GROUPAMA 2011 COMBINED ACCOUNTS

Groupama

BOARD OF DIRECTORS' REPORT
ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA FINANCIAL YEAR 2011

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

After 2010 marked by high growth (4.5%), global growth stalled in 2011 (3.8%). This stalling affected all geographical regions and can be explained by several factors: increase in commodities prices (oil and farm prices in the 1st half of the year) causing inflation in emerging countries, tougher monetary policies and a decline in global trade in China, the tsunami in Japan, excessive debt in developed countries leading to the loss of triple A ratings in the US and other countries (such as France) or through austerity measures especially in eurozone peripheral countries. The continuation of public and private deleveraging should lead to meagre growth in 2012 and continued high levels of unemployment in most developed countries.

2011 was marked by the aggravation of the sovereign debt crisis in the eurozone. Although in early 2011 the implementation of solidarity mechanisms (EFSF, ESM) in a favourable economic context helped to minimise risk aversion, a lack of consensus among European political and monetary authorities on solutions for halting the crisis, the obvious need to restructure Greece's sovereign debt, the extent of private sector involvement and the political instability in Italy finally caused the contagion so feared earlier on in the year.

Finally, forced to strengthen their equities given the high risk on sovereign debts and in anticipation of tougher regulations (Basel III) banks reduced the size of their balance sheet and their bond portfolios (causing the increase in rates). The reduction of bank balance sheets has caused financing difficulties and higher costs for companies and households, which has aggravated the recessive impact on the European economy. To rekindle confidence in the banking world, the ECB has introduced 1 to 3-year financing facilities for eurozone banks to encourage them to buy sovereign debt and finance economic players.

FINANCIAL MARKETS

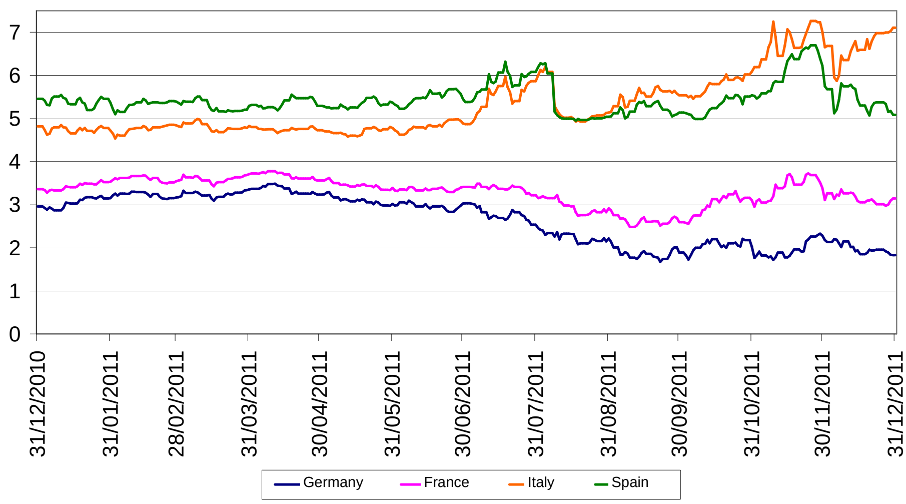
In light of the foregoing, financial markets became extremely volatile, and fluctuated between 18 and 45 from January to August according to the Vix index which measures volatility. The volatility observed on all markets reflects the uncertainty of operators in a highly bumpy environment with:

- extreme spreads on return among eurozone debts,
- the decline of US rates despite the loss of the triple-A,
- increase then decrease in European equity indices,
- the decline of the equity indices of emerging stock exchanges,
- the importance of movements on foreign currencies and rising commodities prices.

Long rate: flight to quality and expansion of risk premiums

The German BUND (10 years) fluctuated between 3% at the beginning of the year to 2% at the end of 2011, peaking at 3.5% in April and falling to a record low of 1.75% in September.
Comparatively, the OAT rate moved within a narrower range and ended the year at 3.15% (versus 3.35% at the beginning of the year). Nonetheless, the spread between French and German rates (risk premium) continued to widen, rising from 0.4% to 1.3%. This widening affected all eurozone debts and particularly that of Italy, for which the risk premium jumped from 1.8% to 5% at the end of the year.

Yield of 10-year eurozone government bonds



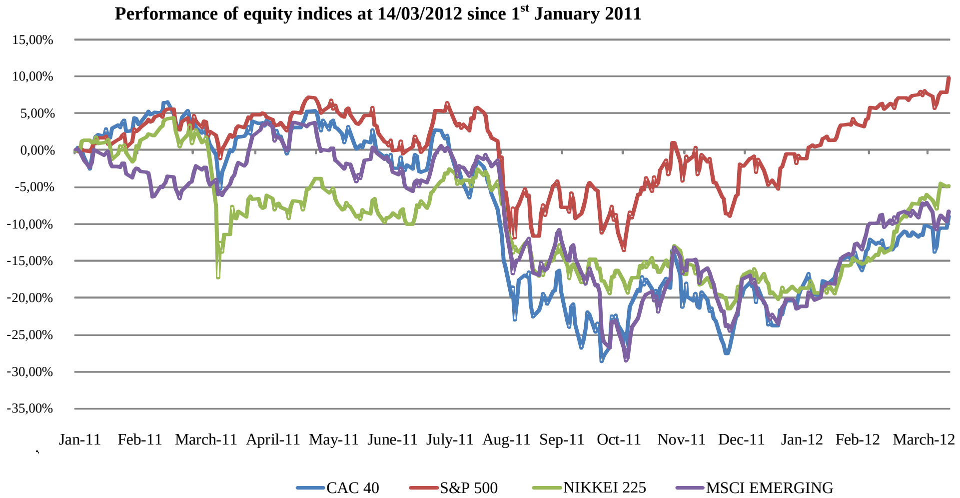
A very bad year for equity markets

With the exception of US markets which remained stable, all other geographical zones followed a downward trend. There are several explanations for these declines, such as weak global growth for emerging countries, the tsunami for Japanese shares, and the debt crisis in Europe. Overall, the MSCI World index fell by 7.4%.
The declines were however much steeper in Europe, between -6.7% for the FTSE in the United Kingdom and -52% for the Athens stock exchange, as well as in Asia (Hong-Kong, China, and India) between -17% and -25%.
From a sectoral viewpoint, in the eurozone only non-cyclical consumer sectors (health, food, etc.) and energy posted positive digits of around 5%.The most significant declines were observed on financials (-27%) and basic materials (-22%).

In short, the performances of major global indices in local currencies and excluding dividends were as follows:

- US market: + 0% for the S&P 500 at 1,258 points,
- Eurozone market: - 17% on the Eurostoxx 50 at 2,317 points,
- Japanese market: -17% for the Nikkei 225 at 8,455 points;
- Chinese market: + 5.3% for the Hang Seng (Hong Kong);
- Emerging markets: -20% (in dollars).

Performance of equity indices at 14/03/2012 since 1st January 2011



Forex and Oil

On the forex front, the aggravation of the sovereign debt crisis triggered a flight to safe currencies such as the Swiss Franc, the Yen and the Dollar.
Central banks intervened to check the historic levels of the Swiss Franc against the Euro and the Yen against the Dollar. These interventions allowed the Swiss Franc to rise to 1.20 for one Euro and for the Yen to 77 for one Dollar.
Despite the accommodating economic policies of the US and its budgetary problems, the Dollar rose against the Euro due to the aggravation of systemic risks and fears of one country leaving the eurozone due to the crisis.
Finally, with respect to commodities, the uprisings in Middle-Eastern countries led to high oil prices.

2. HIGHLIGHTS

CONSEQUENCES OF THE FINANCIAL CRISIS

In an environment marked by the eurozone debt crisis and a sharp deterioration of financial markets, the group's net income for 2011 was impacted by a number of non-recurring factors such as the recognition of -€2.3 billion (gross) as impairment for the Greek sovereign debt and long-term impairment provisions and capital losses realised on strategic securities for -€2.5 billion (gross).

From year end 2011, the group began implementing measures to strengthen its solvency before 31 December 2011 and gain some room for manoeuvring in 2012:

- German and French sovereign debt auctions which yielded gains on bonds,
- equity portfolio hedging transactions,
- the realisation of real estate gains,
- realisation of losses on the strategic securities held by certain entities,
- capital increases of regional mutuals to Groupama SA for €500 million,
- the signature of industrial and financial partnership agreements with the Caisse des Dépôts et Consignations group.
- changes in estimates on provisions presenting a discretionary or prudential nature and actuarial assumptions concerning certain liabilities.

Accordingly, the solvency ratio was met at the end of 2011 due to the mobilisation of considerable internal resources and compliance with the firm agreements entered into in December 2011 with the Caisse des Dépôts et Consignations, enforced in early 2012. This confirmed the going concern assumption underlying the preparation of financial statements.

In addition to the foregoing immediate measures mentioned above, the group further decided to take additional measures to strengthen profitability and solvency. The magnitude of these measures will depend on market conditions in 2012, but will essentially cover, at the financial level:

- financial asset hedges, in the form of call options, protecting part of the equity portfolio against an additional downturn on financial markets;
- complementary external reinsurance solutions with regard to liabilities;
- a reduction of the group's exposure to sovereign debts.

At the operational level, in order to raise margins and lower overheads, Groupama will implement a cost-cutting plan for the entire group in order to save €300 million by 2013 and €400 million by 2014 on a yearly basis.

GROUP ORGANISATION

Creation of a joint venture with Aviation Industry Corporation of China

Following the agreement signed on 18 December 2010 with the AVIC group, the joint venture was included in the scope of consolidation as of 28 February 2011, when Groupama SA held 100% of the structure's shares. A capital increase reserved for AVIC was launched in November. At the end of this transaction, which will be effective after the completion of the required formalities, AVIC will hold 50% of the company. The new structure will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

Appointment of new independent directors

The Groupama SA General Meeting of 25 May 2011 appointed Marie-Ange Debon and Caroline Grégoire Sainte-Marie as new directors. The Groupama SA Board of Directors now comprises 18 members including eleven Chairs of regional mutuals and five independent directors.

Change of Groupama S.A.'s General Management:

The Groupama SA Board of Directors appointed, on 24 October 2011, Thierry Martel, Chief Executive Officer of Groupama SA to replace Jean Azéma and Christian Collin, Deputy Chief Executive Officer of Groupama SA.

The new management team will focus as a priority on implementing measures to strengthen the group's solvency while striving to improve operational profitability.

OTHER FACTORS

Storm coverage

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

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

Groupama - Predict

Groupama, leading insurer of municipalities, will help its 18,000 insured cities to protect themselves against floods thanks to its exclusive partnership with Predict Services, subsidiary of Météo France. Groupama-Prédict assists in the preparation of municipal protection plans, and runs a vigilance and decision-helping system based on cutting-edge technologies.

The key beneficiaries of this service will include the 3,000 or more municipalities that are highly exposed to flood risk. All the municipalities insured by Groupama have had access to decision-helping information for risk management since 2011.

New banking offer

In early May, Groupama Banque launched a new simplified Astréa offering, with even more interesting rates for customers who use their account. The launch was leveraged by a nation-wide television, press and Internet campaign.

Drought solidarity

Early June 2011, Groupama implemented measures to find solutions for drought-stricken farmers throughout France.

To allow its insured cattle farmers and grain growers to cope with the exceptional situation, in particular concerning hay storage and transportation, Groupama accepted to extend, free of charge, the warranties required for implementing the solidarity initiatives carried out throughout France.

Financial rating

Standard & Poor's downgraded the rating of Groupama SA to BBB+ on 16 May 2011, then to BBB on 23 September, and to BBB- on 15 December 2011 (with a negative outlook). Standard & Poor's explained that Groupama's capital adequacy and regulatory solvency levels were low, while financial markets continued on negative trends, even though Groupama had announced flagship strategic measures.

In addition, the Group will continue in 2012 the projects designed to sustainably strengthen its solvency margin and adjust its scope within appropriate deadlines and conditions.

Merger between Icade and Silic and €300 million investment of the Caisse des Dépôts in Gan Eurocourtage

The Groupama SA Board of Directors meeting on 30 December 2011 accepted the firm offer received from the Caisse des Dépôts and Icade on 22 December with a view to the merger between Icade and Silic through a securities swapping transaction. The transaction led to the birth of the first property company with service assets and offices in France with a property holding of more than €9 billion and which has become a key player in the Greater Paris area.

In this context, Groupama contributed 6.5% of the capital of Silic to a holding company controlled by the Caisse des Dépôts to which the Caisse des Dépôts had previously given its contribution in Icade. Groupama committed to contribute to the said holding, which will still be controlled by the Caisse des Dépôts, its outstanding equity interest in Silic (i.e., 37.5%) after authorisation of the transaction by the competition authority, during the first quarter 2012.

The disposal of the 6.5% block interest leads to the loss of Silic's control. Pursuant to IAS 28, this loss of control results in a global impact on income of + €578 million booked in the financial statements.

The foregoing operations were carried out on the basis of an exchange parity of 5 Icade shares for 4 Silic shares, with 2011 coupons attached for each of the companies.

In addition, the Board of Directors of Groupama SA accepted the offer of the Caisse des Dépôts to subscribe up to €300 million in the preference share issue of Gan Eurocourtage, a 100% subsidiary of Groupama SA, after approval by the French Mutual Society Supervisory Authority.

Gan Eurocourtage will thus have a proforma regulatory solvency in excess of 350%, placing it among the best market players and fully meeting the requirements of the future Solvency 2.

Capital increase for Groupama SA and Groupama Gan Vie

At the end of December 2011, the Group proceeded to capital increases intended to strengthen the solvency of Groupama Gan Vie, which carries a large portion of the Group's bond assets and listed equities.

First, all the Regional Mutuals participated concomitantly in a Groupama Holding capital increase for an amount of €453.65 million, and Groupama Holding 2 for €44.53 million, i.e., a total amount of nearly €500 million. At the end of these transactions, the share capital of Groupama Holding amounted to €2,520,662,256 and that of Groupama Holding 2 to €507,998,880.

Secondly, Groupama Holding and Groupama Holding 2 subscribed to nearly all (for a total amount of €499.8 million) of a capital increase by Groupama SA for €500 million; the balance was subscribed by minority shareholders (employees, former employees and officers). At the end of this increase, the share capital of Groupama SA stood at €1,686,569,399, divided into €329,086,712 shares with a nominal value of €5.125.

At the same time, Groupama SA participated in a Groupama Gan Vie cash capital increase for €500 million and contributed real estate assets for a total of €188.6 million. At the end of these transactions, the share capital of Groupama Gan Vie stood at €932,007,489, divided into €6,340,187 shares worth €147 each.

These capital increase transactions, although they had no impact on the group's solvency margin, helped to improve the solvency margin of Groupama Gan Vie as at 31 December 2011.

3. POST BALANCE SHEET EVENTS

Merger between Icade and Silic

After obtaining the operating license from the Competition Authority on 13 February 2012, on 16 February 2012 Groupama contributed the balance of its 37.45% equity interest in the capital of Silic to HoldCo SIIC, a company controlled by the Caisse des Dépôts, which also holds 55.58% of the capital and voting rights of Icade.

Following this contribution, HoldCo SIIC now owns 43.95% of the capital and voting rights of Silic. The Caisse des Dépôts and Groupama respectively hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC.

In the IFRS financial statements, this contribution will not lead to the booking of any significant income or loss from disposal in 2012.

Subscription by the Caisse des Dépôts of Gan Eurocourtage preference shares

The Caisse des Dépôts made an irrevocable commitment on 30 December 2011 to subscribe to the capital issue of Gan Eurocourtage on the basis of the preference shares benefitting from a priority dividend and without voting rights but giving access to certain rights concerning the protection of investment.

The preference shares issuance date has been fixed for 15 March 2012 (after the Gan Eurocourtage annual general meeting held to approve the annual financial statements and the Board of Directors of Gan Eurocourtage authorising the issue of preference shares on the authority of the extraordinary general meeting).

Greek debt exchange proposal under the PSI

On 24 February 2012 the Greek Republic proposed to the holders of Greece's private debt, under the PSI (Private Sector Involvement), to swap old Greek debts for new Greek debts. The Board of Directors of 6 March 2012 approved the contribution by the Group of Greek debt securities in its portfolio in the context of the exchange operation mentioned above. Following the acceptance of the PSI by private sector creditors, Groupama contributed its Greek debts to the exchange on 12 March 2012. This incident will not have a significant outright impact. Beyond the effects concerning a decline in coupon, the exchange leads to the waiver of 53.5% of the face value of the initial debt. The residual balance (46.5% of the face value) breaks down into 15% of the nominal in FEFS securities and 31.5% of the nominal in new Greek securities.

Temporary set up of a Group quota share treaty

Groupama signed a contract at the end of December 2011, effective from 1 January 2012, with a top-tier reinsurer, for a quota share treaty representing an outward reinsurance volume of €1.1 billion for the 2012 year of occurrence.

4. ANALYSIS OF FINANCIAL STATEMENTS

4.1 SUMMARY OF ACTIVITY AND PROFITS

Premium income in millions of euros	31/12/10	31/12/10 proforma	31/12/11	Change in value (like-for-like)	Reported change	Like-for-like change
France property and casualty insurance	5,607	5,607	5,903	297	5.3%	5.3%
France life and health insurance	7,392	7,297	6,768	(529)	-8.4%	-7.3%
Total France Insurance	**12,999**	**12,904**	**12,670**	**(234)**	**-2.5%**	**-1.8%**
International property and casualty insurance	3,168	3,117	3,194	76	0.8%	2.4%
International life and health insurance	1,181	1,166	1,099	(67)	-7.0%	-5.8%
Total International insurance	**4,349**	**4,283**	**4,292**	**10**	**-1.3%**	**0.2%**
Discontinued operations (France and International)	9	9	8	(1)	-3.2%	-3.2%
Banking and financial activities	277	277	269	(8)	-2.8%	-2.8%
Total GROUPAMA	**17,633**	**17,472**	**17,239**	**(233)**	**-2.2%**	**-1.3%**
Total Insurance (exc. Discontinued operations)	**17,348**	**17,187**	**16,962**	**(224)**	**-2.2%**	**-1.3%**
including property and casualty insurance	8,775	8,724	9,097	373	3.7%	4.3%
including life and health insurance	8,573	8,463	7,866	(597)	-8.2%	-7.1%

Proforma data 2010:

- *France: impact of the transformation of the CMU into tax (reduction of premiums by 95 million)*
- *International: 2010 data converted at the 2011 average exchange rate*

As at 31 December 2011, Groupama's consolidated insurance premium income reached €17.0 billion, down by -2.2% compared with 31 December 2010. By integrating financial activities, the Group's consolidated premium income decreased by -2.2% to €17.2 billion.

At constant exchange rates and scope of consolidation, the growth in consolidated insurance premium income was down -1.3% compared with 31 December 2010. The Group's total premium income based on like-for-like exchange rates and scope of consolidation shrank by -1.3%.

This change is explained by the contraction within individual life and health insurance of the retirement savings segment (which represents 22% of the group's total business). The group recorded this contraction (-17.3% in individual compared with 31 December 2010) on its main markets, and more particularly in France, where this activity was down -17.9% compared with 31 December 2010. The contraction can be explained by the challenging economic context for retirement savings products characterised by:

- a financial and economic crisis,
- an indecisive fiscal context,
- competition of alternative savings products (secured) in a low-rate environment.

It should also be noted that premium income from the group's life and savings was down by -13.9% on 2010. In France, premium income for this segment fell by -14.4% compared with 31 December 2010 and internationally it fell by -11.1% compared with the data for the previous period. This situation is not specific to the Group. It reflects the situations of the markets on which the group operates, as for example France (-14% at the end of December – source FFSA), Italy (-18.7% at the end of September), Portugal (-38.5% at the end of November).

On the other individual life and health insurance segments as well as property and casualty insurance, the Group reported high growth, often outperforming the market.

These performances helped to partially offset the adverse trend of the retirement savings activity as at 31 December 2011. Thus the insurance premium income in France showed a decline of -2.5% in current data and -1.8% on a like-for-like basis. It represents 73.5% of the Group's overall activity for the period. Internationally, insurance premium income (24.9% of total premium income) fell by -1.3% in reported change and was up +0.2% on a like-for-like basis. The Group's other business lines (financial and banking activities) accounted for 1.6% of total premium income, a drop of -2.8%. Net banking income gained +2.6% and reached €242 million as at 31 December 2011.

In **life and health insurance**, the group's premium income fell by -8.2% on a reported basis and -7.1% on a like-for-like basis. In individual life and health insurance, premium income fell by -10.2% in comparable data (-11.2% in reported change). As previously stated, this trend can be primarily explained by the retirement savings segment (-17.3%). Premium income from group life and health insurance increased by +3.0% in reported data and by +4.8% like-for-like, driven by the sterling performance of the protection (+14.1% in reported change and +14.8% on like-for-like basis) and health segments (+3.6% in reported data and +8.6% in comparable data) which make up for the decline in the retirement segment (-9.5%).

In **property and casualty insurance**, premium income increased by +3.7% in reported data and by +4.3% on a like-for-like basis. This increase stems primarily from private and professional insurance (+3.5% in reported change and +4.2% on a like-for-like basis) which accounts for 61.2% of the premium income for the segment. Passenger cars (+2.6% reported data and +3.6% like-for-like) and home insurance (+5.6% on reported basis and +5.8% like for like) contributed significantly to this progression. The increase in premium income from agricultural business segments (driven by the change in the prices of the property to be insured) is also noteworthy (+10.5% reported data and +11.1% like-for-like data).

Economic operating income in millions of euros	31/12/10	31/12/11	Change in value	Change %
France property and casualty insurance	(98)	198	296	NA
France life and health insurance	146	27	(119)	-81.4%
Total France Insurance	**48**	**225**	**177**	**>100%**
International property and casualty insurance	84	157	73	86.7%
International life and health insurance	45	(1)	(46)	-102.2%
Total International insurance	**129**	**156**	**27**	**20.7%**
Banking and financial activities	17	11	(6)	-33.7%
Holding activities	(154)	(83)	71	-46.2%
Total GROUPAMA	**39**	**309**	**269**	**>100%**
including property and casualty insurance	(14)	355	369	NA
including life and health insurance	191	26	(165)	-86.3%

The group's **economic operating income** amounted to +€309 million in 2011 versus +€39 million in 2010 (which was marked by the net expense of Hurricane Xynthia in France for -€127million). The combined net ratio stood at 97.4% in 2011 compared with 104.9% in 2010 (of which 2.3 points linked to Hurricane Xynthia).

In **France**, the property and casualty insurance economic operating income was up from +€296 million to +€198 million in 2011. The combined net ratio stood at 97.6% in 2011 versus 107.2% in 2010 (of which 3.7 points due to Hurricane Xynthia in 2010). The net loss ratio improved and fell by -9.7 points to 67.7% in 2011 (of which 3.7 points due to Xynthia in 2010) and the operating expense ratio was stable at 29.9% in 2011. Life and health insurance economic operating income amounted to +€27 million in 2011 versus +€146 million in 2010. The increase in underwriting result is linked to the improved margin for the health and bodily injury activity (decline in combined net ratio of -2.0 points to 100.9% in 2011) is cancelled by the significant drop in recurring financial margin net of profit sharing and taxes (down by -€143 million).

Internationally, insurance economic operating income stood at +€156 million in 2011 (+20.7% compared with 2010). In property and casualty insurance, this aggregate grew by +86.7% to +€157 million with a net combined ratio of 96.9% in 2011 down by -3.8 points over 2010. This change was driven by the improvement in net loss ratio of 3.8 points compared to the previous period, under the effect of the decrease in the loss ratio reported by most subsidiaries. In life and health insurance operating income (down by -€46 million in 2011) was affected by the deterioration of the health and bodily injury business in 2011 while in 2010, the year had been marked by the recording of exceptional write-backs on provisions on the life business in Italy. The recurring financial margin was stable in 2011.

Banking and financial activities contributed +€11 million to the group's economic income in 2011 versus +€17 million in 2010, due to the slight deterioration of the cost of risk linked specifically to the Greek debt.

The group's holding activity reported an economic loss of -€83 million in 2011 versus -€154 million in 2010. This is mainly due to the tax consolidation of which the holding is the lynchpin

Net profit (loss) in millions of euros	31/12/2010	31/12/2011 excl. LTIP on Greek sovereign securities	31/12/2011 o/w LTIP on Greek Sovereign securities	Change in value	Change in %
France property and casualty insurance	78	74	(73)	(151)	> -100%
France life and health insurance	457	(254)	(1,401)	(1, 858)	> -100%
Total Insurance France	**535**	**(180)**	**(1,474)**	**(2,009)**	**> -100%**
International property and casualty insurance	54	127	30	(24)	-44.3%
International life and health insurance	45	(4)	(165)	(210)	> -100%
Total Insurance International	**98**	**123**	**(135)**	**(233)**	**> -100%**
Banking and financial activities	12	11	7	(5)	-39.1%
Holding activities	(174)	(67)	(67)	107	-61.3%
Goodwill impairment	**(79)**	**(90)**	**(90)**	**(11)**	**13.9%**
Accretion effect, minority mutual funds, Cegid	**5**	**(3)**	**(3)**	**(9)**	**> -100%**
Total net profit GROUPAMA	**398**	**(207)**	**(1,762)**	**(2,160)**	**> -100%**
including property and casualty insurance	132	201	(43)	(175)	> -100%
including life and health insurance(1)	507	(262)	(1, 570)	(2,076)	> -100%

(1) including result of equity method - Cegid

(LTIP: Long-term impairment provision)

The group's net income is marked by a certain number of non-recurring items in 2011:

- Impairment of the Greek sovereign debt for - €2.3 billion (gross),
- long-term impairment provisions and the capital gains earned on strategic securities for -€2.5 billion (gross),
- impairment of goodwill on the subsidiaries of Central and Eastern European Countries (specifically Romania for -€51 million) and the Greek subsidiary (for -€39 million).

These transactions were largely backed by the group's equity. Net of taxes and profit sharing, they represent an expense of -€3.2 billion.

To offset the unfavourable effect of these transactions, the group realised a gross amount of €474 million on bonds. The Group also recorded an exceptional income of €578 million following the loss of exclusive control over its subsidiary Silic. Net of profit sharing and taxes, these transactions represented an income of €889 million.

It must be recalled that the 2010 income included an exceptional income on the capitalisation reserve of €360 million net of tax and the impairment of intangible assets in Central and Eastern European countries (-€79 million).

If we include the economic operating income of +€309 million, all the non-recurring items (the most significant of which are stated above), and the impairment expense of the Greek sovereign debt booked in the Group's financial statements, the Group posted a net loss of -€1,762 million in 2011.

Net profit in millions of euros	31/12/2010	31/12/2011 Exc. LTIP on Greek debt	31/12/2011 Incl. LTIP on Greek debt
Insurance and services France	**535**	**(180)**	**(1,474)**
Regional mutuals	16	74	57
Gan Assurance	55	(13)	(78)
Gan Eurocourtage (incl. Groupama Transport)	106	(6)	(60)
Groupama Gan Vie	415	(358)	(1,479)
Other entities	5	2	(18)
Groupama SA – Operating activity	(62)	121	103
International insurance	**98**	**123**	**(135)**
Banking and financial activities	**12**	**11**	**7**
Holdings	**(174)**	**(67)**	**(67)**
Goodwill impairment	(79)	(90)	(90)
Reallocation of goodwill, accretion effect, minority mutual funds, Cegid	5	(3)	(3)
Total GROUPAMA	**398**	**(207)**	**(1,762)**

4.2 BUSINESS AND PROFITS IN FRANCE

France premium income in millions of euros	31/12/2010 Proforma Life & health insurance	Property & casualty insur	Total	31/12/2011 Life & health insurance	Property & casualty insur	Total
Regional mutuals	1,532	3,219	4,751	1,609	3,393	5,002
Groupama SA	25	18	43	21	19	39
Groupama Gan Vie	5,575		5,575	4,965		4,965
Gan Assurances	143	1,093	1,236	152	1,151	1,303
Gan Eurocourtage		1,137	1,137		1,184	1,184
Other entities (1)	31	140	170	28	156	185
Total	**7,306**	**5,607**	**12,912**	**6,776**	**5,903**	**12,678**

(1) including discontinued operations

As at 31 December 2011, Insurance premium income in France (including discontinued activities) fell by -1.8% compared to 31 December 2010 and stood at €12,678 million.

Property and casualty insurance

Insurance premium income in millions of euros	Property & casualty insurance France 31/12/10 proforma	31/12/11	Change in %
Regional mutuals	3,219	3,393	5.4%
Groupama SA	18	19	2.6%
Gan Assurances	1,093	1,151	5.3%
Gan Eurocourtage	1,137	1,184	4.1%
Other entities	140	156	11.8%
Total	**5,607**	**5,903**	**5.3%**

Despite a highly competitive context, property and casualty insurance premium income (46.6% of income in France) rose +5.3% to €5,903 million, posting growth of 1.3 points above the market (+4%, source: FFSA, as at end December 2011). Private and professional insurance premium income (53.8% of property and casualty insurance premiums, or €3,176 million) rose +5.7%. The sustained development of the portfolio and the significant increase in rates on the tourism motor vehicle (+6.1%) and home insurance segments (+6.4%) explain this change. It must be stressed that the group outperformed the market on these segments (+4% in motor vehicle and +6% in home insurance – source FFSA as at end December). Insurance for businesses and institutions (€1,123 million) also posted higher premium income (+3.1%), under the effect of the growth of the fleet segment (+4.7%) and to a lesser extent property insurance for businesses and institutions (+2.1%).

The premium income of the **regional mutuals** was up by +5.4% as at 31 December 2011. For passenger cars (€1,262 million, fleets included), contributions were up by +5.5% over 31 December 2010 driven by rate adjustments (+3.2%) and an increase in the fleet of insured vehicles (+ 56,800 vehicles compared with end December 2010). Premium income from the home insurance segment jumped +5.0% driven by increased business (+46,000 contracts compared with end 2010). We stress that premiums related to atmospheric risks (€361 million) rose by +14.9%, due to the increase recorded on the hurricane (+7.3%) and harvest segments (+30.5% linked especially to the increase in the prices of farm commodities).

The premium income of **Groupama SA,** which corresponds to certain national activities (inward reinsurance from the La Banque Postale Assurance IARD, etc.) and the quota shares in professional pools (Assurpol, etc.) amounted to €19 million as at 31 December 2011 compared with €18 million over the previous period, i.e., an increase of 2.6%. This trend can be mainly explained by inward insurance from the Banque Postale and the increase in the quota share of premium income in professional pools.

The revenue of **Gan Assurances** increased by +5.3% to €1,151 million in 2011, driven by individual and professional insurance. Increase in business as well as rate changes explain the increase in premium income on the passenger cars (+4.5%), professional risks (+11.1%) and home insurance (+5.4%) segments. The sound performances of the fleet segment must also be noted (+6.3% to €114 million).

Gan Eurocourtage, after merging with Groupama Transport; posted premium income of €1,184 million as at 31 December 2011 (up +4.1% compared with 31 December 2010). Private and professional insurance posted an increase of +10.3% to €444 million. It was boosted by the solid expansion of the consumer products (+18.8%), passenger cars (+11.3%) and home insurance segments (+12.2%). The business and institutions market increased by +1.8% over the previous period to €388 million. Note that the premium income from the specialities segment (theft-fraud) rose by +34.7% while the fleet and industrial risks segments fell respectively by -8.2% and -3.1% reflecting the cancelled contracts against a background of portfolio monitoring and selective underwriting. The institutions market is also down over the period (-27.1% compared with 31 December 2010). Premium income for the **transport business** totalled €326 million as at 31 December 2011, up +2.3% over the previous year. The marine segment (72.6% of the transport business) posted a slight increase in premium income (+0.3%). The subsidiary's activity suffered in Asia and in the UK due the effect of the group's rating on business finding criteria. However, an active underwriting policy on markets less sensitive to the rating allowed us to make up for the loss of premium income (strong growth recorded in France on cargo and pleasure crafts markets in particular). The aviation segment (+8.9%) was boosted by the higher premium income recorded by the Reunion Aerien pool. This is linked partly to the increase of the entity's share in underwriting (33% in 2011 versus 28% in 2010) and also to a favourable foreign exchange effect.

In property and casualty insurance, the economic operating income for France amounted to +€198 million in 2011 versus a loss of -€97 million in 2010. This change is primarily explained by the following factors:

Property & casualty insurance in France - In millions of euros	**31/12/2010**		**31/12/2011**		**Change 2011 / 2010**	
Net premiums earned	(5,224)	100.0%	5,435	100.0%	211	4.0%
Underwriting expenses (policy services)	(4,045)	-77.4%	(3, 678)	-67.7%	366	-9.1%
Expenses from current underwriting operations net of earnings	(1,558)	-29.8%	(1,628)	-29.9%	(71)	4.5%
Underwriting result net of reinsurance	**-378**	**-7.2%**	**129**	**2.4%**	**507**	**> 100%**
Recurring financial margin after tax	219	4.2%	251	4.6%	32	14.8%
Other factors	62	1.2%	-182	-3.3%	(244)	> -100%
Economic operating income	**-97**	**-1.9%**	**198**	**3.6%**	**295**	**> 100%**
Realised capital gains	105	2.0%	117	2.2%	12	11.4%
Long-term impairment provision	(31)	-0.6%	-474	-8.7%	(443)	> 100%
Gains and losses on financial assets recognized at net fair value	14	0.3%	-18	-0.3%	((32))	> -100%
Non-recurring items net of corporate tax	87	1.7%	104	1.9%	17	> -100%
Group net profit	**78**	**1.5%**	**-73**	**-1.3%**	**(151)**	**> -100%**

In **France**, **net underwriting results** (net premiums earned – net underwriting expenses – net expenses from current technical operations) totalled +€129 million in 2011 versus -€378 million in 2010. The net combined ratio amounted to 97.6% in 2011 versus 107.2% in 2010. As a reminder, 2010 financial year was heavily impacted by climatic events: Hurricane Xynthia (-€193 million), floods in the Var (-€46 million) and snow storms in January and December (-€53 million). Admittedly, financial year 2011 was also affected by atmospheric or climate disasters but to a lesser extent. It mainly involved the following events: Drought (-€109 million), bad weather in November (-€30 million) and Hurricane Joachim (-€29 million).

Excluding the impact of these climatic elements, the net loss ratio improved by dropping -7.5 points to 64.3% in 2011. The release of provisions accrued in the past for prudential reasons on property annuity damages represent however a favourable effect of 2.3 points in 2011. The ratio of net operating costs is stable at 29.9% in 2011.

Significant factors as at 31 December 2011 were as follows:

The **regional mutuals** posted a net combined ratio of 100.1% at the end of December 2011 down by -10.3 points on the 2010 ratio. The reported loss ratio for the year fell by -10.2 points to 68.0% in 2011 of which -3.0 points linked to the difference in the cost of the climate events that occurred in 2010 (Hurricane Xynthia, hail storms, floods in the Var and snow) and 2011 (drought, storms, bad weather in November and Hurricane Joachim). Improvement in the current loss ratio primarily comes from the motor vehicle segment (-3.1 points) due to the decline in frequency, farm risks (-14.1 points) and the business and institution segments (-17.8 points). We must stress the decline in net operating cost ratio of 0.4 point to 26.9%.

Groupama SA presents a net combined ratio of 95.3% in 2011 versus 109.0% in 2010. The net loss ratio improved by falling -14.5 points to 64.4% while the net expense rate increased by +0.8 point to 30.9% in 2011. We stress the decrease in 2011 of the claims rate for the current year by -12.2 points to 60.6% thanks to the improved loss ratio for motor vehicles and business and institutional risks.

The net combined ratio of **Gan Assurances** stood at 98.7% in 2011 versus 108.3% in 2010. The net loss ratio improved by -10.5 points to 71.2% while the net expense rate increased by +0.9 point to 27.5%. Analysis of the loss ratio of the entity excluding climate events highlights the significant improvement in the reported loss ratio (-4.8 points to 68.4%) especially in motor vehicles (-8.6 points to 84.1%), in professional risks (-7.3 points to 69.9%) and fleets (-13.7 points to 77.0%). The increase in distribution expenses explains the deterioration of the operating expenses ratio (+0.9 point to 27.5%).

