 2009 versus €72.5 billion in 2008, an increase of €7 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 €2.1 billion to €3.3 billion (versus €1.2 billion as at the previous year-end). Unrealised capital gains on shares rose by €2.2 billion. Unrealised capital gains on property assets declined by €533 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 -€0.3 billion versus -€1.45 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 €1.74 billion versus €1.89 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:

	2008	**2009**
Bonds	60%	61%
Equities	14%	15%
Cash and cash equivalents (mutual funds and repurchase transactions)	9%	9%
Property assets	10%	9%
Unit-linked Investments	5%	5%
Other (loans, receivables and other assets)	2%	1%

Shareholders' equity

As at 31 December 2009, Groupama combined shareholders' equity totalled €7.2 billion versus €5.6 billion as at 31 December 2008.

This decrease can be summarised as follows:

(in millions of euros)

Shareholders' equity at the opening of 2009	**5,562**
Change in revaluation reserve: fair value of AFS assets	2,648
Change in revaluation reserve: shadow accounting	(1,242)
Change in revaluation reserve: deferred tax	(243)
Unrealised foreign exchange adjustment	(9)
Other	(103)
Income (loss)	**620**
Shareholders' equity as at 31 December 2009	**7,233**

The improvement in the financial markets in 2009 is behind the increase in the revaluation reserve of securities classified as available for sale.

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 €1,885 million versus €2,040 million, down €156 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.

Technical reserves

Gross technical reserves (including deferred profit sharing) amounted to €72.6 billion versus €69.1 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 payable following the storms at the beginning of 2009.

The profit sharing asset totalled €331 million as at 31 December 2009.

Contingent liabilities

Contingent liabilities rose by €43 million over the period and totalled €581 million as at 31 December 2009. This increase was due primarily to corporate commitments (retirement benefits, etc.) resulting from rate changes.

5. SOLVENCY

Adjusted solvency, including future profits from life business, was reflected by the coverage rate in the solvency margin of 180% in the 2009 combined 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 49.8% in 2009, compared to 50.9% 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 36.9% in 2009 versus 40.4% in 2008.

6. RISK MANAGEMENT

Risk management is addressed in the internal control support.

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.

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. 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.

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.

8. 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.

FINANCIAL STATEMENTS

GROUPAMA

COMBINED BALANCE SHEET (in millions of euros)

ASSETS		31/12/2009	31/12/2008
Goodwill	Note 2	3,231	3,507
Other intangible assets	Note 3	770	697
Intangible assets		**4,001**	**4,205**
Investment properties, excluding unit-linked investments	Note 4	3,672	3,544
Unit-linked investment properties	Note 7	102	120
Operating activities property	Note 5	1,126	990
Financial investments (excluding unit-linked items)	Note 6	70,852	64,233
Financial investments in unit-linked investments	Note 7	3,555	3,340
Derivative instruments and embedded derivatives treated separately	Note 8	179	280
Insurance activities investments		**79,486**	**72,506**
Uses of funds for banking sector activities and investments of other activities	Note 9	**3,317**	**3,303**
Investments in affiliated companies	Note 10	**192**	**58**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	Note 11	**1,366**	**1,421**
Other tangible assets	Note 12	290	294
Deferred acquisition costs	Note 13	650	651
Deferred profit-sharing asset	Note 14	331	1,611
Deferred tax assets	Note 15	396	632
Receivables from insurance and inward reinsurance	Note 16	2,925	2,626
Receivables from outward reinsurance	Note 17	141	149
Current tax receivables and other tax receivables	Note 18	253	302
Other receivables	Note 19	2,382	2,573
Other assets		**7,369**	**8,838**
Assets held for sale and discontinued activities			
Cash and cash equivalents	Note 20	**1,567**	**1,446**
TOTAL		**97,297**	**91,777**

The notes on pages 30 to 176 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31/12/2009	31/12/2008
Share capital	Note 21	32	32
Revaluation reserves	Note 21	(325)	(1,452)
Other reserves	Note 21	7,212	6,937
Unrealised foreign exchange adjustments	Note 21	(306)	(297)
Consolidated profit	Note 21	620	342
Shareholder's equity (Group share)		**7,233**	**5,562**
Minority interests	Note 21	142	164
Total shareholders' equity		**7,375**	**5,726**
Contingent liabilities	Note 22	**581**	**538**
Financial debt	Note 24	**3,881**	**3,286**
Liabilities related to insurance policies:	Note 25	**50,325**	**47,477**
Liabilities related to financial contracts	Note 26	**22,238**	**21,667**
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	803	645
Debts to unit holders of consolidated mutual funds	Note 30	1,285	544
Operating debts to banking institutions	Note 20	667	492
Liabilities from insurance or inward reinsurance activities	Note 31	942	875
Liabilities from outward reinsurance activities	Note 32	360	380
Current taxes payable and other tax liabilities	Note 33	226	238
Derivative instrument liabilities	Note 8	171	48
Other liabilities	Note 34	5,435	6,876
Other liabilities		**9,890**	**10,098**
Liabilities for held for sale or discontinued activities			
TOTAL		**97,297**	**91,777**

The notes on pages 30 to 176 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31/12/2009	31/12/2008
Written premiums	Note 35	17,075	15,869
Change in unearned premiums		(66)	(68)
Earned premiums		**17,009**	**15,801**
Net banking income, net of cost of risk	**Note 1**	**235**	**192**
Investment income	Note 36	3,203	3,419
Investment expenses	Note 36	(711)	(883)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 36	1,323	436
Change in fair value of financial instruments recognised at fair value through income	Note 36	444	(1,481)
Change in impairment on investments	Note 36	(46)	(242)
Investment income net of expenses		**4,211**	**1,249**
Total income from ordinary operations		**21,455**	**17,242**
Insurance policy servicing expenses	Note 37	(15,640)	(12,299)
Income from outward reinsurance	Note 38	385	337
Expenses on outward reinsurance	Note 38	(703)	(654)
Net outward reinsurance income (expenses)		**(15,958)**	**(12,617)**
Banking operating expenses	Note 1	(226)	(194)
Policy acquisition costs	Note 40	(2,340)	(2,204)
Administrative costs	Note 41	(941)	(876)
Other income and expenses from current operations	Note 42	(672)	(606)
Total other current income and expenses		**(20,137)**	**(16,497)**
CURRENT OPERATING PROFIT		**1 318**	**745**
Other operating income (expenses)	Note 43	(417)	(97)
OPERATING PROFIT		**901**	**647**
Financing expenses	Note 44	(130)	(136)
Share in income of related companies	Note 10	11	3
Corporate income tax	Note 45	(129)	(135)
NET PROFIT FOR THE COMBINED ENTITY		**653**	**380**
of which, minority interests	Note 21	34	38
OF WHICH NET INCOME (GROUP SHARE)		**620**	**342**

The notes on pages 30 to 176 are an integral part of the combined financial statements.

STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY
(In millions of euros)

In millions of euros	31/12/2009			31/12/2008		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the year	**620**	**34**	**654**	**342**	**38**	**380**
Change in foreign exchange adjustments	(9)		(9)	(298)	(3)	(301)
Change in gross unrealised capital gains and losses on available-for-sale assets	2,648	16	2,664	(6,663)	(21)	(6,684)
Revaluation of hedging derivative instruments	(27)	(10)	(37)	(64)	(29)	(93)
Change in actuarial gains (losses) on post-employment benefits	(28)		(28)	22		22
Change in shadow accounting	(1,242)	(11)	(1,253)	3,745	14	3,759
Change in deferred taxes	(243)	(1)	(244)	(2)		(2)
Other	(7)	(1)	(8)	10	(1)	9
Gains (losses) recognised directly in shareholders' equity	**1,092**	**(7)**	**1,085**	**(3,250)**	**(40)**	**(3,290)**
Net income and gains (losses) recognised in shareholders' equity	**1,712**	**27**	**1,739**	**(2,908)**	**(2)**	**(2,910)**

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

The notes on pages 30 to 176 are an integral part of the combined financial statements.

GROUPAMA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/2007	**32**	**938**	**999**	**5,019**	**1,522**	**1**	**8,511**	**216**	**8,727**
Appropriation of 2007 profit (loss)		(938)		938					
Dividends				(41)			(41)	(52)	(93)
Change in share capital								11	11
Business combinations								(9)	(9)
Effects of transactions with members		**(938)**		**897**			**(41)**	**(50)**	**(91)**
Unrealised foreign exchange adjustments						(298)	(298)	(3)	(301)
Available-for-sale assets					(6,663)		(6,663)	(21)	(6,684)
Shadow accounting					3,745		3,745	14	3,759
Deferred taxes				(10)	8		(2)		(2)
Actuarial gains (losses) on post-employment benefits				22			22		22
Other				10	(64)		(54)	(30)	(84)
Net profit (loss) for the year		342					342	38	380
Total income (expenses) recognised for the year		**342**		**22**	**(2,974)**	**(298)**	**(2,908)**	**(2)**	**(2,910)**
Total changes for the year		**(596)**		**919**	**(2,974)**	**(298)**	**(2,949)**	**(52)**	**(3,001)**
Shareholders' equity as at 31/12/2008	**32**	**342**	**999**	**5,938**	**(1,452)**	**(297)**	**5,562**	**164**	**5,726**
Appropriation of 2008 profit (loss)		(342)		342					
Dividends				(41)			(41)	(47)	(88)
Change in share capital								9	9
Business combinations								(11)	(11)
Effects of transactions with members		**(342)**		**301**			**(41)**	**(49)**	**(90)**
Unrealised foreign exchange adjustments						(9)	(9)		(9)
Available-for-sale assets					2,648		2,648	16	2,664
Shadow accounting					(1,242)		(1,242)	(11)	(1,253)
Deferred taxes				9	(252)		(243)	(1)	(244)
Actuarial gains (losses) on post-employment benefits				(28)			(28)		(28)
Other				(7)	(27)		(34)	(11)	(45)
Net profit (loss) for the year		620					620	34	654
Total income (expenses) recognised for the year		**620**		**(26)**	**1,127**	**(9)**	**1,712**	**27**	**1,739**
Total changes for the year		**278**		**275**	**1,127**	**(9)**	**1,671**	**(22)**	**1,649**
Shareholders' equity as at 31/12/2009	**32**	**620**	**999**	**6,213**	**(325)**	**(306)**	**7,233**	**142**	**7,375**

The notes on pages 30 to 176 are an integral part of the combined financial statements.

GROUPAMA – STATEMENT OF CASH FLOWS (in millions of euros)

STATEMENT OF CASH FLOWS	31/12/2009	31/12/2008
Operating profit before taxes	901	647
Gains (losses) on sale of investments	(1,033)	(383)
Net depreciation charges	404	322
Change in deferred acquisition costs	(6)	(12)
Changes in impairment	(75)	156
Net increases in technical reserves related to insurance policies and financial contracts	3,570	564
Net increases in other provisions	22	(169)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	(444)	1,481
Other non-cash items included in operating profit		
Change of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	**2,438**	**1,959**
Change in operating receivables and payables	(497)	63
Change in banking operating receivables and payables	4	176
Change in securities repurchase agreements	(1,042)	(1,388)
Cash flows from other assets and liabilities	(60)	100
Net taxes paid	80	(105)
Net cash flows from operating activities	**1,824**	**1,452**
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	(1,787)	108
Net acquisitions of real estate investment	(155)	(115)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(23)	15
Cash flow from acquisitions and issues of investments	**(1,965)**	**8**
Net acquisitions of tangible and intangible assets and operating assets	(214)	(359)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(214)**	**(359)**
Net cash flows from investment activities	**(2,234)**	**(1,705)**
Dues		
Equity instruments issued	9	11
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(89)	(93)
Cash flows from transactions with shareholders and members	**(80)**	**(82)**
Cash allocated to financial debt	592	1 090
Interest paid on financial debt	(130)	(136)
Cash flows related to Group financing	**462**	**954**
Net cash flows from financing activities	**382**	**872**
Cash and cash equivalents as at 1 January	**1,290**	**740**
Net cash flows from operating activities	1,824	1,452
Net cash flows from investment activities	(2,234)	(1,705)
Net cash flows from financing activities	382	872
Effect of foreign exchange fluctuations on cash	6	(69)
Cash and cash equivalents as at 31 December	**1,268**	**1,290**
Cash and cash equivalents	1,446	
Mutual, central bank and postal bank	339	
Operating liabilities to banking sector companies	(495)	
Cash and cash equivalents as at 1 January 2009	**1,290**	
Cash and cash equivalents	1,567	
Mutual, central bank and postal bank	370	
Operating debts to banking institutions	(669)	
Cash and cash equivalents as at 31 December 2009	**1,268**	

The notes on pages 30 to 176 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 SIGNIFICANT EVENTS

DEVELOPMENT OF THE GROUP

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.

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.

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.

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.

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.

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.

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.

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.

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.

Merger of the Romanian subsidiaries

BTA Asigurări took over Asiban with effect from 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.

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.

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.

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 the 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) specialised by business line and segment.

In line with this, the non-life insurance companies changed their names to Gan Eurocourtage and Gan Assurances respectively.

OTHER FACTORS

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 €407 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 €205 million.

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.

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

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 l'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 amount 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. COMBINATION PRINCIPLES, METHODS AND SCOPE

2.1. EXPLANATORY NOTES

Groupama SA is a French société anonyme nearly wholly owned, directly or indirectly, by the Caisses 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 COMBINED FINANCIAL STATEMENTS

The combined 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 combined financial statements, the accounts of each combined entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2009 as adopted by the European Union, the principal terms of which are applied by GROUPAMA as described below.

The mandatory standards and interpretations to be applied for the financial years starting on or after 1 January 2009 were applied in preparing 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 combined 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 financial 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 combined subsidiaries, joint ventures and affiliates are consolidated in accordance with IAS 27, IAS 28 and IAS 31.

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

This choice was made based on the judgement criteria defined in Article 10 of IAS 8 (on the selection and application of accounting methods in the absence of a standard or interpretation that specifically applies) because of the characteristics of the mutual insurance division of Groupama described above.
The Group adopted IFRS for the first time for the preparation of the 2005 financial statements.

In the notes, all amounts are stated in millions of euros unless specified otherwise.

The preparation of the Group's financial statements in accordance with IFRS requires management to make assumptions and estimates, which have an impact on the value of the assets, liabilities, income, expenses and notes thereto.

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events, the occurrence of which seems reasonable under the circumstances.

The actual future results of the transactions for which estimates were necessary may prove to be different from those estimates and result in an adjustment to the financial statements.

The judgments made by management pursuant to the application of IFRS primarily concern:

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.11);
- estimate of certain fair values on unlisted assets or real estate assets (Notes 3.2.1 and 3.2.2).
- estimate of certain fair values of illiquid 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 311.2.b) and deferred tax assets (Note 3.12);
- calculation of contingent liabilities and particularly valuation of employee benefits (Note 3.9).

2.3. PRINCIPLES OF CONSOLIDATION

2.3.1. Scope and methods of combination and consolidation

A company is included in the scope of combination once its combination, or that of the sub-group, which it heads, on a stand alone basis or with other combined businesses, is material in relation to the combined financial statements of all companies included in the scope of combination. It is assumed that an insurance or banking business unit must be combined once the equity, balance sheet, or earned premiums of this entity represent €30 million of the combined equity, or €50 million of the combined balance sheet total, or €10 million of the Group's earned premiums.

Under IFRS 3, mutual funds and real estate partnerships are either fully consolidated or consolidated by the equity method. Control is examined for each mutual fund on a case-by-case basis. However, control is assumed for mutual funds with deposits greater than €100 million when the group directly or indirectly holds 50% or more of the voting rights. Minority interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. The underlying financial assets are included in the investments of the Group's insurance activities.

➢ **Combining company**

The combining company is responsible for preparing the combined financial statements. It is named in a written agreement between all of the companies within the scope of combination whose cohesion is not based on a capital connection.

➢ **Aggregated companies**

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

➢ **Exclusively controlled entities**

Companies exclusively controlled by the Group, regardless of their structure, are fully consolidated. These entities are consolidated once they are controlled. Control is the power to direct the financial and operational policies of the entity in order to obtain the benefits of its activities.

An entity is no longer fully consolidated once the Group no longer exerts effective control over the entity.

Full consolidation consists of:

- integrating in the consolidating company's accounts the items in the accounts of the consolidated companies, after any restatements;

- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies.

- allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests".

➢ 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 combined financial statements of the combining entity. Joint control is the sharing of an economic activity under a contractual agreement.

➢ 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 directly or indirectly, alone or in concert, a number of shares or voting rights, exceeding those of the Group;
- 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 authority to appoint or cause the company's management.

➢ Related companies

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

When the combining entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the combining 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.

➢ Deconsolidation

When an entity is in run-off (i.e., it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, earnings, 1% of combined shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), 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 combination

Changes in the scope of combination are described in Note 49 of the Notes to the Financial Statements.

2.3.3. Consistency of accounting principles

The Groupama SA consolidated financial statements are presented consistently for the entity formed by the companies included within the scope of combination, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (substance over form, matching principle, elimination of local tax accounting entries).

Adjustments under the principles of consistency are made when they are material.

2.3.4. Translation of statements of foreign companies

Balance sheet items are translated to euros at the official exchange rate on the balance sheet date, with the exception of capital and reserves, excluding income, which are translated at historic rates. The Group share of the resulting unrealised foreign exchange adjustment is recorded under “Unrealised foreign exchange adjustments” and the remaining balance is included in “Minority interests”.

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

2.3.5 Internal transactions between companies combined by GROUPAMA

All Group inter-company transactions are eliminated.

