Groupama

Half Year Financial Report
June 30, 2011

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ACTIVITY REPORT
HALF-YEAR 2011

Key events

Strong growth in underwriting profitability

- combined ratio for property and casualty insurance improved sharply to **99.6%, down 4.9 points**
- substantial improvement in new business value in life and health insurance: NBV/APE* = 7.2% at 30 June 2011, versus 3.7% at 31 December 2010
  [*Annual Premium Equivalent = 10% of single premiums plus 100% of regular premiums]

Economic operating income **up by 76%** at €183 million

Net income up by +16% at €147 million, despite provisions for Greek debt and the drought cost

Solid growth

- Increase of 4.5% in property and casualty insurance premium income
- Fourfold increase in the contribution of unit-linked policies to individual savings & pensions insurance premiums, up to 12.4%

Strong balance sheet in a particularly adverse environment

- participation in the rescue plan for Greece resulting in a €84 million net impact
- solvency margin stable at 130%

In addition, it was decided to streamline the Group's structure to improve the profitability of certain subsidiaries

- merger underway of Gan Eurocourtage and Groupama Transport
- disposal of Groupama Insurances' health insurance business in the United Kingdom
- Portuguese non-life insurance subsidiary to be attached to Spain
- Bulgarian subsidiary now focused on distributing products via the OTP network (Bulgaria's second largest bank)
- Slovak subsidiary soon to become a branch of Groupama Garancia Biztosito in Hungary

LIFE AND HEALTH INSURANCE: A GLOBAL APPROACH TO SAVINGS

Groupama Gan Vie conducted two advertising campaigns in the first six months of the year to promote sales of unit-linked policies distributed by the regional mutuals, the Gan Patrimoine and Gan Assurances networks, and the wealth management/financial advisory networks. At the end of June 2011, unit-linked policies accounted for 12.4% of savings & pensions premium income, a fourfold increase over the end of June 2010.

The savings offering was stepped up considerably in 2011 with the launch of new products from Groupama Banque. To date, Groupama Banque has 542,000 customers and represents €1.1 billion in deposits and €1.1 billion in loans. Sales efforts will be increased in the second half of 2011 to step up mortgages and consumer credit products.

With regard to savings, efforts in France have focused on customer segmentation and the continued development of the expert networks, which will simultaneously increase profitability and volume.

Internationally, the Group's development strategy has been oriented towards products that tied up less capital. This has led to the introduction of new unit-linked policies in such countries as Hungary, Bulgaria, Romania and Greece, and a broader range of high-margin products in protection and loan insurance in countries including CEEC, Italy, Spain and Turkey. Business in the first half of 2011 was marked by strong growth in protection and health insurance (+14.5% and +35% respectively).

PROPERTY AND CASUALTY INSURANCE: PRIORITY GIVEN TO UNDERWRITING PROFITABILITY

As part of its effort to improve operating efficiency, Groupama has introduced measures to streamline management processes, with particular attention paid to claims management. Moreover Groupama has made tariff adjustments to current risk and climate risk, and has implemented stronger selection measures in underwriting.

The launch of La Banque Postale Assurances IARD, in which the Group holds a 35% stake, has proved a success: in early July, the volume of new business written per day exceeded 1,000 contracts without any major sales campaign.

In other European markets, Groupama implemented a group-wide initiative in 2010 aimed at improving its operating efficiency through the deployment of best practices in terms of pricing and claims management.
First introduced for motor and corporate insurance, the initiative involves modelling tools, a narrower tariff segmentation based on risk profile, a new customer relations centre, and the automation and streamlining of claims management processes. The initiative produced positive results in the first half of 2011: the combined ratio for international business was down 3 points to 97.0% compared with June 2010.

In Turkey, Groupama signed a partnership agreement with Finansbank to sell non-life insurance products to the bank's corporate customers. Finansbank has 500 branches in Turkey and is the country's sixth largest bank in terms of consumer credit.

In China, after signing an agreement in December 2010 with AVIC (Aviation Industry Corporation of China) to create an insurance joint venture, Groupama obtained in the first half of 2011 the approval to turn its Chengdu branch into a subsidiary and to create a new joint venture with AVIC to start selling corporate, individual and agricultural insurance at the end of 2011.

GROWTH OF DIRECT INSURANCE

After three financial years, Amaguiz is still one year ahead of its business plan, with 95,000 motor insurance policies and 25,000 home insurance policies at the end of June. Amaguiz will build on this success to introduce health insurance products in the second half of 2011.

In June 2011, Groupama conducted a relaunch of its direct insurance subsidiary in Spain, Clickseguros. After strengthening key functions (such as IT, web marketing and partnerships, and management control), separating its own business from that of Groupama Seguros and bringing the call centre in-house, the Group launched a major promotional campaign, which is underway.

As a result of the success of its direct insurance model, Groupama has duplicated the business model in Poland, a market with significant potential in this segment. Steps are underway to gain approval to create a new branch that should be up and running by January 2012.

TREATMENT OF THE GREEK DEBT

The Group decided to contribute to the Greek rescue plan and in the first half of 2011 impaired 21% of outstanding bond investments that mature before 01/01/2021. The net post-tax impact on Groupama S.A. net income amounted to €84 million (€88 million impact for the Group).

EVENTS AFTER THE BALANCE SHEET DATE

Groupama Insurances sold its health insurance business to the British mutual insurance company *Simplyhealth.*

Consolidated key figures

A/ Premium income

in €m	H1 2010 Actual premium income	H1 2010 Pro forma* premium income	H1 2011 Actual premium income	2011/2010 Change on a reported consolidation and exchange rate basis	2011/2010 Change on a like-for-like consolidation and exchange rate basis
> FRANCE	**6,242**	**6,234**	**5,949**	**-4.7 %**	**-4.6 %**
Life and health insurance	3,658	3,650	3,242	-11.4 %	-11.2 %
Property and casualty insurance	2,580	2,580	2,701	+4.7 %	+4.7 %
Total excluding discontinued operations	**6,238**	**6,230**	**5,944**	**-4.7 %**	**-4.6 %**
Discontinued operations	4	4	5	+10.2 %	+10.2 %
> INTERNATIONAL & Overseas	**2,265**	**2,252**	**2,306**	**+1.8 %**	**+2.4 %**
Life and health insurance	592	590	577	-2.6 %	-2.2 %
Property and casualty insurance	1,673	1,662	1,730	+3.4 %	+4.1 %
TOTAL INSURANCE	**8,507**	**8,486**	**8,255**	**-3.0 %**	**-2.7 %**
FINANCIAL AND BANKING OPERATIONS	133	133	148	+11.6 %	+11.6 %
TOTAL	**8,639**	**8,618**	**8,403**	**-2.7 %**	**-2.5 %**

* on a comparable basis

B/ Economic operating income*

in €m	H1 2010	H1 2011	2011/2010 change
Life and health insurance	155	144	-7.1 %
Property and casualty insurance	17	100	NA
Financial and banking operations	1	7	NA
Holding companies	-69	-68	NA
Economic operating income*	**104**	**183**	**+76.0 %**

***** Economic operating income corresponds to net profit adjusted for realised capital gains and losses, net increases or reversals of provisions for permanent impairment and unrealised capital 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 income

in €m	H1 2010	H1 2011	2011/2010 change
Economic operating income*	**104**	**183**	**+76.0 %**
Net realized capital gains	90	67	€(23)m
Net provisions for permanent impairment	-6	-86	€(80)m
Gains and losses on financial assets and derivatives recognised at fair value	-43	1	€44m
Goodwill and intangible assets and other non-recurring items	-18	-18	€0m
Net Income	**127**	**147**	**+15.7 %**

* Economic operating income corresponds to net profit adjusted for realised capital gains and losses, net increases or reversals of provisions for permanent impairment and unrealised capital 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).

Contribution of segments to consolidated net profit

in €m	H1 2010	H1 2011
Insurance and services France	**192**	**186**
Total Groupama/Gan Vie	170	184
Gan Assurances	-27	-11
Gan Eurocourtage	34	12
CFE/CFV	1	2
Groupama Transport	11	6
Other specialised companies	15	8
Amaline Assurances	-11	-10
Discontinued operations	-2	1
International insurance	**64**	**25**
Italy	21	7
Spain	28	20
United Kingdom	9	16
Hungary	9	6
Turkey	-4	-12
Greece	4	-3
Romania	-4	1
Portugal	0	1
Gan Outre-Mer	5	2
Other	-3	-13
Financial and banking operations	**1**	**7**
Groupama S.A. and holding companies	**-132**	**-73**
Other	2	2
Net Income	**127**	**147**

D/ Balance sheet

in €m	31/12/2010	H1 2011
Book shareholders' equity, group share	4,268	4,289
Gross unrealised capital gains	701	499
Subordinated debt	1,245	1,245
Balance sheet total	93,065	95,915

E/ Principal ratios

	H1 2010	H1 2011
Property & casualty insurance combined ratio	104.5 %	99.6 %

	31/12/2010	H1 2011
Net income (ex. fair value effect/average equity capital and ex. revaluation reserves)	9.7%	6.8% (annualised)
Debt ratio*	23.4 %	23.5%

* excluding real estate company Silic

Strong and more selective growth

At 30 June 2011, consolidated premium income of Groupama S.A. amounted to €8.4 billion, or -2.7% on a reported basis and -2.5% on a like-for-like consolidation and exchange rate basis.

Consolidated premium income from Groupama S.A.'s insurance business stood at €8.2 billion, down -3.0% on a reported basis and -2.7% on a like-for-like consolidation and exchange rate basis.

Life and health premium income amounted to €3.8 billion, down -10.1% on a reported basis and -9.9% on a like-for-like basis. Property and casualty premium income came to €4.4 billion, an increase of +4.2% in reported figures and +4.5% in like-for-like figures.

Insurance and services in France: sustained growth in property and casualty insurance and sharp increase in the contribution of unit-linked policies to savings & pensions

Insurance premium income in France at 30 June 2011 stood at €5,949 million, down -4.6% compared with 30 June 2010. (The French market was down 6% over the period.)

In a strong competitive context, **property and casualty** premium income was up +4.7% at €2,701 million, higher than the market (+4%). Individual and small business insurances rose +6.6% driven by the individual motor and home insurance segments (+8.0% and +6.1% respectively). Monitoring of this portfolio was stepped up, and premium income for commercial and local authorities insurance rose by +1.3%, largely due to growth in the fleet segment (+3.5%).

Life and health premium income fell -11.2% to €3,247 million as a result of the decline in savings business. This reflected the market trend of an 11% decline in premiums at the end of June 2011 (source: FFSA).
Against this difficult backdrop, the Group was nevertheless able to steer its inflows towards unit-linked policies. Individual savings & pensions insurance now represents 12.4% of production, a fourfold increase over the same period last year. This performance exceeds that of the market, which was stable at end June 2011 (source: FFSA).

Health and bodily injury insurance at 30 June 2011 was up by +3.9% compared with 30 June 2010, driven primarily by the health insurance segment (individual and group), which posted growth of +7.9%.

International insurance[1]: strong growth momentum in property and casualty insurance and slight decline in life and health insurance in markets down sharply

The Group's consolidated International premium income totalled €2,306 million at 30 June 2011, up +2.4% from 30 June 2010.

Property and casualty insurance posted overall growth of +4.1% compared with the same period in 2010 to stand at €1,730 million at 30 June 2011, with a differentiated performance per country. The motor insurance segment, which was up overall by +1.6% in the first half of the year, experienced a sharp increase in business in Italy (+12.3%) but was impacted by the economic crisis and very stiff pricing competition in Hungary (-40.5%) and Romania (-23.6%).
Meanwhile, the international subsidiaries continued their strategy of diversifying beyond motor insurance. This led to sustained growth in home insurance (+5%), particularly in Italy, Spain and Romania, and a substantial increase in business in the agricultural segments (+53.5%) in Turkey and Hungary.

Life and health insurance, at €577 million, experienced an overall decline in business of -2.2% compared with the first half of 2010.
This change was due to a sharp drop in individual savings business (-16.2%) in the declining markets in Italy and Portugal, although strong performances were recorded in Spain, Hungary and Greece.
The continued diversification outside traditional savings business yielded results, with substantial growth in provident and health insurance (up +14.5% and +34.9% respectively), thanks primarily to new business concluded in Turkey and Italy.

[1] Including Overseas

Italy

Premium income for Groupama's Italian subsidiary Groupama Assicurazioni was up +5.3% at €758 million at 30 June 2011.

Property and casualty insurance premium income increased by +12.8% as a result of substantial tariff increases and an expanded sales network. Premium income also rose for motor insurance (+12.3%), home insurance (+17.0%) and corporate insurance (+14.1%).
Life and health insurance was down -13.8% in a sluggish market (-22.7% at the end of March for life insurance). The Group nevertheless launched two promotional campaigns and continued its advertising campaigns to support networks and products.

Spain

Premium income for Groupama's Spanish subsidiary Groupama Seguros was down slightly by -0.3% to stand at €502 million at 30 June 2011.

In property and casualty insurance, written premiums declined by 2.9% under pressure from motor insurance, which was down -6.5% as a result of the decline in new car sales and the termination of the RAC Catalunya portfolio. Premium income for corporate insurance fell by -8.4% as a result of the very difficult economic environment (particularly in construction). However, the home insurance segment performed well across all networks (+9.3%).
Life and health insurance was up +9.7%, driven by the increase in the individual savings business which saw its premium income rise by +24.1%. By contrast, the increase in contract termination in health insurance led to a 5.3% decline of this business.

The new business model of Clickseguros (direct insurance, with premium income of €5 million) was launched in June and is not yet reflected in the half-year results.

Great Britain

Premium income for Groupama Insurances rose by +0.9% to €276 million at 30 June 2011.

Despite stiff competition, the corporate insurance segment posted positive results (+3.0%) thanks to a strategy of developing niche products. The development of non-standard products enabled the individual motor segment to remain stable (+0.1%). By contrast, the termination of some taxis portfolios resulted in a decline in motor fleet business (-5.2%), while a tougher underwriting policy for home insurance, which was impacted by the frost, led to a decline of 1.8% in this segment.
Life and health insurance business was up +2.6%.

Turkey

Premium income of Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik was up by +32.0% at €228 million.

Property and casualty premium income posted an increase of +20.9%. This was supported by strong growth in agricultural risks (+98.1%, including the Tarsim pool which benefited from the introduction of new cover). In a highly competitive market, premium income for motor insurance increased +2%.
Life and health insurance business was up by +86.3%, mainly as a result of a new group health policy for Turkish Airlines. Also noteworthy was the increase in provident insurance (+50.8%) resulting from the increased number of loans granted by the TKK agricultural cooperatives.

Hungary

Premium income for the Hungarian subsidiary Groupama Garancia Biztosito increased by +1.2% and amounted to €231 million.

Property and casualty insurance premium income was down -5.6% overall but with a marked contrast by business. Strong performances in agricultural risk (+31.1% as a result of the increased prices of agricultural commodities) and commercial insurance (+27.7% due to the increase in new business) were offset by the decline in motor insurance (-40.5%), which suffered from strong pricing pressure from some of the market's major players.
Life and health insurance premium income increased by +11.4%, driven by growth in individual savings (+6.9% due to the success of the advertising campaigns, particularly within the OTP network) and individual provident insurance (+69.1% as a result of the successful launch of a new product).

Greece

Groupama Phoenix premium income as at 30 June 2011 reached €99 million, an increase of +1.3%.
Property and casualty insurance premium fell by -1.1%. Despite stiffer pricing competition and the continued decline in new car sales, motor insurance continued to experience growth (+2.0%). In fire insurance, the gradual reduction in the Empororiki bank portfolio together with the economic crisis caused business to decline by -8.2%.
Written premiums in life and health insurance, on the other hand, were up by +6.3%, largely as a result of the subsidiary's expanded agent network.

Romania

Premium income for Groupama's Romanian subsidiary Groupama Asigurări declined by -12.2% to stand at €84 million at 30 June 2011.

Property and casualty insurance was down by -13.2% over the period due to the decline posted for motor insurance (-23.6%) in a fiercely competitive environment. The property insurance segment turned in a strong performance (+167%) following the successful launch of a new product.
Life and health insurance premium income was stable in a market where provident insurance business has been impacted by the low number of bank loans.

Other subsidiaries

In Portugal, premium income was down by 50.2% as a result of the major reduction in business from banking partners.
In Slovakia, subsidiary premium income was up by +16.9% at 30 June 2011 to stand at €5 million.
Premium income of the Bulgarian subsidiaries was up +70.7% at €5 million.

Financial activities: satisfactory change

Groupama Banque premium income at 30 June 2011 amounted to €71 million, up by +26.3% over 30 June 2010. It benefited from a favourable increase in the interest rate market, generating a rise in received interest. Net banking product was also up at 30 June 2011 and amounted to €48 million (+6.0%). Personal banking business accelerated in the first half of the year with an increase in consumer credit (+12%) and, in mortgages (+76%). The NBP of retail banking nevertheless remained stable as a result of new offers with a six-month free of charge promotion and a lower brokerage margin. The Private Banking NBP was up by 21% following the success of its products (escalating interest rate account, loans, and management under mandate).