Gan Eurocourtage posted a net combined ratio of 92.9% as at 31 December 2011 down by -6.6 points compared to the 2010 ratio. The net loss ratio (excluding climate events) shrank by -6.9 points in 2011 under the effect of the improvement in the reported loss ratio (-5.5 points to 65.3%). This ratio was mainly boosted by a reduction in the number of serious claims on the business market (-19.7 points to 52.1%) and improvement on the marine activity (-3.8 points to 69.3%). Net expense rate deteriorated by +1.0 point to 36.8% due to the increase in the burden of fees that mask a reduction in overheads -0.3%.

In **France**, the **recurring financial margin** (after tax) in the **property and casualty business** increased by +€32 million over the period primarily as a result of the increase in dividends received.

The **other items** incorporate the other non-technical income and expenses, tax on recurring income, financing expenses, and the results for companies consolidated under the equity method and minority interests. The variance compared with 2010 is mainly linked to the tax expense which is explained by the significant improvement in underwriting results.

In **France,** the **net income** from the **property and casualty insurance** business is a loss of -€73 million in 2011 against a profit of +€78 million in 2010. This negative development stems mainly from the unfavourable impact of financial markets which counterbalance the significant recovery of the recurring technical and financial business. The non-recurring financial margin (achieved capital gains, allowances for long-term impairments and gains or losses on financial assets recognised at fair value) was indeed affected in 2011, first by the deterioration of the Greek sovereign debt for a total of -€147 million after tax and secondly, by the recognition of provisions for impairment and the capital losses on equities of -€497 million linked to the collapse of financial markets. As a reminder, the 2010 results included a tax income of +€90 million from the modification of the tax treatment for the capitalisation reserve.

Life and health insurance

	Life & health insurance France		
Insurance premium income in millions of euros	**31/12/10 proforma**	**31/12/11**	**Change in %**
Regional mutuals	1,532	1,609	5.0%
Groupama SA	25	21	-17.6%
Groupama Gan Vie	5,575	4,965	-10.9%
Gan Assurances	143	152	6.6%
Other entities (1)	31	28	-9.2%
Total	**7,306**	**6,776**	**-7.3%**

(1) *including discontinued operations*

Life and health insurance premium income (53.4% of France premium income) was down by -7.3% to €6,776 million. The group's life and savings premium income fell by -14.4%. This contraction reflects the market trend, where contributions tumbled by -14.0% at the end of December 2011 (source FFSA). In this difficult market context, the group has however succeeded in re-directing its inflows to unit-linked policies (which require less mobilisation of equity). In individual retirement savings, they now represent

12.1% of operations versus 4.7% in 2010. This performance is significantly higher than the market since the latter posted a -9% decline in premium income from unit-linked accounts at the end of December 2011 (FFSA source).

Health and bodily injury premiums as at 31 December 2011 rose +6.1% over 31 December 2010, led primarily by the health segment (individual and group), which posted an increase of +7.0%, promoted both by rate increases and portfolio growth. It is noteworthy that the market posted a +1% increase (FFSA source at the end of December 2011).

Net inflows from the market were down -85% to €7.6 billion with a particular increase in benefits in the last quarter (source FFSA at the end of December 2011). The group's inflows in France were positive in 2011. Groupama Gan Vie, which represents nearly all life insurance business in France, recorded positive inflows of +€64 million, down in comparison to 2010. By integrating non-life personal insurance, Groupama Gan Vie's inflows stood at €273 million.

The networks comprising **Groupama Gan Vie** reported a -10.9% fall in premium income as of 31 December 2011, levelling off at €4,965 million. Groupama Gan Vie's premium income by business line is primarily earned in individual insurance (73%), for which issued premiums fell by -16.1% compared with 31 December 2010 to €3,624 million due to the difficult situation of the individual savings market, recalled above. Against this background, we recall the outright increase in premium income achieved for unit-linked policies, growing from €181 million as of 31 December 2010 to €384 million as of 31 December 2011. This change was driven by all networks. Group insurance (27% of the business) rose +6.8% to €1,341 million.

The breakdown of the entity's premium income by network is as follows:

Groupama Gan Vie premium income by network in millions of euros	2010 Actual 31-Dec.	2010 Proforma 31-Dec.	2011 Actual 31-Dec.	Reported change 2011-2010	Like-for-like. change 2011-2010
Regional mutuals	2,183	2,183	1,846	-15.4%	-15.4%
General agents	1,238	1,231	1,139	-8.0%	-7.5%
Brokerage	769	759	830	8.0%	9.4%
Gan Patrimoine	646	646	526	-18.5%	-18.5%
Gan Prévoyance	576	575	577	0.1%	0.3%
Head office	181	181	47	-74.0%	-74.0%
Total Groupama Gan Vie	**5,593**	**5,575**	**4,965**	**-11.2%**	**-10.9%**

Proforma figures correspond to the reclassification of the CMU into tax.

Premium income contributed by the **network of regional mutuals** totalled €1,846 million as at 31 December 2011, down by -15.4% compared to the preceding period. This decline concerns individual insurance (-16.7% to €1,802 million) while collective insurance grew (€45 million versus €19 million for the previous period). On this network, premium income for unit-linked accounts more than trebled over the period, showing the success of increased efforts to shift the network to this product type. Accordingly, in individual retirement savings, the share of unit-linked accounts in premium income stood at 14.1% (i.e., €246 million) versus 3.6% at the end of 2010. Furthermore, commercial actions allowed the collection of nearly €123 million in premium income at the end of December 2011.

The **network of agents** posted premium income of €1,139 million as at 31 December 2011, down -7.5% compared to 31 December 2010. Individual insurance written premiums fell by -14.1% still due to the drop in premium income of the individual savings segment (-23.6%, especially for the Chromatys product). Although it does not change the trend, the increase in the premium income of unit-linked policies, linked specifically to commercial operations to promote savings, is also significant (+29.6%). Collective insurance business also increased by +4.6% in light of the increase in protection segments (+5.8%) and health (+8.0%).

The **brokerage network** reported premium income of €830 million as at 31 December 2011, up by +9.4% compared with 31 December 2010. Note that the favourable liquidation of premium provisions reached €19.5 million at the end of 2011 compared with €40.3 million over the previous period, which dampened the premium income increase for the network. This was however boosted by the solid performances of the group protection segment (+28.6%) which includes €28.9 million euros of portfolio entries. The growth of the group health segment must also be stressed (+11.1%). These increases are nonetheless tempered by the decline recorded by the collective capitalisation segments (-7.1%) and collective inward insurance (-3.9%).

The premium income of the **Gan Patrimoine** network fell by -18.5% and totalled €526 million as at 31 December 2011. The decline here concerns again the individual retirement savings segment (-18.7%) and confirms the high sensitivity of the network to market conditions and to changes in the regulatory framework. Two significant elements should however be noted. First, the dynamism of inflows from unit-linked accounts resulted in an increase of +72.5% (i.e, 22.3% of unit-linked policies in premium income at year end 2011 versus 10.5% over the previous period).

The sales network of **Gan Prévoyance** contributed €577 million to Group premium income as at 31 December 2011 (up +0.3% over 31 December 2010). This change can be primarily explained by the growth in health premiums (+22.3%) which continues its significant development with nearly €32 million in premium income as at 31 December 2011. However, this was partly weakened by the contraction of the individual protection segment (-2.4%) for which certain products are not sold.

The premium income of the **head office**, which gathers single premiums on business managed on a national level, as well as one-off transactions (capital redemption bonds), totalled €47 million as at 31 December 2011, compared to €181 million over the prior year (-74.0%). This decline concerns both individual and group insurance. It can be primarily explained by the achievement in 2010 of transactions that were not repeated in 2011 (underwriting of capital bonds for €97 million and a group retirement collective premium of €26.7 million).

The premium income of **regional mutuals** from life and health insurance (€1,609 million) posted growth of +5.0% over the previous period. In health insurance, earned premiums totalled €1,192 million and grew by +6.0% under the combined effect of an increase in rates (+5.5%) and the portfolio (+2.5% in number over 2010, i.e.,+27,000 policies). Premiums from everyday accident cover (€58 million) rose by +9.9% driven by the continued development of this portfolio.

The premium income for **Groupama SA** which corresponds to certain national activities (inward insurance from ANIPS; etc.) amounted to €21 million as of 31 December 2011 versus €25 million over the previous period.

Gan Assurances posted individual health insurance premium income up by +6.6% to €152 million in 2011 which was mostly driven by the rate increases.

The **Caisses Fraternelles** posted premium income of €20 million as at 31 December 2011, down by -8.2% over the previous period.

The **Assuvie** subsidiary's discontinued business line was down over the period (-3.2%). Its premium income as at 31 December 2011 amounted to €8.3 million versus €8.6 million as at 31 December 2010.

In **life and health insurance**, the economic operating income in France fell by -€119 million to +€27 million in 2011.

Life & property insurance in France - In millions of euros	31/12/2010 *		31/12/2011		Change 2011 / 2010	
Net earned premiums	7,269	100.0%	6,743	100.0%	(525)	-7.2%
Underwriting expenses (policy services)	(6,427)	-88.4%	(5,876)	-87.1%	551	-8.6%
Expenses from current underwriting operations net of earnings	(1,135)	-15.6%	(1,135)	-16.8%		0.0%
Underwriting result net of reinsurance	**-293**	**-4.0%**	**-267**	**-4.0%**	**26**	**-8.8%**
Recurring financial margin net of profit sharing and tax	328	4.5%	185	2.7%	-143	-43.6%
Other factors	111	1.5%	109	1.6%	-2	-1.4%
Economic operating income	**146**	**2.0%**	**27**	**0.4%**	**-119**	**-81.5%**
Realised capital gains	122	1.7%	505	7.5%	383	> 100%
Long-term impairment provisions	-78	-1.1%	-1,924	-28.5%	-1,846	> -100%
Gains or losses on financial assets recognised at net fair value	5	0.1%	-42	-0.6%	-47	> -100%
Non-recurring items net of corporate tax	267	3.7%	30	0.4%	-237	> -100%
Group net profit	**462**	**6.4%**	**(1,404)**	**-20.8%**	**-1,866**	**> -100%**

2010 data restated of the CMU (reduction of premiums and net current underwriting operating expenses for €95 million)

The **net underwriting margin** (net premiums earned – net technical expenses) totalled +€867 million in 2011 versus +€841 million in 2010 (restated of the CMU). This margin grew by +€53 million for health/bodily injury insurance while it fell by -€27 million for the life and savings business.

The combined ratio of health and bodily injury insurance improved by -2.0 points to 100.9% in 2011 following rate recoveries. The margin on the group's life and savings business shrank under the effect of slightly less positive liquidations of provisions on previous years (especially in group insurance). Operating costs are stable in value.

The net underwriting result **of regional mutuals** in life and health insurance, which primarily concerns health and bodily injury, increased by +€15 million in 2011 thanks to the 1.3 point improvement in the net combined ratio to 96.6% in 2011.

The net underwriting margin of **Groupama Gan Vie** totalled +€435 million in 2011 versus +€492 million in 2010 (restated of the CMU). This margin included in 2010 nonrecurring items and especially fairly high surpluses from previous financial years. In health insurance in

2011, the underwriting result deteriorated mainly due to the cost of commercial actions for individual and group health insurance and the increase in the cost of benefits (transfer of public health expenditure to the private sector). However, with respect to protection, the current underwriting result rose under the effect of the growth in group insurance and especially the good performance of death risk. Operating expenses were stable at €796 million as at 31 December 2011. The stability in a context of declining premium income can be mainly explained by the impact of IT costs (and especially costs linked to the streamlining of back office operations) which are still at the end of investment, and by the non proportional fees.

The net underwriting margin of life and health insurance for the **Groupama SA** entity totalled +€179 million in 2011 versus +€121 million in 2010. This improvement stems to a large extent from the write-back of prudential provisions recorded on life and health insurance mortality tables.

The **recurring financial margin** (net of profit sharing and taxes) fell by -€143 million due to the increase in profit sharing expenses which were maintained at a reasonable level to defend the portfolio, against a background of dismal financial markets. Gross investment income posted +12% growth in 2011.

In **France**, **net profits** from the **life and health insurance business** were strongly marked by provisions on financial assets, posting a loss of -€1,404 million in 2011 compared with an income of +€462 million in 2010. The non recurring financial margin (achieved capital gains, allowances for long-term impairments and gains or losses on financial assets recognised at fair value) reflected in 2011 first the impairment expense of the Greek sovereign debt for a total of -€1,147 million after tax and second the recognition of provisions for impairment and the capital losses on equities of -€1,017 million linked to the collapse of financial markets. Capital gains on bonds of €311 million were outsourced to partially offset this very negative development. It should be recalled that the 2010 results included a tax income of +€270 million from the modification of the tax treatment for the capitalisation reserve.

4.3 BUSINESS AND PROFITS ABROAD

The Group's consolidated **premium income** earned abroad totalled €4,292 million as at 31 December 2011, up +0.2% over 31 December 2010.

Property and casualty insurance posted premium income of €3,194 million as at 31 December 2011, up by +2.4% over the previous period. The motor vehicle segment (including fleets), which represent 62.8% of premiums earned in property and casualty insurance, supported this increase with growth of +1.1%. The solid performances of the agricultural risks (+29.0%, i.e. 3.9% of the premium income of life and health insurance internationally) and home insurance (+4.7%, i.e. 14.0% of the property and casualty insurance business) segments contributed significantly to this change.

Life and health insurance premium income fell by -5.8% to €1,099 million, reflecting the contraction of individual insurance (-7.1%). As in France, the individual retirement savings segment in other countries also shrank by -13.5% over the period. Group life and health insurance also fell (-1.6%), the solid performances of the health insurance segment (+9.4%) did not manage to compensate the decline in the group retirement business (-26.3%).

	31/12/2010 Proforma			31/12/2011		
International premium income in millions of euros	**Life & health**	**Property & casualty**	**Total**	**Life & health**	**Property & casualty**	**Total**
Southeastern Europe	**576**	**1,443**	**2,019**	**542**	**1,596**	**2,138**
Italy	448	1,057	1,505	383	1,182	1,565
Greece	65	129	195	70	121	190
Turkey	63	256	319	89	294	383
Southwestern Europe	**302**	**778**	**1,080**	**269**	**743**	**1,012**
Spain	187	759	946	208	722	930
Portugal	115	9	124	61	8	70
Central and Eastern European countries	**201**	**339**	**540**	**204**	**311**	**515**
Hungary	180	153	334	182	145	328
Romania	15	175	190	14	156	170
Other	5	11	16	7	10	17
Great Britain	**81**	**462**	**543**	**77**	**448**	**525**
Gan Outre-Mer	**6**	**95**	**101**	**6**	**95**	**102**
Direct International (Clickseguros)		**10**	**10**		**13**	**13**
Total	**1,166**	**3,117**	**4,283**	**1,099**	**3,194**	**4,292**

Insurance **economic operating income** for the International scope amounted to +€156 million in 2011 compared with +€129 million in 2010. Income from property and casualty insurance grew by +€73 million to +€157 million in 2011 while that of life and health insurance business dropped by -€46 million to settle at -€1 million as at 31 December 2011.

The net combined ratio for **property and casualty insurance** totalled 96.9% in 2011 and improved by -3.8 points compared with 2010. Net loss ratio shrank by -3.8 points to 67.9% in 2011 under the effect of the improvement in the current loss ratio. The operating expenses ratio remained stable at 29.0% in 2011.

The net underwriting result (net premiums earned – net technical expenses – net expenses from current technical operations) of the **life and health insurance** business which dropped by -€47 million was affected in 2011 by the deterioration of the health / bodily injury loss ratio (+8.9 points increase in the net combined ratio to 106.6% in 2011) and the contraction in the results of the life and savings business, which were boosted by non-recurring elements in Italy in 2010.

The **recurring financial margin** (net of profit sharing and taxes) stayed flat at €147 million in 2011.

Economic operating income in millions of euros	31/12/10	31/12/2011
Southeastern Europe	**41**	**64**
Italy	43	53
Greece	13	21
Turkey	(15)	(10)
Southwestern Europe	**53**	**47**
Spain	51	46
Portugal	1	0
Central and Eastern European countries	**11**	**24**
Hungary	20	25
Romania	(5)	2
Other	(4)	(4)
Great Britain	**16**	**38**
Gan Outre Mer	**11**	**5**
Direct International (Clickseguros and Poland)	**(8)**	**(20)**
China		**(3)**
Other	**5**	**1**
Total	**129**	**156**

Before accrual of provisions for the Greek sovereign debt, the International segment posted a **net profit** of +€123 million in 2011 versus +€99 million in 2010. After recognition of a provision for the long-term impairment of the Greek sovereign debt for an amount net of profit sharing and tax of -€258 million, international insurance posted a net loss of -€135 million in 2011. This net loss also reflects merger and restructuring costs as well as impairments of values in force.

Details of net profits, by entity, are as follows:

Net profit in millions of euros *	31/12/2010	31/12/2011 Excl. Greece impairment	31/12/2011 Incl. Greece impairment
Southeastern Europe	**24**	**54**	**(186**
Italy	45	44	(85
Greece	9	23	(89
Turkey	(30)	(12)	(12
Southwestern Europe	**58**	**49**	**35**
Spain	51	45	38
Portugal	1	3	(4
Other	5	1	1
Central and Eastern European countries	**(1)**	**0**	**0**
Hungary	10	2	2
Romania	(7)	1	1
Other	(4)	(4)	(4
Great Britain	**15**	**37**	**37**
Gan Outre-Mer	**11**	**5**	**1**
China		**(3)**	**(3**
Direct International (Clickseguros & Poland)	**(8)**	**(19)**	**(20**
Total	**99**	**123**	**(135**

* Excluding result of the holding activity (-€3 million in 2010 and -€2 million in 2011)

Italy

The premium income for the Italian subsidiary **Groupama Assicurazioni** rose +4.0% to €1,565 million as at 31 December 2011.

In **Property and casualty insurance**, premium income rose +11.8% to €1,182 million. Increase in business and rate increases explain the growth of the passenger car (+11.2%), home (+14.2%) and business protection (+14.0%) segments.

In the context of a dismal market (-18.7% at the end of September for life insurance), premium income from the **life and health insurance** business fell by -14.4% to €383 million under the effect of the contraction recorded in life insurance (-22.1%) and especially in individual savings (-20.0%) despite the marketing campaigns carried out. Agreements signed at the end of 2010, however, allowed the health insurance segment (individual and group) to post growth of +21.0% in 2011.

The **economic operating income** amounted to +€53 million in 2011 versus +€43 million in 2010, i.e., an increase of +23.3% thanks to the improved underwriting result.

The **property and casualty insurance** combined ratio fell by -5.6 points to 95.7% in 2011. Net loss ratio improved as it decreased by -6.6 points to 70.7% while the rate of net costs stood at 25.0% in 2011. The loss ratio for the current year shrank by -7.3 points to 69.8% in 2011 especially for motor vehicles where the ratio fell by -9.1 points to 69.7% under the combined effect of the increase in the average premium and the decrease in the frequency of losses. The amortisation expense for the new agents management system affected the 2011 financial year and explains the slightly unfavourable change in the rate of operating expenses (+1.0 point).

In **life and health insurance**, the net underwriting result dropped significantly (-€28 million) in 2011 due first to the deterioration of the health and bodily injury business (+12.7 points increase in net combined ratio to 109.6% in 2011) and secondly the non-recurring positive impact in 2010 of the write-back of technical reserves, now unnecessary.

The **recurring financial margin** (net of profit sharing) amounted to +€81 million and grew by 13% under the effect of the increase in bond income.

Before treatment of the Greek debt, **net income** amounted to +€44 million in 2011 compared with +€45 million in 2010. This result includes the amortization expense for value of in-force business (-€15 million after tax), the impact of the increase in the tax rate (-€7 million) following a change in Italian tax legislation and the capital gains earned on asset disposals (+€16 million after profit sharing and tax). By integrating the impairment expense of the Greek sovereign debt (-€129 million after profit sharing and tax), the Italian subsidiary posted a net loss of -€85 million in 2011.

Greece

Premium income for **Groupama Phoenix** stood at €190 million on 31 December 2011, down -2.3% on 2010.

The **property and health insurance** business fell -6.9% to €121 million in 2011 due to the financial crisis and the recession in the Greek economy. In this context, motor vehicle premium income plunged -5.5% in 2011 despite the successful launch of a new product offering more competitive pricing in the second half. Home insurance premium income also plummeted (-11.2%) with the continued erosion of business in the bank network.

Life and health insurance earned premiums jumped +6.7% to €70 million thanks to the reinforcement of the subsidiary's agents network enabling the relaunch of new business. The individual protection segment also posted a +26.1% increase in premium income in 2011.

Economic operating income amounted to +€21 million in 2011 and grew by +€8 million compared with 2010 thanks to the improvement in the underwriting result of property and casualty insurance.

In **property and casualty insurance**, the net combined ratio stood at 75.4% in 2011 and fell by -11.5 points over 2010. The net loss ratio shrank by -11.0 points and the net expense ratio fell by -0.5 point to 39.2% in 2011. The significant decline in net loss ratio reflects both the improvement in the current loss ratio (-2.9 points to 51.0%) especially for motor vehicles (-11.5 points for casualty) thanks to a reduction in the serious claims expense and very favourable run-offs in prior years. The net operating expenses ratio improved by -0.5 point thanks to the strict monitoring of the subsidiary's overheads.

The underwriting result for **life and health insurance**, down by -€4 million in 2011, was marked by the recognition in 2011 of additional provisions for the unit-linked products business due to trends in financial markets.

The **recurring financial margin** net of profit sharing increased by +27.8% in 2011 under the effect of a lower profit sharing rate, down because of its non-recurring component, linked to the impaired Greek debt.

Net income, before recognition of the impaired Greek debt, stood at +€23 million in 2011 versus +€9 million in 2010. It reflects the write-back of provision for tax disputes following a favourable settlement in 2011 (+€5 million). After recording the impairment expense for the Greek sovereign debt (-€111 million), the subsidiary posted a net loss of -€89 million in 2011.

Turkey

The **premium income** of Turkish subsidiaries **Groupama Sigorta and Groupama Emeklilik** rose by +19.9% and totalled €383 million in 2011.

The **property and casualty insurance premium income** (€294 million) surged +14.7%, boosted by the growth of agricultural risks (+92% including the *Tarsim* pool) driven mainly by a new cover (frost risk for orchards) underwritten for the first time in 2011. On a highly competitive market, the premium income of the motor vehicle segment grew by +4.7% to €169 million despite the closing in 2011 of non-profitable agencies.

Life and health insurance (€89 million) posted an increase of +41.2%, primarily thanks to the issuance of a single premium for group health insurance (policy covering the employees of a leading Turkish company). The group protection segment also posted noteworthy growth (+62.7% due to the increase in credits and solid performances of Groupama's partner, TKK).

Turkish subsidiaries posted an **economic operating loss** of -€10 million in 2011 compared with a loss of -€15 million in 2010. This result reflects the share in the earnings of the subsidiary Günes (consolidated in the Group's financial statements under the equity method) for an amount of +€1 million in 2011 compared with -€7 million in 2010.

The combined ratio of the **property and casualty insurance** business stood at 110.8% in 2011 versus 112.6% in 2010. The net loss ratio rate fell by +3.0 points to 82.3% and the net expense rate fell by -4.8 points to 28.5% in 2011. The current loss ratio improved with a -6.8 point reduction to 76.0% in 2011, thanks to the effects of portfolio purging measures undertaken by the subsidiary and despite the occurrence of major losses on business risks in 2011. Surpluses on prior years net of reinsurance are down which partly explains the increase in the net loss ratio. The decrease in overheads (-16.5%) and fees (-1.4 point decrease in the average rate) explains the -4.8 point improvement in the net operating expenses ratio in 2011.

Le **underwriting result** for the life and health insurance activity fell by -€3 million in 2011 due to the deterioration of the loss ratio on the health and bodily injury portfolio whose combined ratio increased by +3.7 points to 112.1% in 2011.

The **recurring financial margin** fell in 2011 (-18.3%) under the effect of lower portfolio returns.

The Turkish subsidiaries posted **a net loss** of -€12 million in 2012 compared with a loss of -€30 million in 2010. This includes in 2011 real estate capital gains (+3 million), restructuring costs (-€2 million) and a business amortisation expense (-€2 million).

Spain

In a challenging economic context, the premium income of the Spanish subsidiary **Groupama Seguros** fell by -1.6% to €930 million in 2011.

In **property and casualty insurance**, written premiums fell by -4.7% and settled at €722 million in 2011.The passenger car segment shrank by -8.0%. The company would like to focus on improving the profitability of its portfolio at the expense of competition on rates. The business protection segment shows a drop of -5.8% under the effect of the non-renewal of policies given the gloomy economic environment (especially in construction). These changes were partly offset by the solid performance of the home insurance segment (+7.2%) in all networks.

The **life and health insurance business** (€208 million of premium income) posted an increase of +11.1%, driven by the growth in the life and savings business (+20.1%). In particular, premium income for the individual savings segment grew by +25.2% fuelled by the success of high performing fixed-income products. Conversely, the increase in cancellations of health insurance policies explains the -4.5% contraction in that segment in 2011.

Economic operating income totalled +€46 million in 2011, compared with +€51 million in 2010.

Excluding Clickseguros, the net combined ratio for **property and casualty insurance** stood at 97.8% in 2011 compared with 97.5% in 2010. The current net loss ratio stayed flat in 2011 at 71.6%. The current loss ratio fell significantly in 2011 (down -7.8 points to 68.7%) under the effect of the absence of climate events, the impact of rate increases, the reduction in serious claims expense and the termination of policies with high loss ratios. Contrary to previous years, 2011 did not benefit from the release of provisions from prior periods, which results in a stable net loss ratio for all periods. The slight increase in net operating expenses (+0.2 point) can be primarily explained by the increase in the fees rate (linked to the modification of the products mix in 2011).

The underwriting result of the **life and health insurance** business fell by -€3 million in 2011 primarily due to the health/bodily injury business, which posted a higher current loss ratio in 2011 (+4.0 points to 82.8%). The net underwriting result for the life and savings business jumped by more than 100% and amounted to €12 million.

The **recurring financial margin** net of profit sharing stayed flat at +€37 million in 2011.

Net income, before treatment of the Greek debt, stood at +€45 million in 2011 versus +€51 million in 2010. It includes for 2011, an allowance on termination of commercial agreements with a banking partner (+€3 million) and a value of in-force business amortisation expense of -€3 million. After recording the impairment expense for the Greek sovereign debt (-€7 million), the subsidiary posted net income of +€38 million in 2011.

Clickseguros, the direct insurance subsidiary of Groupama Seguros, has been individually consolidated in the Group's financial statements since 1 January 2011. It contributed a loss of -€14 million to the Group's results in 2011 compared with a loss of -€8 million in 2010.

Portugal

The premium income of the **Portuguese subsidiaries** fell by -43.8% to €70 million in 2011. Premium income from life and health insurance shrank by -46.6% to €61 million in 2011 due to the fall in written life insurance policies (-52.5%) effected by the reduced business of banking partners which redirected their commercial efforts to selling banking products (more favourable for supporting their own solvency). Premium income from property and casualty insurance (€8 million in 2011) also shrank (-9.4%) following the termination of a large contract (loss of income cover on a policy with a chain of home improvement stores). Restated to reflect the loss of this policy, property and casualty premium income rose by +12.8% in 2011 primarily driven by the passenger car (+18.9%) and home insurance (+6.8%) segments.

Before recognition of the Greek debt, **net income** amounted to +€3 million in 2011 compared with +€1 million in 2010. This contribution stems from the life and health insurance business line while property and casualty insurance posted a balanced performance in 2011 and in 2010. However, this result reflects in 2011 the income from the sale of real estate assets (capital gains of €3 million). After recognising the impairment expense of the Greek sovereign debt (-€7 million after profit sharing and tax), the Portuguese subsidiaries posted a net loss of -€4 million in 2011.

Tunisia

In Tunisia, **Star** profit based on the equity method totalled +€1 million in 2011 compared with +€5 million in 2010.

Hungary

The **Groupama Biztosito** subsidiary in Hungary reported premium income of €328 million in 2011, down by -1.8% over 2010

Premium income for **life and health insurance** totalled €182 million and increased by +1.3% thanks to the sustained development of individual protection (+41.3% to €18 million under the effect of the success of the borrower product) while written life insurance policies contracted by -1.8% in an unfavourable economic context.

Property and casualty insurance (€145 million in 2011) premium income contracted by -5.3% in 2011. The passenger car segment (-38.5%) suffered from the fierce rate competition of certain market players while the premium income of the fleets segment contracted (-6.9%) due to the purging of the business in a competitive market. The good performances of agricultural risks (+34.1% linked to the hike in agricultural commodities prices and the increase in new business), business protection (+14.6% linked to the hike in new business) and home insurance (+3.1%) segments could still not make up for the reduced activity from motor vehicles.

Economic operating income totalled +€25 million in 2011, compared with +€20 million in 2010.

The net combined ratio for the **property and casualty business** stood at 88.4% in 2011 compared with 94.9% in 2010. The net loss ratio shrank by -7.9 points to 49.7% while the rate of net operating costs increased by +1.4 points to 38.7% in 2011. The reported loss ratio fell significantly in 2011 to 47.8% thanks to the improved results in motor vehicles under the effect of a sharp decline in the frequency of claims. This reduction was very high for the passenger cars (-7.2 points) and fleet (-6.9 points) segments. Home, professional and agricultural risks enjoyed more favourable climate conditions in 2011 than in 2010. The rate of net operating expenses stood at 38.7% in 2011 primarily due to the increase in commissions.

The underwriting result for the **life and health insurance** business fell by -€3 million in 2011 under the effect, on the one hand, of a decline in the margin on traditional savings products and, on the other hand, the increase in operating expenses.

The **recurring financial margin** (net of profit sharing) grew by +€2 million in 2011.

The **net profit** of the Hungarian subsidiary stood at +€2 million in 2011 compared with +€10 million in 2010. The non-recurring financial margin was impacted in 2011 by a securities impairment expense (-€8 million) and reduced capital gains on securities (-€6 million). The contribution also includes a value of in-force business amortisation expense of -€6 million and the tax on financial institutions (-€10 million). The subsidiary does not hold any Greek debt securities.

Romania

Premium income for **Groupama Asigurari,** the Romanian subsidiary fell by -10.7% to €170 million as at 31 December 2011.

The **property and casualty** business (€156 million) fell by -10.9% over the period primarily due to the recorded decline in the motor vehicle segment (-21.0% to €100 million) in a highly competitive market, hit by the nation-wide economic crisis. The good results from home insurance (+131% for premium income of €12 million), thanks to the success of a marketing campaign and a new product, helped to minimise the decline in written premiums for property and casualty insurance.

Premium income for **life and health insurance** (€14 million) fell by -8.9%, dragged down by the downturn on the credit market business and the strong dependence of the subsidiary on bancassurance networks. The segment suffered from both the impact of the crisis which had slowed down business and the fact that banks were focusing more on savings deposits than on insurance-savings products.

Despite the unfavourable context, for the first time since its acquisition, the Romanian subsidiary posted an **economic operating profit** of +€2 million in 2011 versus a loss of -€5 million in 2010.

The net combined ratio for **property and casualty insurance** levelled off at 102.4% in 2011 versus 105.6% in 2010. The net loss ratio shrank by -0.3 point to 64.0% while the rate of net operating expenses fell by -2.9 points to 38.4% in 2011. The current loss ratio improved by -1.2 points to 68% in 2011 thanks to the reinforcement of the underwriting policy and improvement of the claims management process. The reduction of overheads (mostly payroll and logistics) explains the -2.9 point improvement in the rate of net operating expenses in 2011.

The **underwriting result** for the life and health insurance business was balanced for 2011.

The recurring **financial margin** was stable at €11 million in 2011.

Net profit amounted to +€1 million in 2011 versus a net loss of -€7 million in 2010.

Other Central and Eastern European countries

In **Bulgaria**, the premium income of the Groupama Zastrahovane and Groupama Jivotozastrahovane subsidiaries, taking advantage of their network with the OTP Bank subsidiary, rose by +33.8% to €10 million in 2011. Property and casualty insurance shrank (-2.0%) to €3 million while premium income for life and personal insurance (€7 million) grew by +59.5% under the effect of unit-linked individual savings products.

The contribution of the Bulgarian subsidiaries to the group's net income was balanced in 2011 as in 2010.

In Slovakia, the premium income of the **Groupama Poistovna** and **Groupama Zivotna** subsidiaries fell by -11.4% to €8 million in 2011. Property and casualty insurance was impacted by the portfolio cleaning measures and posted a drop of -6.6% to €7 million. Life and health insurance premium income shrank by +41.4% to €1 million.

The Slovak subsidiaries posted a loss of -€4 million in 2011 compared to a -€5 million loss in 2010.

United Kingdom

Groupama Insurances premium income decreased -3.2% to €525 million in 2011.

> Written premiums **for property and casualty insurance** fell -2.9% to €448 million in 2011. The passenger car and home insurance segments fell respectively by -2.2% and -5.4% under the effect of rate increases implemented to boost profitability. The fleets segment shrank by -13.3% due to the voluntary termination of the loss-making business of city cabs. The business protection segment posted solid growth in a highly competitive market (+3.5%).
>
> The **life and health insurance** business fell by -5.0% to €77 million in 2011. The group health segment (whose sale process is on-going and will be operational early 2012) in particular posted a contraction of -5.3% to €55 million in 2011.

Economic operating income in the United Kingdom totalled +€38 million in 2011, compared with +€16 million in 2010.

> The net combined ratio for **property and casualty insurance** stood at 96.8% in 2011 versus 105.4% in 2010. Net loss ratio fell by -7.5 points to 62.9% together with the rate of net operating expenses which fell -1.1 point to 33.9% in 2011. The current loss ratio improved by -3.1 points to 65.3% in 2011 thanks to the technical recovery measures initiated (rate increases, fight against fraud, development of "niche" products) especially in motor vehicles (-2.9 points to 73.3% for passenger cars and -2.9 points to 82.4% for fleets). More favourable run-offs on prior years also contributed to improving the net combined ratio in 2011. The rate of net operating expenses fell in 2011 thanks notably to a stricter management of commissions.
>
> The underwriting result for the **life and health insurance** business fell by -€1 million in 2011 mainly due to the weight of costs in the diminishing business volume (we stress that the outward insurance of the health business is still in process).
>
> The operating income for the **brokerage** business showed a profit of +€11 million in 2011 compared to that achieved in 2010.
>
> The recurring financial margin showed a decline of -€5 million in 2011 attributable to the decline of returns on the bond portfolio.

Groupama Insurances and Groupama UK Broking Services posted **net profits** of +€37 million in 2011 compared with +€15 million in 2010. In 2011, it included a non-recurring tax-free income (+€2 million), the amortisation expense of brokers' in-force business values (-€4 million) and capital gains realised on asset sales (+€1 million). The subsidiary had no exposure to the Greek debt.

Gan Outre-Mer

Premium income of Gan Outre-Mer rose by 0.2% to €102 million as at 31 December 2011.

> The **property and casualty insurance** business remained stable at €95 million masking the growth in the Pacific zone (+4.2%) and the retreat of new business in the French West Indies (-1.8%). The Pacific zone benefitted from rate increases and business development. Accordingly, the passenger car and home insurance segments recorded growth of +6.4% and +8.9% respectively. Premium income for the French West Indies was marked by terminations of loss-making policies on the business and institutions market (-11.1%). The growth of the passenger car (+0.9%) and home (+4.1%) segments helped to minimise the business decline in the region.
>
> Premium income for **life and health insurance** amounted to €6 million and grew by +7.0% over 2010 thanks to the expansion of the health segment in the two regions.

Gan Outre-Mer's economic operating profit totalled +€5 million in 2011 compared to +€11 million in 2010.

The net combined ratio for **property and casualty insurance** stood at 94.1% in 2011 versus 82.9% in 2010. Net loss ratio rose +11.8 points to 64.8% in 2011 after, we stress, an exceptionally favourable year in terms of loss ratio. The French West Indies reported a +0.4 point increase in current loss ratio to 38.6% in 2011 in the absence of major claims and climate events. The ratio for the Pacific region jumped +8.7 points to 65.0% in 2011 driven by a bodily injury claim in motor vehicle insurance and the impact of the *Vania* weather event in home insurance. Releases on prior periods fell in the two regions. The rate of net operating expenses fell -0.6 point to 29.3% in 2011 thanks to a strict control of overheads.

The underwriting result of **life and health insurance** decreased due to the deterioration of the net claims ratio of the health business in 2011.

The **recurring financial margin** was stable at -€1 million in 2011.

