Groupama

Half Year Financial Report
June 30, 2010

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ACTIVITY REPORT
HALF-YEAR 2010

Highlights

- Satisfactory growth in business: premium income up +5.6% in life and health insurance and +3.6% in property and casualty insurance
- Positive net profit of 127 million Euros (166 million Euros as at 30 June 2009) in spite of the large number of climatic events and a difficult financial context
- A combined ratio excluding the Xynthia climate claim (storm and floods) of 100.9% in line with the objective: 100% +/-2%
- International performance consistent with objectives
- Group Solvency I ratio at more than 150% .

CAPTURING NEW MARKETS

New partnerships

- On 2 June 2010, in partnership with **Groupama, the banking subsidiary of Casino** group introduced its first full range of distributor-brand insurance and financial products in Casino stores and on its banking website with a view to gradually extending the offer to the rest of the network by 2011.
- Since 1 January 2010, **Groupama and Groupe Agrica** have strengthened their ties through a partnership to improve the supplementary social protection products and services offered to agricultural employees. This agreement covers the national collective agreements in the agricultural sector in provident and health insurance and assistance services.
- **Sévéane**, the joint entity formed by **Groupama** and **PRO BTP** to manage the networks of health professionals, has been operational since 18 January 2010. Sévéane will provide the six million policyholders of the two groups with access to a network of almost 5,000 approved health professionals.
- Always seeking to diversify its distribution, the Group signed an **agreement with Renault Dacia in Romania** to distribute its motor insurance products to the country's car manufacturer concessions.

New products and services

- **Amaguiz.com,** Groupama's direct insurance brand in France, is introducing an innovative MRH insurance product called "Service Prévention". Amaguiz was launched on 1 July 2008 and today has a portfolio of 72,000 policies, including 61,000 for motor insurance.
- The new **professional agricultural multi-risk insurance** "Référence", introduced at the Paris International Agricultural Show, offers numerous benefits to the customer, both in terms of the choice of covers and the level of compensation or support services.
- As France's third largest motor insurance company, Groupama continues its policy of introducing innovative motor vehicle services with the launch of **Auto Nuevo**, aimed at facilitating the purchase of new or used cars.
- **Groupama Garancia Biztosító** (Hungary) is meeting Hungarian policyholders' increased need for confidence by offering innovative products, particularly unit-linked contracts with a periodic premium.
- **Groupama Assicurazioni** (Italy) and **Groupama Asigurări** (Romania) are bringing new standards to their respective markets with modular multi-risk home insurance products that offer better coverage in markets where this type of covers is not widespread.

Consolidated key figures

A/ Premium income

in millions of Euros	H1 2009 Actual premium income	H1 2009 Pro forma premium income*	H1 2010 Actual premium income	2010/2009 Change on a reported basis %	2010/2009 Change on a like-for-like consolidation and exchange rate basis %
> FRANCE	**5,990**	**5,990**	**6,242**	**4.2%**	**4.2%**
Life and health insurance	3,492	3,492	3,658	4.7%	4.7%
Property and casualty insurance	2,494	2,494	2,580	3.4%	3.4%
Total excluding discontinued operations	**5,986**	**5,986**	**6,238**	**4.2%**	**4.2%**
Discontinued operations	4	4	4	-	-
> INTERNATIONAL & Overseas	**2,224**	**2,143**	**2,265**	**1.8%**	**5.7%**
Life and health insurance	621	533	592	-4.7%	11.0%
Property and casualty insurance	1,603	1,610	1,673	4.4%	3.9%
Total excluding discontinued operations	**2,224**	**2,143**	**2,265**	**1.8%**	**5.7%**
Discontinued operations	0	0	0	-	-
TOTAL INSSURANCE	**8,214**	**8,133**	**8,506**	**3.6%**	**4.6%**
FINANCIAL AND BANKING OPERATIONS	144	144	133	-7.6%	-7.6%
TOTAL	**8,358**	**8,277**	**8,639**	**3.4%**	**4.4%**

* on a like-for-like basis

B/ Economic operating income*

in millions of Euros	H1 2009	H1 2010	2010/2009 change
Life and health insurance	240	155	-35.4%
Property and casualty insurance	-41	17	NA
Financial and banking operations	4	1	NA
Holding companies	-88	-69	+21.6%
Economic operating income* (excluding storms)	**250**	**179**	**-28.4%**
Storms	135	75	-44.4%
Economic operating income* (including storms)	**115**	**104**	**-9.6%**

* Economic operating income: corresponds to net profit adjusted for realised gains and losses, net increases or reversals of provisions for long-term impairment and unrealised gains and losses on financial assets recognised at fair value (all these items are net of profit-sharing and net of tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).

C/ Net profit

in millions of Euros	H1 2009	H1 2010	2010/2009 change
Economic operating income* (excluding storms)	**250**	**179**	**-28.4%**
Storms	135	75	-44.4%
Net realised capital gains	20	90	+€70m
Net provisions for long-term impairment	-3	-6	-€3m
Gains and losses on financial assets and derivatives recognised at fair value	-7	-43	-€36m
Goodwill, intangible assets and other non-recurring items	41	-18	-€59m
Net profit	**166**	**127**	**-23.6%**

Contribution of segments to consolidated net profit

in millions of Euros	H1 2009	H1 2010
Insurance and services France	**219**	**192**
Total Groupama/Gan Vie	213	170
Gan Assurances	-37	-27
Gan Eurocourtage	39	34
CFE/CFV	4	1
Groupama Transport	10	11
Other specialised companies	4	15
Amaline Assurances	-14	-11
Discontinued operations	2	-2
International insurance	**109**	**64**
United Kingdom	56	9
Southwestern Europe	23	30
Southeastern Europe	26	16
Central and Eastern European Countries (CEEC)	5	3
Other countries	-1	5
Banking and financial operations	**10**	**1**
Groupama S.A. and holding companies	**-174**	**-132**
Other	2	2
Net profit	**166**	**127**

D/ Balance sheet

in millions of Euros	2009	H1 2010
Book shareholders' equity, group share	4,572	3,905
Gross unrealised capital gains	2,691	1,395
Subordinated debt	1,995 *	1,245
Balance sheet total	90,660	94,847

* 1,245 million Euros after early redemption of the subordinated bonds (TSRs) issued in 1999 on 22 January 2010.

E/ Main ratios

	H1 2009	H1 2010
Property insurance combined ratio	108.0%	104.5%
Excluding storms	*101.2%*	*100.9%*

	31.12.2009	H1 2010
Net profit excluding fair value effect/average equity capital and excluding revaluation reserves	16.9%	8.3% (annualised)
Debt ratio*	31.4%	31.2%

* excluding real estate company Silic

Financial review for the first half of 2010

Sustainable development

As at 30 June 2010, the consolidated premium income of Groupama S.A. was up +3.4% to 8.6 billion Euros. On a like-for-like basis, it rose +4.4%.

Consolidated premium income for the insurance business of Groupama S.A. rose +3.6% to 8.5 billion Euros. Growth was 4.6% on a like-for-like basis.

Life and health premium income grew +3.3% on a reported basis and +5.6% on a like-for-like basis. Property and casualty premium income was up +3.8% on a reported basis figures and up +3.6% on a like-for-like basis .

In the following paragraphs, figures are expressed on a like-for-like consolidation and exchange rate basis.

■ Insurance and services France

As at 30 June 2010, insurance premium income in France was up +4.2% over 30 June 2009 at 6,238 million Euros.

In a highly competitive environment, **property and casualty insurance** premium income rose +3.4% to 2,580 million Euros, 1.4 points higher than the market (source: FFSA at the end of May 2010). This increase was particularly pronounced in motor insurance, which rose +5.2% with a gain of 107,000 private vehicles over one year.

Life and health insurance premium income rose +4.7%. The Group premium income for life insurance and capitalisation rose +4.1%. This growth was mainly generated by the individual savings/retirement segment whose premium income after an exceptional year in 2009 continues to grow, with an increase of +5.8% as at 30 June 2010 and at a pace that is consistent with that of the French insurance networks, but is below the market (+8.0%; source: FFSA at the end of June 2010), which was boosted by an increase in bancassurance companies.

Health and bodily injury insurance as at 30 June 2010 increased +6.5% over 30 June 2009, mainly due to the expanding portfolio of the individual and group health segment.

■ International insurance

The Group's consolidated international premium income totalled 2,265 million Euros as at 30 June 2010, up by +5.7% over 30 June 2009. The Group saw the growth rate of its business exceed the average rate of the market in the main countries in which it operates.

Property and casualty insurance posted premium income of 1,673 million Euros as at 30 June 2010, up +3.9% over 30 June 2009. Growth in motor insurance (+3.2%), home insurance (+4.8%) and commercial insurance (+8.8%) contributed to this increase.

Life and health insurance premium income rose +11.0% to 592 million Euros, driven by the individual savings/retirement segment. This segment represents 53.4% of premiums written in life and health insurance and was up +15.0% notably as a result of successful promotional campaigns in Hungary, Italy and Portugal.

Southwestern Europe

Premium income of the Spanish subsidiary **Groupama Seguros** rose +4.0% to 509 million Euros as at 30 June 2010. Premiums written in property and casualty insurance increased by +5.5%. The motor segment increased +5.9% as a result of the expanded portfolio. The home insurance segment (+9.2%) was boosted by the success of the partnership with Bancaja. Life and health insurance declined -1.7% because of the non-renewal of single-premium policies. Adjusted for this factor, premiums were up +2.5% with an increase of +3.9% in the individual savings segment thanks to an aggressive marketing campaign.

As at 30 June 2010, premium income of the **Portuguese subsidiaries** was up sharply by +25.8% to 76 million Euros. Life insurance premiums rose +31.3% as a result of the momentum generated by individual savings products under bancassurance agreements. In property and casualty insurance, premium income increased +32.5%.

Southeastern Europe

Total premium income of the Italian subsidiary **Groupama Assicurazioni** rose +7.5% to 719 million Euros as at 30 June 2010. Life and health insurance grew +14.1% as a result of the increase in life insurance (+17.3%). Premium income for the unit-linked savings segment increased fourfold thanks to the launch of a campaign in March 2010. Property and casualty insurance premium income increased +5.1% to 517 million Euros. The passenger vehicle and home insurance segments (+5.2% and +9.3% respectively) contributed significantly to this increase.

On a like-for-like basis, premium income of the Turkish subsidiaries **Groupama Sigorta and Groupama Emeklilik** was up +4.8% to 189 million Euros. It should be noted that these figures no longer include the premium income from Ziraat Banque, whose bancassurance agreement was not renewed in 2010. Life and health insurance rose +5.0% primarily as a result of growth in the health segment. Property and casualty insurance premium income posted growth of +4.5%, supported by strong performance from the agricultural risk segment (+25.6%).

As at 30 June 2010, premium income for **Groupama Phoenix** (Greece) totalled 98 million Euros, an increase of +6.1%. In the property and casualty insurance segment, the restructuring of the company to match its new business dynamic and completely revamped solutions is yielding results, with an increase of +9.2% in premiums written. The motor segment posted strong growth of +23.0%, primarily as a result of innovative products introduced in 2009. Life and health insurance premiums remained stable (+0.4%) in spite of a difficult economic context.

Central and Eastern European Countries (CEEC)

The premium income contribution of the Hungarian subsidiary **Groupama Garancia Biztosito** totalled 226 million Euros as at 30 June 2010, an increase of +6.9%. Life and health insurance premium income rose +30.4%, with growth of +28.4% in savings/retirement after the successful promotion of single-premium policies in partnership with OTP Bank. Property and casualty insurance posted a decline of -4.8% in its premium income, mainly due to the economic difficulties the country is experiencing.

Premium income of the Romanian subsidiaries **Groupama Asigurări** and **OTP Garancia Asigurări** was down -9.0% at 96 million Euros as at 30 June 2010. Property and casualty insurance fell -7.6% over the period, largely due to the decline in the motor segment related to the continued drop in vehicle sales and strong competition on pricing between market players. The difficult economic climate meant there were fewer personal loans (the primary life and health insurance market in Romania), which negatively impacted life and health insurance premium income (-22.1%).

United Kingdom

Premium income of **Groupama Insurances** rose +5.2% to 273 million Euros as at 30 June 2010. Property and casualty insurance premium income grew +6.7% with strong growth in commercial insurance (+15.5%), home insurance (+14.8%) and motor insurance (+2.6%). Life and health insurance posted a slight decline of -0.9% at 49 million Euros as at 30 June 2010.

■ Financial and banking operations

Net banking income from financial and banking operations totalled 117 million Euros, an increase of +1%.

Net banking income of **Groupama Banque** fell -3.1% to 45 million Euros as at 30 June 2010, in spite of growth in retail and private banking. This was due to the contraction of short-term rates on the market, combined with a slowdown in foreign exchange operations.

Premium income of the Group's asset management companies was up +1.9% to 73 million Euros as at 30 June 2010. This was mainly due to the increase in premium income of Groupama Asset Management over the period (+3.5%) thanks to increased assets under management of +2.7 billion in the first half of 2010.

Economic operating income slightly down in a difficult environment

The economic operating income of Groupama S.A. amounted to 104 million Euros as at 30 June 2010, down 9.6% compared with 30 June 2009.

Like the first half of 2009, the financial statements as at 30 June 2010 were impacted by the Xynthia climatic event, which occurred at the beginning of the year at a cost of 75 million Euros (versus 135 million Euros for storms Klaus and Quinten as at 30 June 2009). The combined ratio for property and casualty insurance was 104.5% as at 30 June 2010, versus 108.0% as at 30 June 2009.

Excluding Xynthia, economic operating income totalled 179 million Euros as at 30 June 2010.

The contribution of insurance operations to economic operating income was 247 million Euros, of which 171 million Euros came from France and 76 million Euros from the international subsidiaries.

Banking and finance subsidiaries contributed 1 million Euros.

The holding companies contributed -69 million Euros.

- **Property and casualty insurance**

The economic operating income from property and casualty insurance (excluding storms [1]) was virtually stable at 92 million Euros as at 30 June 2010.

The combined ratio (excluding storms) was 100.9% as at 30 June 2010, a 0.3-point improvement over 30 June 2009:

- In France, the net combined ratio was 101.6% as at 30 June 2010, up 1.9 points compared with 30 June 2009. Other climatic events, coupled with the decline in the loss ratio for motor insurance observed in the French market, contributed to the 2-point increase in the net claims ratio. Such events included in particular the floods in the south east. The operating expense ratio fell 0.1 point to 31.3% as at 30 June 2010 in spite of continued major investment, reflecting the Group's strong desire to control operating expenses.

- The net combined ratio for international operations improved by more than 3 points to 100.0% as at 30 June 2010, versus 103.1% as at 30 June 2009, thanks to the streamlining action carried out by the Group within recently acquired subsidiaries. Although international subsidiaries were also impacted by harsh weather (Hungary, the United Kingdom), their net claims ratio was down -2.4 points at 71.5%. Most of the subsidiaries (primarily Spain, Italy and the United Kingdom) recorded a net improvement in the current loss ratio in the motor segment. The operating expense ratio improved by 0.7 point to 28.5% as at 30 June 2010.

The improvement in the net combined ratio compensates for a decline in recurring financial income of 27 million Euros.

- **Life and health insurance**

The economic operating income recorded in life and health insurance amounted to 155 million Euros as at 30 June 2010, compared with 240 million Euros as at 30 June 2009.

The net technical margin for health and other bodily injury insurance fell by -78 million Euros over the previous period. Positive run-offs from underwriting reserves over previous periods had a favourable impact on the underwriting results of the first half of 2009.

The underwriting margin in the life/capitalisation segment decreased slightly in France and was stable internationally. Net inflows were also high at 922 million Euros, equalling the first half of 2009.

Recurring financial profit as at 30 June 2010 (net of profit sharing and taxes) fell by -18 million Euros.

Net result of 127 million Euros

In spite of the decline in the financial markets and the impact of the climatic event Xynthia, the net profit (Group share) amounted to 127 million Euros as at 30 June 2010. It was 166 million Euros as at 30 June 2009.

Net profit is comprised of economic operating income, to which are added non-recurring items, including:

- realised capital gains of 90 million Euros after profit sharing and corporate tax;

- change in fair value of -43 million of assets recognised at fair value through profit or loss.

The contribution of insurance operations to net profit amounted to 256 million Euros, of which 192 million Euros came from France and 64 million Euros from the International business.