When such transactions affect the combined results, 100% of the profits and losses and the capital gains and losses are eliminated, and then allocated between the interests of the combining company and the minority interests in the company that recorded the results. In the case of eliminating losses, the Group ensures that the value of the asset transferred is not permanently modified. The elimination of inter-company transactions on assets has the effect of accounting for them at the value they were first recorded in the combined balance sheet (consolidated historic cost).

Thus, inter-company transactions on the following must be eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward 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 acquirer, 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.

➢ **Classification**

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

- there are two types of assets at fair value through income:
    - ❖ assets 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 (at fair value through shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

- **Reclassifications**

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available for sale may be reclassified outside the category of assets available for sale, into:

- the category of investments held to maturity when the intent or capacity of the company changes or when the entity no longer has a reliable assessment of fair value;
- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

A financial asset classified in the category of investments held to maturity may be reclassified as available for sale if the entity's intent or capacity has changed.

- **Initial recognition**

The Group recognises 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 recognised 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.

- **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.

- **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.

- **Provisions for impairment**

At each closing date, the Group looks for the objective evidence 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 that 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.

- **Derecognition**

Financial assets are derecognised when the contract rights expire or the Group sells the financial assets.

The gains or losses on the sale of financial investments are determined using the FIFO method, with the exception of the securities carried by the mutual funds. The method used for mutual funds is the weighted average cost method.

The gains and losses from disposal are recorded on the income statement on the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2. Investment property

The Group has chosen to recognise investment property using the amortised cost method. They are measured using the component approach.

- **Initial recognition**

Lands and buildings appear on the balance sheet at their acquisition cost. Real estate value includes significant transaction costs directly attributable to the transaction, except in the specific case of investment properties representing unit-linked commitments that may be posted, by discretion, to income at fair value.

When a real estate asset includes a portion held to produce rental income and another part used for production or administrative purposes, the asset is treated as investment property only if the latter is immaterial.

At the time of the initial recognition, the real estate is subdivided by components and recorded separately.

The depreciation periods applied by the Group for each component depend on the nature of the property under consideration and are as follows:

- building shell (depreciation period between 30 and 120 years);
- wind and water tight facilities (depreciation period between 30 and 35 years);
- heavy equipment (depreciation period between 20 and 25 years);
- secondary equipment, fixtures and fittings (depreciation period between 10 and 15 years);
- maintenance (depreciation period: 5 years).

- **Valuation**

The amortised cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus accumulated depreciation and corrected for any provisions for impairment. The acquisition cost of the real estate is dependent either on an outright acquisition, or on the acquisition of a company holding the real estate. In the latter case, the amortised cost of the real estate is equal to its fair value on the date of acquisition of the holding company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be measured with sufficient reliability, particularly given the uncertainties about the holding horizon; thus this component is amortised on the basis of the acquisition cost.

Rent payments are recorded using the straight-line method over the term of the lease agreement.

The realisable value of investment properties is determined on the basis of the five-year independent appraisal conducted by an expert approved the national oversight authorities (Autorité de Contrôle des Assurances et des Mutuelles, in France). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

- **Subsequent expenses**

Subsequent expenses must be added to the book value of the real estate:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- and these expenses can be reliably measured.

- **Provisions for impairment**

On each balance sheet date, the Group determines whether there is evidence of a potential impairment on the properties recognised at amortised cost. If this is the case, the realisable value of the real estate is calculated as being the higher of two values: the sale price net of sale costs and the value in use. If the realisable value is less than the net book value, the Group recognises 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.

- **Derecognition**

Gains or losses from the disposal of investments property 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

- **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.

- **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.

- **Unrealised foreign exchange adjustments**

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

- **Minority interests**

Minority interests represent the share in the net assets and net earnings of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning the purchase of minority interests and minority interests on consolidated mutual funds, refer to Note 3.6).

3.9 CONTINGENT LIABILITIES

Contingent liabilities are liabilities for which the due date or the amount is uncertain. A provision must be recognised if the following three conditions are met:

- the company has a current legal or implicit obligation that is the result of a past event;
- it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation;
- it is possible to obtain a reliable estimate of the amount of the provision.

When the impact of the time value of the money is substantial, the amount of the provisions is discounted to the present value of the expected expenditures, which the company believes necessary to discharge the obligation.

- **Personnel benefits**

- **Pension commitments**

The companies of the Group have different pension schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined benefit schemes and defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to contribute additional amounts to the scheme in the event the assets are not sufficient to pay all employees the benefits owed for the services rendered during the current and previous years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined benefit pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

The actuarial gains and losses resulting from experience based adjustments and modifications in the actuarial assumptions are recognised directly in equity, in accordance with the Sorie option.

The costs of past services are immediately recognised in income, unless the changes in the pension scheme are subject to employees working over a defined period (the vesting period). In this case, the costs of past services are amortised using the straight line method over this vesting period.

For defined contribution schemes, the Group pays contributions to pension insurance schemes and is not liable for any other payment commitment. The contributions are booked as expenses related to employee benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.10 FINANCIAL DEBT

Financial debt includes subordinated liabilities, financial debt represented by securities, and financial debt to banking institutions.

- **Initial recognition**

Financial debts are recognised when the Group becomes a party to the contractual provisions for such debts. The amount of the financial debt is then equal to the fair value, adjusted if necessary for the transaction costs directly chargeable to the acquisition or issue of such debts.

- **Valuation rules**

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

- **Derecognition**

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

3.11 UNDERWRITING OPERATIONS

3.11.1. Accounting classification and method

There are two categories of policies written by group insurance companies:

- insurance contracts and financial contracts with discretionary profit-sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

- **Insurance policies**

An insurance policy is a contract under which one party, the insurer, accepts a significant insurance risk from another party, the policyholder, agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, negatively affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4, provided that the reserves thus established meet the solvency tests stipulated by international standards (see Note 3.11.2.c).

- **Financial contracts**

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. There are two categories of financial contracts: financial contracts with 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**

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.

- **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

- **Inward reinsurance**

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These transactions are classified using the same rules as described for insurance policies or financial contracts in Note 3.11.1 Classification. In the absence of sufficient information from the outward reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

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

- **Outward reinsurance**

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.11.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionnaires.

Securities from reinsurers (outward reinsurers and retrocessionnaires) remitted as collateral are recorded in the statement of commitments given and received.

3.12 TAXES

Corporate income tax includes all current and deferred taxes. When a tax is payable or receivable and payment is not subject to the execution of future transactions, such tax is classified as current, even if the payment is spread over several years. It appears as an asset or liability on the balance sheet as applicable.

The transactions performed by the Group may have positive or negative tax consequences other than those used to calculate the tax due. The result is tax assets or liabilities classified as deferred.

This is particularly the case when, because of completed transactions that are treated in both individual company statements and only in the consolidated financial statements as restatements and eliminations of inter-company profits or losses, differences will appear in the future between the tax income and the accounting income of the company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a year are taxable only in the following year. These differences are classified as timing differences. 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 FINANCIAL STATEMENTS

NOTE 1 - SEGMENT REPORTING

NOTE 1.1 - SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 - SEGMENT REPORTING BY OPERATING SEGMENT – BALANCE SHEET

In millions of euros	31/12/2009			31/12/2008		
	France	International	Total	France	International	Total
Intangible assets	1,313	2,688	4,001	1,288	2,917	4,205
Insurance activities investments	71,090	8,395	79,486	64,873	7,633	72,506
Uses of funds for banking sector activities and investments of other activities	3,317		3,317	3,303		3,303
Investments in related companies	72	119	192	(8)	65	58
Share of outward reinsurers and retrocessionnaires in insurance and financial contracts liabilities	1,033	333	1,366	1,020	401	1,421
Other assets	5,720	1,650	7,370	7,243	1,596	8,838
Assets of businesses held for sale and discontinued operations						
Cash and cash equivalents	945	622	1,567	523	923	1,446
Total consolidated assets	83,490	13,808	97,297	78,243	13,534	91,777
Contingent liabilities	426	155	581	410	128	538
Financial debt	3,863	18	3,881	3,265	21	3,286
Liabilities related to insurance policies	42,649	7,677	50,325	40,018	7,460	47,477
Liabilities related to financial contracts	21,009	1,229	22,238	20,418	1,249	21,667
Deferred profit-sharing liabilities	34		34	6		6
Sources of funds for banking sector activities	2,973		2,973	2,979		2,979
Other liabilities	9,115	775	9,890	9,296	801	10,098
Liabilities of businesses held for sale and discontinued operations						
Total consolidated liabilities excluding shareholders' equity	80,068	9,854	89,922	76,392	9,660	86,052

NOTE 1.1.2 - SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	12,952	4,057	17,009	12,075	3,726	15,801
Net banking income, net of cost of risk	235		235	192		192
Investment income	2,752	451	3,203	3,003	416	3,419
Investment expenses	(665)	(46)	(711)	(846)	(37)	(883)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	1,241	82	1,323	437		436
Change in fair value of financial instruments recorded at fair value through income	397	47	444	(1,434)	(47)	(1,481)
Change in impairment on investments	(38)	(8)	(46)	(60)	(182)	(242)
Total income from ordinary operations	16,873	4,582	21,455	13,366	3,875	17,241
Insurance policy servicing expenses	(12,408)	(3,232)	(15,640)	(9,537)	(2,762)	(12,299)
Income from outward reinsurance	264	121	385	214	122	337
Expenses on outward reinsurance	(521)	(182)	(703)	(500)	(154)	(654)
Banking operating expenses	(226)		(226)	(194)		(194)
Policy acquisition costs	(1,601)	(739)	(2,340)	(1,531)	(673)	(2,204)
Administrative costs	(682)	(259)	(941)	(630)	(246)	(876)
Other income and expenses from current operations	(621)	(51)	(672)	(566)	(41)	(606)
CURRENT OPERATING PROFIT	1,079	240	1,318	623	121	745
Other operating income (expenses)	(111)	(307)	(417)	(40)	(57)	(97)
OPERATING PROFIT	968	(67)	901	583	64	647
Financing expenses	(128)	(2)	(130)	(134)	(2)	(136)
Share in income of related companies	3	8	11		3	3
Corporate tax	(190)	62	(129)	(116)	(19)	(135)
Net profit of the combined entity	653	1	653	333	47	380
of which, minority interests	36	(3)	34	36	2	38
NET PROFIT (GROUP SHARE)	616	3	620	297	45	342

NOTE 1.2 - SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 - SEGMENT REPORTING BY BUSINESS – BALANCE SHEET

In millions of euros	31/12/2009				31/12/2008			
	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	3,211	20		3,231	3,487	20		3,507
Other intangible assets	757	13		770	688	9		697
Insurance activities investments	81,746		(2,261)	79,486	76,272		(3,766)	72,506
Uses of funds for banking sector activities 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 retrocessionnaires in insurance and financial contracts liabilities	4,621		(3,255)	1,366	4,508		(3,087)	1,421
Other assets	8,328	174	(1,132)	7,370	9,735	191	(1,087)	8,839
Assets of businesses held for sale and discontinued operations								
Cash and cash equivalents	1,567	21	(21)	1,567	1,446	19	(19)	1,446
TOTAL CONSOLIDATED ASSETS	**100,423**	**3,569**	**(6,694)**	**97,297**	**96,194**	**3,751**	**(8,168)**	**91,777**
Contingent liabilities	571	10		581	528	10		538
Financial debt	4,753	27	(900)	3,881	3,388	27	(129)	3,286
Liabilities related to insurance policies	53,596		(3,270)	50,325	50,561		(3,084)	47,477
Liabilities related to financial contracts	22,238			22,238	21,667			21,667
Deferred profit-sharing liabilities	34			34	6			6
Sources of funds for banking sector activities		3,018	(45)	2,973		3,207	(228)	2,979
Other liabilities	12,190	177	(2,478)	9,890	14,625	200	(4,727)	10,098
Liabilities of businesses held for sale and discontinued operations								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**93,383**	**3,233**	**(6,694)**	**89,922**	**90,775**	**3,445**	**(8,168)**	**86,052**

NOTE 1.2.2 - SEGMENT INFORMATION BY BUSINESS– INCOME STATEMENT

INCOME STATEMENT	31/12/2009										
	France					International					TOTAL
	Property and casualty insurance.	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Premiums written	5,546	7,367			12,913	2,936	1,226			4,162	17,075
Change in unearned premiums	45	(6)			39	(110)	5			(105)	(66)
Earned premiums	**5,591**	**7,360**			**12,952**	**2,826**	**1,232**			**4,057**	**17,009**
Net banking income, net of cost of risk			**235**		**235**						**235**
Investment income	598	2 149	0	5	2,752	194	252		5	451	3,203
Investment expenses	(249)	(408)	(0)	(9)	(665)	(24)	(20)		(2)	(46)	(711)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	245	997		(1)	1,241	53	29			82	1,323
Change in fair value of financial instruments recognised at fair value through income	28	372		(4)	397	1	46			47	444
Change of impairment on investments	(7)	(4)		(27)	(38)	(4)	(5)			(8)	(46)
Total income from ordinary operations	**6,207**	**10,467**	**235**	**(36)**	**16,873**	**3,046**	**1,534**		**3**	**4,582**	**21,455**
Insurance policy servicing expenses	(4,228)	(8,180)			(12,408)	(2,025)	(1,207)			(3,232)	(15,640)
Income from outward reinsurance	240	24			264	102	19			121	385
Expenses on outward reinsurance	(469)	(52)			(521)	(157)	(25)			(182)	(703)
Banking operating expenses			(226)		(226)						(226)
Policy acquisition costs	(951)	(650)			(1,601)	(601)	(138)			(739)	(2,340)
Administrative costs	(329)	(353)			(682)	(182)	(77)			(259)	(941)
Other income (expenses) from current operations	(317)	(179)	9	(134)	(621)	(39)	(8)		(4)	(51)	(672)
CURRENT OPERATING PROFIT (LOSS)	154	1,077	18	(169)	1,079	143	98		(1)	240	1,318
Other operating income (expenses)	(66)	(30)	0	(15)	(111)	(120)	(55)		(132)	(307)	(417)
OPERATING PROFIT (LOSS)	88	1,047	18	(184)	968	24	42		(133)	(67)	901
Financing expenses	(31)	(9)		(88)	(128)	(0)	0		(2)	(2)	(130)
Share in income of related companies	(1)	4			3	8	0			8	11
Corporate income tax	(4)	(297)	(2)	112	(190)	64	(3)		0	62	(129)
NET INCOME(LOSS) OF THE COMBINED ENTITY	51	746	16	(161)	653	96	39		(134)	1	653
of which, minority interest	26	10			36		(2)			(3)	34
of which net income (Group share)	25	735	16	(160)	616	96	41		(134)	3	620

NOTE 2 - GOODWILL

INCOME STATEMENT	31/12/2008										
	France					International					TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Written premiums	5,534	6,489			12,024	2,725	1,120			3,845	15,869
Change in unearned premiums	34	17			51	(113)	(6)			(119)	(68)
Earned premiums	**5,568**	**6,507**			**12,075**	**2,612**	**1,114**			**3,726**	**15,801**
Net banking income, net of cost of risk			**192**		**192**						**192**
Investment income	633	2,338	1	32	3,003	210	200		6	416	3,419
Investment expenses	(281)	(519)	(0)	(47)	(846)	(16)	(17)		(5)	(37)	(883)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	97	339		2	437	(4)	4			(0)	436
Change in fair value of financial instruments recorded at fair value through income	(93)	(1,342)		1	(1,434)	(2)	(45)			(47)	(1,481)
Change in impairment losses on investments	(25)	(38)		3	(60)	(119)	(63)			(182)	(242)
Total income from ordinary operations	**5,899**	**7,285**	**192**	**(10)**	**13,366**	**2,680**	**1,193**		**1**	**3,875**	**17,242**
Insurance policy servicing expenses	(3,625)	(5,912)			(9,537)	(1,832)	(930)			(2,762)	(12,299)
Income from outward reinsurance	158	57			214	85	38			122	337
Expenses on outward reinsurance	(453)	(47)			(500)	(124)	(30)			(154)	(654)
Banking operating expenses			(194)		(194)						(194)
Policy acquisition costs	(986)	(546)			(1,531)	(534)	(138)			(673)	(2,204)
Administrative costs	(361)	(269)			(630)	(179)	(67)			(246)	(876)
Other income (expenses) from current operations	(268)	(188)	10	(119)	(566)	(31)	(6)		(3)	(41)	(606)
CURRENT OPERATING PROFIT (LOSS)	**364**	**379**	**8**	**(128)**	**623**	**64**	**59**		**(2)**	**121**	**745**
Other income and expenses from current operations	(18)	(12)		(10)	(40)	(43)	(14)		(0)	(57)	(97)
OPERATING PROFIT	**346**	**367**	**8**	**(139)**	**583**	**22**	**45**		**(2)**	**64**	**647**
Financing expenses	(34)	(9)		(90)	(134)	(0)	0		(2)	(2)	(136)
Share in income of related companies	(0)	(0)				3	0			3	3
Corporate income tax	(92)	(101)	(7)	84	(116)	(9)	(13)		3	(19)	(135)
NET INCOME (LOSS) of the entity	**220**	**257**	**1**	**(145)**	**333**	**16**	**32**		**(1)**	**47**	**380**
of which minority interests	28	8			36		2			2	38
of which net income (loss) (Group share)	**192**	**249**	**1**	**(145)**	**297**	**16**	**30**		**(1)**	**45**	**342**

Gross values in the above table are stated after the following deductions:

- cumulative depreciation under French GAAP (CRC Regulation 2005.05) as at 31 December 2003 amounting to €560 million, and
- impact of the first application of IFRS as at 1 January 2004 being a net reduction of €426 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 recognised on the balance sheet in accordance with the former accounting principles.