Gan Outre-Mer posted **net profits** of +€1 million in 2011 compared with +€11 million in 2010. This profit reflects in 2011 an impairment expense for the Greek sovereign debt for an amount of -€4 million.

China

Groupama Insurances China, previously a branch of Groupama SA but split off into a subsidiary in 2011, posted a **contribution** to Group results of -€3 million in 2011.

Poland

The new direct insurance subsidiary in Poland posted a **net loss** of -€5 million to the Group's financial statements in 2011.

4.4 FINANCIAL AND BANKING BUSINESS LINES

Premium income in millions of euros	31/12/2010	31/12/2011
Groupama Banque	123	123
Asset management	147	139
Employee savings	6	7
Total	**277**	**269**

NBI in millions of euros	31/12/2010	31/12/2011
Groupama Banque	87	97
Asset management	139	135
Employee savings	9	10
Total	**235**	**242**

Net profit from banking and financial activities in millions of euros	31/12/2010	31/12/2011
Groupama Banque	(20)	(17)
Asset management	27	20
Other	5	4
Total	**12**	**7**

Groupama Banque

Premium income as at 31 December 2011 for **Groupama Banque** was stable compared to 31 December 2010 and stood at €123 million.

Net banking income increased by +12.6% to €97 million as at 31 December 2011 despite the dismal financial environment. While the intrinsic business of retail banking grew (+10.5% increase in deposits and +63.4% in real estate loans under management), the NBI of this segment fell due to a decline in commissions and brokerage fees. The bank's private equity business posted growth with a net banking income of €5 million.

The **cost of risk** increased in 2011 due particularly to the accrual of provisions for the Greek sovereign debt for an amount of -€5 million in the Group's accounts.

Operating expenses rose by +2.7% in 2011.

The bank posted a **net loss** of -€17 million in 2011 compared to a -€20 million loss in 2010.

Asset management

Premium income for the **asset management subsidiaries** amounted to €139 million as at 31 December 2011, i.e., a decline of -5.5%. This change mainly stems from the -6.0% drop in the premium income of Groupama Asset Management for the period, specifically due to the decrease in assets under management (markets effect).

Assets managed by Groupama Asset Management and its subsidiaries fell -€1.9 billion in 2011 (-12.6%) primarily due to investment outflows from cash UCITS.

The **economic operating income** of these subsidiaries totalled +€20 million in 2011 compared to +€26 million in 2010.

Groupama Épargne Salariale (Employee Savings)

Premium income for **Groupama Épargne Salariale** amounted to €7 million as at 31 December 2011. The +3.0% increase in net banking income can be primarily explained by the progression of management fees and the increase in account-keeping costs.

Economic operating income totalled +€0.2 million in 2011, compared to -€0.4 million in 2010.

Groupama Immobilier (Real Estate)

The economic operating income of Groupama Immobilier, the Group's real estate asset management subsidiary, totalled +€4 million in 2011, compared to +€5 million in 2010.

4.5 GROUPAMA SA AND HOLDINGS

Holdings' economic operating income in millions of euros	31/12/10	31/12/11
France	(151)	(81)
International	(3)	(2)
Total	**(154)**	**(83)**

Holdings' net profit in millions of euros	31/12/2010	31/12/2011
France	(171)	(65)
International	(3)	(2)
Total	**(174)**	**(67)**

We note that Groupama SA is the parent company of the Group. It serves as a holding company and thus directs the consolidated Group's operating activities. It is the focal point for internal and external financing. The expenses allocated to that activity correspond to the percentage of costs and expenses of general management, functional divisions and shared, non-underwriting expenses.

The holdings posted an **economic operating loss** of -€83 million in 2011 compared with -€154 million in 2010. The holding function of Groupama SA is at the origin of this change with a sharp increase in the tax consolidation income for 2011 under the impact of improved underwriting results (as the investment income is partly long term (strategic securities), the loss is not correlated to taxable income) partially compensated by reduced recurring financial income.

The holdings posted a **net loss** of -€67 million in 2011 versus -€174 million in 2010. This result specifically reflects the favourable impact of the tax consolidation mechanism.

Net profit in millions of euros	31/12/2010	31/12/2011
Total Insurance France	535	(1,474)
Total International insurance	98	(135)
Banking and financial activities	12	7
Holding company activities	(174)	(67)
Goodwill impairment	**(79)**	**(90)**
Accretion effect, minority mutual funds, Cegid	**5**	**(3)**
Total net profit GROUPAMA SA	**398**	**(1,762)**

Goodwill impairment for -€90 million (of which -€39 million for the Greek debt and -€51 million for the Central and Eastern Europe CGU for Romania) was recognised in the accounts as at 31 December 2011. It should be noted that in 2010 an exceptional impairment of -€79 million on the CGU of Central and Eastern Europe had already impacted the 2010 financial statements.

4.6 CONSOLIDATED BALANCE SHEET

As at 31 December 2011, the Groupama balance sheet total was €95.9 billion, down from €100.0 billion in 2010, a decrease of -4.1%.

GOODWILL

Goodwill totalled €3.0 billion compared to €3.1 billion as at 31 December 2010. An impairment was recognised on the goodwill of the cash generating units (CGU) of the Central and Eastern European countries for -€51 million and Greece for -€39 million.

OTHER INTANGIBLE ASSETS

Other intangible assets totalling €719 million (versus €788 million in 2010) are composed primarily of amortisable portfolio securities (€379 million) and computer software.

INVESTMENTS (INCLUDING UNIT-LINKED INVESTMENTS)

Insurance investments totalled €73.0 billion in 2011 compared to €80.8 billion in 2010, up -9.7%. The second half of 2011 was marked by the collapse of financial markets (the value of the CAC 40 index fell -17% compared to 31 December 2010) and by the sovereign debt crisis in southern eurozone countries. The 2011 accounts were impacted by the recognition of an impairment allowance for Greek sovereign debts of €2.3 billion as well as the recognition of losses (especially provisions for long-term impairment) on equities for €2.5 billion.

As the majority of investments on the balance sheet are marked to market as required by IFRS, the Group's unrealised capital gains (including property assets) fell by -€2.3 billion to -€1.0 billion (versus -€1.3 billion at the previous closing) due to the increase in unrealised capital loss on bonds and a decrease in the unrealised capital value of property assets due to the equity method consolidation of Silic.

Unrealised capital loss breaks down into -€0.7 billion on shares, -€2.9 billion on bonds and +€2.6 billion on property assets. As of 1 March 2012, these elements had been significantly affected by market developments. On that date, the Group estimated its unrealised capital gains at nearly +€1.9 billion.

The amount of unrealised capital losses on financial assets (excluding property), which totalled a gross amount of -€3.6 billion, is borne by shareholders in the amount of -€0.9 billion (after profit sharing and taxes), identical to the figure at 31 December 2010. These amounts are booked in the accounts under revaluation reserve. The unrealised capital gains on property attributable to the group (net of tax, deferred profit sharing and minority interests) amounted to €1.03 billion versus €1.76 billion as of 31 December 2010. We recall that the group has elected to book investment and operating property according to the amortised cost method, therefore unrealised capital gains on property do not appear in the books.

The structure of these investments at market value, including the portion attributable to the Group, is as follows:

	2010	2011
Bonds	64%	61%
Equities	14%	11%
Cash and cash equivalents (mutual funds and repurchase transactions)	9%	15%
Real estate	8%	7%
Unit-linked Investments	4%	5%
Other (loans, receivables and other assets)	1%	1%

CAPITAL AND RESERVES

As at 31 December 2011, Groupama consolidated shareholders' equity totalled €5.3 billion versus €7.0 billion as at 31 December 2010.

This decrease can be summarised as follows

(€m)

Shareholders' equity at the opening of 2011	**7,041**
Change in revaluation reserve: fair value of AFS assets	- 788
Change in revaluation reserve: shadow accounting	566
Change in revaluation reserve: deferred tax	179
Unrealised foreign exchange adjustment	-99
Other	127
Income (loss)	**- 1,762**
SHAREHOLDERS' EQUITY AS AT 31 December 2011	**5,264**

SUBORDINATED LIABILITIES, FINANCING AND OTHER DEBTS

Total subordinated and external debt was €2.2 billion versus €2.8 billion as at 31 December 2010.

As at 31 December 2011, subordinated debts (€1,245 million) were identical to the figures at 31 December 2010.

The group's external debt totalled €917 million versus €1,442 million, down -€525 million compared with 31 December 2010. This change can be explained by the loss of exclusive control over Silic (company now consolidated under the equity method) which carried an external financial debt of €1,115 million. Furthermore, the group drew €800 million from its senior credit line.

TECHNICAL RESERVES

Gross technical reserves (including deferred profit sharing) amounted to €75.7 billion versus €75.4 billion as at 31 December 2010.

Deferred profit-sharing assets in 2011 totalled €3.9 billion, compared to €1.7 billion as at 31 December 2010. The Group conducted a recoverability test to demonstrate its ability to charge the value of deferred profit-sharing assets to future profit-sharing by policyholders. Deferred profit sharing assets primarily stem from the **unrealised** capital losses on interest rate assets (mainly linked to the Spanish and Italian sovereign debt and the Portuguese debt to a lesser extent). **We recall that in the event where bonds are held to maturity and there is no default, these capital losses will be reintegrated and will never appear on the income statement.**

CONTINGENT LIABILITIES

Contingent liabilities amounted to €605 million in 2011, up 4.3% on 2010, and involved primarily pension commitments under IAS 19.

5. SOLVENCY/DEBT

Adjusted solvency is reflected in a hedging rate of 107.4% for the solvency margin requirement for the consolidated accounts as at 31 December 2011. This margin integrates the effect of the firm agreements signed before 31 December 2011 and enforced in early 2012, concerning:

- for the first, the disposal of units in Foncière Silic through a spin-off, contributing to a favourable impact of 11.0 solvency margin points,
- for the second, on the underwriting by the Caisse des Dépôts et Consignations of preference shares without voting rights in the capital of Gan Eurocourtage, thus making a positive contribution of 6.5 points to the solvency margin,
- furthermore, these operations resulted in a favourable effect of 6.9 points linked to the capping of subordinated securities.

The adjusted solvency margin was 130% as at 31 December 2010 (and 115% on core shareholders' equity alone).

Groupama debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 29.1%, compared to 30.6% in 2010.

6. RISK CONTROL

Risk management is addressed in the internal control report.

7. POLICY ON FINANCIAL INSTRUMENTS

Interest-rate risk

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

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other. The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

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

Foreign exchange risks

Ownership of international shares entails dollar and yen foreign exchange risk, which can be hedged through forward sales. The latter are unwound as the underlying are disposed of or renewed to hedge the residual underlying. Foreign currency risk on the Hungarian forint was not hedged in 2011. We shall continue monitoring opportunities to hedge this risk in 2012.

As with interest rate risk, all over-the-counter transactions are secured by a "collateralisation" mechanism with Groupama SA's top tier banking counterparties.

Equities risk

To reduce the Group's equity exposure, we set up a hedging mechanism in the fourth quarter 2011 using puts and calls ("collar") on equity indices. This hedging allows the Group to receive a gain at the maturity of puts, if the index level is lower than the strike defined in the option. Part of the cost of this hedge was financed by calls, abandoning the index increase above a fixed strike. All the options are referred to as the tunnel. This hedging was set up within the Group's euro equities consolidated UCITS held primarily by the Life assets.

Other risks

The Group is also constantly monitoring the exposure of its insurance subsidiaries to credit risks (corporate bonds), and counterparty risk, and may decide, if necessary, to hedge them using forward financial instruments.

8. OUTLOOK

2011 was a challenging year for the Group marked by the conjunction of two factors:

- restructuring of the Greek debt with the extensive involvement of the private sector creditors of the Greek Republic;
- the steep drop in 2011 of equities markets, on which the group still keeps notable exposure, marked by a concentration on certain lines.

Admittedly, these factors weighed heavily on the 2011 net profit of Groupama, which is very negative, but in this adverse environment the Group nevertheless recorded an improvement in its underwriting performance and showed that it had an efficient distribution system. Furthermore, the solvency margin was met at the end of 2011 due to the harnessing of substantial internal resources and taking account of the agreements reached with the Caisse des Dépôts et Consignations.

In addition to these first measures, the Group simultaneously reviewed its strategic portfolio, its operating model and its organisation to minimise its capital requirements and increase its results that can be incorporated into equity. The actions undertaken in this framework revolve around four pillars, aimed at placing performance at the heart of the Group's strategy:

- an aggressive asset divestment and business discontinuance programme,
- a strenuous effort to restore technical results and keep overheads under control, which is closely monitored,
- balance sheet optimisation measures, both for assets and liabilities,
- stricter group governance centred on risk control and compliance with profitability improvement goals.

All these measures are aimed at reinforcing the group's long-term solvency in order to constantly guarantee the safety of the commitments made to its policyholders.

FINANCIAL STATEMENTS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSET		31.12.2011	31.12.2010
Goodwill	Note 2	2,955	3,158
Other intangible assets	Note 3	719	788
Intangible assets		**3,674**	**3,946**
Investment properties, excluding unit-linked investments	Note 4	1,602	3,398
Unit-linked investment properties	Note 7	99	94
Operating activities property	Note 5	1,255	1,240
Financial investments (excluding unit-linked items)	Note 6	66,505	72,406
Financial investments in unit-linked investments	Note 7	3,408	3,569
Derivative instruments and embedded derivatives treated separately	Note 8	121	125
Insurance activities investments		**72,990**	**80,833**
Uses of funds for banking sector activities and investments of other activities	Note 9	**3,302**	**3,429**
Investments in related companies	Note 10	**984**	**303**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	Note 11	**1,111**	**1,230**
Other property, plant and equipment	Note 12	321	321
Deferred acquisition costs	Note 13	647	647
Deferred profit-sharing assets	Note 14	3,951	1,718
Deferred tax assets	Note 15	722	571
Receivables from insurance and inward reinsurance	Note 16	3,498	3,080
Receivables from outward reinsurance	Note 17	133	113
Current tax receivables and other tax receivables	Note 18	171	259
Other receivables	Note 19	2,594	2,441
Other assets		**12,037**	**9,151**
Assets held for sale and discontinued activities			
Cash and cash equivalents	Note 20	**1,773**	**1,137**
TOTAL		**95,872**	**100,029**

The notes on pages 36 to 190 form an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2011	31.12.2010
Capital		32	32
Revaluation reserves	Note 21	(901)	(869)
Other reserves		8,284	7,770
Foreign exchange adjustment		(389)	(290)
Consolidated profit		(1,762)	398
Shareholder's equity (Group share)		**5,264**	**7,041**
Minority interests		12	128
Total shareholders' equity		**5,276**	**7,169**
Contingent liabilities	Note 22	**605**	**580**
Financial debt	Note 24	**2,162**	**2,842**
Liabilities related to insurance policies	Note 25	**53,576**	**52,255**
Liabilities related to financial contracts	Note 26	**22,148**	**23,172**
Deferred profit-sharing liabilities	Note 14		**18**
Sources of funds for banking sector activities	Note 9	**2,996**	**3,073**
Deferred tax liabilities	Note 15	279	301
Debts to unit holders of consolidated mutual funds	Note 28	476	470
Operating debts to banking institutions	Note 20	364	510
Liabilities from insurance or inward reinsurance activities	Note 29	955	958
Liabilities from outward reinsurance activities	Note 30	335	357
Current taxes payable and other tax liabilities	Note 31	321	357
Derivative instrument liabilities	Note 8	290	262
Other debt	Note 32	6,088	7,704
Other liabilities		**9,110**	**10,920**
Liabilities for activities held for sale or discontinued operations			
TOTAL		**95,872**	**100,029**

The notes on pages 36 to 190 form an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2011	31.12.2010
Written premiums	Note 33	16,971	17,356
Change in unearned premiums		(78)	(28)
Earned premiums		**16,893**	**17,328**
Net banking income, net of cost of risk	Note 1	**234**	**234**
Investment proceeds	Note 34	3,144	3,200
Investment expenses	Note 34	(651)	(787)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 34	321	709
Change in fair value of financial instruments recorded at fair value through income	Note 34	(439)	141
Change in impairment losses on investments	Note 34	(4,195)	(187)
Investment income net of expenses		**(1,821)**	**3,076**
Total income from ordinary operations		**15,306**	**20,638**
Insurance policy servicing expenses	Note 35	(12,044)	(15,416)
Income from outward reinsurance	Note 36	229	248
Expenses on outward reinsurance	Note 36	(701)	(646)
Net outward reinsurance income (expenses)		**(12,516)**	**(15,814)**
Banking operating expenses	Note 1	(225)	(217)
Policy acquisition costs	Note 38	(2,485)	(2,415)
Administrative costs	Note 39	(916)	(901)
Other income and expenses from current operations	Note 40	(763)	(834)
Total other current income and expenses		**(16,905)**	**(20,182)**
CURRENT OPERATING PROFIT		**(1,599)**	**456**
Other income and expenses from current operations	Note 41	(43)	(144)
OPERATING PROFIT		**(1,642)**	**312**
Financing expenses	Note 42	(90)	(131)
Share in income of related companies	Note 10	19	
Corporate income tax	Note 43	(53)	252
NET PROFIT FOR THE CONSOLIDATED ENTITY		**(1,765)**	**433**
of which, minority interests		(3)	35
OF WHICH NET PROFIT (GROUP SHARE)		**(1,762)**	**398**

The notes on pages 36 to 190 form an integral part of the combined financial statements.

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

(in millions of euros)	31.12.2011			31.12.2010		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the year	**(1,762)**	**(4)**	**(1,766)**	**398**	**35**	**433**
Change in foreign exchange gains and losses	(99)	(1)	(100)	16		16
Change in gross unrealised capital gains and losses on available-for-sale assets	(788)	(8)	(796)	(2,079)	(9)	(2,088)
Revaluation of hedging derivative instruments	10	42	52	(33)	(10)	(43)
Change in actuarial gains (losses) on post-employment benefits	1		1	(14)		(14)
Change in shadow accounting	566	6	572	1,398	7	1,405
Change in deferred taxes	179	1	180	175	1	176
Other	69		69	(12)	1	(11)
Gains (losses) recognised directly in shareholders' equity	**(62)**	**40**	**(22)**	**(549)**	**(10)**	**(559)**
Net profit and gains (losses) recognised in shareholders' equity	**(1,824)**	**36**	**(1,788)**	**(151)**	**25**	**(126)**

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

The notes on pages 36 to 190 form an integral part of the combined financial statements.

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

(in millions of euros)	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Unrealised Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31.12.2009	**32**	**620**	**999**	**6,213**	**(325)**	**(306)**	**7,233**	**142**	**7,375**
Appropriation of 2009 profit (loss)		(620)		620					
Dividends				(41)			(41)	(48)	(89)
Change in share capital								5	5
Business combinations								4	4
Impacts of transactions with members		**(620)**		**579**			**(41)**	**(39)**	**(80)**
Foreign exchange adjustment						16	16		16
Available-for-sale assets					(2,079)		(2,079)	(9)	(2,088)
Shadow accounting					1,398		1,398	7	1,405
Deferred taxes				5	170		175	1	176
Actuarial gains (losses) on post-employment benefits				(14)			(14)		(14)
Other				(12)	(33)		(45)	(9)	(54)
Net profit (loss) for the year		398					398	35	433
Total income (expenses) recognised for the period		**398**		**(21)**	**(544)**	**16**	**(151)**	**25**	**(126)**
Total changes for the period		**(222)**		**558**	**(544)**	**16**	**(192)**	**(14)**	**(206)**
Shareholders' equity as at 31.12.2010	**32**	**398**	**999**	**6,771**	**(869)**	**(290)**	**7,041**	**128**	**7,169**
Appropriation of 2010 profit (loss)		(398)		398					
Dividends				(41)			(41)	(47)	(88)
Change in share capital								1	1
Business combinations				88			88	(106)	(18)
Impacts of transactions with members		**(398)**		**445**			**47**	**(152)**	**(105)**
Foreign exchange adjustment						(99)	(99)	(1)	(100)
Available-for-sale assets					(788)		(788)	(8)	(796)
Shadow accounting					566		566	6	572
Deferred taxes				(1)	180		179	1	180
Actuarial gains (losses) on post-employment benefits				1			1		1
Other				69	10		79	42	121
Net profit (loss) for the year		(1,762)					(1,762)	(4)	(1,766)
Total income (expenses) recognised for the period		**(1,762)**		**69**	**(32)**	**(99)**	**(1,824)**	**36**	**(1,788)**
Total changes for the period		**(2,160)**		**514**	**(32)**	**(99)**	**(1,777)**	**(116)**	**(1,893)**
Shareholders' equity as at 31.12.2011	**32**	**(1,762)**	**999**	**7,285**	**(901)**	**(389)**	**5,264**	**12**	**5,276**

The notes on pages 36 to 190 form an integral part of the combined financial statements.

GROUPAMA
STATEMENT OF CASH FLOWS (in millions of euros)

STATEMENT OF CASH FLOWS	31.12.2011	31.12.2010
Operating profit before taxes	(1,642)	312
Gains (losses) on sale of investments	(309)	(682)
Net depreciation charges	331	361
Change in deferred acquisition costs	11	12
Changes in impairment	4,035	259
Net increases in technical reserves related to insurance policies and financial contracts	(1,064)	3,032
Net increases in other provisions	11	(29)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	439	(141)
Other non-cash items included in operating profit		
Changes of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	**3,454**	**2,812**
Change in operating receivables and payables	(185)	(59)
Change in banking operating receivables and payables	38	(214)
Change in securities repurchase agreements	(2,106)	2,523
Cash flows from other assets and liabilities	58	(143)
Net taxes paid	23	(330)
Net cash flows from operating activities	**(360)**	**4,901**
Acquisitions/disposals of subsidiaries and joint ventures, net of cash acquired	4	(110)
Acquisitions/disposals of interests in related companies	202	
Cash flows from changes in scope of consolidation	**206**	**(110)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	450	(3,993)
Net acquisitions of real estate investment	352	304
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(15)	4
Cash flow from acquisitions and issues of investments	**787**	**(3,685)**
Net acquisitions of tangible and intangible assets and operating assets	(243)	(332)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(243)**	**(332)**
Net cash flows from investment activities	**750**	**(4,127)**
Dues		
Equity instruments issued		5
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(89)	(91)
Cash flows from transactions with shareholders and members	**(89)**	**(86)**
Cash allocated to financial debt	589	(1,070)
Interest paid on financial debt	(90)	(131)
Cash flows related to Group financing	**499**	**(1,201)**
Net cash flows from financing activities	**410**	**(1,287)**

Cash and cash equivalents as at 1 January	**778**	**1,268**
Net cash flows from operating activities	(360)	4,901
Net cash flows from investment activities	750	(4,127)
Net cash flows from financing activities	410	(1,287)
Effect of foreign exchange fluctuations on cash	(23)	23
Cash and cash equivalents as at 31 December	**1,555**	**778**

Cash and cash equivalents	1,137
Mutual, central bank and postal bank	162
Operating debts to banking institutions	(521)
Cash and cash equivalents as at 1 January 2011	**778**
Cash and cash equivalents	1,772

Mutual, central bank and postal bank	147
Operating debts to banking institutions	(364)
Cash and cash equivalents as at 31 December 2011	**1,555**

The notes on pages 36 to 190 form an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

CONSEQUENCES OF THE FINANCIAL CRISIS

In an environment marked by the eurozone debt crisis and a sharp deterioration of financial markets, the Group's net profit was impacted by a number of non-recurring elements such as the impairment of the Greek sovereign debt for - €2.3 billion (gross), and long-term impairment provisions and the capital losses on strategic securities for - €2.5 billion (gross).

Since the end of 2011, the group has been implementing measures aimed at strengthening solvency before 31 December 2011 and restoring some room for flexibility in 2012:

- German and French sovereign debt auctions which yielded gains on bonds,
- equity portfolio hedging transactions,
- the achievement of real estate gains,
- accrual of losses on the strategic securities held by certain entities,
- capital increases of regional mutuals at Groupama SA for €500 million,
- the signature of industrial and financial partnership agreements with the Caisse des Dépôts et Consignations group.
- changes in estimates on provisions presenting a discretionary or prudential nature and actuarial assumptions concerning certain liabilities.

Accordingly, the solvency ratio was met at the end of 2011 thanks to the mobilisation of substantial internal resources and recognition of the firm agreements entered into in December 2011 with the Caisse des Dépôts et Consignations, enforced in early 2012. This confirmed the going concern assumption which underlies the preparation of financial statements.

In addition to the first immediate measures mentioned above, the group further decided to take additional measures to reinforce profitability and solvency, the scope of which will depend on market conditions in 2012, which essentially cover, at the financial level:

- financial asset hedges, in the form of call options, in order to protect part of an equity portfolio against an additional fall of financial markets;
- with regard to liabilities, complementary external reinsurance solutions;
- reduction of the group's exposure to sovereign debts.

At the operational level, in order to raise margins and lower overheads, Groupama will implement a cost-cutting plan for the entire group, in order to save €300 million by 2013 and €400 million by 2014, on a yearly basis.

GROUP ORGANISATION

Creation of a joint venture with Aviation Industry Corporation of China

Following the agreement signed on 18 December 2010 with the AVIC group, the joint venture was included in the scope of consolidation as of 28 February 2011, Groupama SA holding on that date 100% of the structure. A capital increase reserved for AVIC was launched in November. At the end of this transaction, which will be effective after the completion of the required formalities, AVIC will hold 50% of the company. The new structure will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

Appointment of new independent directors

The Groupama SA general meeting of 25 May 2011 appointed Marie-Ange Debon and Caroline Grégoire Sainte-Marie as new directors. The Groupama SA Board of Directors now comprises 18 members including eleven Chairmen of regional mutuals and five independent directors.

Change of Groupama S.A.'s General Management:

The Groupama SA Board of Directors appointed, on 24 October 2011, Thierry Martel, Chief Executive Officer of Groupama SA to replace Jean Azéma and Christian Collin, Deputy Chief Executive Officer of Groupama SA.

The new management team will focus as a priority on implementing measures aimed at reinforcing the group's solvency while striving to improve operational profitability.

OTHER FACTORS

Storm coverage

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

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

Groupama - Predict

Groupama, leading insurer of municipalities, will help its 18,000 insured cities to protect themselves against flood tanks to exclusive partnership with Predict Services, a subsidiary of Météo France. Groupama-Prédict contributes to the preparation of municipal protection plans, and a vigilance and decision-helping system based on cutting-edge technologies.

More than 3,000 municipalities will be the key beneficiaries of this service, given their high exposure to flood risk. All the municipalities insured by Groupama have had access to decision-helping information for risk management since 2011.

New banking offer

In early May, Groupama Banque launched a new simplified Astréa offering, with even more interesting rates for customers who use their account. This launch was supported by a nationwide television, press and Internet campaign.

Drought solidarity

In early June 2011, Groupama strove to find solutions for the drought-stricken farmers throughout France.

To allow these insured cattle farmers and grain growers to cope with the exceptional situation, concerning hay storage and transportation in particular, Groupama accepted to extend free of charge the warranties required for implementing the solidarity initiatives carried out throughout France.

Financial rating

Standard & Poor's downgraded the rating of Groupama SA to BBB+ on 16 May 2011, then to BBB on 23 September, and to BBB- on 15 December 2011 (with a negative outlook). Standard & Poor's explained that "the capital adequacy and regulatory solvency of Groupama are at low levels while financial markets continue to follow negative trends, even though Groupama has announced flagship strategic measures".

In addition, the Group will continue in 2012 the projects designed to sustainably strengthen its solvency margin and adjust its scope within appropriate deadlines and conditions.

Merger between Icade and Silic and €300 million investment of the Caisse des Dépôts in Gan Eurocourtage

The Groupama SA board of directors meeting on 30 December 2011 accepted the firm offer received from the Caisse des Dépôts and Icade on 22 December with a view to the merger between Icade and Silic in the context of an exchange of securities. This operation led to the birth of the first property company with service assets and offices in France with a property holding of more than €9 billion and is becoming a key player in the Greater Paris area.

In this context, Groupama contributed 6.5% of the capital of Silic to a holding company controlled by the Caisse des Dépôts to which the Caisse des Dépôts had previously given its contribution in Icade. Groupama pledged to contribute the said holding, which will still be controlled by the Caisse des Dépôts, the balance of its participation in Silic (i.e., 37.5%) after authorisation of the transaction by the competition authority, during the first quarter of 2012.

The block sale of 6.5% leads to the loss of Silic's control. Pursuant to IAS 28, this loss of control results in a global impact on income of + €578 million recorded in the financial statements.

The foregoing operations are carried out on the basis of an exchange parity of 5 Icade shares for 4 Silic shares, 2011 coupons attached for each of the companies.

In addition, the Board of Directors of Groupama SA has accepted the offer of the Caisse des Dépôts to subscribe up to €300 million to a issue of preference shares from Gan Eurocourtage, a 100% subsidiary of Groupama SA, after approval by the Mutual Society Supervisory Authority.

Gan Eurocourtage will thus have a proforma regulatory solvency in excess of 350% placing it among the best market players and fully meeting the future Solvency 2 requirements.

Capital increase for Groupama SA and Groupama Gan Vie

At the end of December 2011, the Group carried out capital increases intended to reinforce the solvency of Groupama Gan Vie, which carries a large portion of the Group's bond assets and listed equities.

In a first stage, all the Regional Mutuals participated concomitantly in a Groupama Holding capital increase for an amount of €453.65 million, and Groupama Holding 2 for €44.53 million, i.e., a total amount of nearly €500 million. At the end of these transactions, the share capital of Groupama Holding amounted to €2,520,662,256, and that of Groupama Holding 2 to €507,998,880.

Secondly, Groupama Holding and Groupama Holding 2 subscribed to nearly all (for a total amount of €499.8 million) of a capital increase by Groupama SA for €500 million. The outstanding amount was subscribed by minority shareholders (employees, former employees and officers). At the end of this increase, the share capital of Groupama SA stood at €1,686,569,399, divided into 329,086,712 shares of €5.125 of nominal value.

At the same time, Groupama SA participated in a capital increase in cash of Groupama Gan Vie for €500 million and contributed real estate assets for a total of €188.6 million. At the end of these transactions, the share capital of Groupama Gan Vie was set at €932,007,489, divided into 6,340,187 shares of €147.

These capital increase transactions, although having no impact on the group's solvency margin, helped to improve that of Groupama Gan Vie as of 31 December 2011.

POST BALANCE SHEET EVENTS

Merger between Icade and Silic

After obtaining the operation authorisation from the Competition authority on 13 February 2012, Groupana contributed on 16 February 2012 its outstanding equity interest of 37.45% in the capital of Silic to HoldCo SIIC, a company controlled by the Caisse des Dépôts, which also holds 55.58% of the capital and voting rights of Icade.

Following this contribution, HoldCo SIIC now holds 43.95% of the capital and voting rights of Silic. The Caisse des Dépôts and Groupama respectively hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC.

In the IFRS financial statements, this contribution will not lead to the booking of any significant income or loss from disposal in 2012.

Subscription by the Caisse des Dépôts of Gan Eurocourtage preference shares

The Caisse des Dépôts made an irrevocable commitment on 30 December 2011 to subscribe to the capital issue of Gan Eurocourtage on the basis of the preference shares benefitting from a priority dividend and without voting rights but giving access to certain rights concerning the protection of its investment.

The preference shares issuance date has been fixed at 15 March 2012 (after the Gan Eurocourtage annual general meeting held to approve the annual financial statements and the Board of Directors of Gan Eurocourtage authorising the issue of preference shares on the authority of the extraordinary general meeting).

Greek debt exchange proposal under the PSI

On 24 February 2012 the Greek Republic proposed to the holders of Greece's private debt, under the PSI (Private Sector Involvement), to swap old Greek debts for new Greek debts. The Board of Directors of 6 March 2012 approved the contribution by the Group of Greek debt securities it had in the context of the exchange operation mentioned above. Following the acceptance of the PSI by private sector creditors, Groupama contributed its Greek debts to the exchange on 12 March 2012. This incident will not have a significant outright impact. Beyond the effects concerning a decline in coupon, the exchange leads to the waiver of 53.5% of the face value of the initial debt. The residual balance (46.5% of the face value) breaks down into 15% of the nominal in FEFS securities and 31.5% of the nominal in new Greek securities.

Temporary set up of a Group quota share treaty

Groupama signed a contract at the end of December 2011, effective from 1 January 2012, with a top-tier reinsurer, for a quota share treaty representing an outward reinsurance volume of €1.1 billion for the 2012 year of occurrence.

2. COMBINATION PRINCIPLES, METHODS AND SCOPE

2.1. EXPLANATORY NOTES

Groupama SA is a French *société anonyme* (public limited company) nearly wholly owned, directly or indirectly, by the Caisses Regionales d'Assurances et de Reassurances Mutuelles Agricoles and the Caisses Specialisées ("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 2011 was as follows:

- 90.94% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.07% 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 business consists in:

- defining and implementing the operational strategy of the Groupama Group in collaboration with the regional mutuals and in line with the strategies defined by Fédération Nationale Groupama;
- reinsuring the regional mutuals;
- directing all subsidiaries;
- establishing the reinsurance programme for the entire Group;
- managing direct insurance;
- preparing the consolidated and combined financial statements.

The consolidated financial statements of Groupama S.A. 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 S.A. and its subsidiaries.

In conducting its business, the Company is governed by the provisions of the French Commercial Code and the French 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. This treaty, signed in December 2003 in connection with the businesses acquired by Groupama SA at the time of the contribution of the regional mutual reinsurance business granted by the CCAMA, retroactive to 1 January 2003, replaced the general reinsurance regulations that had previously governed the Internal Reinsurance ties between the regional mutuals and the CCAMA,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Reassurance Mutuelle Agricoles that are members of the Federation Nationale Groupama", signed on 17 December 2003).

2.2. GENERAL PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements as at 31 December 2011 were approved by the Board of Directors, which met on 15 March 2012.

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 2011 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

The mandatory application standards and interpretations for financial periods starting on or after 1 January 2011 were applied for the preparation of the Group's financial statements as at 31 December 2011, especially the IAS 24 revised "Related-party disclosures", amendments to IAS 32 "Classification of rights issues" and IFRIC 14 "Advance payments made as part of a minimum funding requirement" and interpretation IFRIC 19 "Extinguishing financial liabilities with equity instruments". Their application has no significant impact on the Group's financial statements as at 31 December 2011.

The amendment to IFRS 7 "Disclosures – Transfers of financial assets", adopted by the European Union in November 2011, was not applied prematurely. Its application was considered without material impact on the group's combined financial statements.

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

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

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

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

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

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

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

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

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

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

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (note 3.11);
- estimate of certain fair values on unlisted assets or real estate assets (notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets (notes 3.2.1);
- recognition of profit sharing assets (note 3.11.2.b) and deferred tax assets (note 3.12);
- calculation of contingent liabilities and particularly valuation of employee benefits (note 3.9).

2.3. PRINCIPLES OF CONSOLIDATION

2.3.1. Scope and methods of combination and consolidation

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

Under IAS27 and IAS28, UCITS and real estate partnerships are either fully consolidated or consolidated by the equity method. Control is examined for each mutual fund on a case-by-case basis. However, control is assumed for mutual funds with deposits greater than €100 million when the Group directly or indirectly holds 50% or more of the voting rights. Minority interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. The underlying financial assets are included in the investments of the Group's insurance activities.

- **Combining company**

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

- **Aggregated companies**

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

- **Exclusively controlled entities**

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

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

Full consolidation consists of:

- integrating in the consolidating company's accounts the items in the accounts of the consolidated companies, after any restatements;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests".

- **De facto controlled companies**

When the Group believes it holds de facto control over an entity, the latter may be compelled to apply the full consolidation method in consolidating this company, despite a level of holdings of less than the 50% threshold.

De facto control may be presumed when certain of the following criteria are met:

- The Group is the largest shareholder in the company;
- The other shareholders do not hold direct or indirect interests in equity shares or voting rights, which exceed the Group's interest;
- The Group exerts significant influence over the company;
- The Group has the authority to influence the company's financial and operational policies;
- The Group has the power to appoint or arrange the appointment of directors of the company.

➢ **Related companies**

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

When the combining entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed that it exerts significant control, unless otherwise demonstrated. Conversely, when the combining entity holds, directly or indirectly, less than 20% of the voting rights of the company, it is assumed that it does not exert a significant influence, unless it can be demonstrated that such influence exists.