[1] The term « storms » makes reference to Xynthia in 2010 and Klaus and Quinten in 2009

Consolidated balance sheet

As at 30 June 2010, the Groupama total **consolidated balance sheet** was 94.8 billion Euros, up from 90.7 billion Euros as at 30 June 2009, an increase of +4.5%.

Insurance investment totalled 76.7 billion Euros as at 30 June 2010 **versus 74.0 billion Euros in 2009, an increase of +3.6%. The Group's unrealised capital gains (including real estates) amounted to 1.4 billion Euros as at 30 June 2010, down 1.3 billion Euros primarily due to the decline in the equity markets, reflected in a -12.5%-drop in the CAC 40 index over the first half of 2010.**

The consolidated shareholders' equity of Groupama S.A. totalled 3.9 billion Euros **versus 4.6 billion Euros as at 31 December 2009. The decrease resulted mainly from the decline in the securities revaluation reserve following the fall in the financial markets during the first half of 2010.**

Gross technical reserves totalled 71.9 billion Euros **as at 30 June 2010, up from 69.2 billion Euros as at 31 December 2009.**

The Group's solvency I ratio was covered at 153% as at 30 June 2010.

Transactions with affiliates

Transactions with affiliates are detailed in Chapter 3 of the 2009 Registration Document registered by the AMF on 22 April 2010 and available on the company's website (www.groupama.com).

The transactions with affiliates did not undergo any significant changes since 31 December 2009. The agreements set up with the regional mutuals stay identical to those presented in the 2009 Registration Document in terms of both execution and size.

Risk factors

The main risks and uncertainties the Group is facing are described in chapter 4 of the 2009 Registration Document, registered by the AMF on 22 April 2010 and available on the Groupama's website (www.groupama.com).

This description of the main risks remains valid on the date of this Report for the appreciation of the major risks and uncertainties which may affect the Group by the end of the current fiscal year and no significant risks or uncertainties other than those described in the 2009 Registration Document are anticipated.

CONSOLIDATED FINANCIAL STATEMENTS
GROUPAMA SA
30 JUNE 2010
IFRS

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FINANCIAL STATEMENTS

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (IN MILLIONS OF EUROS)COLIDATED BALANCE

ASSETS		30/06/2010	31/12/2009
Goodwill	Note 2	3,227	3,218
Other intangible assets	Note 3	656	665
Intangible assets		**3,883**	**3,883**
Investment properties, excluding unit-linked investments	Note 4	3,367	3,377
Unit-linked investment properties	Note 7	95	102
Operating activities property	Note 5	729	705
Financial investments, excluding unit-linked items	Note 6	68,784	66,045
Financial investments in unit-linked investments	Note 7	3,549	3,555
Derivative instruments and embedded derivatives treated separately	Note 8	139	181
Insurance activities investments		**76,664**	**73,965**
Uses of funds for banking sector activities and investments of other activities	**Note 9**	**3,446**	**3,317**
Investments in related companies	**Note 10**	**194**	**192**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	**Note 11**	**1,635**	**1,553**
Other property, plant and equipment		193	174
Deferred acquisition costs		616	584
Deferred profit-sharing asset	Note 12	1,314	331
Deferred tax assets	Note 13	398	360
Receivables from insurance and inward reinsurance	Note 14	3,129	2,575
Receivables from outward reinsurance		152	173
Current tax receivables and other tax receivables		127	212
Other receivables		1,868	1,935
Other assets		**7,797**	**6,345**
Assets held for sale and discontinued activities		**0**	
Cash and cash equivalents	**Note 15**	**1,228**	**1,407**
TOTAL		**94,847**	**90,660**

The notes on pages 13 to 99 are an integral part of the consolidated financial statements.

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (IN MILLIONS OF EUROS)

LIABILITIES		30/06/2010	31/12/2009
Share capital	Note 16	1,187	1,187
Revaluation reserves	Note 16	(1,182)	(489)
Other reserves	Note 16	4,033	3,521
Unrealised foreign exchange adjustments	Note 16	(260)	(307)
Consolidated profit	Note 16	127	660
Shareholder's equity (Group share)		**3,905**	**4,572**
Minority interests	Note 16	128	189
Total shareholders' equity		**4,033**	**4,761**
Contingent liabilities	**Note 17**	**450**	**438**
Financial debt	**Note 18**	**3,050**	**3,848**
Liabilities related to insurance policies	**Note 19**	**48,871**	**46,872**
Liabilities related to financial contracts	**Note 20**	**22,953**	**22,290**
Deferred profit-sharing liabilities	**Note 12**	**26**	**34**
Sources of funds for banking sector activities	**Note 9**	**3,176**	**2,973**
Deferred tax liabilities	Note 13	852	771
Debts to unit holders of consolidated mutual funds		1,181	1,460
Operating debts to banking sector companies	Note 15	996	545
Liabilities from insurance or inward reinsurance activities		549	799
Liabilities from outward reinsurance activities		371	365
Current taxes payable and other tax liabilities		167	189
Derivative instrument liabilities	Note 8	318	171
Other debts	Note 21	7,856	5,144
Other liabilities		**12,289**	**9,444**
Liabilities for held for sale or discontinued activities			
TOTAL		**94,847**	**90,660**

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GROUPAMA SA
CONSOLIDATED INCOME STATEMENT (IN MILLIONS OF EUROS)

INCOME STATEMENT		30/06/2010	30/06/2009
Written premiums	Note 22	8,508	8,213
Change in unearned premiums		(970)	(917)
Earned premiums		**7,538**	**7,296**
Net banking income, net of cost of risk		**115**	**113**
Investment income		1,543	1,600
Investment expenses		(391)	(406)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs		205	111
Change in fair value of financial instruments recognised at fair value through profit or loss		(113)	13
Change in impairment losses on investments		(9)	(8)
Investment income net of expenses	**Note 23**	**1,236**	**1,310**
Total income from ordinary operations		**8,888**	**8,719**
Insurance policy servicing expenses	Note 24	(6,698)	(6,629)
Income from outward reinsurance	Note 25	230	344
Expenses on outward reinsurance	Note 25	(382)	(433)
Net outward reinsurance income (expenses)		**(6,850)**	**(6,718)**
Banking operating expenses		(110)	(108)
Policy acquisition costs		(847)	(894)
Administrative costs		(476)	(504)
Other income and expenses from current operations		(311)	(182)
Total other current income and expenses		**(8,594)**	**(8,406)**
CURRENT OPERATING PROFIT		**293**	**313**
Other operating income and expenses	Note 26	(36)	(117)
OPERATING PROFIT		**258**	**197**
Financing expenses	Note 27	(65)	(64)
Share in income of related companies		2	5
Corporate income tax	Note 28	(51)	47
NET PROFIT FOR THE CONSOLIDATED ENTITY		**143**	**186**
of which, minority interests	Note 16	16	19
NET PROFIT (GROUP SHARE)		**127**	**166**

The notes on pages 13 to 99 are an integral part of the consolidated financial statements.

GROUPAMA SA
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY (IN MILLIONS OF EUROS)

In millions of Euros	30/06/2010			30/06/2009		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the period	**127**	**16**	**143**	**166**	**19**	**186**
Change in foreign exchange adjustments	47	1	48	12		12
Change in gross unrealised capital gains and losses on assets available for sale	(1,494)	(1)	(1,495)	141	(1)	140
Revaluation of hedging derivative instruments	(20)	(27)	(47)	(15)	(6)	(21)
Change in actuarial gains (losses) on post-employment benefits	(28)		(28)	(20)		(20)
Change in shadow accounting	860	1	861	108	1	109
Change in deferred taxes	(30)		(30)	(68)		(68)
Other	(4)	1	(3)	3	1	4
Gains (losses) recognised directly in shareholders' equity	**(669)**	**(25)**	**(694)**	**161**	**(5)**	**156**
Net profit and gains (losses) recognised in shareholders' equity	**(542)**	**(9)**	**(551)**	**327**	**14**	**342**

The statement of net income and gains and losses recognised directly in shareholders' equity – an integral part of the financial statements – includes, in addition to the net profit for the period, the change in the provision for unrealised capital gains and losses on assets available for sale, 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 and losses on post-employment benefits.

The notes on pages 13 to 99 are an integral part of the consolidated financial statements.

GROUPAMA SA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IN MILLIONS OF EUROS)

In millions of Euros	Share capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/2009	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**
Appropriation of 2009 profit (loss)		(660)		660					
Dividends				(125)			(125)	(51)	(176)
Change in share capital									
Business combinations								(1)	(1)
Impacts of transactions with shareholders		**(660)**		**535**			**(125)**	**(52)**	**(177)**
Unrealised foreign exchange adjustments						47	47	1	48
Assets available for sale					(1,494)		(1,494)	(1)	(1,495)
Shadow accounting					860		860	1	861
Deferred taxes				9	(39)		(30)		(30)
Actuarial gains (losses) on post-employment benefits				(28)			(28)		(28)
Other				(4)	(20)		(24)	(26)	(50)
Net profit (loss) for the period		127					127	16	143
Total income (expenses) recognised for the period		**127**		**(23)**	**(693)**	**47**	**(542)**	**(9)**	**(551)**
Total changes for the period		**(533)**		**512**	**(693)**	**47**	**(667)**	**(61)**	**(728)**
Shareholders' equity as at 30/06/2010	**1,187**	**127**	**1,000**	**3,033**	**(1,182)**	**(260)**	**3,905**	**128**	**4,033**

In millions of Euros	Share capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/2008	**1,187**	**273**	**1,000**	**2,366**	**(1,349)**	**(298)**	**3,179**	**208**	**3,387**
Appropriation of 2008 profit (loss)		(273)		273					
Dividends				(94)			(94)	(50)	(144)
Change in share capital								9	9
Business combinations								(7)	(7)
Impacts of transactions with shareholders		**(273)**		**179**			**(94)**	**(48)**	**(142)**
Unrealised foreign exchange adjustments						(9)	(9)		(9)
Assets available for sale					2,243		2,243	13	2,256
Shadow accounting					(1,244)		(1,244)	(10)	(1,254)
Deferred taxes				9	(112)		(103)	(1)	(104)
Actuarial gains (losses) on post-employment benefits				(30)			(30)		(30)
Other				(3)	(27)		(30)	(10)	(40)
Net profit (loss) for the period		660					660	37	697
Total income (expenses) recognised for the period		**660**		**(24)**	**860**	**(9)**	**1,487**	**29**	**1,516**
Total changes for the period		**387**		**155**	**860**	**(9)**	**1,393**	**(19)**	**1,374**
Shareholders' equity as at 31/12/2009	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**

In millions of Euros	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/2008	**1,187**	**273**	**1,000**	**2,366**	**(1,349)**	**(298)**	**3,179**	**208**	**3,387**
Appropriation of 2008 profit (loss)		(273)		273					
Dividends				(73)			(73)	(48)	(121)
Change in share capital								7	7
Business combinations								(6)	(6)
Impacts of transactions with shareholders		**(273)**		**200**			**(73)**	**(47)**	**(120)**
Unrealised foreign exchange adjustments						12	12		12
Assets available for sale					141		141	(1)	140
Shadow accounting					108		108	1	109
Deferred taxes					(68)		(68)		(68)
Actuarial gains (losses) on post-employment benefits				(20)			(20)		(20)
Other				3	(15)		(12)	(5)	(17)
Net profit (loss) for the period		166					166	19	185
Total income (expenses) recognised for the period		**166**		**(17)**	**166**	**12**	**327**	**14**	**341**
Total changes for the period		**(107)**		**183**	**166**	**12**	**254**	**(33)**	**221**
Shareholders' equity as at 30/06/2009	**1,187**	**166**	**1,000**	**2,549**	**(1,183)**	**(286)**	**3,433**	**175**	**3,608**

The notes on pages 13 to 99 are an integral part of the consolidated financial statements.

GROUPAMA SA
STATEMENT OF CASHFLOW (IN MILLIONS OF EUROS)

STATEMENT OF CASHFLOW	30/06/2010	30/06/2009
Operating profit before taxes	258	197
Gains (losses) on sale of investments	(200)	49
Net depreciation charges	149	139
Change in deferred acquisition costs	(24)	(41)
Changes in impairment	10	(129)
Net increases in technical reserves related to insurance policies and financial contracts	2,390	2,284
Net increases in other provisions	(13)	3
Change in the fair value of financial instruments recognised at fair value through profit or loss (excluding cash and cash equivalents)	113	(13)
Other non-cash items included in operating profit		
Adjustments of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	2,425	2,292
Change in operating receivables and payables	(827)	(604)
Change in banking operating receivables and payables	(119)	(14)
Change in securities repurchase agreements	2,936	3,110
Cash flows from other assets and liabilities	12	(94)
Net taxes paid	(36)	128
Net cash flows from operating activities	**4,649**	**5,015**
Acquisitions/disposals of subsidiaries and joint ventures, net of cash acquired		
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	0	0
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(4,309)	(4,796)
Net acquisitions of real estate investment	(62)	(94)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	5	(9)
Cash flows from acquisitions and issues of investments	(4,366)	(4,899)
Net acquisitions of tangible and intangible assets and operating assets	(91)	(209)
Cash flows from acquisitions and disposals of tangible and intangible assets	(91)	(209)
Net cash flows from investment activities	**(4,457)**	**(5,108)**
Dues		
Equity instruments issued		7
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(176)	(122)
Cash flows from transactions with shareholders and members	(176)	(115)
Cash allocated to financial debt	(809)	160
Interest paid on financial debt	(65)	(63)
Cash flows related to Group financing	(874)	97
Net cash flows from financing activities	**(1,050)**	**(18)**
Cash and cash equivalents as at 1 January	**1,228**	**1,277**
Net cash flows from operating activities	4,649	5,015
Net cash flows from investment activities	(4,457)	(5,108)
Net cash flows from financing activities	(1,050)	(18)
Effect of foreign exchange fluctuations on cash	38	12
Cash and cash equivalents as at 30 June	**408**	**1,178**
Cash and cash equivalents	1,406	
Mutual, central bank and postal bank	370	
Operating debts to banking sector companies	(548)	
Cash and cash equivalents as at 1 January 2010	**1,228**	
Cash and cash equivalents	1,228	
Mutual, central bank and postal bank	217	
Operating debts to banking sector companies	(1,037)	
Cash and cash equivalents as at 30 June 2010	**408**	

The notes on pages 13 to 99 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED FORMAT

1. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

1.1 SIGNIFICANT EVENTS

DEVELOPMENT OF THE GROUP

Partnership with Banque Casino

Banque Casino and Groupama have entered into a partnership in the area of non-life insurance. Under that partnership, Banque Casino, through the industrial know-how of Amaline Assurances, will offer non-life products (motor, multi-risk home, individual accident, travel insurance). This first full line of insurance and financial products as a distributor brand was launched on 2 June 2010. This partnership with Casino marks the start a new approach to insurance for the Group through large-scale distribution, and shows Groupama's desire to continue its strategy of partnerships and innovation.

Partnership with Agrica

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

Sévéane

Sévéane, the joint entity formed by Groupama and PRO BTP to manage the networks of health professionals, has been operational since 18 January 2010. Sévéane will provide the six million policyholders of the two groups with access to a network of almost 5,000 approved health professionals.

Agreement with Renault Dacia in Romania

Always seeking to diversify its distribution, the Group signed an agreement with Renault Dacia in Romania to distribute its motor insurance products to the country's car manufacturer concessions.

Partnership in the United Kingdom

In the United Kingdom, partnerships with Endsleigh for passenger vehicle insurance, Saga Services for home insurance and Towergate for commercial insurance contributed significantly to the growth of the property and casualty insurance business in the first half of the year.

OTHER FACTORS

Storm "Xynthia"

The start of 2010 was marked by storm "Xynthia" on 27 and 28 February, the cost of which is estimated at €1.5 billion for the entire market. Groupama implemented its crisis plan as soon as the storms threatened and was thus able to mobilise teams to respond to members' and customers' needs as swiftly as possible. The cost to the Group of these storms amounted to €187 million before reinsurance. The cost to external reinsurers of these events is €74 million. Net of tax, the final cost to the Group is estimated at €75 million.

Floods in Var

The cost of the floods that affected the department of Var for the Group is €79 million, including €43 million ceded to outside reinsurers. Net of tax, the cost for the Group is €24 million.