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 €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 million 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 an 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.

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 UNIT

In millions of euros	31/12/2009				31/12/2008
	Gross amount	Impairments	Foreign exchange adjustment	Net amount	Net amount
Central and Eastern Europe	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	174			174	203
Total France and abroad	**1,007**			**1,007**	**1,036**
Year-end amount	**3,538**	**(121)**	**(186)**	**3,231**	**3,507**

NOTE 3 - OTHER INTANGIBLE ASSETS

In millions of euros	31/12/2009			31/12/2008		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**535**	**957**	**1 492**	**231**	**893**	**1 124**
Increase	137	246	383	5	168	173
Decrease		(86)	(86)		(103)	(103)
Unrealised foreign exchange adjustments	6		6	(44)	(6)	(50)
Change in scope of consolidation		4	4	343	5	348
Year-end gross amount	**678**	**1 121**	**1 799**	**535**	**957**	**1 492**
Opening cumulative amortisation and depreciation	**(79)**	**(689)**	**(768)**	**(45)**	**(644)**	**(689)**
Increase	(61)	(156)	(217)	(21)	(112)	(133)
Decrease		45	45		64	64
Unrealised foreign exchange adjustments	(2)		(2)	9	3	12
Change in scope of consolidation				(22)		(22)
Year-end cumulative amortisation and depreciation	**(142)**	**(800)**	**(942)**	**(79)**	**(689)**	**(768)**
Opening cumulative long-term impairment	**(15)**	**(11)**	**(26)**	**(15)**	**(13)**	**(28)**
Long-term impairment recognised	(62)		(62)			
Long-term impairment write-backs		1	1		2	2
Unrealised foreign exchange adjustments						
Change in scope of consolidation						
Year-end cumulative long-term impairment	**(77)**	**(10)**	**(87)**	**(15)**	**(11)**	**(26)**
Opening net amount	**441**	**257**	**698**	**171**	**236**	**407**
Year-end net amount	**459**	**311**	**770**	**441**	**257**	**698**

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 Garancia Biztosito, 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 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

In millions of euros	31/12/2009						31/12/2008	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Year-end gross amount	**37**	**641**	**1 051**	**70**	**1 088**	**711**	**947**	**545**
Year-end cumulative amortisation and depreciation	(2)	(140)	(755)	(45)	(757)	(185)	(670)	(98)
Year-end cumulative long-term impairment	(15)	(62)	(10)		(25)	(62)	(25)	(1)
Amortisation and provisions	**(17)**	**(202)**	**(765)**	**(45)**	**(782)**	**(247)**	**(695)**	**(99)**
Net book value	**20**	**439**	**286**	**25**	**306**	**464**	**252**	**446**

Note 4 - Investment properties (excluding unit-linked items)

In millions of euros	31/12/2009			31/12/2008		
	Properties	SCI shares	Total	Properties	SCI shares	Total
Opening gross amount	**3,782**	**613**	**4,395**	**3,894**	**613**	**4,507**
Acquisitions	458	13	471	173	18	191
Newly consolidated entities	44		44	1		1
Subsequent expenses			0			
Assets capitalised in the year	22		22	23		23
Transfer from/to properties in unit-linked properties			0	(99)		(99)
Transfer from/operating activities property	12		12	(72)	2	(70)
Unrealised foreign exchange gains and losses			0	(4)		(4)
Disposals	(256)	(120)	(376)	(134)	(20)	(154)
Year-end gross amount	**4,062**	**506**	**4,568**	**3,782**	**613**	**4,395**
Opening cumulative amortisation and depreciation	**(835)**	**0**	**(835)**	**(821)**	**0**	**(821)**
Increase	(89)		(89)	(68)		(68)
Newly consolidated entities	(8)		(8)			
Transfer from/to properties in unit-linked properties			0	19		19
Transfer from/to operating activities property	(1)		(1)	12		12
Decrease	53		53	23		23
Year-end cumulative amortisation and depreciation	**(880)**	**0**	**(880)**	**(835)**	**0**	**(835)**
Opening cumulative long-term impairment	**(11)**	**(5)**	**(16)**	**(9)**	**(6)**	**(15)**
Long-term impairment recognised				(3)	(1)	(4)
Newly consolidated entities						
Long-term impairment write-backs				1	2	3
Year-end cumulative long-term impairment	**(11)**	**(5)**	**(16)**	**(11)**	**(5)**	**(16)**
Opening net amount	**2,936**	**608**	**3,544**	**3,064**	**607**	**3,671**
Year-end net amount	**3,171**	**501**	**3,672**	**2,936**	**608**	**3,544**
Year-end fair value of investment property	**6,490**	**777**	**7,267**	**6,634**	**976**	**7,610**
Unrealised capital gains	**3,319**	**276**	**3,595**	**3,698**	**368**	**4,066**

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 €1.74 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

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	3,939	123	4,062	506		506	3,656	126	3,782	613		613
Cumulative amortisation	(857)	(23)	(880)				(811)	(24)	(835)			
Long-term impairment	(11)		(11)	(5)		(5)	(12)		(12)	(5)		(5)
Year-end net amount	**3,071**	**100**	**3,171**	**501**		**501**	**2,834**	**102**	**2,936**	**608**		**608**
Year-end fair value of investment property	**6,247**	**243**	**6,490**	**777**		**777**	**6,362**	**271**	**6,634**	**976**		**976**
Unrealised capital gains	**3,176**	**143**	**3,319**	**276**		**276**	**3,529**	**169**	**3,698**	**368**		**368**

NOTE 4.2 - INVESTMENT PROPERTIES BY BUSINESS

NOTE 4.2.1 - INVESTMENT PROPERTIES BY BUSINESS- FRANCE

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	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	1,567	2,372	3,939	348	158	506	1,521	2,135	3,656	434	180	613
Cumulative amortisation	(327)	(530)	(857)			0	(327)	(484)	(811)	0	0	0
Long-term impairment	(5)	(6)	(11)	(1)	(4)	(5)	(5)	(6)	(12)	(1)	(4)	(5)
Year-end net amount	**1,235**	**1,836**	**3,071**	**347**	**154**	**501**	**1,189**	**1,645**	**2,834**	**432**	**176**	**608**
Year-end fair value of property, plant and equipment	**2,412**	**3,835**	**6,247**	**529**	**248**	**777**	**2,617**	**3,746**	**6,362**	**703**	**273**	**976**
Unrealised capital gains	**1,177**	**1,999**	**3,176**	**182**	**94**	**276**	**1,428**	**2,101**	**3,529**	**271**	**97**	**368**

NOTE 4.2.2 - INVESTMENT PROPERTIES BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	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							0	0	0			
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 PROPERTIES

In millions of euros	31/12/2009			31/12/2008		
	Properties	SCI shares	Total	Properties	SCI shares	Total
Opening gross amount	**1,184**	**78**	**1,263**	**838**	**82**	**920**
Acquisitions	161	8	169	164	13	177
Newly consolidated entities				50		50
Assets capitalised in the year	63	(1)	62	83	(1)	82
Transfer from/to investment property	(12)		(12)	72	(2)	70
Unrealised foreign exchange adjustments	(1)		(1)	(8)		(8)
Disposals	(59)	(12)	(71)	(15)	(14)	(29)
Year-end gross amount	**1,337**	**73**	**1,410**	**1,184**	**78**	**1,263**
Opening cumulative amortisation and depreciation	**(263)**	**0**	**(263)**	**(232)**		**(232)**
Increase	(39)		(39)	(24)		(24)
Newly consolidated entities:						
Transfer from/to investment property	1		1	(12)		(12)
Decrease	25		25	6		6
Year-end cumulative amortisation and depreciation	**(276)**	**0**	**(276)**	**(263)**		**(263)**
Opening cumulative long-term impairment	**(5)**	**(5)**	**(10)**	**(4)**	**(6)**	**(10)**
Long-term impairment recognised				(1)		(1)
Newly consolidated entities						
Long-term impairment write-backs	2		2		1	1
Year-end cumulative long-term impairment	**(3)**	**(5)**	**(8)**	**(5)**	**(5)**	**(10)**
Opening net amount	**917**	**73**	**990**	**603**	**76**	**679**
Year-end net amount	**1,058**	**68**	**1,126**	**917**	**73**	**990**
Year-end fair value of operating activities property	**1,432**	**93**	**1,525**	**1,357**	**93**	**1,450**
Unrealised capital gains	**374**	**25**	**399**	**440**	**20**	**460**

NOTE 5.1 - OPERATING ACTIVITIES PROPERTIES – BY OPERATING SEGMENT

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	1,245	91	1,337	73		73	1,074	110	1,184	78		78
Cumulative amortisation	(269)	(7)	(276)				(253)	(10)	(263)			
Long-term impairment	(2)		(3)	(5)		(5)	(4)		(5)	(5)		(5)
Year-end net amount	**975**	**84**	**1,058**	**68**		**68**	**817**	**100**	**917**	**73**		**73**
Year-end fair value of property, plant and equipment	**1,315**	**117**	**1,432**	**93**		**93**	**1,203**	**154**	**1,357**	**93**		**93**
Unrealised capital gains	**341**	**33**	**374**	**25**		**25**	**386**	**54**	**440**	**20**		**20**

NOTE 5.2 - OPERATING ACTIVITIES PROPERTY BY BUSINESS

NOTE 5.2.1 - OPERATING ACTIVITIES PROPERTY BY BUSINESS – FRANCE

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	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	622	623	1,245	17	56	73	485	589	1,074	23	56	78
Cumulative amortisation	(92)	(177)	(269)			0	(86)	(168)	(253)	0	0	0
Long-term impairment	(1)	(1)	(2)	(1)	(4)	(5)	(1)	(3)	(4)	(1)	(4)	(5)
Year-end net amount	**529**	**445**	**974**	**16**	**52**	**68**	**399**	**418**	**817**	**21**	**51**	**73**
Year-end fair value of property, plant and equipment	**655**	**660**	**1,315**	**25**	**68**	**93**	**554**	**649**	**1,203**	**28**	**65**	**93**
Unrealised capital gains	**126**	**215**	**341**	**9**	**16**	**25**	**155**	**231**	**386**	**7**	**14**	**20**

NOTE 5.2.2 - OPERATING ACTIVITIES PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009						31/12/2008					
	Properties			SCI shares			Properties			SCI shares		
	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)	(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	31/12/2008
	Net amount	Net amount
Assets valued at fair value	70,198	63,393
Assets valued at amortised cost	653	840
Total financial investments excluding unit-linked items	**70,852**	**64,233**

Total investments as at 31 December 2009 were €70,852 million and marked an increase of €6,619 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 €4,394 million at 31 December 2008.

NOTE 6.1 - INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

In millions of euros	31/12/2009								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	11,972	509	12,481	11,083	513	11,596	(889)	4	(885)
Bonds and other fixed-income investments	40,217	6,189	46,406	40,381	6,208	46,589	164	19	183
Other	45	1	46	46	1	47	1		1
Total available-for-sale assets	**52,234**	**6,699**	**58,933**	**51,510**	**6,722**	**58,232**	**(724)**	**23**	**(701)**
Trading assets									
Equities and other variable-income investments classified as trading"	3,849	28	3,877	3,849	28	3,877			
Equities and other variable-income investments classified as held-for-trading	2,031	143	2,174	2,031	143	2,174			
Bonds and other fixed-income investments classified as trading	232	18	250	232	18	250			
Bonds and other fixed-income investments classified as held-for-trading"	3,254	132	3,386	3,254	132	3,386			
Other securities classified as trading	1,224		1,224	1,224		1,224			
Other securities classified as held-for-trading"	1,044	12	1,056	1,044	12	1,056			
Total trading assets	**11,634**	**333**	**11,967**	**11,634**	**333**	**11,967**			
Total investments valued at fair value	**63,868**	**7,032**	**70,900**	**63,144**	**7,055**	**70,199**	**(724)**	**23**	**(701)**

[a] For investments valued at fair value, the 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 €(701) million and €75 million respectively, compared to €(3,365) million and €212 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 €46 million on its financial investments valued at fair value. Total provisions for long-term impairment of investments valued at fair value was €256 million as at 31 December 2009, compared to €500 million as at 31 December 2008. This decrease is due to the write-back of provisions on securities sold. In total, provisions for impairment on insurance assets accounted for 0.37% 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. Cash generated in such repurchase agreements is invested in special funds. Those 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.

In millions of euros	31/12/2008								
	Net amortised cost			Faire value [a]			Unrealised gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Available-for-sale assets									
Equities and other variable-income investments	11,913	626	12,539	8,764	616	9,380	(3,149)	(10)	(3,159)
Bonds and other fixed-income investments	36,766	5,732	42,498	36,922	5,382	42,304	156	(350)	(194)
Other	50	2	52	39	1	40	(11)	(1)	(12)
Total available-for-sale assets	**48,729**	**6,360**	**55,089**	**45,725**	**5,999**	**51,724**	**(3,004)**	**(361)**	**(3,365)**
Trading assets									
Equities and other variable-income investments classified as trading"	2,847	32	2,879	2,847	32	2,879			
Equities and other variable-income investments classified as held-for-trading	1,464	32	1,496	1,464	32	1,496			
Bonds and other fixed-income investments classified as trading	374	20	394	374	20	394			
Bonds and other fixed-income investments classified as held-for-trading"	5,166	141	5,307	5,166	141	5,307			
Other securities classified as trading	1,565		1,565	1,565		1,565			
Other securities classified as held-for-trading"	3	26	29	3	26	29			
Total trading assets	**11,419**	**251**	**11,670**	**11,419**	**251**	**11,670**			
Total investments valued at fair value	**60,148**	**6,611**	**66,759**	**57,144**	**6,250**	**63,394**	**(3,004)**	**(361)**	**(3,365)**

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

NOTE 6.2 -INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS

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

In millions of euros	31/12/2009								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities	9,900	2,072	11,972	9,165	1,918	11,083	(735)	(154)	(889)
Bonds	33,255	6,962	40,217	33,391	6,990	40,381	136	28	164
Other	37	8	45	38	8	46	1		1
Total available-for-sale assets	**43,192**	**9,042**	**52,234**	**42,594**	**8,916**	**51,510**	**(598)**	**(126)**	**(724)**
Trading assets									
Equities classified as trading	3,183	666	3,849	3,183	666	3,849			
Equities classified as held-for-trading	1,679	352	2,031	1,679	352	2,031			
Bonds classified as trading	192	40	232	192	40	232			
Bonds classified as held-for-trading"	2,691	563	3,254	2,691	563	3,254			
Other securities classified as trading	1,012	212	1,224	1,012	212	1,224			
Other securities classified as held-for-trading	863	181	1,044	863	181	1,044			
Total trading assets	**9,620**	**2,014**	**11,634**	**9,620**	**2,014**	**11,634**			
Total investments valued at fair value	**52,812**	**11,056**	**63,868**	**52,214**	**10,930**	**63,144**	**(598)**	**(126)**	**(724)**

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

In millions of euros	31/12/2008								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities	9,776	2,137	11,913	7,192	1,572	8,764	(2,584)	(565)	(3,149)
Bonds	30,170	6,596	36,766	30,298	6,624	36,922	128	28	156
Other	41	9	50		39	39	(41)	30	(11)
Total available-for-sale assets	**39,987**	**8,742**	**48,729**	**37,490**	**8,235**	**45,725**	**(2,497)**	**(507)**	**(3,004)**
Trading assets									
Equities classified as trading	2,336	511	2,847	2,336	511	2,847			
Equities classified as held-for-trading	1,201	263	1,464	1,201	263	1,464			
Bonds classified as trading	307	67	374	307	67	374			
Bonds classified as held-for-trading"	4,239	927	5,166	4,239	927	5,166			
Other securities classified as trading	1,284	281	1,565	1,284	281	1,565			
Other securities classified as held-for-trading	2	1	3	2	1	3			
Total trading assets	**9,369**	**2,050**	**11,419**	**9,369**	**2,050**	**11,419**			
Total investments valued at fair value	**49,356**	**10,792**	**60,148**	**46,859**	**10,285**	**57,144**	**(2,497)**	**(507)**	**(3,004)**

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

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

In millions of euros	31/12/2009								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities	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**
Trading assets									
Equities classified as trading	13	15	28	13	15	28			
Equities classified as held-for-trading	65	78	143	65	78	143			
Bonds classified as trading	8	10	18	8	10	18			
Bonds classified as held-for-trading"	60	72	132	60	72	132			
Other securities classified as trading									
Other securities classified as held-for-trading	5	7	12	5	7	12			
Total trading assets	**151**	**182**	**333**	**151**	**182**	**333**			
Total investments valued at fair value	**3,192**	**3,840**	**7,032**	**3,202**	**3,853**	**7,055**	**10**	**13**	**23**

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

In millions of euros	31/12/2008								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities	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)**
Trading assets									
Equities classified as trading	14	18	32	14	18	32			
Equities classified as held-for-trading	14	18	32	14	18	32			
Bonds classified as trading	9	11	20	9	11	20			
Bonds classified as held-for-trading"	64	77	141	64	77	141			
Other securities classified as trading									
Other securities classified as 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)**