The equity method consists of:

- replacing the carrying amount of the shares held by the Group, share of capital and reserves converted at year end, including the earnings for the fiscal year in accordance with consolidation rules;

- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

➢ **Deconsolidation**

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

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are recorded in accordance with the methodology defined for this type of securities.

2.3.2 Change in the scope of combination

Changes in the scope of combination are described in note 47 of the notes to the financial statements.

2.3.3. Consistency of accounting principles

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

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

2.3.4. Translation of statements of foreign companies

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

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

2.3.5 Internal transactions between companies combined by GROUPAMA

All Group intercompany transactions are eliminated.

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

Thus, intercompany transactions on the following must be eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of Group policies;
- provisions for the write-down of equity interests funded by the company holding the securities and, if applicable, contingent liabilities recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- gains (losses) from the internal transfer of insurance investments;
- intra-Group dividends.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1. INTANGIBLE ASSETS

3.1.1 Goodwill

First consolidation goodwill corresponds to the difference between the acquisition cost of the shares of consolidated companies and the Group's share of the capital and reserves adjusted on the acquisition date. When not assigned to identifiable items on the balance sheet, goodwill is recorded on the balance sheet in a special asset item as an intangible asset.

The residual goodwill resulting from the excess of the price paid over the Group share in the fair value of the identifiable assets and liabilities of the enterprise acquired on the acquisition date is adjusted for any intangible assets identified under purchase accounting according to IFRS 3 (fair value of assets and liabilities acquired). The price paid includes the best possible estimate of the earn-outs (deferred payments, etc.).

The remaining goodwill therefore represents the estimated value of expected future earnings. Such expected future earnings reflecting the value of future operations is a combination of intangible assets that cannot be measured directly. Such assets are assessed based on multiples or forecast future earnings that served as the valuation base for the price paid on acquisition and are used to establish the value of goodwill stated above.

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

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

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

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

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

Goodwill is assigned to the cash generating units (CGU) of the buyer and/or of the acquired, 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 eurozone is recorded in the local currency of the acquired entity and translated to euros at the closing rate. Subsequent foreign exchange fluctuations are posted to foreign exchange translation reserves.

For entities acquired during the year, the Group has a twelve month period from the acquisition date to attribute a final value to the assets and liabilities acquired.

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

Residual goodwill is not amortised, but is subject to an impairment test at least once a year. The Group adjusts the book value of the goodwill if an unfavourable event occurs between two annual tests. An additional impairment is recognised when the recoverable value of the cash generating unit to which the goodwill is assigned is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

Fair value, less sales costs, is computed as follows, in accordance with the recommendations of IAS 36 (§25 to 27):

- the sales price shown in a final sales agreement;
- the market value less selling costs if there is an active market;
- otherwise, the best possible information, with reference to comparable transactions.

Value in use corresponds to the current expected value of future cash flows to be generated by the cash generation unit.

Goodwill, recognised at the initial business combination, the value of which is not material or requires disproportionate valuation work in relation to its value, is immediately expensed in the year.

An impairment of goodwill recognised during a previous year may not be subsequently written back.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and provisions exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and provisions and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised in income.

If an entity is taken over, a sale option may be granted to minority interests. The recognition of this debt option, however, depends upon the specific terms of the agreement. In the case of an unconditional commitment at the discretion of the option holder, it is accounted for as a liability in accordance with IAS 32.

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

3.1.2 Other intangible assets

An intangible fixed asset is an identifiable asset, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

They primarily include values in force and investment contracts, customer relations values and network values and brands, determined during business combinations, as well as software acquired and developed.

Amortisable intangible insurance assets (specifically including values in force and investment contracts, the value of customer relations and the value of the networks) are depreciated as margins are discharged over the lifetime of the policy portfolios. A recoverability test is performed each year as a function of experience and anticipated changes in major assumptions.

Software acquired and developed has a finite lifetime and is generally amortised on a straight-line basis over that lifetime.

Other intangible fixed assets that do not have a finite lifetime are not amortised but are subject to a systematic impairment test.

Start-up costs are expensed rather than capitalised.

3.2 Insurance activities investments

Investments and any impairment thereon are measured in accordance with IFRS based on the asset class of the investments.

3.2.1. Financial assets

Equities, bonds, loans and receivables, derivatives and bank accounts are considered financial assets.

➢ **Classification**

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

- there are two types of assets at fair value through income:
  - ❖ assets held for trading are investments, which are held to earn short-term profits. Assets may also be classified in this category if there have been short-term sales in the past,
  - ❖ 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 are stated at fair value;
- assets held to maturity include fixed-term investments that the company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

➢ **Reclassifications**

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

A financial asset classified as available for sale may be reclassified outside the category of assets available for sale, into:
- the category of investments held to maturity when the intent or capacity of the company changes or when the entity no longer has a reliable assessment of fair value;
- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

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

➢ **Initial recognition**

The Group books its financial assets when it becomes a party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus, for assets not valued at fair value through income, the transaction costs directly chargeable to the acquisition. However, the transaction costs are not included in the acquisition cost of the financial assets when they are immaterial.

Repurchase transactions are maintained as assets on the balance sheet.

➢ **Fair value valuation methods**

The fair value of financial assets is the amount for which an asset could be exchanged between well-informed, consenting parties, acting under normal market conditions.

The fair value of a financial instrument corresponds to its listed stock price on an active market. When the market for this financial instrument is not active, its fair value is measured by valuation techniques using observable market data when available or, when not available, by resorting to assumptions that imply some judgment.

The breakdown of each of these elements is listed in Note 6.11.

Valuation techniques include the use of recent transactions under conditions of normal competition between informed and consenting parties, if available, reference to the current fair value of another instrument identical in substance, analysis of discounted cash flows, and option valuation models.

- **Valuation rules**

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

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

Financial assets held to maturity, unlisted equities for which the fair value cannot be measured reliably, and loans and receivables are recorded at amortised cost or historic cost. The amortised cost is the amount at which the asset was valued at the time of initial recognition, minus repayments of principal, plus or minus the cumulative amortisation of the differences between the initial amount and the amount at maturity (based on the effective interest rate) and corrected for any provisions for impairment.

The differences between the redemption value and the acquisition price are distributed actuarially as expenses (agio) or as income (discount) over the residual life of the securities. When several redemption dates are provided, the residual life is determined on the basis of the final redemption date.

Available-for-sale assets are valued at fair value and the unrealised gains or losses are recorded in a separate item under shareholders' equity.

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

- **Provisions for impairment**

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

Debt instruments classified as available-for-sale assets

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

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

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

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

At 31 December 2011, there was objective evidence of impairment in the following instances:
- if there was a provision for impairment for the financial investment in the previously published financial statements; or
- if a loss in value of 50% is observed on the balance sheet date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

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

Where such objective evidence of impairment is observed then the impairment amount corresponding to the difference between the acquisition cost and the fair value for that year, less any loss in value previously recognised through income, is automatically booked to profit or loss.

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

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

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

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

Investments measured at amortised cost

For investments valued at amortised cost, the amount of the provision is equal to the difference between the net book value of the assets and the discounted value of the future cash flows expected, determined on the basis of the original effective interest rate of the financial instrument, and corrected for any provisions. The amount of the loss is included in the net profit or loss for the year. The provision may be written back through income.

- **Derecognition**

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

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

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

3.2.2. Investment property

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

- **Initial recognition**

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

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

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

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

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

- **Valuation**

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

Each component is identified by its duration and depreciation rate.

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

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

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

- **Subsequent expenses**

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

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

- **Provisions for impairment**

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

When the value of the real estate increases at a later time, the provision for impairment is written back through income.

- **Derecognition**

Gains or losses from the disposal of property investments are booked in the income statement on the date of realisation and represent the difference between the net sale price and the net book value of the asset.

3.3. Derivatives

3.3.1. General

A derivative is a financial instrument with the following three features:

- its value fluctuates on the basis of the change in a specific variable known as the "underlying asset";
- it requires a zero or low initial net investment compared with other instruments that react in the same way to market changes;
- it is settled at a future date.

All derivatives are recorded in the balance sheet at their fair value on the original date and at their subsequent revaluation. 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 flow hedges and hedges of net foreign investments considered as effective, for which the changes in fair value are deferred into equity until the cash flow hedges are recognised in the income statement or when the foreign subsidiary is sold.

For a fair value hedge of an available-for-sale asset, the changes in fair value of the hedged item are recognised in income or loss so that they exactly offset the changes in the hedging derivative.

The ineffective portion of hedges is recognised in the income statement.

3.3.3. Embedded derivatives

Embedded derivatives are components of compound financial instruments that meet the definition of a derivative product.

They are separate from the host contract and recognised as derivatives when the following three conditions are met:

- the economic features and the risks of the embedded derivative are not closely linked to the economic features and risks of the host contract;
- a separate instrument containing the same conditions as the embedded derivative meets the definition of a derivative;
- the hybrid instrument is not valued at fair value with recognition of the changes in the fair value through the income statement.

When one of these conditions is not met, there is no separation.

3.4. Investments in related companies

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recognised at the acquisition cost and its net book value is subsequently raised or reduced to take into account the Group share of profits or losses.

3.5 Property, plant and equipment

The Group has chosen to value operating activities property using the amortised cost method. These properties are presented on a line separate from investment properties as assets. The recognition and valuation method is identical to the method described for investment property.

Property, plant and equipment other than operating activities property are initially recognised at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

An impairment test is conducted once there is an indication of a loss of value. The loss of value is reversible and corresponds to the surplus between the book value over the realisable value, which is the higher of net fair value of withdrawal costs and the value in use.

3.6 OPERATING RECEIVABLES AND PAYABLES, OTHER ASSETS AND OTHER LIABILITIES

Operating receivables and other assets are recognised at face value, taking into account any transaction costs.

Operating payables and other liabilities are recorded at the fair value of the consideration received in exchange at the origin of the contract, net of transaction costs.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in other liabilities at fair value. The consideration of this debt is recorded as goodwill for put options granted before 1 January 2010 or by decreasing shareholders' equity for put options issued after that date.

Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The change in this liability is recognised through the income statement.

3.7 CASH AND CASH EQUIVALENTS

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

3.8 SHAREHOLDERS' EQUITY

- **Revaluation reserves**

The revaluation reserve includes the differences resulting from the revaluation at fair value of balance sheet items, particularly:

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to the provisions of IAS 21.

- the effects of the revaluation of financial assets available for sale in accordance with the provisions of IAS 39. These are unrealised gains and losses;

- the cumulative impact of the gain or loss from shadow accounting;

- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

➢ Other reserves

Other reserves consist of the following items:

- Retained earnings,
- Group consolidation reserves;
- Other regulated reserves;
- The impact of changes in accounting methods;
- Equity instruments akin to Deeply Subordinated Securities (DSS) whose features allow recognition in shareholders' equity.

➢ Foreign exchange adjustment

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

➢ Minority interests

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

3.9 CONTINGENT LIABILITIES

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

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

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

➢ Personnel benefits

- **Pension commitments**

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

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

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

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

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

3.10 Financial debt

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

- **Initial recognition**

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

- **Valuation rules**

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

- **Derecognition**

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

3.11 Underwriting operations

3.11.1. Accounting classification and method

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

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

- **Insurance policies**

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

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

➢ **Financial contracts**

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. There are two categories of financial contracts: financial contracts with/without discretionary profit-sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or date of which is wholly or partially at the insurer's discretion, and the valuation of which is based either on the performance of a set of contracts or a specific contract, or on the profit or loss of the insurer, of a fund or any other entity that issued the contract, or on the realised and/or unrealised return on investments from a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit-sharing are dealt with using the valuation procedures described in Note 3.11.3.

3.11.2 Insurance policies subject to IFRS 4

a. Non-life insurance policies

➢ **Premiums**

Written premiums represent the gross premiums, before reinsurance and tax, net of cancellations, reductions and rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

Premiums written and adjusted for the change in reserves for unearned premiums (which are defined below) constitute earned premiums.

➢ **Insurance policy servicing expenses**

Non-life insurance policy servicing expenses essentially include the services and related expenses paid and the change in reserves for claims and other technical reserves.

The services and related expenses relate to the claims settled net of claims receivable collected for the year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

➢ **Liabilities related to non-life insurance policies**

❖ **Reserves for unearned premiums**

The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.

❖ **Reserves for unexpired risks**

The reserves for unexpired risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.

❖ **Outstanding claims reserves**

The outstanding claims reserves represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates.

For construction risks, in addition to the outstanding claims reserves (declared or not yet declared), separate reserves for claims that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

Reserves are assessed on the basis of the type of specific risks covered, particularly agricultural and climate risks, and risks that are highly seasonal in nature.

❖ **Other technical reserves**

Actuarial reserves for annuities
The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.

Reserve for increasing risks
This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.

➢ **Deferred acquisition costs**

In non-life insurance, the acquisition costs for unearned premiums are deferred and booked as assets.

b. Life insurance policies and financial contracts with discretionary profit-sharing

➢ **Premiums**

Written premiums represent the gross premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

➢ **Insurance policy servicing expenses**

The service expenses on life insurance policies and financial contracts with discretionary profit-sharing include:

- all claims once they have been paid to the beneficiary;
- technical interest and profit-sharing that may be included in those claims;
- all costs incurred by the insurance company for the management and payment of claims.

They also include the profit-sharing and the change in life insurance reserves and other technical reserves.

➢ **Technical liabilities related to life insurance policies and financial contracts with discretionary profit-sharing**

❖ **Actuarial reserves**

Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the policyholders respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities on the balance sheet at their gross underwriting value, before reinsurance and deferred acquisition costs.

No reserve for financial contingencies is recorded when the actuarial reserves have been funded on the basis of discount rates at most equal to the forecast yield rates, prudently estimated, of the assets assigned to represent them.

❖ **Profit-sharing reserve**

The profit-sharing reserve consists of a reserve for profit-sharing payable and potentially as a reserve for deferred profit-sharing.

The reserve for profit-sharing payable includes the identifiable amounts resulting from regulatory or contractual obligations intended for the policyholders or the beneficiaries of policies with profit sharing and rebates, to the extent that these amounts have not been credited to the policyholder's account or included in life technical reserves.

The reserve for deferred profit-sharing includes:

- the reserve for unconditional profit-sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company and the consolidated financial statements;

- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.

In the specific case of adjustments to the capitalisation reserve in the consolidated financial statements, a reserve for deferred profit-sharing is determined when the Asset/Liabilities Management assumptions show a probable and sustained recovery in the balance of the capitalisation reserve. The Group has not accrued for profit-sharing commitments when adjusting the capitalisation reserve.

- **Application of shadow accounting**

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance contracts, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. The resulting deferred profit-sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit-sharing observed in the past three years.

If the entity's total portfolio has unrealised capital losses, the Group must record deferred profit sharing limited to the entities' ability to allocate future or potential profit sharing. A recoverability test based on the projected future performance of insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets posted at amortised cost.

- **Other technical reserves**

Overall management expenses reserve
The management expenses reserve is constituted when the future margins determined for the purpose of calculating deferred acquisition costs for a homogeneous family of products are negative.

- **Deferred acquisition costs**

The variable costs that can be directly allocated to the acquisition of life insurance policies are recorded as assets in the consolidated financial statements. These amounts may not under any circumstances be greater than the present value of future profits from the policies.

These costs are amortised over the average life of the policies based on the rate of emergence of future margins for each generation of policies; future margins are determined using economic assumptions (profit-sharing rate, future rate of return on assets and lapse rate). Since these acquisition costs are capitalised, the actuarial reserves appearing on the balance sheet are presented as non-zillmerised.

Every year the expected present value of future margins by homogeneous product family is compared to the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an impairment charge is taken to the income statement.

The Group applies shadow accounting to deferred acquisition costs.

c. Liabilities adequacy test

An adequacy test is performed at each balance sheet date for liabilities under IFRS 4 intended to ensure that insurance liabilities are sufficient with regard to current estimates of future cash flows generated by insurance policies. Future cash flows resulting from policies take into account their related cover and options. If necessary, and for the purposes of this test, the insurance liabilities are reduced by the deferred acquisition costs and the values of business in force recorded at the time of business combinations or transfers of the related policies.

In case of inadequacy, the potential losses are recognised in full through income.

This test is performed at each balance sheet date and for each consolidated entity.

d. Unit-linked policies under IFRS 4

Unit-linked policies under IFRS 4 are either insurance policies containing a significant insurance risk, such as a death risk, or financial contracts with discretionary profit-sharing, for which the financial risk is assumed by the policyholder.

The technical reserves for unit-linked policies are valued at the market value of the unit of account at the inventory date.

e. Embedded derivatives in insurance policies and financial contracts with discretionary profit-sharing

Embedded derivatives are components of insurance policies that meet the definition of a derivative product.

If the same contract contains both a financial component and an insurance component, the financial component is measured separately at fair value when not closely linked to the host contract or when the accounting standards do not require joint recognition of the rights and obligations linked to the deposit component, under IFRS 4.
In other cases, the entire contract is treated as an insurance policy.

3.11.3. Insurance policies governed by IAS 39

Liabilities relating to financial contracts without discretionary profit-sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned revenues are deferred over the estimated life of the contract.

This category primarily includes unit-linked policies and indexed policies that do not meet the definition of insurance policies and financial contracts with discretionary profit-sharing. Commitments under these policies are valued at the unit-linked fair value in inventory.

The additional costs directly related to management of the investments of a contract are booked as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. This asset, which corresponds to the contractual right acquired by the Group to the profits resulting from the management of the investments, is amortised over the period of management and is symmetrical with recognition of the corresponding profit.

3.11.4. Reinsurance transactions

- **Inward reinsurance**

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

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

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

- **Outward reinsurance**

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in note 3.11.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionnaires.
Securities from reinsurers (outward reinsurers and retrocessionnaires) remitted as collateral are recorded in the statement of commitments given and received.

3.12 TAXES

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

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

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

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.
All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as "more probable than improbable", i.e., if it is likely that sufficient taxable earnings will be available in the future to offset the deductible timing differences. In

general, a 3-year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

Deferred tax assets and liabilities are computed on the basis of tax rates (and tax regulations), which have been adopted as at the balance sheet date.

Deferred tax assets and liabilities are not discounted to present value.

3.13 SEGMENT REPORTING

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

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

The different activities of each segment are as follows:

- **Life and health insurance.** The life and health insurance activity covers the traditional life insurance business as well as personal injury (largely health risks, disability and long-term care);
- **Property and casualty insurance.** Property and casualty insurance covers, by default, all the Group's other insurance activities;
- **Banking and finance.** The banking and finance business relates to distribution of banking products, including fund management activities, real estate management, private equity and employee savings;
- **Holding company activity.** This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.14 FUNCTIONAL BREAKDOWN OF EXPENSES

Management fees and commissions relating to insurance business are classified on the basis of their function by applying distribution keys defined as a function of the structure and organisation of each of the insurance entities.
Expenses are classified in the following six categories:

- acquisition costs,
- administrative costs,
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

4. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SEGMENT REPORTING

NOTE 1.1 - SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 - SEGMENT REPORTING BY OPERATING SEGMENT - BALANCE SHEET

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Intangible assets	1,288	2,386	3,674	1,361	2,585	3,946
Insurance activities investments	65,385	7,605	72,990	72,483	8,350	80,833
Uses of funds for banking sector activities and investments of other activities	3,302		3,302	3,429		3,429
Investments in related companies	831	153	984	173	129	303
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	864	247	1,111	946	284	1,230
Other assets	10,220	1,818	12,038	7,408	1,743	9,151
Assets held for sale and discontinued activities						
Cash and cash equivalents	1,104	669	1,773	647	490	1,137
Total consolidated assets	**82,994**	**12,878**	**95,872**	**86,447**	**13,582**	**100,029**
Contingent liabilities	452	153	604	422	158	580
Financial debt	2,143	18	2,162	2,823	19	2,842
Liabilities related to insurance policies	46,259	7,317	53,576	44,765	7,490	52,255
Liabilities related to financial contracts	20,796	1,351	22,148	21,722	1,450	23,172
Deferred profit-sharing liabilities				18		18
Sources of funds for banking sector activities	2,996		2,996	3,073		3,073
Other liabilities	8,518	592	9,110	10,231	689	10,920
Liabilities for activities held for sale or discontinued operations						
Total consolidated liabilities excluding shareholders' equity	**81,165**	**9,432**	**90,596**	**83,054**	**9,806**	**92,860**

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NOTE 1.1.2 - SEGMENT REPORTING BY GEOGRAPHICAL AREA - INCOME STATEMENT

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Earned premiums	12,796	4,096	16,893	13,191	4,137	17,328
Net banking income, net of cost of risk	234		234	234		234
Investment proceeds	2,737	406	3,144	2,783	417	3,200
Investment expenses	(593)	(57)	(651)	(733)	(54)	(787)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	271	50	321	645	64	709
Change in fair value of financial instruments recorded at fair value through income	(429)	(10)	(439)	153	(12)	141
Change in impairment losses on investments	(3,834)	(361)	(4,195)	(181)	(6)	(187)
Total income from ordinary operations	**11,182**	**4,124**	**15,306**	**16,093**	**4,545**	**20,638**
Insurance policy servicing expenses	(9,038)	(3,006)	(12,044)	(12,258)	(3,157)	(15,416)
Income from outward reinsurance	145	83	229	206	42	248
Expenses on outward reinsurance	(531)	(169)	(701)	(518)	(128)	(646)
Banking operating expenses	(225)		(225)	(217)		(217)
Policy acquisition costs	(1,731)	(753)	(2,485)	(1,674)	(741)	(2,415)
Administrative costs	(660)	(255)	(916)	(630)	(271)	(901)
Other income and expenses from current operations	(683)	(80)	(763)	(782)	(52)	(834)
CURRENT OPERATING PROFIT	**(1,542)**	**(56)**	**(1,599)**	**219**	**237**	**456**
Other income and expenses from current operations	117	(160)	(43)	27	(171)	(144)
OPERATING PROFIT	**(1,425)**	**(217)**	**(1,642)**	**246**	**66**	**312**
Financing expenses	(89)	(2)	(90)	(129)	(2)	(131)
Share in income of related companies	20		19	2	(2)	0
Corporate income tax	(48)	(5)	(53)	310	(58)	252
Net profit of the combined entity	**(1,542)**	**(223)**	**(1,765)**	**428**	**5**	**433**
of which, minority interests	(3)		(3)	35		35
OF WHICH NET PROFIT (GROUP SHARE)	**(1,539)**	**(223)**	**(1,762)**	**393**	**5**	**398**

NOTE 1.2 - SEGMENT REPORTING BY BUSINESS LINE

NOTE 1.2.1 - SEGMENT REPORTING BY BUSINESS LINE - BALANCE SHEET

(in millions of euros)	31.12.2011				31.12.2010			
	Insurance	Banking	Inter-sector eliminations	Total	Insurance	Banking	Inter-sector eliminations	Total
Goodwill	2,935	20		2,955	3,138	20		3,158
Other intangible assets	706	13		719	776	12		788
Insurance activities investments	75,632		(2,642)	72,990	82,818		(1,985)	80,833
Uses of funds for banking sector activities and investments of other activities		3,329	(27)	3,302		3,441	(12)	3,429
Investments in related companies	984			984	303			303
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	4,582		(3,471)	1,111	4,597		(3,367)	1,230
Other assets	12,902	160	(1,024)	12,038	10,601	177	(1,626)	9,152
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,773	17	(17)	1,773	1,137	20	(20)	1,137
Total consolidated assets	**99,514**	**3,539**	**(7,181)**	**95,872**	**103,369**	**3,670**	**(7,010)**	**100,029**
Contingent liabilities	580	25		605	565	15		580
Financial debt	3,445	27	(1,311)	2,161	3,610	27	(796)	2,842
Liabilities related to insurance policies	57,057		(3,481)	53,576	55,627		(3,372)	52,255
Liabilities related to financial contracts	22,148			22,148	23,172			23,172
Deferred profit-sharing liabilities					18			18
Sources of funds for banking sector activities		3,040	(44)	2,996		3,105	(32)	3,073
Other liabilities	11,327	127	(2,344)	9,110	13,533	197	(2,810)	10,920
Liabilities of businesses held for sale or discontinued activities								
Total consolidated liabilities excluding shareholders' equity	**94,557**	**3,219**	**(7,180)**	**90,596**	**96,525**	**3,345**	**(7,010)**	**92,860**

NOTE 1.2.2 - SEGMENT REPORTING BY BUSINESS LINE - INCOME STATEMENT

(in millions of euros)	31.12.2011									
	France					International				TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**6,014**	**6,783**			**12,796**	**3,001**	**1,095**		**4,096**	**16,893**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment proceeds	381	2,351		4	2,737	190	212	4	406	3,144
Investment expenses	(118)	(477)		2	(593)	(41)	(16)	(1)	(57)	(651)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	152	117		2	271	27	23		50	321
Change in fair value of financial instruments recorded at fair value through income	(29)	(422)		22	(429)	(4)	(5)		(10)	(439)
Change in impairment losses on investments	(573)	(3,261)			(3,834)	(140)	(221)		(361)	(4,195)
Total income from ordinary operations	**5,827**	**5,090**	**234**	**30**	**11,182**	**3,033**	**1,089**	**3**	**4,124**	**15,306**
Insurance policy servicing expenses	(3,805)	(5,233)			(9,038)	(1,968)	(1,039)		(3,006)	(12,044)
Income from outward reinsurance	114	32			145	31	52		83	229
Expenses on outward reinsurance	(498)	(34)			(531)	(126)	(44)		(169)	(701)
Banking operating expenses			(225)		(225)					(225)
Policy acquisition costs	(1,049)	(682)			(1,731)	(616)	(137)		(753)	(2,485)
Administrative costs	(340)	(321)			(660)	(184)	(71)		(255)	(916)
Other income and expenses from current operations	(363)	(148)	6	(177)	(683)	(63)	(13)	(4)	(80)	(763)
CURRENT OPERATING PROFIT	**(113)**	**(1,296)**	**14**	**(147)**	**(1,542)**	**107**	**(162)**	**(1)**	**(56)**	**(1,599)**
Other income and expenses from current operations	91	27		(1)	117	(60)	(10)	(90)	(160)	(43)
OPERATING PROFIT	**(22)**	**(1,269)**	**14**	**(148)**	**(1,425)**	**47**	**(173)**	**(91)**	**(217)**	**(1,642)**
Financing expenses	(2)	(1)		(86)	(89)			(1)	(2)	(90)
Share in income of related companies	10	10			20					19
Corporate income tax	(62)	(148)	(7)	169	(48)	(13)	8		(5)	(53)
NET PROFIT FOR THE CONSOLIDATED ENTITY	**(76)**	**(1,408)**	**7**	**(65)**	**(1,542)**	**34**	**(165)**	**(92)**	**(223)**	**(1,765)**
of which, minority interests		(3)			(3)					(3)
OF WHICH NET PROFIT (GROUP SHARE)	**(76)**	**(1,405)**	**7**	**(65)**	**(1,539)**	**33**	**(165)**	**(92)**	**(223)**	**(1,762)**

(in millions of euros)	31.12.2010

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

NOTE 2 – GOODWILL

(in millions of euros)	31.12.2011				31.12.2010
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Opening amount	**3,538**	**(200)**	**(180)**	**3,158**	**3,231**
Newly consolidated entities					
Eliminations from the scope of consolidation	**(35)**			**(35)**	
France	(6)			(6)	3
Central and Eastern Europe		(51)	(30)	(81)	(91)
Turkey			(40)	(40)	10
United Kingdom			3	3	4
Greece	(6)	(39)		(45)	
Spain					
Other changes during the year	**(11)**	**(90)**	**(67)**	**(168)**	**(73)**
Year-end amount	**3,492**	**(289)**	**(247)**	**2,955**	**3,158**

Other changes during the year:

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

Central and Eastern Europe

The Group recognised goodwill impairment for the cash generating unit of the Central and Eastern European countries for an amount of €51 million. This impairment stems from the Romanian business.

France

The disposal of Groupama SA's 6.5% equity interest in Silic, the property company led to the write-back of the subsidiary's goodwill in consolidated income for -€35 million. Following this disposal, the residual stake in Silic is now consolidated under the equity method as at 31 December 2011.

Greece

A settlement was reached with the former shareholder of Groupama Phoenix regarding the liability covers granted at the time of acquisition. This agreement puts a final stop to the implementation of covers through the payment by Groupama SA of a flat indemnity of €14 million. The impact was booked under goodwill, for the residual amount of -€5.5 million.

The Group also recognised goodwill impairment for a cash generating unit of this country for an amount of €39 million, given the uncertainties weighing on the Greek economy.

United Kingdom

The acquisition prices of the brokerage firms acquired during the 2007 financial year (Bollington Ltd and Lark Insurance Broking Group) comprise unconditional put options granted to sellers. The valuation of these options is based on the financial performances achieved by these firms subsequent to their integration in the Group.

As at 31 December 2011, the evaluation of options was revised, thereby generating a decrease in the earn-out to be paid to sellers for an amount of €0.3 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 for those insurance entities acquired during the year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

The benchmark value in use applied to justify impairment tests corresponds to the current value of future cash flows to be generated by this cash generating unit.

The cash flows applied generally correspond to the following:

- an explicit period based on the Group's operational strategic planning in the early years. This is subject to an iterative discussion process between local management and the Group.
- beyond the explicit horizon, the cashflow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cash flows.

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It may be extended over a longer period (which may be 10 or 15 years) for emerging countries. In effect, this period is necessary for the market to attain a sufficient level of maturity for the normative cash flow to be representative of recurring long-term performance.

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies. The rates used for Western and Southern 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.

Thus, a rate of around 8% is adopted in major Western and Southern European countries, excluding Greece. In spite of the current crisis, the use of such a rate for Western and Southern European countries is considered pertinent. The austerity measures implemented for countries that are not the subject of a rescue plan will lead to a recovery of their situation that can be plotted in the yield curves.

For emerging countries, the yield curve used takes into account a higher explicit risk premium and then incorporates future changes in the country's macroeconomic situation and the expected higher level of maturity in these economies. This is particularly the case for the "new countries" of the European Union, which are assumed to have a strong possibility of joining the eurozone.

With respect to Hungary, the yield curve used corresponds to an interest rate range of around 13 and 14% until 2015 that subsequently converges in the medium term around 9%.

With respect to Romania, the yield curve used corresponds to an interest rate range of around 15 and 16% until 2015 that subsequently converges in the medium term around 11%.

For Turkey, the yield curve presents a similar profile to that of Romania, but is off by an average of 100 basis points (rate slightly higher than 15% the first years to converge around 12%).

With respect to Greece, despite the subsidiary's good performance indicators (results, activity level), the general context in Greece raises uncertainty about future cash flows. In light of this very special situation, the modelled cash flow discount rate was raised to 19% in 2011 for all projections in order to take this uncertainty into account. The rate of return of assets was also adjusted to reflect the heightened risk premium.

The application of these impairment tests led to the recognition of goodwill impairment for the cash generating units of Central and Eastern European countries and Greece for respectively €51 million and €39 million.

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:

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

For the cash generating units that have not yet been recognised for impairment, the sensitivity tests thus conducted have not resulted in the recognition of additional impairment on their goodwill.

However, for the goodwill of the CGU in countries of Central and Eastern Europe, an increase of 100 basis points in the discount rate would lead to a need for additional hedging of €57 million (while a lowering of the discount rate by 100 basis points would result in a positive hedging effect of €85 million). On this same cash generating unit, the sensitivity test on the long-term growth rate would also result in a negative hedging effect of €31 million if it fell by 50 basis points (it would be in excess of €37 million with an increase of +50 basis points).

However, for the goodwill of the cash generating unit of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a need for additional hedging of €5 million (while a lowering of the discount rate by 100 basis points would result in a positive hedge effect of €6 million). The sensitivity test regarding the long-term growth rate has a negligible impact (with a favourable variance of +50 basis points, it would be in excess of €1 million).

On the two cash generating units, a reduced sensitivity test of 10% was also conducted regarding the achievement level of future cash flows. This test would have an unfavourable effect of €13 million on Greece and €63 million on Central and Eastern European countries.

The simultaneous performance of all the adverse or favourable scenarios would have a quasi-identical impact on the aggregate impacts taken separately.

NOTE 2.1 - GOODWILL – BREAKDOWN BY CASH GENERATING UNIT

(in millions of euros)	31.12.2011				31.12.2010
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Central and Eastern Europe	1,029	(243)	(168)	619	700
Italy	781			781	781
Turkey	262		(43)	219	259
Spain	131	(3)		128	128
United Kingdom	186	(4)	(36)	146	143
Greece	131	(39)		92	137
Total International	**2,522**	**(289)**	**(247)**	**1,986**	**2,147**
Groupama Gan Vie	470			470	470
Gan Assurances	196			196	196
Gan Eurocourtage	265			265	168
Investment, real estate and other insurance companies	39			39	177
Total France and abroad	**970**			**970**	**1,011**
Year-end amount	**3,492**	**(289)**	**(247)**	**2,955**	**3,158**

Goodwill impairments in the UK and in Spain date back to 2006.
With respect to the UK, the goodwill recognised on the Clinicare entity acquired at the end of 2005 by Groupama Insurances for an amount of €4 million was fully written down for impairment in 2006.
Regarding Spain, the acquisition of Azur Multiramos and Azur Vida generated goodwill of €3 million which was expensed given its immaterial nature.

We should also recall that in the 2009 and 2010 periods, the Group recognised €192 million as impairment for a cash generating unit of Central and Eastern European countries: €113 million in 2009 corresponding to business start-up risk in the emerging countries of Eastern Europe where the OTP Bank group is located and €79 million in 2010 from the slows stemming from Bulgarian and Slovakian activities.

Note 3 — Other intangible assets

(in millions of euros)	31.12.2011			31.12.2010		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**686**	**1,334**	**2,020**	**678**	**1,121**	**1,799**
Increase	5	156	161	3	241	244
Decrease		(45)	(45)		(28)	(28)
Foreign exchange adjustment	(24)	(5)	(29)	5		5
Change in scope of consolidation		(3)	(3)			
Year-end gross amount	**667**	**1,437**	**2,104**	**686**	**1,334**	**2,020**
Opening cumulative amortisation & depreciation	**(192)**	**(950)**	**(1,142)**	**(142)**	**(800)**	**(942)**
Increase	(39)	(155)	(194)	(46)	(155)	(201)
Decrease		19	19		5	5
Foreign exchange adjustment	17	2	19	(4)		(4)
Change in scope of consolidation						
Year-end cumulative amortisation & depreciation	**(214)**	**(1,084)**	**(1,298)**	**(192)**	**(950)**	**(1,142)**
Opening cumulative long-term impairment	**(78)**	**(11)**	**(89)**	**(77)**	**(10)**	**(87)**
Long-term impairment recognised		(1)	(1)		(1)	(1)
Long-term impairment write-backs						
Foreign exchange adjustment	4		4	(1)		(1)
Change in scope of consolidation						
Year-end cumulative long-term impairment	**(74)**	**(12)**	**(86)**	**(78)**	**(11)**	**(89)**
Opening net amount	**416**	**373**	**789**	**459**	**311**	**770**
Year-end net amount	**379**	**341**	**720**	**416**	**373**	**789**

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

Intangible assets related to insurance activities

Intangible assets related to insurance activities primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands.

Overall, the provisions for amortisation for the year on the Group's portfolio during the fiscal year represent a charge of -€43 million as at 31 December 2011.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally.

It also includes €35 million for the estimated recoverable amount of the allowance on termination of contract provided for in Article 26 of the Law of 9 November 2010 on pension reform.