Premium income from **asset management subsidiaries** rose by +0.7% to €74 million at 30 June 2011. Against a backdrop of declining markets, assets managed by **Groupama Asset Management** and its subsidiaries were stable at €90 billion.

Economic operating income

Economic operating income amounted to €183 million at 30 June 2011 versus €104 million at 30 June 2010. The net combined ratio improved by 4.9 points at 30 June 2011 to 99.6%.

The insurance business contributed **€244 million** to operating income, including €169 million from France (a rise of +€73 million at 30 June 2011) and €75 million from international subsidiaries (stable compared with the same period in 2010).

Life and health insurance: economic operating income totalled €144 million versus €155 million at 30 June 2010.

In France, economic operating income for life and health insurance was stable at €132 million versus €135 million at 30 June 2010. The recurring financial margin net of profit-sharing increased over the period.
International life and health insurance operating income was €12 million at 30 June 2011, down -€8 million in a difficult economic environment.

Property and casualty insurance: economic operating income totalled €100 million versus €17 million at 30 June 2010.

In France, economic operating income for property and casualty insurance rose by €76 million to €37 million. Net combined ratio stood at 101.8% versus 108.3% at 30 June 2010 (6.7 points related to Xynthia in 2010). The impact of the drought was 2.4 points. The expense ratio declined by -0.8 points to 30.5% at 30 June 2011.
Internationally, economic operating income for property and casualty insurance was up by 12.5% at €63 million with a net combined ratio of 97.0% (-3 points over 30 June 2010).

Financial and banking activities

Financial and banking activities contributed €7 million to the Group's economic operating income, versus €1 million at 30 June 2010.

Holding

The holding business line posted an economic operating loss of -€68 million at 30 June 2011, stable compared with the previous period.

Net Income

The net income of Groupama S.A. was up +16% at €147 million at 30 June 2011. This includes an impairment loss of €84 million related to Greek sovereign debt.

Before impairment for the Greek debt, insurance net income in France amounted to €237 million at 30 June 2011 (versus €150 million at 30 June 2010). After taking into account an impairment loss related to Greek sovereign debt, it was €194 million.

Before impairment for the Greek debt, the international activity generated a net income of €67 million at 30 June 2011 (+4.7% over the previous period). After taking into account an impairment loss related to Greek sovereign debt, it stood at €25 million.

Balance Sheet

At 30 June 2010, the Groupama S.A. consolidated balance sheet total was €95.9 billion, up from €93.1 billion at 31 December 2010, an increase of +3%.

Insurance investments totalled €75.8 billion at 30 June 2011 compared with €75.1 billion at 31 December 2010, an increase of +0.9%. The Group's unrealised capital gains amounted to €499 million, a decline of €202 million due to widening spreads on sovereign debt. Unrealised capital gains on property assets (net of tax, deferred profit sharing and minority interests) were stable compared with 31 December 2010 and amounted to 1.5 billion. These do not appear on the balance sheet.

Groupama S.A. consolidated **shareholders' equity** remained stable over 31 December 2010 and amounted to €4.3 billion.

These changes can be summarised as follows:

(in €m)

2011 opening shareholders' equity	**4,268**
Change in the revaluation reserve	25
Unrealised foreign exchange adjustment	-59
Dividend	-125
Other	33
Income (loss)	147
Shareholders' equity at 30 June 2011	**4,289**

Gross technical reserves (including deferred profit sharing) amounted to €73.6 billion versus €72.0 billion at 31 December 2010.

Group statutory solvency margin was stable at 130% at 30 June 2011.

Groupama's debt-to-equity ratio (excluding Silic) was 23.5% versus 23.4% in 2010.

Transactions with affiliates

Transactions with affiliates are detailed in Chapter 3 of the 2010 Registration Document registered by the AMF on 14 April 2011 and available on the company's website (www.groupama.com).

The transactions with affiliates did not undergo any significant changes since 31 December 2010. The agreements set up with the regional mutuals stay identical to those presented in the 2010 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 2010 Registration Document, registered by the AMF on 14 April 2011 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 2010 Registration Document are anticipated.

CONSOLIDATED FINANCIAL STATEMENTS
GROUPAMA SA
30 JUNE 2011
IFRS

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FINANCIAL STATEMENTS

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (in millions of euros)

ASSETS		30/06/2011	31/12/2010
Goodwill	Note 2	3,110	3,141
Other intangible assets	Note 3	652	684
Intangible assets		**3,762**	**3,826**
Investment properties, excluding unit-linked investments	Note 4	3,078	3,139
Unit-linked investment properties	Note 7	101	94
Operating activities property	Note 5	780	779
Financial investments (excluding unit-linked items)	Note 6	68,184	67,353
Financial investments in unit-linked investments	Note 7	3,573	3,569
Derivative instruments and embedded derivatives treated separately	Note 8	114	125
Insurance activities investments		**75,830**	**75,058**
Uses of funds for banking sector activities and investments of other activities	Note 9	**4,096**	**3,429**
Investments in related companies	Note 10	**286**	**303**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	Note 11	**1,406**	**1,420**
Other property, plant and equipment		212	200
Deferred acquisition costs		618	580
Deferred profit-sharing assets	Note 12	1,986	1,718
Deferred tax assets	Note 13	507	469
Receivables from insurance and inward reinsurance transactions	Note 14	3,293	2,658
Receivables from outward reinsurance transactions		206	148
Current tax receivables and other tax receivables		102	241
Other receivables	Note 15	2,367	1,979
Other assets		**9,292**	**7,993**
Assets of businesses held for sale and discontinued activities			
Cash and cash equivalents	Note 16	**1,241**	**1,036**
TOTAL		**95,915**	**93,065**

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (in millions of euros)

LIABILITIES		30/06/2011	31/12/2010
Share capital	Note 17	1,187	1,187
Revaluation reserve	Note 17	(979)	(1,036)
Other reserves		4,284	4,021
Unrealised foreign exchange adjustments		(350)	(291)
Consolidated profit		147	387
Shareholder's equity (Group share)		**4,289**	**4,268**
Minority interests		144	170
Total shareholders' equity		**4,433**	**4,438**
Contingent liabilities	Note 18	**392**	**422**
Financial debt	Note 19	**2,887**	**2,804**
Liabilities related to insurance policies	Note 20	**50,228**	**48,711**
Liabilities related to financial contracts	Note 21	**23,383**	**23,227**
Deferred profit-sharing liabilities	Note 12	**12**	**18**
Sources of funds for banking sector activities	Note 9	**3,773**	**3,073**
Deferred tax liabilities	Note 13	323	289
Debts to unit holders of consolidated mutual funds		600	555
Operating debts to banking institutions	Note 16	425	423
Liabilities from insurance or inward reinsurance activities		741	793
Liabilities from outward reinsurance transactions		368	359
Current taxes payable and other tax liabilities		252	294
Derivative instrument liabilities	Note 8	204	262
Other debt	Note 22	7,894	7,395
Other liabilities		**10,807**	**10,370**
Liabilities of businesses held for sale or discontinued activities			
TOTAL		**95,915**	**93,065**

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

GROUPAMA SA
CONSOLIDATED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		30/06/2011	30/06/2010
Written premiums	Note 23	8,255	8,508
Change in unearned premiums		(1,083)	(970)
Earned premiums		**7,172**	**7,538**
Net banking income, net of cost of risk	Note 1	**121**	**115**
Investment income	Note 24	1,683	1,543
Investment expenses	Note 24	(327)	(391)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 24	168	205
Change in fair value of financial instruments recognised at fair value through income	Note 24	42	(113)
Change in impairment losses on investments	Note 24	(185)	(9)
Investment income net of expenses	Note 24	**1,382**	**1,236**
Total income from ordinary operations		**8,675**	**8,888**
Insurance policy servicing expenses	Note 25	(6,343)	(6,698)
Income from outward reinsurance	Note 26	192	230
Expenses on outward reinsurance	Note 26	(390)	(382)
Net outward reinsurance income (expenses)		**(6,540)**	**(6,850)**
Banking operating expenses	Note 1	(115)	(110)
Policy acquisition costs		(977)	(847)
Administrative costs		(478)	(476)
Other income and expenses from current operations		(224)	(311)
Total other current income and expenses		**(8,333)**	**(8,594)**
CURRENT OPERATING PROFIT		**342**	**293**
Other operating income (expenses)	Note 27	(45)	(36)
OPERATING PROFIT		**297**	**258**
Financing expenses	Note 28	(67)	(65)
Share in income of related companies	Note 10	(6)	2
Corporate income tax	Note 29	(62)	(51)
NET PROFIT OF THE CONSOLIDATED ENTITY		**163**	**143**
of which, minority interests		16	16
NET PROFIT (GROUP SHARE)		**147**	**127**

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

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

(in millions of euros)	30/06/2011			30/06/2010		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the period	**147**	**16**	**163**	**127**	**16**	**143**
Change in foreign exchange adjustments	(59)	(1)	(60)	47	1	48
Change in gross unrealised capital gains and losses on available-for-sale assets	(276)	(4)	(280)	(1,494)	(1)	(1,495)
Revaluation of hedging derivative instruments	31	8	39	(20)	(27)	(47)
Change in actuarial gains (losses) on post-employment benefits	1		1	(28)		(28)
Change in shadow accounting	275	3	278	860	1	861
Change in deferred taxes	26		26	(30)		(30)
Other	1	1	2	(4)	1	(3)
Gains (losses) recognised directly in shareholders' equity	**(1)**	**7**	**6**	**(669)**	**(25)**	**(694)**
Net profit and gains (losses) recognised in shareholders' equity	**146**	**23**	**169**	**(542)**	**(9)**	**(551)**

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

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital	Profit (loss)	Deeply subordinated instruments	Consolidated reserves	Revaluation reserve	Unrealised foreign exchange adjustment	Shareholder's equity (Group share)	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/09	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**
Appropriation of 2009 profit (loss)		(660)		660					
Dividends				(145)			(145)	(51)	(196)
Change in share capital								5	5
Business combinations								(1)	(1)
Impact of transactions with shareholders		**(660)**		**515**			**(145)**	**(47)**	**(192)**
Unrealised foreign exchange adjustments						16	16		16
Available-for-sale assets					(2,086)		(2,086)	(7)	(2,093)
Shadow accounting					1,400		1,400	6	1,406
Deferred taxes				3	172		175	1	176
Actuarial gains (losses) on post-employment benefits				(9)			(9)		(9)
Other				(9)	(33)		(42)	(10)	(52)
Net profit (loss) for the period		387					387	38	425
Total income (expenses) recognised for the period		**387**		**(15)**	**(547)**	**16**	**(159)**	**28**	**(131)**
Total changes for the period		**(273)**		**500**	**(547)**	**16**	**(304)**	**(19)**	**(323)**
Shareholders' equity as at 31/12/10	**1,187**	**387**	**1,000**	**3,021**	**(1,036)**	**(291)**	**4,268**	**170**	**4,438**
Appropriation of 2010 profit (loss)		(387)		387					
Dividends				(125)			(125)	(50)	(175)
Change in share capital								1	1
Business combinations									
Impact of transactions with shareholders		**(387)**		**262**			**(125)**	**(49)**	**(174)**
Unrealised foreign exchange adjustments						(59)	(59)	(1)	(60)
Available-for-sale assets					(276)		(276)	(4)	(280)
Shadow accounting					275		275	3	278
Deferred taxes				(1)	27		26		26
Actuarial gains (losses) on post-employment benefits				1			1		1
Other				1	31		32	9	41
Net profit (loss) for the period		147					147	16	163
Total income (expenses) recognised for the period		**147**		**1**	**57**	**(59)**	**146**	**23**	**169**
Total changes for the period		**(240)**		**263**	**57**	**(59)**	**21**	**(26)**	**(5)**
Shareholders' equity as at 30/06/11	**1,187**	**147**	**1,000**	**3,284**	**(979)**	**(350)**	**4,289**	**144**	**4,433**

(in millions of euros)	Share capital	Profit (loss)	Deeply subordinated instruments	Consolidated reserves	Revaluation reserve	Unrealised foreign exchange adjustment	Shareholder's equity (Group share)	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31/12/09	**1,187**	**660**	**1,000**	**2,521**	**(489)**	**(307)**	**4,572**	**189**	**4,761**
Appropriation of 2009 profit (loss)		(660)		660					
Dividends				(125)			(125)	(51)	(176)
Change in share capital									
Business combinations								(1)	(1)
Impact of transactions with shareholders		**(660)**		**535**			**(125)**	**(52)**	**(177)**
Unrealised foreign exchange adjustments						47	47	1	48
Available-for-sale assets					(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 at 30/06/10	**1,187**	**127**	**1,000**	**3,033**	**(1,182)**	**(260)**	**3,905**	**128**	**4,033**

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

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

STATEMENT OF CASH FLOWS	30/06/2011	30/06/2010
Operating profit before taxes	296	258
Gains (losses) on sale of investments	(167)	(200)
Net depreciation charges	150	149
Change in deferred acquisition costs	(35)	(24)
Changes in impairment	206	10
Net increases in technical reserves related to insurance policies and financial contracts	1,735	2,390
Net increases in other provisions	(28)	(13)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	(42)	113
Other non-cash items included in operating profit		
Changes of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	**1,819**	**2,425**
Change in operating receivables and payables	(495)	(827)
Change in banking operating receivables and payables	(152)	(119)
Change in securities repurchase agreements	(98)	2,936
Cash flows from other assets and liabilities	(64)	12
Net taxes paid	43	(36)
Net cash flows from operating activities	**1,349**	**4,649**
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	(1,164)	(4,309)
Net acquisitions of investment properties	125	(62)
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	5	5
Cash flow from acquisitions and issues of investments	**(1,034)**	**(4,366)**
Net acquisitions of tangible and intangible assets and operating assets	(107)	(91)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(107)**	**(91)**
Net cash flows from investment activities	**(1,141)**	**(4,457)**
Dues		
Equity instruments issued	1	
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(175)	(176)
Cash flows from transactions with shareholders and members	**(174)**	**(176)**
Cash allocated to financial debt	83	(809)
Interest paid on financial debt	(66)	(65)
Cash flows related to Group financing	**17**	**(874)**
Net cash flows from financing activities	**(157)**	**(1,050)**
Cash and cash equivalents at 1 January	**764**	**1,228**
Net cash flows from operating activities	1,349	4,649
Net cash flows from investment activities	(1,141)	(4,457)
Net cash flows from financing activities	(157)	(1,050)
Effect of foreign exchange fluctuations on cash	(24)	38
Cash and cash equivalents at 30 June	**791**	**408**
Cash and cash equivalents	1,036	
Mutual, central bank and postal bank	162	
Operating debts to banking institutions	(434)	
Cash and cash equivalents at 1 January 2011	**764**	
Cash and cash equivalents	1,241	
Mutual, central bank and postal bank	102	
Operating debts to banking institutions	(552)	
Cash and cash equivalents at 30 June 2011	**791**	

The notes on pages 12 to 103 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

GROUP STRUCTURE

Creation of a joint venture with Aviation Industry Corporation of China

Following the agreement signed on 18 December 2010 with the AVIC group, the joint venture the joint venture, which on 28 February 2011 was wholly-owned by Groupama SA entered the consolidation scope at that date. A capital increase reserved for AVIC will take place during the second half of 2011. At the completion of the capital increase transaction, AVIC will hold 50% of the new company, which will have operations in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding operations country-wide.

Creation of a branch of Groupama SA in Poland

Groupama SA has created a new branch in Poland designed to develop direct insurance business in that country. The operation is expected to be up and running at the beginning of 2012.

Merger of Groupama Asset Management and Groupama Fund Pickers

Groupama Asset Management took over Groupama Fund Pickers on 15 April 2011.

RISE IN GREEK SOVEREIGN RISK - POLICY DECISIONS MADE IN JULY 2011

Background

Since the start of 2010, Greece has faced economic difficulties and a crisis of confidence over its debt. In May 2010, Eurozone member states and the IMF pledged to provide Greece with a substantial support package worth €110 billion, in exchange for a reduction in the country's budget deficit.
In the first half of 2011, Europe once again pledged its support for Greece and began discussions regarding the implementation of a second package that would include the participation of private investors. The recent approval by the Greek Parliament of further austerity measures was a major step in continued discussions on the implementation of this second bailout, which comes in addition to the release of the fifth tranche of €12 billion from the first support package.
The European Summit of 21 July approved a second government assistance programme for Greece (supported by the EFSF and IMF) worth €109 billion along with a voluntary ("exceptional and one-time") contribution from the private sector of €54 billion between mid-2011 and end-2020 and €135 billion between mid-2014 and end of 2010.