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

NOTE 6.3 - INVESTMENTS VALUED AT FAIR VALUE BY TYPE OF SECURITIES

In millions of euros	31/12/2009								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities									
Available-for-sale assets	11,972	509	12,481	11,083	513	11,596	(889)	4	(885)
Assets classified under trading	3,849	28	3,877	3,849	28	3,877			
Assets held for trading	2,031	143	2,174	2,031	143	2,174			
Total equities	**17,852**	**680**	**18,532**	**16,963**	**684**	**17,647**	**(889)**	**4**	**(885)**
Bonds									
Available-for-sale assets	40,217	6,189	46,406	40,381	6,208	46,589	164	19	183
Assets classified under trading	232	18	250	232	18	250			
Assets held for trading	3,254	132	3,386	3,254	132	3,386			
Total bonds	**43,703**	**6,339**	**50,042**	**43,867**	**6,358**	**50,225**	**164**	**19**	**183**
Other									
Available-for-sale assets	45	1	46	46	1	47	1		1
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	**2,313**	**13**	**2,326**	**2,314**	**13**	**2,327**	**1**		**1**
Total investments valued at fair value	**63,868**	**7,032**	**70,900**	**63,144**	**7,055**	**70,199**	**(724)**	**23**	**(701)**

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

In millions of euros	31/12/2008								
	Net amortised cost			Fair value [a]			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities									
Available-for-sale assets	11,913	626	12,539	8,764	616	9,380	(3,149)	(10)	(3,159)
Assets classified under trading	2,847	32	2,879	2,847	32	2,879			
Assets held for trading	1,464	32	1,496	1,464	32	1,496			
Total equities	**16,224**	**690**	**16,914**	**13,075**	**680**	**13,755**	**(3,149)**	**(10)**	**(3,159)**
Bonds									
Available-for-sale assets	36,766	5,732	42,498	36,922	5,382	42,304	156	(350)	(194)
Assets classified under trading	374	20	394	374	20	394			
Assets held for trading	5,166	141	5,307	5,166	141	5,307			
Total bonds	**42,306**	**5,893**	**48,199**	**42,462**	**5,543**	**48,005**	**156**	**(350)**	**(194)**
Other									
Available-for-sale assets	50	2	52	39	1	40	(11)	(1)	(12)
Assets classified under trading	1,565		1,565	1,565		1,565			
Assets held for trading	3	26	29	3	26	29			
Total other	**1,618**	**28**	**1,646**	**1,607**	**27**	**1,634**	**(11)**	**(1)**	**(12)**
Total investments valued at fair value	**60,148**	**6,611**	**66,759**	**57,144**	**6,250**	**63,394**	**(3,004)**	**(361)**	**(3,365)**

[a] For investments valued at fair value, the 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			31/12/2008		
	France	International	Total	France	International	Total
Loans	169	92	261	192	76	268
Deposits	127	159	286	145	233	378
Other	105	2	107	194		194
Loans and receivables	**401**	**253**	**654**	**531**	**309**	**840**
Total assets valued at amortised cost	**401**	**253**	**654**	**531**	**309**	**840**

Total long-term impairment provisions for investments recognised at amortised cost remained unchanged from 31 December 2008 at €4 million.

NOTE 6.5 - BREAKDOWN OF LISTED INVESTMENTS

In millions of euros	31/12/2009	31/12/2008
	Net amount	Net amount
Equities	7,514	5,922
Shares in fixed income mutual funds	3,749	5,064
Shares in other mutual funds	11,957	11,281
Bonds and other fixed-income securities	46,370	40,400
Total listed investments	**69,589**	**62,668**

As at 31 December 2009, total long-term impairment provisions for unlisted investments recognised at fair value were €135 million, compared with €365 million at 31 December 2008.

NOTE 6.6 - BREAKDOWN OF UNLISTED INVESTMENTS

In millions of euros	31/12/2009	31/12/2008
	Net amount	Net amount
Equities at fair value	441	500
Bonds and other fixed-income securities at fair value	107	140
Other investments at fair value	61	86
Loans at amortised cost	261	267
Other investments at amortised cost	393	572
Total unlisted investments	**1,262**	**1,565**

As at 31 December 2009, total long-term impairment provisions for unlisted investments recognised at fair value were €121 million, compared with €135 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				31/12/2008			
	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit-sharing and tax [1]	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit-sharing and tax
Bolloré Investissement	4.31%	130	122	(8)	4.31%	81	86	5
Société Générale	4.24%	1,749	1,534	(215)	4.10%	1,460	794	(665)
Lagardère	2.01%	97	75	(22)	1.89%	94	69	(24)
Veolia Environnement	5.72%	796	653	(143)	5.56%	755	561	(194)
Saint Gobain	1.98%	442	387	(55)	2.00%	404	252	(152)
Eiffage	6.73%	358	239	(119)	6.63%	379	224	(154)
French companies		3,572	3,010	(562)		3,172	1,987	(1,184)
Médiobanca	4.93%	500	357	(143)	4.97%	503	295	(208)
OTP Bank	9.16%	657	516	(108)	8.31%	642	256	(386)
Foreign companies		1,157	873	(251)		1,145	550	(595)
Total significant investments in unconsolidated companies		**4,729**	**3,883**	**(813)**		**4,317**	**2,538**	**(1,779)**

[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			31/12/2008		
	France	Inter-national	Total	France	Inter-national	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 investments 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 and health insurance business.

NOTE 8 - ASSETS AND LIABILITIES DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

In millions of euros	31/12/2009					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	158	(164)		(2)	158	(166)
Options	21				21	
Forward currency contracts		(2)				(2)
Other		(3)				(3)
Total	**179**	**(169)**		**(2)**	**179**	**(171)**

In millions of euros	31/12/2008					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	86	(46)			86	(46)
Options	66	(2)			66	(2)
Forward currency contracts	128				128	
Other						
Total	**280**	**(48)**	**0**	**0**	**280**	**(48)**

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

NOTE 9.1 - USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of euros	31/12/2009			31/12/2008		
	Gross amount	Provisions	Gross amount	Gross amount	Gross amount	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 uses of funds 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

In millions of euros	31/12/2009		31/12/2008	
	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	851	232	1,083	824	267	1,090
Other technical reserves	118	7	125	119	4	123
Total	**994**	**295**	**1,288**	**969**	**360**	**1,329**
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	**1,033**	**333**	**1,366**	**1,019**	**402**	**1,421**

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

In millions of euros	31/12/2009			31/12/2008		
	France	International	Total	France	International	Total
Share of reinsurers in reserves for claims at the beginning of the year	824	267	1,091	824	273	1,097
Transfers in portfolio and changes in scope of consolidation		76	76		35	35
Share of reinsurers in the total claims expense	228	88	316	182	73	255
Share of reinsurers in total payments	(191)	(134)	(325)	(184)	(85)	(269)
Changes in exchange rate	(10)	(65)	(75)	2	(30)	(28)
Share of reinsurers in reserves for claims at year-end	**851**	**232**	**1,083**	**824**	**266**	**1,090**

NOTE 12 - OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 - CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

In millions of euros	31/12/2009			31/12/2008		
	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	**694**	**53**	**747**	**661**	**54**	**715**
Acquisitions	68	2	70	98	2	100
Newly consolidated entities			0	11		11
Assets capitalised in the year	6		6	1		1
Foreign exchange adjustments	1		1	(8)		(8)
Disposals	(64)	(1)	(65)	(69)	(3)	(72)
Year-end gross amount	**705**	**54**	**759**	**694**	**53**	**747**
Opening cumulative amortisation & depreciation	**(448)**	**0**	**(448)**	**(429)**		**(429)**
Increase	(79)		(79)	(81)		(81)
Newly consolidated entities			0	(1)		(1)
Foreign exchange adjustments	(1)		(1)	3		3
Decrease	64		64	60		60
Year-end cumulative amortisation & depreciation	**(464)**	**0**	**(464)**	**(448)**		**(448)**
Opening cumulative long-term impairment	**(5)**	**0**	**(5)**	**(6)**		**(6)**
Long-term impairment recognised	(1)	(3)	(4)	(1)		(1)
Newly consolidated entities			0	(2)		(2)
Foreign exchange adjustments			0	1		1
Long-term impairment write-backs	4		4	3		3
Year-end cumulative long-term impairment	**(2)**	**(3)**	**(5)**	**(5)**		**(5)**
Opening net amount	**241**	**53**	**294**	**225**	**54**	**279**
Year-end net amount	**239**	**51**	**290**	**241**	**53**	**294**
Year-end fair value of other property, plant and equipment	**239**	**77**	**316**	**244**	**80**	**324**
Unrealised capital gains	**0**	**26**	**26**	**3**	**27**	**30**

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

In millions of euros	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		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	540	165	705	54		54	528	166	694	53		53
Cumulative amortisation	(348)	(115)	(464)				(333)	(115)	(448)			
Long-term impairment	(2)		(2)	(3)		(3)	(1)	(3)	(4)			
Year-end net amount	189	50	239	51		51	194	48	241	53		53
Year-end fair value of property, plant and equipment	189	50	239	77		77	194	50	244	80		80
Unrealised capital gains				26		26		3	3	27		27

NOTE 13 - DEFERRED ACQUISITION COSTS

In millions of euros	31/12/2009			31/12/2008		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	190		190	178		178
Life insurance policies and financial contracts with discretionary profit-sharing	223	(16)	208	242	(11)	232
France	**413**	**(16)**	**397**	**421**	**(11)**	**410**
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	**675**	**(26)**	**650**	**672**	**(21)**	**651**

NOTE 14 - DEFERRED PROFIT-SHARING ASSET

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	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 - DEFERRED TAX ASSETS – BY OPERATING SEGMENT

In millions of euros	31/12/2009		31/12/2008	
	France	International	Total	Total
Deferred tax assets	268	128	396	632
Total Deferred tax assets	**268**	**128**	**396**	**632**

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	(532)	(302)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(177)	(6)
Acquisition costs for life policies and total management reserves	(52)	(47)
Consolidation adjustments on technical reserves	(120)	(105)
Other differences on consolidation adjustments	(26)	(73)
Deferred acquisition costs for non-life policies	(65)	(60)
Tax differences on technical reserves and other contingent liabilities	442	488
Gains on tax suspension	(9)	(16)
Mutual fund valuation differential	8	(70)
Currency hedging	8	43
Other tax timing differences	8	14
Sub-total of deferred taxes resulting from timing differences	**(516)**	**(133)**
Capitalisation of operating losses	**109**	**120**
Deferred taxes capitalised	**(407)**	**(14)**
of which assets	396	632
of which liabilities	(803)	(645)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banking) 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

In millions of euros	31/12/2009							31/12/2008
	France			International			Total	Total
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Receivables from insurance or inward insurance transactions								
Earned premiums not written	882		882	69		69	951	715
Policyholders, intermediaries and other third parties	965	(49)	916	681	(61)	620	1,536	1,504
Co-insurer and other third party current accounts	63	(1)	62	52	(18)	33	95	84
Current accounts of ceding and retroceding companies	332	(1)	331	13	(2)	12	343	322
Total	**2,242**	**(50)**	**2,192**	**815**	**(81)**	**734**	**2,925**	**2,626**

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

In millions of euros	31/12/2009				31/12/2008			
	<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	938	13		951	715			715
Policyholders, intermediaries and other third parties	1,526	9		1,536	1,490	14		1,504
Co-insurer and other third party current accounts	75	20		95	58	26		84
Current accounts of ceding and retroceding companies	318	22	3	343	292	26	4	322
Total	**2,858**	**64**	**3**	**2,925**	**2,556**	**66**	**4**	**2,625**

NOTE 17 - RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

In millions of euros	31/12/2009			31/12/2008
	Gross amount	Provision	Net amount	Net amount
Receivables from outward reinsurance transactions				
Outward reinsurer and retrocessionnaire current accounts	108	(14)	94	96
Other receivables from reinsurance transactions	53	(6)	48	53
Total	**162**	**(20)**	**141**	**149**

NOTE 17.1 - RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS – BY MATURITY

In millions of euros	31/12/2009				31/12/2008			
	<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	73	17	4	94	83	13		96
Other receivables from reinsurance transactions	41	6	1	48	51	2		53
Total	**114**	**22**	**5**	**141**	**134**	**15**		**149**

NOTE 18 - CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

NOTE 18.1 - CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY MATURITY

In millions of euros	31/12/2009				31/12/2008			
	<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	252	1		253	299		3	302

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

Current tax receivables amounted to €54 million compared to €138 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, deductible VAT and VAT credits amounting to €22 million, hail subsidies for the regional mutuals amounting to €39 million, and corporate income tax of foreign companies amounting to €40 million.

NOTE 18.2 - CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	163	90	253	215	87	302

NOTE 19 - OTHER RECEIVABLES

In millions of euros	31/12/2009			31/12/2008
	Gross amount	Provisions	Total	Total
Interest accrued not due	906		906	867
Personnel debtors	16		16	20
Social security agencies	9		9	67
Other debtors	1,094	(80)	1,014	1,155
Other receivables	437		437	463
Total	**2,462**	**(80)**	**2,382**	**2,573**

NOTE 19.1 - OTHER RECEIVABLES – BY MATURITY

In millions of euros	31/12/2009				31/12/2008			
	< 1 year	1 TO 5 YEARS	> 5 years	Total	< 1 year	1 TO 5 YEARS	> 5 years	Total
Interest accrued not due	906			906	867			867
Personnel debtors	16			16	20			20
Social security agencies	9			9	67			67
Other debtors	884	97	33	1,014	1,025	127	4	1,156
Other receivables	437			437	453		10	463
Total	**2,252**	**97**	**33**	**2,382**	**2,432**	**127**	**14**	**2,573**

NOTE 19.2 - OTHER RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Interest accrued not due	772	134	906	756	111	867
Personnel debtors	11	5	16	17	4	20
Social security agencies	9		9	67		67
Other debtors	881	133	1,014	1,048	107	1,156
Other receivables	382	55	437	417	46	463
Total	**2,055**	**327**	**2,382**	**2,305**	**268**	**2,573**

NOTE 20 – CASH

NOTE 20.1 - CASH SHOWN AS BALANCE SHEET ASSETS

In millions of euros	31/12/2009	31/12/2008
France	945	523
International	622	923
Total	**1,567**	**1,446**

NOTE 20.2 - CASH SHOWN AS BALANCE SHEET LIABILITIES

In millions of euros	31/12/2009				31/12/2008			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating liabilities to banking institutions	623	43		667	445	47		492
Total	**623**	**43**		**667**	**445**	**47**		**492**

In millions of euros	31/12/2009			
	Currencies		Rate	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating liabilities to banking institutions	651	16	627	39
Total	**651**	**16**	**627**	**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 R322-5 and R322-44 of the French Insurance Code, French companies subject to government oversight and formed as mutual insurance companies must have initial capital of at least €240,000 or €400,000 depending on the business segment in which they operate. For companies that are sociétés anonymes, the minimum required share capital is €480,000 or €800,000 depending on the business segment in which they are engaged.

In addition, in order to ensure the financial stability of insurance companies and protect policyholders, there is a prudential provision in France under Article R334-1 of the French Insurance Code whereby insurance companies must comply with a minimum solvency margin on a permanent basis in respect of their life and non-life activities. This requirement also exists in other countries based on similar procedures. There is a further requirement applying to consolidated financial statements, which requires insurance companies to comply with a so-called "adjusted" solvency limit that includes any banking activities exercised by the insurance group, based on French regulations and accounting standards.

Note 21.2 Impact on transactions with members

- **Changes in the Group's shareholders' equity during 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. Post-tax interest costs are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

- **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).

The increase in the revaluation reserve is related primarily to the increase in unrealised capital gains (losses) due to the mixed changes in the financial markets over the entire year, which ended as at 31 December at levels exceeding (for equities) those of 31 December 2008.

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	(702)	(3,365)
Shadow accounting	599	1,852
Cash flow hedge and other changes	(119)	(83)
Deferred taxes	(135)	118
Share of minority interests	32	26
Unrealised net capital gains (losses), Group share	**(325)**	**(1,452)**

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 related primarily to the increase in unrealised capital gains (losses) due to the mixed changes in the financial markets over the entire year, which ended as at 31 December at levels exceeding (for equities) those of 31 December 2008.

NOTE 22 - CONTINGENT LIABILITIES

In millions of euros	31/12/2009						
	France			International			Total
	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	
Opening amount	**270**	**140**	**409**	**79**	**48**	**128**	**537**
Changes in the scope of consolidation and changes in accounting methods							0
Increases for the year	43	46	89	33	33	66	155
Write-back for the year	(42)	(31)	(72)	(17)	(25)	(42)	(114)
Changes in exchange rate				3		3	3
Year-end amount	**271**	**155**	**426**	**98**	**57**	**155**	**581**

(1) The details of this item are not provided because this information could cause a serious loss for the Group in view of current litigation.