NOTE 3.1 - OTHER INTANGIBLE ASSETS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2011						31.12.2010	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
	France	Inter-national	France	Inter-national	France	Inter-national	France	Inter-national
Year-end gross amount	**41**	**626**	**1,294**	**143**	**1,335**	**769**	**1,253**	**766**
Year-end cumulative amortisation & depreciation	(2)	(212)	(988)	(97)	(990)	(309)	(877)	(264)
Year-end cumulative long-term impairment	(15)	(60)	(11)		(26)	(60)	(26)	(64)
Amortisation and provisions	**(17)**	**(272)**	**(999)**	**(97)**	**(1,016)**	**(369)**	**(903)**	**(328)**
Net book value	**24**	**354**	**295**	**46**	**319**	**400**	**350**	**438**

Note 4 — INVESTMENT PROPERTIES (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2011			31.12.2010		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,859**	**404**	**4,263**	**4,062**	**506**	**4,568**
Acquisitions	17	36	53	183	11	194
Change in scope of consolidation	(2,075)	(14)	(2,089)	5	(35)	(30)
Subsequent expenses						
Assets capitalised in the year	16		16	15		15
Transfer from/to unit-linked property						
Transfer from/to operating activities property	3	(2)	1	(101)	(6)	(107)
Foreign exchange adjustment	(5)		(5)	1		1
Outward reinsurance	(182)	(74)	(256)	(306)	(72)	(378)
Year-end gross amount	**1,633**	**350**	**1,983**	**3,859**	**404**	**4,263**
Opening cumulative amortisation & depreciation	**(852)**		**(852)**	**(880)**		**(880)**
Increase	(17)		(17)	(76)		(76)
Change in scope of consolidation	463		463			
Transfer from/to unit-linked property						
Transfer from/to operating activities property	(2)		(2)	28		28
Decrease	35		35	76		76
Year-end cumulative amortisation & depreciation	**(373)**		**(373)**	**(852)**		**(852)**
Opening cumulative long-term impairment	**(9)**	**(4)**	**(14)**	**(11)**	**(5)**	**(16)**
Long-term impairment recognised		(1)	(1)			
Change in scope of consolidation						
Long-term impairment write-backs	3	3	6	2	1	2
Year-end cumulative long-term impairment	**(6)**	**(2)**	**(9)**	**(9)**	**(4)**	**(14)**
Opening net amount	**2,998**	**400**	**3,397**	**3,171**	**501**	**3,672**
Year-end net amount	**1,254**	**348**	**1,602**	**2,998**	**400**	**3,398**
Year-end fair value of property, plant and equipment	**3,068**	**636**	**3,704**	**6,305**	**732**	**7,037**
Unrealised capital gains	**1,814**	**288**	**2,102**	**3,307**	**332**	**3,639**

Changes in the scope of consolidation are linked to changes in the consolidation method of different entities, especially Silic, which is now consolidated under the equity method.

The realisation of capital gains on buildings representing life insurance commitments gives rise to rights in favour of policy beneficiaries and minority shareholders, as well as tax liabilities.

Unrealised gains accruing to the Group, including property operating activities (see note 5), amounted to €1.03 billion as at 31 December 2011 (net of profit sharing and tax) versus €1.76 billion as at 31 December 2010.

The table also includes buildings under finance lease agreements for an amount with net book value of €40 million as at 31 December 2011 versus €116 million as at 31 December 2010. The fair value of these buildings is estimated at €47 million (i.e., unrealised capital gains of €7 million as at 31 December 2011 versus €40 million as at 31 December 2010).

NOTE 4.1 - INVESTMENT PROPERTIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2011						31.12.2010					
	Property			SCI Shares			Property			SCI Shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	1,563	70	1,633	350		350	3,776	83	3,858	404		404
Cumulative amortisation	(354)	(19)	(373)				(837)	(15)	(852)			
Long-term impairment	(6)		(6)	(2)		(2)	(9)		(9)	(4)		(4)
Year-end net amount	**1,203**	**51**	**1,254**	**348**		**348**	**2,930**	**68**	**2,998**	**401**		**401**
Year-end fair value of property, plant and equipment	**2,961**	**107**	**3,068**	**636**		**636**	**6,162**	**143**	**6,305**	**733**		**733**
Unrealised capital gains	**1,758**	**56**	**1,814**	**288**		**288**	**3,232**	**75**	**3,307**	**332**		**332**

NOTE 4.2 - INVESTMENT PROPERTIES BY BUSINESS LINE

NOTE 4.2.1 - INVESTMENT PROPERTIES BY BUSINESS LINE - FRANCE

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,047	516	1,563	174	177	350
Cumulative amortisation	(224)	(130)	(354)			
Long-term impairment	(3)	(3)	(6)	(1)	(2)	(2)
Year-end net amount	**820**	**383**	**1,203**	**173**	**175**	**348**
Year-end fair value of property, plant and equipment	**2,030**	**932**	**2,961**	**321**	**315**	**636**
Unrealised capital gains	**1,210**	**548**	**1,758**	**148**	**140**	**288**

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,518	2,258	3,776	251	153	404
Cumulative amortisation	(321)	(517)	(837)			
Long-term impairment	(5)	(4)	(9)	(1)	(3)	(4)
Year-end net amount	**1,193**	**1,737**	**2,930**	**250**	**150**	**401**
Year-end fair value of property, plant and equipment	**2,485**	**3,677**	**6,162**	**487**	**246**	**733**
Unrealised capital gains	**1,292**	**1,940**	**3,232**	**236**	**95**	**332**

NOTE 4.2.2 - INVESTMENT PROPERTIES BY BUSINESS LINE - INTERNATIONAL

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	29	41	70			
Cumulative amortisation	(12)	(7)	(19)			
Long-term impairment						
Year-end net amount	**17**	**34**	**51**			
Year-end fair value of property, plant and equipment	**44**	**63**	**107**			
Unrealised capital gains	**27**	**29**	**56**			

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

NOTE 5 – PROPERTY OPERATING ACTIVITIES

(in millions of euros)	31.12.2011			31.12.2010		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**1,500**	**77**	**1,576**	**1,337**	**73**	**1,410**
Acquisitions	28	3	31	58		58
Change in scope of consolidation	1	6	7			
Assets capitalised in the year	30		30	30		30
Transfer from/to investment property	(2)	1	(1)	101	6	107
Foreign exchange adjustment	(3)		(3)			
Outward reinsurance	(22)	(2)	(24)	(27)	(2)	(29)
Year-end gross amount	**1,533**	**85**	**1,616**	**1,500**	**77**	**1,576**
Opening cumulative amortisation & depreciation	**(328)**		**(328)**	**(276)**		**(276)**
Increase	(36)		(36)	(35)		(35)
Change in scope of consolidation	(1)		(1)			
Transfer from/to investment property	2		2	(28)		(28)
Decrease	11		11	11		11
Year-end cumulative amortisation & depreciation	**(352)**		**(352)**	**(328)**		**(328)**
Opening cumulative long-term impairment	**(3)**	**(5)**	**(8)**	**(3)**	**(5)**	**(8)**
Long-term impairment recognised	(2)		(2)			
Change in scope of consolidation						
Long-term impairment write-backs						
Year-end cumulative long-term impairment	**(5)**	**(5)**	**(10)**	**(3)**	**(5)**	**(8)**
Opening net amount	**1,169**	**72**	**1,240**	**1,058**	**68**	**1,126**
Year-end net amount	**1,176**	**80**	**1,256**	**1,169**	**72**	**1,240**
Year-end fair value of property, plant and equipment	**1,664**	**115**	**1,779**	**1,598**	**99**	**1,697**
Unrealised capital gains	**488**	**35**	**523**	**429**	**27**	**457**

NOTE 5.1 – PROPERTY OPERATING ACTIVITIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2011						31.12.2010					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	1,398	134	1,532	85		85	1,363	136	1,499	77		77
Cumulative amortisation	(335)	(17)	(352)				(312)	(16)	(328)			
Long-term impairment	(4)		(4)	(6)		(6)	(2)		(2)	(6)		(6)
Year-end net amount	**1,059**	**117**	**1,176**	**79**		**79**	**1,049**	**120**	**1,169**	**72**		**72**
Year-end fair value of property, plant and equipment	**1,480**	**184**	**1,664**	**115**		**115**	**1,403**	**195**	**1,598**	**99**		**99**
Unrealised capital gains	**420**	**67**	**488**	**36**		**36**	**354**	**75**	**429**	**28**		**28**

NOTE 5.2 – PROPERTY OPERATING ACTIVITIES BY BUSINESS LINE

NOTE 5.2.1 – PROPERTY OPERATING ACTIVITIES BY BUSINESS LINE - FRANCE

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	670	728	1,398	21	64	85
Cumulative amortisation	(120)	(215)	(335)			
Long-term impairment	(1)	(3)	(4)	(1)	(5)	(6)
Year-end net amount	**549**	**510**	**1,059**	**20**	**59**	**79**
Year-end fair value of property, plant and equipment	**734**	**746**	**1,480**	**31**	**84**	**115**
Unrealised capital gains	**185**	**236**	**420**	**11**	**25**	**36**

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

NOTE 5.2.2 – PROPERTY OPERATING ACTIVITIES BY BUSINESS LINE -INTERNATIONAL

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	58	76	134			
Cumulative amortisation	(7)	(9)	(17)			
Long-term impairment						
Year-end net amount	**51**	**66**	**117**			
Year-end fair value of property, plant and equipment	**83**	**101**	**184**			
Unrealised capital gains	**32**	**35**	**67**			

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

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

(in millions of euros)	31.12.2011	31.12.2010
	Net amount	Net amount
Assets valued at fair value	65,542	71,840
Assets valued at amortised cost	964	566
Total financial investments (excluding unit-linked items)	**66,506**	**72, 406**

Total investments (excluding real estate, unit-linked items and derivatives) as at 31 December 2011 were €66,506 million and marked a decrease of €5,900 million compared to 31 December 2010.

This amount of reinvested cash from securities in repurchase agreements totalled €4,245 million as at 31 December 2011, as compared to €5,847 million as at 31 December 2010.

NOTE 6.1 - INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [a]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	7,264	398	7,662	6,615	354	6,969	(649)	(44)	(693)
Bonds and other fixed-income investments	39,725	5,997	45,722	37,158	5,671	42,829	(2,567)	(326)	(2,893)
Other investments	12	2	14	13	2	15	1		1
Total available-for-sale assets	**47,001**	**6,397**	**53,398**	**43,786**	**6,027**	**49,813**	**(3,215)**	**(370)**	**(3,585)**
Assets held for trading									
Equities and other variable-income investments classified as trading	157		157	157		157			
Equities and other variable-income investments classified as held for trading	1,226	311	1,537	1,226	311	1,537			
Bonds and other fixed-income investments classified as trading	130	23	153	130	23	153			
Bonds and other fixed-income investments classified as held for trading	2,488	50	2,538	2,488	50	2,538			
Cash UCITS classified as trading	8,699	25	8,724	8,699	25	8,724			
Cash UCITS classified as held for trading	2,617		2,617	2,617		2,617			
Other investments classified as trading									
Other investments classified as held for trading	3		3	3		3			
Total trading assets	**15,320**	**409**	**15,729**	**15,320**	**409**	**15,729**			
Total investments valued at fair value	**62,321**	**6,806**	**69,127**	**59,106**	**6,436**	**65,542**	**(3,215)**	**(370)**	**(3,585)**

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

As at 31 December 2011, the unrealised capital gains (losses) recognised for accounting purposes in equity (revaluation reserves) as available-for-sale investment assets and in income as trading investment assets were -€3,585 million and -€65 million, respectively (compared to -€2,790 million and +€138 million at 31 December 2010).

The decline in unrealised losses compared to 31 December 2010 can be explained primarily by the change in stock market indices for the equity component and by the increase in credit spreads on certain European sovereign debt securities.

With a view to optimising the yield of its financial assets, in 2011 the Group continued its bond repurchase activity. These repurchase operations were in two distinct forms:

- Investment repurchase agreements: As at 31 December 2011, the amount in question was €4,017 million. Cash from these repurchase agreements is invested in specific funds. These funds are directly covered by a bond management mandate signed with Groupama Asset Management.
- Repurchase agreements for opportunistic financing: As at 31 December 2011, the amount was €228 million. In this type of transaction, cash is reinvested in different forms of investment.

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

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

NOTE 6.2 - INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS LINE

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

(in millions of euros)	31.12.2011											
	Net amortised cost				Fair value [a]				Gross unrealised gains (losses)			
	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total	Life and health insurance	Property and casualty insurance	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	5,131	2,133		7,264	4,598	2,016		6,614	(533)	(117)		(650)
Bonds and other fixed-income investments	35,270	4,455		39,725	32,826	4,333		37,159	(2,444)	(122)		(2,566)
Other investments		12		12		13		13		1		1
Total available-for-sale assets	**40,401**	**6,600**		**47,001**	**37,424**	**6,362**		**43,786**	**(2,977)**	**(238)**		**(3,215)**
Assets held for trading												
Equities and other variable-income investments classified as trading	71	86		157	71	86		157				
Equities and other variable-income investments classified as held for trading	988	238		1,226	988	238		1,226				
Bonds and other fixed-income investments classified as trading	111	19		130	111	19		130				
Bonds and other fixed-income investments classified as held for trading	1,871	610	7	2,488	1,871	610	7	2,488				
Cash UCITS classified as trading	7,473	1,170	56	8,699	7,473	1,170	56	8,699				
Cash UCITS classified as held for trading	2,586	31		2,617	2,586	31		2,617				
Other investments classified as trading												
Other investments classified as held for trading	1	2		3	1	2		3				
Total trading assets	**13,101**	**2,156**	**63**	**15,320**	**13,101**	**2,156**	**63**	**15,320**				
Total investments valued at fair value	**53,502**	**8,756**	**63**	**62,321**	**50,525**	**8,518**	**63**	**59,106**	**(2,977)**	**(238)**		**(3,215)**

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

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

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

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

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value (a)			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	217	181	398	186	168	354	(31)	(13)	(44)
Bonds and other fixed-income investments	2,873	3,124	5,997	2,681	2,990	5,671	(192)	(134)	(326)
Other investments	1	1	2	1	1	2			
Total available-for-sale assets	**3,091**	**3,306**	**6,397**	**2,868**	**3,159**	**6,027**	**(223)**	**(147)**	**(370)**
Assets held for trading									
Equities and other variable-income investments classified as trading									
Equities and other variable-income investments classified as held for trading	156	155	311	156	155	311			
Bonds and other fixed-income investments classified as trading	11	12	23	11	12	23			
Bonds and other fixed-income investments classified as held for trading	30	20	50	30	20	50			
Cash UCITS classified as trading	23	2	25	23	2	25			
Cash UCITS classified as held for trading									
Other investments classified as trading									
Other investments classified as held for trading									
Total trading assets	**220**	**189**	**409**	**220**	**189**	**409**			
Total investments valued at fair value	**3,311**	**3,495**	**6,806**	**3,088**	**3,348**	**6,436**	**(223)**	**(147)**	**(370)**

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

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

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

NOTE 6.3 - INVESTMENTS VALUED AT FAIR VALUE - BY TYPE

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [a]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	7,264	398	7,662	6,615	354	6,969	(649)	(44)	(693)
Assets classified as trading	157		157	157		157			
Assets classified as held for trading	1,226	311	1,537	1,226	311	1,537			
Total equities and other variable-income investments	**8,647**	**709**	**9,356**	**7,998**	**665**	**8,663**	**(649)**	**(44)**	**(693)**
Bonds and other fixed-income investments									
Available-for-sale assets	39,725	5,997	45,722	37,158	5,671	42,829	(2,567)	(326)	(2,893)
Assets classified as trading	130	23	153	130	23	153			
Assets classified as held for trading	2,488	50	2,538	2,488	50	2,538			
Total bonds and other fixed-income investments	**42,343**	**6,070**	**48,413**	**39,776**	**5,744**	**45,520**	**(2,567)**	**(326)**	**(2,893)**
Cash UCITS									
Assets classified as trading	8,699	25	8,724	8,699	25	8,724			
Assets classified as held for trading	2,617		2,617	2,617		2,617			
Total cash UCITS	**11,316**	**25**	**11,341**	**11,316**	**25**	**11,341**			
Other investments									
Available-for-sale assets	12	2	14	13	2	15	1		1
Assets classified as trading									
Assets classified as held for trading	3		3	3		3			
Total other investments	**15**	**2**	**17**	**16**	**2**	**18**			
Total investments valued at fair value	**62,321**	**6,806**	**69,127**	**59,106**	**6,436**	**65,542**	**(3,215)**	**(370)**	**(3,585)**

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

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

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

NOTE 6.4 - INVESTMENTS VALUED AT AMORTISED COST - NET AMOUNT

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Loans	164	91	255	191	93	284
Deposits	604	64	668	142	83	225
Other	41		41	57		57
Total assets measured at amortised cost	**809**	**155**	**964**	**390**	**176**	**566**

NOTE 6.5 – PROVISIONS FOR IMPAIRED INVESTMENTS

(in millions of euros)	31.12.2011			31.12.2010		
	Amortised cost			Amortised cost		
	Gross	Provisions	Net	Gross	Provisions	Net
Available-for-sale assets						
Equities and other variable-income investments	9,922	(2,260)	7,662	11,674	(406)	11,268
Bonds and other fixed-income investments	48,066	(2,344)	45,722	50,832	(14)	50,818
Other investments	15		15	12		12
Total available-for-sale assets	**58,003**	**(4,604)**	**53,399**	**62,518**	**(420)**	**62,098**
Financial investments valued at amortised cost	968	(4)	964	569	(3)	566
Financial investments valued at amortised cost	**968**	**(4)**	**964**	**569**	**(3)**	**566**

On 31 December 2011, the Group posted a long-term impairment charge of €4,184 million on its financial investments valued at fair value. Total provisions for long-term impairment of investments valued at fair value were €4,604 million as at 31 December 2011, compared to €420 million as at 31 December 2010. In total, provisions for impairment on financial assets accounted for 7.02% of the Group's investments.

Total long-term impairment provisions for investments recognised at amortised cost, amounted to €4 million as at 31 December 2011 compared to €3 million as at 31 December 2010.

Provisions for impaired investments were determined in accordance with the rules outlined in paragraph 3.2.1 of the accounting principles.

Regarding bonds, the impairment provision includes almost exclusively the impairment of the Greek sovereign debt. This provision was determined using a valuation built on the basis of a model. The model uses the latest known inputs as adopted in the exchange plan negotiated between the IIF (Institute of International Finance) and the Greek government (press release from the Greek finance minister on 24 February 2012). The average discount booked for the various lines of securities represents an unfavourable effect of 73% of the cost price.

With respect to the sovereign debts of eurozone peripheral countries (Ireland, Italy, Spain and Portugal), the group observes that their valuation is affected by a certain level of financial markets defiance. The financial ratings of certain issuer countries were downgraded, and some even had to accept IMF rescue plans. It should however be stressed that to date:

- none of these debts was subject to payment default neither on interests nor on principal,
- no collective or financial restructuring proceedings were initiated or, in the current state of knowledge and perception of the situation, none seems probable.

Consequently, the group considers that there is no proven risk of impairment of these debt securities and therefore there is no need to accrue provisions for these securities.

With respect to shares, the impairment provision includes impairment of strategic securities for €1,984 million, of which €175 million already recognised in 2010 for Eiffage securities.

In accordance with its principles and methods, the Group first applies automatic impairment criteria for its assets. Next, the asset portfolio is the subject of further review based on a presumption of provisions accrued on the basis of non automatic criteria. Contrary to financial year 2010 where the non automatic impairment criteria had led to the recognition of a provision on the Eiffage security, in the financial context of 2011, the non automatic criteria was recovered by the prolonged decline criterion (discount in excess of 50% on the closing date) of automatic impairment criteria. The impairment provisions were recognised in application of this automatic criterion. As of 31 December 2011, no significant provision had been triggered in the financial accounts on the basis of the non automatic criteria alone.

NOTE 6.6 - FINANCIAL INVESTMENTS – BY CURRENCY

(in millions of euros)	31.12.2011					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	6,553	56	49	7	303	6,968
Bonds and other fixed-income investments	41,398	162	785	18	467	42,830
Other investments	14					14
Total available-for-sale assets	**47,965**	**218**	**834**	**25**	**770**	**49,812**
Assets held for trading						
Equities and other variable-income investments classified as trading	157					157
Equities and other variable-income investments classified as held for trading	1,525	7	3	1	2	1,538
Bonds and other fixed-income investments classified as trading	153					153
Bonds and other fixed-income investments classified as held for trading	2,492	8	4	1	32	2,537
Cash UCITS classified as trading	8,704	13	4	1	3	8,725
Cash UCITS classified as held for trading	2,597	10	5	1	3	2,617
Other investments classified as trading						
Other investments classified as held for trading	2					2
Total trading assets	**15,630**	**38**	**16**	**4**	**40**	**15,729**
Loans and receivables						
Loans	246		9		1	255
Deposits	623	13			32	668
Other investments	41					41
Total loans and receivables	**910**	**13**	**9**	**0**	**33**	**964**
Total financial investments (net of derivatives and unit-linked items)	**64,505**	**269**	**859**	**29**	**843**	**66,505**

(in millions of euros)	31.12.2010

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

NOTE 6.7 - BREAKDOWN OF LISTED INVESTMENTS

(in millions of euros)	31.12.2011	31.12.2010
Equities	4,085	6,727
Shares in fixed-income mutual funds	3,317	3,647
Shares in other mutual funds	4,079	4,572
Cash UCITS	11,341	7,451
Bonds and other fixed-income securities	42,062	48,771
Total listed investments	**64,884**	**71,169**

As at 31 December 2011, total long-term impairment provisions for listed investments recognised at fair value were €4,491 million, compared with €301 million at 31 December 2010.

NOTE 6.8 - BREAKDOWN OF UNLISTED INVESTMENTS

(in millions of euros)	31.12.2011	31.12.2010
Equities at fair value	500	411
Bonds and other fixed-income securities at fair value	141	245
Other investments at fair value	17	14
Loans at amortised cost	255	285
Other investments at amortised cost	709	281
Total unlisted investments	**1,621**	**1,237**

As at 31 December 2011, total long-term impairment provisions for unlisted investments recognised at fair value were €113 million, compared with €119 million at 31 December 2010.

NOTE 6.9 - SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES

(in millions of euros)	31.12.2011				31.12.2010			
	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement	4.13%	159	157	(2)	4.31%	130	172	42
Société Générale	3.92%	528	523	(5)	4.25%	1,765	1,311	(454)
Lagardère	1.90%	92	51	(41)	2.01%	100	82	(18)
Veolia Environnement	5.53%	252	252		5.68%	795	620	(175)
Saint Gobain	1.90%	442	302	(140)	1.92%	443	396	(47)
Eiffage	6.91%	113	113		6.73%	205	205	
French companies		**1,586**	**1,398**	**(188)**		**3,438**	**2,786**	**(652)**
Mediobanca	4.93%	186	186		4.93%	493	288	(205)
OTP Bank	8.28%	261	237		8.28%	629	432	(164)
Foreign companies		**447**	**423**			**1,122**	**720**	**(369)**
Total significant investments in unconsolidated companies		**2,033**	**1,821**	**(188)**		**4,560**	**3,506**	**(1,021)**

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

The securities presented in the note correspond exclusively to the securities described as "strategic"; their impairment treatment is indicated in point 3.2.1 of the accounting principles.

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

The net book value of the strategic equity interests fell sharply following the recognition of losses linked to these assets. These losses were manifested either through capital losses, or through the booking of impairment provisions. In application of the impairment principles previously mentioned, an amount of €1,803 million was accrued for impairment provisions.

The cancellation of treasury shares by Eiffage on 14 December 2011automatically lead to the change in the interest percentage of Eiffage securities.

NOTE 6.10 - BREAKDOWN OF THE BOND PORTFOLIO

NOTE 6.10.1 – BOND PORTFOLIO – BY RATE

At the end of December 2011, based on market values, the proportion of bond instruments was 68% of total financial investments excluding unit-linked items, 64% of which were classified as "available-for-sale assets" and 4% as "assets held for trading".

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

(in millions of euros)	31.12.2011			31.12.2010		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available for sale	39,394	2,260	41,653	46,656	1,216	47,872
Classified as trading	20	11	31	42	5	47
Classified as held for trading	121	256	377	704	148	852
Total listed bonds	**39,535**	**2,527**	**42,061**	**47,402**	**1,369**	**48,771**
Unlisted bonds						
Available for sale	75	39	114	132	44	176
Classified as trading		10	10	26		26
Classified as held for trading	17	1	17	4	39	43
Total unlisted bonds	**91**	**50**	**141**	**162**	**83**	**245**
Total bond portfolio	**39,626**	**2,577**	**42,203**	**47,564**	**1,452**	**49,016**

NOTE 6.10.2 – BOND PORTFOLIO – BY MATURITY

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

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Listed bonds								
Available for sale	1,866	9,333	30,454	41,653	2,331	7,683	37,857	47,872
Classified as trading	4	17	10	31	11	22	14	47
Classified as held for trading	123	100	154	377	354	219	280	852
Total listed bonds	**1,993**	**9,450**	**30,618**	**42,061**	**2,696**	**7,924**	**38,151**	**48,771**
Unlisted bonds								
Available for sale	16		97	114	23	98	54	176
Classified as trading	10			10	26			26
Classified as held for trading	10	3	4	17	1	2	40	43
Total unlisted bonds	**37**	**3**	**101**	**141**	**50**	**100**	**94**	**245**
Total bond portfolio	**2,030**	**9,453**	**30,719**	**42,203**	**2,746**	**8,025**	**38,245**	**49,016**

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

NOTE 6.10.3 – BOND PORTFOLIO – BY RATING

The rating indicated is an average of the ratings published at year-end 2011 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

(in millions of euros)	31.12.2011						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available for sale	16,065	6,935	12,050	4,583	1,568	452	41,653
Classified as trading	1	6	6	14		4	31
Classified as held for trading	28	16	88	102	4	139	377
Total listed bonds	**16,094**	**6,957**	**12,144**	**4,699**	**1,572**	**595**	**42,061**
Unlisted bonds							
Available for sale	33		77	4			114
Classified as trading			10				10
Classified as held for trading					1	16	17
Total unlisted bonds	**33**	**0**	**87**	**4**	**1**	**16**	**141**
Total bond portfolio	**16,127**	**6,957**	**12,231**	**4,703**	**1,573**	**611**	**42,203**

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

NOTE 6.10.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

(in millions of euros)	31.12.2011	31.12.2010
Bonds issued by EU Member States	22,532	27,923
Bonds issued by States outside the EU	51	121
Bonds from public and semi-public sectors	3,964	3,214
Corporate Bonds	15,380	17,526
Other Bonds (including bond funds)	276	233
Total bond portfolio	**42,203**	**49,016**

The carrying amounts of Group investments in bonds issued by so-called non-core States, i.e. Portugal, Ireland, Italy, Greece and Spain, totalled €10,392 million as at 31 December 2011.

NOTE 6.10.5 – SOVEREIGN DEBT SECURITIES OF EUROZONE PERIPHERAL COUNTRIES

(in millions of euros)	31.12.2011					
	Discounted cost price Gross	Provisions for impairment	Discounted cost price Net	Fair value	Gross unrealised gains (losses)	Unrealised capital losses of GI and CT
Spain	2,953		2,953	2,612	(341)	(54)
Greece	3,247	(2,321)	926	926		
Ireland	85		85	70	(15)	(4)
Italy	7,719		7,720	6,215	(1,505)	(285)
Portugal	1,093		1,093	570	(523)	(130)
Total	**15,097**	**(2,321)**	**12,775**	**10,392**	**(2,383)**	**(473)**

As indicated in Note 6.5, the Group considers that there is no proven impairment risk on the sovereign debt securities of eurozone peripheral countries (Ireland, Italy, Spain and Portugal) and therefore no need to accrue provisions for these securities. As at 31 December 2011, unrealised losses on these securities totalled €473 million net of taxes and profit sharing.

The Group did not carry out any significant disposals of the sovereign bonds of the eurozone peripheral countries. The Group completed transactions concerning OAT and German bonds for a gross amount of €459 million.

Greek sovereign debt securities

The Group adopted a valuation approach based on a model due to the absence of liquidity on the Greek debt secondary market. Signs of very sharp reductions on the Greek debt secondary market since May 2010, date of the first bailout plan for Greece, were observed. The Group considers that the total loss of market liquidity already latent since this period is characterised by the termination of the ECB's interventions since 25 March 2011. Since this date, the Group has studied criteria qualifying the inactivity of markets (volumes, widening of "buyer/seller spreads", positions of brokers and considers that the Greek debt market is no longer liquid.

The Greek sovereign debts held by the Group are therefore measured since that date on a model-based approach and are ranked level 3, according to the IFRS 7 approach of classification by asset liquidity level.

As most bank players and insurers expressed their support for the contribution of their securities to the exchange operation proposed by the IIF and the Greek State, the model relies on the features of the bonds that will be received in exchange and as specified in the release of the Greek Finance Minister of 24 February 2012. It is considered that the best estimate of the value of these securities correspond to the value from the valuation model. It must be noted that Groupama holds Greek securities exclusively. As mentioned in the post-balance sheet events, these securities were exchanged under the Private Sector Involvement (PSI) plan on 12 March 2012.

This model resulted in the recognition of an average impairment provision of 73% of cost price. This impairment provision systematically supports corporate income tax. With respect to life activities, a study was made to justify where applicable the appropriation to profit sharing of part of this loss. In practice, the insurer had to bear nearly the entire loss, considering in addition that, on the Group's main life entities, no active deferred profit sharing was booked on the impairment provisions for the Greek debt.

NOTE 6.11 - 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.

A financial instrument is considered as quoted on an active market if prices are easily and regularly available from a stock exchange, broker or trader of a business sector, a pricing service and that these prices reflect actual transactions carried out between informed and willing parties under arm's length conditions.

Determining the active or non active nature of a market depends on indicators such as the significant decline in the volume of trade and activity level on the market, the strong dispersion of prices available over time and between the different market players or the fact that the prices no longer correspond to sufficiently recent transactions.

(in millions of euros)	31.12.2011				31.12.2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	6,412	110	447	6,969	9,712	126	392	10,231
Bonds and other fixed-income investments	40,949	844	1,036	42,829	48,107	758	201	49,066
Other investments	4		11	15	2		10	12
Total available-for-sale assets	**47,365**	**954**	**1,494**	**49,813**	**57,822**	**884**	**603**	**59,309**
Assets held for trading								
Equities and other variable-income investments classified as trading or as held for trading	1,126	1	567	1,694	962	6	512	1,480
Bonds and other fixed-income investments classified as trading or as held for trading	2,561	46	84	2,691	3,398	118	82	3,597
Cash UCITS classified as trading or as held for trading	11,341			11,341	7,450		1	7,451
Other investments			2	2			2	2
Total trading assets	**15,028**	**47**	**653**	**15,728**	**11,810**	**124**	**597**	**12,531**
Financial investments sub-total exc. unit-linked policies	**62,393**	**1,001**	**2,147**	**65,541**	**69,632**	**1,008**	**1,200**	**71,840**
Investments in unit-linked policies	**2,675**	**102**	**730**	**3,507**	**2,912**	**152**	**599**	**3,663**
Derivative instrument assets and liabilities		**(169)**	**(1)**	**(170)**		**(120)**	**(17)**	**(137)**
Total assets and financial liabilities measured at fair value	**65,068**	**934**	**2,876**	**68,878**	**72,543**	**1,041**	**1,781**	**75,365**

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

Derivative instruments posted to assets totalled €120 million and derivative instruments posted to liabilities on the balance sheet totalled €290 million as at 31 December 2011. These instruments are primarily classified as Level 2.

With respect to level 3 investments, equity consists primarily of shares of private equity funds and for bonds, €926 million in Greek sovereign debt securities.

In addition to the financial instruments (assets and liabilities) described in the table, the Group has also recorded its technical liabilities related to financial contracts at fair value, without discretionary profit sharing. This amount totalled €69 million as at 31 December 2011 compared to €116 million at 31 December 2010.

(in millions of euros)	31.12.2011								
	Available-for-sale assets			Assets held for trading				Investments in unit-linked policies	Asset and liability derivatives
	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments		
Level 3 opening amount	**392**	**201**	**10**	**512**	**81**	**1**	**2**	**599**	**(17)**
Change in unrealised capital gains or losses recognised in:									
- income	2			32				(10)	
- gains and losses recognised directly in shareholders' equity	20	(47)	1						
Transfer to level 3	92	921		5	2				
Transfer outside level 3	(1)	(47)		(2)					
Reclassification of loans and receivables									
Change in scope of consolidation									16
Acquisitions	35	13		166	30			277	
Sales/Repayments	(88)	(5)		(146)	(28)	(1)		(90)	
Foreign exchange adjustment	(5)				(1)			(46)	
Level 3 closing amount	**447**	**1,036**	**11**	**567**	**84**	**0**	**2**	**730**	**(1)**

NOTE 7 - INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Variable-income and similar securities		5	5		12	12
Bonds	191	547	738	25	641	665
Shares in equity mutual funds	2,324	49	2,373	2,581	56	2,637
Shares in bond mutual funds and other	46	75	121	49	85	133
Other investments		171	171		120	120
Unit-linked financial investment sub-total	**2,561**	**847**	**3,408**	**2,655**	**914**	**3,569**
Unit-linked investment properties	99		99	94		94
Unit-linked investment properties sub-total	**99**		**99**	**94**		**94**
Total	**2,659**	**847**	**3,507**	**2,749**	**914**	**3,663**

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

Groupama

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

(in millions of euros)	31.12.2011					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	64	(289)			64	(289)
Options	56				56	
Forward currency contracts		(1)				(1)
Other						
Total	**120**	**(290)**			**120**	**(290)**

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

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

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

NOTE 9.1 - USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2011			31.12.2010		
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	40		40	46		46
Financial assets at fair value through income	480		480	1,361		1,361
Hedging derivative instruments						
Available-for-sale assets	904	(6)	898	225		225
Loans and receivables from credit institutions	132		132	290		290
Customer loans and receivables	1,400	(22)	1,378	1,232	(28)	1,204
Revaluation variance on rate-hedged portfolios	3		3			
Investment assets held to maturity	372		372	302		302
Investment property						
Total uses of funds for banking sector activities	**3,331**	**(29)**	**3,302**	**3,456**	**(28)**	**3,429**

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

By application of the IAS 39 amendment adopted on 15 October 2008, re-classification from the trading category to the assets held-to-maturity category took place in 2008 on a portfolio of variable rate bank bonds.
The value change that would have been recognised in the accounts if these assets had not been reclassified was a profit of €2.8 million as at 31 December 2011. The fair value of these assets was €116 million.

NOTE 9.2 - SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2011	31.12.2010
Central banks, postal accounts		
Financial liabilities at fair value through income	124	1,028
Hedging derivative instruments	3	
Debt owed to credit institutions	428	48
Debt to customers	2,437	1,992
Debt represented by securities	4	5
Revaluation variance on rate-hedged portfolios		
Total resources from banking sector operations	**2,996**	**3,073**

The structure of uses and resources of banking activities was significantly modified by the combination of several factors:

- The downgrading of the Group and Groupama Banque led to a sharp fall in issuances of deposit securities classified as "financial liabilities at fair value through income", with at the same time, the decision taken in August not to renew portfolio cash positions, classified as "financial assets at fair value through income", in order to conserve a net lender position on the market.
- Given the risk of a liquidity crunch on the interbank market, we resorted more often to the European Central Bank, which explains the growth in the "debt owed to credit institutions" line item.
- The Group set up a cash pool between Groupama SA and its main subsidiaries, which led to an increase in cash contribution, in the "debt to customers" line item, which was invested in a UCITS classified under "available-for-sale financial assets".

NOTE 10 - INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2011		31.12.2010	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	41	1	44	(6)
Socomie			(1)	
Cegid	70	3	76	5
Sepac (property company)	2	2		
La Banque Postale IARD	88	(9)	98	(4)
Silic (property company)	671	24		
Star	85	1	86	5
Groupama Insurances China	28	(3)		
Total investments in related companies	**984**	**19**	**303**	**0**

The consolidation method was changed for SILIC and SEPAC from full consolidation to the equity method, following the disposal of part of the equity interest held and the loss of control in these entities.

Groupama Insurances China is now consolidated as a separate entity under the equity method.