Groupama SA subordinated redeemable bonds (TSR): early redemption of 1999/2029 TSRs

Following the issuance on 27 October 2009 of subordinated redeemable bonds for €750 million and the approval of the French Insurance Regulator, the Autorité de Contrôle des Assurances et Mutuelles (ACAM), Groupama SA, on 22 January 2010 undertook the early redemption of its subordinated redeemable bonds issued in 1999 for a total amount of €750 million.

Rating by Fitch Ratings

On 21 April 2010, Fitch Ratings gave Groupama a financial solidity rating of "A" with a stable outlook. That rating reflects the Group's good solvency and moderate debt level, which benefits from a broad diversification of its activities and its risks.

Rating by Standard & Poor's

On 29 June 2010, Standard & Poor's revised Groupama's financial solidity rating to "A -, stable outlook". That revision, which corresponds to a trend affecting many large European insurers, does not call into question the Group's financial solidity. Groupama maintains an "A" category rating, which shows "strong" financial solidity, according to Standard & Poor's analysis table.

1.2 POST-BALANCE SHEET EVENTS

None

2. CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 EXPLANATORY NOTES

Groupama SA is a French Société Anonyme nearly wholly owned, directly or indirectly, by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("regional mutuals") which form the mutual division of Groupama. Groupama SA is domiciled in France. Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

The breakdown of share capital as at 30 June 2010 was as follows:

- 90.91% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.10% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans – FCPEs).

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

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the equity management business lines of the Groupama Group. Its activities are:

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

The consolidated financial statements of Groupama SA include the outward reinsurance by the regional mutuals and the business of the subsidiaries.

The combined financial statements relate to the Groupama Group, which is composed of all the local mutuals, the regional mutuals, Groupama SA and its subsidiaries.

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the oversight of the French Insurance and Mutual Society Supervisory Authority.

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

- within the Groupama SA division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control;
- in the mutual insurance division:
    - ➢ by an internal reinsurance treaty that binds the regional mutuals to Groupama SA. The treaty, signed in December 2003 in connection with the businesses acquired by Groupama SA at the time of the contribution of the regional mutual reinsurance business granted by the CCAMA retroactive to 1 January 2003, replaced the general reinsurance regulations that had previously governed the internal reinsurance ties between the regional mutuals and the CCAMA;
    - ➢ by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale GROUPAMA"), which was signed on 17 December 2003).

2.2 GENERAL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 30 June 2010 were approved by the Board of Directors, which met on 4 August 2010.

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 30 June 2010 as adopted by the European Union, the principal terms of which are applied by GROUPAMA SA as described below.

The standards and interpretations with mandatory application for periods starting on or after 1 January 2010 were applied for preparing the Group's financial statements as at 30 June 2010, and especially the revised IFRS 3 "Business Combinations" and revised IAS 27 "Consolidated and Separate Financial Statements" standards. The application did not have any significant effect on the Group's financial statements as at 30 June 2010.

The amendment to IAS 32 adopted by the European Union in December 2009 regarding the classification of subscription rights issued was not applied early. Its application was considered to have no impact on the Group's consolidated financial statements.

In terms of interim closing, the financial statements were prepared pursuant to IAS 34, in a condensed format.

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

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

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

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

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

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

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

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

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

2.3 PRINCIPLES OF CONSOLIDATION

2.3.1 Consolidation scope and policies

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

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

➢ **Consolidating company**

The consolidating company is the company that exclusively or jointly controls other companies, whatever their legal entity status, or which exerts a significant influence on them.

➢ **Exclusively controlled entities**

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

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

Full consolidation consists of:

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

➢ **Joint ventures**

When an entity is controlled jointly, it is consolidated using the proportionate consolidation method. Its assets, liabilities, income and expenses are grouped, line by line, with the similar items in the consolidated financial statements of the consolidating entity. Joint control is the sharing of an economic activity under a contractual agreement.

➢ **De facto controlled companies**

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

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

- The group is the largest shareholder in the company,
- The other shareholders do not hold 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 consolidating entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

The equity method consists of:

- replacing the carrying amount of the shares held by the group, share of capital and reserves including the earnings for the period 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 consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the group total), the entity is no longer consolidated.

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

2.3.2 Change in the scope of consolidation

Changes in the scope of consolidation are described in Note 30 of the Notes to the Financial Statements.

2.3.3 Consistency of accounting principles

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

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

2.3.4 Translation of statements of foreign companies

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

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

2.3.5 Internal transactions between companies consolidated by Groupama SA

All Group intercompany transactions are eliminated.

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

Thus, intercompany transactions on the following must be eliminated:

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

Goodwill on acquisitions prior to 1 January 2010

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

The remaining goodwill resulting from the excess of the price paid over the IFRS consolidated net asset value on the acquisition date is adjusted for any intangible assets identified under purchase accounting according to IFRS 3 (fair value of assets and liabilities acquired).

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

Goodwill is assigned to cash generating units (CGU) of the buyer, which are expected to benefit from the combination. A CGU is defined as an identifiable group of assets producing cash flows independently of other assets or groups of assets. In the case of management units, management tools, geographic regions or major business lines, one CGU is established by consolidating entities of the same level.

Goodwill resulting from the acquisition of a foreign entity outside the euro zone is recorded in the local currency of the acquired entity and translated to Euros at the closing rate. Subsequent foreign exchange fluctuations are posted to foreign exchange translation reserves.

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

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

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

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

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

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

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

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

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

The reverse entry for this liability is an addition to goodwill equal to the option price (value of the Group share), an impact on minority interests is thus recorded as an addition recognised in goodwill.

Goodwill on acquisitions after 1 January 2010

Transactions after 1 January 2010 are treated pursuant to the provisions of revised IFRS 3. However, that new standard finds no practical application in the financial statements for the first half of 2010 due to the lack of acquisition transactions.

The general principles cited above for acquisitions made prior to 1 January 2010 are not modified but the new standard does make a number of changes, concerning:

- the option of goodwill at full cost (which is taken acquisition by acquisition);
- acquisition price revision adjustments ("earn out") beyond the 12-month period for final allocation of fair value to assets and liabilities;
- the treatment of acquisition expenses.

3.1.2 Other intangible fixed assets

Other intangible fixed assets are identifiable assets, 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 thereof 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 profit or loss:
  - Assets held for trading are investments, which are held to earn short-term profits. If there have been short-term sales in the past, such assets may also be classified in this category,
  - Financial assets designated as at fair value through profit or loss (held-for-trading), provided they comply with the following criteria:
    - asset/liability matching to avoid any accounting mismatch,
    - hybrid instruments including one or more embedded derivatives,
    - group of financial assets and/or liabilities that are managed and the results of which is stated at fair value.

- Assets held to maturity include fixed-term investments that the company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above.

- The category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market.

- Assets available for sale (at fair value through equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

➢ **Reclassifications**

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

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

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

➢ **Initial recognition**

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

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

Financial assets are initially recorded at fair value plus; for assets not measured at fair value through profit or loss, 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 details for each of these items are provided in Note 6.6.

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 period-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 adjusted 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.

Assets available for sale are valued at fair value and the unrealised gains or losses are recorded in a separate item under capital and reserves.

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

- **Provisions for impairment**

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

Debt instruments classified as assets available for sale

For debt instruments classified as assets available for sale, an impairment loss is recognised through profit or loss in the event of a proven counterparty risk.
Impairments recognised on debt instruments are written back through profit or loss in the event of reduction or disappearance of the counterparty risk.

Own equity instruments classified as assets available for sale

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

In the first half of 2010, the Group made a change in calibration of its criteria for objectively indicating a loss in value of equity instruments classified as assets available for sale. An objective indication of prolonged drop is now recognised when the financial investment has been in a steady situation of unrealised capital loss compared to its book value for the last 36 months (instead of 24 months at the time of the previous closing).

Currently the Group estimates that the most appropriate calibration to measure a sustained impairment exceeds the 24-month observation period and should be increased to 36 months following the practices of other players. The economic cycle of assets available for sale is correlated to the macroeconomic situation. It clearly seems that the initial 24-month period, which was sufficient to absorb just the financial crisis, is not long enough for us to apprehend the much deeper effects of the economic crisis that western economies are experiencing currently. In light of that fact, the volatility observed in markets in April, May and June 2010 is at a level equivalent to that of the markets in the fourth quarter of 2008 or March 2009. For the same reasons, for strategic securities that the Group holds in the long term, the initial observation period of 36 months has been increased to 48 months.

The effects of this change are discussed in Note 6.1.
Thus, there is 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 to the financial statements, 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 period, less any loss in value previously recognised through profit or loss, is automatically booked to profit or loss. Nevertheless, in compliance with the materiality provisions of IFRS, only the impairment that has a material effect on the accounts is recorded.

These criteria may undergo changes over time, by applying good judgment, 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 as at the balance sheet date).

In addition, in all other cases where these thresholds have not been reached, the Group identifies in its portfolio those securities that have constantly over the last six months shown material unrealised losses due to the volatility of the financial markets. For the thus separated securities the Group then carries out a review, based on its judgment, security by security, and decides whether to post an impairment through profit or loss 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 recognised on a shareholders' equity instrument will only be written back to income when the asset in question is sold.

Investments valued at amortised cost

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

- **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 recognised in 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 valued 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 recognised as at fair value through profit or loss.

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 relevant property 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 national oversight authorities (in France, Autorité de Contrôle prudentiel). 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**

At 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 recoverable 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 recoverable value is less than the net book value, the Group recognises an impairment in the income statement in the amount of the difference between the two values, and the net book value is adjusted to reflect only the recoverable value.

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

- **Derecognition**

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

3.3 DERIVATIVES

3.3.1 General

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

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

All derivatives are recorded on the balance sheet at cost and are subsequently revalued at fair value. Changes in fair value are posted to the income statement 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 asset available for sale, 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 excess of the book value over the recoverable value, which is the higher of fair value less costs to sell or 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 recognised under other liabilities at fair value and offset against minority interests and recognised in goodwill. Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The change in this liability is recognised through the income statement.

3.7 CASH AND CASH EQUIVALENTS

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

3.8 SHAREHOLDERS' EQUITY

- **Revaluation reserves**

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

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to the provisions of IAS 21. These are unrealised gains and losses,
- the effects of the revaluation of financial assets available for sale in accordance with the provisions of IAS 39. These are unrealised gains and losses,
- the cumulative impact of the gain or loss from shadow accounting,
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

- **Other reserves**

Other reserves consist of the following items:

- Retained earnings,
- Group consolidation reserves,
- Other regulated reserves,
- The impact of changes in accounting methods,
- Equity instruments akin to TSS (deeply subordinated securities) whose features allow recognition in shareholders' equity.

- **Unrealised foreign exchange adjustments**

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

- **Minority interests**

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

3.9 CONTINGENT LIABILITIES

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

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

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

- **Personnel benefits**

- **Pension commitments**

The companies of the Group have different pension schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined benefit schemes and defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to contribute additional amounts to the scheme in the event the assets are not sufficient to pay all employees the benefits owed for the services rendered during the current and previous periods. 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 policies and financial contracts with discretionary profit-sharing, which are governed by IFRS 4,
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

- **Insurance policies**

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

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

- **Financial contracts**

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

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

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

3.11.2 Insurance policies subject to IFRS 4

a. Non-life insurance policies

- **Premiums**

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

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

- **Insurance policy servicing expenses**

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

The services and related expenses relate to the claims settled net of claims receivable collected for the period 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.

In an interim closing, for a given family of risks, during the period the loss experience may have a non-homogeneous profile that translates into a technical loss on the fraction of premiums being reported.

To apprehend that phenomenon, a liability adequacy test is done, which, in the event of a loss, gives rise to making an additional provision in the amount of the inadequacy.

The test is done as of the last update of the annual forecast of loss experience and expenses for that family of risks.

The loss corresponds to the inadequacy of premiums reported over the period following the interim closing, compared to the forecast expense of loss experience and costs on those premiums. The calculation is done on net amounts of reinsurance.

  - **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 period, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates.
For construction risks, in addition to the outstanding claims reserves (declared or not yet declared), separate reserves for claims that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

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

❖ **Other technical reserves**

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

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

➢ **Deferred acquisition costs**

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

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

➢ **Premiums**

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

➢ **Insurance policy servicing expenses**

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

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

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

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

❖ **Actuarial reserves**

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

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

❖ **Profit-sharing reserve**

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

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

For the part exceeding the minimal regulatory and contractual commitment, the current expense of contract beneficiary profit sharing is determined in the interim financial statements based on the estimated report for the current period and considering the decisions taken or, absent that, recognised at the close of the last period, between the annual projected expense of contract beneficiary profit sharing and projected annual net investment income. In the interim financial statements, that expense is capped at the amount of the annual projected financial margin.

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 policies, 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 through profit or loss, 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 records deferred profit-sharing assets limited to the effectively recoverable portion of deferred profit-sharing. A recoverability test based on projections for insurance investments and the future performance of the insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets recognised 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 profit or loss.

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

d. Unit-linked policies under IFRS 4

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

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

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

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

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

3.11.3 Insurance policies governed by IAS 39

Liabilities relating to financial contracts without discretionary profit-sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are recognised 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 recognised as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. These assets, which correspond to the contractual right acquired by the Group to the profits resulting from the management of the investments, are 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 assets 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 under assets or liabilities on the balance sheet as applicable.

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

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

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.
All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as “more probable than improbable”, i.e., if it is likely that sufficient taxable earnings will be available in the future to offset the deductible timing differences. In general, a 3-year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

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

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

3.13 SEGMENT REPORTING

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

The Group is organised into three business segments: insurance in France, insurance worldwide and banking and financial activities. The banking and finance segment, which is the subject of specific notes to the financial statements (Notes 9.1, 9.2, and 22.3), has been combined with the insurance segment in France to create a global insurance segment called “France”.

The different activities of each segment are as follows:

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

3.14 FUNCTIONAL BREAKDOWN OF EXPENSES

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

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

4. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SEGMENT REPORTING

NOTE 1.1 - SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 - SEGMENT REPORTING BY OPERATING SEGMENT – BALANCE SHEET

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Intangible assets	1,203	2,680	3,883	1,195	2,688	3,883
Insurance business investments	68,198	8,465	76,664	65,569	8,395	73,965
Uses of funds for banking sector activities and investments of other activities	3,446		3,446	3,317		3,317
Investments in related companies	71	123	194	72	119	192
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,293	342	1,635	1,220	333	1,553
Other assets	6,056	1,742	7,798	4,696	1,650	6,346
Assets held for sale and discontinued activities						
Cash and cash equivalents	724	505	1,228	785	622	1,407
Total consolidated assets	**80,991**	**13,857**	**94,848**	**76,853**	**13,808**	**90,661**
Contingent liabilities	278	172	450	283	155	438
Financial debt	3,030	20	3,050	3,830	18	3,848
Liabilities related to insurance policies	41,163	7,707	48,871	39,195	7,677	46,872
Liabilities related to financial contracts	21,632	1,321	22,953	21,061	1,229	22,290
Deferred profit-sharing liabilities	26		26	34		34
Income for banking sector business	3,176		3,176	2,973		2,973
Other liabilities	11,545	745	12,289	8,669	775	9,444
Liabilities for activities held for sale or discontinued activities						
Total consolidated liabilities excluding shareholders' equity	**80,850**	**9,965**	**90,815**	**76,045**	**9,854**	**85,899**