In millions of euros	31/12/2008						
	France			International			Total
	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	
Opening amount	**274**	**331**	**605**	**101**	**33**	**134**	**739**
Changes in the scope of consolidation and changes in accounting methods	0	3	3	1	2	3	6
Increases for the year	50	35	85	6	30	36	121
Write-back for the year	(54)	(230)	(284)	(16)	(16)	(32)	(316)
Changes in exchange rate				(12)	(1)	(13)	(13)
Year-end amount	**270**	**140**	**409**	**79**	**48**	**128**	**537**

(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

In millions of euros	Post-employment benefits		Other long-term benefits		Total	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Opening actuarial debt	**460**	**567**	**49**	**50**	**509**	**617**
Cost of past services	19	11	4	4	23	16
Benefits paid	(27)	(28)	(4)	(2)	(31)	(30)
Interest on actuarial debt	25	26	3	2	28	28
Actuarial gains (losses) (actual variations)	5	(51)	(0)	(3)	5	(54)
Actuarial gains (losses) (hypothetical variations)	40	(10)	6	(2)	46	(12)
Plan changes	1	(0)	(0)	(0)	1	(0)
Scope of consolidation changes	(7)	1	(2)		(9)	1
Exchange rate changes	14	(61)			14	(61)
Other	(27)	5	2	(1)	(26)	5
Year-end actuarial debt (A)	**503**	**460**	**58**	**49**	**561**	**509**
Opening fair value of hedging assets	**160**	**242**			**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)
Scope of consolidation changes						
Exchange rate changes	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)	**312**	**300**	**58**	**49**	**370**	**349**

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

In millions of euros	Post-employment benefits		Other long-term benefits		Total	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Opening amount recognised in contingent liabilities	**300**	**325**	**49**	**50**	**349**	**375**
Present value of commitment	3	28	11	(1)	14	27
Actuarial differences affecting shareholders' equity	35	(17)			35	(17)
Write-back of reserves for benefits paid by the employer	(27)	(27)	(2)		(29)	(27)
Reclassifications					0	
Scope of consolidation changes	(7)				(7)	
Exchange rate changes	2	(12)			2	(12)
Other	5	3			5	3
Year-end amount recognised in contingent liabilities	**311**	**300**	**58**	**49**	**369**	**349**

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	(19)	(12)
Benefits paid by the employer	(27)	(28)
Interest on actuarial debt	(25)	(26)
Return expected from hedging assets	11	15
Sorie option	35	(17)
Plan changes	1	
Effects of exchange rate changes	(2)	12
Other		
Annual post-employment benefits expense	**(26)**	**(56)**

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

In millions of euros	31/12/2009				31/12/2008			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	276	240	45	561	274	187	48	509
Fair value of hedging assets	5	184	2	191	4	154	2	160
Net actuarial debt	**271**	**56**	**43**	**370**	**270**	**33**	**46**	**349**
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 rate of salary/pension increase	2.24%	3.30%	5.87%		3.00%	2.75%	3.00%	
Staff turnover								
- 18 to 34	0 à 20%	NA	NS		0 à 20%	NA	NS	
- 35 to 44	0 à 6%	NA	NS		0 à 15%	NA	NS	
- 45 to 54	0 à 10%	NA	NS		0 à 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 liability 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	(1,328)	(1,240)
Social security expenses	(570)	(525)
Post-employment benefits		
Defined contribution plans		
Defined benefit plan	(26)	(56)
Anniversary days and employee awards	(11)	1
Other personnel benefits	(25)	(25)
Annual salary expense	**(1,960)**	**(1,845)**

NOTE 24 - FINANCIAL DEBT

In millions of euros	31/12/2009				31/12/2008			
	<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 to banking institutions	660	800	425	1,885		1,601	440	2,041
Total financial debt	**1,410**	**800**	**1,670**	**3,880**		**1,601**	**1,685**	**3,286**

Debt commitments outside the Group increased by nearly €594 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 €156 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

In millions of euros	31/12/2009			
	Currencies		Rate	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Subordinated debt	1,995		1,495	500
Financial debt represented by securities				
Financial debt to banking institutions	1,871	14	1,871	14
Total	**3,866**	**14**	**3,366**	**514**

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

➢ 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 relation to the contribution transactions carried out on 1 January 2003. The loans were redeemed early on 22 January 2010;

➢ a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €495 million.
- This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.
- Interest payments are subject to specific conditions covering solvency; in particular, if the company has a solvency 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 and 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 institutions” 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 €1,181 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 – BREAKDOWN BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	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	1,025	1,359	2,384	988	1,307	2,295
Outstanding claims reserves	9,448	3,176	12,624	9,488	3,167	12,655
Other technical reserves	3,119	89	3,208	3,137	94	3,231
Total Non-life insurance	**13,591**	4,624	**18,216**	**13,614**	**4,567**	**18,181**
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	**42,649**	**7,677**	**50,325**	**40,018**	**7,460**	**47,477**

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 - LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 25.2.1 - LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – FRANCE

In millions of euros	31/12/2009			31/12/2008		
	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	100	925	1 025	96	892	988
Outstanding claims reserves	775	8,673	9,448	943	8,545	9,488
Other technical reserves	2,207	912	3,119	2,198	939	3,137
Total Non-life insurance	**3,082**	**10,510**	**13,592**	**3,236**	**10,377**	**13,614**
Life insurance reserves for unit-linked policies	2,885		2,885	2,325		2,325
Total gross technical reserves relating to insurance policies	**32,139**	**10,510**	**42,649**	**29,641**	**10,377**	**40,018**

NOTE 25.2.2 - LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009			31/12/2008		
	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	296		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			31/12/2008		
	Gross life insurance reserves	Gross outstanding claims reserve	Total	Gross life insurance reserves	Gross outstanding claims reserve	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			31/12/2008		
	Gross reserves for unearned premiums	Gross outstanding claims reserve	Total	Gross reserves for unearned premiums	Gross outstanding claims reserve	Total
Non-life insurance						
Motor Insurance	1,065	4,765	5,830	1,057	4,753	5,810
Bodily injury	233	1,078	1,311	218	1,063	1,281
Property damage	732	2,788	3,520	671	2,614	3,285
General third party liability	73	1,121	1,194	74	1,233	1,307
Marine, aviation, transport	14	586	600	17	624	641
Other	260	1,850	2,110	250	1,872	2,122
Inward reinsurance	**7**	**436**	**443**	**8**	**496**	**504**
Total Non-Life Reserves	**2,384**	**12,624**	**15,008**	**2,295**	**12,655**	**14,950**

NOTE 25.4 - CHANGE IN NON-LIFE OUTSTANDING CLAIMS RESERVES

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Opening reserves for non-life claims	**9,488**	**3,167**	**12,655**	**9,557**	**3,252**	**12,809**
Portfolio transfers/changes in scope of consolidation					**185**	**185**
Claims expense for the current year	6,386	2,428	8,814	5,740	2,188	7,928
Claims expense for prior years	(545)	(160)	(705)	(487)	(185)	(672)
Total claims expense	**5,841**	**2,268**	**8,109**	**5,253**	**2,003**	**7,256**
Claims payments for the current year	(3,153)	(1,286)	(4,439)	(2,639)	(1,081)	(3,720)
Claims payments for prior years	(2,701)	(1,000)	(3,701)	(2,704)	(1,010)	(3,714)
Total payments	**(5,853)**	**(2,287)**	**(8,140)**	**(5,343)**	**(2,091)**	**(7,434)**
Changes in exchange rate	**(28)**	**30**	**2**	**21**	**(182)**	**(161)**
Total reserves for non-life claims at year-end	**9,448**	**3,178**	**12,626**	**9,488**	**3,167**	**12,655**

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	6,759	6,924	7,282	7,831	8,820
At end of N+1	6,613	6,911	7,220	7,760	
At end of N+2	6,416	6,738	7,045		
At end of N+3	6,315	6,612			
At end of N+4	6,196				
At end of N+5					
Claims expense	**6,196**	**6,612**	**7,045**	**7,760**	**8,820**
Cumulative claims payments	**5,574**	**5,796**	**5,883**	**5,878**	**4,442**
Outstanding claims reserves	**622**	**816**	**1,162**	**1,882**	**4,378**
Earned premiums	**8,990**	**9,445**	**9,632**	**10,500**	**11,055**
Loss ratio	**68.9%**	**70.0%**	**73.1%**	**73.9%**	**79.8%**

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)	**2,143**	24	**2,168**	**2,177**	**18**	**2,195**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,087	24	2,111	2,173	18	2,192
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,803	30	2,833	2,884	17	2,901
Technical interest	(716)	(5)	(722)	(710)	1	(709)
Impact of change in discount rate	57		57	3		3

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	20,828	20,014
Reserves on unit-linked policies	205	247
Outstanding claims reserves	191	219
Profit-sharing reserves	843	852
Other technical reserves	19	
Total	**22,086**	**21,332**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	15	163
Reserves on unit-linked policies	136	167
Outstanding claims reserves		4
Profit-sharing reserves		3
Other technical reserves		
Total	**151**	**337**
Total liabilities related to financial contracts	**22,237**	**21,669**

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

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Gross technical reinsurance reserves						
Life financial contract reserves	19,737	1,108	20,844	19,081	1,094	20,175
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	**20,781**	**1,116**	**21,897**	**20,146**	**1,107**	**21,253**
Total gross technical reserves	**20,781**	**1,116**	**21,897**	**20,146**	**1,107**	**21,253**
Share of reinsurers in technical reserves	**2**		**2**	**2**		**2**
Total Liabilities related to financial contracts net of reinsurance	**20,779**	**1,116**	**21,896**	**20,144**	**1,107**	**21,251**

NOTE 26.2 - BREAKDOWN OF LIABILITIES RELATED TO FINANCIAL CONTRACTS BY MAIN CATEGORIES

In millions of euros	31/12/2009			31/12/2008		
	Life financial contract reserves	Outstanding claims reserve gross	Total	Life financial contract reserves	Outstanding claims reserve gross	Total
Life business: Single-premium policies						
Capitalisation	807	14	821	730	13	743
Individual insurance	18,658	143	18,801	17,767	146	17,913
Group policies	51		51	48		48
Other						
Total reserves for single-premium policies	**19,516**	**157**	**19,673**	**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	495	3	498	550	27	577
Other		2	2		2	2
Total reserves for periodic premium policies	**1,328**	**34**	**1,362**	**1,630**	**64**	**1,694**
Inward reinsurance						
Total Life reserves	**20,844**	**191**	**21,035**	**20,175**	**223**	**20,398**

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

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Opening actuarial reserves	**41,700**	**3,158**	**44,858**	**36,196**	**3,102**	**42,298**
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	410	(83)	327	582	(86)	496
Total year-end actuarial reserves	**44,668**	**3,258**	**47,927**	**41,700**	**3,158**	**44,858**

NOTE 28 - DEFERRED PROFIT-SHARING LIABILITIES

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	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

In millions of euros	31/12/2009			31/12/2008
	France	International	Total	Total
Deferred tax liabilities	705	98	803	645
Total deferred tax liabilities	**705**	**98**	**803**	**645**

NOTE 30 - DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

In millions of euros	31/12/2009			31/12/2009		
	Assurance	Banking	Total	Assurance	Banking	Total
Debts to unit holders of consolidated mutual funds	1,285		1,285	544		544
Total	**1,285**		**1,285**	**544**		**544**

NOTE 31 - LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

In millions of euros	31/12/2009				31/12/2008			
	<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	838	5		842	723	6		729
Co-insurers	62	9		71	88	9		97
Current accounts of ceding and retroceding companies	24	5		28	48	2		50
Total	**923**	**19**		**942**	**859**	**17**		**876**

NOTE 32 - LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

In millions of euros	31/12/2009				31/12/2008			
	<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	232	47	1	280	263	43	32	338
Other liabilities from reinsurance activities	71	9		80	28	14		42
Total	**304**	**56**	**1**	**360**	**291**	**57**	**32**	**380**

NOTE 33 - CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

In millions of euros	31/12/2009				31/12/2008			
	<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	223	4		226	230	7		237
Total	**223**	**4**		**226**	**230**	**7**		**237**

NOTE 34 - OTHER LIABILITIES

NOTE 34.1 - OTHER DEBT – BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	International	Total	France	International	Total
Personnel creditors	287	17	303	288	15	303
Social security agencies	182	12	194	174	9	183
Other loans, deposits and guarantees received	3,544	106	3,650	4,747	83	4,830
Other creditors	661	119	780	829	140	969
Other liabilities	450	58	508	527	64	591
Total	**5,124**	**311**	**5,435**	**6,565**	**311**	**6,876**

The "Other loans, deposits and guarantees received" line item amounted to €3,650 million at 31 December 2009 versus €4,830 million at 31 December 2008, a decrease of €1,180 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				31/12/2008			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Personnel creditors	292		11	303	292	2	9	303
Social security agencies	194	0	0	194	182	1		183
Other loans, deposits and guarantees received	3,505	80	65	3,650	4,406	76	348	4,830
Other creditors	752	11	17	780	930	27	11	968
Other liabilities	508			508	591			591
Total	**5,250**	**92**	**93**	**5,435**	**6,401**	**106**	**368**	**6,875**

NOTE 34.3 - OTHER LIABILITIES – BY CURRENCY AND RATE

In millions of euros	31/12/2009			
	Currencies		Rate	
	Zone euro	Outside Zone euro	Fixed rate	Variable rate
Personnel creditors	292	11	303	
Social security agencies	192	2	193	1
Other loans, deposits and guarantees received	3,650		3,650	
Other creditors	670	110	693	87
Other liabilities	480	28	508	
Total	**5,284**	**151**	**5,347**	**88**

NOTE 35 - ANALYSIS OF PREMIUM INCOME BY MAIN CATEGORIES

In millions of euros	31/12/2009			31/12/2008 Pro forma			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Individual retirement savings	3,936	616	4,552	3,272	443	3,715	3,272	438	3,710
Individual provident insurance	592	113	705	579	152	731	580	169	749
Individual health insurance	1,195	107	1,302	1,123	113	1,236	1,126	113	1,239
Other	155		155	127		127	127		127
Individual life and health insurance	**5,878**	**836**	**6,714**	**5,101**	**708**	**5,809**	**5,105**	**720**	**5,825**
Group retirement savings	257	69	326	264	92	356	264	80	344
Group provident scheme	498	223	721	466	214	680	467	214	681
Group health	469	78	547	400	92	492	398	92	490
Other	265	20	285	258	15	273	255	15	270
Group life and health insurance	**1,489**	**390**	**1,879**	**1,389**	**413**	**1,801**	**1,384**	**401**	**1,785**
Life and health insurance	**7,367**	**1,226**	**8,593**	**6,490**	**1,121**	**7,611**	**6,490**	**1,121**	**7,611**
Motor Insurance	1,403	1,688	3,091	1,399	1,671	3,070	1,533	1,671	3,204
Other vehicles	124		124	132		132			
Home insurance	795	439	1,234	775	313	1,088	777	313	1,090
Retail and professional property and casualty	410	36	446	405	34	439	1,039	94	1,133
Construction	204		204	209	3	212	209	3	212
Private and professional	**2,936**	**2,163**	**5,099**	**2,920**	**2,021**	**4,941**	**3,558**	**2,081**	**5,639**
Fleets	393	186	579	369	105	474	371	105	476
Business and local authorities property	703	351	1,054	725	402	1,127	726	402	1,128
Transport							290	41	331
Businesses and local authorities	**1,096**	**537**	**1,633**	**1,094**	**507**	**1,601**	**1,387**	**548**	**1,935**
Agricultural risks	441	99	540	449	60	509			
Climate risks	183		183	186		186			
Tractors and agricultural equipment	200		200	194		194			
Agricultural business segments	**824**	**99**	**923**	**829**	**60**	**889**			
Other business segments	690	137	827	692	137	829	589	96	685
Property and casualty insurance	**5,546**	**2,936**	**8,482**	**5,535**	**2,725**	**8,260**	**5,535**	**2,725**	**8,260**
Total	**12,913**	**4,162**	**17,075**	**12,025**	**3,846**	**15,871**	**12,025**	**3,846**	**15,871**

There have been some changes in the property and casualty insurance segment compared to 31 December 2008. The changes made are as follows:

- Private and professional:
    - splitting of motor business into Private Motor and Other Motors;
    - 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 by category took place both for France and International 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	7,367	5,546	288	13,200	76%	6,491	5,534	362	12,387	76%
Southeastern Europe	677	1,410		2,087	12%	659	1,326		1,985	12%
Southwestern Europe	290	746		1,035	6%	306	752		1,058	7%
Central and Eastern European Countries (CEEC)	182	353		535	3%	44	215		259	2%
United Kingdom	78	428		505	3%	112	432		544	3%
Total	**8,593**	**8,482**	**288**	**17,363**	**100%**	**7,612**	**8,259**	**362**	**16,233**	**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 the life 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 Banking	Other companies	Total	Groupama Banking	Other companies	Total
Interest and related income	35		35	36	52	88
Commissions (income)	63	154	217	26	170	196
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**	**160**	**288**	**62**	**300**	**362**

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

Premium income at 31 December 2009 from the new entity Groupama Banking corresponds to revenues from the old subsidiaries Banking Finama and Groupama Banking, who merged with effect from 1 January 2009.