NOTE 10.1 - SIGNIFICANT DATA

(in millions of euros)	31.12.2011				31.12.2010			
	Premium income	Net profit	Total assets	Capital and reserves	Premium income	Net profit	Total assets	Capital and reserves
Günes Sigorta	351	10	N/A	114	N/A	(20)	N/A	118
Socomie	14	1	8	N/A	13	N/A	6	(1)
Cegid	264	16	365	181	250	20	336	174
Sepac (property company)	13	4	66	4				
La Banque Postale IARD	24	(27)	N/A	N/A		(11)	96	90
Silic (property company)	213	58	1,749	128				
Star	104	10	364	110	111	15	359	110
Groupama Insurances China	11	(5)	79	56				

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)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Share of reinsurers in Non-life insurance reserves						
Reserves for unearned premiums	31	38	69	31	44	74
Outstanding claims reserves	663	167	831	743	197	940
Other technical reserves	151	5	156	146	7	153
Total	**846**	**210**	**1,055**	**921**	**247**	**1,168**
Share of reinsurers in life insurance reserves						
Life insurance reserves	10	30	40	10	31	41
Outstanding claims reserves	1	7	8	3	6	9
Profit-sharing reserves	9		9	10		10
Other technical reserves	(1)		(1)			
Total	**19**	**37**	**56**	**23**	**37**	**60**
Share of reinsurers in reserves for financial contracts				**2**		**2**
Total share of outward reinsurers in insurance and financial contract liabilities	**864**	**247**	**1,111**	**946**	**284**	**1,230**

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

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Share of reinsurers in claims reserves at opening	**742**	**197**	**939**	**851**	**232**	**1,083**
Transfers in portfolio and changes in scope of consolidation						
Share of reinsurers in the total claims expense	92	67	160	153	54	207
Share of reinsurers in total payments	(172)	(91)	(263)	(262)	(92)	(354)
Changes in exchange rate		(6)	(6)		3	3
Share of reinsurers in claims reserves at closing	**663**	**167**	**830**	**742**	**197**	**939**

Note 12 - Other property, plant and equipment

Note 12.1 - Change in other property, plant and equipment

(in millions of euros)	31.12.2011			31.12.2010		
	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	**763**	**71**	**834**	**705**	**54**	**759**
Acquisitions	107	1	108	103	3	106
Change in scope of consolidation	(2)		(2)		16	16
Assets capitalised in the year	1		1	5		5
Foreign exchange adjustment	(3)		(3)	1		1
Outward reinsurance	(48)	(15)	(63)	(51)	(2)	(53)
Year-end gross amount	**818**	**58**	**876**	**763**	**71**	**834**
Opening cumulative amortisation & depreciation	**(508)**		**(508)**	**(464)**		**(464)**
Increase	(84)		(84)	(73)		(73)
Change in scope of consolidation	2		2			
Foreign exchange adjustment	2		2	(1)		(1)
Decrease	38		38	30		30
Year-end cumulative amortisation & depreciation	**(549)**		**(549)**	**(508)**		**(508)**
Opening cumulative long-term impairment	**(1)**	**(3)**	**(4)**	**(2)**	**(3)**	**(5)**
Long-term impairment recognised	(2)		(3)			
Change in scope of consolidation						
Foreign exchange adjustment						
Long-term impairment write-backs		2	1	1		1
Year-end cumulative long-term impairment	**(4)**	**(2)**	**(5)**	**(1)**	**(3)**	**(4)**
Opening net amount	**254**	**68**	**322**	**239**	**51**	**290**
Year-end net amount	**265**	**56**	**321**	**254**	**68**	**322**
Year-end fair value of other property, plant and equipment	**265**	**83**	**348**	**254**	**99**	**353**
Unrealised capital gains	**0**	**27**	**27**	**0**	**31**	**31**

Unrealised capital gains on long-term assets primarily include organic assets *booked in accordance with IAS 41*. These are mainly forests.

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

(in millions of euros)	31.12.2011						31.12.2010					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	630	187	818	58		58	587	176	763	71		71
Cumulative amortisation	(408)	(141)	(549)				(380)	(128)	(508)			
Long-term impairment	(4)		(4)	(2)		(2)	(1)		(1)	(3)		(3)
Year-end net amount	**219**	**46**	**265**	**56**		**56**	**207**	**47**	**254**	**68**		**68**
Year-end fair value of property, plant and equipment	**218**	**47**	**265**	**83**		**83**	**206**	**47**	**253**	**99**		**99**
Unrealised capital gains				**27**		**27**				**31**		**31**

NOTE 13 - DEFERRED ACQUISITION COSTS

(in millions of euros)	31.12.2011			31.12.2010		
	Gross	Share in deferred profits	Net	Gross	Share in deferred profits	Net
Non-life insurance policies	211		211	186		186
Life insurance policies and financial contracts with discretionary profit-sharing	177	13	189	199	8	207
France	**387**	**13**	**400**	**385**	**8**	**393**
Non-life insurance policies	216		216	228		228
Life insurance policies and financial contracts with discretionary profit-sharing	32	(1)	31	35	(10)	25
International	**248**	**(1)**	**247**	**263**	**(10)**	**253**
Total deferred acquisition costs	**635**	**12**	**647**	**648**	**(2)**	**647**

NOTE 14 – DEFERRED PROFIT SHARING ASSETS

NOTE 14.1 – DEFERRED PROFIT SHARING ASSETS

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Deferred profit-sharing assets	3,704	246	3,951	1,590	128	1,718
Total deferred profit-sharing assets	**3,704**	**246**	**3,951**	**1,590**	**128**	**1,718**

Deferred profit-sharing assets derive from unrealised capital losses in accordance with the principle of shadow accounting.

The deferred profit sharing rate is determined entity by entity (based on regulatory segregated accounts). It relies on the actual sharing rate of financial income between the policyholders and the shareholders and corresponds to the average of the actual rates of the last three years. This average helps to avoid including non-recurring atypical factors in the calculation.

Exceptionally, as 2011 was a particularly atypical year in terms of financial result, the deferred profit-sharing rate for 2010 of the major entities was repeated in the 2011 consolidated accounts.

Thus, as at 31 December 2011, the deferred profit-sharing rates used in France for shadow accounting purposes ranged between 75.99% and 78.34%, of which 77.49% for Groupama Gan Vie. The average rate in 2011 would have been 83.89% for Groupama Gan Vie if the sharing rate actually observed for 2011 had been taken into account for calculating the average rate.

For financial year 2011, the main sources of the active deferred profit sharing concern:

- underlying capital losses from the eurozone peripheral countries' sovereign debts, i.e., €1,672 million;
- additional impairment provisions on strategic securities for €908 million;
- consolidation restatements regarding the cancellation in the consolidated financial statements of property revaluations applied in the company financial statements and internal capital gain eliminations for €492 million;
- underlying capital losses on the other financial assets.

A recoverability test was carried out to demonstrate the Group's ability to charge the value of deferred profit-sharing assets to future profit-sharing by policyholders.

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

The Group conducted a projection test of the future returns in which the equity markets growth rate was 5.5% and in which the bond reinvestment rates ranged between 3.90% in 2012, 4.10% in 2013 and 4.30% in 2014 and beyond.

A sensitivity analysis was performed by considering a redemption rate corresponding to an average redemption rate observed in 2011 increased by 300 basis points. This sensitivity analysis helped to demonstrate first, that cash flows stay positive and that paying benefits does not necessarily imply capital losses and second, that the financial margin stays positive.

In addition, the group has a cash pocket of €5.9 billion in its primary life structure to allow it to cope with any significant contingency (unobserved) in its inflows.

The development observed on financial markets at the end of February 2012 also confirms a very favourable development in the unrealised capital losses of bonds and shares.

NOTE 14.2 – DEFERRED PROFIT-SHARING LIABILITIES

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Reserve for deferred profit-sharing on insurance policies				18		18
Reserve for deferred profit-sharing on financial contracts						
Total deferred profit-sharing liability				**18**		**18**

NOTE 15 - DEFERRED TAXES

NOTE 15.1 - DEFERRED TAX ASSETS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2011			31.12.2010
	France	International	Total	Total
Deferred tax assets	588	134	722	571
Total deferred tax assets	**588**	**134**	**722**	**571**

NOTE 15.2 - DEFERRED TAX LIABILITIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2011			31.12.2010
	France	International	Total	Total
Deferred tax liabilities	233	46	279	301
Total deferred tax liabilities	**233**	**46**	**279**	**301**

NOTE 15.3 - ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

(in millions of euros)	31.12.2011	31.12.2010
Deferred taxes resulting from timing differences		
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(52)	(54)
Acquisition costs for life policies and total management reserves	(34)	(52)
Consolidation adjustments on technical reserves	(278)	(125)
Other differences on consolidation adjustments	47	48
Deferred acquisition costs for non-life policies	(70)	(64)
Tax differences on technical reserves and other contingent liabilities	528	420
Gains on tax suspension	(5)	(8)
Mutual fund valuation differential	(18)	31
Currency hedging	24	22
Other tax timing differences	18	19
Sub-total of deferred taxes resulting from timing differences	**159**	**237**
Recognition of tax assets on operating losses	**284**	**33**
Deferred taxes capitalised	**443**	**270**
of which assets	722	571
of which liabilities	(279)	(301)

The Group's combined accounts show an overall deferred tax asset of €443 million. This deferred tax asset breaks down as follows:

- A deferred tax asset of €722 million as at 31 December 2011 versus €571 million the previous year, i.e., an increase of €151 million.
- A deferred tax asset of €279 million as at 31 December 2011 versus €301 million the previous year, i.e., an increase of €22 million.

As at 31 December 2011, the amount of unrecognised assets (non activated deficits) amounted to €124 million (62% for banking activities and 38% for foreign subsidiaries) versus €116 million as at 31 December 2010.

The tax asset of €355 million will be recoverable in France within the next 3 years given the business plan projects.

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)	31.12.2011							31.12.2010
	France			International			Total	Total
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Earned premiums not written	951		951	61		61	1,012	1,030
Policyholders, intermediaries and other third parties	1,579	(35)	1,544	701	(72)	628	2,173	1,727
Co-insurer and other third party current accounts	46		46	67	(33)	34	80	88
Current accounts of ceding and retroceding companies	231	(1)	230	5	(1)	4	234	235
Total	**2,807**	**(36)**	**2,771**	**834**	**(107)**	**727**	**3,499**	**3,080**

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

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Earned premiums not written	1,015	(3)		1,012	1,033	(3)		1,030
Policyholders, intermediaries and other third parties	2,150	23		2,173	1,713	14		1,727
Co-insurer and other third party current accounts	78	2		80	71	17		88
Current accounts of ceding and retroceding companies	216	17	1	234	212	19	4	235
Total	**3,459**	**39**	**1**	**3,499**	**3,029**	**47**	**4**	**3,080**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

In millions of euros	31.12.2011			31.12.2010
	Gross amount	Provisions	Net amount	Net amount
Outward reinsurer and retrocessionnaire current accounts	100	(12)	88	79
Other receivables from reinsurance transactions	52	(7)	46	34
Total	**152**	**(19)**	**133**	**113**

NOTE 17.1 - RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS - BY MATURITY

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionnaire current accounts	49	38		88	64	15		79
Other receivables from reinsurance transactions	25	20	1	46	30	4	1	34
Total	**75**	**58**	**1**	**133**	**94**	**18**	**1**	**113**

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	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current tax receivables and other tax receivables	169	2		171	259			259

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

Current tax receivables amount to €31 million versus €108 million as at 31 December 2010. In May 2011, Groupama SA recovered the €55 million receivable from the government corresponding to the 4th corporate income tax on-account payment less long-term tax. During the 2011 financial year, Groupama SA made no on-account payment for corporate income tax. The receivable for taxes in foreign countries amounted to €29 million in 2011, down by €22 million on 2010.

Other receivables from the French government and public authorities consisted of on-account payments made for social security contributions owed on savings contracts amounting to €76 million, allowable VAT and VAT credits amounting to €9 million, hail subsidy for regional mutuals totalling €4 million, various taxes for €5 million (CET, CRL, TCAS, etc.) and corporate income tax in foreign countries amounting to €45 million.

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

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	97	74	171	166	93	259

NOTE 19 – OTHER RECEIVABLES

In millions of euros	31.12.2011			31.12.2010
	Gross amounts	Provisions	Total	Total
Interest accrued not due	789		789	952
Employee receivables	20		20	25
Social security agencies	9		9	10
Miscellaneous debtors	1,467	(106)	1,361	1,052
Other receivables	415		415	402
Total	**2,700**	**(106)**	**2,594**	**2,441**

NOTE 19.1 - OTHER RECEIVABLES – BY MATURITY

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Interest accrued not due	789			789	952			952
Employee receivables	20			20	25			25
Social security agencies	9			9	10			10
Miscellaneous debtors	1,287	55	19	1,361	863	149	39	1,052
Other receivables	416			416	402			402
Total	**2,520**	**55**	**19**	**2,594**	**2,253**	**149**	**39**	**2,441**

NOTE 19.2 - OTHER RECEIVABLES - BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Interest accrued not due	672	116	789	820	131	952
Employee receivables	18	2	20	21	5	25
Social security agencies	9		9	10		10
Miscellaneous debtors	1,231	130	1,361	928	124	1,052
Other receivables	360	55	415	354	48	402
Total	**2,290**	**304**	**2,594**	**2,133**	**308**	**2,441**

NOTE 20 – CASH

NOTE 20.1 - CASH SHOWN AS BALANCE SHEET ASSETS

In millions of euros	31.12.2011	31.12.2010
France	1,105	647
International	668	490
Total	**1 773**	**1,137**

NOTE 20.2 - CASH SHOWN AS BALANCE SHEET LIABILITIES

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Operating debts to banking institutions	364			364	459	51		510
Total	**364**			**364**	**459**	**51**		**510**

In millions of euros	31.12.2011			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking institutions	364		364	
Total	**364**		**364**	

NOTE 21 - SHAREHOLDERS' EQUITY, MINORITY INTERESTS

NOTE 21.1 - SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES

Companies with an insurance business are subject to regulations that establish minimum share capital limits. In France, in accordance with the European Directive and Articles R322-5 and R322-44 of the French Insurance Code, French companies under the supervision of government authorities and organised in the form of insurance mutuals must have share capital of at least €240,000 or €400,000, depending on the business lines in which they are involved. For *sociétés anonymes*, the minimum capital required is €480,000 or €800,000, depending on the business lines in which they are involved.

In addition, in order to ensure the financial stability of insurance companies and protect policyholders, there is a prudential provision in France under Article R 334-1 of the French Insurance Code whereby insurance companies must comply with a minimum solvency margin on a permanent basis in respect of their life and non-life activities. This requirement also exists in other countries based on similar procedures. There is a further requirement applying to consolidated financial statements which requires insurance companies to comply with a so-called "adjusted" solvency limit that includes any banking activities exercised by the insurance Group, based on French regulations and accounting standards.

NOTE 21.2 – IMPACT OF TRANSACTIONS WITH MEMBERS

➢ **Changes in the Group's shareholders' equity during fiscal year 2011**

No transaction occurred during 2011 that had an effect on shareholders' equity and issue premiums.

➢ **Accounting treatment of deeply subordinated instruments issued 10 October 2007**

On 10 October 2007, Groupama issued a perpetual subordinated bond with a nominal value of €1,000 million at a fixed interest rate of 6.298%. This bond carries specific terms including the following:

- unlimited term,
- option to defer or cancel any payment of interest to bondholders on a discretionary basis,
- an interest "step-up" clause that kicks in following the tenth year of the bond.

In view of the specific terms and conditions of the issue pursuant to IAS 32 § 16 and 17, the bond is considered as an equity instrument rather than a financial liability. It is therefore recognised under shareholders' equity. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

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

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

In millions of euros	31.12.2011	31.12.2010
Unrealised gross capital gains (losses) on AFS assets	(3,585)	(2,790)
including gross unrealised capital loss on available for sale assets assigned to life and health insurance	(3,200)	(2,491)
including gross unrealised capital gain or loss on available for sale assets assigned to property and casualty insurance	(385)	(299)
Shadow accounting	2,576	2,005
Cash flow hedge and other changes	(109)	(162)
Deferred taxes	217	36
Share of minority interests	1	42
Revaluation reserve – attributable to the Group	**(901)**	**(869)**

The deferred tax amount shown in the table above corresponds to the application of first, a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and second, a short-term tax rate on deferred profit-sharing ("shadow accounting"). Under the new rules for long-term capital gains or 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" line item in the amount of -€109 million can be broken down as follows:

- -€90 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group;
- -€19 million for the net investment hedge revaluation reserve.

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

NOTE 22 – CONTINGENT LIABILITIES

In millions of euros	31.12.2011						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**290**	**133**	**423**	**92**	**66**	**158**	**581**
Change in the scope of consolidation and changes in accounting methods							
Increases for the year	39	51	90	7	20	27	117
Write-backs for the year	(10)	(51)	(61)	(10)	(21)	(31)	(92)
Changes in exchange rate					(1)	(1)	(1)
Closing balance	**319**	**133**	**452**	**89**	**64**	**153**	**605**

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

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

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

NOTE 23.1 - PROVISIONS FOR PENSIONS AT YEAR END

In millions of euros	31.12.2011			31.12.2010		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening actuarial debt	**545**	**58**	**603**	**503**	**58**	**561**
Cost of past services	14	5	19	25	6	31
Benefits paid	(16)	(3)	(18)	(22)	(3)	(26)
Interest on actuarial debt	22	2	24	23	2	25
Actuarial gains (losses) (actual variations)	(4)	(5)	(8)		(3)	(4)
Actuarial gains (losses) (hypothetical variations)	6	7	13	26	(1)	25
Changes in the plan	1		1	(14)		(14)
Change in scope of consolidation				(2)	(1)	(3)
Changes in exchange rates	8		8	8		8
Other	14		15	(2)	1	(1)
Year-end actuarial debt (A)	**589**	**66**	**655**	**545**	**58**	**603**
Opening fair value of hedging assets	**221**		**221**	**191**		**191**
Return on hedging assets	13		13	12		12
Benefits paid	(10)		(10)	(8)		(8)
Required contributions	11		11	8		8
Actuarial gains (losses)	4		4	10		10
Change in scope of consolidation						
Changes in exchange rates	7		7	6		6
Other						
Year-end fair value of hedging assets (B)	**246**		**246**	**221**		**221**
Year-end net actuarial debt (A) - (B)	**343**	**66**	**408**	**324**	**58**	**382**

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

In millions of euros	31.12.2011			31.12.2010		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening amount recognised in contingent liabilities	**324**	**58**	**382**	**311**	**58**	**369**
Present value of commitment	26	10	36	19	6	25
Actuarial differences affecting shareholders' equity	(1)		(1)	15		15
Write-back of reserves for benefits paid by the employer	(7)	(3)	(10)	(11)	(4)	(15)
Reclassifications				(11)	(1)	(12)
Change in scope of consolidation	1	1	2	(1)	(1)	(2)
Changes in exchange rates				2		2
Other						
Year-end amount recognised in contingent liabilities	**343**	**66**	**409**	**324**	**58**	**382**

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

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

In millions of euros	31.12.2011	31.12.2010
Cost of past services	(14)	(25)
Benefits paid by the employer	(15)	(23)
Interest on actuarial debt	(22)	(23)
Return expected from hedging assets	13	13
Sorie Option	(1)	15
Plan changes	14	(16)
Effects of exchange rate changes	(1)	(2)
Other		
Annual retirement expense	**(26)**	**(61)**

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

In millions of euros	31.12.2011	31.12.2010
Equities	166	128
Bonds	54	80
General euro funds	10	6
Other	16	6
Year-end fair value of assets	**246**	**220**

NOTE 23.5 - PRINCIPAL ACTUARIAL ASSUMPTIONS

In millions of euros	31.12.2011				31.12.2010			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	328	283	43	654	296	261	46	603
Fair value of hedging assets	9	234	2	245	6	212	2	220
Net actuarial debt	**319**	**49**	**41**	**409**	**290**	**49**	**44**	**383**
Principal actuarial assumptions								
Discount rate	4.25%	4.80%	4.25%		4.50%	5.60%	4.90%	
Yield expected from plan assets	2.00%	6.14%	2.00%		2.00%	6.58%	2.00%	
Expected salary/pension increase	2.42%	3.00%	4.35%		2.44%	3.40%	6.06%	
Staff turnover								
- 18 to 34 years old	4.30%	NA	NS		4.36%	NA	NS	
- 35 to 44 years old	2.90%	NA	NS		2.81%	NA	NS	
- 45 to 54 years old	1.20%	NA	NS		1.16%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

Only staff turnover in respect of France is material in the context of the consolidated financial statements.

As in 2010, the discount rate used at 31 December 2011 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to a 50 basis point increase in this discount rate is -4.9% on the gross actuarial debt total for France, and -10% for the United Kingdom.

Sensitivity of the amount of social commitments related to health insurance plans, as at 31 December 2011, the actuarial debt related to health insurance plans amounted to €9.9 million. The sensitivity of this debt to a 50 basis point increase in the discount rate is – 4.25%.

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	31.12.2011	31.12.2010
Salaries	(1,376)	(1,338)
Social security expenses	(610)	(581)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(26)	(61)
Anniversary days and employee awards	(10)	(6)
Other personnel benefits	(58)	(56)
Annual salary expenses	**(2,080)**	**(2,042)**

NOTE 24 - FINANCIAL DEBT

NOTE 24.1 - FINANCIAL DEBT – BY MATURITY

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Subordinated debt			1,245	1,245			1,245	1,245
of which subordinated debt of insurance companies			1,245	1,245			1,245	1,245
of which subordinated debt of banking companies								
Financial debt represented by securities					1		154	155
Financial debt with banking-sector companies	825	14	78	917	223	835	384	1,442
Total financial debt	**825**	**14**	**1,323**	**2,162**	**223**	**835**	**1,783**	**2,842**

The Group's external debt fell by nearly €680 million due primarily to the loss of exclusive control in Silic, which carried the financing debt of its own activity.

Financial debt represented by securities fell by €155 million. This decrease stems from the change of consolidation method for SILIC following the loss of control over that company. It concerned bonds issued by this structure.

The financing debts to the banking sector also posted a net decrease of €525 million. This decrease stems from two contradictory effects:

- in positive flow, withdrawal by Groupama SA of part of the syndicated credit (+€601 million)
- and in negative flow, a change of consolidation method of SILIC following the loss of control over that company (- €1,115 million) (which leads to deconsolidating the senior debt recognised for its own development).

NOTE 24.2 - FINANCIAL DEBT - BY CURRENCY AND RATE

In millions of euros	31.12.2011			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities				
Financial debt with banking-sector companies	898	18	903	13
Total	**2,143**	**18**	**2,148**	**13**

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

➢ a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €495 million.
- This bond includes a clause that allows the issuer to redeem the bond as early as from the tenth year.
- Groupama SA has the option of deferring interest payments in the event that the hedging of the group's solvency ratio is lower than 150%.

  At 31 December 2011, this issue was quoted at 35% compared to 77% at 31 December 2010. This quotation is the result of a counterparty valuation 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 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.
- Groupama SA has the option of deferring interest payments in the event that the hedging of the group's solvency ratio is lower than 100%.

  At 31 December 2011, this issue was quoted at 49% compared to 98% at 31 December 2010.

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

The item "financing debts owed to banking sector companies" primarily correspond to the use of a syndicated loan for an amount of €801 million versus €201 million as of 31 December 2010.

NOTE 25 – LIABILITIES RELATED TO INSURANCE POLICIES

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

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	28,451	1,921	30,372	27,142	1,960	29,102
Outstanding claims reserves	1,089	89	1,178	506	103	609
Profit-sharing reserves	427	17	443	429	18	447
Other technical reserves	22	29	51	22	10	32
Total Life Insurance	**29,990**	**2,055**	**32,045**	**28,099**	**2,090**	**30,190**
Reserves for unearned premiums	1,105	1,385	2,490	1,035	1,395	2,431
Outstanding claims reserves	9,313	2,979	12,291	9,480	3,123	12,603
Other technical reserves	2,970	83	3,054	3,203	89	3,292
Total Non-life Insurance	**13,388**	**4,448**	**17,836**	**13,718**	**4,608**	**18,325**
Life Insurance reserves for unit-linked policies	2,882	814	3,696	2,948	792	3,740
Total gross technical reserves relating to insurance policies	**46,259**	**7,317**	**53,576**	**44,765**	**7,490**	**52,255**

The technical liabilities of insurance policies are up over 31 December 2010. The increase of €1,321 million primarily concerns life technical provisions (€1,855 million), of which €1,891 million in France. Non-life technical reserves fell by €489 million and unit-linked reserves by €44 million.

The major changes concern the life insurance reserves of the "individual savings" segment (+€622 million) stemming primarily from the incorporation of the profit-sharing attributed to policyholders under the life and savings business as well as the "individual retirement" segment (+€274 million) of the Groupama Gan Vie entity.

The adequacy tests carried out on liabilities as at 31 December 2011 were found to be satisfactory and did not result in the recognition of any additional technical expense.

Regarding the actuarial reserves for non-life annuities in France, the Group had measured in addition to regulations, the extension of life span. The new statistical references published in 2011 were used for a change of estimate on this point. This led to the recognition of a net income of €216 million on the portfolio (before corporate income tax effect).

NOTE 25.2 - TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS LINE

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

In millions of euros	31.12.2011			31.12.2010		
	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	28,451		28,451	27,142		27,142
Outstanding claims reserves	1,089		1,089	506		506
Profit-sharing reserves	427		427	429		429
Other technical reserves	22		22	22		22
Total Life Insurance	**29,989**		**29,989**	**28,099**		**28,099**
Reserves for unearned premiums	120	985	1,105	116	919	1,035
Outstanding claims reserves	852	8,461	9,313	789	8,690	9,479
Other technical reserves	2,280	690	2,970	2,253	949	3,202
Total Non-life Insurance	**3,252**	**10,136**	**13,388**	**3,158**	**10,558**	**13,716**
Life Insurance reserves for unit-linked policies	2,882		2,882	2,948		2,948
Total gross technical reserves relating to insurance policies	**36,123**	**10,136**	**46,259**	**34,205**	**10,558**	**44,763**

NOTE 25.2.2 - TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011			31.12.2010		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	1,921		1,921	1,960		1,960
Outstanding claims reserves	89		89	103		103
Profit-sharing reserves	16		16	18		18
Other technical reserves	29		29	10		10
Total Life Insurance	**2,055**		**2,055**	**2,091**		**2,091**
Reserves for unearned premiums	105	1,280	1,385	113	1,283	1,396
Outstanding claims reserves	143	2,836	2,979	122	3,001	3,123
Other technical reserves	9	74	83	10	79	89
Total Non-life Insurance	**257**	**4,190**	**4,447**	**245**	**4,363**	**4,608**
Life Insurance reserves for unit-linked policies	814		814	792		792
Total gross technical reserves relating to insurance policies	**3,126**	**4,190**	**7,316**	**3,128**	**4,363**	**7,491**

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

In millions of euros	31.12.2011			31.12.2010		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	160	2	162	144	2	146
Individual insurance	10,061	698	10,759	9,048	112	9,160
Group policies	214	7	222	245	10	255
Other	2,132	22	2,154	2,067	22	2,089
Total reserves for single-premium policies	**12,566**	**730**	**13,296**	**11,504**	**145**	**11,649**
Periodic-premium contracts						
Capitalisation	457	22	479	447	5	451
Individual insurance	7,098	125	7,222	7,069	193	7,261
Group policies	7,404	266	7,670	7,246	236	7,483
Other	643	3	645	630	9	639
Total reserves for periodic premium policies	**15,601**	**416**	**16,017**	**15,392**	**443**	**15,834**
Inward reinsurance	**2,204**	**33**	**2,237**	**2,206**	**22**	**2,228**
Total Life Insurance reserves	**30,372**	**1,178**	**31,550**	**29,102**	**609**	**29,711**

In millions of euros	31.12.2011			31.12.2010		
	Gross reserve for unearned premiums	Gross outstanding claims reserves	Total	Gross reserve for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor Insurance	1,117	4,870	5,987	1,103	4,874	5,977
Bodily injury	245	1,145	1,390	250	1,083	1,333
Property damage	774	2,595	3,369	730	2,773	3,503
General third party liability	87	1,031	1,118	86	1,086	1,172
Marine, aviation, transport	12	536	548	12	570	582
Other	247	1,764	2,011	237	1,818	2,055
Inward reinsurance	**9**	**351**	**360**	**12**	**399**	**411**
Total Non-Life Insurance reserves	**2,491**	**12,292**	**14,783**	**2,430**	**12,603**	**15,033**

NOTE 25.4 - CHANGE IN NON-LIFE OUTSTANDING CLAIMS RESERVES

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**9,480**	**3,123**	**12,603**	**9,448**	**3,178**	**12,626**
Transfers in portfolio / changes in scope of consolidation	**6**		**6**			
Claims expense for the current year	6,356	2,407	8,763	6,614	2,580	9,194
Claims expense for prior years	(458)	(94)	(552)	(554)	(186)	(740)
Total claims expense	**5,898**	**2,314**	**8,212**	**6,060**	**2,394**	**8,453**
Claims payments for the current year	(3,085)	(1,265)	(4,350)	(3,209)	(1,344)	(4,553)
Claims payments for prior years	(2,986)	(1,171)	(4,157)	(2,822)	(1,121)	(3,943)
Total payments	**(6,071)**	**(2,436)**	**(8,507)**	**(6,031)**	**(2,466)**	**(8,496)**
Changes in exchange rate		**(22)**	**(22)**	**3**	**19**	**22**
Total reserves for Non-Life claims at year end	**9,313**	**2,979**	**12,292**	**9,480**	**3,123**	**12,603**

NOTE 25.5 - IMPACT OF GROSS CLAIMS

In millions of euros	2007	2008	2009	2010	2011
Estimate of the claims expense					
At end of N	7,287	7,839	8,845	9,137	8,756
At end of N+1	7,229	7,802	8,655	9,221	
At end of N+2	7,032	7,588	8,494		
At end of N+3	6,885	7,511			
At end of N+4	6,794				
At end of N+5					
Claims expense	**6,794**	**7,511**	**8,494**	**9,221**	**8,756**
Cumulative claims payments	**6,175**	**6,592**	**7,344**	**7,229**	**4,342**
Outstanding claims reserves	**619**	**919**	**1,150**	**1,992**	**4,414**
Earned premiums	**9,428**	**10,384**	**10,999**	**11,543**	**11,853**
CLAIMS AND RESERVES/EARNED PREMIUM	**72.1%**	**72.3%**	**77.2%**	**79.9%**	**73.9%**

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2007 to 2011, 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.

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

GROSS AMOUNT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**2,060**	**28**	**2,088**	**2,188**	**27**	**2,215**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,045	28	2,073	2,155	27	2,181
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,660	35	2,695	2,925	34	2,959
Technical interest	(615)	(7)	(622)	(770)	(7)	(777)
Impact of change in discount rate	16		16	34		34

PROPORTION CEDED

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**99**	**12**	**111**	**93**	**11**	**104**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	98	12	110	89	11	100
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	129	18	147	117	17	135
Technical interest	(31)	(6)	(37)	(28)	(7)	(35)
Impact of change in discount rate	1		1	4		4

NOTE 26 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	31.12.2011	31.12.2010
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	21,844	22,184
Reserves on unit-linked policies	104	158
Outstanding claims reserves	84	259
Profit-sharing reserves	40	449
Other technical reserves		
Total	**22,072**	**23,050**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	7	6
Reserves on unit-linked policies	69	116
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**76**	**122**
Total liabilities related to financial contracts	**22,148**	**23,172**

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

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Life financial contract reserves	20,557	1,294	21,851	20,846	1,345	22,191
Outstanding claims reserves	55	28	84	249	10	259
Profit sharing reserves	37	2	40	446	2	449
Other technical reserves						
Total gross technical reserves	**20,649**	**1,325**	**21,974**	**21,541**	**1,357**	**22,899**

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

In millions of euros	31.12.2011			31.12.2010		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	786	41	828	1,109	34	1,143
Individual insurance	19,699	32	19,730	19,806	190	19,996
Group policies	78		78	57		57
Other						
Total reserves for single-premium policies	**20,563**	**73**	**20,636**	**20,971**	**225**	**21,196**
Periodic-premium contracts						
Capitalisation	190	2	192	217	8	225
Individual insurance	646	5	651	571	22	593
Group policies	442	5	447	428	2	430
Other	9		9	3	2	5
Total reserves for periodic premium policies	**1,288**	**11**	**1,299**	**1,219**	**34**	**1,253**
Inward reinsurance		(1)	(1)			
Total Life Insurance reserves	**21,851**	**84**	**21,935**	**22,190**	**259**	**22,449**

Note 27 - Change in actuarial reserves for life insurance policies and financial contracts by operating segment

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Opening actuarial reserves	**47,988**	**3,304**	**51,292**	**44,667**	**3,258**	**47,925**
Premiums for the year	3,170	437	3,608	4,169	547	4,717
Portfolio transfer/changes in scope of consolidation						
Interest credited	340	93	433	373	99	472
Profit-sharing	1,147	14	1,160	1,699	14	1,714
Policies at term	(296)	(208)	(504)	(282)	(277)	(558)
Redemptions	(2,272)	(369)	(2,641)	(1,582)	(244)	(1,826)
Annuity arrears	(473)	(6)	(480)	(456)	(7)	(463)
Death benefits	(611)	(20)	(631)	(540)	(21)	(562)
Other changes	15	(30)	(15)	(60)	(66)	(126)
Total year-end actuarial reserves	**49,008**	**3,215**	**52,223**	**47,988**	**3,304**	**51,292**

Note 28 – Debts to unit holders of consolidated mutual funds

In millions of euros	31.12.2011			31.12.2010		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	476		476	470		470
Total	**476**		**476**	**470**		**470**

Note 29 – Liabilities from insurance or inward reinsurance activities

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Policyholders, intermediaries and other third parties	795	4		799	802	4		806
Co-insurers	99	10		109	94	10		104
Current accounts of ceding and retroceding companies	45	3		48	43	6		49
Total	**939**	**16**		**955**	**939**	**19**		**958**

NOTE 30 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionnaire current accounts (1)	225	22		248	226	41	1	268
Other liabilities from reinsurance activities	82	6		88	82	7		89
Total	**307**	**28**		**335**	**308**	**48**	**1**	**357**

(1) including deposits received from reinsurers

NOTE 31 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	319	2		321	354	3		356
Total	**319**	**2**		**321**	**354**	**3**		**356**

NOTE 32 – OTHER LIABILITIES

NOTE 32.1 - OTHER DEBT - BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Personnel creditors	297	8	305	285	7	291
Social security agencies	221	12	233	203	11	214
Other loans, deposits and guarantees received	3,857	20	3,877	6,006	79	6,084
Miscellaneous creditors	1,263	128	1,391	631	108	739
Other debt	225	57	282	330	46	375
Total	**5,863**	**226**	**6,088**	**7,454**	**251**	**7,704**

The "Other loans, deposits and guarantees received" line item amounted to €3,877 million at 31 December 2011 versus €6,084 million at 31 December 2010, an increase of €2,208 million. This line item contracted as at 31 December 2011 and stems, primarily from the debt for the bond repurchase agreement, which amounted to €3,772 million as of 31 December 2011 versus €5,879 million as of 31 December 2010, or a decrease of €2,106 million of which €1,613 million for Groupama Gan Vie, €281 million for Gan Eurocourtage and €203 million for Gan Assurances (non renewal of securities repurchase agreements).

The "Other loans" line item amounted to €1,391 million at 31 December 2011 versus €739 million at 31 December 2010, an increase of €652 million. This increase primarily stems from the cash of consolidated UCITS funds held by Groupama Gan Vie for €435 million.