The goal of this programme is to help Greece stabilise its public finances and reform its economy by implementing all of the austerity and privatisation measures recently approved by its Parliament. The programme is also designed to restore the confidence of the financial markets in peripheral European sovereign debt and avoid any contagion, which could damage European economies.
The programme seeks to improve European economic governance and provide some additional tools, such as strengthening certain options for the EFSF to buy back sovereign debt on the secondary market.

Private sector contribution

The contribution of the private sector has been coordinated by the IIF (Institute of International Finance) which is an international association that brings together leading banks plus some insurance companies.
The programme is conditional upon the broad participation of Greece's private-sector creditors.
Under this programme, holders of Greek government securities have the option of exchanging their holdings maturing between 1/7/2011 and 31/12/2020 for other securities issued by the Greek government.
This exchange would take place on a voluntary basis according to one of the following four options:

- 1. Exchange at par into a 30-year instrument
- 2. Rollover of maturing bonds into a 30-year instrument
- 3. A discount exchange into a 30-year instrument
- 4. A discount exchange into a 15-year instrument

Alternatively, creditors can retain the securities they currently hold (with all risks attached) or include them in a discount buy-back scheme, the terms of which have yet to be defined.

Participation in the "exceptional and one-time" private-sector programme is voluntary. However, any major players who do not join in the programme or participate in the discount buy-back scheme risk being negatively perceived by government authorities.

Instruments 1, 2 and 3 are with a principal collateralised by a zero-coupon issue aimed at guaranteeing repayment at maturity.
The instruments are differentiated by the interest rate calibration: 4.5% for options 1 and 2, 6.42% for option 3 and 5.9% for option 4.

Although the four exchange options differ according to the characteristics of the securities being issued in exchange (in terms of rates, maturity and guarantees), they all reduce the net present value of the holding by 21% compared with the bonds for which they are being substituted. These options have been "priced" on that basis.
It should be noted that the remuneration terms for the new securities will be adjusted at the time of the exchange, versus the terms prevailing at 21 July 2011. According to the IIF, therefore, these figures will be valid regardless of the transaction date.
We should also point out that at this stage, only official information (such as press releases or general information from the IIF) is available. The following are not known:

- the legal form of the commitment;
- detailed conditions of the options;
- precise characteristics of the securities issued in exchange;
- time required to formalise the agreement of each private-sector participant (assumed to be several months according to informed sources).

Accounting impact

The accounting impact (in numbers) on the Group is presented in Note 6.6 to the Financial Statements.

It should be specified that in this context, in the absence of precise contractual elements regarding the private-sector portion of the Greek assistance programme:

- the accounting principles and information in the notes were approved based on the information available to date;
- some impacts were learned too late in relation to the closing deadlines;
- the accounting impact does not assume accounting processes that may be approved based on decisions that will be implemented by companies over the coming months (the different options do not necessarily lead to the same accounting conclusions, particularly in the individual company statements).

According to interpretations prevailing in the finance and insurance industry (ACP, CNCC, AMF, and industry professionals), the decision to participate in the programme should be officially ratified by management or governance bodies before the accounts are closed. This would justify the accounting process used, as it appears in the financial statements as at 30 June 2011.
Still on the basis of these interpretations, the programme incurs two disparate sets of consequences: bonds maturing before 1/1/2021 are included in the programme, while those maturing later are not.

Corporate governance

The decision to participate in principle in the Greek support package was approved by the Groupama SA Board of Directors on 3 August 2011.

OTHER FACTORS

Storm coverage

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

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

Financial rating

On 7 March 2011 Fitch Ratings affirmed Groupama's "A" rating and revised the outlook from stable to negative.

On 16 May 2011 Standard & Poor's lowered Groupama's financial strength rating to "BBB+", negative outlook. This rating does not reflect a worsening of the balance sheet, but rather represents the Standard & Poor's assessment of external factors, particularly Groupama's exposure to Greek debt.

Appointment of new independent directors

At the Groupama SA Shareholders' Meeting on 25 May 2011, Marie-Ange Debon and Caroline Grégoire Sainte-Marie were appointed new directors. The Board of Directors of Groupama SA now has 18 members, 11 of whom chair the Regional Mutuals and five are independent directors.

Marie-Ange Debon is General Secretary of Suez Environnement. She is also a member of the Collège de l'Autorité des Marchés Financiers.

Caroline Grégoire Sainte-Marie is chairman of Frans Bonhomme.

POST-BALANCE SHEET EVENTS

On 2 August 2011 Groupama Insurances sold its health insurance business to the British mutual insurance company Simplyhealth.

2. CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1. EXPLANATORY NOTES

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

The breakdown of share capital as at 30 June 2011 was as follows:

- 90.92% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.09% owned 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 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 ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama", signed on 17 December 2003).

2.2. GENERAL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 30 June 2011 were approved by the Board of Directors, which met on 3 August 2011.

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 30 June 2011 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 2011 were applied in preparing the Group's financial statements as at 30 June 2011, specifically the revised IAS 24, "Related Party Disclosures", the amendments to IAS 32, "Classification of Rights Issues", and IFRIC 14, "Advance payments made as part of minimum funding requirements", and the interpretation of IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments". Their application had no material impact on the Group's financial statements as at 30 June 2011.

As at 30 June 2011, the European Union had not adopted any standards or interpretations that could be applied early.

With regard to interim closings, the financial statements were prepared in accordance with IAS 34 in a condensed form.

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

The consolidated subsidiaries, joint ventures and affiliates are 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 to the financial statements, 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 amount of assets, liabilities, income, expenses and on the preparation of the notes thereto.

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

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

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

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

2.3. PRINCIPLES OF CONSOLIDATION

2.3.1. Consolidation scope and accounting method

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

➢ **Parent company**

The parent company is that which controls other companies exclusively or jointly, regardless of their form, or exerts significant influence over 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 adjustments;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests".

➢ **De facto controlled companies**

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

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

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

- **Related companies**

Companies over which the Group exerts significant influence are recognised using the equity method.

When the parent company holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed that it exerts significant control, unless otherwise demonstrated. Conversely, when the parent company holds, directly or indirectly, less than 20% of the voting rights of the company, it is assumed that it does not exert 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 with the share of capital and reserves converted at the period-end rate, 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), this entity is deconsolidated.

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

2.3.2 Changes in the scope of consolidation

Changes in the scope of consolidation are described in Note 31 to the Financial Statements.

2.3.3. Consistency of accounting principles

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

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

2.3.4. Translation of statements of foreign companies

Balance sheet items are translated to euros at the official exchange rate at the period-end 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 parent company and the minority interests in the company that recorded the results. In the case of eliminating losses, the Group ensures that the value of the asset transferred is not permanently modified. The elimination of the impacts of inter-company transactions on assets has the effect of reducing them to their entry value in the 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 transactions and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of group policies;
- provisions for the write-down of equity interests funded by the company holding the securities and, if applicable, contingent liabilities recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- gains (losses) from the internal transfer of insurance investments;
- intra-Group dividends.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 INTANGIBLE ASSETS

3.1.1 Goodwill

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

The residual goodwill resulting from the excess of the price paid over the Group share in the fair value of the identifiable assets and liabilities of the enterprise acquired on the acquisition date is adjusted for any intangible assets identified under purchase accounting according to revised IFRS 3 (fair value of assets and liabilities acquired).

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

For combinations prior to 1 January 2010, adjustments of future earnouts are recognised as an adjustment cost, and through income for combinations as from 1 January 2010.

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

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

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

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

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

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

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

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

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

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

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

An impairment of goodwill recognised during a 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 valuation of the assets, liabilities and provisions and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised in income.

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

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

3.1.2 Other intangible assets

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

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.2 INSURANCE BUSINESS INVESTMENTS

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

3.2.1. Financial assets

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

- **Classification**

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

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

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

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

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

- **Reclassifications**

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

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

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

- **Initial recognition**

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

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

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

Repurchase transactions are maintained as assets on the balance sheet.

➢ Fair value valuation methods

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

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

The breakdown of each of these elements is listed in Note 6.6.

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 corrected for any provisions for impairment.

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

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

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

➢ Provisions for impairment

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

Debt instruments classified as available-for-sale assets

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

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

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

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

As at 30 June 2011, there was objective evidence of impairment in the following instances:
- if there was a provision for impairment for the financial investment in the previously published financial statements; or
- if a loss in value of 50% is observed on the period-end 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 period-end date.

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

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

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

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

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

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

Investments valued at amortised cost

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

- **Derecognition**

Financial assets are derecognised when 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 on the income statement as at the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2. Investment properties

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

- **Initial recognition**

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

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 a property is the amount at which such property is recorded at the time of initial recognition, minus accumulated depreciation and corrected for any provisions for impairment. The acquisition cost of a property is dependent either on an outright acquisition, or on the acquisition of a company owning the property. In the latter case, the amortised cost of the property is equal to its fair value on the date of acquisition of the owner 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 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 appraised at least every five years by an expert approved by the national supervisory authorities (in France, the Prudential Supervisory Authority). During each five-year period, the properties are subject to an annual appraisal certified by the expert.

- **Subsequent expenses**

Subsequent expenses must be added to the book value of the property:

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

- **Provisions for impairment**

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

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

➢ **Derecognition**

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

3.3. DERIVATIVES

3.3.1. General remarks

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

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

All derivatives are recorded on the balance sheet at cost and are subsequently revalued at fair value. Changes in fair value are posted to income except for derivatives designated as cash flow hedges and net foreign investments.

3.3.2. Hedging derivatives

The use of hedge accounting is subject to obligations for documentation and periodic demonstration of the efficacy of the hedge.

Hedging derivatives are recognised at fair value with changes in the income statement, except for cash flows hedges and hedges of net foreign investments considered as effective, for which the changes in fair value are deferred into equity until the cash flows hedges are recognised in the income statement or when the foreign subsidiary is sold.

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

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

3.3.3. Embedded derivatives

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

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

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

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

3.4. INVESTMENTS IN RELATED COMPANIES

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recognised at 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 OTHER 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 properties.

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 book value over the realisable value, which is the higher of net fair value of withdrawal costs and 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 in other liabilities at fair value. The consideration for this debt is recognised as goodwill for put options granted before 1 January 2010 or charged to shareholders' equity for put options issued after that date.

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

3.7 CASH AND CASH EQUIVALENTS

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

3.8 SHAREHOLDERS' EQUITY

- **Revaluation reserve**

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

- the effects of the revaluation of derivative instruments 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 to 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 compelling 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 the period-end, after deducting scheme assets and the adjustment for past service costs not recognised.

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

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

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

3.10 FINANCIAL DEBT

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

➢ **Initial recognition**

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

➢ **Valuation rules**

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

➢ **Derecognition**

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

3.11 UNDERWRITING OPERATIONS

3.11.1. Accounting classification and method

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

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

➢ **Insurance policies**

An insurance policy is a contract under which one party, the insurer, accepts a material 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 material when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

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

- **Financial contracts**

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

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

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

3.11.2 Insurance policies subject to IFRS 4

a. Non-life insurance policies

- **Premiums**

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

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

- **Insurance policy servicing expenses**

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

The services and related expenses relate to the claims settled net of claims receivable collected for the 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 the case of interim closings, the claims experience for a given risk family may have had an uneven profile during the period, which would lead to an underwriting loss on the fraction of deferred premiums.

To check for this eventuality, an adequacy test is performed and in the event of a loss, an additional reserve is recognised in the amount of the deficiency.

The test is performed using the latest update of the annual projection of claims and costs for this risk family.

The loss corresponds to the deficiency in premiums deferred over the period following the interim period-end date, as compared to the projected charge for claims and expenses relating to these premiums. The calculation is based on the net reinsurance amounts.

❖ 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 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, change in premiums still to be written and 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 relating to life insurance policies and financial contracts with discretionary profit-sharing

❖ Actuarial reserves

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

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

❖ Profit-sharing reserve

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

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

For the portion exceeding the minimum regulatory and contractual commitment, the current charge of profit-sharing for policy beneficiaries is determined in the interim financial statements on the basis of the estimated difference - for the current period and in consideration of decisions made or, failing this, recognised at the close of the previous period - between the annual projected charge of profit-sharing for policy beneficiaries and the projected annual net financial income. The charge thus calculated is capped in the interim financial statements 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 contracts, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. The resulting deferred profit-sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

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

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

❖ Other technical reserves

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

➢ Deferred acquisition costs

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

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

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

The Group applies shadow accounting to deferred acquisition costs.

c. Liability adequacy test

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

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

This test is performed at each period-end date and for each consolidated entity.

d. Unit-linked policies under IFRS 4

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

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

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

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

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

3.11.3. Insurance policies governed by IAS 39

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

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

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

3.11.4. Reinsurance transactions

- **Inward reinsurance**

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

An asset deposit is recorded for the amount of the consideration 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 consideration 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 TAX

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 periods. It appears as an asset or liability on the balance sheet, as applicable.

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

This is particularly the case when, because of completed transactions that are treated in both individual company statements and only in the consolidated financial statements as adjustments 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 period are taxable only in the following period. These differences are classified as timing differences.

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

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

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

3.13 SEGMENT REPORTING

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

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

The different businesses of each segment are as follows:

- **Life and health insurance**. Life and health insurance 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 the distribution of banking products, including fund management activities, real estate management, "private equity" and employee savings;
- **Holding company activity**. This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.14 FUNCTIONAL BREAKDOWN OF EXPENSES

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

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

4. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SEGMENT REPORTING

NOTE 1.1 – SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 – SEGMENT REPORTING BY OPERATING SEGMENT - BALANCE SHEET

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Intangible assets	1,230	2,532	3,762	1,239	2,585	3,826
Insurance activities investments	67,522	8,309	75,830	66,708	8,350	75,058
Uses of funds for banking sector activities and investments of other activities	4,096		4,096	3,429		3,429
Investments in related companies	168	118	286	173	129	303
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,127	279	1,406	1,136	284	1,420
Other assets	7,497	1,796	9,293	6,248	1,745	7,993
Assets of businesses held for sale and discontinued activities						
Cash and cash equivalents	745	496	1,241	546	490	1,036
Total consolidated assets	**82,386**	**13,529**	**95,915**	**79,479**	**13,583**	**93,065**
Contingent liabilities	244	147	392	264	158	422
Financial debt	2,869	18	2,887	2,785	19	2,804
Liabilities related to insurance policies	42,709	7,519	50,228	41,221	7,490	48,711
Liabilities related to financial contracts	22,005	1,378	23,383	21,777	1,450	23,227
Deferred profit-sharing liabilities	12		12	18		18
Sources of funds for banking sector activities	3,773		3,773	3,073		3,073
Other liabilities	10,067	741	10,807	9,681	689	10,370
Liabilities for activities held for sale or discontinued activities						
Total consolidated liabilities excluding shareholders' equity	**81,678**	**9,804**	**91,482**	**78,820**	**9,806**	**88,626**

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT - INCOME STATEMENT

(in millions of euros)	30/06/2011			30/06/2010		
	France	International	Total	France	International	Total
Earned premiums	5,144	2,028	7,172	5,525	2,012	7,538
Net banking income, net of cost of risk	121		121	115		115
Investment income	1,479	204	1,683	1,334	209	1,543
Investment expenses	(295)	(32)	(327)	(365)	(26)	(391)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	140	29	168	181	24	205
Change in fair value of financial instruments recognised at fair value through income	37	5	42	(109)	(4)	(113)
Change in impairment losses on investments	(103)	(82)	(185)	(3)	(7)	(9)
Total income from ordinary operations	**6,523**	**2,152**	**8,675**	**6,679**	**2,209**	**8,888**
Insurance policy servicing expenses	(4,866)	(1,477)	(6,343)	(5,154)	(1,544)	(6,698)
Income from outward reinsurance	174	19	192	205	25	230
Expenses on outward reinsurance	(315)	(75)	(390)	(323)	(60)	(382)
Banking operating expenses	(115)		(115)	(110)		(110)
Policy acquisition costs	(606)	(371)	(977)	(484)	(363)	(847)
Administrative costs	(348)	(130)	(478)	(342)	(134)	(476)
Other income and expenses from current operations	(180)	(44)	(224)	(290)	(22)	(311)
CURRENT OPERATING PROFIT	**268**	**74**	**342**	**182**	**112**	**293**
Other operating income (expenses)	(17)	(28)	(45)	(8)	(27)	(36)
OPERATING PROFIT	**251**	**46**	**297**	**174**	**84**	**258**
Financing expenses	(66)	(1)	(67)	(64)	(1)	(65)
Share in income of related companies	(2)	(4)	(6)	1		2
Corporate income tax	(45)	(17)	(62)	(27)	(24)	(51)
Net profit of the combined entity	**138**	**25**	**163**	**84**	**59**	**143**
of which, minority interests	16		16	16		16
NET PROFIT (GROUP SHARE)	**122**	**25**	**147**	**68**	**59**	**127**