NOTE 1.1.2 - SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of Euros	30/06/2010			30/06/2009		
	France	International	Total	France	International	Total
Earned premiums	5,525	2,012	7,538	5,288	2,008	7,296
Net banking income, net of cost of risk	115		115	113		113
Investment income	1,334	209	1,543	1,365	234	1,600
Investment expenses	(365)	(26)	(391)	(378)	(28)	(406)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	181	24	205	87	25	111
Change in fair value of financial instruments recorded at fair value through profit or loss	(109)	(4)	(113)	(1)	15	13
Change in impairment losses on investments	(3)	(7)	(9)	(1)	(6)	(8)
Total income from ordinary operations	**6,679**	**2,209**	**8,888**	**6,472**	**2,247**	**8,719**
Insurance policy servicing expenses	(5,154)	(1,544)	(6,698)	(5,065)	(1,564)	(6,629)
Income from outward reinsurance	205	25	230	294	50	344
Expenses on outward reinsurance	(323)	(60)	(382)	(318)	(116)	(433)
Banking operating expenses	(110)		(110)	(108)		(108)
Policy acquisition costs	(484)	(363)	(847)	(536)	(358)	(894)
Administrative costs	(342)	(134)	(476)	(368)	(136)	(504)
Other income and expenses from current operations	(290)	(22)	(311)	(164)	(18)	(182)
CURRENT OPERATING PROFIT	**182**	**112**	**293**	**209**	**105**	**314**
Other operating income and expenses	(8)	(27)	(36)	(49)	(68)	(117)
OPERATING PROFIT	**174**	**84**	**258**	**160**	**37**	**197**
Financing expenses	(64)	(1)	(65)	(63)	(1)	(64)
Share in income of related companies	1		2	1	4	5
Corporate income tax	(27)	(24)	(51)	(23)	71	48
Net profit of the consolidated entity	**84**	**59**	**143**	**75**	**111**	**186**
of which, minority interests	16		16	18	1	19
NET PROFIT (GROUP SHARE)	**68**	**59**	**127**	**56**	**110**	**166**

NOTE 1.2.1 - SEGMENT REPORTING BY BUSINESS ACTIVITIES – INCOME STATEMENT

INCOME STATEMENT	30/06/2010										
	France					International					TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Earned premiums	**2,043**	**3,482**			**5,525**	**1,446**	**567**			**2,012**	**7,538**
Net banking income, net of cost of risk			**115**		**115**						**115**
Investment income	228	1,098		8	1,334	97	109		2	209	1,543
Investment expenses	(107)	(265)		8	(365)	(17)	(9)		(1)	(26)	(391)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	34	147		(1)	181	16	8			24	205
Change in fair value of financial instruments recorded at fair value through profit or loss	(3)	(74)		(32)	(109)	(1)	(3)			(4)	(113)
Change in impairment losses on investments				(2)	(3)	(5)	(2)			(7)	(9)
Total income from ordinary operations	**2,195**	**4,388**	**115**	**(19)**	**6,679**	**1,536**	**671**		**2**	**2,209**	**8,888**
Insurance policy servicing expenses	(1,507)	(3,647)			(5,154)	(1,014)	(530)			(1,544)	(6,698)
Income from outward reinsurance	188	16			205	18	7			25	230
Expenses on outward reinsurance	(301)	(21)			(323)	(51)	(9)			(60)	(382)
Banking operating expenses			(110)		(110)						(110)
Policy acquisition costs	(305)	(179)			(484)	(296)	(67)			(363)	(847)
Administrative costs	(176)	(165)			(342)	(93)	(41)			(134)	(476)
Other income and expenses from current operations	(84)	(143)	4	(66)	(290)	(17)	(3)		(2)	(22)	(311)
CURRENT OPERATING PROFIT	**10**	**248**	**9**	**(85)**	**182**	**84**	**28**		**(1)**	**112**	**293**
Other operating income and expenses	1	(7)		(2)	(8)	(25)	(2)			(27)	(36)
OPERATING PROFIT	**11**	**241**	**9**	**(87)**	**174**	**59**	**26**		**(1)**	**84**	**258**
Financing expenses	(15)	(5)		(44)	(64)				(1)	(1)	(65)
Share in income of related companies	(1)	2			1						2
Corporate income tax	1	(61)	(8)	41	(27)	(18)	(7)			(24)	(51)
NET PROFIT OF THE CONSOLIDATED ENTITY	**(3)**	**177**	**1**	**(90)**	**84**	**42**	**19**		**(2)**	**59**	**143**
of which, minority interests	11	5			16						16
NET PROFIT (GROUP SHARE)	**(15)**	**173**	**1**	**(90)**	**68**	**42**	**19**		**(2)**	**59**	**127**

INCOME STATEMENT	30/06/2009										
	France					International					TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	
Earned premiums	**1,965**	**3,323**			**5,288**	**1,406**	**602**			**2,008**	**7,296**
Net banking income, net of cost of risk			**113**		**113**					**0**	**113**
Investment income	260	1 098		7	1,365	110	122		2	234	**1,600**
Investment expenses	(115)	(252)		(11)	(378)	(18)	(9)		(1)	(28)	**(406)**
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	(2)	89			87	11	14			25	**113**
Change in fair value of financial instruments recorded at fair value through profit or loss	7	(10)		2	(1)	3	12			15	**13**
Change in impairment losses on investments	(1)				(1)	(2)	(4)			(6)	**(8)**
Total income from ordinary operations	**2,114**	**4,248**	**113**	**(2)**	**6,472**	**1,510**	**737**		**1**	**2,248**	**8,719**
Insurance policy servicing expenses	(1,599)	(3,466)			(5,065)	(987)	(577)			(1,564)	**(6,629)**
Income from outward reinsurance	266	28			294	38	12			50	**344**
Expenses on outward reinsurance	(291)	(27)			(318)	(103)	(13)			(116)	**(433)**
Banking operating expenses			(108)		(108)					0	**(108)**
Policy acquisition costs	(290)	(246)			(536)	(289)	(69)			(358)	**(894)**
Administrative costs	(191)	(177)			(368)	(100)	(36)			(136)	**(504)**
Other income and expenses from current operations	(64)	(37)	5	(68)	(164)	(13)	(3)		(2)	(18)	**(182)**
CURRENT OPERATING PROFIT	**(55)**	**323**	**10**	**(70)**	**209**	**56**	**50**		**(1)**	**105**	**314**
Other operating income and expenses	(31)	(4)		(14)	(49)	(57)	(11)			(68)	**(117)**
OPERATING PROFIT	**(86)**	**319**	**10**	**(84)**	**160**	**(1)**	**39**		**(1)**	**37**	**197**
Financing expenses	(14)	(4)		(45)	(63)				(1)	(1)	**(64)**
Share in income of related companies	(1)	2			1	4				4	**5**
Corporate income tax	35	(87)		29	(23)	80	(9)			71	**48**
NET PROFIT OF THE CONSOLIDATED ENTITY	**(66)**	**230**	**10**	**(99)**	**75**	**83**	**30**		**(2)**	**111**	**186**
of which, minority interests	14	4			18	1				1	**19**
NET PROFIT (GROUP SHARE)	**(82)**	**227**	**10**	**(99)**	**56**	**82**	**30**		**(2)**	**110**	**166**

NOTE 2 - GOODWILL

In millions of Euros	30/06/2010				31/12/2009
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Opening amount	**3,524**	**(121)**	**(186)**	**3,218**	**3,497**
Central and Eastern Europe Countries					
Turkey					
France					
United Kingdom					
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					(32)
Central and Eastern Europe Countries	(4)		(25)	(29)	(161)
Turkey			27	27	(11)
United Kingdom	(1)		12	11	4
Greece					(5)
Spain					(41)
Tunisia					(33)
Other changes during the period	**(5)**		**15**	**9**	**(279)**
Period-end amount	**3,519**	**(121)**	**(171)**	**3,227**	**3,218**

The gross amount shown in the table above is reduced by the:

- cumulative depreciation under French GAAP (CRC Regulation n°2005.05) as at 31 December 2003 amounting to €530 million, and
- impact of the first application of IFRS as at 1 January 2004 being a net reduction in net assets of €446 million.

This reduction results from a breach of equilibrium conditions under “impairment” tests. This breach arises from the recognition of income previously considered as not yet earned for accounting purposes under the former accounting principles (being unrealised gains for shareholders, equalisation reserves and tax receivables) within the IFRS net position. The coordination of future cash flows with margin factors already included in the net shareholders’ equity under IFRS resulted in the automatic impairment of a portion of the intangible assets recorded on the balance sheet in accordance with the former accounting principles.

Other activity during the period:

In addition to the activity connected with differences in conversion rates of goodwill on the balance sheet, the following activity was recorded.

Central and Eastern European Countries

A draft agreement was signed on 23 February 2010 with OTP Bank to assume part of the costs of researching the acquisition of the insurance subsidiaries of the OTP Group. That agreement resulted in reducing the acquisition price by €4 million.

United Kingdom

The acquisition prices of the brokerage firms acquired in 2007 (Bollington Ltd and Lark Insurance Broking Group) consist of unconditional sale options granted to the sellers. The valuation of those options is based on the financial performance achieved by those firms after their integration into the Group.

As at 30 June 2010, the valuation of the options was revised, thereby reducing the price supplement to be paid to the sellers by €1 million.

Impairment test:

Goodwill is tested for impairment at least once per year. That test is conducted on the scale of the cash-generating unit at the time of each annual closing.

At the time of an interim closing, the Group performs certain tasks of internal control to detect any indicator of impairment.

During the first half of 2010, no indicator of impairment was detected.

We should recall that during 2009, as a prudential measure, the Group recorded an impairment of €113 million of the portion of goodwill relating to the strategic premium concerning a start-up of activity in the emergent countries (Russia, Ukraine, Croatia, Serbia, Montenegro) within the framework of the partnership with OTP Bank group. Considering the situation of financial crisis that has affected that zone, Groupama has postponed the start-up of its insurance activity in those countries.

NOTE 2.1 - GOODWILL – BREAKDOWN BY CASH GENERATING ENTITY

In millions of Euros	30/06/2010				31/12/2009
	Gross amount	Impairment	Unrealised foreign exchange adjustment	Net amount	Net amount
Central and Eastern European Countries	1,029	(113)	(154)	762	791
Italy	781			781	781
Turkey	262		14	276	248
Spain	131	(3)		128	128
United Kingdom	185	(4)	(31)	149	138
Greece	137			137	137
Total International	**2,525**	**(121)**	**(172)**	**2,233**	**2,224**
Groupama Gan Vie	469			469	469
Gan Assurances IARD	196			196	196
Gan Eurocourtage IARD	168			168	168
Investment, real estate and other insurance companies	161			161	161
Total France and abroad	**994**			**994**	**994**
Period-end amount	**3,519**	**(121)**	**(172)**	**3,227**	**3,218**

NOTE 3 - OTHER INTANGIBLE ASSETS

In millions of Euros	30/06/2010			31/12/2009		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**656**	**725**	**1,381**	**517**	**587**	**1,104**
Increase		86	86	133	192	325
Decrease		(10)	(10)		(58)	(58)
Unrealised foreign exchange adjustments	15		15	6		6
Change in scope of consolidation					4	4
Period-end gross amount	**671**	**801**	**1,472**	**656**	**725**	**1,381**
Opening cumulative amortisation and depreciation	**(142)**	**(496)**	**(638)**	**(79)**	**(406)**	**(485)**
Increase	(23)	(65)	(88)	(61)	(111)	(172)
Decrease		2	2		21	21
Unrealised foreign exchange adjustments	(11)		(11)	(2)		(2)
Change in scope of consolidation						
Period-end cumulative amortisation and depreciation	**(176)**	**(559)**	**(735)**	**(142)**	**(496)**	**(638)**
Opening cumulative long-term impairment	**(74)**	**(4)**	**(78)**	**(12)**	**(5)**	**(17)**
Long-term impairment recognised				(62)		(62)
Long-term impairment write-backs					1	1
Unrealised foreign exchange adjustment	(3)		(3)			
Change in scope of consolidation						
Period-end cumulative long-term impairment	**(77)**	**(4)**	**(81)**	**(74)**	**(4)**	**(78)**
Opening net amount	**440**	**225**	**665**	**426**	**176**	**602**
Period-end net amount	**418**	**238**	**656**	**440**	**225**	**665**

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

Intangible assets related to insurance activities

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

Overall, the half-year increase in the amortisation of the Group's portfolio securities during the half-year period represented an expense of €23 million as at 30 June 2010.

Other intangible assets

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

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

In millions of Euros	30/06/2010			31/12/2009		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,812**	**363**	**4,175**	**3,540**	**457**	**3,997**
Acquisitions	92	6	98	436	9	445
Change in scope of consolidation	5	(35)	(30)	44		44
Subsequent expenses						
Assets capitalised in the period	6		6	15		15
Transfer from/to unit-linked property						
Transfer from/to operating activities property	(12)		(12)	10		10
Unrealised foreign exchange adjustments	3		3			
Disposals	(51)	(3)	(54)	(233)	(103)	(336)
Period-end gross amount	**3,855**	**331**	**4,186**	**3,812**	**363**	**4,175**
Opening cumulative amortisation and depreciation	**(791)**		**(791)**	**(750)**		**(750)**
Increase	(41)		(41)	(77)		(77)
Newly consolidated entities				(8)		(8)
Transfer from/to unit-linked property						
Transfer from/to operating activities property	2		2	(1)		(1)
Decrease	18		18	45		45
Period-end cumulative amortisation and depreciation	**(812)**		**(812)**	**(791)**		**(791)**
Opening cumulative long-term impairment	**(7)**		**(7)**	**(7)**		**(7)**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs						0
Period-end cumulative long-term impairment	**(7)**		**(7)**	**(7)**		**(7)**
Opening net amount	**3,014**	**363**	**3,377**	**2,783**	**457**	**3,240**
Period-end net amount	**3,036**	**331**	**3,367**	**3,014**	**363**	**3,377**
Period-end fair value of property, plant and equipment	**6,327**	**591**	**6,918**	**6,169**	**573**	**6,742**
Unrealised capital gains	**3,291**	**260**	**3,551**	**3,155**	**210**	**3,365**

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

Unrealised gains accruing to the Group including operating activities property (see Note 5) amount to €1.55 billion as at 30 June 2010 (net of profit sharing and tax).

The table also includes buildings under leasing contract for a net book value of €116 million as at 30 June 2010 compared to €108 million as at 31 December 2009. The fair value of those buildings is estimated at €120 million (i.e., unrealised capital gains of €4 million as at 30 June 2010, identical to that of 31 December 2009).

NOTE 4.1 - INVESTMENT PROPERTIES – BY OPERATING SEGMENT

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	3,729	126	3,855	331		331	3,688	124	3,812	363		363
Cumulative amortisation	(786)	(26)	(812)				(766)	(24)	(791)			
Long-term impairment	(7)		(7)				(7)		(7)			
Period-end net amount	**2,936**	**100**	**3,036**	**331**		**331**	**2,915**	**99**	**3,014**	**363**		**363**
Period-end fair value of property, plant and equipment	**6,074**	**253**	**6,327**	**591**		**591**	**5,926**	**243**	**6,169**	**573**		**573**
Unrealised capital gains	**3,138**	**153**	**3,291**	**260**		**260**	**3,012**	**143**	**3,155**	**210**		**210**

NOTE 4.2 - INVESTMENT PROPERTIES BY BUSINESS

NOTE 4.2.1 - INVESTMENT PROPERTIES BY BUSINESS – FRANCE

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,598	2,131	3,729	279	52	331	1,514	2,174	3,688	311	52	363
Cumulative amortisation	(329)	(457)	(786)				(307)	(459)	(766)			0
Long-term impairment	(4)	(3)	(7)	(0)	(0)		(4)	(3)	(7)			0
Period-end net amount	**1,264**	**1,672**	**2,936**	**279**	**52**	**331**	**1,203**	**1,712**	**2,915**	**311**	**52**	**363**
Period-end fair value of property, plant and equipment	**2,547**	**3,527**	**6,074**	**491**	**100**	**591**	**2,345**	**3,582**	**5,927**	**474**	**99**	**573**
Unrealised capital gains	**1,283**	**1,855**	**3,138**	**211**	**48**	**260**	**1,142**	**1,870**	**3,012**	**163**	**47**	**210**

NOTE 4.2.2 - INVESTMENT PROPERTIES BY BUSINESS – INTERNATIONAL

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	47	79	126				45	77	123			
Cumulative amortisation	(12)	(14)	(26)				(10)	(13)	(23)			
Long-term impairment			0									
Period-end net amount	**35**	**65**	**100**				**35**	**64**	**100**			
Period-end fair value of property, plant and equipment	**108**	**145**	**253**				**103**	**140**	**243**			
Unrealised capital gains	**73**	**80**	**153**				**68**	**76**	**143**			