NOTE 32.2 - OTHER LIABILITIES - BY MATURITY

In millions of euros	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Personnel creditors	291		14	305	278		13	291
Social security agencies	233			233	214			214
Other loans, deposits and guarantees received	3,786	20	71	3,877	5,959	54	71	6,084
Miscellaneous creditors	1,373	8	11	1,391	716	14	9	739
Other debt	282			282	375			375
Total	**5,965**	**28**	**96**	**6,088**	**7,542**	**68**	**94**	**7,704**

NOTE 32.3 - OTHER LIABILITIES - BY CURRENCY AND RATE

In millions of euros	31.12.2011			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Personnel creditors	302	3	305	
Social security agencies	227	6	231	1
Other loans, deposits and guarantees received	3,876		3,843	34
Miscellaneous creditors	1,247	144	1,299	92
Other debt	282		282	
Total	**5,935**	**153**	**5,961**	**127**

NOTE 33 - ANALYSIS OF PREMIUM INCOME

NOTE 33.1 - ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Individual retirement savings	3,183	558	3,741	3,877	647	4,525
Individual protection insurance	597	138	735	595	123	718
Individual health insurance	1,273	131	1,404	1,268	126	1,395
Other	145		145	148		148
Individual life and health insurance	**5,197**	**826**	**6,023**	**5,888**	**896**	**6,785**
Group retirement savings	242	63	305	251	85	337
Group protection scheme	557	105	662	481	99	580
Group health	509	98	607	492	94	586
Other	277		277	293		293
Group life and health insurance	**1,585**	**266**	**1,851**	**1,518**	**278**	**1,796**
Life and health insurance	**6,782**	**1,092**	**7,874**	**7,407**	**1,175**	**8,581**
Motor Insurance	1,550	1,852	3,402	1,462	1,853	3,315
Other vehicles	126		126	122		122
Home insurance	887	437	1,324	834	421	1,255
Retail and professional property and casualty	459	39	498	435	37	472
Construction	220		220	218		218
Private and professional	**3,242**	**2,329**	**5,571**	**3,071**	**2,311**	**5,382**
Fleets	441	101	542	421	114	535
Business and local authorities property	713	405	1,118	700	410	1,110
Businesses and local authorities	**1,154**	**506**	**1,660**	**1,121**	**524**	**1,645**
Agricultural risks	449	125	574	441	102	543
Climate risks	224		224	168		168
Tractors and agricultural equipment	213		213	204		204
Agricultural business segments	**886**	**125**	**1,011**	**813**	**102**	**915**
Other business segments	716	139	855	697	136	833
Property and casualty insurance	**5,998**	**3,099**	**9,097**	**5,702**	**3,073**	**8,775**
Total	**12,780**	**4,191**	**16,971**	**13,109**	**4,248**	**17,356**

NOTE 33.2 - ANALYSIS OF PREMIUM INCOME BY BUSINESS LINE

In millions of euros	31.12.2011					31.12.2010				
	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %
France	6,782	5,998	269	13,049	76%	7,406	5,702	277	13,385	76%
Southeastern Europe	542	1,596		2,138	12%	587	1,486		2,073	12%
Southwestern Europe	269	743		1,012	6%	302	778		1,080	6%
Central and Eastern European Countries (CEEC)	204	311		515	3%	203	342		546	3%
United Kingdom	77	448		525	3%	82	467		549	3%
Total	**7,874**	**9,097**	**269**	**17,240**	**100%**	**8,581**	**8,775**	**277**	**17,632**	**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 combined premium income for France is down, dragged by the effect of the contraction booked for life and health insurance due to the economic context. Property and casualty insurance posted a sharp increase.

The increase in International premium income was driven by Southeastern Europe.

NOTE 33.3 - ANALYSIS OF BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME

In millions of euros	31.12.2011			31.12.2010		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	25		25	36		36
Commissions (income)	64	139	203	70	151	221
Gains on financial instruments at fair value through income	28	1	28	16		16
Gains on available-for-sale financial assets	6	1	7	1		1
Income from other activities	(0)	5	5		3	3
Banking activities included in premium income	**123**	**146**	**269**	**123**	**154**	**277**

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

NOTE 34 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 34.1 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Income from investments	**2,737**	**406**	**3,143**	**2,783**	**417**	**3,200**
Interest on deposits and financial investments income	2,319	373	2,692	2,133	395	2,527
Gains on foreign exchange transactions	30	21	51	34	13	47
Income from differences on redemption prices to be received (premium-discount)	159	5	164	177	5	182
Revenues from property	229	8	237	439	4	442
Other investment proceeds						
Investment expenses	**(593)**	**(57)**	**(651)**	**(733)**	**(54)**	**(787)**
Interest received from reinsurers	(2)	(2)	(4)	(1)	(2)	(3)
Losses on foreign exchange transactions	(15)	(15)	(30)	(97)	(14)	(110)
Amortisation of differences in redemption prices (premium-discount)	(112)	(22)	(134)	(101)	(20)	(121)
Depreciation and provisions on real estate	(60)	(2)	(62)	(115)	(2)	(116)
Management expenses	(404)	(17)	(421)	(419)	(18)	(437)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**271**	**50**	**321**	**645**	**64**	**709**
Held for trading	104	5	110	17	9	26
Available for sale	(41)	24	(18)	446	36	482
Held to maturity						
Other	208	21	229	183	19	202
Change in fair value of financial instruments recognised at fair value by result	**(429)**	**(10)**	**(439)**	**153**	**(12)**	**141**
Held for trading	(76)	(7)	(82)	65	(9)	57
Derivatives	(190)	1	(189)	(56)	(2)	(58)
Adjustments on unit-linked policies	(164)	(4)	(167)	144	(1)	142
Change in impairment losses on financial instruments	**(3,834)**	**(361)**	**(4,195)**	**(181)**	**(6)**	**(187)**
Available for sale	(3,834)	(361)	(4,195)	(183)	(6)	(189)
Held to maturity						
Receivables and loans			(1)	1		1
Total investment income net of management expenses	**(1,849)**	**28**	**(1,821)**	**2,668**	**408**	**3,076**

NOTE 34.2 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS LINE

NOTE 34.2.1 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011				31.12.2010			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from investments	**381**	**2,351**	**4**	**2,737**	**576**	**2,199**	**8**	**2,783**
Interest on deposits and financial investments income	290	2,025	4	2,319	285	1,842	5	2,133
Gains on foreign exchange transactions	14	16		30	24	7	3	34
Income from differences on redemption prices to be received (premium-discount)	6	152		159	7	171		177
Revenues from property	71	158		229	260	179		439
Other investment proceeds								
Investment expenses	**(118)**	**(478)**	**2**	**(594)**	**(241)**	**(502)**	**11**	**(733)**
Interest received from reinsurers	(2)			(2)	(1)	(1)		(1)
Losses on foreign exchange transactions	(12)	(3)		(15)	(25)	(70)	(2)	(97)
Amortisation of differences in redemption prices (premium-discount)	(13)	(99)		(112)	(13)	(88)		(101)
Depreciation and provisions on real estate	(29)	(32)		(61)	(72)	(43)		(115)
Management expenses	(62)	(344)	2	(404)	(131)	(300)	12	(419)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**152**	**117**	**2**	**271**	**163**	**482**		**645**
Held for trading	12	91	2	104	7	10		17
Available for sale	104	(145)	1	(41)	69	377		446
Held to maturity								
Other	36	171		208	87	96		183
Change in fair value of financial instruments recognised at fair value by result	**(29)**	**(422)**	**22**	**(429)**	**22**	**162**	**(30)**	**153**
Held for trading	(28)	(69)	22	(76)	21	76	(32)	65
Derivatives		(190)		(190)		(58)	2	(56)
Adjustments on unit-linked policies		(164)		(164)		144		144
Change in impairment losses on financial instruments	**(573)**	**(3,261)**		**(3,834)**	**(33)**	**(149)**		**(181)**
Available for sale	(573)	(3,261)		(3,834)	(33)	(150)		(183)
Held to maturity								
Receivables and loans						1		1
Total investment income net of management expenses	**(186)**	**(1,692)**	**30**	**(1,849)**	**486**	**2,193**	**(11)**	**2,668**

NOTE 34.2.2 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011				31.12.2010			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Income from investments	**190**	**212**	**4**	**406**	**193**	**219**	**5**	**417**
Interest on deposits and financial investments income	163	206	4	373	176	214	5	395
Gains on foreign exchange transactions	19	1		21	12	1		13
Income from differences on redemption prices to be received (premium-discount)	2	4		5	2	3		5
Revenues from property	6	1		8	2	1		4
Other investment proceeds								
Investment expenses	**(41)**	**(16)**	**(1)**	**(57)**	**(35)**	**(18)**	**(1)**	**(54)**
Interest received from reinsurers	(1)	(1)		(2)		(1)		(2)
Losses on foreign exchange transactions	(14)	(1)		(15)	(12)	(1)		(14)
Amortisation of differences in redemption prices (premium-discount)	(14)	(8)		(22)	(12)	(8)		(20)
Depreciation and provisions on real estate	(1)			(2)	(1)			(2)
Management expenses	(10)	(6)	(1)	(17)	(9)	(8)	(1)	(18)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**27**	**23**		**50**	**49**	**15**		**64**
Held for trading	1	5		5	7	3		9
Available for sale	13	10		24	27	9		36
Held to maturity								
Other	13	8		21	15	4		19
Change in fair value of financial instruments recognised at fair value by result	**(4)**	**(5)**		**(10)**	**(4)**	**(8)**		**(12)**
Held for trading	(4)	(2)		(7)	(4)	(4)		(9)
Derivatives		1		1		(2)		(2)
Adjustments on unit-linked policies		(4)		(4)		(1)		(1)
Change in impairment losses on financial instruments	**(140)**	**(221)**		**(361)**	**(3)**	**(3)**		**(6)**
Available for sale	(140)	(221)		(361)	(3)	(3)		(6)
Held to maturity								
Receivables and loans								
Total investment income net of management expenses	**31**	**(6)**	**3**	**28**	**200**	**205**	**4**	**408**

NOTE 34.3 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

In millions of euros	31.12.2011					31.12.2010				
	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	237	227			464	443	203			646
Equities	256	(543)			(287)	214	91	(6)		299
Bonds	2,406	548	(3)		2,951	2,252	306	(26)		2,532
Equity mutual funds	38	(61)	(4)		(27)	43	53	43		139
Mutual Fund: Cash and cash equivalents (repurchase transactions)		30	2		32		14	3		17
Other cash UCITS		34	3		37		16	3		19
Bond mutual funds	35	34	(82)		(13)	53	16	39		108
Interest on cash deposits	15				15	17				17
Other investment proceeds	157	51	(188)	(4,195)	(4,175)	178	11	(57)	(188)	(56)
Investment proceeds	**3,144**	**320**	**(272)**	**(4,195)**	**(1,003)**	**3,200**	**710**	**(1)**	**(188)**	**3,721**
Internal and external management expenses	(385)				(385)	(388)				(388)
Other investment expenses	(266)				(266)	(399)				(399)
Investment expenses	**(651)**				**(651)**	**(787)**				**(787)**
Investment income, net of expenses	**2,493**	**320**	**(272)**	**(4,195)**	**(1,654)**	**2,413**	**710**	**(1)**	**(188)**	**2,934**
Capital gains on securities representing unit-linked policies			175		175			241		241
Capital losses on securities representing unit-linked policies			(342)		(342)			(99)		(99)
Total investment income net of management expenses	**2,493**	**320**	**(439)**	**(4,195)**	**(1,821)**	**2,413**	**710**	**141**	**(188)**	**3,076**

(*) net of impairment reversals and write-backs

Investment income net of investment expenses fell by €4,897 million. This fall was due mainly to the following:

- The €56 million decrease in investment income, of which a drop of €206 million on property and an increase of €154 million on bonds,
- The decrease in fair value of €580 million, of which a decrease of €309 million was posted on assets representing unit-linked policies, €121 million on bond mutual funds and €131 million on derivative instruments,
- A change of -€4,007 million in impairments primarily related to the Greek sovereign debts and strategic securities,
- The €390 million net decrease in realised capital gains, of which a drop of €634 million on equities and an increase of €242 million on bonds,
- The fall in investment management costs of €136 million.

NOTE 34.3.1 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) - FRANCE

In millions of euros	31.12.2011					31.12.2010				
	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	229	206			435	439	184			623
Equities	245	(546)	1		(300)	203	72	(6)		269
Bonds	2,068	527	(3)		2,592	1,904	285	(19)		2,170
Equity mutual funds	38	(61)	4		(19)	39	50	44		133
Mutual Fund: Cash and cash equivalents (repurchase transactions)		30	2		32		14	3		17
Other cash UCITS		34	3		37		16	3		19
Bond mutual funds	28	31	(82)		(23)	53	12	39		104
Interest on cash deposits	3				3	3				3
Other investment proceeds	126	49	(190)	(3,834)	(3,849)	142	13	(55)	(181)	(81)
Investment proceeds	**2,737**	**270**	**(265)**	**(3,834)**	**(1,092)**	**2,783**	**646**	**9**	**(181)**	**3,257**
Internal and external management expenses	(372)				(372)	(374)				(374)
Other investment expenses	(221)				(221)	(359)				(359)
Investment expenses	**(593)**				**(593)**	**(733)**				**(733)**
Investment income, net of expenses	**2,144**	**270**	**(265)**	**(3,834)**	**(1,685)**	**2,050**	**646**	**9**	**(181)**	**2,524**
Capital gains on securities representing unit-linked policies			138		138			208		208
Capital losses on securities representing unit-linked policies			(302)		(302)			(64)		(64)
Total investment income net of management expenses	**2,144**	**270**	**(429)**	**(3,834)**	**(1,849)**	**2,050**	**646**	**153**	**(181)**	**2,668**

(*) net of impairment reversals and write-backs

NOTE 34.3.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

In millions of euros	31.12.2011					31.12.2010				
	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	8	21			29	4	19			23
Equities	11	3	(1)		13	11	18			29
Bonds	338	21			359	348	22	(7)		363
Equity mutual funds			(8)		(8)	4	3	(1)		6
Mutual Fund: Cash and cash equivalents (repurchase transactions)										0
Other cash UCITS										0
Bond mutual funds	7	3			10		4			4
Interest on cash deposits	12				12	14				14
Other investment proceeds	31	2	2	(361)	(326)	36	(2)	(2)	(6)	26
Investment proceeds	**407**	**50**	**(7)**	**(361)**	**89**	**417**	**64**	**(10)**	**(6)**	**465**
Internal and external management expenses	(13)				(13)	(15)				(15)
Other investment expenses	(45)				(45)	(40)				(40)
Investment expenses	**(58)**				**(58)**	**(55)**				**(55)**
Investment income, net of expenses	**349**	**50**	**(7)**	**(361)**	**31**	**362**	**64**	**(10)**	**(6)**	**410**
Capital gains on securities representing unit-linked policies			37		37			34		34
Capital losses on securities representing unit-linked policies			(40)		(40)			(35)		(35)
Total investment income net of management expenses	**349**	**50**	**(10)**	**(361)**	**28**	**362**	**64**	**(11)**	**(6)**	**409**

(*) net of impairment reversals and write-backs

NOTE 35 - INSURANCE POLICY SERVICING EXPENSES

NOTE 35.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,980)	(3,249)	(13,229)	(9,368)	(3,211)	(12,579)
Change in technical reserves						
Outstanding claims reserves	(289)	147	(142)	(155)	114	(41)
Actuarial reserves	499	218	718	(1,248)	93	(1,155)
Unit-linked reserves	97	(5)	92	(7)	(47)	(54)
Profit-sharing	508	(115)	393	(1,427)	(145)	(1,572)
Other technical reserves	128	(5)	123	(53)	39	(14)
Total insurance policy benefits paid out	**(9,037)**	**(3,007)**	**(12,044)**	**(12,258)**	**(3,157)**	**(15,415)**

Insurance policy servicing expenses totalled €12,044 million as at 31 December 2011, down from €15,415 million as at 31 December 2010, i.e., a decline of €3,371 million.
This decline primarily concerns actuarial reserves and the profit-sharing of the French entities.

NOTE 35.2 - INSURANCE POLICY SERVICING EXPENSES BY BUSINESS LINE

NOTE 35.2.1 - INSURANCE POLICY SERVICING EXPENSES BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(4,071)	(5,910)	(9,980)	(4,138)	(5,230)	(9,369)
Change in technical reserves						
Outstanding claims reserves	153	(442)	(289)	(49)	(107)	(156)
Actuarial reserves		499	499		(1,248)	(1,248)
Unit-linked reserves		97	97		(7)	(7)
Profit-sharing	(1)	509	508	(8)	(1,419)	(1,426)
Other technical reserves	114	15	128	(54)	1	(53)
Total insurance policy benefits paid out	**(3,805)**	**(5,233)**	**(9,038)**	**(4,249)**	**(8,009)**	**(12,258)**

NOTE 35.2.2 - INSURANCE POLICY SERVICING EXPENSES BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(2,153)	(1,094)	(3,247)	(2,206)	(1,007)	(3,213)
Change in technical reserves						
Outstanding claims reserves	185	(38)	147	115	(1)	114
Actuarial reserves		218	218		93	93
Unit-linked reserves		(5)	(5)		(47)	(47)
Profit-sharing		(115)	(115)		(143)	(143)
Other technical reserves		(5)	(5)	8	31	39
Total insurance policy benefits paid out	**(1,968)**	**(1,038)**	**(3,006)**	**(2,083)**	**(1,075)**	**(3,157)**

NOTE 36 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

NOTE 36.1 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE - BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	48	28	76	35	19	54
Claims charges	94	56	150	180	25	204
Change in technical reserves	3	(3)	0	(2)	(4)	(6)
Profit sharing	(1)	2	1	(6)	2	(4)
Change in the equalisation reserve	1		1			
Income from outward reinsurance	**145**	**83**	**229**	**206**	**42**	**248**
Outward premiums	(531)	(167)	(698)	(518)	(115)	(633)
Change in unearned premiums		(3)	(3)		(13)	(12)
Expenses on outward reinsurance	**(531)**	**(169)**	**(701)**	**(518)**	**(128)**	**(646)**
Income and expenses net of outward reinsurance	**(386)**	**(86)**	**(472)**	**(312)**	**(86)**	**(398)**

NOTE 36.2 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS LINE

NOTE 36.2.1 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	40	9	48	27	8	35
Claims charges	72	22	94	155	25	180
Change in technical reserves	2	1	3	7	(9)	(2)
Profit sharing		(1)	(1)		(6)	(6)
Change in the equalisation reserve		1	1			
Income from outward reinsurance	**114**	**32**	**145**	**189**	**17**	**206**
Outward premiums	(496)	(35)	(531)	(487)	(31)	(518)
Change in unearned premiums	(1)	1	0	(1)	1	0
Expenses on outward reinsurance	**(498)**	**(34)**	**(531)**	**(488)**	**(30)**	**(518)**
Income and expenses net of outward reinsurance	**(384)**	**(2)**	**(386)**	**(299)**	**(13)**	**(312)**

NOTE 36.2.2 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative expenses	19	9	28	16	3	19
Claims charges	14	42	56	15	9	25
Change in technical reserves	(1)	(2)	(3)	(2)	(2)	(4)
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**31**	**52**	**83**	**28**	**13**	**42**
Outward premiums	(123)	(44)	(167)	(99)	(16)	(115)
Change in unearned premiums	(3)		(3)	(12)	(1)	(13)
Expenses on outward reinsurance	**(126)**	**(44)**	**(169)**	**(110)**	**(18)**	**(128)**
Income and expenses net of outward reinsurance	**(95)**	**9**	**(86)**	**(82)**	**(4)**	**(86)**

NOTE 37 - OPERATING EXPENSES

NOTE 37.1 - OPERATING EXPENSES - BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
External expenses	(1,011)	(181)	(1,193)	(1,044)	(182)	(1,226)
Taxes	(248)	(15)	(262)	(361)	(17)	(378)
Personnel expenses	(1,740)	(306)	(2,046)	(1,673)	(306)	(1,978)
Commissions	(787)	(689)	(1,477)	(698)	(673)	(1,371)
Amortisation and provisions (net of write-backs)	(207)	(19)	(225)	(195)	(21)	(216)
Other expenses	(137)	(97)	(234)	(118)	(93)	(210)
Total operating expenses by type	**(4,131)**	**(1,307)**	**(5,437)**	**(4,089)**	**(1,291)**	**(5,380)**
Personnel expenses directly posted to paid services and costs	(31)		(31)	(32)		(32)
Claims management expenses	(477)	(103)	(581)	(466)	(102)	(568)
Acquisition costs	(1,728)	(748)	(2,476)	(1,648)	(736)	(2,384)
Administrative costs	(660)	(255)	(916)	(630)	(271)	(901)
Other underwriting expenses	(666)	(148)	(814)	(728)	(146)	(874)
Investment management expenses	(104)	(8)	(112)	(144)	(8)	(152)
Other non-operating expenses	(237)	(44)	(281)	(225)	(28)	(253)
Banking operating expenses	(225)		(225)	(217)		(217)
Total operating expenses by function	**(4,131)**	**(1,307)**	**(5,437)**	**(4,089)**	**(1,291)**	**(5,380)**

Note 37.2 - Operating expenses - by business line

In millions of euros	31.12.2011			31.12.2010		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(1,119)	(72)	(1,193)	(1,153)	(73)	(1,226)
Taxes	(255)	(8)	(262)	(370)	(8)	(378)
Personnel expenses	(1,921)	(125)	(2,046)	(1,857)	(121)	(1,978)
Commissions	(1,477)		(1,477)	(1,371)		(1,371)
Amortisation and provisions (net of write-backs)	(219)	(7)	(225)	(208)	(8)	(216)
Other expenses	(208)	(26)	(234)	(186)	(24)	(210)
Total operating expenses by type	**(5,198)**	**(239)**	**(5,437)**	**(5,146)**	**(234)**	**(5,380)**
Personnel expenses directly posted to paid services and costs	(31)		(31)	(32)		(32)
Claims management expenses	(581)		(581)	(568)		(568)
Acquisition costs	(2,476)		(2,476)	(2,384)		(2,384)
Administrative costs	(916)		(916)	(901)		(901)
Other underwriting expenses	(814)		(814)	(874)		(874)
Investment management expenses	(112)		(112)	(152)		(152)
Other non-operating expenses	(267)	(14)	(281)	(236)	(17)	(253)
Banking operating expenses		(225)	(225)		(217)	(217)
Total operating expenses by function	**(5,198)**	**(239)**	**(5,437)**	**(5,146)**	**(234)**	**(5,380)**

NOTE 38 - POLICY ACQUISITION COSTS

NOTE 38.1 - POLICY ACQUISITION COSTS BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions	(521)	(569)	(1,090)	(474)	(575)	(1,050)
Change in deferred acquisition costs	(4)	(5)	(9)	(26)	(5)	(31)
Other expenses	(1,207)	(179)	(1,386)	(1,174)	(160)	(1,334)
Total acquisition costs	**(1,731)**	**(753)**	**(2,485)**	**(1,674)**	**(741)**	**(2,415)**

NOTE 38.2 - POLICY ACQUISITION COSTS BY BUSINESS LINE

NOTE 38.2.1 - POLICY ACQUISITION COSTS BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(383)	(138)	(521)	(349)	(126)	(474)
Change in deferred acquisition costs	17	(21)	(4)	(3)	(23)	(26)
Other expenses	(683)	(523)	(1,207)	(646)	(528)	(1,174)
Total acquisition costs	**(1,049)**	**(682)**	**(1,731)**	**(998)**	**(676)**	**(1,674)**

NOTE 38.2.2 - POLICY ACQUISITION COSTS BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(471)	(98)	(569)	(475)	(100)	(575)
Change in deferred acquisition costs	(3)	(2)	(5)	(7)	2	(5)
Other expenses	(142)	(37)	(179)	(124)	(37)	(160)
Total acquisition costs	**(616)**	**(137)**	**(753)**	**(606)**	**(135)**	**(741)**

NOTE 39 - ADMINISTRATIVE EXPENSES

NOTE 39.1 - ADMINISTRATIVE EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions	(172)	(67)	(238)	(174)	(61)	(235)
Other expenses	(489)	(189)	(677)	(456)	(210)	(666)
Total administrative costs	**(660)**	**(255)**	**(916)**	**(630)**	**(271)**	**(901)**

NOTE 39.2 - ADMINISTRATIVE EXPENSES BY BUSINESS LINE

NOTE 39.2.1 - ADMINISTRATIVE EXPENSES BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(108)	(64)	(172)	(97)	(78)	(174)
Other expenses	(232)	(257)	(489)	(197)	(259)	(456)
Total administrative costs	**(340)**	**(321)**	**(660)**	**(294)**	**(336)**	**(630)**

NOTE 39.2.2 - ADMINISTRATIVE EXPENSES BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011			31.12.2010		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(53)	(14)	(67)	(48)	(13)	(61)
Other expenses	(131)	(57)	(189)	(148)	(62)	(210)
Total administrative costs	**(184)**	**(71)**	**(255)**	**(196)**	**(75)**	**(271)**

NOTE 40 - OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

NOTE 40.1 - OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(216)	(14)	(230)	(233)	(14)	(247)
Employee profit-sharing, Life	(1)		(1)	(1)		(1)
Other operating income, Life	24	11	36	17	11	29
Transfer of operating expenses and capitalised production, Life	21		21	18		18
Total income and expenses from current operations, Life	**(170)**	**(3)**	**(173)**	**(199)**	**(3)**	**(201)**
Non-Life commissions and other operating expenses	(362)	(132)	(494)	(420)	(128)	(547)
Employee profit-sharing, Non-Life	(6)	(1)	(7)	(7)	(1)	(8)
Other Non-Life operating income	38	72	110	34	75	108
Transfer of Non-Life operating expenses and capitalised production	50		50	41		41
Total income and expenses from current operations, Non-Life	**(281)**	**(61)**	**(341)**	**(352)**	**(54)**	**(406)**
Other non-operating expenses	(264)	(43)	(307)	(257)	(28)	(285)
Other non-operating income	32	27	59	26	33	59
Total income and expenses from current operations, Non-Technical	**(232)**	**(16)**	**(248)**	**(230)**	**5**	**(226)**
Total income and expenses from current operations, Banking						
Total other current operating income and expenses	**(683)**	**(80)**	**(763)**	**(782)**	**(52)**	**(834)**

NOTE 40.2 - OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS LINE

NOTE 40.2.1 - OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011					31.12.2010				
	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		(216)			(216)		(235)			(235)
Employee profit-sharing, Life		(1)			(1)		(1)			(1)
Other operating income, Life		24			24		17			17
Transfer of operating expenses and capitalised production, Life		21			21		18			18
Total income and expenses from current operations, Life		**(170)**			**(170)**		**(201)**			**(201)**
Non-Life commissions and other operating expenses	(375)	13			(362)	(372)	(48)			(420)
Employee profit-sharing, Non-Life	(5)		(1)		(6)	(6)		(1)		(7)
Other Non-Life operating income	27	11			38	20	14			34
Transfer of Non-Life operating expenses and capitalised production	45	5			50	36	6			41
Total income and expenses from current operations, Non-Life	**(308)**	**28**	**(1)**		**(281)**	**(322)**	**(29)**	**(1)**		**(352)**
Other non-operating expenses	(65)	(22)		(177)	(264)	(66)	(33)		(158)	(257)
Other non-operating income	9	16	7		32	7	10	9		26
Total income and expenses from current operations, Non-Technical	**(55)**	**(6)**	**7**	**(177)**	**(232)**	**(59)**	**(23)**	**9**	**(158)**	**(231)**
Total income and expenses from current operations, Banking										
Total other current operating income and expenses	**(363)**	**(148)**	**6**	**(177)**	**(683)**	**(381)**	**(253)**	**8**	**(158)**	**(782)**

NOTE 40.2.2 - OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011					31.12.2010				
	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		(15)			(15)		(14)			(14)
Employee profit-sharing, Life										
Other operating income, Life		11			11		11			11
Transfer of operating expenses and capitalised production, Life										
Total income and expenses from current operations, Life		**(3)**			**(3)**		**(3)**			**(3)**
Non-Life commissions and other operating expenses	(121)	(6)		(5)	(132)	(116)	(6)		(7)	(128)
Employee profit-sharing, Non-Life	(1)				(1)	(1)				(1)
Other Non-Life operating income	68			4	72	68			6	75
Transfer of Non-Life operating expenses and capitalised production										
Total income and expenses from current operations, Non-Life	**(54)**	**(6)**		**(1)**	**(61)**	**(49)**	**(5)**		**(1)**	**(54)**
Other non-operating expenses	(30)	(10)		(3)	(43)	(23)	(1)		(4)	(28)
Other non-operating income	21	6			27	31	2			33
Total income and expenses from current operations, Non-Technical	**(9)**	**(4)**		**(3)**	**(16)**	**8**	**1**		**(4)**	**5**
Total income and expenses from current operations, Banking										
Total other current operating income and expenses	**(63)**	**(13)**		**(4)**	**(80)**	**(40)**	**(7)**		**(5)**	**(52)**

NOTE 41 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

NOTE 41.1 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Income from non-current operations	48	11	59	104	13	117
Expenses from non-current operations	(81)	(82)	(163)	(77)	(105)	(182)
Allocation to the provision for goodwill	(6)	(90)	(96)		(79)	(79)
Other	157		157			
Total other operating income and expenses	**117**	**(160)**	**(43)**	**27**	**(171)**	**(144)**

Other net income and expenses from non-current operations amounted to a loss of -€43 million as at 31 December 2011 compared with a loss of -€144 million at 31 December 2010.
The main items comprising this total include:

- Impairment on the value of in-force business totalled -€43 million as at 31 December 2011, compared with -€46 million at 31 December 2010.
- Restructuring expenses incurred during the 2011 fiscal year totalled -€31 million, compared with a total expense of -€10 million as at 31 December 2010;
- The recognition of badwill on SILIC represented income of €157 million as at 31 December 2011.
- The goodwill impairment recognised on 31 December 2011 on Groupama Asigurari for an amount of -€51 million.
- The goodwill impairment recognised on 31 December 2011 on Groupama Phoenix for an amount of -€39 million.
- The goodwill impairment recognised on 31 December 2011 on CEGID for an amount of -€6 million.

It should be recalled that as of 31 December 2010, the balance of the other non-current operating income and expenses integrated the restatement following the pension reform which presented Groupama Gan Vie with an exceptional income of €35 million, corresponding to the amortisation of the allowance on termination.

NOTE 41.2 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS LINE

NOTE 41.2.1 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011				31.12.2010			
	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	33	15		48	47	54	3	104
Expenses from non-current operations	(60)	(20)	(1)	(81)	(53)	(22)	(3)	(77)
Allocation to the provision for goodwill		(6)		(6)				
Other	118	39		157				
Total other operating income and expenses	**91**	**27**	**(1)**	**117**	**(6)**	**32**	**0**	**27**

NOTE 41.2.2 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011				31.12.2010			
	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	11	1		11	12			13
Expenses from non-current operations	(70)	(11)		(82)	(99)	(5)	(1)	(105)
Allocation to the provision for goodwill			(90)	(90)			(79)	(79)
Total other operating income and expenses	**(60)**	**(10)**	**(90)**	**(160)**	**(87)**	**(5)**	**(79)**	**(171)**

NOTE 42 - FINANCING EXPENSES

In millions of euros	31.12.2011	31.12.2010
Interest expenses on loans and debt	(90)	(131)
Interest income and expenses - Other		
Total financing charges	**(90)**	**(131)**

Financing charges at 31 December 2011 amounted to €90 million versus €131 million at 31 December 2010.

This decrease in financing charges stems from the change of consolidation method for SILIC following the loss of control over that company.

NOTE 42.1 - FINANCING EXPENSES BY BUSINESS LINE

In millions of euros	31.12.2011					31.12.2010				
	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	(2)	(1)		(87)	(90)	(34)	(9)		(88)	(131)
Interest income and expenses - Other										
Total financing charges	**(2)**	**(1)**		**(87)**	**(90)**	**(34)**	**(9)**		**(88)**	**(131)**

Borrowing charges amounted to €90 million versus €131 million at 31 December 2010. The €41 million decrease can be primarily explained by the change in the consolidation method of SILIC following loss of control in that company.

NOTE 43 - BREAKDOWN OF TAX EXPENSES

NOTE 43.1 - BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2011			31.12.2010
	France	International	Total	Total
Current taxes	(82)	(1)	(83)	(239)
Deferred taxes	34	(4)	30	491
Total tax expense	**(48)**	**(5)**	**(53)**	**252**

The Group was audited by tax inspectors in 2010. Provisions were accrued in 2010 for all accepted adjustments. However, no provisions were accrued for adjustments concerning, according to the tax authority, the excessively high level of technical reserves for property and casualty insurance and long-term care risk. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for litigation proceedings.

NOTE 43.2 - BREAKDOWN OF TAX EXPENSES BY BUSINESS LINE

NOTE 43.2.1 - BREAKDOWN OF TAX EXPENSES BY BUSINESS LINE - FRANCE

In millions of euros	31.12.2011					31.12.2010				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes	(135)	(107)	(12)	172	(82)	(129)	(177)	(16)	124	(199)
Deferred taxes	73	(41)	5	(3)	34	230	315	3	(40)	508
Total tax expense	**(62)**	**(148)**	**(7)**	**169**	**(48)**	**101**	**138**	**(13)**	**84**	**309**

NOTE 43.2.2 - BREAKDOWN OF TAX EXPENSES BY BUSINESS LINE - INTERNATIONAL

In millions of euros	31.12.2011					31.12.2010				
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total
Current taxes		(2)			(1)	(28)	(13)		1	(40)
Deferred taxes	(13)	9			(4)	(11)	(6)			(17)
Total tax expense	**(13)**	**8**			**(5)**	**(39)**	**(19)**		**1**	**(58)**

NOTE 43.3 - RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of euros	31.12.2011	31.12.2010
Theoretical tax expense	**589**	**(62)**
Impact of expenses or income defined as non-deductible or non-taxable	87	390
Impact of differences in tax rate	(722)	(84)
Tax credit and various charges	2	2
Charges of prior deficits		(12)
Losses for the year not activated		
Deferred tax assets not accounted for	(9)	18
Other differences		
Effective tax expense	**(53)**	**252**

Income tax was a comprehensive charge including Deferred Tax plus Corporate Income Tax of -€53 million as at 31 December 2011 versus an income of €252 million at 31 December 2010.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	31.12.2011		31.12.2010	
	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	(1,494)	34.43%	118	34.43%
Bulgaria		10.00%	(39)	10.00%
China	(3)	25.00%		
Spain	31	30.00%	60	30.00%
Greece	(128)	20.00%	8	24.00%
Hungary	3	19.00%	12	19.00%
Italy	(97)	34.32%	72	32.32%
Portugal	(5)	26.50%	1	26.50%
Romania	(49)	16.00%	(7)	16.00%
United Kingdom	45	26.50%	21	28.00%
Slovakia	(4)	19.00%	(44)	10.00%
Tunisia	1	30.00%	5	30.00%
Turkey	(12)	20.00%	(26)	20.00%
Total	**(1,713)**		**181**	

In 2011, the theoretical tax rates were modified for foreign subsidiaries as follows:

- Greece: 20% as at 31 December 2011 versus 24% at 31 December 2010
- United Kingdom: 26.5% as at 31 December 2011 versus 28% at 31 December 2010
- Italy: 34.32% as at 31 December 2011 versus 32.32% at 31 December 2010
- Slovakia: 19% as at 31 December 2011 versus 10% at 31 December 2010

A rate of 25% is applied in China.

OTHER INFORMATION

NOTE 44 – EMPLOYEES OF THE CONSOLIDATED COMPANIES

By number of individuals	31.12.2011			31.12.2010
	Insurance	Banking	Total	Total
France	26,279	1,185	27,464	27,456
UK	1,553		1,553	1,612
Spain	1,101		1,101	976
Italy	850		850	859
Greece	364		364	386
Hungary	2,617		2,617	2,639
Romania	2,204		2,204	2,490
Other EU	483		483	387
Outside EU	1,012		1,012	874
Total employees of the consolidated companies	**36,463**	**1,185**	**37,648**	**37,679**

NOTE 45 – COMMITMENTS GIVEN AND RECEIVED

NOTE 45.1 - COMMITMENTS GIVEN AND RECEIVED - BANKING BUSINESS

In millions of euros	31.12.2011	31.12.2010
Financing commitments received		
Guarantee commitments received	312	165
Securities commitments receivable		
Total commitments received on banking business	**312**	**165**
Commitments received on currency transactions	6	23
Other commitments received		
Total other commitments received on banking business	**6**	**23**
Financing commitments given	239	305
Guarantee commitments given	93	93
Commitments on securities to be delivered		
Total commitments given on banking business	**332**	**398**
Commitments given on currency transactions	6	23
Commitments given on financial instrument transactions	(2)	
Total other commitments given on banking business	**5**	**23**
Other commitments given	544	
Total other commitments given	**544**	

Off-balance sheet commitments received on banking business amounted to €312 million. For spot foreign exchange transactions, the position at 31 December 2011 was as follows:

foreign currencies purchased for euros not yet received	€6 million
foreign currencies sold for euros not yet delivered	€6 million

Commitments given amounted to €332 million and specifically concerned commitments on customers. Furthermore, new commitments were given for €544 million representing securities pledged in the context of the refinancing of the Group's bank by the ECB.

NOTE 45.2 - COMMITMENTS GIVEN AND RECEIVED, INSURANCE AND REINSURANCE BUSINESS

In millions of euros	31.12.2011	31.12.2010
Endorsements, securities and guarantees received	520	566
Other commitments received	428	1,414
Total commitments received, excluding reinsurance	**947**	**1,980**
Reinsurance commitments received	**407**	**403**
Endorsements, securities and guarantees given	888	1,195
Other commitments relating to stock, assets or revenue	489	520
Other commitments given	35	119
Total commitments given, excluding reinsurance	**1,412**	**1,834**
Reinsurance commitments given	**411**	**252**
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

Endorsements, securities and guarantees received amounted to €520 million and primarily comprise commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€261 million).