NOTE 1.2 - SEGMENT REPORTING BY BUSINESS LINE - INCOME STATEMENT

	30/06/2011									
	France					International				TOTAL
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**2,085**	**3,060**			**5,144**	**1,491**	**536**		**2,027**	**7,172**
Net banking income, net of cost of risk			**121**		**121**					**121**
Investment income	243	1,232		4	1,479	92	110	2	204	1,683
Investment expenses	(97)	(195)		(3)	(295)	(23)	(8)	(1)	(32)	(327)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	13	125		1	140	13	16		29	168
Change in fair value of financial instruments recognised at fair value through income	5	57		(24)	37	2	3		5	42
Change in impairment losses on investments	(55)	(48)			(103)	(51)	(31)		(82)	(185)
Total income from ordinary operations	**2,194**	**4,230**	**121**	**(22)**	**6,523**	**1,525**	**626**	**1**	**2,152**	**8,675**
Insurance policy servicing expenses	(1,398)	(3,467)			(4,865)	(966)	(511)		(1,477)	(6,343)
Income from outward reinsurance	142	32			174	13	6		19	192
Expenses on outward reinsurance	(288)	(27)			(315)	(67)	(8)		(75)	(390)
Banking operating expenses			(115)		(115)					(115)
Policy acquisition costs	(314)	(292)			(606)	(302)	(69)		(370)	(977)
Administrative costs	(191)	(157)			(348)	(96)	(34)		(130)	(478)
Other income and expenses from current operations	(71)	(37)	3	(75)	(180)	(37)	(5)	(2)	(44)	(224)
CURRENT OPERATING PROFIT	**74**	**282**	**9**	**(97)**	**268**	**70**	**5**	**(1)**	**74**	**342**
Other operating income (expenses)	(7)	(9)		(1)	(17)	(23)	(5)		(28)	(45)
OPERATING PROFIT	**67**	**273**	**9**	**(98)**	**251**	**47**		**(1)**	**46**	**297**
Financing expenses	(19)	(5)		(42)	(66)			(1)	(1)	(67)
Share in income of related companies	(4)	2			(2)	(4)			(4)	(6)
Corporate income tax	(20)	(80)	(2)	57	(45)	(22)	5		(17)	(62)
NET PROFIT OF THE CONSOLIDATED ENTITY	**23**	**190**	**7**	**(82)**	**138**	**21**	**5**	**(2)**	**25**	**163**
of which, minority interests	11	4			16					16
NET PROFIT (GROUP SHARE)	**12**	**187**	**7**	**(82)**	**122**	**21**	**5**	**(2)**	**25**	**147**

	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	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 recognised at fair value through income	(3)	(74)		(32)	(109)	(1)	(3)		(4)	(113)
Change in impairment losses on investments				(2)	(3)	(5)	(2)		(7)	(9)
Investment income net of expenses	**152**	**906**	**0**	**(19)**	**1,039**	**90**	**105**	**2**	**197**	**1,236**
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 (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 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**

NOTE 2 – GOODWILL

(in millions of euros)	30/06/2011				31/12/2010
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Opening amount	**3,520**	**(199)**	**(180)**	**3,141**	**3,218**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					
Central and Eastern Europe			11	11	(91)
Turkey			(31)	(31)	10
United Kingdom			(7)	(6)	4
Greece	(6)			(6)	
Spain					
Other changes during the period	**(5)**		**(26)**	**(31)**	**(77)**
Period-end amount	**3,515**	**(199)**	**(206)**	**3,110**	**3,141**

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

- cumulative amortisation and depreciation under French GAAP (CRC Regulation 2005.05) as at 31 December 2003 for a total of €530 million, and
- the impacts of the application of IFRS at 1 January 2004, i.e. a reduction in value of €446 million.

These impacts correspond to the breach of equilibrium conditions under impairment tests. This breach results from the recognition within the IFRS net position 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). The coordination of future cash flows with margin factors already included in 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 changes during the period:

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

Greece

A settlement agreement was reached with the former shareholder of Groupama Phoenix on the liability guarantees granted at the time it was acquired by Groupama SA. This agreement ended the triggering of these guarantees by paying Groupama SA a lump sum of €14 million.

The impact was recorded as a reduction in goodwill for a residual amount of €5.5 million.

Impairment test:

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash generating unit at each year end.

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

The cash flows applied generally correspond to the following:

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

For interim closings, the Group performs certain internal controls to detect any impairment loss indicators.

During the first six months of 2011, no impairment loss indicators were detected.

It is worth noting that during 2010, the Group recognised an impairment of goodwill in the amount of €79 million relating to the cash generating unit in countries of Central and Eastern Europe.

Sensitivity tests were carried out at 31 December 2010 on the value in use applied, with the following change assumptions:

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

However, for the goodwill of the CGU in countries of Central and Eastern Europe, an increase of 100 basis points in the discount rate would have led to a need for additional coverage of €83 million (while a lowering of the discount rate by 100 basis points would have resulted in a positive coverage effect of €125 million). On this same CGU, the sensitivity test on the long-term growth rate would also have resulted in a negative coverage effect of €46 million if it had fallen by 50 basis points (it would have been in excess of €55 million with an increase of 50 basis points).

NOTE 2.1 – GOODWILL – BREAKDOWN BY CASH GENERATING UNIT

(in millions of euros)	30/06/2011				31/12/2010
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
Central and Eastern European countries	1,029	(192)	(126)	711	700
Italy	781			781	781
Turkey	262		(34)	228	259
Spain	131	(3)		128	128
United Kingdom	186	(4)	(45)	137	143
Greece	131			131	137
Total International	**2,521**	**(199)**	**(206)**	**2,116**	**2,147**
Groupama Gan Vie	470			470	470
Gan Assurances	196			196	196
Gan Eurocourtage	168			168	168
Investment, real estate and other insurance companies	161			161	161
Total France and Overseas	**994**			**995**	**994**
Period-end amount	**3,515**	**(199)**	**(206)**	**3,110**	**3,141**

NOTE 3 – OTHER INTANGIBLE ASSETS

(in millions of euros)	30/06/2011			31/12/2010		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**661**	**898**	**1,559**	**656**	**725**	**1,381**
Increase		61	61		200	200
Decrease		(16)	(16)		(27)	(27)
Foreign exchange adjustments	(16)		(16)	5		5
Change in scope of consolidation						
Period-end gross amount	**645**	**943**	**1,588**	**661**	**898**	**1,559**
Opening cumulative amortisation & depreciation	**(192)**	**(604)**	**(796)**	**(142)**	**(496)**	**(638)**
Increase	(21)	(63)	(84)	(46)	(113)	(159)
Decrease		8	8		5	5
Foreign exchange adjustments	12		12	(4)		(4)
Change in scope of consolidation						
Period-end cumulative amortisation & depreciation	**(201)**	**(659)**	**(860)**	**(192)**	**(604)**	**(796)**
Opening cumulative long-term impairment	**(75)**	**(4)**	**(79)**	**(74)**	**(4)**	**(78)**
Long-term impairment recognised						
Unrealised foreign exchange adjustments						
Foreign exchange adjustments	3		3	(1)		(1)
Change in scope of consolidation						
Period-end cumulative long-term impairment	**(72)**	**(4)**	**(76)**	**(75)**	**(4)**	**(79)**
Opening net amount	**394**	**290**	**684**	**440**	**225**	**665**
Period-end net amount	**372**	**280**	**652**	**394**	**290**	**684**

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

Intangible assets related to insurance activities

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

Overall, the provisions for amortisation for the year on the Group's portfolio during the period represent a charge of €21 million as at 30 June 2011.

Other intangible assets

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

It also includes €27 million as at 30 June 2011 (after amortisation of €8 million), versus €35 million as at 31 December 2010, for the estimated recoverable amount of the allowance on termination of contract provided for in Article 26 of the Law of 9 November 2010 on pension reform.
French Accounting Standards Authority (ANC) Recommendation 2011-01 (published on 9 February 2011) drew conclusions on applying to French and IFRS consolidated financial statements the methods for staggering the recognition of the impact of the pension reforms provided for in Law 2010-1330. Since these methods are expressed in the form of a simple floor for the gradual recognition of the commitment, the procedures followed by the Group fall within the permissible limits and the application of the recommendation would not therefore affect the results of the period and shareholders' equity as at 30 June 2011. As there were no material effects on presentation, they have not been restated.

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

(in millions of euros)	30/06/2011			31/12/2010		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**3,654**	**269**	**3,923**	**3,812**	**363**	**4,175**
Acquisitions	51	29	80	177	6	183
Change in scope of consolidation				5	(35)	(30)
Subsequent expenses						
Assets capitalised in the period	5		5	12		12
Transfer from/to unit-linked property						
Transfer from/to operating activities property				(54)		(54)
Foreign exchange adjustments	(4)		(4)	1		1
Outward reinsurance	(132)	(3)	(135)	(299)	(65)	(364)
Period-end gross amount	**3,574**	**295**	**3,869**	**3,654**	**269**	**3,923**
Opening cumulative amortisation & depreciation	**(778)**		**(778)**	**(791)**		**(791)**
Increase	(25)		(25)	(71)		(71)
Newly consolidated entities						
Transfer from/to unit-linked property						
Transfer from/to operating activities property	(1)		(1)	10		10
Decrease	19		19	74		74
Period-end cumulative amortisation & depreciation	**(785)**		**(785)**	**(778)**		**(778)**
Opening cumulative long-term impairment	**(6)**		**(6)**	**(7)**		**(7)**
Long-term impairment recognised						
Newly consolidated entities						
Unrealised foreign exchange adjustments			1	1		1
Period-end cumulative long-term impairment	**(6)**		**(6)**	**(6)**		**(6)**
Opening net amount	**2,870**	**269**	**3,139**	**3,014**	**363**	**3,377**
Period-end net amount	**2,783**	**295**	**3,078**	**2,870**	**269**	**3,139**
Period-end fair value of property, plant and equipment	**6,038**	**540**	**6,578**	**6,015**	**538**	**6,553**
Unrealised capital gains	**3,255**	**245**	**3,500**	**3,145**	**269**	**3,414**

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 capital gains (real estate and SCI holdings) accruing to the Group, including operating activities property (see Note 5), amounted to €1.5 billion as at 30 June 2011 (net of profit sharing and tax) and were identical to those of 31 December 2010.

The statement also includes leased real estate for a net book value of €114 million as at 30 June 2011, compared with €116 million as at 31 December 2010. The fair value of this property is estimated at €156 million (i.e. total unrealised capital gains of €41 million at 30 June 2011 compared with €40 million at 31 December 2010).

NOTE 4.1 – INVESTMENT PROPERTIES - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011						31/12/2010					
	Property			SCI Shares			Property			SCI Shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	3,497	77	3,574	295		295	3,570	84	3,654	269		269
Cumulative amortisation	(768)	(16)	(784)				(762)	(16)	(778)			
Long-term impairment	(6)		(6)				(6)		(6)			
Period-end net amount	**2,723**	**60**	**2,784**	**295**		**295**	**2,802**	**68**	**2,870**	**269**		**269**
Period-end fair value of property, plant and equipment	**5,908**	**129**	**6,038**	**540**		**540**	**5,872**	**143**	**6,015**	**538**		**538**
Unrealised capital gains	**3,185**	**69**	**3,254**	**246**		**246**	**3,070**	**75**	**3,145**	**270**		**270**

NOTE 4.2 – INVESTMENT PROPERTIES BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTIES BY BUSINESS - FRANCE

(in millions of euros)	30/06/2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,389	2,108	3,497	243	52	295
Cumulative amortisation	(295)	(473)	(768)			
Long-term impairment	(4)	(2)	(6)			
Period-end net amount	**1,090**	**1,633**	**2,723**	**243**	**52**	**295**
Period-end fair value of property, plant and equipment	**2,411**	**3,497**	**5,908**	**431**	**109**	**540**
Unrealised capital gains	**1,322**	**1,863**	**3,185**	**188**	**57**	**246**

(in millions of euros)	31/12/2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	1,476	2,094	3,570	217	52	269
Cumulative amortisation	(305)	(457)	(762)			
Long-term impairment	(4)	(2)	(6)			
Period-end net amount	**1,168**	**1,634**	**2,802**	**217**	**52**	**269**
Period-end fair value of property, plant and equipment	**2,429**	**3,443**	**5,872**	**436**	**102**	**538**
Unrealised capital gains	**1,261**	**1,809**	**3,070**	**219**	**51**	**270**

NOTE 4.2.2 – INVESTMENT PROPERTIES BY BUSINESS - INTERNATIONAL

(in millions of euros)	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	26	50	77			
Cumulative amortisation	(8)	(9)	(16)			
Long-term impairment						
Period-end net amount	**19**	**42**	**60**			
Period-end fair value of property, plant and equipment	**53**	**76**	**129**			
Unrealised capital gains	**35**	**34**	**69**			

(in millions of euros)	31/12/2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	26	58	84			
Cumulative amortisation	(7)	(9)	(16)			
Long-term impairment						
Period-end net amount	**19**	**49**	**68**			
Period-end fair value of property, plant and equipment	**56**	**87**	**143**			
Unrealised capital gains	**37**	**38**	**75**			

NOTE 5 – OPERATING ACTIVITIES PROPERTIES

(in millions of euros)	30/06/2011			31/12/2010		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Opening gross amount	**901**	**12**	**914**	**801**	**12**	**814**
Acquisitions	2		2	7		7
Newly consolidated entities						
Assets capitalised in the period	14		14	41		41
Transfer from/to investment properties				54		54
Foreign exchange adjustments						
Outward reinsurance	(8)		(8)	(2)		(2)
Period-end gross amount	**909**	**12**	**922**	**901**	**12**	**914**
Opening cumulative amortisation & depreciation	**(134)**		**(134)**	**(108)**		**(108)**
Increase	(10)		(10)	(18)		(18)
Newly consolidated entities						
Transfer from/to investment properties	1		1	(10)		(10)
Decrease	3		3	2		2
Period-end cumulative amortisation & depreciation	**(140)**		**(140)**	**(134)**		**(134)**
Opening cumulative long-term impairment						
Long-term impairment recognised						
Newly consolidated entities						
Long-term impairment write-backs						
Period-end cumulative long-term impairment						
Opening net amount	**767**	**12**	**779**	**693**	**12**	**705**
Period-end net amount	**769**	**12**	**781**	**767**	**12**	**779**
Period-end fair value of property, plant and equipment	**1,090**	**15**	**1,105**	**1,095**	**15**	**1,110**
Unrealised capital gains	**321**	**3**	**324**	**328**	**3**	**331**

NOTE 5.1 – OPERATING ACTIVITIES PROPERTIES - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011						31/12/2010					
	Property			SCI Shares			Property			SCI Shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross amount	771	137	907	12		12	764	136	900	12		12
Cumulative amortisation	(123)	(16)	(139)				(118)	(16)	(133)			
Long-term impairment												
Period-end net amount	**648**	**120**	**768**	**12**		**12**	**647**	**120**	**767**	**12**		**12**
Period-end fair value of property, plant and equipment	**900**	**189**	**1,090**	**16**		**16**	**900**	**195**	**1,095**	**15**		**15**
Unrealised capital gains	**252**	**69**	**321**	**3**		**3**	**253**	**75**	**328**	**3**		**3**

NOTE 5.2 – OPERATING ACTIVITIES PROPERTIES BY BUSINESS

NOTE 5.2.1 – OPERATING ACTIVITIES PROPERTIES BY BUSINESS - FRANCE

(in millions of euros)	30/06/2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	534	237	771	6	6	12
Cumulative amortisation	(70)	(52)	(123)			
Long-term impairment						
Period-end net amount	**464**	**185**	**648**	**6**	**6**	**12**
Period-end fair value of property, plant and equipment	**573**	**328**	**900**	**8**	**8**	**16**
Unrealised capital gains	**109**	**143**	**252**	**2**	**2**	**3**

(in millions of euros)	31/12/2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	541	224	764	6	6	12
Cumulative amortisation	(68)	(49)	(118)			
Long-term impairment						
Period-end net amount	**472**	**174**	**647**	**6**	**6**	**12**
Period-end fair value of property, plant and equipment	**591**	**310**	**900**	**8**	**7**	**15**
Unrealised capital gains	**118**	**135**	**253**	**2**	**1**	**3**

NOTE 5.2.2 – OPERATING ACTIVITIES PROPERTIES BY BUSINESS - INTERNATIONAL

(in millions of euros)	30/06/2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	60	77	137			
Cumulative amortisation	(7)	(9)	(16)			
Long-term impairment						
Period-end net amount	**52**	**68**	**120**			
Period-end fair value of property, plant and equipment	**84**	**105**	**189**			
Unrealised capital gains	**32**	**37**	**69**			

(in millions of euros)	31/12/2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross amount	54	82	136			
Cumulative amortisation	(6)	(9)	(16)			
Long-term impairment						
Period-end net amount	**48**	**73**	**120**			
Period-end fair value of property, plant and equipment	**80**	**114**	**195**			
Unrealised capital gains	**32**	**43**	**75**			

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

(in millions of euros)	30/06/2011	31/12/2010
	Net amount	Net amount
Assets valued at fair value	67,721	66,855
Assets valued at amortised cost	464	498
Total financial investments (excluding unit-linked items)	**68,185**	**67,353**

Total financial investments (excluding real estate, unit-linked items and derivatives) as at 20 June 2011 were €68,185 million and marked an increase of €832 million compared with 31 December 2010.