NOTE 5 - OPERATIONAL PROPERTY

In millions of Euros	30/06/2010			31/12/2009		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**801**	**12**	**814**	**671**	**13**	**685**
Acquisitions	2		2	115		115
Newly consolidated entities						
Assets capitalised in the period	21		21	48		48
Transfer from/to investment property	13		13	(10)		(10)
Unrealised foreign exchange adjustment	(1)		(1)	(1)		(1)
Disposals	(1)		(1)	(22)	(1)	(23)
Period-end gross amount	**835**	**12**	**848**	**801**	**12**	**814**
Opening cumulative amortisation and depreciation	**(108)**	**0**	**(108)**	**(105)**	**0**	**(105)**
Increase	(7)		(7)	(14)		(14)
Newly consolidated entities						
Transfer from/to investment property	(3)		(3)	1		1
Decrease			0	10		10
Period-end cumulative amortisation and depreciation	**(118)**	**0**	**(118)**	**(108)**	**0**	**(108)**
Opening cumulative long-term impairment	**0**	**0**	**0**	**0**	**0**	**0**
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs						
Period-end cumulative long-term impairment	**0**	**0**	**0**	**0**	**0**	**0**
Opening net amount	**693**	**12**	**705**	**566**	**13**	**579**
Period-end net amount	**717**	**12**	**729**	**693**	**12**	**705**
Period-end fair value of property, plant and equipment	**1,006**	**15**	**1,021**	**968**	**15**	**983**
Unrealised capital gains	**289**	**3**	**292**	**275**	**3**	**278**

NOTE 5.1 - OPERATIONAL PROPERTY – BY OPERATING SEGMENT

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	743	92	835	12		12	710	91	801	12		12
Cumulative amortisation	(110)	(7)	(118)				(100)	(7)	(108)			
Long-term impairment												
Period-end net amount	**633**	**84**	**717**	**12**		**12**	**609**	**84**	**693**	**12**		**12**
Period-end fair value of property, plant and equipment	**891**	**115**	**1,006**	**15**		**15**	**851**	**117**	**968**	**15**		**15**
Unrealised capital gains	**258**	**31**	**289**	**3**		**3**	**242**	**33**	**275**	**3**		**3**

NOTE 5.2 - OPERATIONAL PROPERTY BY BUSINESS

NOTE 5.2.1 - OPERATIONAL PROPERTY BY BUSINESS – FRANCE

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	535	208	743	7	6	12	503	207	710	6	6	12
Cumulative amortisation	(64)	(47)	(110)				(54)	(46)	(100)			
Long-term impairment			0	(0)	(0)							
Period-end net amount	**472**	**161**	**633**	**7**	**6**	**12**	**448**	**161**	**609**	**6**	**6**	**12**
Period-end fair value of property, plant and equipment	**590**	**301**	**891**	**8**	**7**	**15**	**551**	**300**	**851**	**8**	**7**	**15**
Unrealised capital gains	**118**	**140**	**258**	**2**	**1**	**3**	**104**	**139**	**243**	**2**	**1**	**3**

NOTE 5.2.2 - OPERATIONAL PROPERTY BY BUSINESS – INTERNATIONAL

In millions of Euros	30/06/2010						31/12/2009					
	Property			SCI Shares			Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	35	57	92				34	57	91			
Cumulative amortisation	(3)	(4)	(7)				(3)	(4)	(7)			
Long-term impairment			(0)									
Period-end net amount	**31**	**52**	**84**				**31**	**53**	**84**			
Period-end fair value of property, plant and equipment	**45**	**69**	**115**				**48**	**69**	**117**			
Unrealised capital gains	**14**	**17**	**31**				**17**	**16**	**33**			

NOTE 6 - FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of Euros	30/06/2010	31/12/2009
	Net amount	Net amount
Assets valued at fair value	68,296	65,430
Assets valued at amortised cost	488	616
Total financial investments excluding unit-linked items	**68,784**	**66,045**

The investments total (excluding real estate, unit-linked items and derivatives) was €68,784 million as at 30 June 2010 and presented an increase of €2,739 million.

The reinvested amount resulting from the cash of securities under repurchase agreements was €5,873 million as at 30 June 2010 compared to €2,841 million as at 31 December 2009.

NOTE 6.1 - INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

In millions of Euros	30/06/2010								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Assets available for sale									
Equities	11,020	450	11,470	8,829	430	9,259	(2,191)	(20)	(2,211)
Bonds	38,600	6,527	45,127	38,433	6,457	44,890	(167)	(70)	(237)
Other	9	1	10	9	1	10			
Total assets available for sale	**49,629**	**6,978**	**56,607**	**47,271**	**6,888**	**54,159**	**(2,358)**	**(90)**	**(2,448)**
Assets held for trading									
Equities classified under trading	3,622	24	3,646	3,622	24	3,646			
Equities held for trading	1,725	168	1,893	1,725	168	1,893			
Bonds classified under trading	119	21	140	119	21	140			
Bonds held for trading	3,056	93	3,149	3,056	93	3,149			
Other securities classified under trading	2,661		2,661	2,661		2,661			
Other securities held for trading	2,637	11	2,648	2,637	11	2,648			
Total trading assets	**13,820**	**317**	**14,137**	**13,820**	**317**	**14,137**			
Total investments valued at fair value	**63,449**	**7,295**	**70,744**	**61,091**	**7,205**	**68,296**	**(2,358)**	**(90)**	**(2,448)**

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

As at 30 June 2010, the capital gains and losses that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as investment assets available for sale and through profit or loss as trading investment assets were €(2,448) million and €87 million respectively, compared to €(953) million and €67 million at 31 December 2009.

The decline in unrealised losses versus those as at 31 December 2009 is primarily due to the change in stock market indices for the equity component (particularly strategic securities).

As at 30 June 2010, the Group posted a long-term impairment charge of €10 million on its financial investments valued at fair value. Total provisions for long-term impairment of investments valued at fair value was €193 million as at 30 June 2010, compared to €183 million as at 31 December 2009. In total, provisions for impairment on insurance assets accounted for 0.28% of the Group's investments.

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

- Investment repurchase agreements: as at 30 June 2010, the amount in question was €5,297 million. The funds are exclusively made up of euro-government securities rated AAA/AA and are held directly under a bond management mandate signed with Groupama Asset Management.

- Repurchase agreements for opportunistic financing: the amount at 30 June 2010 totalled €576 million. In this type of transaction, cash is reinvested in different forms of investment.

The Group's investments in bonds issued by States considered "non core", i.e., Portugal, Ireland, Italy, Greece and Spain, represented €14,146 million as at 30 June 2010. The unrealised capital loss on those securities, recognised in equity through the revaluation reserve, represents €(312) million net of tax and profit sharing as at 30 June 2010.

As stated in section 3.2.1 of the accounting policies, in the first half of 2010 the Group changed the calibration of its long-term impairment criteria to better reflect market practices in the climate of profound crisis that marks western economies today.

An objective indication of prolonged decline is now noted when the financial investment has been constantly in a situation of unrealised capital loss compared to its book value over the last 36 months (instead of 24 months at the time of the previous closing) and for strategic securities over the last 48 months (instead of 36 months at the time of the previous closing).

That change in calibration has a negligible effect on the results as at 1 January 2010 or 31 May 2010 and €(134) million as at 30 June 2010 net of tax and profit-sharing. In addition, considering the upward climb in financial markets since 30 June 2010, that impact net of tax and profit-sharing would be €(113) million as at 27 July 2010.

As to the strategic securities described in Note 6.5, the change in calibration does not have any impact in terms of provision, whether it be valued at 1 January 2010, 31 May 2010 or 30 June 2010.

In millions of Euros	31/12/2009								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Assets available for sale									
Equities	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Bonds	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Other	10	1	11	10	1	11			
Total assets available for sale	**48,295**	**6,699**	**54,994**	**47,319**	**6,722**	**54,041**	**(976)**	**23**	**(953)**
Assets held for trading									
Equities classified under trading	3,581	28	3,609	3,581	28	3,609			
Equities held for trading	2,035	143	2,178	2,035	143	2,178			
Bonds classified under trading	109	18	127	109	18	127			
Bonds held for trading	3,064	132	3,196	3,064	132	3,196			
Other securities classified under trading	1,224		1,224	1,224		1,224			
Other securities held for trading	1,044	12	1,056	1,044	12	1,056			
Total trading assets	**11,057**	**333**	**11,390**	**11,057**	**333**	**11,390**			
Total investments valued at fair value	**59,352**	**7,032**	**66,384**	**58,376**	**7,055**	**65,431**	**(976)**	**23**	**(953)**

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

NOTE 6.2 - INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS

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

In millions of Euros	30/06/2010								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Assets available for sale									
Equities	9,395	1,625	11,020	7,527	1,302	8,829	(1,868)	(323)	(2,191)
Bonds	32,907	5,694	38,600	32,764	5,669	38,433	(142)	(25)	(167)
Other	8	1	9	8	1	9			
Total assets available for sale	**42,309**	**7,320**	**49,629**	**40,299**	**6,972**	**47,271**	**(2,010)**	**(348)**	**(2,358)**
Assets held for trading									
Equities classified under trading	3,088	534	3,622	3,088	534	3,622			
Equities held for trading	1,471	254	1,725	1,471	254	1,725			
Bonds classified under trading	101	18	119	101	18	119			
Bonds held for trading	2,605	451	3,056	2,605	451	3,056			
Other securities classified under trading	2,269	392	2,661	2,269	392	2,661			
Other securities held for trading	2,248	389	2,637	2,248	389	2,637			
Total trading assets	**11,782**	**2,038**	**13,820**	**11,782**	**2,038**	**13,820**			
Total investments valued at fair value	**54,090**	**9,359**	**63,449**	**52,080**	**9,011**	**61,091**	**(2,010)**	**(348)**	**(2,358)**

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

In millions of Euros	31/12/2009								
	Net amortised cost			Fair value [a]			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
Assets available for sale									
Equities	9,069	1,464	10,533	8,186	1,321	9,507	(883)	(143)	(1,026)
Bonds	32,504	5,248	37,752	32,548	5,254	37,802	44	6	50
Other	9	1	10	9	1	10			
Total assets available for sale	**41,582**	**6,713**	**48,295**	**40,743**	**6,576**	**47,319**	**(839)**	**(137)**	**(976)**
Assets held for trading									
Equities classified under trading	3,083	498	3,581	3,083	498	3,581			
Equities held for trading	1,752	283	2,035	1,752	283	2,035			
Bonds classified under trading	94	15	109	94	15	109			
Bonds held for trading	2,638	426	3,064	2,638	426	3,064			
Other securities classified under trading	1,054	170	1,224	1,054	170	1,224			
Other securities held for trading	899	145	1,044	899	145	1,044			
Total trading assets	**9,520**	**1,537**	**11,057**	**9,520**	**1,537**	**11,057**			
Total investments valued at fair value	**51,102**	**8,250**	**59,352**	**50,263**	**8,113**	**58,376**	**(839)**	**(137)**	**(976)**

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

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

In millions of Euros	30/06/2010								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Assets available for sale									
Equities	203	247	450	194	236	430	(9)	(11)	(20)
Bonds	2,939	3,588	6,527	2,908	3,549	6,457	(32)	(38)	(70)
Other		1	1		1	1			
Total assets available for sale	**3,142**	**3,836**	**6,978**	**3,101**	**3,786**	**6,888**	**(41)**	**(49)**	**(90)**
Assets held for trading									
Equities classified under trading	11	13	24	11	13	24			
Equities held for trading	76	92	168	76	92	168			
Bonds classified under trading	9	12	21	9	12	21			
Bonds held for trading	42	51	93	42	51	93			
Other securities classified under trading									
Other securities held for trading	5	6	11	5	6	11			
Total trading assets	**143**	**174**	**317**	**143**	**174**	**317**			
Total investments valued at fair value	**3,284**	**4,010**	**7,295**	**3,244**	**3,961**	**7,205**	**(41)**	**(49)**	**(90)**

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

In millions of Euros	31/12/2009								
	Net amortised cost			Fair value (a)			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
Assets available for sale									
Equities	231	278	509	233	280	513	2	2	4
Bonds	2,810	3,379	6,189	2,818	3,390	6,208	8	11	19
Other		1	1		1	1			
Total assets available for sale	**3,041**	**3,658**	**6,699**	**3,051**	**3,671**	**6,722**	**10**	**13**	**23**
Assets held for trading									
Equities classified under trading	13	15	28	13	15	28			
Equities held for trading	65	78	143	65	78	143			
Bonds classified under trading	8	10	18	8	10	18			
Bonds held for trading	60	72	132	60	72	132			
Other securities classified under trading									
Other securities held for trading	5	7	12	5	7	12			
Total trading assets	**151**	**182**	**333**	**151**	**182**	**333**			
Total investments valued at fair value	**3,192**	**3,840**	**7,032**	**3,202**	**3,853**	**7,055**	**10**	**13**	**23**

(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	30/06/2010								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities									
Assets available for sale	11,020	450	11,470	8,829	430	9,259	(2,191)	(20)	(2,211)
Assets classified under trading	3,622	24	3,646	3,622	24	3,646			
Assets held for trading	1,725	168	1,893	1,725	168	1,893			
Total equities	**16,367**	**642**	**17,009**	**14,176**	**622**	**14,798**	**(2,191)**	**(20)**	**(2,211)**
Bonds									
Assets available for sale	38,600	6,527	45,127	38,433	6,457	44,890	(167)	(70)	(237)
Assets classified under trading	119	21	140	119	21	140			
Assets held for trading	3,056	93	3,149	3,056	93	3,149			
Total bonds	**41,775**	**6,641**	**48,416**	**41,608**	**6,571**	**48,179**	**(167)**	**(70)**	**(237)**
Other									
Assets available for sale	9	1	10	9	1	10			
Assets classified under trading	2,661		2,661	2,661		2,661			
Assets held for trading	2,637	11	2,648	2,637	11	2,648			
Total other	**5,307**	**12**	**5,319**	**5,307**	**12**	**5,319**			
Total investments valued at fair value	**63,449**	**7,295**	**70,744**	**61,091**	**7,205**	**68,296**	**(2,358)**	**(90)**	**(2,448)**

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

In millions of Euros	31/12/2009								
	Net amortised cost			Fair value (a)			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities									
Assets available for sale	10,533	509	11,042	9,507	513	10,020	(1,026)	4	(1,022)
Assets classified under trading	3,581	28	3,609	3,581	28	3,609			
Assets held for trading	2,035	143	2,178	2,035	143	2,178			
Total equities	**16,149**	**680**	**16,829**	**15,123**	**684**	**15,807**	**(1,026)**	**4**	**(1,022)**
Bonds									
Assets available for sale	37,752	6,189	43,941	37,802	6,208	44,010	50	19	69
Assets classified under trading	109	18	127	109	18	127			
Assets held for trading	3,064	132	3,196	3,064	132	3,196			
Total bonds	**40,925**	**6,339**	**47,264**	**40,975**	**6,358**	**47,333**	**50**	**19**	**69**
Other									
Assets available for sale	10	1	11	10	1	11			
Assets classified under trading	1,224		1,224	1,224		1,224			
Assets held for trading	1,044	12	1,056	1,044	12	1,056			
Total other	**2,278**	**13**	**2,291**	**2,278**	**13**	**2,291**			
Total investments valued at fair value	**59,352**	**7,032**	**66,384**	**58,376**	**7,055**	**65,431**	**(976)**	**23**	**(953)**

(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	30/06/2010			31/12/2009		
	France	International	Total	France	International	Total
Loans	128	94	222	131	92	223
Deposits	110	99	209	127	159	286
Other	55	2	57	105	2	107
Loans and receivables	**293**	**195**	**488**	**363**	**253**	**616**
Assets valued at amortised cost	**293**	**195**	**488**	**363**	**253**	**616**

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

NOTE 6.5 - SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES

In millions of Euros	30/06/2010				31/12/2009			
	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement	4.30%	130	140	10	4.31%	130	122	(8)
Société Générale	4.22%	1,748	1,074	(674)	4.21%	1,737	1,522	(215)
Lagardère	1.97%	97	66	(31)	1.97%	95	73	(22)
Veolia Environnement	5.63%	788	541	(247)	5.66%	788	647	(141)
Saint Gobain	1.95%	440	313	(127)	1.97%	440	385	(55)
Eiffage	6.71%	380	216	(164)	6.71%	358	238	(120)
French companies		**3,583**	**2,350**	**(1,233)**		**3,548**	**2,987**	**(561)**
Médiobanca	4.93%	500	263	(237)	4.93%	500	357	(143)
OTP Bank	8.28%	629	386	(210)	9.16%	657	516	(108)
Foreign companies		**1,129**	**649**	**(447)**		**1,157**	**873**	**(251)**
Total significant investments in unconsolidated companies		**4,712**	**2,999**	**(1,680)**		**4,705**	**3,860**	**(812)**

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

The securities presented in this note include exclusively securities qualified as “strategic securities”.