NOTE 36 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 36.1 - BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Investment income	**2,752**	**451**	**3,203**	**3,003**	**416**	**3,419**
Interest on deposits and financial investments income	2,025	435	2,459	2,201	407	2,609
Gains on foreign exchange transactions	49	6	55	103	(1)	102
Income from differences on redemption prices to be received (premium-discount)	209	5	214	236	4	240
Revenues from property	468	4	473	462	5	467
Other investment income		1	1	1		1
Investment expenses	**(665)**	**(46)**	**(711)**	**(846)**	**(37)**	**(884)**
Interest received from reinsurers	(3)	(2)	(5)	(4)	(2)	(6)
Losses on foreign exchange transactions	(66)	(5)	(71)	(91)	2	(89)
Amortisation of differences in redemption prices (premium-discount)	(53)	(20)	(73)	(58)	(12)	(70)
Depreciation and provisions on real estate	(110)	(4)	(114)	(107)	(2)	(109)
Management expenses	(432)	(16)	(448)	(587)	(23)	(610)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**1,241**	**82**	**1,323**	**437**		**436**
Held for trading	207	1	208	319		320
Available for sale	812	42	854	21	(4)	17
Held to maturity						
Other	221	40	261	96	4	100
Change in fair value of financial instruments recognised at fair value by result	**397**	**47**	**444**	**(1,434)**	**(47)**	**(1,481)**
Held for trading	257	12	269	(715)	(40)	(755)
Derivatives	(160)	(1)	(161)	(163)	19	(144)
Adjustments on unit-linked policies	299	35	335	(555)	(27)	(582)
Change in impairment losses on financial instruments	**(38)**	**(8)**	**(46)**	**(60)**	**(182)**	**(242)**
Available for sale	(19)	(7)	(26)	(58)	(182)	(240)
Held to maturity						
Other	(19)	(1)	(20)	(2)		(2)
Investment income net of management expenses	**3,686**	**525**	**4,211**	**1,100**	**149**	**1,248**

NOTE 36.2 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS

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

In millions of euros	31/12/2009				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	**598**	**2,149**	**5**	**2,752**	**633**	**2,338**	**32**	**3,003**
Interest on deposits and financial investments income	282	1,737	5	2,025	340	1,855	6	2,201
Gains on foreign exchange transactions	40	9		49	24	53	26	103
Income from differences on redemption prices to be received (premium-discount)	9	200		209	13	223		236
Revenues from property	266	203		468	256	207		462
Other investment income		0			1	0		1
Investment expenses	**(249)**	**(408)**	**(9)**	**(665)**	**(281)**	**(519)**	**(47)**	**(846)**
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)	(8)	(45)		(53)	(9)	(48)		(58)
Depreciation and provisions on real estate	(69)	(41)		(110)	(67)	(40)		(107)
Management expenses	(129)	(297)	(5)	(432)	(175)	(392)	(19)	(587)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**245**	**997**	**(1)**	**1,241**	**97**	**339**	**2**	**437**
Held for trading	36	170	1	207	67	251	1	319
Available for sale	162	653	(2)	812	(11)	32	1	21
Held to maturity								
Other	47	174		221	40	56		96
Change in fair value of financial instruments recognised at fair value by result	**28**	**372**	**(4)**	**397**	**(93)**	**(1,342)**	**1**	**(1,434)**
Held for trading	38	223	(4)	257	(93)	(624)	2	(715)
Derivatives	(10)	(150)		(160)	1	(162)	(2)	(163)
Adjustments on unit-linked policies		299		299		(555)		(555)
Change in impairment losses on financial instruments	**(7)**	**(4)**	**(27)**	**(38)**	**(25)**	**(38)**	**3**	**(60)**
Available for sale	(6)	15	(27)	(19)	(19)	(33)	(5)	(58)
Held to maturity								
Other		(19)		(19)	(5)	(5)	8	(2)
Investment income net of management expenses	**616**	**3,106**	**(36)**	**3,686**	**331**	**778**	**(10)**	**1,100**

NOTE 36.2.2 - INVESTMENT INCOME NET OF MANAGEMENT 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)

In millions of euros	31/12/2009					31/12/2008				
	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	472	304			776	467	100			567
Equities	235	101	(2)		334	292	(80)	(8)		204
Bonds	2,172	671	68		2,911	2,260	8	(208)		2,060
Equity mutual funds	51	117	(5)		163	65	292	(315)		42
Bond mutual funds	40	48	206		294	22	46	(224)		(156)
Interest on cash deposits	40				40	29				29
Other investment income	193	81	(158)	(46)	70	284	70	(144)	(242)	(32)
Investment income	**3,203**	**1,322**	**109**	**(46)**	**4,588**	**3,419**	**436**	**(899)**	**(242)**	**2,714**
Internal and external management expenses	(415)				(415)	(587)				(587)
Other Investment expenses	(297)				(297)	(296)				(296)
Investment expenses	**(712)**				**(712)**	**(883)**				**(883)**
Investment income, net of expenses	**2,491**	**1,322**	**109**	**(46)**	**3,876**	**2,536**	**436**	**(899)**	**(242)**	**1,831**
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	**2,491**	**1,322**	**444**	**(46)**	**4,211**	**2,536**	**436**	**(1,481)**	**(242)**	**1,249**

Investment income net of investment expenses increased by €2,962 million. This increase was due mainly to the following:

- a drop in financial income of €45 million, essentially on bond and share revenues,
- an increase in realised gains of €886 million particularly on bonds;
- an increase in the change in fair value of €1,925 million, mainly for mutual funds (€740 million) and assets representing unit-linked policies (€917 million).

NOTE 36.4 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – FRANCE

In millions of euros	31/12/2009					31/12/2008				
	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	468	264			732	462	97			559
Equities	221	85	(2)		304	271	(65)	(7)		199
Bonds	1,798	656	60		2,514	1,915	1	(174)		1,742
Equity mutual funds	48	109	(9)		148	62	291	(310)		43
Bond mutual funds	40	45	206		291	22	45	(224)		(157)
Interest on cash deposits	4				4	11				11
Other investment income	173	81	(157)	(38)	59	260	68	(163)	(60)	105
Investment income	**2,752**	**1,240**	**98**	**(38)**	**4,052**	**3,003**	**437**	**(878)**	**(60)**	**2,502**
Internal and external management expenses	(399)				(399)	(571)				(571)
Other Investment expenses	(266)				(266)	(275)				(275)
Investment expenses	**(665)**				**(665)**	**(846)**	**0**	**0**	**0**	**(846)**
Investment income, net of expenses	**2,087**	**1,240**	**98**	**(38)**	**3,387**	**2,157**	**437**	**(878)**	**(60)**	**1,656**
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	**2,087**	**1,240**	**397**	**(38)**	**3,686**	**2,157**	**437**	**(1,434)**	**(60)**	**1,100**

NOTE 36.5 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

In millions of euros	31/12/2009					31/12/2008				
	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	40			44	5	3			8
Equities	14	16			30	21	(15)	(1)		5
Bonds	374	15	8		397	345	7	(34)		318
Equity mutual funds	3	8	4		15	3	1	(5)		(1)
Bond mutual funds		3			3		1			1
Interest on cash deposits	36				36	18				18
Other investment income	20		(1)	(8)	11	24	2	19	(182)	(137)
Investment income	**451**	**82**	**11**	**(8)**	**536**	**416**	**(1)**	**(21)**	**(182)**	**212**
Internal and external management expenses	(16)				(16)	(16)				(16)
Other Investment expenses	(31)				(31)	(21)				(21)
Investment expenses	**(47)**	**0**	**0**	**0**	**(47)**	**(37)**	**0**	**0**	**0**	**(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	**404**	**82**	**47**	**(8)**	**525**	**379**	**(1)**	**(47)**	**(182)**	**149**

NOTE 37 - INSURANCE POLICY SERVICING EXPENSES

NOTE 37.1 - INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Claims						
Paid to policyholders	(9,003)	(3,067)	(12,070)	(8,762)	(2,997)	(11,759)
Change in technical reserves						
Outstanding claims reserves	(104)	41	(63)	86	146	232
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	89	(11)	78	21	(3)	18
Total insurance policy benefits paid out	**(12,408)**	**(3,232)**	**(15,640)**	**(9,537)**	**(2,762)**	**(12,299)**

Insurance policy servicing expenses totalled €15,640 million as at 31 December 2009, up from €12,299 million as at 31 December 2008, i.e., an increase of €3,341 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 €407 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			31/12/2008		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(4,048)	(4,955)	(9,003)	(3,733)	(5,029)	(8,762)
Change in technical reserves						
Outstanding claims reserves	(90)	(14)	(104)	136	(50)	86
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	(81)	171	89	(21)	42	21
Total insurance policy benefits paid out	**(4,227)**	**(8,180)**	**(12,408)**	**(4,129)**	**(5,912)**	**(9,537)**

NOTE 37.2.2 - INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009			31/12/2008		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(2,077)	(990)	(3,067)	(1,976)	(1,021)	(2,997)
Change in technical reserves						
Outstanding claims reserves	38	3	41	153	(7)	146
Actuarial reserves		21	21		197	199
Unit-linked reserves		(57)	(57)		(26)	(26)
Profit-sharing		(159)	(159)		(81)	(81)
Other technical reserves	14	(25)	(11)	(9)	5	(3)
Total insurance policy benefits paid out	**(2,025)**	**(1,207)**	**(3,232)**	**(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

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Acquisition and administrative expenses	38	31	69	28	28	56
Claims charge	229	87	316	172	94	266
Change in provisions techniques	(6)	2	(4)	25		24
Profit sharing	3	2	5	(10)		(10)
Change in the equalisation reserve						
Income from outward reinsurance	**264**	**121**	**385**	**214**	**122**	**337**
Outward premiums	(521)	(182)	(703)	(500)	(154)	(654)
Expenses on outward reinsurance	**(521)**	**(182)**	**(703)**	**(500)**	**(154)**	**(654)**
Income and expenses on outward reinsurance	**(256)**	**(61)**	**(318)**	**(285)**	**(32)**	**(317)**

The improvement in the reinsurance balance is largely explained by the external outward reinsurance for the storms Klaus and Quinten, which amounted to €99 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

In millions of euros	31/12/2009			31/12/2008		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	28	11	38	21	7	28
Claims charge	212	17	229	134	38	172
Change in provisions techniques		(6)	(6)	2	23	25
Profit sharing		3	3	1	(11)	(10)
Change in the equalisation reserve						
Income from outward reinsurance	**240**	**24**	**264**	**158**	**57**	**214**
Outward premiums	(469)	(52)	(521)	(453)	(47)	(500)
Expenses on outward reinsurance	**(469)**	**(52)**	**(521)**	**(453)**	**(47)**	**(500)**
Income and expenses on outward reinsurance	**(229)**	**(28)**	**(256)**	**(295)**	10	**(285)**

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

In millions of euros	31/12/2009			31/12/2008		
	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 provisions techniques	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

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
External expenses	(1,063)	(209)	(1,272)	(1,072)	(204)	(1,276)
Taxes	(346)	(13)	(359)	(260)	(8)	(267)
Personnel expenses	(1,621)	(301)	(1,922)	(1,552)	(266)	(1,818)
Commissions	(697)	(653)	(1,350)	(668)	(561)	(1,230)
Amortisation and provisions (net of write-backs)	(193)	(27)	(220)	(145)	(23)	(168)
Other expenses	(78)	(84)	(162)	(76)	(105)	(181)
Total operating expenses by type	**(3,998)**	**(1,288)**	**(5,286)**	**(3,773)**	**(1,168)**	**(4,941)**
Personnel expenses directly posted to paid services and costs	(24)		(24)	(22)		(22)
Claims management expenses	(462)	(105)	(567)	(477)	(105)	(582)
Acquisition costs	(1,596)	(732)	(2,328)	(1,520)	(654)	(2,175)
Administrative costs	(682)	(259)	(941)	(630)	(246)	(876)
Other underwriting expenses	(657)	(142)	(798)	(610)	(107)	(718)
Investment management expenses	(137)	(9)	(146)	(143)	(8)	(151)
Other non-operating expenses	(214)	(42)	(256)	(176)	(47)	(223)
Banking operating expenses	(226)		(226)	(194)		(194)
Total operating expenses by function	**(3,998)**	**(1,288)**	**(5,286)**	**(3,773)**	**(1,168)**	**(4,941)**

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			31/12/2008		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(1,180)	(92)	(1,272)	(1,197)	(79)	(1,276)
Taxes	(350)	(9)	(359)	(260)	(7)	(267)
Personnel expenses	(1,804)	(118)	(1,922)	(1,711)	(107)	(1,818)
Commissions	(1,350)		(1,350)	(1,230)		(1,230)
Amortisation and provisions (net of write-backs)	(214)	(5)	(220)	(164)	(5)	(168)
Other expenses	(145)	(17)	(162)	(167)	(14)	(181)
Total operating expenses by type	**(5,043)**	**(243)**	**(5,286)**	**(4,728)**	**(213)**	**(4,941)**
Personnel expenses directly posted to paid services and costs	(24)		(24)	(22)		(22)
Claims management expenses	(567)		(567)	(582)		(582)
Acquisition costs	(2,328)		(2,328)	(2,175)		(2,175)
Administrative costs	(941)		(941)	(876)		(876)
Other underwriting expenses	(798)		(798)	(718)		(718)
Investment management expenses	(146)		(146)	(151)		(151)
Other non-operating expenses	(238)	(18)	(256)	(204)	(19)	(223)
Banking operating expenses		(226)	(226)		(194)	(194)
Total operating expenses by function	**(5,043)**	**(243)**	**(5,286)**	**(4,728)**	**(213)**	**(4,941)**

NOTE 40 - POLICY ACQUISITION COSTS

NOTE 40.1 - POLICY ACQUISITION COSTS BY OPERATING SEGMENT

In millions of euros	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Commissions	(457)	(564)	(1 020)	(467)	(509)	(976)
Change in deferred acquisition costs	(5)	(8)	(12)	(11)	(19)	(29)
Other expenses	(1,139)	(168)	(1,307)	(1,053)	(145)	(1,198)
Total acquisition costs	**(1,601)**	**(739)**	**(2,340)**	**(1,531)**	**(673)**	**(2,204)**

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			31/12/2008		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(322)	(135)	(457)	(333)	(134)	(467)
Change in deferred acquisition costs	11	(16)	(5)	1	(12)	(11)
Other expenses	(640)	(499)	(1,139)	(654)	(400)	(1,053)
Total acquisition costs	**(951)**	**(650)**	**(1,601)**	**(986)**	**(546)**	**(1,531)**

NOTE 40.2.2- POLICY ACQUISITION COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009			31/12/2008		
	Property and casualty insurance	Life and health insurance	Total	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			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Commissions	(137)	(46)	(183)	(136)	(56)	(192)
Other expenses	(546)	(213)	(758)	(494)	(190)	(684)
Total administrative expenses	**(682)**	**(259)**	**(941)**	**(630)**	**(246)**	**(876)**

NOTE 41.2 - ADMINISTRATIVE EXPENSES BY BUSINESS

NOTE 41.2.1 - ADMINISTRATIVE EXPENSES BY BUSINESS – FRANCE

In millions of euros	31/12/2009			31/12/2008		
	Property and casualty insurance	Life and Health insurance	Total	Property and casualty insurance	Life and Health insurance	Total
Commissions	(92)	(44)	(137)	(96)	(40)	(136)
Other expenses	(237)	(309)	(546)	(265)	(229)	(494)
Total administrative expenses	**(329)**	**(353)**	**(682)**	**(361)**	**(269)**	**(630)**

NOTE 41.2.2 - ADMINISTRATIVE EXPENSES BY BUSINESS – INTERNATIONAL

In millions of euros	31/12/2009			31/12/2008		
	Property and casualty insurance	Life and Health insurance	Total	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			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Commissions and other operating expenses, Life	(266)	(13)	(279)	(242)	(9)	(251)
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	**(193)**	**(4)**	**(197)**	**(185)**	**(1)**	**(186)**
Non-life commissions and other operating expenses	(299)	(123)	(422)	(262)	(100)	(362)
Employee profit-sharing, Non-life	(8)	(1)	(10)	(10)	(0)	(11)
Other Non-life operating income	32	91	122	26	79	105
Transfer of Non-life operating expenses and capitalised production	56	0	56	41	0	41
Total income and expenses from current operations, Non-life	**(219)**	**(33)**	**(254)**	**(205)**	**(21)**	**(226)**
Other non-operating expenses	(230)	(43)	(273)	(225)	(42)	(267)
Other non-operating income	22	30	52	51	22	73
Total income and expenses from current operations, Non-technical	**(208)**	**(13)**	**(221)**	**(175)**	**(20)**	**(194)**
Total income and expenses from current operations, banking	**(1)**		**(1)**			
Other income and expenses from current operations	**(621)**	**(51)**	**(672)**	**(566)**	**(40)**	**(606)**

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				
	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)	(266)			(266)		(242)			(242)
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)	(193)			(193)		(186)			(186)
Non-life commissions and other operating expenses	(330)	32		0	(299)	(250)	(12)			(262)
Employee profit-sharing, Non-life	(6)	(1)	(1)		(8)	(8)	(1)	(1)		(10)
Other Non-life operating income	28	4			32	15	12			26
Transfer of Non-life operating expenses and capitalised production	50	5			56	17	24			41
Total income and expenses from current operations, Non-life	(258)	40	(1)	0	(219)	(226)	23	(1)		(205)
Other non-operating expenses	(67)	(31)	2	(134)	(230)	(62)	(32)	2	(132)	(225)
Other non-operating income	8	5	8		22	20	8	9	14	51
Total income and expenses from current operations, Non-technical	(59)	(25)	11	(134)	(208)	(41)	(25)	11	(119)	(175)
Total income and expenses from current operations, Banking			(1)		(1)					
Other income and expenses from current operations	**(317)**	**(178)**	**10**	**(134)**	**(621)**	**(268)**	**(188)**	**10**	**(119)**	**(566)**

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

	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
Commissions and other operating expenses, Life		(13)			(13)		(8)			(9)
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)		(1)			(1)
Non-life commissions and other operating expenses	(110)	(6)		(7)	(123)	(89)	(4)		(8)	(100)
Employee profit-sharing, Non-life	(1)	0		0	(1)	(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	(29)	(4)		0	(33)	(19)	(4)		0	(21)
Other non-operating expenses	(37)	(3)		(4)	(43)	(33)	(5)		(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)	(19)
Other income and expenses from current operations	**(39)**	**(9)**		**(4)**	**(51)**	**(31)**	**(6)**		**(3)**	**(40)**

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

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

	31/12/2009			31/12/2008		
	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	47	7	54	103	9	112
Expenses from non-current operations	(160)	(200)	(360)	(119)	(66)	(185)
Allocation to the provision for goodwill	3	(113)	(111)	(24)		(24)
Other income and expenses from non-current operations	**(110)**	**(307)**	**(417)**	**(40)**	**(57)**	**(97)**