This amount of reinvested cash from securities in repurchase agreements totalled €5,206 million as at 30 June 2011, as compared with €5,847 as at 31 December 2010.

NOTE 6.1 - INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

(in millions of euros)	30/06/2011								
	Net amortised cost			Fair value(a)			Gross unrealised gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Available-for-sale assets									
Equities and other variable-income investments	9,421	406	9,827	8,454	384	8,838	(967)	(22)	(989)
Bonds and other fixed-income investments	42,726	6,488	49,214	40,529	6,348	46,877	(2,197)	(140)	(2,337)
Other investments	11	2	13	11	2	13			
Total available-for-sale assets	**52,158**	**6,896**	**59,054**	**48,994**	**6,734**	**55,728**	**(3,164)**	**(162)**	**(3,326)**
Trading assets									
Equities and other variable-income investments classified as trading assets	86		86	86		86			
Equities and other variable-income investments classified as assets held for trading	1,184	155	1,339	1,184	155	1,339			
Bonds and other fixed-income investments classified as trading assets	124	27	151	124	27	151			
Bonds and other fixed-income investments classified as assets held for trading	2,824	57	2,881	2,824	57	2,881			
Cash UCITS classified as trading assets	4,682	39	4,721	4,682	39	4,721			
Cash UCITS classified as assets held for trading	2,799		2,799	2,799		2,799			
Other investments classified as trading assets									
Other investments classified as assets held for trading	2	14	16	2	14	16			
Total trading assets	**11,701**	**292**	**11,993**	**11,701**	**292**	**11,993**			
Total investments valued at fair value	**63,859**	**7,188**	**71,047**	**60,695**	**7,026**	**67,721**	**(3,164)**	**(162)**	**(3,326)**

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

As at 30 June 2011, unrealised capital gains (losses) recognised for accounting purposes through equity (revaluation reserves) as investment assets available for sale and through profit or loss as trading financial assets were - €3,325 million and +€198 million respectively, compared with - €3,045 million and +€120 million as at 31 December 2010.

The change in unrealised losses versus as at 31 December 2010 is primarily due to the change in stock market indices for the equity component and by the increase in credit spreads on certain European sovereign debt securities.

On 30 June 2011, the Group posted a long-term impairment charge of €185 million on its financial investments valued at fair value. As at 30 June 2011, long-term impairment provisions for investments valued at fair value were €539 million, compared with €356 million at 31 December 2010. In total, impairment losses on insurance assets represented 0.79% of the Group's investments.

In order to optimise the yield of its financial assets, the Group continued its bond repurchase activity in the first half of 2011. These repurchase activities were in two distinct forms:

- Investment repurchase agreements: As at 30 June 2011, the amount in question was €4,874 million. The funds are exclusively made up of euro-government securities rated AAA/AA and are held directly under a bond management mandate signed with Groupama Asset Management;
- Repurchase agreements for opportunistic financing: As at 30 June 2011, the amount was €332 million. In this type of transaction, cash is reinvested in different forms of investment.

(in millions of euros)	31/12/2010								
	Net amortised cost			Fair value[a]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	9,538	414	9,952	8,343	398	8,741	(1,195)	(16)	(1,211)
Bonds and other fixed-income investments	41,505	6,576	48,081	39,851	6,396	46,247	(1,654)	(180)	(1,834)
Other investments	10	1	11	10	1	11			
Total available-for-sale assets	**51,053**	**6,991**	**58,044**	**48,204**	**6,795**	**54,999**	**(2,849)**	**(196)**	**(3,045)**
Trading assets									
Equities and other variable-income investments classified as trading assets	72	1	73	72	1	73			
Equities and other variable-income investments classified as assets held for trading	1,114	145	1,259	1,114	145	1,259			
Bonds and other fixed-income investments classified as trading assets	116	28	144	116	28	144			
Bonds and other fixed-income investments classified as assets held for trading	3,012	85	3,097	3,012	85	3,097			
Cash UCITS classified as trading assets	4,392	16	4,408	4,392	16	4,408			
Cash UCITS classified as assets held for trading	2,872		2,872	2,872		2,872			
Other investments classified as trading assets									
Other investments classified as assets held for trading	3		3	3		3			
Total trading assets	**11,581**	**275**	**11,856**	**11,581**	**275**	**11,856**			
Total investments valued at fair value	**62,634**	**7,266**	**69,900**	**59,785**	**7,070**	**66,855**	**(2,849)**	**(196)**	**(3,045)**

(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)	30/06/2011								
	Net amortised cost			Fair value[(a)]			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	7,732	1,689	9,421	7,053	1,401	8,454	(679)	(288)	(967)
Bonds and other fixed-income investments	39,339	3,387	42,726	37,237	3,292	40,529	(2,102)	(95)	(2,197)
Other investments		10	10		11	11		1	1
Total available-for-sale assets	**47,071**	**5,086**	**52,157**	**44,290**	**4,704**	**48,994**	**(2,781)**	**(382)**	**(3,163)**
Trading assets									
Equities and other variable-income investments classified as trading assets	60	26	86	60	26	86			
Equities and other variable-income investments classified as assets held for trading	989	195	1,184	989	195	1,184			
Bonds and other fixed-income investments classified as trading assets	124		124	124		124			
Bonds and other fixed-income investments classified as assets held for trading	2,276	548	2,824	2,276	548	2,824			
Cash UCITS classified as trading assets	3,693	989	4,682	3,693	989	4,682			
Cash UCITS classified as assets held for trading	2,577	222	2,799	2,577	222	2,799			
Other investments classified as trading assets									
Other investments classified as assets held for trading	1	1	2	1	1	2			
Total trading assets	**9,720**	**1,981**	**11,701**	**9,720**	**1,981**	**11,701**			
Total investments valued at fair value	**56,791**	**7,067**	**63,858**	**54,010**	**6,685**	**60,695**	**(2,781)**	**(382)**	**(3,163)**

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

(in millions of euros)	31/12/2010								
	Net amortised cost			Fair value[a]			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	7,854	1,684	9,538	6,974	1,369	8,343	(880)	(315)	(1,195)
Bonds and other fixed-income investments	38,086	3,419	41,505	36,531	3,320	39,851	(1,555)	(99)	(1,654)
Other investments		10	10		10	10			
Total available-for-sale assets	**45,940**	**5,113**	**51,053**	**43,505**	**4,699**	**48,204**	**(2,435)**	**(414)**	**(2,849)**
Assets held for trading									
Equities and other variable-income investments classified as trading assets	59	13	72	59	13	72			
Equities and other variable-income investments classified as assets held for trading	891	223	1,114	891	223	1,114			
Bonds and other fixed-income investments classified as trading assets	116		116	116		116			
Bonds and other fixed-income investments classified as assets held for trading	2,463	549	3,012	2,463	549	3,012			
Cash UCITS classified as trading	3,645	747	4,392	3,645	747	4,392			
Cash UCITS classified as assets held for trading	2,627	245	2,872	2,627	245	2,872			
Other investments classified as trading assets									
Other investments classified as assets held for trading	1	2	3	1	2	3			
Total trading assets	**9,802**	**1,779**	**11,581**	**9,802**	**1,779**	**11,581**			
Total investments valued at fair value	**55,742**	**6,892**	**62,634**	**53,307**	**6,478**	**59,785**	**(2,435)**	**(414)**	**(2,849)**

(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)	30/06/2011								
	Net amortised cost			Fair value[a]			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	220	186	406	202	182	384	(18)	(4)	(22)
Bonds and other fixed-income investments	3,133	3,355	6,488	3,042	3,306	6,348	(91)	(49)	(140)
Other investments	1	1	2	1	1	2			
Total available-for-sale assets	**3,354**	**3,542**	**6,896**	**3,245**	**3,489**	**6,734**	**(109)**	**(53)**	**(162)**
Trading assets									
Equities and other variable-income investments classified as trading assets									
Equities and other variable-income investments classified as assets held for trading	79	76	155	79	76	155			
Bonds and other fixed-income investments classified as trading assets	12	15	27	12	15	27			
Bonds and other fixed-income investments classified as assets held for trading	33	24	57	33	24	57			
Cash UCITS classified as trading assets	38	1	39	38	1	39			
Cash UCITS classified as assets held for trading									
Other investments classified as trading assets									
Other investments classified as assets held for trading		14	14		14	14			
Total trading assets	**162**	**130**	**292**	**162**	**130**	**292**			
Total investments valued at fair value	**3,516**	**3,672**	**7,188**	**3,407**	**3,619**	**7,026**	**(109)**	**(53)**	**(162)**

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

(in millions of euros)	31/12/2010								
	Net amortised cost			Fair value[a]			Gross unrealised gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	217	197	414	204	194	398	(13)	(3)	(16)
Bonds and other fixed-income investments	3,157	3,419	6,576	3,047	3,349	6,396	(110)	(70)	(180)
Other investments		1	1		1	1			
Total available-for-sale assets	**3,374**	**3,617**	**6,991**	**3,251**	**3,544**	**6,795**	**(123)**	**(73)**	**(196)**
Trading assets									
Equities and other variable-income investments classified as trading assets		1	1		1	1			
Equities and other variable-income investments classified as assets held for trading	71	74	145	71	74	145			
Bonds and other fixed-income investments classified as trading assets	12	16	28	12	16	28			
Bonds and other fixed-income investments classified as assets held for trading	43	42	85	43	42	85			
Cash UCITS classified as trading assets		16	16		16	16			
Cash UCITS classified as assets held for trading									
Other investments classified as trading assets									
Other investments classified as assets held for trading									
Total trading assets	**126**	**149**	**275**	**126**	**149**	**275**			
Total investments valued at fair value	**3,500**	**3,766**	**7,266**	**3,377**	**3,693**	**7,070**	**(123)**	**(73)**	**(196)**

(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)	30/06/2011								
	Net amortised cost			Fair value(a)			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	9,421	406	9,827	8,454	384	8,838	(967)	(22)	(989)
Assets classified as trading	86		86	86		86			
Assets classified as held for trading	1,184	155	1,339	1,184	155	1,339			
Total equities and other variable-income investments	**10,691**	**561**	**11,252**	**9,724**	**539**	**10,263**	**(967)**	**(22)**	**(989)**
Bonds and other fixed-income investments									
Available-for-sale assets	42,726	6,488	49,214	40,529	6,348	46,877	(2,197)	(140)	(2,337)
Assets classified as trading	124	27	151	124	27	151			
Assets classified as held for trading	2,824	57	2,881	2,824	57	2,881			
Total bonds and other fixed-income investments	**45,674**	**6,572**	**52,246**	**43,477**	**6,432**	**49,909**	**(2,197)**	**(140)**	**(2,337)**
Cash UCITS									
Assets classified as trading	4,682	39	4,721	4,682	39	4,721			
Assets classified as held for trading	2,799		2,799	2,799		2,799			
Total cash UCITS	**7,481**	**39**	**7,520**	**7,481**	**39**	**7,520**			
Other investments									
Available-for-sale assets	10	2	12	11	2	13	1		1
Assets classified as trading									
Assets classified as held for trading	2	14	16	2	14	16			
Total other investments	**12**	**16**	**28**	**13**	**16**	**29**	**1**		**1**
Total investments valued at fair value	**63,858**	**7,188**	**71,046**	**60,695**	**7,026**	**67,721**	**(3,163)**	**(162)**	**(3,325)**

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

(in millions of euros)	31/12/2010								
	Net amortised cost			Fair value(a)			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	9,538	414	9,952	8,343	398	8,741	(1,195)	(16)	(1,211)
Assets classified as trading	72	1	73	72	1	73			
Assets classified as held for trading	1,114	145	1,259	1,114	145	1,259			
Total equities and other variable-income investments	**10,724**	**560**	**11,284**	**9,529**	**544**	**10,073**	**(1,195)**	**(16)**	**(1,211)**
Bonds and other fixed-income investments									
Available-for-sale assets	41,505	6,576	48,081	39,851	6,396	46,247	(1,654)	(180)	(1,834)
Assets classified as trading	116	28	144	116	28	144			
Assets classified as held for trading	3,012	85	3,097	3,012	85	3,097			
Total bonds and other fixed-income investments	**44,633**	**6,689**	**51,322**	**42,979**	**6,509**	**49,488**	**(1,654)**	**(180)**	**(1,834)**
Cash UCITS									
Assets classified as trading	4,392	16	4,408	4,392	16	4,408			
Assets classified as held for trading	2,872		2,872	2,872		2,872			
Total cash UCITS	**7,264**	**16**	**7,280**	**7,264**	**16**	**7,280**			
Other investments									
Available-for-sale assets	10	1	11	10	1	11			
Assets classified as trading									
Assets classified as held for trading	3		3	3		3			
Total other investments	**13**	**1**	**14**	**13**	**1**	**14**			
Total investments valued at fair value	**62,634**	**7,266**	**69,900**	**59,785**	**7,070**	**66,855**	**(2,849)**	**(196)**	**(3,045)**

(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)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Loans	123	90	213	125	94	219
Deposits	150	64	214	142	83	225
Other	37		37	54		54
Total assets valued at amortised cost	**310**	**154**	**464**	**321**	**177**	**498**

Total long-term impairment provisions for investments valued at amortised cost, at €4 million, remained unchanged compared to 31 December 2010.

NOTE 6.5 – FAIR VALUE HIERARCHY

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

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or pricing service and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Determining whether a market is active or not is based primarily on indicators such as a sharp decline in trading volume and level of activity in the market, a major disparity in prices over time and between various market participants or the fact that prices no longer correspond to sufficiently recent transactions.

(in millions of euros)	30/06/2011				31/12/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	8,490	49	299	8,838	8,372	70	299	8,741
Bonds and other fixed-income investments	43,896	805	2,176	46,877	45,342	712	193	46,247
Other investments	3		10	13	2		10	11
Total available-for-sale assets	**52,389**	**854**	**2,485**	**55,728**	**53,716**	**782**	**502**	**54,999**
Trading assets								
Equities and other variable-income investments classified as trading or as held for trading	916		509	1,425	864		468	1,332
Bonds and other fixed-income investments classified as trading or as held for trading	2,931	40	61	3,032	3,112	78	51	3,242
Cash UCITS classified as trading or as held for trading	7,520			7,520	7,279			7,279
Other investments	13		3	16			2	2
Total trading assets	**11,380**	**40**	**573**	**11,993**	**11,256**	**78**	**522**	**11,856**
Sub-total of financial investments (excluding unit-linked items)	**63,769**	**894**	**3,058**	**67,721**	**64,972**	**860**	**1,024**	**66,855**
Investments in unit-linked policies	**2,889**	**103**	**682**	**3,674**	**2,912**	**152**	**599**	**3,663**
Derivative instrument assets and liabilities		**(108)**	**18**	**(90)**		**(120)**	**(17)**	**(137)**
Total financial assets and liabilities valued at fair value	**66,658**	**889**	**3,758**	**71,305**	**67,884**	**892**	**1,606**	**70,381**

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

Derivative instruments posted to assets totalled €113 million and derivative instruments posted to liabilities on the balance sheet totalled €203 million as at 30 June 2011. These instruments are primarily classified as Level 2.

Movements that occurred towards Level 3 during the first half of 2011 were primarily Greek sovereign debt securities for €2,106 million (see Note 6.6).

In addition to the financial instruments (assets and liabilities) described in the statement, the Group has also recorded under liabilities some financial contracts at fair value, without discretionary profit sharing. Those contracts totalled €57 million as at 30 June 2011 compared with €116 million at 31 December 2010.

NOTE 6.6 – GREEK SOVEREIGN DEBT SECURITIES

(in millions of euros)	30/06/2011								
	Maturity	Gross discounted cost price	Gross provision for long-term impairment	Discounted cost price net of provision for long-term impairment	Fair value	Gross unrealised capital gains/losses	Provision for long-term impairment net of profit sharing and corporate tax	Unrealised capital losses net of profit sharing and corporate tax	Level of fair-value hierarchy
Greece	before or in 2014	205	(44)	162	162		(24)		Level 3
	between 2015 and 2020	601	(136)	465	465		(60)		Level 3
	after or in 2021	2,338		2,338	1,448	(890)		(159)	Level 3
	Total	**3,144**	**(180)**	**2,964**	**2,075**	**(890)**	**(84)**	**(159)**	

The absence of liquidity in the Greek debt secondary market has led the Group to adopt a model-based valuation approach. There have been signs of a sharp reduction in the Greek debt secondary market since May 2010, when the first support package for Greece was approved. The Group believes that the market's total loss of liquidity - latent since that date - has been characterised by the halt in ECB intervention since 25 March 2011.

Since that date, the Group has reviewed the criteria that qualify the markets as inactive (volumes, buy/sell spreads, broker positions, etc.) and deems the market for Greek debt to be no longer active.