As stated in section 3.2.1, strategic securities are securities that the Group holds in the long term. They are characterised by representation of the Group on their governance bodies or important and durable contractual relationships or a significant level of equity interest (in absolute or relative value), without necessarily exercising a significant influence.

NOTE 6.6 - FAIR VALUE HIERARCHY

In accordance with the amendment of IFRS 7 published by the IASB in March 2009, asset and liability financial instruments appraised at fair value are classified according to a hierarchy in three levels. Those levels depend on the use or non-use of a valuation model and data sources used to feed the valuation models:

- level 1 corresponds to prices quoted on an active market to which the entity can have access at the valuation date,
- level 2 corresponds to fair values determined on the basis of a valuation model using data directly observable on a market (level 1) or determinable from observed prices,
- level 3 corresponds to fair values determined on the basis of a valuation model that uses data that are not observable on a market.

In millions of Euros	30/06/2010				31/12/2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets available for sale								
Equities	8,891	98	271	9,259	9,728	82	210	10,020
Bonds	43,844	696	350	44,890	42,881	455	675	44,010
Other	9		1	10	1		10	12
Total assets available for sale	**52,743**	**793**	**622**	**54,159**	**52,610**	**537**	**894**	**54,041**
Assets held for trading								
Equities	10,428	1	406	10,835	5,389		398	5,787
Bonds	3,165	42	82	3,289	3,234	5	84	3,323
Other	3		11	14	2,277		3	2,280
Total assets held for trading	**13,596**	**43**	**499**	**14,137**	**10,899**	**5**	**485**	**11,390**
Unit-linked policies investments	**2,585**	**361**	**698**	**3,644**	**2,795**	**189**	**672**	**3,657**
Derivative assets and liabilities		**(178)**		**(178)**	**0**	**10**	**(1)**	**10**
Total financial assets and liabilities valued at fair value	**68,924**	**1,019**	**1,819**	**71,762**	**66,304**	**742**	**2,051**	**69,097**

The risk of unit-linked investments is carried by the policyholders.

Derivative instruments posted to assets totalled €140 million and derivative instruments posted to liabilities totalled €319 million as at 30 June 2010. These instruments are primarily classified in level 2.

As to investments in level 3, for shares these are primarily of units of private equity funds and, for bonds, these are variable-rate bonds.

Beyond the asset and liability instruments described in the table, the Group has posted in its liabilities related to financial contracts in fair value with no discretionary participation. These totalled €126 million as at 30 June 2010 compared to €136 million as at 31 December 2009.

NOTE 7 - INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Variable-income and similar securities		13	13		16	16
Bonds		635	635	6	636	642
Shares in equity mutual funds	2,581	51	2,631	2,561	55	2,615
Shares in bond mutual funds and other	86	86	171	82	81	163
Other investments		98	98		119	119
Unit-linked financial investment sub-total	**2,666**	**882**	**3,549**	**2,649**	**906**	**3,555**
Unit-linked investment properties	95		95	102		102
Unit-linked investment properties sub-total	**95**		**95**	**102**		**102**
Total investments representing unit-linked commitments	**2,762**	**882**	**3,644**	**2,751**	**906**	**3,657**

Unit-linked investments pertain exclusively to the life and health insurance business.

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

In millions of Euros	30/06/2010					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	134	(307)			134	(307)
Options						
Forward currency contracts		(1)				(1)
Other	6	(10)		(1)	6	(11)
Total	**140**	**(318)**		**(1)**	**140**	**(319)**

In millions of Euros	31/12/2009					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	160	(164)		(2)	160	(166)
Options	21				21	
Forward currency contracts		(2)				(2)
Other		(3)				(3)
Total	**181**	**(169)**		**(2)**	**181**	**(171)**

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	30/06/2010			31/12/2009		
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	117		117	41		41
Financial assets at fair value through profit or loss	1,343		1,343	819		819
Hedging derivative instruments						
Assets available for sale	63		63	17		17
Loans and receivables from credit institutions	207		207	563		563
Customer loans and receivables	1,430	(22)	1,408	1,431	(20)	1,410
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	309		309	466		466
Investment property						
Total assets used for banking sector activities	**3,469**	**(22)**	**3,446**	**3,337**	**(20)**	**3,317**

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

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

The change in value that would have been recognised in the financial statements if these assets had not been reclassified has no material impact on the results as at 30 June 2010. The fair value of these assets was €229 million.

NOTE 9.2 - SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of Euros	30/06/2010	31/12/2009
Central banks, postal accounts		
Financial liabilities at fair value through profit or loss	1,148	728
Hedging derivative instruments		
Debt owed to credit institutions	341	305
Debt to customers	1,683	1,935
Debt represented by securities	5	5
Revaluation variance on rate-hedged portfolios		
Total sources of funds for banking sector activities	**3,176**	**2,973**

During the first half of 2010, issues of negotiable debt securities represented by certificates of deposit increased by €420 million. Those funds were invested primarily in bonds and other fixed-interest securities.

Debts to customers (€1,683 million) were down primarily due to the effect of the recurring volatility of deposits of business customers and mutual funds. That change is reflected in the interbank activity line items.

NOTE 10 - INVESTMENTS IN RELATED COMPANIES

In millions of Euros	30/06/2010		31/12/2009	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	38	(4)	41	2
Socomie	(2)	(1)	(1)	(1)
Cegid	73	2	73	5
Star	85	4	79	6
Total Investments in related companies	**194**	**2**	**192**	**11**

The equity value of the Günes securities, which represents the percentage of adjusted shareholders' equity, decreased by €3 million during the period as a result of recognising the share of net profit and the foreign-exchange effect.

For its part, Socomie posted a loss of €1 million, which reduced the equity value from where it stood as at 31 December 2009.

NOTE 11 - SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	40	67	107	25	56	80
Outstanding claims reserves	1,050	215	1,265	1,038	232	1,270
Other technical reserves	162	21	184	118	7	125
Total	**1,252**	**304**	**1,556**	**1,180**	**295**	**1,475**
Share of reinsurers in life insurance reserves						
Life insurance reserves	16	33	49	15	33	48
Outstanding claims reserves	10	6	16	9	6	15
Profit-sharing reserves	9		9	10		10
Other technical reserves	3		3	4		4
Total	**39**	**39**	**77**	**38**	**39**	**76**
Share of reinsurers in reserves for financial contracts	**1**	**0**	**1**	**1**	**0**	**1**
Total share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts	**1,292**	**342**	**1,635**	**1,220**	**333**	**1,553**

NOTE 12 - DEFERRED PROFIT-SHARING

NOTE 12.1 - DEFERRED PROFIT-SHARING ASSETS

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Deferred profit-sharing assets	1,246	67	1,314	293	38	331
Total deferred profit-sharing assets	**1,246**	**67**	**1,314**	**293**	**38**	**331**

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

For the principal entities, the rate for deferred profit-sharing used for shadow accounting purposes as at 30 June 2010, in France, ranged from 81.0% to 78.3%, compared to 81.2% to 73.8% as at 31 December 2009.

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

The recoverability test carried out on deferred profit-sharing assets indicated in the Group's principles aimed to show that the profit-sharing that will be paid to policyholders in the future make it possible to absorb the unrealised capital losses of investment assets without the Group being confronted with massive redemptions.

The Group conducted a test to project future returns for which the rates of reinvestment of government bonds (OAT) are 4.50% in 2012 and beyond (central scenario).

A sensitivity test was conducted with rate curve assumptions at 3.50% for the OAT in 2012 and beyond.

According to these various scenarios, the Group can prove recoverability of its deferred assets equity stake insofar as it has the ability to pay profit-sharing in line with the 10-year rate conditions while drawing the financial margin, without triggering significant redemptions.

NOTE 12.2 - DEFERRED PROFIT-SHARING LIABILITIES

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Reserve for deferred profit-sharing on insurance policies	23		23	26		26
Reserve for deferred profit-sharing on financial contracts	3		3	8		8
Total deferred profit-sharing liabilities	**26**		**26**	**34**		**34**

NOTE 13 - DEFERRED TAX ASSETS

NOTE 13.1 - ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of Euros	30/06/2010	31/12/2009
Deferred taxes resulting from timing differences on consolidation restatements		
Capitalisation reserve	(492)	(472)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(150)	(95)
Acquisition costs for life policies and total management reserves	(54)	(52)
Consolidation adjustments on technical reserves	(82)	(83)
Other differences on consolidation adjustments	(1)	(38)
Deferred acquisition costs for non-life policies	(48)	(43)
Tax differences on technical reserves and other contingent liabilities	335	343
Gains on tax suspension	(1)	(3)
Mutual fund valuation differential	(27)	(28)
Currency hedging	12	8
Other tax timing differences	8	6
Sub-total of deferred taxes resulting from timing differences	**(501)**	**(457)**
Capitalisation of operating losses	**48**	**46**
Deferred taxes capitalised	**(453)**	**(411)**
of which assets	398	360
of which liabilities	(852)	(771)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banque) in France. As at 30 June 2010 these off-balance sheet assets totalled €90 million.

NOTE 14 - RECEIVABLES FROM INSURANCE AND INWARD REINSURANCE TRANSACTIONS

NOTE 14.1 - RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS – BY OPERATING SEGMENT

In millions of Euros	30/06/2010							31/12/2009
	France			International			Total	Net amount
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Receivables from insurance or inward insurance transactions								
Earned premiums not written	830		830	85		85	915	932
Policyholders, intermediaries and other third parties	634	(34)	600	692	(68)	624	1,224	1,173
Co-insurer and other third party current accounts	38	(1)	37	90	(22)	68	106	95
Current accounts of ceding and retroceding companies	868	(1)	867	19	(1)	17	884	376
Total	**2,369**	**(35)**	**2,334**	**886**	**(91)**	**796**	**3,129**	**2,575**

The change in the “Policyholders, intermediaries and other third parties” item is primarily related to the method of premium billing, which was non-straight-line over the accounting period.

NOTE 15 - CASH

NOTE 15.1 - CASH SHOWN AS BALANCE SHEET ASSETS

In millions of Euros	30/06/2010	31/12/2009
France	724	785
International	505	622
Total	**1,228**	**1,407**

NOTE 15.2 - CASH SHOWN AS BALANCE SHEET LIABILITIES

In millions of Euros	30/06/2010				31/12/2009			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating liabilities to banking institutions	930	65		996	502	43		545
Total	**930**	**65**		**996**	**502**	**43**		**545**

In millions of Euros	30/06/2010			
	Currencies		Rates	
	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Operating liabilities to banking institutions	994	2	931	65
Total	**994**	**2**	**931**	**65**

NOTE 16 - SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 16.1 - Share capital limits for insurance companies

Companies with an insurance business are subject to regulations that establish minimum share capital limits. In France, in accordance with the European directive and Article R322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

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

Note 16.2 - Impacts of transactions with shareholders

- **Changes in the Group's shareholders' equity during the first half of 2010**

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

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

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

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

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

Note 16.3 **- Reserves related to changes in fair value recorded in shareholders' equity**

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

In millions of Euros	30/06/2010	31/12/2009
Unrealised gross capital gains (losses) on assets available for sale	(2,448)	(953)
Shadow accounting	1,460	599
Cash flow hedge and other changes	(165)	(119)
Deferred taxes	(87)	(48)
Share of minority interests	58	32
Unrealised net capital gains (losses), Group share	**(1,182)**	**(489)**

The deferred tax amount shown in the table above corresponds to the application of a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "assets available for sale"; and a short-term tax rate on deferred profit-sharing ("shadow accounting"). Under the new rules for long-term capital gains and losses applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 1.72%).

The "Cash flow hedge and other changes" item in the amount of (€165) million can be broken down as follows:

- €146 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 relates primarily to the decrease in unrealised capital gains and losses, particularly for the equity component following fluctuations in the financial markets. It is worth noting that the reserve revaluation was also negatively impacted by an increase in credit spreads.

NOTE 17 - PROVISIONS

In millions of Euros	30/06/2010						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening amount	**168**	**114**	**283**	**98**	**57**	**155**	**438**
Changes in the scope of consolidation and changes in accounting methods	(3)	1	(2)	18		18	16
Increases for the period	58	6	64	3	8	11	75
Write-backs for the period	(48)	(18)	(66)	(6)	(13)	(19)	(85)
Changes in exchange rate			0	6	1	7	7
Period-end amount	**175**	**103**	**278**	**119**	**53**	**172**	**450**

(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 18 - FINANCIAL DEBT

In millions of Euros	30/06/2010				31/12/2009			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt			1,245	1,245	750		1,245	1,995
of which subordinated debt of insurance companies			1,245	1,245	750		1,245	1,995
of which subordinated debt of banking companies								
Financial debt represented by securities								
Financial debt with banking-sector companies	463	960	382	1,805	654	810	389	1,853
Total financial debt	**463**	**960**	**1,627**	**3,050**	**1,404**	**810**	**1,634**	**3,848**

Group external debt declined by almost €(798) million.

Subordinated debt declined by €(750) million following the early repayment on 22 January 2010 of the TSR bond issued in July 1999.

Subordinated debt for banking posted a net loss of €(48) million due primarily to a repayment by Groupama SA of a portion of the syndicated loan and to the increase in the debt of the real estate company SILIC to finance its expansion.

NOTE 18.1 - FINANCIAL DEBT – BY CURRENCY AND RATE

In millions of Euros	30/06/2010			
	Currencies		Rates	
	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities				
Financial debt with banking-sector companies	1,784	20	1,615	190
Total	**3,030**	**20**	**2,860**	**190**

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

➢ A fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €495 million.
- This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.
- Interest payments are subject to specific conditions covering solvency in particular: if the company has a solvency margin of less than 150%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

At 30 June 2010, this issue was quoted at 70% compared to 71.5% at 31 December 2009. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low.

➢ A fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.
The key terms of this bond are as follows:
- The term of the bond is 30 years,
- An early redemption option available to Groupama SA that it may exercise as from the tenth year,
- A clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the TSR.
- Interest payments are subject to specific conditions covering solvency in particular: if the company has a solvency margin of less than 100%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

At 30 June 2010, this issue was quoted at 95.5% compared to 98% at 31 December 2009.

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

The "financial debt to banking sector companies" line item corresponds mainly to:
- borrowings held as part of the financing of the real estate programmes of the Group. The total of this financial debt was €1,309 million as at 30 June 2010, compared to €1,159 million as at 31 December 2009,
- use of a syndicated loan totalling €441 million compared to €643 million as at 31 December 2009.

NOTE 19 - LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 19.1 - LIABILITIES RELATED TO INSURANCE POLICIES

In millions of Euros	30/06/2010			31/12/2009		
	France	Inter-national	Total	France	Inter-national	Total
Gross technical reinsurance reserves						
Life insurance reserves	26,027	2,082	28,110	24,931	2,150	27,081
Outstanding claims reserves	469	99	568	505	101	606
Profit-sharing reserves	454	16	471	669	19	688
Other technical reserves	86	19	105	68	40	107
Total life insurance	**27,036**	**2,217**	**29,253**	**26,172**	**2,311**	**28,483**
Reserves for unearned premiums	1,592	1,476	3,068	758	1,359	2,117
Outstanding claims reserves	7,487	3,157	10,644	7,292	3,176	10,468
Other technical reserves	2,124	107	2,232	2,088	89	2,178
Total non-life insurance	**11,204**	**4,740**	**15,944**	**10,138**	**4,624**	**14,762**
Life insurance reserves for unit-linked policies	2,923	750	3,673	2,885	742	3,627
Total gross technical reserves	**41,163**	**7,707**	**48,871**	**39,195**	**7,677**	**46,872**

The change in liabilities related to insurance policies is largely due to an increase in life and health insurance business. This increase was driven in part by the ongoing development of the life and savings insurance business.

It should also be noted that the change in the "reserve for unearned premiums" item is due to premium billing methods for the period applied at 1 January.

Liability adequacy tests conducted as at 30 June 2010 were satisfactory and revealed no additional technical expenses.