Other net income and expenses from non-current operations amounted to a loss of €417 million at 31 December 2009 compared to a loss of €97 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 for the 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			
	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	22	24		47	49	49	5	103
Expenses from non-current operations	(88)	(54)	(17)	(160)	(67)	(37)	(15)	(119)
Allocation to the provision for goodwill			3	3		(24)		(24)
Other income and expenses from non-current operations	**(66)**	**(30)**	**(14)**	**(110)**	**(18)**	**(12)**	**(10)**	**(40)**

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

	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
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	(130)	(136)
Interest income and expenses – Other		
Total financing expenses	**(130)**	**(136)**

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

	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	(31)	(9)		(90)	(130)	(34)	(10)		(92)	(136)
Interest income and expenses – Other										
Total financing expenses	**(31)**	**(9)**	**0**	**(90)**	**(130)**	**(34)**	**(10)**	**0**	**(92)**	**(136)**

Loan charges amounted to €130 million compared to €136 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			31/12/2008
	France	International	Total	Total
Current taxes	60	(46)	14	(112)
Deferred taxes	(250)	108	(142)	(22)
Total tax expense	**(190)**	**62**	**(128)**	**(135)**

Note 45.2 - Breakdown of tax expense by business

Note 45.2.1 - breakdown of tax expense by business – France

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	(160)	46	(18)	192	60	(116)	(71)	(13)	131	(69)
Deferred taxes	156	(343)	16	(79)	(250)	24	(30)	6	(47)	(47)
Total tax expense	**(4)**	**(297)**	**(2)**	**112**	**(190)**	**(92)**	**(101)**	**(7)**	**84**	**(116)**

Note 45.2.2 - Breakdown of tax expenses by business - International

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	**(269)**	**(177)**
Impact of expenses or income defined as non-deductible or non-taxable	198	49
Impact of differences in tax rate	20	51
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	(58)
Effective tax expense	**(129)**	**(135)**

Corporate income tax came to an overall expense of €(129) million as at 31 December 2009 versus €(135) million as at 31 December 2008. The effective rate of tax was 16% 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 year's 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:

In millions of euros	31/12/2009		31/12/2008	
	Consolidated profit (loss) before taxes	Theoretical tax expense	Consolidated profit (loss) before taxes	Theoretical tax expense
France	843	34.43%	448	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%	27	28.00%
Turkey	(56)	20.00%	26	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	**782**		**505**	

OTHER DISCLOSURES

NOTE 46 - RECORDED WORKFORCE OF THE COMBINED COMPANIES

Number of persons	31/12/2009			31/12/2008
	Insurance	Banking	Total	Total
France	26,387	1,083	27,470	26,674
United Kingdom	1,605		1,605	1,649
Spain	1,000		1,000	937
Italy	894		894	923
Greece	401		401	401
Hungary	2,835		2,835	2,796
Romania	2,719		2,719	3,026
Other EU	470		470	382
Non EU	879		879	790
Total workforce of the combined companies	**37,190**	**1,083**	**38,273**	**37,578**

NOTE 47 - COMMITMENTS GIVEN AND RECEIVED

NOTE 47.1 - COMMITMENTS GIVEN AND RECEIVED – BANKING SEGMENT

In millions of euros	31/12/2009	31/12/2008
Financing commitments received		
Guarantee commitments received	104	103
Securities commitments receivable		
Total banking commitments received	**104**	**103**
Commitments received on currency transactions	94	22
Other commitments received		7
Total of other banking commitments received	**94**	**29**
Financing commitments given	229	158
Guarantee commitments given	83	104
Commitments on securities to be delivered		10
Total banking commitments given	**312**	**272**
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 €104 million. For spot foreign exchange translations, 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 €229 million.
Groupama Banking its miscellaneous guarantees item. This item consisted at 31 December 2009 of a total amount of guarantees of €83 million.

NOTE 47.2 - COMMITMENTS GIVEN AND RECEIVED – INSURANCE AND REINSURANCE BUSINESS

In millions of euros	31/12/2009	31/12/2008
Endorsements, securities and guarantees received	666	110
Other commitments received	1,037	672
Total commitments received, excluding reinsurance	**1,702**	**782**
Reinsurance commitments received	**429**	**394**
Endorsements, securities and guarantees given	1,220	1,240
Other commitments on securities, assets or income	574	618
Other commitments given	172	226
Total commitments given, excluding reinsurance	**1,966**	**2,084**
Reinsurance commitments given	**253**	**260**
Securities belonging to provident institutions	**3**	**3**
Other assets held on behalf of third parties	**1**	

Endorsements, securities and guarantees received amounted to €666 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 €1,220 million and are broken down into the following major transactions:

- joint guarantee granted by Groupama Holding to guarantee bearers the repayment of principal and interest on the loan of €750 million issued in 1999 in the form of repayable subordinated bonds;
- a guarantee valued at €53 million given in conjunction with Gan UK's sale of Minster Insurance Company Limited (MICL); this company was sold in 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 €574 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 €172 million and consist mainly of residual commitments on construction work in progress carried out by Silic and amounting to €123 million.

Unvalued commitments

Covenants:

SILIC:

Silic is contractually committed to comply with several financial ratios concerning the balance sheet structure and interest cost cover.

The ratios applicable to over 10% of the overall authorised bank debts of all categories are as follows:

Financial ratios	% debt (1)	Covenants	2009	2008	2007
Net bank debt / Revalued real estate assets	94%	Ratio < 0.45 for 21% Ratio < 0.50 for 73%	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
Revalued real estate assets / Real estate assets pledged	20%	Ratio >2 for 20%	3.96	4.07	3.75
Debt pledged / Revalued real estate assets	40%	Ratio < 0.20 for 22% Ratio < 0.25 for 18%	12.4%	11.0%	11.4%
Revalued real estate assets	34%	Amount > €1,000m for 18% Amount > €1,500m for 16%	3,184	3,099	3,178
Net revalued assets	21%	Amount > €800m	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:

Groupama SA:

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 of the closing date prior to the anniversary date (ex-dividend date).

NOTE 48 - RISK FACTORS AND SENSITIVITY ANALYSES

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

1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

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

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.

1.1 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 § 2 Insurance risks). The Finance and Investment Department is responsible for managing the risks related to assets and asset/liability management (see § 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.

1.2 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 have a Management Control Department.

2 INSURANCE RISKS

2.1 Prudential oversight

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

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

The 2009 adjusted solvency margin, calculated for the combined Groupama scope, 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.

2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

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

2.2.1 Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore its earnings. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA on behalf of the Group's companies. 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.

2.2.2 Underwriting and claims management

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

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

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

2.2.3 Valuation of reserves

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

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

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

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

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

- **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 the following:

In millions of euros	Reserves for unearned premiums	Outstanding claims reserve	31/12/2009	31/12/2008
Motor Insurance	1,064	4,765	5,829	5,811
Property damage	732	2,788	3,520	3,285
General third party liability	73	1,121	1,194	1,307
Marine, aviation, transport	14	586	600	640
Bodily injury	233	1,078	1,311	1,281
Other risks	260	1,850	2,110	2,122
Inward reinsurance	7	436	443	504
Total reserves, gross of reinsurance	**2,384**	**12,624**	**15,008**	**14,950**
Portion reinsured	80	1,083	1,163	1,205
Total reserves, net of reinsurance	**2,304**	**11,541**	**13,844**	**13,745**

➢ **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 the following:

In millions of euros	Reserves for unearned premiums	Outstanding claims reserve	31/12/2009	31/12/2008
Individual insurance	14,589	289	14,878	13,013
Group policies	7,274	250	7,524	7,226
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**	**25,152**

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

➢ **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 were as follows:

In millions of euros	France	International	31/12/2009	31/12/2008
Fixed-rate guaranteed commitments	35,166	3,257	38,423	41,787
Variable-rate guaranteed commitments	11,645	24	11,669	5,269
Unit-linked and other products without rate commitment	3,115	855	3,970	3,435
Total	**49,926**	**4,136**	**54,063**	**50,491**

21.6% 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.

2.2.4 Reinsurance

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

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

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

2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows.

2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals 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.

2.3.1.1 Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made 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.).

2.3.1.2 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.

2.3.1.3 Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is known through 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 €5,826 million, compared to €5,358 million at 31 December 2008.

In millions of euros	France	International	31/12/2009	31/12/2008
Actuarial reserve for life annuities	3,630	28	3,658	3,163
Actuarial reserve for non-life annuity	2,143	24	2,169	2,195
Total	**5,773**	**52**	**5,826**	**5,358**

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.

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.

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.

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.

3 MARKET RISKS

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

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

3.1 Interest rate risk

3.1.1 Type of and exposure to interest rate risk

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

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

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

3.1.2 Group risk management

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

- **Asset/liability management**

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

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different 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.

- **Interactions with the redemption risk and profit-sharing clauses**

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

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

- **Interest rate risk related to the existence of guaranteed rates**

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

- **Rate hedges**

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

- Risk of rate decline

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

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.

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 71% of total financial investments excluding unit-linked items, 66% 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).

In millions of euros	31/12/2009			31/12/2008		
	Rate			Rate		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
available for sale	40,973	4,336	45,309	36,720	2,345	39,065
held for trading	26	6	32	13	4	17
designated as fair value through profit and loss	872	157	1,029	1,080	238	1,318
Non-listed bonds						
available for sale	49	8	57	58	18	76
held for trading	0	0	0	46	0	46
designated as fair value through profit and loss	48	1	49	3	15	18
TOTAL BOND PORTFOLIO	**41,968**	**4,508**	**46,476**	**37,920**	**2,620**	**40,540**

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.

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.

3.1.4.1 Sensitivity of technical insurance liabilities analysis

➢ **Non-life insurance**

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, i.e., portfolios of current annuities and temporary payments (individual life and health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2009, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €722 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was on the order of €571 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

In millions of euros	31/12/2009		31/12/2008	

	Interest rate		Interest rate	
	-1%	+1%	-1%	+1%
Impact on income (net of tax)	(79)	66	(70)	59
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:

In millions of euros	31/12/2009		31/12/2008	
	Interest rate		Interest rate	
	-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.

3.1.4.2 Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:
- the rate of profit sharing of the entity holding the 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%).

In millions of euros	31/12/2009		31/12/2008	
	Rate risk		Rate risk	
	+1%	-1%	+1%	-1%
Impact on the revaluation reserve	**(865)**	**976**	**(716)**	**806**
Equities				
Equity mutual funds				
Bonds	(841)	951	(689)	776
Rate mutual funds	(23)	25	(28)	29
Derivative instruments and embedded derivatives				
Impact on net income	**16**	**(7)**	**0**	**9**
Equities				
Equity mutual funds				
Bonds	(5)	6	(8)	9
Rate mutual funds	(16)	17	(11)	13
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.

3.1.4.3 Financial debt sensitivity analysis

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

In fiscal year 2007, the Group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21.2 – Group's shareholders' equity). Consequently, a sensitivity analysis is not required.

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

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

In millions of euros		Change +1%		Change 1%	
		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 expense would increase €1 million. By applying a fixed-rate swap to the variable portion of the debt, the impact on results would be low.

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

3.2.1 Type of and exposure to equity risk

Fluctuations in the financial markets (particularly the equity and debt markets) could have a favourable or unfavourable impact on the sales of Groupama's individual 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 14.9% 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.

3.2.2 Group risk management

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

Equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. They therefore comply with the limits set by financial management, i.e.:
- 3% of the company's capital;
- 10% of the company's float;
- an amount that must not represent more than 5% of the equity portfolio;
- the portfolio's liquidity must be greater than a minimum liquidity curve.

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

3.2.3 Breakdown of the equity portfolio by business line

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

Distribution of the equity portfolio by business line (as a %)	31/12/09	31/12/08
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	

3.2.4 Financial investments sensitivity 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%).

In millions of euros	31/12/2009		31/12/2008	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**369**	**(369)**	**309**	**(309)**
Equities	236	(236)	203	(203)
Equity mutual funds	133	(133)	106	(106)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**25**	**(25)**	**19**	**(19)**
Equities	1	(1)	1	(1)
Equity mutual funds	25	(25)	18	(18)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives			(1)	

3.3 Foreign exchange risks

3.3.1 Exposure to foreign exchange risk

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

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

3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars and yen. The documentation is updated each time the accounts are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

3.3.3 Breakdown of financial investments by currency

In millions of euros	31/12/2009					
	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets	**55,863**	**458**	**790**	**83**	**1,039**	**58,233**
Equities	7,039	128	67	26	534	7,794
Bonds	43,927	247	697	43	453	45,367
Mutual funds	4,732	81	25	14	51	4,903
Other investments	165	2	1	0	1	169
Assets held for trading	**11,898**	**1**	**1**	**0**	**67**	**11,967**
Equities held for trading	26	0	0	0	0	26
Equities - designated as fair value through profit and loss	13	1	0	0	0	14
Bonds held for trading	32	0	0	0	0	32
Bonds - designated as fair value through profit and loss	1,023	0	0	0	55	1,078
Mutual funds held for trading	5,292	0	1	0	0	5,293
Mutual funds - designated as fair value through profit and loss	5,509	0	0	0	0	5,509
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	15
Other financial assets	**547**	**0**	**7**	**0**	**99**	**653**
Loans	252	0	7	0	2	261
Deposits	190	0	0	0	95	285
Other investments	105	0	0	0	2	107
Total financial investments (net of derivatives and ULs)	**68,308**	**459**	**798**	**83**	**1,205**	**70,853**

In millions of euros	31/12/2008					
	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets	**49,678**	**512**	**719**	**82**	**734**	**51,724**
Equities	5,513	148	135	40	388	6,225
Bonds	38,213	27	584	0	317	39,141
Mutual funds	5,747	331	0	42	29	6,149
Other investments	205	5	0	0	0	210
Assets held for trading	**11,591**	**9**	**1**	**1**	**68**	**11,669**
Equities held for trading	8	0	0	0	0	8
Equities - designated as fair value through profit and loss	5	2	0	0	12	19
Bonds held for trading	63	0	0	0	0	63
Bonds - designated as fair value through profit and loss	1,302	7	0	0	27	1,337
Mutual funds held for trading	4,745	0	1	0	2	4,750
Mutual funds - designated as fair value through profit and loss	5,447	0	0	0	0	5,448
Other investments held for trading	17	0	0	0	0	17
Other investments - designated as fair value through profit and loss	3	0	0	0	26	29
Other financial assets	**668**	**1**	**4**	**0**	**166**	**840**
Loans	193	0	4	0	71	267
Deposits	281	1	0	0	95	378
Other investments	195	0	0	0	0	195
Total financial investments (net of derivatives and ULs)	**61,937**	**521**	**725**	**83**	**968**	**64,233**

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.

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 91.15% (except in the case of Turkey, which was 16.58%).

In millions of euros	31/12/2009		31/12/2008	
	Foreign currency risk		Foreign currency risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**86**	**(86)**	**73**	**(73)**
Equities	16	(16)	13	(13)
Equity mutual funds	5	(5)	7	(7)
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)		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.

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.

In millions of euros	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	
	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)
Interest rate risk	**(865)**	**427**	**976**	**(462)**	**(716)**	**113**	**806**	**(121)**
Operating liabilities		412		(456)		114		(130)
Financial investments	(865)	16	976	(7)	(716)	0	806	8
Financial Debt		(1)		1		(1)		1
Equities risk	**358**	**22**	**(358)**	**(22)**	**309**	**18**	**(309)**	**(19)**
Financial investments	358	22	(358)	(22)	309	18	(309)	(19)
Foreign exchange risks	**86**	**2**	**(86)**	**(2)**	**(72)**	**2**	**72**	**(2)**
Financial investments	86	2	(86)	(2)	(72)	2	72	(2)

We note that the sensitivity criteria applied were the following:
- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for stock risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4 LIQUIDITY RISK

4.1 Nature of exposure to liquidity risk

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

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

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.