Greek sovereign debt held by the Group has therefore been valued since 25 March 2011 using a model-based approach and is classified as Level 3, based on the IFRS 7 approach of classifying debt by level of asset liquidity.

The modelling process uses a projection of expected cash flows and incorporates in particular a probability of recovering these cash flows that corresponds to a debt instrument rated at a level close to a 'selective default' qualification.

The announcement of a second assistance programme for Greece, even though this came after the period-end date, led the Group to revise its assessment of the Greek debt in the financial statements as at 30 June 2011, since this was a pre-existing situation.

As the programme involves securities maturing before 2020, the following should be taken into account:

- valuations resulting from this programme reflect an economic value in keeping with market consensus. They should therefore be used to recognise these assets in the balance sheet. The parameters of the model are adjusted to reflect this loss in value of 21% compared with the par value;
- the relinquishing of contractual cash flow relating to existing securities (agreed to in view of Greece's compromised financial position, as part of the participation in the private-sector portion of the support package) leads to an equivalent impairment in the IFRS statements (with impact on the income statement), namely -21% compared with their par value.

Since these securities mature after 2020 (and are excluded from the support package), the following should be taken into account:
- valuations generated by the model should not be adjusted, which leads to a loss in value of around 38% compared with their cost price;
- after taking into account the various aspects of the package, public funds, private-sector participation, and the profile of the Greek debt after rescheduling, there is still no evidence that the recovery of future cash flow corresponding to these securities is in jeopardy. Consequently they do not need to be impaired under counterparty risk.

The Group does not have any material holding in bond assets issued by Greek semi-public or private issuers.

The impact of the unrealised capital loss on bonds and recorded impairment is included in the overall test for recoverability of deferred profit-sharing assets.

NOTE 6.7 – IRISH AND PORTUGUESE SOVEREIGN DEBT SECURITIES

As Portugal and Ireland have both been recipients of a European and IMF assistance programme, the Group does not consider there to be any objective evidence of impairment as at 30 June 2011.

The Group holds Irish sovereign debt securities worth €55 million at market value. These are primarily securities maturing between 2016 and 2020.

At market value, the Group's holding in Portuguese sovereign debt securities amounts to €755 million and mainly concerns post-2020 maturities.

NOTE 6.8 – SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES

(in millions of euros)	30/06/2011				31/12/2010			
	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax)(1)	% of ownership	Acquisition cost net of provision	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement	4.31%	130	182	52	4.31%	130	172	42
Société Générale	4.08%	1,755	1,288	(467)	4.22%	1,754	1,301	(453)
Lagardère	1.97%	97	75	(22)	1.97%	97	80	(17)
Veolia Environnement	5.38%	787	544	(243)	5.63%	788	614	(174)
Saint Gobain	1.89%	440	452	12	1.91%	440	394	(46)
Eiffage	6.71%	205	275	70	6.71%	205	205	
French companies		**3,414**	**2,816**	**(598)**		**3,414**	**2,766**	**(648)**
Mediobanca	4.93%	493	296	(197)	4.93%	493	288	(205)
OTP Bank	8.28%	630	520	(110)	8.28%	629	432	(164)
Foreign companies		**1,123**	**816**	**(307)**		**1,122**	**720**	**(369)**
Total material investments in unconsolidated companies		**4,537**	**3,632**	**(905)**		**4,536**	**3,486**	**(1,017)**

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

The securities reported in this note are exclusively securities classified as "strategic securities". Their treatment in terms of impairment is stated in 3.2.1 under accounting principles.

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

NOTE 7 – INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Variable-income and similar securities		7	7		12	12
Bonds	97	656	752	25	641	665
Shares in equity UCITS	2,481	53	2,534	2,581	56	2,637
Shares in bond and other UCITS	46	78	124	49	85	133
Other investments		155	155		120	120
Unit-linked financial investment sub-total	**2,624**	**949**	**3,573**	**2,655**	**914**	**3,569**
Unit-linked investment properties	101		101	94		94
Unit-linked investment properties sub-total	**101**		**101**	**94**		**94**
TOTAL	**2,725**	**949**	**3,674**	**2,749**	**914**	**3,663**

The unit-linked investments are solely connected to the life and health insurance business.

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

(in millions of euros)	30/06/2011					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	108	(179)			108	(179)
Options	3	(1)			3	(1)
Currency futures	2	(1)			2	(1)
Other		(22)				(22)
Total	**113**	**(203)**			**113**	**(203)**

(in millions of euros)	31/12/2010					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	97	(232)			97	(232)
Options	27				27	
Currency futures		(3)				(3)
Other	1	(25)		(2)	1	(27)
Total	**125**	**(260)**		**(2)**	**125**	**(262)**

Swap contracts, although not documented under IFRS like hedging contracts, are primarily designed to macro protect the bond portfolio against a rise in interest rates. The same applies to options.

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

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	30/06/2011			31/12/2010		
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount
Cash, central banks, postal accounts	28		28	46		46
Financial assets at fair value through income	1,129		1,129	1,361		1,361
Hedging derivative instruments						
Available-for-sale assets	360		360	225		225
Loans and receivables from credit institutions	617		617	290		290
Customer loans and receivables	1,624	(27)	1,596	1,232	(28)	1,204
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	366		366	302		302
Investment property						
Total uses of funds for banking sector activities	**4,124**	**(27)**	**4,096**	**3,456**	**(28)**	**3,429**

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

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

Losses related to the loss in value, had these assets not been reclassified, totalled €4.7 million. The fair value of these assets was €113 million as at 30 June 2011.

The change in uses of funds for banking sector activities was largely due to the implementation of pension programmes for customers, which led to an automatic increase in use of funds amounting to some €360 million, as well as increased loan activity (particularly mortgages).

NOTE 9.2 – SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	30/06/2011	31/12/2010
Central banks, postal accounts		
Financial liabilities at fair value through income	888	1,028
Hedging derivative instruments		
Debt owed to credit institutions	406	48
Debt to customers	2,428	1,992
Debt represented by securities	51	5
Revaluation variance on rate-hedged portfolios		
Total sources of funds for banking sector activities	**3,773**	**3,073**

NOTE 10 – INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	30/06/2011		31/12/2010	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	37	(4)	44	(6)
Socomie	(1)		(1)	
Star	80		86	5
La Banque Postale IARD	94	(4)	98	(4)
Cegid	76	2	76	5
Total investments in related companies	**286**	**(6)**	**303**	**0**

NOTE 11 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Share of reinsurers in Non-life insurance reserves						
Reserves for unearned premiums	39	63	102	31	44	74
Outstanding claims reserves	903	174	1,077	933	197	1,129
Other technical reserves	156	4	160	147	7	154
Total	**1,098**	**241**	**1,338**	**1,110**	**247**	**1,358**
Share of reinsurers in life insurance reserves						
Life insurance reserves	15	31	46	10	31	41
Outstanding claims reserves	3	7	10	3	6	9
Profit-sharing reserves	9		9	10		10
Other technical reserves						
Total	**27**	**38**	**65**	**23**	**37**	**60**
Share of reinsurers in reserves for financial contracts	**2**		**2**	**2**		**2**
Total share of outward reinsurers in insurance and financial contract liabilities	**1,127**	**279**	**1,405**	**1,136**	**284**	**1,420**

NOTE 12 – DEFERRED PROFIT SHARING

NOTE 12.1 – DEFERRED PROFIT-SHARING ASSETS

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Deferred profit-sharing assets	1,845	141	1,986	1,590	128	1,718
Total deferred profit-sharing assets	**1,845**	**141**	**1,986**	**1,590**	**128**	**1,718**

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

For the principal entities, the rate for deferred profit sharing used for shadow accounting purposes at 30 June 2010 remained unchanged in France compared with 31 December 2010.

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

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

The Group conducted a test based on projections of future returns, for which the re-investment rates of government bonds (Treasury bonds) was set at 4.20% in 2012 and 4.50% in 2013 and beyond.

The Group can justify the recoverability of its deferred assets insofar as it has the ability to deliver a share of profits in line with interest-rate conditions for 10 years while charging the financial margin, without triggering significant redemptions.

NOTE 12.2 – DEFERRED PROFIT-SHARING LIABILITIES

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Reserve for deferred profit-sharing on insurance policies	12		12	18		18
Reserve for deferred profit-sharing on financial contracts						
Total deferred profit-sharing liability	**12**		**12**	**18**		**18**

NOTE 13 – DEFERRED TAX ASSETS

NOTE 13.1 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

(in millions of euros)	30/06/2011	31/12/2010
Deferred taxes resulting from timing differences		
Adjustments of AFS & Trading financial instruments (net of deferred profit-sharing)	88	32
Acquisition costs for life policies and total management reserves	(54)	(52)
Consolidation adjustments on technical reserves	(105)	(87)
Other differences on consolidation adjustments	41	38
Deferred acquisition costs for non-life policies	(55)	(41)
Tax differences on technical reserves and other contingent liabilities	313	328
Gains on tax suspension	(4)	(4)
Mutual fund valuation differential	(21)	(19)
Currency hedging	31	22
Other tax timing differences	14	18
Sub-total of deferred taxes resulting from timing differences	**248**	**235**
Recognition of tax assets on operating losses	**(64)**	**(55)**
Deferred taxes capitalised	**184**	**180**
of which assets	507	469
of which liabilities	(323)	(289)

Off-balance sheet assets totalled €119 million at 30 June 2011, versus €116 million at 31 December 2010. This change was derived from the Group's banking business, there being no change in the non-capitalised deficit inventory of international subsidiaries as at 30 June 2011.

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)	30/06/2011							31/12/2010
	France			International			Total	Total
	Gross amount	Provisions	Net amount	Gross amount	Provisions	Net amount		
Earned premiums not written	747		747	81		81	827	984
Policyholders, intermediaries and other third parties	907	(35)	872	720	(85)	635	1,507	1,346
Co-insurer and other third party current accounts	49	(1)	48	96	(29)	68	116	86
Current accounts of ceding and retroceding companies	835	(1)	834	10	(1)	9	843	242
Total	**2,538**	**(37)**	**2,501**	**906**	**(115)**	**792**	**3,293**	**2,658**

NOTE 15 – OTHER RECEIVABLES

(in millions of euros)	30/06/2011			31/12/2010
	Gross amounts	Provisions	Total	Total
Interest accrued not due	877		877	907
Employee receivables	16		16	24
Social security agencies	4		4	9
Miscellaneous debtors	1,072	(100)	971	653
Other receivables	500		500	387
Total	**2,467**	**(100)**	**2,367**	**1,979**

NOTE 15.1 – OTHER RECEIVABLES – BY MATURITY

(in millions of euros)	30/06/2011				31/12/2010			
	<1 year	1 to 5 years	> 5 years	Total	<1 year	1 to 5 years	> 5 years	Total
Interest accrued not due	877			877	907			907
Employee receivables	16			16	24			24
Social security agencies	4			4	9			9
Miscellaneous debtors	795	165	12	971	482	140	31	653
Other receivables	500			500	387			387
Total	**2,190**	**165**	**12**	**2,367**	**1,808**	**140**	**31**	**1,979**

NOTE 15.2 – OTHER RECEIVABLES - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Interest accrued not due	765	111	876	775	131	907
Employee receivables	13	2	15	19	5	24
Social security agencies	4		4	9		9
Miscellaneous debtors	834	137	971	529	124	653
Other receivables	434	66	500	339	48	387
Total	**2,051**	**316**	**2,367**	**1,671**	**308**	**1,979**

NOTE 16 – CASH

NOTE 16.1 – CASH SHOWN AS BALANCE SHEET ASSETS

(in millions of euros)	30/06/2011	31/12/2010
France	745	546
International	496	490
Total	**1,241**	**1,036**

NOTE 16.2 – CASH SHOWN AS BALANCE SHEET LIABILITIES

(in millions of euros)	30/06/2011				31/12/2010			
	<1 year	1 to 5 years	> 5 years	Total	<1 year	1 to 5 years	> 5 years	Total
Operating debts to banking institutions	374	52		425	372	51		423
Total	**374**	**52**		**425**	**372**	**51**		**423**

(in millions of euros)	30/06/2011			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating debts to banking institutions	425		374	52
Total	**425**		**374**	**52**

NOTE 17 – SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 17.1 – 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 companies under the supervision of government authorities and organised in the form of a public limited company (société anonyme) must have share capital of at least €480,000 or €800,000, depending on the business lines in which they are involved.

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

The Group complies with all of these constraints and statutory ratios.

Note 17.2 – Impact of transactions with shareholders

- **Changes in the Group's shareholders' equity during the first half of 2011**

During the first half of 2011, 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 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 17.3 **Reserves related to changes in fair value recorded in shareholders' equity**

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

(in millions of euros)	30/06/2011	31/12/2010
Gross unrealised capital gains (losses) on available-for-sale assets	(3,325)	(3,045)
of which gross unrealised capital gains (losses) on available-for-sale assets are allocated to life and health insurance	(2,890)	(2,558)
of which gross unrealised capital gains (losses) on available-for-sale assets are allocated to property and casualty insurance	(435)	(487)
Shadow accounting	2,282	2,005
Cash flow hedge and other changes	(123)	(162)
Deferred taxes	151	124
Share of minority interests	35	42
Revaluation reserve - Group share	**(979)**	**(1,036)**

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

The "Cash flow hedge and other changes" item in the amount of - €123 million can be broken down as follows:

- -€104 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group;
- -€19 million for the net investment hedge revaluation reserve.

The increase in gross unrealised capital losses on available-for-sale assets is primarily related to market conditions that remain difficult, particularly with regard to the sovereign bonds of southern European countries. The increase nevertheless differs between the portfolio allocated to life and health insurance and the portfolio allocated to property and casualty insurance, and accounts for the change in shadow accounting.

NOTE 18 - CONTINGENT LIABILITIES

(in millions of euros)	30/06/2011						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**179**	**85**	**264**	**92**	**66**	**158**	**422**
Changes in the scope of consolidation and changes in accounting methods	1		1				1
Increases for the period	3	8	11	3	9	12	23
Write-backs for the period	(8)	(24)	(32)	(5)	(14)	(19)	(51)
Changes in exchange rate				(3)	(1)	(4)	(4)
Period-end balance	**175**	**69**	**244**	**87**	**60**	**147**	**391**

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

(in millions of euros)	31/12/2010						
	France			International			Total
	Provision for pensions and similar obligations	Other contingencies (1)	Total	Provision for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**168**	**114**	**283**	**98**	**57**	**155**	**438**
Changes in the scope of consolidation and changes in accounting methods	8	3	11	4		4	15
Increases for the period	39	27	66	6	23	29	95
Write-backs for the period	(36)	(59)	(95)	(18)	(14)	(32)	(127)
Changes in exchange rate				2		2	2
Period-end balance	**179**	**85**	**264**	**92**	**66**	**158**	**422**

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

NOTE 19 – FINANCIAL DEBT

NOTE 19.1 – FINANCIAL DEBT – BY MATURITY

(in millions of euros)	30/06/2011				31/12/2010			
	<1 year	1 to 5 years	> 5 years	Total	<1 year	1 to 5 years	> 5 years	Total
Subordinated debt			1,245	1,245			1,245	1,245
of which subordinated debt of insurance companies			1,245	1,245			1,245	1,245
of which subordinated debt of banking institutions								
Financial debt represented by securities		2	154	156	1		154	155
Financial debt with banking institutions	218	918	349	1,485	219	815	370	1,404
Total financial debt	**218**	**920**	**1,749**	**2,887**	**220**	**815**	**1,770**	**2,804**

Debt commitments outside the Group increased by nearly €83 million. This increase resulted from the subordinated debt owed to the banking sector and which recorded a net increase of €81 million primarily attributable to the real estate subsidiary Silic.

NOTE 19.2 – OTHER FINANCIAL DEBT - BY CURRENCY AND RATE

(in millions of euros)	30/06/2011			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities	156		156	
Financial debt with banking institutions	1,467	18	1,271	214
Total	**2,869**	**18**	**2,673**	**214**

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 margin of less than 150%, it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

At 30 June 2011, this issue was quoted at 70.54% compared with 77% at 31 December 2010. This quotation is the result of counterparty valuation as this security is highly illiquid.

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

As at 30 June 2011, this bond issue was trading at 89.48%, compared with 98% as at 31 December 2010

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

The "financial debt to banking institutions" line item corresponds mainly to:

- borrowings held as part of the financing of the real estate programmes of the Group. The total of this debt at 30 June 2011 was €1,284 million, versus €1,203 million at 31 December 2010,
- the use of a syndicated loan in the amount of €201 million at 30 June 2011, identical to that of 31 December 2010.

The financial debt represented by these securities is related to the issue of the ORNANE convertible bond carried out by real estate company SILIC.