NOTE 19.2 - TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS

NOTE 19.2.1 - TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS – FRANCE

In millions of Euros	30/06/2010			31/12/2009		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	26,027		26,027	24,931		24,931
Outstanding claims reserves	469		469	505		505
Profit-sharing reserves	454		454	669		669
Other technical reserves	86		86	68		68
Total life insurance	**27,036**		**27,036**	**26,173**		**26,173**
Reserves for unearned premiums	222	1,370	1,592	33	725	758
Outstanding claims reserves	772	6,715	7,487	720	6,571	7,292
Other technical reserves	1,411	714	2,124	1,418	670	2,088
Total non-life insurance	**2,405**	**8,799**	**11,204**	**2,171**	**7,966**	**10,138**
Life insurance reserves for unit-linked policies	2,923		2,923	2,885		2,885
Total gross technical reserves relating to insurance policies	**32,364**	**8,799**	**41,163**	**31,229**	**7,966**	**39,195**

NOTE 19.2.2 - TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS – INTERNATIONAL

In millions of Euros	30/06/2010			31/12/2009		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	2,082		2,082	2,150		2,150
Outstanding claims reserves	99		99	101		101
Profit-sharing reserves	16		16	19		19
Other technical reserves	19		19	40		40
Total life insurance	**2,217**		**2,217**	**2,310**		**2,310**
Reserves for unearned premiums	121	1,355	1,476	95	1,264	1,359
Outstanding claims reserves	115	3,042	3,157	123	3,053	3,176
Other technical reserves	4	103	107	10	79	89
Total non-life insurance	**240**	**4,500**	**4,740**	**228**	**4,396**	**4,624**
Life insurance reserves for unit-linked policies	750		750	742		742
Total gross technical reserves relating to insurance policies	**3,207**	**4,500**	**7,707**	**3,280**	**4,396**	**7,676**

NOTE 20 - LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of Euros	30/06/2010	31/12/2009
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	21,958	20,880
Reserves on unit-linked policies	208	205
Outstanding claims reserves	178	191
Profit-sharing reserves	467	843
Other technical reserves	1	19
Total	**22,812**	**22,137**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	17	18
Reserves on unit-linked policies	126	136
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**143**	**154**
Total liabilities related to financial contracts	**22,955**	**22,291**

NOTE 21 - OTHER LIABILITIES

In millions of Euros	30/06/2010			31/12/2009		
	France	International	Total	France	International	Total
Personnel creditors	200	7	207	188	17	204
Social security agencies	116	12	127	103	12	115
Other loans, deposits and guarantees received	6,466	80	6,546	3,512	106	3,618
Other creditors	437	121	558	576	119	695
Other liabilities	355	62	418	453	58	511
Total	**7,574**	**282**	**7,856**	**4,832**	**311**	**5,144**

The "other loans, deposits and guarantees received" item amounted to €6,546 million as at 30 June 2010, compared to €3,618 million as at 31 December 2009, an increase of €2,928 million. This was largely due to the debt from the bond repurchase, which amounted to €6,292 million as at 30 June 2010, compared to €3,352 million as at 31 December 2009.

NOTE 21.2 - OTHER LIABILITIES – BY MATURITY

In millions of Euros	30/06/2010				31/12/2009			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Personnel creditors	195		12	207	193		12	204
Social security agencies	127	0	0	127	115	0	0	115
Other loans, deposits and guarantees received	6,390	55	101	6,546	3,473	80	65	3,618
Other creditors	550	1	7	558	678	2	15	695
Other liabilities	418			418	511			511
Total	**7,680**	**56**	**120**	**7,856**	**4,970**	**82**	**92**	**5,144**

NOTE 22 - ANALYSIS OF PREMIUM INCOME BY MAJOR CATEGORIES

NOTE 22.1 - ANALYSIS OF PREMIUM INCOME BY MAJOR CATEGORY

In millions of Euros	30/06/2010			30/06/2009		
	France	Inter-national	Total	France	Inter-national	Total
Individual retirement savings	2,219	316	2,535	2,098	257	2,355
Individual provident insurance	272	59	331	269	57	326
Individual health insurance	383	59	442	360	56	416
Other	60		60	65		65
Individual life and health insurance	**2,934**	**433**	**3,368**	**2,792**	**370**	**3,162**
Group retirement savings	148	51	199	159	38	197
Group provident scheme	248	45	293	241	155	396
Group health	207	50	257	195	46	241
Other	132	7	139	113	8	121
Group life and health insurance	**734**	**154**	**888**	**708**	**247**	**955**
Life and health insurance	**3,668**	**587**	**4,254**	**3,500**	**617**	**4,117**
Motor insurance	576	944	1,520	548	914	1,462
Other vehicles	47		47	49		49
Home insurance	323	236	559	310	225	535
Retail and professional property and casualty	229	20	249	220	20	240
Construction	117		117	102		102
Private and professional	**1,292**	**1,200**	**2,492**	**1,229**	**1,159**	**2,388**
Fleets	202	66	268	190	58	248
Business and local authorities property	413	200	613	403	182	585
Businesses and local authorities	**615**	**266**	**881**	**593**	**240**	**833**
Agricultural risks	184	67	251	185	62	247
Climate risks	78		78	82		82
Tractors and agricultural equipment	70		70	69		69
Agricultural business segments	**332**	**67**	**399**	**336**	**62**	**398**
Other business segments	407	74	481	398	79	477
Property and casualty insurance	**2,646**	**1,607**	**4,253**	**2,557**	**1,540**	**4,097**
Total Insurance	**6,314**	**2,193**	**8,507**	**6,057**	**2,157**	**8,214**

NOTE 22.2 - ANALYSIS OF PREMIUM INCOME BY BUSINESS

In millions of Euros	30/06/2010					30/06/2009				
	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %
France	3,668	2,647	133	6,447	75%	3,500	2,557	144	6,201	74%
Southeastern Europe	267	739		1,006	12%	333	712		1,045	13%
Southwestern Europe	170	415		585	7%	157	393		550	7%
CEEC	101	228		329	4%	78	231		309	4%
United Kingdom	49	224		273	3%	48	204		253	3%
Total	**4,254**	**4,254**	**133**	**8,641**	**100%**	**4,116**	**4,097**	**144**	**8,358**	**100%**

The geographic areas are broken down as follows:
- France
- Southeastern Europe: Italy, Greece and Turkey
- Southwestern Europe: Spain, Portugal and Tunisia
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary, Romania and Slovakia
- United Kingdom

Consolidated premium income posted its strongest growth in France, both in life and health insurance and in property and casualty insurance. This was due to portfolio development and pricing initiatives.

Internationally, all geographic regions posted growth in premium income, with the exception of Southeastern Europe, where commercial agreements in Turkey came to an end.

NOTE 22.3 - ANALYSIS OF BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME

In millions of Euros	30/06/2010			30/06/2009		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	12		12	18	3	21
Commissions (income)	33	76	109	13	88	101
Gains on financial instruments as at fair value through profit or loss	10	0	10	2	17	19
Gains on financial assets available for sale	1	0	1			
Income from other activities		1	1		3	3
Banking activities included in premium income	**56**	**77**	**133**	**33**	**111**	**144**

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

NOTE 23 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 23.1 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES – BY OPERATING SEGMENT

In millions of Euros	30/06/2010			30/06/2009		
	France	International	Total	France	International	Total
Investment income	**1,334**	**209**	**1,543**	**1,365**	**234**	**1,600**
Interest on deposits and financial investments income	1,003	199	1,201	1,004	220	1,224
Gains on foreign exchange transactions	33	6	39	39	9	48
Income from differences on redemption prices to be received (premium-discount)	88	2	91	103	2	106
Revenues from property	210	2	212	219	2	221
Other investment income						
Investment expenses	**(365)**	**(26)**	**(391)**	**(378)**	**(28)**	**(406)**
Interest received from reinsurers	(1)	(1)	(2)	(1)	(1)	(2)
Losses on foreign exchange transactions	(103)	(7)	(111)	(79)	(10)	(89)
Amortisation of differences in redemption prices (premium-discount)	(47)	(10)	(57)	(22)	(8)	(31)
Depreciation and provisions on real estate	(45)	(1)	(46)	(43)	(1)	(44)
Management expenses	(169)	(8)	(176)	(232)	(8)	(241)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**181**	**24**	**205**	**87**	**25**	**111**
Held for trading	(15)	5	(10)	113	(5)	108
Available for sale	174	16	190	(25)	2	(24)
Held to maturity						
Other	22	3	26	(2)	28	27
Change in fair value of financial instruments recognised as at fair value through profit or loss	**(109)**	**(4)**	**(113)**	**(1)**	**15**	**13**
Held for trading	(26)	(3)	(28)	12	6	18
Derivatives	(136)		(136)	(40)		(40)
Adjustments on unit-linked policies	53	(1)	52	27	8	35
Change in impairment losses on financial instruments	**(3)**	**(7)**	**(9)**	**(1)**	**(6)**	**(8)**
Available for sale	(2)	(7)	(8)	(1)	(6)	(8)
Held to maturity						
Receivables and loans	(1)		(1)			
Investment income net of management expenses	**1,039**	**197**	**1,236**	**1,072**	**239**	**1,310**

NOTE 23.2 - INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

In millions of Euros	30/06/2010					30/06/2009				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	212	26			238	221	27			248
Equities	129	41	(6)		164	170	37			207
Bonds	1,033	143	(35)		1,141	1,018	(74)	3		947
Equity mutual funds	20	19	(1)		38	28	50	(30)		48
Bond mutual funds	14	(4)	14		24	25	1	44		70
Interest on cash deposits	9				9	17				17
Other investment income	126	(20)	(136)	(9)	(39)	121	70	(39)	(8)	144
Investment income	**1,543**	**205**	**(164)**	**(9)**	**1,575**	**1,600**	**111**	**(22)**	**(8)**	**1,681**
Internal and external management expenses	(165)				(165)	(226)				(226)
Other investment expenses	(226)				(226)	(180)				(180)
Investment expenses	**(391)**				**(391)**	**(406)**				**(406)**
Investment income, net of expenses	**1,152**	**205**	**(164)**	**(9)**	**1,184**	**1,194**	**111**	**(22)**	**(8)**	**1,275**
Capital gains on securities representing unit-linked policies			102		102			118		118
Capital losses on securities representing unit-linked policies			(50)		(50)			(83)		(83)
Investment income net of management expenses	**1,152**	**205**	**(112)**	**(9)**	**1,236**	**1,194**	**111**	**13**	**(8)**	**1,310**

Investment income, net of management expenses, fell by €(74) million. This change was largely due to:

- the decrease in financial income of €(42) million, primarily on equity and equity mutual funds,
- the net increase in realised capital gains of €94 million,
- the decrease in the change in fair value of €(125) million, mainly on derivative instruments.

NOTE 23.3 - INVESTMENT INCOME NET OF INVESTMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – FRANCE

In millions of Euros	30/06/2010					30/06/2009				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	210	22			232	219	(2)			217
Equities	123	33	(6)		150	162	36			198
Bonds	858	134	(32)		960	825	(67)	(1)		757
Equity mutual funds	18	19	(2)		35	28	49	(31)		46
Bond mutual funds	14	(4)	14		24	25		44		69
Interest on cash deposits	1				1	3				3
Other investment income	110	(23)	(135)	(3)	(51)	105	70	(39)	(1)	135
Investment income	**1,334**	**181**	**(161)**	**(3)**	**1,351**	**1,367**	**86**	**(27)**	**(1)**	**1,425**
Internal and external management expenses	(157)				(157)	(218)				(218)
Other investment expenses	(208)				(208)	(160)				(160)
Investment expenses	**(365)**				**(365)**	**(378)**				**(378)**
Investment income, net of expenses	**969**	**181**	**(161)**	**(3)**	**986**	**989**	**86**	**(27)**	**(1)**	**1,047**
Capital gains on securities representing unit-linked policies			85		85			103		103
Capital losses on securities representing unit-linked policies			(32)		(32)			(76)		(76)
Investment income net of management expenses	**969**	**181**	**(108)**	**(3)**	**1,039**	**989**	**86**	**0**	**(1)**	**1,074**

NOTE 23.4 - INVESTMENT INCOME NET OF INVESTMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

In millions of Euros	30/06/2010					30/06/2009				
	Revenue and expenses	Income from sales	Change in provisions	Change in provisions	Total	Revenue and expenses	Income from sales	Change in provisions	Change in provisions	Total
Property	2	3			5	2	29			31
Equities	7	8			15	8	1			9
Bonds	175	9	(3)		181	193	(7)	4		190
Equity mutual funds	1	1	1		3		1	1		2
Bond mutual funds							1			1
Interest on cash deposits	8				8	14				14
Other investment income	16	3	(1)	(6)	12	16			(7)	9
Investment income	**209**	**24**	**(3)**	**(6)**	**224**	**233**	**25**	**5**	**(7)**	**256**
Internal and external management expenses	(7)				(7)	(8)				(8)
Other investment expenses	(19)				(19)	(20)				(20)
Investment expenses	**(26)**				**(26)**	**(28)**				**(28)**
Investment income, net of expenses	**183**	**24**	**(3)**	**(6)**	**198**	**205**	**25**	**5**	**(7)**	**228**
Capital gains on securities representing unit-linked policies			17		17			15		15
Capital losses on securities representing unit-linked policies			(18)		(18)			-7		(7)
Investment income net of management expenses	**183**	**24**	**(4)**	**(6)**	**197**	**205**	**25**	**13**	**(7)**	**236**

NOTE 24 - INSURANCE POLICY SERVICING EXPENSES

NOTE 24.1 - INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of Euros	30/06/2010			30/06/2009		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(3,603)	(1,580)	(5,183)	(3,589)	(1,544)	(5,134)
Change in technical reserves						
Outstanding claims reserves	(107)	83	(24)	(136)	49	(86)
Actuarial reserves	(817)	45	(772)	(744)	21	(723)
Unit-linked reserves	(49)	(20)	(69)	(13)		(13)
Profit-sharing	(544)	(77)	(621)	(638)	(73)	(712)
Other technical reserves	(35)	6	(29)	56	(17)	39
Total insurance policy benefits paid out	**(5,155)**	**(1,543)**	**(6,698)**	**(5,064)**	**(1,564)**	**(6,629)**

Insurance policy servicing expenses amounted to €6,698 million as at 30 June 2010, compared to €6,629 million as at 30 June 2009. As in 2009, the first half of 2010 was marked by climatic events in Europe and an increased loss experience.

NOTE 25 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

NOTE 25.1 - EXPENSES AND INCOME NET OF OUTWARD REINSURANCE – BY OPERATING SEGMENT

In millions of Euros	30/06/2010			30/06/2009		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	15	8	23	19	16	35
Claims charge	174	5	179	267	35	301
Change in technical reserves	11	11	22	8	(1)	7
Profit sharing	4	1	5	1		1
Change in the equalisation reserve						
Income from outward reinsurance	**205**	**25**	**230**	**294**	**50**	**344**
Outward premiums	(323)	(60)	(382)	(318)	(116)	(433)
Expenses on outward reinsurance	**(323)**	**(60)**	**(382)**	**(318)**	**(116)**	**(433)**
Income and expenses on outward reinsurance	**(118)**	**(35)**	**(153)**	**(23)**	**(66)**	**(89)**

The decline in premiums ceded for the international region between 2010 and 2009 comes mainly from countries where the Group has merged subsidiaries, resulting in economies of scale.

The decline in the claims expense ceded in France in 2010 may be explained by lower climatic event costs in the first half of 2010 compared to those incurred in the first half of 2009.

NOTE 26 - OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

In millions of Euros	30/06/2010			30/06/2009		
	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	28	9	37	7	4	10
Extraordinary non-current expenses	(36)	(36)	(73)	(55)	(72)	(127)
Allocation to the provision for goodwill		0				
Total other income and expenses from non-current operations	**(8)**	**(27)**	**(36)**	**(49)**	**(68)**	**(116)**

Net other non-current operating income (expenses) amounted to a loss of €(36) million as at 30 June 2010, compared to a loss of €(116) million as at 30 June 2009.

The main items comprising this total are:

- Impairment on values of business in force for a total loss of €(23) million. These values of business in force are carried by the following entities:
  - Groupama Assicurazioni: €(11) million;
  - Groupama Garancia Biztosito: €(5) million;
  - Groupama UK on behalf of UK brokers: €(3) million;
  - Groupama Seguros Spain: €(2) million;
  - Groupama Sigorta: €(2) million.
- Merger costs resulted in an overall loss of €(6) million.