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

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.

The credit facility underwritten for one billion euros from a consortium of banks from which Groupama SA withdrew €800 million.

Endorsements, securities and guarantees given amounted to €888 million and are primarily broken down into the following transactions:

- Joint guarantee granted by Groupama Holding to guarantee bearers the repayment of principal and interest on the bond loan of €750 million written in 1999 in the form of subordinated redeemable bonds.
- A guarantee valued at €57 million given in conjunction with Groupama UK's sale of Minster Insurance Company Limited (MICL). This company was sold during fiscal year 2006.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to venture capital funds ("FCPR"). The balance of €489 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 €35 million and primarily include commitments on the finance lease payments of Gan Assurance.

Unvalued commitments

Trigger clauses:

Groupama SA:

In conjunction with issues of subordinated securities (‘TSR’ and ‘TSDI’), Groupama SA has trigger clauses:

Groupama SA is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

In conjunction with the issue of perpetual subordinated bonds ("TSDI") of €500 million, Groupama SA also has the option of deferring payment of interest on TSDI should the hedge of the Group solvency margin fall below 150%. The Group did not use this option and proceeded to the coupon payment on 6 July 2011.

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

NOTE 46 – 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 credit risks, risks related to interest rates, equity markets, and foreign exchange. The liquidity and insolvency risks of reinsurers are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

1. ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, objectives and organisation of risk management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal compliance policy is supplemented by a Group audit charter and a group compliance charter, which have also been approved by the governing bodies of the group. These charters, taken together, are the base on which the Group's structures for implementing the general internal control system using a shared method are based.
Risk management is carried out in accordance with the Group's risk policy and its translation into business line and functional policies. According to the same principle, entity risk policies are used as a baseline for the risk management of each Group entity.

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

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

Operationally, the internal control system of each Group entity comprises three complementary systems:

- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the General Management of Groupama SA, which directs and coordinates the Risk and Audit specialists within the Group.

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

1.1 Regional mutuals

The regional mutuals, as autonomous legal entities, implement their own internal control measures and manage their risks in compliance with the Group's standards. Thus, with respect to organisation and governance, the creation of specific risk management committees and the structuring of Solvability 2 key functions are based on governance bodies "standard" risk charts and descriptions of the assignments and calibration of key functions, validated by the Group's governance bodies. The internal control and audit systems are adapted to each regional mutual based on its organisation, its activities and resources and under the authority of the General Management. The Group's Risks and Internal Control Department assists the regional mutuals in monitoring and deploying Group standards.

All of the internal control managers of the regional mutuals meet regularly in the framework of information exchange and best practice platforms (workgroups, theme-based workshops, training), directed by the Group Internal Control and Risk Management Department, which complete the mechanism.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement. For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

1.2 Groupama S.A. and its subsidiaries

Subsidiary risk is subject to triple monitoring.

- Inter-company monitoring by the Groupama SA business, functional or support departments specialising in the area in question, as indicated above.
- On-going monitoring by the services of the division to which it is attached:
  - Financing, Investment and Actuarial Department within the Group Financial Department for financial subsidiaries;
  - Insurance, Bank and Services Department for the service subsidiaries and Groupama Banque.
  - International Department and Subsidiaries for the French and foreign operating subsidiaries.
- Monitoring by each subsidiary or Groupama SA inter-company venture as part of the responsibility of its officers and in accordance with Group standards. Just like the regional mutuals, the Group Risk and Internal Control Department assists Groupama SA and its subsidiaries in monitoring and deploying the internal control mechanism.

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

The Board of Directors of Groupama SA, and more particularly the Audit and Risk Committee, 50% made up of independent directors, review the consistency of the internal control procedures, monitor risks, ensure ethical compliance, review internal audit work, and prepare the Annual Report on internal control. Since 27 April 2011, the audit committee's brief has been extended to the monitoring of policy, procedures and risk management systems. Accordingly, the committee changed its name to the Audit and Risk Committee. In the fourth quarter of 2011, it was agreed to review the authorisation limits for asset investments beyond which investment operations required the prior approval of the Groupama SA Board of Directors and to successively present to the Audit and Risk Committee then to the board, every half year, an account of the management of financial investment for the period just ended as well as the main areas of investment financial policy for the next six months.

1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities. The audit plan of the Group General Audit Department is planned and decided by the Chief Executive Officer of Groupama SA. It is validated by the Groupama SA Audit and Risk Committee. Every engagement involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the General Management of Groupama SA. A report is presented to the Audit and Risk Committee on a regular basis. Monitoring is carried out to check that the recommendations are properly implemented by the audited entity.

The Group Risk and Internal Control function, which has the purpose of ensuring compliance of all the Group's entities with the requirements of the General Management in terms of the internal control and risk management mechanism in addition to those of the Pillar 2 of Solvency 2, has the following main tasks:

- promoting internal control and risk management culture by specifically organising events for the sector by coordinating, planning and organising exchanges on risk management within the Group (workgroups, theme-based workshops, training) or communication drives with the general management of entities;
- fielding support for internal control teams in their efforts to adapt and deploy the Group's standards;
- managing projects to strengthen internal control and monitoring of major Group risks;
- defining and implementing a risk tolerance framework;
- developing standards and methodological tools on behalf of all the group's entities such as the group process benchmarks, the group list of operating risks, the single methodology for major risk assessment or the operating risks management community tool;
- coordination of the Group's compliance measures:
- internal control reports by all Group entities, coordinating and drafting the "LSF" and A.C.P. reports by Groupama SA, managing or providing assistance with the completion of the A.C.P. reports of the insurance subsidiaries or regional mutuals.

Each Group entity has a Risk and Internal Control Department.

In addition, the Group Management Control Department is responsible for the on-going monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.
Subsidiary case reviews are organised at least twice a year with the Groupama SA General Management to complete this monitoring mechanism. These reviews include a specific “risk” section that presents, for each entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

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.

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

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

2.2.1 Product design

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

2.2.2 Underwriting and claims management

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

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

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

2.2.3 Valuation of reserves

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

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

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

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

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

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

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

As at 31 December 2011, the breakdown of technical reserves based on fixed-rate, variable rate (i.e., tied to a market rate) or no rate committments was as follows:

In millions of euros	31.12.2011			31.12.2010
	France	International	Total	Total
Fixed-rate guaranteed commitments	43,343	3,391	46,734	45,847
Variable-rate guaranteed commitments	6,665	74	6,739	7,275
Unit-linked and other products without rate commitment	4,089	618	4,707	4,399
Total	**54,097**	**4,083**	**58,180**	**57,520**

11.6% of the portfolio is considered variable rate. This variable rate is generally a function of an index based on the TME.

The liabilities are prospectively classified as fixed or variable rate.

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 basis of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the Security and Reinsurance Committee, which is composed of the external outward Reinsurance Division of Groupama SA and several of its subsidiaries, which are based on the ratings from ratings agencies, are designed to control the solvency risk from reinsurers.

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

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

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

2.3.1 General description

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

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

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

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

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

2.3.1.1 Specific features of certain non-life insurance policies

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

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

Other factors in risk growth may be mentioned:

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

2.3.1.2 Specific features of certain life insurance policies and financial contracts

- **Discretionary profit-sharing clause**

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

Early redemption options

Most of the savings and retirement products may be redeemed by the policyholders at a value defined by the policy before maturity. Large redemptions may have a significant impact on the results or the solvency in certain unfavourable environments.

Specific features of unit-linked policies

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

2.3.1.3 Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is estimated through actual or regulatory statistical tables. In most cases, reserves are calculated by using the regulatory tables based on statistical data on population growth. These tables are revised on a regular basis to take account of the demographic change. The results or equity are potentially exposed in case of deviation from the actual demographic change compared to these provision tables.

As at 31 December 2011, the amount of actuarial reserves for current annuities totalled €8,285 versus €8,071 million at 31 December 2010, up by 2.7%.

In millions of euros	31.12.2011			31.12.2010
	France	International	Total	Total
Actuarial reserves for life annuities	6,018	179	6,197	5,856
Actuarial reserves for non-life annuities	2,060	28	2,088	2,215
Total	**8,078**	**207**	**8,285**	**8,071**

2.4 Information on concentrations of insurance risk

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

There are two types of overlapping risks:

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

2.4.1 Identification

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

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

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

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

The procedures in force for managing overlapping portfolio risks cover:

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

2.4.2 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 four categories of market risks which Groupama might be subject to:
- Interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- Foreign exchange risk,
- Credit risk.

3.1 Interest rate risk

3.1.1 Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

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

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

3.1.2 Group risk management

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

➢ **Asset/Liability Management**

Tracking the profile of liability flows allows bond management to be defined, taking into account the duration and convexity of these liability flows and any sensitivity of these flows to changes in interest rates.
Asset/liability simulations allow an analysis of the behaviour of the liabilities in different interest-rate environments, particularly the ability to meet the remuneration requirements for the policyholder.
These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

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

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

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

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

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

Rate hedges

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

- Risk of rate decline

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

- Risk of rate increase

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

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

- Purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option.

- Interest rate swap: the hedging strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or to synthetically create a variable rate bond for new investments.

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

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

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

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2011 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 the same as analyses applying to embedded-value-type prospective data.

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

3.1.3.1 Sensitivity of technical insurance liabilities analysis

- **Non-life insurance**

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

As at 31 December 2011, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €622 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €340 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	31.12.2011		31.12.2010	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on income (net of tax)	80	(55)	70	(84)
Shareholders' equity impact (net of income)				

- **Life insurance and financial contracts**

This analysis was only applied to life commitments sensitive, from an accounting viewpoint, to changes in 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 insurer.
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	31.12.2011		31.12.2010	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on income (net of tax)	254	(453)	45	(361)
Shareholders' equity impact (net of income)				

3.1.3.2 Sensitivity of financial investments analysis

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

The impacts are shown after taking the following factors into consideration:
- the rate of profit sharing of the entity holding the securities;
- The current tax rate.

The tests are conducted using reasonable profit-sharing rates derived from historical observations.
In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

	31.12.2011	31.12.2010

In millions of euros	Rate risk		Rate risk	
	+ 1%	- 1%	+ 1%	- 1%
Impact on the reevaluation reserve	**(731)**	**816**	**(964)**	**1,088**
Equities				
Equity mutual funds				
Bonds	(706)	789	(940)	1,062
Rate mutual funds	(25)	27	(24)	26
Derivative instruments and embedded derivatives				
Impact on net income	**(3)**	**4**	**(2)**	**11**
Equities				
Equity mutual funds				
Bonds	(1)	2	(4)	5
Rate mutual funds	(24)	25	(29)	32
Derivative instruments and embedded derivatives	22	(23)	31	(26)

It should be noted that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

3.1.3.3 Financial debt sensitivity analysis

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

In fiscal year 2007, the Group issued perpetual bonds consisting of deeply subordinated securities (DSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

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

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

In millions of euros		31.12.2011		31.12.2010	
		Interest rate		Interest rate	
		+ 1%	- 1%	+ 1%	- 1%
Impact on income	Fixed portion	-	-	-	-
	Variable portion	-	-	-	-
Impact on shareholders' equity	Fixed portion	-	-	-	-
	Variable portion	-	-	-	-

Group financial debt is exclusively fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates.

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

3.2.1 Type of and exposure to equity risk

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

The weight of equity instruments out of total financial investments (including operating activities property) was 11.5% in market value, most of which was classified as "assets available-for-sale". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund ("FCPR").

3.2.2 Group risk management

With the exception of strategic securities, equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the Group, they obey the following constraints.

- 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.

In the 4th quarter, the Group implemented a protection against a fall of the Eurostoxx50 index in the form of a tunnel (buying of 85% puts and 115% calls) for a notional amount of €1,500 million.

This management, and especially its performances, are monitored at the monthly committee meetings with the management company and the financial department.

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

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 2011, the distribution of the equities portfolio by business line was as follows.

Distribution of the equity portfolio by business line (as a %)	31.12.11	31.12.10
Energy	13.2	14.0
Basic materials	7.6	7.7
Industrials	19.1	18.0
Consumer goods	12.9	14.3
Consumer goods (non cyclical)	7.3	9.2
Telecommunications	4.0	4.3
Utilities	5.6	5.7
Financial companies	19.7	18.4
Technologies	5.2	5.4
Health	5.4	3.1

Groupama

3.2.4 Sensitivity of financial investments to equity risk analysis

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

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

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

The tests are conducted using reasonable profit-sharing rates derived from historical observations.

In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

In millions of euros	31.12.2011		31.12.2010	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the reevaluation reserve	**244**	**(243)**	**337**	**(337)**
Equities	126	(125)	212	(212)
Equity mutual funds	118	(118)	125	(125)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**57**	**(57)**	**33**	**(33)**
Equities	1	(1)		
Equity mutual funds	56	(56)	33	(33)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				

3.3 Foreign exchange risk

3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone 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, the Romanian leu, the pound sterling and the Turkish pound.

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

3.3.2 Managing foreign exchange risk

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

3.3.3 Analysis of exchange rate sensitivity

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

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

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

The tests are conducted using reasonable profit-sharing rates derived from historical observations.

In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

In millions of euros	31.12.2011		31.12.2010	
	Foreign currency risk		Foreign currency risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**82**	**(82)**	**83**	**(83)**
Equities	11	(11)	11	(11)
Bonds	70	(70)	69	(69)
Mutual funds	1	(1)	3	(3)
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**2**	**(2)**
Equities				
Bonds	1	(1)	1	(1)
Mutual funds	1	(1)	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 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in notes 6.10.3 and 6.10.4 of the annual accounts.

➢ **Concentration of credit risk on private sector bonds**

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

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

- Investment grade environment (securities with at least BBB ratings):
  - ✓ AAA: regulatory ratios, which is 5% per issuer, with the exception of securities written or guaranteed by a member state of the OECD and CADES securities;
  - ✓ AA: 3% maximum per issuer;
  - ✓ A: 1% maximum per issuer;
  - ✓ BBB: 0.5% maximum per issuer;
  - ✓ Total BBB issuers may not exceed 10% of the market value of the bond envelope;
- Unrated eurozone 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 with respect to non-investment grade securities or so-called high-yield securities

➢ **Concentration of risk on the sovereign bonds of GIIPS countries**

We introduced a maximum holding percentage for eurozone States, with the exception of France. These ratios were defined according to the relative size of the economy, measured by the GDP of each eurozone country, and its rating.
These ratios are determined at group level for all French subsidiaries. They are calculated over the sum of net carrying amounts against the total of bond assets and cash. The maximum holding percentage for all GIIPS countries was set at 26%.

➢ **Managing counterparty 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.

3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2011 and 2010, broken down by shareholders' equity and income, excluding profit sharing and taxes.

In millions of euros	31.12.2011				31.12.2010			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)
Interest rate risk	**(731)**	**331**	**816**	**(504)**	**(964)**	**113**	**1,088**	**(434)**
Operating debts		334		(508)		115		(445)
Financial investments	(731)	(3)	816	4	(964)	(2)	1,088	11
Financial debt								
Equities risk	**244**	**57**	**(243)**	**(57)**	**337**	**33**	**(337)**	**(33)**
Financial investments	244	57	(243)	(57)	337	33	(337)	(33)
Foreign exchange risks	**82**	**2**	**(82)**	**(2)**	**83**	**2**	**(83)**	**(2)**
Financial investments	82	2	(82)	(2)	83	2	(83)	(2)

We note that the sensitivity criteria applied were the following:

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

4. LIQUIDITY RISK

4.1 Nature of exposure to liquidity risk

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

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

4.2 Management risk

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

Equities are managed, except for strategic securities, quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the Group. They therefore comply with the liquidity constraints set by the Group, namely:

- 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 2011, all these criteria were met as a whole, and the France equities portfolio may be liquidated as follows:

- 83% with a 10 day horizon;
- 87% with a 20 day horizon (1 trading month);
- 94% with a 60 day horizon (3 trading months);

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

4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in note 6.10.2 of the annual accounts.

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	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Non-life technical reserves	7,431	4,962	5,443	17,836	7,443	5,158	5,725	18,325
Technical life provisions- insurance contracts excluding unit-linked items	3,595	6,123	22,327	32,045	2,177	6,216	21,797	30,190
Technical liabilities related to financial contracts with discretionary profit-sharing: excluding unit-linked items	1,416	4,153	16,399	21,968	1,670	3,532	17,687	22,891
Technical liabilities related to financial contracts without discretionary profit-sharing: excluding unit-linked items	7			7	7			7
Reserve for deferred liability profit-sharing	1			1	2	6	11	19
Total technical insurance liabilities and liabilities for financial contracts	**12,450**	**15,238**	**44,168**	**71,856**	**11,299**	**14,912**	**45,223**	**71,433**

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

4.5 Financial debt by maturity

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

5. 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	31.12.2011						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	110	383	228	36		298	1,055
Share of reinsurers in life insurance reserves		13	5			38	56
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing							0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing							0
Receivables from outward reinsurance transactions	6	9	19	9	1	89	133
Total reinsurance receivables	**116**	**405**	**252**	**45**	**1**	**425**	**1,244**

In millions of euros	31.12.2010						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	152	240	422			354	1,168
Share of reinsurers in life insurance reserves		9	9			41	60
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing						2	2
Receivables from outward reinsurance transactions	6	7	16			84	113
Total reinsurance receivables	**158**	**256**	**447**			**481**	**1,343**

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.

6. OPERATING, LEGAL, REGULATORY AND TAX RISKS

6.1 Operating risks

Operating risks are managed in accordance with the operating risk policy defined in the Group's risk policy (cf. point 1).

The operating risks control system, broken down by all Group entities, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by an independent structure of the Risk and Internal Control Function of each entity;
- periodic controls undertaken by internal audit of each entity.

The operating risks management system of Groupama is based on:

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

- the definition of internal management rules and operational procedures defining the manner in which Groupama SA's business lines must be conducted. They are specific to each business line and each key process. On the basis of the group's process benchmarks and group list of operating risks, at each stage of the business line and functional processes, operating risks are identifed and related controls are formalised and standardised at the group level. These controls, in the process of adaptation and deployment in each entity, serve as a basis for reinforcing level 1 and level 2 controls.

Moreover, an insurance programme is in place designed to provide liability and property protection for the regional mutuals, Groupama SA and its subsidiaries. The contracts are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

6.2 Legal and regulatory risks

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

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

6.2.1 Compliance with Company law and the French Commercial Code

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

6.2.2 Application of insurance law and regulations governing the insurance business

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

- legislative and jurisprudential monitoring of events affecting the insurance business;
- the anticipation needed to implement new regulations for this activity;
- information (notes, circulars and workgroups);
- validation of new insurance policies drafted by the business line departments as well as amendments to existing policies;
- validation of distribution agreements and insurance-related partnerships;
- legal and tax advice (tax products).

6.2.3 Other areas

Specific procedures have been set up to meet special requirements:

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

- to fight money laundering and terrorist financing, the entities are incorporating legal obligations and professional recommendations in this area into their procedures. 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. Furthermore, the Group Legal Department together with a network of people in charge of fighting money laundering and terrorism financing in insurance subsidiaries both in France and abroad, bank and asset management and the regional mutuals, is responsible for monitoring the group's compliance with its anti-money laundering obligations;

- in application of the “loi informatique et libertés” (French Data Protection Act), the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission (“CNIL”) and on the network of internal correspondents: one correspondant per entity and five at Groupama SA in sectors that process sensitive data (HR Department, Health Department, Group Insurance Department, Marketing and Distribution Department, and Group Communications Department);

- with respect to the protection of medical data, each entity is responsible for implementing the texts and guidelines in force. The corresponding Group recommendations are implemented in partnership with medical advisors, in conjunction with the Group's compliance officer, the Group Data Protection Correspondent and the Groupama SA Compensation and Cost Control Department;

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

6.3 Tax risks

The role of the Group’s Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this respect, first, it validates the implementation of the tax consolidation rules (Article 223 A et seq. of the French General Tax Code) for the Group and secondly, prepares with the Group accounting department the situation regarding tax on consolidated companies. It also participates in the implementation of documentation and electronic archiving procedures regarding electronic accounting as required by tax regulations.

7. Monitoring and managing banking risks

7.1. General presentation

Risk management is inherent in banking activity. Groupama Banque's risk policy falls under its affiliation with the Groupama Group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the risk department, determines 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 risks and carries out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee, Customer Rates and Market Risk and and the Management Committee. It also recommends policy adjustments according to what it anticipates in terms of risk to the bank and changes in the economic and regulatory environment.

7.2. Credit risk

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as in other circumstances when the bank faces counterparty default in market transactions.

➢ **Decision-making procedures**

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

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

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

➢ **Oversight procedures**

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

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

➢ **Impairment procedures**

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

- reviews all sensitive commitments;
- examines doubtful cases for all markets, excluding retail banking, and decides on potential litigation and reserve levels;
- for retail banking customers, periodically updates the loan loss provisioning and the amount of group reserves.

7.3. *Market risks*

The Market Risk Control Division produces a daily market risk performance indicator using independent front office data. Portfolio results are calculated and compared to observation limits. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily and market risk control ensures that the limits defined by the Management Committee are not exceeded. Stress scenarios are also calculated on the various portfolios.

Market risk control provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the results.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

- ***Setting and complying with limits***

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in case of problems on the financial market.

The Management Committee is advised quarterly of risk and income valuations, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

- ***Payment risk***

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

- ***Foreign exchange risk***

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

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

- ***liquidity risk***

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The bank tracks its liquidity risk daily through the financial markets and cash department, weekly through the management committee and monthly through the ALM committees. It periodically prepares crisis scenarios and makes sure that it is prepared to cope with such risks.

The size and nature of the bank's balance sheet, which has a significant portion of highly liquid short-term instruments, as well as its structure of resources stemming from its different customers in excess of credits granted, means that the bank has little exposure to liquidity risk. The main sources of financing are structural: shareholders' equity, current account and special schemes. The bank also has a deposit of eligible securities at the Central Bank, which allows it to meet its short-term financing needs and also the possibility of using the cash pool or calling on the group's surpluses.

The liquidity ratio exceeds the regulatory minimum.

7.4. *Overall interest rate risk (ALM)*

Pursuant to Article 29 of chapter III - section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the structural balance sheet, which itself is divided into four main sections: banking book, investments, shareholders' equity and cash.

Risk monitoring is based on the current net value (CNV) sensitivity within a variation of +200 bps (curve shift), considered to be a reasonable hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€20 million. During 2011, this limit was reached and the balance sheet was hedged by rate swaps. At 31 December 2011 the sensitivity thus calculated was -€2.4 million.

A second limit on the bank's result over 1 year basis is followed. It is set at +/- €5 million for a yield curve shift of +100bps. This sensitivity stood at -€1.6 million at 31 December 2011. The limit has never been reached since it was established in September 2011.

Furthermore, the ALM committee monitors every month the impact of a -100 bps and +200 bps shift, and the impact of a steepening or flattening of the yield curve, adopted as complementary indicators.

7.5. Operating risks

The operating risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operating risks and scenario modelling) and inventories incidents that have occurred. This approach is complemented by a system of reporting and warnings, and measures to improve existing control procedures.

- ***Business Continuity Plan***

The Business Continuity Plan (BCP) is organised around several mechanisms, specifically:

- activation of a crisis cell;
- back-up of IT systems,
- the availability of a disaster recovery site.

BCPs are updated on a regular basis and disaster recovery plans are subject to technical and user tests several times a year.

NOTE 47 - LIST OF COMPANIES IN THE SCOPE OF CONSOLIDATION AND PRINCIPAL CHANGES IN THE SCOPE

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

Newly-consolidated companies

The Caisse de Réassurance Mutuelle Agricole des Producteurs de Tabac approved the combination agreement on 12 December 2011.

Three undertakings for collective investment in property assets (OPCI) were consolidated for the first time as at 31 December 2011.

The Group created five UCITS funds (Thessalonique 1 to 5) to receive the Greek sovereign bonds in its portfolio. These UCITS funds are consolidated directly in the accounts of bearers for the respective share of each one.

Separation of tax return forms – Individualised entity

Click Seguros, subsidiary of Groupama Seguros in Spain, which used to file its financial data on the tax forms of Groupama Seguros, is now directly consolidated through a separate consolidation tax form.

The Groupama SA insurance business in China was converted into a subsidiary in the context of the agreement with the AVIC (Aviation Industry Corporation of China) group. This joint-venture should allow the two partners to expand their non-life insurance business in the Peoples Republic of China. The new entity has been named Groupama Insurances China.

Mergers

The Alpes Méditerranée and Groupama Sud regional mutuals merged in 2011 with retroactive effect from 1 January 2011.

Gan Eurocourtage and Groupama Transport merged in 2011 with retroactive effect from 1 January 2011.

Vieille Voie de Paray was merged into Groupama Gan VIE on 3 January 2011 through a total transfer of assets and liabilities.

Groupama Fund Pickers was merged into Groupama Asset Management on 15 April 2011.

In the UK, the brokerage activities of CHOICE QUOTE were separated and spun-off to other brokerage companies under a business streamlining plan.

The Groupama Système d'information and Groupama Logistique entities merged on 1 July 2011 to create Groupama Supports et Services. The merger is retroactive from 1 January.

Following the loss of control percentage, SILIC and SEPAC are no longer fully consolidated, but consolidated under the equity method.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2011			31.12.2010		
GROUPAMA 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
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CAISSE des producteurs de tabac	Insurance	France	-	-	A			
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA 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
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	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 Supports et Services	GIE	France	99.99	99.92	FC	99.85	99.73	FC
GIE LOGISTIQUE	GIE	France				99.99	99.88	FC
GROUPAMA S.A.	Holding	France	99.93	99.93	FC	99.91	99.88	FC
GROUPAMA HOLDING	Holding	France	100.00	100.00	FC	99.97	99.97	FC
GROUPAMA HOLDING 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN VIE	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GAN PATRIMOINE	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	99.93	FC	99.99	99.87	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.70	FC	99.78	99.66	FC
ASSUVIE	Insurance	France	50.00	49.96	FC	50.00	49.94	FC
GAN PREVOYANCE	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA TRANSPORT	Insurance	France				100.00	99.88	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.93	FC	100.00	99.88	FC
GAN ASSURANCES	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GAN OUTRE MER	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
GAN EUROCOURTAGE	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	34.97	EM	35.00	34.96	EM
AMALINE ASSURANCES	Insurance	France	100.00	99.93	FC	100.00	99.88	FC
CEGID	Insurance	France	26.89	26.87	EM	26.89	26.86	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.93	FC	100.00	99.88	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.97	EM	36.00	35.96	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.74	FC	98.81	98.70	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.31	FC	90.89	90.27	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	99.93	FC	100.00	99.88	FC
STAR	Insurance	Tunisia	35.00	34.97	EM	35.00	34.96	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA INSURANCES China	Insurance	China	50.00	49.96	EM			

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
				31.12.2011			31.12.2010	
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	99.93	FC	100.00	99.88	FC
CLICK SEGUROS	Insurance	Spain	100.00	99.93	FC			
GUK BROKING SERVICES	Holding	UK	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	99.93	FC	100.00	99.88	FC
CAROLE NASH	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
BOLLINGTON LIMITED	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
LARK	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
GREYSTONE	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
HALVOR	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
COMPUCAR LIMITED	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
GRIFFITHS GOODS	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
CHOICE QUOTE	Insurance brokerage	UK				100.00	99.88	FC
GROSVENOR COURT SERVICES	Insurance brokerage	UK	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.93	FC	100.00	99.88	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	99.98	99.28	FC	99.98	99.24	FC
GROUPAMA FUND PICKERS	Asset management	France				100.00	99.24	FC
GROUPAMA PRIVATE EQUITY	Asset management	France	100.00	99.30	FC	100.00	99.26	FC
GROUPAMA BANQUE	Banking	France	99.37	99.30	FC	99.37	99.26	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.30	FC	100.00	99.26	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	99.30	FC	100.00	99.26	FC
SILIC	Real estate	France	37.45	37.42	EM	44.03	43.98	FC
SEPAC	Real estate	France	37.45	37.42	EM	100.00	43.98	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	99.97	99.90	FC	99.97	99.86	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	99.90	FC	100.00	99.86	FC
GAN FONCIER II	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
IXELLOR	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
79 CHAMPS ELYSÉES	Real estate	France	100.00	99.93	FC	100.00	99.89	FC
CNF	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
RENNES VAUGIRARD	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
SOCIETE FORESTIERE GROUPAMA	Real estate	France	100.00	99.94	FC	100.00	99.90	FC
14 MADELEINE (SASU)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
OPCI OFI GB1	Mutual funds	France	100.00	99.93	FC			
OPCI OFI GB2	Mutual funds	France	100.00	99.90	FC			
OPCI OFI GR1	Mutual funds	France	100.00	99.93	FC			
VIEILLE VOIE DE PARAY	Real estate	France				100.00	99.88	FC
SCI GAN FONCIER	Real estate	France	100.00	98.85	FC	100.00	98.80	FC
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.64	FC	100.00	98.59	FC
1 BIS FOCH	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
SCI TOUR GAN	Real estate	France	100.00	98.80	FC	100.00	98.76	FC
16 MESSINE	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
40 RENE BOULANGER	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
9 MALESHERBES	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
97 VICTOR HUGO	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
44 THEATRE	Real estate	France	100.00	98.84	FC	100.00	98.80	FC
261 RASPAIL	Real estate	France	100.00	99.90	FC	100.00	99.86	FC
SOCOMIE	Real estate	France	37.45	37.42	EM	100.00	43.98	EM

5/7 PERCIER (SASU)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
33 MONTAIGNE	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
SCA CHATEAU D'AGASSAC	Real estate	France	100.00	99.98	FC	100.00	99.97	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
LES FRERES LUMIERE	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
CAP DE FOUSTE (SCI)	Real estate	France	100.00	99.96	FC	100.00	99.93	FC
150 RENNES (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2011			31.12.2010		
DOMAINE DE NALYS	Real estate	France	100.00	99.93	FC	100.00	99.92	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
3 ROSSINI (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
DOMAINE DE FARES	Real estate	France	50.00	49.98	EM	50.00	49.96	EM
12 VICTOIRE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
204 PEREIRE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
LABORIE MARCENAT	Real estate	France	74.10	74.05	EM	74.10	74.03	EM
SCIMA GFA	Real estate	France	100.00	99.93	FC	100.00	99.95	FC
6 MESSINE (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
SCI CHATEAU D'AGASSAC	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	99.93	FC	100.00	99.88	FC
SA SIRAM	Real estate	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Real estate	France	100.00	99.93	FC	100.00	99.96	FC
9 REINE BLANCHE (SCI)	Real estate	France				100.00	99.88	FC
CELESTE (SAS)	Real estate	France				100.00	99.88	FC
VILLA DES PINS (SCI)	Real estate	France				100.00	99.88	FC
FRANCE-GAN I D	Mutual fund	France	45.29	45.26	EM	41.29	29.11	EM
GROUPAMA ALTERNATIF MULTI NEWCITS C	Mutual fund	France	91.69	91.63	FC	91.42	91.33	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual fund	France	89.00	88.94	FC	88.37	88.28	FC
GROUPAMA TRESORERIE I C	Mutual fund	France	39.53	39.50	EM	28.02	27.99	EM
GROUPAMA ETAT EURO CT I D	Mutual fund	France				99.13	99.03	FC
GROUPAMA CREDIT EURO LT I C	Mutual fund	France	71.13	71.08	FC	55.08	55.02	FC
ASTORG CTT C	Mutual fund	France	98.11	98.03	FC	100.00	99.88	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
ASTORG EURO SPREAD D	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual fund	France	99.83	99.76	FC	99.83	99.71	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.85	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual fund	France	99.62	99.95	FC	83.33	83.24	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual fund	France	99.62	99.55	FC	83.33	83.24	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual fund	France	83.33	83.27	FC	83.33	83.24	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual fund	France	99.89	99.81	FC	83.33	83.24	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHING.ACT.EUROPEXEURO D	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA INDEX INFLATION EURO I D	Mutual fund	France	100.00	99.93	FC	100.00	97.10	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.83	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.87	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.84	FC
ASTORG ACTIONS EURO I C	Mutual fund	France				99.54	99.43	FC
GROUPAMA CONVERTIBLES I D	Mutual fund	France	99.52	99.46	FC	99.49	97.31	FC
GROUPAMA CREDIT EURO I C	Mutual fund	France	73.82	73.78	FC	67.72	67.66	FC
GROUPAMA CREDIT EURO I D	Mutual fund	France	60.35	60.31	FC	61.26	61.19	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual fund	France	80.00	79.94	FC	80.00	79.91	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
				31.12.2011			31.12.2010	
GROUPAMA ACTIONS INTERNATIONALES I C	Mutual fund	France				99.88	99.77	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	68.23	68.18	FC	66.94	64.81	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual fund	France	88.89	88.82	FC	88.89	88.79	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA EONIA I C	Mutual fund	France	30.56	30.54	EM	38.25	37.78	EM
GROUPAMA FP DETTE EMERGENTE	Mutual fund	France	92.43	92.36	FC	92.40	92.30	FC
ASTORG PENSION C	Mutual fund	France	98.24	98.17	FC	100.00	99.88	FC
ASTORG CASH MT C	Mutual fund	France	94.87	94.80	FC	85.11	82.81	FC
ASTORG CASH MT C	Mutual fund	France	99.05	98.97	FC	98.98	98.33	FC
GROUPAMA CREDIT EURO G D	Mutual fund	France	44.37	44.34	EM	45.93	45.88	EM
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	99.93	FC	100.00	99.88	FC
GROUPAMA US STOCK I C	Mutual fund	France				63.69	63.62	FC
GROUPAMA MONETAIRE ETAT G C	Mutual fund	France	100.00	99.93	FC			
ASTORG THESSALONIQUE 1 D	Mutual fund	France	99.95	99.89	FC			
ASTORG THESSALONIQUE 2 D	Mutual fund	France	99.89	99.82	FC			
ASTORG THESSALONIQUE 3 D	Mutual fund	France	99.96	99.88	FC			
ASTORG THESSALONIQUE 4 D	Mutual fund	France	99.98	99.91	FC			
ASTORG THESSALONIQUE 5 D	Mutual fund	France	99.98	99.91	FC			
ASTORG DIVERSIFIE 6 C	Mutual fund	France	99.99	99.92	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.

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the combined financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the combined financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the combined financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Groupama SA
8-10 rue d'Astorg
75008 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying combined financial statements of Groupama SA;
- the justification of our assessments;
- the specific verification required by law.

These combined financial statements have been approved by the Board of Directors. Our role is to express an opinion on these combined financial statements based on our audit.

I - Opinion on the combined financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the combined financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made as well as the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 "Significant and post-balance sheet events" to the combined financial statements which describes measures taken by Groupama to strengthen solvency as a consequence of the effects of the financial crisis and the impact of these measures on the Group's situation with regard to the assumption of going concern.

II - Justification of our assessments

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment resulting from the financial crisis in eurozone countries, in particular in Greece, accompanied by a liquidity and economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- as part of our assessment of the accounting principles applied by the Company, and more specifically the going concern principle, we have verified that the available information reasonably reflects the assumptions applied by management, and ensured that the combined financial statements contained appropriate disclosures;

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's combined financial statements are estimated on statistical and actuarial bases, in particular technical reserves, deferred acquisition costs and the related amortisation methods, and deferred profit-sharing assets. The methods used to determine these items are described in Sections 3.11.2 to 3.11.4 of Note 3, as well as in Note 14 to the combined financial statements. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole;

- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in Section 3.1.1 of Note 3, "Accounting principles and valuation methods used" and in Note 2 to the combined financial statements. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the combined financial statements contained appropriate disclosures;

- financial assets and derivative instruments are recognised and valued in accordance with the methods described in Sections 3.2.1 and 3.3 of Note 3, "Accounting principles and valuation methods used" and in Notes 6 and 8 to the combined financial statements. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available for sale assets, and verified their proper application. We examined the analyses performed by the Company of any risks attached to sovereign debt, and in particular Greek debt, and the assumptions applied in their valuation, and we ensured that the notes to the combined financial statements contained appropriate disclosures.

These assessments were made as part of our audit of the combined financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the combined financial statements.

Neuilly-sur-Seine and Courbevoie, 22 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Eric Dupont	Christine Billy
Jean-Claude Pauly	Maxime Simoen