NOTE 20 – LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 20.1 – LIABILITIES RELATED TO INSURANCE POLICIES - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	27,625	1,951	29,575	27,142	1,960	29,102
Outstanding claims reserves	501	85	586	506	103	609
Profit-sharing reserves	396	16	412	429	18	447
Other technical reserves	22	9	31	22	10	32
Total life insurance	**28,544**	**2,061**	**30,605**	**28,099**	**2,090**	**30,190**
Reserves for unearned premiums	1,672	1,468	3,140	753	1,395	2,149
Outstanding claims reserves	7,272	3,019	10,291	7,271	3,123	10,394
Other technical reserves	2,263	82	2,344	2,149	89	2,238
Total non-life insurance	**11,207**	**4,569**	**15,776**	**10,174**	**4,608**	**14,781**
Life Insurance reserves for unit-linked policies	2,958	889	3,847	2,948	792	3,740
Total gross technical reserves	**42,709**	**7,519**	**50,228**	**41,221**	**7,490**	**48,711**

The €1,517-million increase in insurance policy liabilities primarily pertains to French entities (€1,488 million) and non-life technical reserves (€995 million).
Life Insurance technical reserves increased by €415 million, while reserves for unit-linked policies increased by €108 million.

The principal changes relate to reserves for unearned premiums (+€990 million for the full scope of consolidation) resulting from the period's premium billing at 1 January.
The increase is mainly borne by Groupama SA as part of its reinsurance of the Regional Mutuals, as well as by Gan Assurances and Gan Eurocourtage.

The increase in life insurance reserves for unit-linked policies essentially stems from international operations.

The liability adequacy tests carried out as at 30 June 2011 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 20.2 – LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS

NOTE 20.2.1 – LIABILITIES RELATED TO INSURANCE POLICIES PER BUSINESS - FRANCE

(in millions of euros)	30/06/2011			31/12/2010		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	27,625		27,625	27,142		27,142
Outstanding claims reserves	501		501	506		506
Profit-sharing reserves	396		396	429		429
Other technical reserves	22		22	22		22
Total life insurance	**28,544**		**28,544**	**28,099**		**28,099**
Reserves for unearned premiums	235	1,437	1,672	39	715	754
Outstanding claims reserves	762	6,510	7,272	761	6,510	7,271
Other technical reserves	1,321	942	2,263	1,442	707	2,149
Total non-life insurance	**2,318**	**8,889**	**11,207**	**2,242**	**7,932**	**10,174**
Life Insurance reserves for unit-linked policies	2,958		2,958	2,948		2,948
Total gross technical reserves relating to insurance policies	**33,820**	**8,889**	**42,709**	**33,289**	**7,932**	**41,221**

NOTE 20.2.2 – LIABILITIES RELATED TO INSURANCE POLICIES - INTERNATIONAL

(in millions of euros)	30/06/2011			31/12/2010		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	1,951		1,951	1,960		1,960
Outstanding claims reserves	85		85	103		103
Profit-sharing reserves	16		16	18		18
Other technical reserves	9		9	10		10
Total life insurance	**2,061**		**2,061**	**2,091**		**2,091**
Reserves for unearned premiums	135	1,333	1,468	113	1,283	1,396
Outstanding claims reserves	152	2,867	3,019	122	3,001	3,123
Other technical reserves	20	62	82	10	79	89
Total non-life insurance	**307**	**4,262**	**4,569**	**245**	**4,363**	**4,608**
Life insurance reserves for unit-linked policies	889		889	792		792
Total gross technical reserves relating to insurance policies	**3,257**	**4,262**	**7,519**	**3,128**	**4,363**	**7,491**

NOTE 21 – LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	30/06/2011	31/12/2010
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	22,534	22,239
Reserves on unit-linked policies	160	158
Outstanding claims reserves	249	259
Profit-sharing reserves	376	449
Other technical reserves	1	
Total	**23,319**	**23,105**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	7	8
Reserves on unit-linked policies	57	116
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**64**	**124**
Total liabilities related to financial contracts	**23,383**	**23,227**

NOTE 21.1 – LIABILITIES RELATING TO FINANCIAL CONTRACTS (EXCLUDING UNIT-LINKED) - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life financial contract reserves	21,208	1,332	22,540	20,901	1,345	22,246
Outstanding claims reserves	241	8	249	249	10	259
Profit sharing reserves	373	2	376	446	2	449
Other technical reserves		1	1			
Total gross technical reinsurance reserves	**21,822**	**1,344**	**23,166**	**21,596**	**1,357**	**22,953**

NOTE 22 – OTHER LIABILITIES

NOTE 22.1 – OTHER DEBT - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			31/12/2010		
	France	International	Total	France	International	Total
Personnel creditors	201	7	207	184	7	191
Social security agencies	118	12	130	117	11	129
Other loans, deposits and guarantees received	5,962	77	6,039	5,984	79	6,063
Miscellaneous creditors	979	121	1,100	526	108	635
Other debt	368	50	418	333	46	378
Total	**7,627**	**266**	**7,894**	**7,145**	**251**	**7,395**

The "Other loans, deposits and guarantees received" line item was stable compared to 31 December 2010. This item mainly consists of the debt from the bond repurchase, which totalled €5,780 million as at 30 June 2011, as compared with €5,879 as at 31 December 2010.

NOTE 22.2 – OTHER DEBT - BY MATURITY

(in millions of euros)	30/06/2011				31/12/2010			
	<1 year	1 to 5 years	> 5 years	Total	<1 year	1 to 5 years	> 5 years	Total
Personnel creditors	194		13	207	177		13	191
Social security agencies	130			130	129			129
Other loans, deposits and guarantees received	5,876	64	99	6,039	5,938	54	71	6,063
Miscellaneous creditors	1,091	2	7	1,100	625	2	8	635
Other debt	418			418	378			378
Total	**7,709**	**66**	**119**	**7,894**	**7,248**	**56**	**92**	**7,395**

NOTE 23 – ANALYSIS OF PREMIUM INCOME

NOTE 23.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

(in millions of euros)	30/06/2011			Pro forma 30/06/2010			30/06/2010		
	France	International	Total	France	International	Total	France	International	Total
Individual retirement savings	1,775	265	2,041	2,219	316	2,535	2,219	316	2,535
Individual provident insurance	272	67	340	272	59	331	272	59	331
Individual health insurance	416	76	493	383	59	442	383	59	442
Other	57		57	60		60	60		60
Individual life and health insurance	**2,521**	**409**	**2,930**	**2,934**	**434**	**3,368**	**2,934**	**433**	**3,368**
Group retirement savings	139	32	171	148	50	198	148	51	199
Group provident scheme	254	59	313	248	52	300	248	45	293
Group health	212	69	281	207	50	257	207	50	257
Other	129		129	132		132	132	7	139
Group life and health insurance	**734**	**160**	**894**	**734**	**153**	**887**	**734**	**154**	**888**
Life and health insurance	**3,254**	**570**	**3,824**	**3,668**	**587**	**4,254**	**3,668**	**587**	**4,254**
Motor insurance	621	956	1,577	576	947	1,523	576	944	1,520
Other vehicles	48		48	47		47	47		47
Home insurance	343	237	580	323	226	549	323	236	559
Retail and professional property and casualty	245	21	266	229	20	249	229	20	249
Construction	118		118	117		117	117		117
Private and professional	**1,374**	**1,213**	**2,588**	**1,292**	**1,192**	**2,485**	**1,292**	**1,200**	**2,492**
Fleets	210	64	274	202	66	268	202	66	268
Business and local authorities property	414	208	622	413	208	621	413	200	613
Businesses and local authorities	**624**	**272**	**896**	**615**	**274**	**889**	**615**	**266**	**881**
Agricultural risks	182	102	284	184	69	253	184	67	251
Climate risks	95		95	78		78	78		78
Tractors and agricultural equipment	73		73	70		70	70		70
Agricultural business segments	**351**	**102**	**452**	**332**	**69**	**401**	**332**	**67**	**399**
Other business segments	421	74	495	407	71	478	407	74	481
Property and casualty insurance	**2,770**	**1,661**	**4,431**	**2,646**	**1,607**	**4,253**	**2,646**	**1,607**	**4,253**
Total Insurance	**6,024**	**2,231**	**8,255**	**6,314**	**2,193**	**8,507**	**6,314**	**2,193**	**8,507**

The 30 June 2010 pro forma column is necessary because the breakdown of premium income by International business line has changed. The life and health/property and casualty split has not, however, been affected.
The changes made are as follows:

- Life and health insurance
  - Reclassification of "Other Group insurance segments" to "Group provident scheme" (€7 million - Romania).
  - Reclassification of "Group retirement insurance" to "Individual retirement insurance" (€1 million - Greece)

- Property and casualty insurance
  - Reclassification of "Other property and casualty segments" to "Passenger vehicles" (€2 million - Greece).
  - Reclassification of "Home insurance" to "Commercial insurance" (€8 million - Romania) and "Agricultural risks" (€2 million - Romania).

NOTE 23.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

(in millions of euros)	30/06/2011					30/06/2010				
	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %
France	3,255	2,769	148	6,172	73%	3,668	2,647	133	6,447	75%
Southeastern Europe	263	822		1,085	13%	267	739		1,006	12%
Southwestern Europe	142	403		545	6%	170	415		585	7%
CEEC	114	211		324	4%	101	228		329	4%
United Kingdom	51	226		276	3%	49	224		273	3%
Total	**3,824**	**4,430**	**148**	**8,402**	**100%**	**4,254**	**4,254**	**133**	**8,641**	**100%**

The geographic areas are broken down as follows:

- France
- Southwestern Europe: Spain, Portugal and Tunisia
- Southeastern Europe: Italy, Greece and Turkey
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary, Romania, and Slovakia
- United Kingdom

Consolidated premium income in France was down as a result of the decline recorded in life and health insurance, due to the economy. However, property and casualty insurance posted sharp growth.

Growth in international premium income was driven by Southeastern Europe and the United Kingdom.

NOTE 23.3 – ANALYSIS OF BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME

(in millions of euros)	30/06/2011			30/06/2010		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	22		22	12		12
Commissions (income)	33	73	106	33	76	109
Gains on financial instruments at fair value through income	16		16	10		10
Gains on available-for-sale financial assets		1	1	1		1
Income from other activities		3	3		1	1
Banking activities included in premium income	**71**	**77**	**148**	**56**	**77**	**133**

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

NOTE 24 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 24.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			30/06/2010		
	France	International	Total	France	International	Total
Income from investments	**1,479**	**204**	**1,683**	**1,334**	**209**	**1,543**
Interest on deposits and financial investments income	1,153	188	1,341	1,003	199	1,201
Gains on foreign exchange transactions	20	11	31	33	6	39
Income from differences on redemption prices to be received (premium-discount)	84	3	87	88	2	91
Revenues from property	223	2	224	210	2	212
Other investment income						
Investment expenses	**(295)**	**(31)**	**(326)**	**(365)**	**(26)**	**(391)**
Interest received from reinsurers	(1)	(1)	(2)	(1)	(1)	(2)
Losses on foreign exchange transactions	15	(9)	6	(103)	(7)	(111)
Amortisation of differences in redemption prices (premium-discount)	(51)	(12)	(63)	(47)	(10)	(57)
Depreciation and provisions on real estate	(46)	(1)	(47)	(45)	(1)	(46)
Management expenses	(211)	(9)	(220)	(169)	(8)	(176)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**140**	**29**	**168**	**181**	**24**	**205**
Held for trading	35	6	42	(15)	5	(10)
Available for sale	14	12	25	174	16	190
Held to maturity						
Other	91	11	101	22	3	26
Change in fair value of financial instruments recognised at fair value through income	**37**	**5**	**42**	**(109)**	**(4)**	**(113)**
Held for trading	57	2	58	(26)	(3)	(28)
Derivatives	5	1	6	(136)		(136)
Adjustments on unit-linked policies	(25)	3	(22)	53	(1)	52
Change in impairment losses on financial instruments	**(103)**	**(82)**	**(185)**	**(3)**	**(7)**	**(9)**
Available for sale	(103)	(82)	(185)	(2)	(7)	(8)
Held to maturity						
Receivables and loans				(1)		(1)
Total investment income net of management expenses	**1,258**	**124**	**1,382**	**1,039**	**197**	**1,236**

NOTE 24.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

(in millions of euros)	30/06/2011					30/06/2010				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	225	101			326	212	26			238
Shares	206	(76)			130	129	41	(6)		164
Bonds	1,141	95	(15)		1,221	1,033	143	(35)		1,141
Equity UCITS	20	(11)	30		39	20	19	(1)		38
Cash UCITS: repurchase transactions		26	4		30					
Other cash UCITS		7	1		8					
Bond UCITS	3	3	40		46	14	(4)	14		24
Interest on cash deposits	8				8	9				9
Other investment income	81	23	4	(185)	(77)	126	(20)	(136)	(9)	(39)
Investment income	**1,684**	**168**	**64**	**(185)**	**1,731**	**1,543**	**205**	**(164)**	**(9)**	**1,575**
Internal and external management expenses	(202)				(202)	(165)				(165)
Other investment expenses	(125)				(125)	(226)				(226)
Investment expenses	**(327)**				**(327)**	**(391)**				**(391)**
Investment income, net of expenses	**1,357**	**168**	**64**	**(185)**	**1,404**	**1,152**	**205**	**(164)**	**(9)**	**1,184**
Capital gains on securities representing unit-linked policies			61		61			102		102
Capital losses on securities representing unit-linked policies			(83)		(83)			(50)		(50)
Total investment income net of management expenses	**1,357**	**168**	**42**	**(185)**	**1,382**	**1,152**	**205**	**(112)**	**(9)**	**1,236**

Investment income net of investment management expenses increased by €146 million.

This change was due mainly to the following:

- the increase in financial income of €141 million, of which €108 million was posted on bonds,
- the increase in fair value of €154 million, of which a decrease of €74 million was posted on assets representing unit-linked policies, an increase of €86 million was posted on assets held for trading, and an increase of €142 million was posted on derivative instruments,
- changes in impairment for - €176 million posted primarily on securities classified as available-for-sale assets (see Note 6.3) and on the impairment on Greek sovereign debt,
- the net decrease in realised capital gains of €37 million, comprising an increase of €75 million on real estate and a decrease of €112 million for marketable securities,
- the decrease of €64 million in investment expenses.

NOTE 24.2.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – FRANCE

(in millions of euros)	30/06/2011					30/06/2010				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	223	90			313	210	22			232
Shares	199	(80)			119	123	33	(6)		150
Bonds	969	82	(16)		1,035	858	134	(32)		960
Equity UCITS	20	(11)	28		37	18	19	(2)		35
Cash UCITS: repurchase transactions		26	4		30					
Other cash UCITS		7	1		8					
Bond UCITS	4	3	40		47	14	(4)	14		24
Interest on cash deposits	2				2	1				1
Other investment income	63	22	5	(103)	(13)	110	(23)	(135)	(3)	(51)
Investment income	**1,480**	**139**	**62**	**(103)**	**1,578**	**1,334**	**181**	**(161)**	**(3)**	**1,351**
Internal and external management expenses	(195)				(195)	(157)				(157)
Other investment expenses	(100)				(100)	(208)				(208)
Investment expenses	**(295)**				**(295)**	**(365)**				**(365)**
Investment income, net of expenses	**1,185**	**139**	**62**	**(103)**	**1,283**	**969**	**181**	**(161)**	**(3)**	**986**
Capital gains on securities representing unit-linked policies			46		46			85		85
Capital losses on securities representing unit-linked policies			(71)		(71)			(32)		(32)
Total investment income net of management expenses	**1,185**	**139**	**37**	**(103)**	**1,258**	**969**	**181**	**(108)**	**(3)**	**1,039**

NOTE 24.2.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

(in millions of euros)	30/06/2011					30/06/2010				
	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	2	11			13	2	3			5
Shares	7	4			11	7	8			15
Bonds	172	13	1		186	175	9	(3)		181
Equity UCITS			2		2	1	1	1		3
Cash UCITS: repurchase transactions										
Other cash UCITS										
Bond UCITS	(1)				(1)					
Interest on cash deposits	6				6	8				8
Other investment income	18	1	(1)	(82)	(64)	16	3	(1)	(6)	12
Investment income	**204**	**29**	**2**	**(82)**	**153**	**209**	**24**	**(3)**	**(6)**	**224**
Internal and external management expenses	(7)				(7)	(7)				(7)
Other investment expenses	(25)				(25)	(19)				(19)
Investment expenses	**(32)**				**(32)**	**(26)**				**(26)**
Investment income, net of expenses	**172**	**29**	**2**	**(82)**	**121**	**183**	**24**	**(3)**	**(6)**	**198**
Capital gains on securities representing unit-linked policies			15		15			17		17
Capital losses on securities representing unit-linked policies			(12)		(12)			(18)		(18)
Total investment income net of management expenses	**172**	**29**	**5**	**(82)**	**124**	**183**	**24**	**(4)**	**(6)**	**197**

NOTE 25 – INSURANCE POLICY SERVICING EXPENSES

NOTE 25.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			30/06/2010		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(4,013)	(1,610)	(5,623)	(3,603)	(1,580)	(5,183)
Change in technical reserves						
Outstanding claims reserves	(10)	108	98	(107)	83	(24)
Actuarial reserves	(7)	88	81	(817)	45	(772)
Unit-linked reserves	(35)	(13)	(48)	(49)	(20)	(69)
Profit-sharing	(713)	(55)	(768)	(544)	(77)	(621)
Other technical reserves	(87)	5	(82)	(35)	6	(29)
Total insurance policy servicing expenses	**(4,865)**	**(1,477)**	**(6,342)**	**(5,155)**	**(1,543)**	**(6,698)**

Insurance policy servicing expenses totalled €6,342 million as at 30 June 2011, down from €6,698 million as at 30 June 2010, i.e. a decline of €356 million.