As a reminder, as at 30 June 2009, net other non-current operating income (expenses) included the €41-million loss in goodwill of Plus Ultra Generales, which was acquired by Groupama Seguros Spain in 2002. This movement followed the identification of a future tax saving relating to the impairment of business goodwill recorded by the subsidiary in the separate financial statements.

NOTE 27 - FINANCING EXPENSES

In millions of Euros	30/06/2010	30/06/2009
Interest expenses on loans and debt	(66)	(64)
Interest income and expenses – Other		
Total financing expenses	**(66)**	**(64)**

The change in subordinated debt during the period had no significant impact on the expense amount, due to the fact that the bond issued in 1999 and repaid in early 2010 was replaced by a loan of the same amount in October 2009.

NOTE 28 - BREAKDOWN OF TAX EXPENSES

NOTE 28.1 - BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of Euros	30/06/2010			30/06/2009
	France	International	Total	Total
Current taxes	(7)	(21)	(28)	64
Deferred taxes	(20)	(3)	(23)	(17)
Total tax expense	**(27)**	**(24)**	**(51)**	**47**

NOTE 28.2 - RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of Euros	30/06/2010	30/06/2009
Theoretical tax expense	**(67)**	**(48)**
Impact of expenses or income defined as non-deductible or non-taxable	13	63
Impact of differences in tax rate	3	19
Tax credit and various charges		
Charges of prior deficits		
Losses for the period not capitalised		
Deferred tax assets not recognised		
Other differences		13
Effective tax expense	**(51)**	**47**

Income tax corresponds to an overall loss of €(51) million as at 30 June 2010, compared to income of €47 million as at 30 June 2009. The difference between the two half-years is primarily due to the change in non-deductible or non-taxable income and expenses, which included, as at 30 June 2009, capitalisation of prior losses at Groupama Insurances as well as capitalisation of deferred tax relating to the merger loss of Plus Ultra Generales.
Allowing for these factors, the effective rate of tax amounted to 27% as at 30 June 2010, compared to (35)% as at 30 June 2009.

The reconciliation with the theoretical statutory tax is as follows:

In millions of Euros	30/06/2010		30/06/2009	
	Consolidated profit (loss) before taxes	Theoretical tax expense	Consolidated profit (loss) before taxes	Theoretical tax expense
France	109	34.43%	95	34.43%
Bulgaria	0	10.00%	0	10.00%
Spain	36	30.00%	(14)	30.00%
Greece	(2)	24.00%	2	25.00%
Hungary	12	19.00%	6	20.00%
Italy	32	32.32%	20	32.31%
Portugal	(1)	26.50%	1	26.50%
Romania	(3)	16.00%	5	16.00%
United Kingdom	13	28.00%	9	28.00%
Slovakia	(3)	19.00%	(3)	19.00%
Tunisia	4	30.00%	2	30.00%
Turkey	(5)	20.00%	13	20.00%
Total	**192**		**136**	

OTHER INFORMATION

NOTE 29 - COMMITMENTS GIVEN AND RECEIVED

NOTE 29.1 - COMMITMENTS GIVEN AND RECEIVED – BANKING SEGMENT

In millions of Euros	30/06/2010	31/12/2009
Financing commitments received		
Guarantee commitments received	117	106
Securities commitments receivable		
Total banking commitments received	**117**	**106**
Commitments received on currency transactions	59	94
Other commitments received	15	23
Total of other banking commitments received	**74**	**117**
Financing commitments given	284	234
Guarantee commitments given	93	84
Commitments on securities to be delivered		
Total banking commitments given	**377**	**318**
Commitments given on currency transactions	59	94
Commitments given on financial instrument transactions		
Total of other banking commitments given	**59**	**94**

Off balance sheet **commitments received** on banking business amounted to €117 million. For spot foreign exchange transactions, the position at 30 June 2010 was as follows:

foreign currencies purchased for Euros not yet received	€59 million
foreign currencies sold for Euros not yet delivered	€59 million

Commitments given are marked by an increase in commitments granted to customers, taking the total amount of commitments given to €377 million.

NOTE 29.2 - COMMITMENTS GIVEN AND RECEIVED – INSURANCE AND REINSURANCE BUSINESS SEGMENTS

In millions of Euros	30/06/2010	31/12/2009
Endorsements, securities and guarantees received	654	665
Other commitments received	1,160	1,036
Total commitments received, excluding reinsurance	**1,814**	**1,701**
Reinsurance commitments received	**418**	**422**
Endorsements, securities and guarantees given	442	445
Other commitments on securities, assets or income	545	533
Other commitments given	165	159
Total commitments given, excluding reinsurance	**1,152**	**1,137**
Reinsurance commitments given	**2,519**	**2,519**
Securities belonging to provident institutions		**3**
Other assets held on behalf of third parties	**1**	**1**

Endorsements, securities and guarantees received amounted to €654 million and primarily comprise new commitments received as a result of the acquisition of Asiban (€175 million) and the OTP Bank's insurance subsidiaries (€288 million).

Other commitments received excluding reinsurance largely comprise the following items:

- Commitments in conjunction with construction work conducted by Silic amounting to €315 million broken down between unused but confirmed lines of credit of €234 million, and the outstanding balance on outstanding construction work of €81million.
- Commitments in conjunction with company acquisitions and sales of €200 million:
  - A guarantee received from CGU France on Gan's 2002 acquisition of CGU Courtage of €150 million;
  - Liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena.
- A credit facility of €560 million granted by Société Générale.

Endorsements, securities and guarantees given amounted to €442 million and are broken down into the following major transactions:

- A guarantee valued at €58 million given in conjunction with Groupama UK's sale of Minster Insurance Company Limited (MICL). This company was sold during fiscal year 2006,
- Liabilities guaranteed by charges on assets in conjunction with real estate investments undertaken by Silic for €308 million.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to high-risk mutual funds ("FCPR"). The balance of €545 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 €165 million and consist mainly of residual commitments on construction work in progress being carried out by Silic and amounting to €81 million.

Unvalued commitments

“Covenants” clauses:

SILIC:

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

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

Financial ratios	Debt concerned (1)	Covenants	30/06/2010	2009	30/06/2009
• Net bank debt / Re-valued real estate assets	94%	Ratio < 0.45 for 20% Ratio < 0.50 for 74%	40.0%	36.6%	35.4%
• EBE (Ebitda) / Bank interest (2)	86%	Ratio > 3 for 9% Ratio > 2.5 for 54% Ratio > 2 for 23%	3.12-4.00	3.69-4.54	4.16-5.01
• Re-valued real estate assets / Real estate assets pledged	19%	Ratio > 2	4.05	3.96	4.19
• Debt pledged / Re-valued real estate assets	39%	Ratio < 0.20 for 21% Ratio < 0.25 for 18%	11.5%	12.4%	10.8%
• Re-valued real estate assets	38%	Amount > €1,000 million for 22% Amount > €1,500 million for 16%	3,333	3,184	3,068
• Net re-valued assets	20%	Amount > €800 million	1,915	1,934	1,897

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

(2): Depending on the facility, capitalised interest inclusive or exclusive of “bank interest”.

At 30 June 2010 and prior years, Silic was in full compliance with the above covenants.

Trigger clauses:

Groupama SA:

Furthermore, in conjunction with issues of subordinated securities (“TSR” and “TSDI”), Groupama SA has trigger clauses:

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%.

Similarly, Groupama SA is entitled to defer payment of interest on the July 2005 TSDI of €500 million should the Group solvency margin fall below 150%.

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

NOTE 30 - LIST OF COMPANIES IN THE SCOPE OF CONSOLIDATION

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

Mergers

SCIFMA absorbed FOR'GAN, held by Groupama Gan Vie, with retroactive effect from 1 January 2010. The new entity changed its name to Société Forestière Groupama on 10 May 2010.

Deconsolidations

SCI Safragan, a subsidiary of Compagnie Foncière Parisienne, was liquidated on 31 May 2010.

The real estate company Goubet Petit was liquidated and SCI Les Gémeaux ceased trading.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			30/06/2010			31/12/2009		
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent co	100.00	100.00	Parent co
GIE GROUPAMA SI	GIE	France	88.40	88.38	FC	88.42	88.40	FC
GIE LOGISTIQUE	GIE	France	99.98	99.98	FC	99.99	99.99	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	100.00	FC	99.98	99.98	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.78	FC	99.76	99.76	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.81	FC	98.63	98.63	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.37	FC	90.89	90.29	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
GUK BROKING SERVICES	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
LARK	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GREYSTONE	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
HALVOR	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GRIFFITHS GOODS	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
CHOICE QUOTE	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GROSVENOR COURT SERVICES	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSICURAZIONI (ex Nuova Tirrena)	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. Mgmt.	France	99.98	99.98	FC	99.98	99.98	FC
GROUPAMA FUND PICKERS	Portf. Mgmt.	France	100.00	99.98	FC	100.00	99.98	FC
GROUPAMA PRIVATE EQUITY	Portf. Mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE (ex Banque Finama)	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EPARGNE SALARIALE	Portf. Mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	100.00	FC	100.00	100.00	FC
SILIC	Real estate	France	42.07	42.07	FC	42.09	42.09	FC
SEPAC	Real estate	France	100.00	42.07	FC	100.00	42.09	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	95.32	95.32	FC	95.30	95.30	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	95.32	FC	100.00	95.30	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			30/06/2010			31/12/2009		
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA (ex-SCIFMA)	Real estate	France	87.67	87.67	FC	78.93	78.93	FC
SCI TOUR GAN	Real estate	France	100.00	98.88	FC	100.00	98.88	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
SAFRAGAN	Real estate	France				90.00	85.77	FC
261 RASPAIL	Real estate	France	100.00	95.32	FC	100.00	95.30	FC
SOCOMIE	Real estate	France	100.00	42.07	EM	100.00	42.09	EM
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.71	FC	100.00	98.71	FC
1 BIS FOCH	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
16 MESSINE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
9 MALESHERBES	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
40 RENE BOULANGER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
44 THEATRE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
47 VILLIERS	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
IMMOPREF	Real estate	France				100.00	100.00	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FORGAN (SA)	Real estate	France				100.00	100.00	FC
10 PORT ROYAL (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
14 MADELEINE (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
204 PEREIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 REINE BLANCHE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 VICTOIRE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CELESTE (SAS)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
GOUBET PETIT	Real estate	France				66.66	66.66	EM
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
LES FRERES LUMIERE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
6 MESSINE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LES GEMEAUX (SCI)	Real estate	France				100.00	100.00	FC
VILLA DES PINS (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FRANCE-GAN I D	Mutual funds	France	81.60	69.44	FC	81.65	69.81	FC
GROUPAMA TRESORERIE I C	Mutual funds	France	54.25	54.00	FC	49.17	49.01	EM
ASTORG TAUX VARIABLE D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH G D	Mutual funds	France	95.64	95.19	FC	89.31	88.20	FC
ASTORG CTT C	Mutual funds	France	100.00	100.00	FC	85.37	85.37	FC
ASTORG PENSION C	Mutual funds	France	100.00	100.00	FC	74.58	74.58	FC
ASTORG CASH MA	Mutual funds	France				100.00	99.29	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			30/06/2010			31/12/2009		
ASTORG CASH MT D	Mutual funds	France	99.89	99.85	FC	99.98	99.27	FC
GROUPAMA EONIA I	Mutual funds	France				38.43	36.23	EM
ASTORG EONIA	Mutual funds	France				100.00	100.00	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual funds	France	82.67	82.67	FC	82.68	82.68	FC
GROUPAMA CREDIT EURO LT I D	Mutual funds	France	99.05	99.05	FC	99.05	99.05	FC
GROUPAMA FP DETTE EMERGENTE	Mutual funds	France	91.26	91.22	FC	94.53	94.48	FC
GROUPAMA ALTERNATIF EQUILIBRE C	Mutual funds	France	79.17	79.17	FC	79.17	79.17	FC
HAVRE OBLIGATION D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	Mutual funds	France	65.76	63.73	FC	84.15	82.10	FC
GROUPAMA CONVERTIBLES I	Mutual funds	France	87.30	85.63	FC	87.28	85.61	FC
GROUPAMA JAPAN STOCK D4DEC	Mutual funds	France				40.52	40.52	EM
GROUPAMA ETAT EURO CT I D	Mutual funds	France	89.04	89.04	EM	89.01	89.01	FC
GROUPAMA AAEXA D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ACTIONS INTERNATIONALES I C	Mutual funds	France	99.77	99.77	FC	99.76	99.76	FC
GROUPAMA CREDIT EURO I D	Mutual funds	France	37.87	37.87	EM	58.16	58.16	FC
GROUPAMA CREDIT EURO I C	Mutual funds	France	38.50	38.50	EM	58.58	58.58	FC
GROUPAMA EURO STOCK	Mutual funds	France				38.53	38.53	EM
GROUPAMA INDEX INFLATION EURO I D	Mutual funds	France	100.00	97.21	FC	100.00	97.21	FC
ASTORG EURO SPREAD D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual funds	France	99.92	99.92	FC	99.92	99.92	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual funds	France	100.00	99.97	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual funds	France	100.00	100.00	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual funds	France	100.00	100.00	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual funds	France	100.00	100.00	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual funds	France	100.00	100.00	FC	83.33	83.33	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROPEXEURO D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON ACTIONS EURO	Mutual funds	France				99.97	99.96	FC
WASHINGTON ACT. INTERNATIONALES	Mutual funds	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual funds	France	100.00	99.94	FC	100.00	99.94	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual funds	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual funds	France	100.00	99.99	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual funds	France	100.00	100.00	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG ACTIONS EURO I C	Mutual funds	France	98.88	98.88	FC			
HORIZON 8 JUILLET 2002 C	Mutual funds	France	24.66	24.66	EM			
EURO CAPITAL DURABLE I C	Mutual funds	France	26.36	25.05	EM			
AMERI-GAN I D	Mutual funds	France	31.05	31.05	EM			
GROUPAMA CREDIT EURO LT I C	Mutual funds	France	50.72	50.72	FC			
VALORISATION DECEMBRE 2001 C	Mutual funds	France	48.53	48.53	EM			
GROUPAMA US STOCK I C	Mutual funds	France	59.92	59.92	FC			

FC: Full consolidation EM: Equity method

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

AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, avenue Henri Régnault
92075 La Défense Cedex

Auditors' Report on the 2010 half-year financial information

To the Shareholders
Groupama S.A.
8-10, rue d'Astorg 75008 Paris

Dear Shareholders,

In performance of the audit engagement assigned to us by your General Meeting and in application of Article L. 451-1-2 III of the Monetary and Financial Code, we have performed:

- a limited review of the condensed consolidated half-year financial statements of Groupama SA, for the period from 1 January to 30 June 2010, as attached to this report;
- a verification of the disclosures made in the half-year activity report.

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited review, to express an opinion on these financial statements.

1. Opinion on the financial statements

We conducted our limited review in accordance with the auditing standards applicable in France. A limited review consists essentially of speaking with the members of management in charge of accounting and financial aspects and performing analytical procedures. That work is less extensive than the work required for an audit conducted according to the auditing standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free of material misstatement that is obtained in a limited review is a moderate assurance, less rigorous than the assurance obtained in an audit.

Based on our limited review, we have not found any material misstatement to call into question whether the condensed consolidated half-year financial statements are in compliance with IAS 34 – a standard of the IFRS frame of reference as adopted in the European Union for interim financial reporting.

Without qualifying the opinion expressed above, we draw your attention to the “impairment provisions” paragraph in note 3.2.1 of the accounting principles and to note 6.1 in the notes to the financial statements, which present the change in valuation relative to the impairment criteria for assets available for sale.

2. Specific test

We also conducted a verification of the disclosures made in the half-year activity report commenting on the condensed consolidated half-year financial statements covered under our limited review. We have no comment to make on the fair presentation and consistency of these disclosures with the condensed consolidated half-year financial statements.

Neuilly sur Seine and Paris La Défense, 5 August 2010

The Auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Bénédicte Vignon	Jean-Claude Pauly	Maxime Simoen

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

I hereby declare that to my knowledge, the condensed half-year 2010 financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the company and all the companies included in its scope of consolidation, and the half-year activity report, to be found in the first part of this Report, accurately reflects the significant events which occurred during the first six months of the fiscal year and their impact on the half-year financial statements, the related-parties transactions and the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, 31 August 2010

Jean Azéma

Chief Executive Officer