4.3 Financial investment portfolio by maturity

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

In millions of euros	31/12/2009				31/12/2008			
	Maturity				Maturity			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
available for sale	1,412	8,556	35,341	45,309	2,711	9,367	26,987	39,065
held for trading	0	6	26	32	0	2	14	17
designated as fair value through profit and loss	105	177	747	1,029	127	309	882	1,318
Non-listed bonds								
available for sale	18	28	11	57	70	5	0	76
held for trading	0	0	0	0	45	1	0	46
designated as fair value through profit and loss	5	0	44	49	7	0	11	18
TOTAL BOND PORTFOLIO	**1,540**	**8,768**	**36,169**	**46,476**	**2,960**	**9,685**	**27,895**	**40,540**

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	31/12/09				31/12/08			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	7,198	5,146	5,872	18,216	7,295	4,987	5,899	18,181
Technical life provisions- insurance contracts excluding unit-linked items	1,965	4,856	21,661	28,482	1,651	5,124	19,501	26,276
Technical liabilities related to financial contracts with discretionary profit-sharing	1,810	2,417	17,654	21,881	1,325	3,039	16,721	21,085
Technical liabilities related to financial contracts without discretionary profit-sharing	11	1	5	17	18	3	147	168
Reserve for deferred liability profit-sharing	3	9	22	34	2	2	3	7
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES AND LIABILITIES RELATED TO FINANCIAL CONTRACTS	**10,987**	**12,429**	**45,214**	**68,630**	**10,291**	**13,155**	**42,271**	**65,717**

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

4.5 Financial debt by maturity

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

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	11,130	141	325	11,596	8,895	191	294	9,380
Bonds	45,451	458	680	46,589	39,465	430	2,409	42,304
Other	37		10	47	27		13	40
Total available-for-sale assets	**56,617**	**599**	**1,016**	**58,232**	**48,386**	**622**	**2,717**	**51,724**
Assets held for trading								
Equities	5,647		404	6,051	3,995		380	4,375
Bonds	3,523	5	108	3,636	5,556	16	129	5,701
Other	2,277		3	2,280	1,591		3	1,594
Total assets held for trading	**11,447**	**5**	**515**	**11,967**	**11,143**	**16**	**511**	**11,670**
Investments in unit-linked policies	**2,795**	**189**	**672**	**3,657**	**2,717**	**118**	**625**	**3,460**
Derivative instrument assets and liabilities	**0**	**10**	**(2)**	**8**	**26**	**205**	**1**	**232**
Total financial assets and liabilities valued at fair value	**70,859**	**804**	**2,200**	**73,864**	**62,272**	**960**	**3,854**	**67,086**

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 €179 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	**294**	**2,409**	**13**	**380**	**129**	**3**	**625**	**1**
Change in unrealised capital gains or losses recognised in:								
- income				(39)	(8)		35	0
- gains and losses recognised directly in shareholders' equity	31	23	(3)					
Transfer to Level 3		2						
Transfer outside Level 3		(1,804)						
Reclassification of loans and receivables								
Changes in the consolidation scope								
Acquisitions		74		78	18		62	
Sales/Repayments		(24)		(15)	(31)		(50)	(3)
Level 3 closing amount	**325**	**680**	**10**	**404**	**108**	**3**	**672**	**(2)**

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

6 CREDIT RISK

6.1 Financial investments

➢ **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).

In millions of euros	31/12/2009						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
available for sale	18,059	8,700	14,391	3,689	256	215	45,309
held for trading	4	7	4	0	0	16	32
designated as fair value through profit and loss	48	47	356	360	27	191	1,029
Non-listed bonds							
available for sale	0	3	3	34	10	6	57
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	**18,112**	**8,760**	**14,796**	**4,083**	**299**	**427**	**46,476**

In millions of euros	31/12/2008						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
available for sale	20,673	6,598	9,525	1,668	315	287	39,065
held for trading	6	7	4	0	0	0	17
designated as fair value through profit and loss	133	207	568	228	0	183	1,318
Non-listed bonds							
available for sale	7	42	0	8	18	1	76
held for trading	0	1	1	0	0	45	46
designated as fair value through profit and loss	3	1	1	1	0	11	18
TOTAL BOND PORTFOLIO	**20,822**	**6,856**	**10,098**	**1,905**	**332**	**526**	**40,540**

➢ **Type and quality of bond issuers**

In millions of euros	31/12/2009	31/12/2008
	Net amount	Net amount
Bonds issued by EU Member States	24,810	20,143
Bonds issued by States outside the EU	61	84
Bonds from public and semi-public sectors	3,091	3,175
Corporate Bonds	18,087	16,886
Other Bonds (including bond funds)	427	253
TOTAL BOND PORTFOLIO	**46,476**	**40,540**

- **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".

- **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.

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).

In millions of euros	31/12/09						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	128	196	499	0	14	451	1,288
Share of reinsurers in life insurance reserves	0	4	17	0	1	55	77
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing	0	0	0	0	0	0	0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing	0	0	0	0	0	1	1
Receivables from outward reinsurance	7	8	15	0	0	111	141
Total reinsurance receivables	**135**	**208**	**531**	**0**	**15**	**618**	**1,507**

In millions of euros	31/12/08						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	151	384	208	1	1	582	1,328
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	5	33	15	0	11	82	146
TOTAL REINSURANCE RECEIVABLES	**157**	**428**	**256**	**1**	**12**	**711**	**1,566**

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.

7 OPERATING, LEGAL, REGULATORY AND TAX RISKS

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.

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.

7.2.1 Compliance with company law and the French Commercial Code

The legal department under the secretary of the board supervision manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

7.2.2 Application of insurance law

The legal department under the secretary of the board supervision provides information and advice to the business departments and to insurance subsidiaries on compliance with insurance laws in their operational activities or technical support.

7.2.3 Other areas

Special procedures have been set up to meet special requirements:

- ethical control to prevent insider trading; This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and an agent at Groupama SA;

- to fight money laundering; the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, The Legal Department is responsible for monitoring Group compliance with its obligations to fight money laundering.

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.

8 MONITORING AND MANAGING BANKING RISKS

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%.

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.

- **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 vis-à-vis 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.

- **Oversight procedures**

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

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

➢ **Impairment procedures**

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

- reviews sensitive commitments;
- examines doubtful cases for all markets, excluding retail banking, and decides on potential litigation (transferred to the legal department) and reserve levels;
- periodically updates the loan loss provisioning with respect to retail banking customers.

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.

➢ **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.

➢ **Payment risk**

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

➢ **Foreign exchange risk**

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The division does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

➢ **Liquidity risk**

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times vis-à-vis 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.

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.

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.

NOTE 49 – LIST OF COMPANIES INCLUDED IN THE SCOPE OF COMBINATION

The principal changes in the scope of consolidation are the following:

1. Addition to the scope of combination, acquisitions, new companies

Amaline Assurances commercialises insurance policies through the www.amaguiz.com Internet portal.

2. 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.

International:

- Hungary: OTP Garancia Biztosito took over Groupama Biztosito. The 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 Alpes Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA Oc	Insurance	France	-	-	A	-	-	A
MISSO	Insurance	France	-	-	A	-	-	A
GROUPAMA Sud	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
GROUPAMA Alsace	Insurance	France	-	-	A	-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Alpes Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA Oc	Insurance	France	-	-	A	-	-	A
CLAMA Sud	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Alsace	Insurance	France	-	-	A	-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA SI	Intercompany venture	France	99.83	99.70	FC	99.79	99.64	FC
GIE LOGISTIQUE	Intercompany venture	France	100.00	99.88	FC	99.99	99.87	FC
GROUPAMA S.A.	Holding	France	99.90	99.88	FC	99.90	99.87	FC
GROUPAMA HOLDING	Holding	France	99.97	99.97	FC	99.97	99.97	FC
GROUPAMA HOLDING 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INTERNATIONAL	Holding	France				100.00	99.87	FC
GAN ASSURANCES VIE (GROUPAMA GAN VIE)	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GAN PATRIMOINE	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	99.98	99.86	FC	99.98	99.85	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.76	99.63	FC	99.76	99.63	FC
ASSUVIE	Insurance	France	50.00	49.94	FC	50.00	49.93	FC
GAN EUROCOURTAGE VIE	Insurance	France				100.00	99.87	FC
GAN PREVOYANCE	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA VIE	Insurance	France				100.00	99.87	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
MUTUAIDE ASSISTANCE	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GAN ASSURANCES IARD	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GAN OUTRE MER IARD	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
GAN EUROCOURTAGE IARD	Insurance	France	100.00	99.88	FC	100.00	99.87	FC
AMALINE ASSURANCES	Insurance	France	100.00	99.88	FC			
CEGID	Insurance	France	26.89	26.86	EM	26.89	26.89	EM
GROUPAMA ITALIA VITA	Insurance	Italy				100.00	99.87	FC
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.88	FC	100.00	99.87	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.96	EM	36.00	35.95	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.63	98.51	FC	98.34	98.21	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.18	FC	90.00	89.25	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.88	FC	100.00	99.87	FC
GUVEN SIGORTA	Insurance	Turkey				100.00	99.87	FC
GUVEN HAYAT	Insurance	Turkey				100.00	99.87	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100,00	99,88	IG	100,00	99,87	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100,00	99,88	IG	100,00	99,87	FC

A: Aggregation FC: Full consolidation EM: Equity Method

Sector Country % control % interest Method % % Method

						control	Interest	
			31/12/2009			31/12/2008		
STAR	Insurance	Tunisia	35.00	34.96	EM	35.00	34.96	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA BIZTOSITO	Insurance	Hungary				100.00	99.87	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	99.88	FC	100.00	99.87	FC
GUK BROKING SERVICES	Holding	UK	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	99.88	FC	100.00	99.87	FC
CAROLE NASH	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
BOLLINGTON LIMITED	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
LARK	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
GREYSTONE	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
HALVOR	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
COMPUCAR LIMITED	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
GRIFFITHS GOODS	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
CHOICE QUOTE	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
GROSVENOR COURT SERVICES	Ins. brokerage	UK	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy				100.00	99.87	FC
GROUPAMA ASSICURAZIONI (ex Nuova Tirrena)	Insurance	Italy	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.88	FC	100.00	99.87	FC
ASIBAN	Insurance	Romania				100.00	99.87	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA ASSET MANAGEMENT	Portf. Mgmt	France	99.98	99.86	FC	99.98	99.86	FC
GROUPAMA FUND PICKERS	Portf. Mgmt	France	100.00	99.86	FC	100.00	99.86	FC
GROUPAMA PRIVATE EQUITY	Portf. Mgmt	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA BANKING (ex Banking Finama)	Banking	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA BANKING	Banking	France				80,00	79.90	FC
GROUPAMA EPARGNE SALARIALE	Portf. Mgmt	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA IMMOBILIER	Portf. Mgmt	France	100.00	99.88	FC	100.00	99.87	FC
SILIC	Real estate	France	43.78	43.72	FC	43,38	43.32	FC
SEPAC	Real estate	France	100.00	43.72	FC	100.00	43.32	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	99.95	99.83	FC	99.95	99.83	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	99.83	FC	100.00	99.83	FC
GAN FONCIER II	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
IXELLOR	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
79 CHAMPS ELYSÉES	Real estate	France	100.00	99.89	FC	100.00	99.88	FC
33 MONTAIGNE	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
CNF	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
RENNES VAUGIRARD	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
SCIFMA	Real estate	France	100.00	99.90	FC	100.00	99.90	FC
SCI TOUR GAN	Real estate	France	100.00	98.76	FC	100.00	99.89	FC
GAN SAINT LAZARE	Real estate	France				100.00	99.87	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
SCI GAN FONCIER	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
ACTIPAR SA	Real estate	France				100.00	99.83	FC
SAFRAGAN	Real estate	France	90,00	89,85	FC	90,00	89.85	FC
261 RASPAIL	Real estate	France	100.00	99.83	FC	100.00	99.83	FC
SOCOMIE	Real estate	France	100.00	43.72	EM	100.00	43.32	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.59	FC	100.00	98.68	FC
1 BIS FOCH	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
16 MESSINE	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
9 MALESHERBES	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
40 RENE BOULANGER	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
44 THEATRE	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
97 VICTOR HUGO	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
47 VILLIERS	Real estate	France	100.00	98.80	FC	100.00	98.89	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC

A: Aggregation FC: Full consolidation EM: Equity Method

	Sector	Country	% control	% Interest	Method	% control	% Interest	Method
			31/12/2009			31/12/2008		
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
ATLANTIS (SCI)	Real estate	France				100.00	99.87	FC
FORGAN (SA)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
14 MADELEINE (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
150 RENNES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
204 PEREIRE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
3 ROSSINI (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
CELESTE (SAS)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
DOMAINE DE NALYS	Real estate	France	100.00	99.92	FC	100.00	99.91	FC
DOMAINE DE FARES	Real estate	France	50.00	49.96	EM	50,00	49.96	EM
GOUBET PETIT	Real estate	France	66.66	66.58	EM	66,66	66,57	EM
GROUPAMA LES MASSUES (SCI)	Real estate	France				100.00	99.90	FC
CAP DE FOUSTE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.92	FC
GROUPAMA PIPACT	Real estate	France	100.00	99.96	FC	100.00	99.96	FC
SCI CHATEAU D'AGASSAC	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Real estate	France	100.00	99.97	FC	100.00	99.97	FC
SCIMA GFA	Real estate	France	100.00	99.95	FC	100.00	99.94	FC
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
LABORIE MARCENAT	Real estate	France	74.10	74.02	EM	74,10	74.01	EM
SA SIRAM	Real estate	France	90.07	90.07	FC	90,07	90.07	FC
IMMOPREF	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
LES FRERES LUMIERE	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
6 MESSINE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
LES GEMEAUX (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	99.88	FC	100.00	99.87	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	99.88	FC			
FRANCE-GAN D	Mutual Funds	France	81.79	69.87	FC	82.21	71.93	FC
GROUPAMA CASH	Mutual Funds	France	52.63	52.43	FC	87.00	86.72	FC
ASTORG VARIABLE RATE FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
ASTORG CASH FCP	Mutual Funds	France	89.31	89.09	FC			
ASTORG CTT	Mutual Funds	France	85.52	85.42	FC			
ASTORG PENSION	Mutual Funds	France	74.58	74.49	FC			
ASTORG CASH MA	Mutual Funds	France	100.00	99.17	FC			
ASTORG CASH MT	Mutual Funds	France	100.00	99.15	FC			
ASTORG EONIA	Mutual Funds	France	100.00	99.88	FC			
GROUPAMA ALTERNATIF DYNAMIQUE	Mutual Funds	France	89.93	89.82	FC			
GROUPAMA OBLIG.EUR.CREDIT LT I	Mutual Funds	France	99.94	99.82	FC			
GROUPAMA FP DETTE EMERGENTE	Mutual Funds	France	96.15	95.98	FC			
GROUPAMA ALTERNATIF EQUILIBRE	Mutual Funds	France	91.42	91.33	FC			
HAVRE OBLIGATION FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA OBLIGATION MONDE LT	Mutual Funds	France	84.97	82.83	FC	78.55	76.69	FC
GROUPAMA CONVERTIBLES FCP	Mutual Funds	France	99.55	97.78	FC	99.50	97.72	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual Funds	France	54.11	54.06	FC	95.04	94.93	FC
GROUPAMA ET.CT D	Mutual Funds	France	99.08	98.98	FC	99.05	98.93	FC
GROUPAMA ET.CT C	Mutual Funds	France				39.74	39.71	FC

A: Aggregation FC: Full consolidation EM: Equity Method

	Sector	Country	% control	% Interest	Method	% control	% Interest	Method
			31/12/2009			31/12/2008		
GROUPAMA AAEXA FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
GROUPAMA ACT.INTERNATIONALES FCP	Mutual Funds	France	99.93	99.81	FC	99.95	99.82	FC
GROUPAMA OBLIG.EUR.CREDIT MT I D	Mutual Funds	France	63.48	63.41	FC	98.59	98.47	FC
GROUPAMA OBLIG.EUR.CREDIT MT I C	Mutual Funds	France	76.64	76.56	FC	76.08	76.00	FC
GROUPAMA EURO STOCK	Mutual Funds	France	49.75	49.70	EM	61.19	61.12	FC
GROUPAMA INDEX INFLATION LT I D	Mutual Funds	France	100.00	97.09	FC	99.99	97.58	FC
GROUPAMA INDEX INFLATION LT I C	Mutual Funds	France				31.74	31.70	FC
ASTORG EURO SPREAD FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual Funds	France	99.92	99.79	FC	99.36	99.23	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual Funds	France	100.00	99.87	FC	97.77	97.64	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual Funds	France	100.00	99.88	FC	99.77	99.64	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual Funds	France	100.00	99.88	FC	97.65	97.53	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual Funds	France	100.00	99.88	FC	97.05	94.93	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual Funds	France	100.00	99.84	FC	90.25	90.13	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual Funds	France	83.33	83.23	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual Funds	France	83.33	83.23	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual Funds	France	83.33	83.23	FC	83.33	83.23	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual Funds	France	83.33	83.23	FC	83.33	83.23	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual Funds	France	100.00	99.88	FC	98.76	98.63	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHING.ACT.EUROPEXEURO. FCP	Mutual Funds	France	100.00	99.88	FC	98.63	98.50	FC
WASHINGTON EQUITY EURO	Mutual Funds	France	99.97	99.84	FC			
WASHINGTON ACT. INTERNATIONALES	Mutual Funds	France	100.00	99.88	FC			
WASHINGTON EURO NOURRI 11 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual Funds	France	100.00	99.82	FC	100.00	99.81	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual Funds	France	100.00	99.87	FC	99.75	99.61	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual Funds	France	100.00	99.83	FC	100.00	99.83	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual Funds	France	100.00	99.87	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual Funds	France	100.00	99.87	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual Funds	France	100.00	99.88	FC	99.88	99.75	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual Funds	France	100.00	99.88	FC	99.64	99.51	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual Funds	France	100.00	99.88	FC	100.00	99.87	FC

A: Aggregation FC: Full consolidation EM: Equity Method

Certain real estate entities are consolidated using the equity method under a "simplified" process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the item "real estate investments" and reclassifying in the income statement the dividends or share in the results of the companies on the "Income from real estate" line item.

AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

(Year ended 31 December 2009)

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 combined financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the specific checks required by law.

The combined 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 combined 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 combined 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 combined 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 combined financial statements, your company detailed the valuation methods used for financial assets based on their classification and their direct and indirect exposure to the financial crisis.

  We examined the appropriateness of the mechanism put in place to identify this exposure, measure the value of financial assets and the impairments recognised as well as the disclosures in the notes mentioned above;

- Certain technical items related to insurance and reinsurance in the assets and liabilities of the combined 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 combined 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 combined 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 combined 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 combined 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 combined financial statements.

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

The Auditors

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	**Mazars** Tour Exaltis 61, avenue Henri Régnault 92075 La Défense Cedex
Michel Laforce Bénédicte Vignon	Gilles Magnan

April 2010

Groupama

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