Note that the first half of 2010 was marked by climate events in Europe and an increased claim frequency.

NOTE 26 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE

NOTE 26.1 – EXPENSES AND INCOME NET OF OUTWARD REINSURANCE - BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			30/06/2010		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	29	10	39	15	8	23
Claims charge	134	11	146	174	5	179
Change in technical reserves	9	(3)	6	11	11	22
Profit sharing		1	1	4	1	5
Change in the equalisation reserve						
Income from outward reinsurance	**174**	**19**	**192**	**205**	**25**	**230**
Outward premiums	(315)	(75)	(390)	(323)	(60)	(382)
Change in unearned premiums						
Expenses on outward reinsurance	**(315)**	**(75)**	**(390)**	**(323)**	**(60)**	**(382)**
Income and expenses net of outward reinsurance	**(141)**	**(56)**	**(198)**	**(118)**	**(35)**	**(153)**

The decline in claims expenses ceded in France in 2011 is due to the non-recurrence of the climate events of previous years.

NOTE 27 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

NOTE 27.1 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS - BY OPERATING SEGMENT

	30/06/2011			30/06/2010		
	France	International	Total	France	International	Total
Income from non-current operations	16	7	23	28	9	37
Expenses from non-current operations	(33)	(35)	(68)	(36)	(36)	(73)
Allocation to the provision for goodwill						
Total other income and expenses from non-current operations	**(17)**	**(28)**	**(45)**	**(8)**	**(27)**	**(36)**

Other net income and expenses from non-current operations amounted to a loss of - €45 million as at 30 June 2011 compared with a loss of - €36 million at 30 June 2010.

The main items comprising this total include:

- Impairment on value of in-force business for a total loss of €22 million for the following entities:
    - Groupama Assicurazioni: - €11 million;
    - Groupama Garancia Biztosito: - €4 million;
    - UK brokerage firms: - €3 million;
    - Groupama Seguros Spain: - €2 million,
    - Groupama Basak Sigorta: - €2 million.

- Merger costs resulted in an overall expense of €4 million.

NOTE 28 – FINANCING EXPENSES

(in millions of euros)	30/06/2011	30/06/2010
Interest expenses on loans and debt	(67)	(66)
Interest income and expenses - Other		
Total financing expenses	**(67)**	**(66)**

The change in financing expenses during the period had no material impact on the expense amount.

NOTE 29 – BREAKDOWN OF TAX EXPENSES

NOTE 29.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

(in millions of euros)	30/06/2011			30/06/2010
	France	International	Total	Total
Current taxes	(9)	(33)	(42)	(28)
Deferred taxes	(36)	16	(20)	(23)
Total tax expenses	**(45)**	**(17)**	**(62)**	**(51)**

The Group was the object of a tax audit in 2010. Reserves have been booked for all accepted adjustments. In contrast, reserves were not booked for adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

NOTE 29.2 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

(in millions of euros)	30/06/2011	30/06/2010
Theoretical tax expense	**(77)**	**(67)**
Impact of expenses or income defined as non-deductible or non-taxable	16	13
Impact of differences in tax rate	(2)	3
Tax credit and various charges		
Charges of prior deficits		
Non-capitalised losses for the period		
Deferred tax assets not recognised		
Other differences	1	
Effective tax expenses	**(62)**	**(51)**

Tax on income corresponds to an overall loss (deferred tax and corporate income tax) of €62 million as at 30 June 2011, compared with a loss of €51 million at 30 June 2010.

The effective tax rate amounted to 27.49% as at 30 June 2011, compared with 27% as at 30 June 2010.

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	30/06/2011		30/06/2010	
	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	183	34.43%	109	34.43%
Bulgaria	0	10.00%		10.00%
China	(1)	25.00%		
Spain	19	30.00%	36	30.00%
Greece	(10)	20.00%	(2)	24.00%
Hungary	7	19.00%	12	19.00%
Italy	21	33.40%	32	32.32%
Portugal	1	26.50%	(1)	26.50%
Romania	1	16.00%	(3)	16.00%
United Kingdom	19	25.00%	13	28.00%
Slovakia	(2)	19.00%	(3)	19.00%
Tunisia	1	30.00%	4	30.00%
Turkey	(15)	20.00%	(5)	20.00%
Total	**224**		**192**	

In 2011 theoretical tax rates were amended for the following foreign subsidiaries:

- Greece: 20% as at 30 June 2011, versus 24% as at 30 June 2010;
- United Kingdom: 25% as at 30 June 2011, versus 28% as at 30 June 2010;
- Italy: 33.4% as at 30 June 2011, versus 32.32% as at 30 June 2010.

For China, the rate applied is 25%.

OTHER DISCLOSURES

NOTE 30 – COMMITMENTS GIVEN AND RECEIVED

NOTE 30.1 – COMMITMENTS GIVEN AND RECEIVED - BANKING BUSINESS

(in millions of euros)	30/06/2011	31/12/2010
Financing commitments received		
Guarantee commitments received	253	167
Securities commitments receivable	23	
Total banking commitments received	**277**	**167**
Commitments received on currency transactions	79	23
Other commitments received	11	14
Total of other banking commitments received	**91**	**36**
Financing commitments given	279	310
Guarantee commitments given	98	93
Commitments on securities to be delivered	6	
Total banking commitments given	**384**	**403**
Commitments given on currency transactions	92	23
Commitments given on financial instrument transactions		
Total of other banking commitments given	**92**	**23**

Off-balance sheet commitments received on banking business amounted to €277 million.

Commitments given are marked by a decline in commitments granted to customers, taking the total amount of commitments given to €383 million.

For spot foreign exchange transactions, the position at 30 June 2011 was as follows:

foreign currencies bought for euros not yet received	€79 million,
foreign currencies sold for euros not yet delivered	€92 million.

NOTE 30.2 – COMMITMENTS GIVEN AND RECEIVED - INSURANCE AND REINSURANCE BUSINESS

(in millions of euros)	30/06/2011	31/12/2010
Endorsements, securities and guarantees received	575	566
Other commitments received	1,254	1,413
Total commitments received, excluding reinsurance	**1,829**	**1,979**
Reinsurance commitments received	**395**	**395**
Endorsements, securities and guarantees given	477	427
Other commitments relating to stock, assets or revenue	500	477
Other commitments given	66	105
Total commitments given, excluding reinsurance	**1,043**	**1,009**
Reinsurance commitments given	**1,810**	**1,810**
Securities belonging to provident institutions		
Other securities held on behalf of third parties		

Endorsements, securities and guarantees received amounted to €575 million and primarily comprised new commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€304 million)

Other commitments received excluding reinsurance amounted to €1,254 million and were primarily comprised of the following:

- commitments in conjunction with construction work conducted by Silic amounting to €230 million broken down between unused but confirmed lines of credit of €192 million, and the outstanding balance on construction work in progress of €38 million;
- commitments in conjunction with company acquisitions and sales of €200 million:
  - a guarantee received from CGU France on Gan's 2002 acquisition of CGU Courtage of €150 million,
  - liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena,
- the credit facility underwritten with a consortium of banks (Société Générale, HSBC France, Natixis, Crédit Agricole and Royal Bank of Scotland) for €800 million.

Endorsements, securities and guarantees given amounted to €477 million and consist primarily of the following transactions:

- a guarantee valued at €53 million given in conjunction with Groupama UK's sale of Minster Insurance Company Limited (MICL). This company was sold in 2006,
- liabilities guaranteed by charges on assets in conjunction with real estate investments undertaken by Silic for €360 million,
- securities and joint and several guarantees for €64 million.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to venture capital mutual funds ("FCPR"). The balance of €500 million primarily 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 €66 million and consist mainly of residual commitments on construction work in progress being carried out by Silic and amounting to €38 million.

Unvalued commitments

Covenants:

SILIC:

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

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

Financial ratios	Debt concerned (1)	Covenants	30/06/2011	2010	30/06/2010
• Net bank debt / Re-valued real estate assets	84%	Ratio < 0.45 for 17% Ratio < 0.50 for 67%	40.4%	38.8%	40.0%
• EBITDA / Bank interest (2)	76%	Ratio > 3.0 (3) for 8% Ratio > 2.5 for 47% Ratio > 2 for 21%	2.88 - 3.49	3.11 - 3.95	3.12 - 4.00
• Re-valued real estate assets / Real estate assets pledged	15%	Ratio > 2	4.37	4.15	4.05
• Debt pledged / Re-valued real estate assets	35%	Ratio < 0.20 for 16% Ratio < 0.25 for 19%	10,3%	10,8%	11,5%
• Re-valued real estate assets	33%	Amount > €1,000 million for 19% Amount > €1,500 million for 14%	3,513	3,460	3,333
• Adjusted Net Asset Value	16%	Amount > €800 million	2,016	2,040	1,915

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

(2): Depending on the loans, capitalised interest included or excluded from “bank interest”.

(3): The threshold of three refers to an “excluded capitalised interest” ratio, i.e. 3.49 at the end of June 2011.

At 30 June 2011 and prior periods, Silic was in full compliance with the above covenants.

Trigger clauses:

Groupama SA:

In conjunction with issues of subordinated securities (‘TSR’ and ‘TSDI’), Groupama SA has trigger clauses, whereby:

it is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

In conjunction with the issue of perpetual subordinated bonds (“TSDI”) of €500 million, Groupama SA also has the option of deferring payment of interest on TSDI should the hedge of the Group solvency margin fall below 150%. The Group did not use this facility and paid the coupon on 6 July 2011.

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

NOTE 31 - LIST OF COMPANIES IN THE SCOPE OF CONSOLIDATION AND PRINCIPAL CHANGES IN THE SCOPE

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

Spin-off package - Individualised entity

Click Seguros, a subsidiary of Groupama Seguros in Spain whose data were included in the Groupama Seguros package, is now directly consolidated through a separate consolidation package.

Groupama SA created subsidiaries for its insurance business in China under an agreement with AVIC (Aviation Industry Corporation of China). This joint venture should allow the two partners to expand their operations in the non-life insurance segment in the People's Republic of China. The new entity is called Groupama Insurances China.

Mergers

Vieille Voie de Paray was taken over by Groupama Gan Vie on 3 January 2011 through a universal transfer of assets ("TUP").

Groupama Fund Pickers was taken over by Groupama Asset Management on 15 April 2011.

In the United Kingdom, the brokerage arm of Choice Quote was divided among sister brokerage firms as part of a plan to streamline operations.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			30/06/2011			31/12/2010		
GROUPAMA SA	Holding	France	100.00	100.00	Parent company	100.00	100.00	Parent company
GIE GROUPAMA SI	GIE	France	88.44	88.42	FC	88.44	88.42	FC
GIE LOGISTIQUE	GIE	France	99.98	99.98	FC	99.98	99.98	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.78	FC	99.78	99.78	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.81	FC	98.81	98.81	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.37	FC	90.89	90.37	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA POISTOVNA SLOVAKIA	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAKIA	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 INSURANCES China	Insurance	China	100.00	100.00	FC			
GROUPAMA SEGUROS Spain	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
CLICK SEGUROS	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
GUK BROKING SERVICES	Holding	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES CY LTD	Insurance	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
LARK	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
GREYSTONE	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
HALVOR	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Ins. brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
GRIFFITHS GOODS	Ins. brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
CHOICE QUOTE	Ins. brokerage	United Kingdom				100.00	100.00	FC
GROSVENOR COURT SERVICES	Ins. brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSICURAZIONI	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	Asset management	France	99.98	99.35	FC	99.98	99.35	FC
GROUPAMA FUND PICKERS	Asset management	France				100.00	99.38	FC
GROUPAMA PRIVATE EQUITY	Asset management	France	100.00	99.37	FC	100.00	99.37	FC
GROUPAMA BANQUE (ex Banque Finama)	Banking	France	99.37	99.37	FC	99.37	99.37	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.37	FC	100.00	99.37	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	99.37	FC	100.00	99.37	FC
SILIC	Real estate	France	42.29	42.29	FC	42.36	42.36	FC
SEPAC	Real estate	France	100.00	42.29	FC	100.00	42.36	FC
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	95.32	95.32	FC	95.32	95.32	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
GAN FONCIER II	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
			30/06/2011			31/12/2010		
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA (ex-SCIFMA)	Real estate	France	87.67	87.67	FC	87.67	87.67	FC
SCI TOUR GAN	Real estate	France	100.00	98.92	FC	100.00	98.88	FC
VIEILLE VOIE DE PARAY	Real estate	France				100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
261 RASPAIL	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
SOCOMIE	Real estate	France	100.00	42.29	EM	100.00	42.36	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
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
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
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
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	43.99	30.78	EM	41.69	29.15	EM
GROUPAMA TRESORERIE I C	Mutual funds	France				27.24	27.24	EM
ASTORG TAUX VARIABLE D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH G C	Mutual funds	France	87.98	87.49	FC	96.60	96.05	FC
ASTORG CTT C	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG PENSION C	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT C	Mutual funds	France	97.96	97.96	FC	85.11	82.91	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual funds	France	81.67	81.67	FC	81.67	81.67	FC
GROUPAMA FP DETTE EMERGENTE	Mutual funds	France	90.91	90.91	FC	89.32	89.32	FC
GROUPAMA ALTERNATIF EQUILIBRE C	Mutual funds	France	79.50	79.50	FC	79.17	79.17	FC

FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			30/06/2011			31/12/2010		
GROUPAMA OBLIGATION MONDE I C	Mutual funds	France	66.57	64.51	FC	66.42	64.37	FC
GROUPAMA CONVERTIBLES I D	Mutual funds	France	83.98	81.85	FC	84.88	82.81	FC
GROUPAMA ETAT EURO CT I D	Mutual funds	France	88.77	88.77	FC	89.06	89.06	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	99.72	99.72	FC	99.71	99.71	FC
GROUPAMA CREDIT EURO I D	Mutual funds	France	57.25	57.25	FC	55.56	55.56	FC
GROUPAMA CREDIT EURO I C	Mutual funds	France	52.38	52.38	FC	49.29	49.29	EM
GROUPAMA INDEX INFLATION EURO I D	Mutual funds	France	100.00	96.89	FC	100.00	97.21	FC
ASTORG EURO SPREAD D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual funds	France	99.83	99.83	FC	99.83	99.83	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual funds	France	100.00	100.00	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	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual funds	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROPEXEURO D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual funds	France	80.00	80.00	FC	80.00	80.00	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	100.00	FC	100.00	99.94	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual funds	France	100.00	100.00	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual funds	France	100.00	100.00	FC	100.00	99.96	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual funds	France	100.00	100.00	FC	100.00	99.99	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual funds	France	88.89	88.89	FC	88.89	88.89	FC
ASTORG ACTIONS EURO I C	Mutual funds	France	98.95	98.95	FC	98.88	98.88	FC
GROUPAMA CREDIT EURO LT I C	Mutual funds	France	67.60	67.60	FC	53.15	53.15	FC
GROUPAMA EONIA I C	Mutual funds	France	22.41	22.41	EM	30.79	30.36	EM
GROUPAMA US STOCK G D	Mutual funds	France				59.38	59.38	FC
GROUPAMA CREDIT EURO LT G D	Mutual funds	France	99.35	99.35	FC	99.53	99.53	FC
GROUPAMA CREDIT EURO G D	Mutual funds	France	46.19	46.19	EM	43.56	43.56	EM

FC: Full consolidation EM: Equity method

Certain real estate entities are consolidated using the equity method under a "simplified" process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the item "Investment properties" and reclassifying in the income statement the dividends or share in the results of the companies on the "Revenues from property" 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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Mazars
Tour Exaltis
61, avenue Henri Régnault
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Auditors' Report on the 2011 half-year financial information

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

Dear Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Groupama SA, for the six months ended 30 June 2011;

- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors in a context characterised by a public debt crisis in certain eurozone countries and in particular in Greece, the effects of which are described in Notes 6.6 and 6.7 to the condensed half-year consolidated financial statements. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting" as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the paragraph in section 2.2 of Note 2 "Consolidation principles, methods and scope" regarding the mandatory application of new standards, particularly the revised IAS 24 which had no impact on the condensed half-year consolidated financial statements as at 30 June 2011.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 3 August 2011

The Auditors

PricewaterhouseCoopers Audit — Mazars

Eric Dupont — Christine Billy — 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 2011 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 2011

Jean Azéma

Chief Executive Officer