REGISTRATION DOCUMENT GROUPAMA SA 2011

Groupama

Contents

GROUPAMA SA

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This Registration Document was filed with the AMF on 27 April 2012, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451-1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 344.

Copies of this Registration Document are available free of charge from Groupama, 8-10 rue d'Astorg, 75008 Paris, as well as on the Groupama website (www.groupama.com) and on the website of the Autorité des Marchés Financiers (www.amf-france.org).

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

1 OVERVIEW OF THE GROUP

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1.1 HISTORY OF THE COMPANY

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

The Agricultural Mutual Insurance Companies (Assurances Mutuelles Agricoles) were created to protect and serve the farmers who at that time represented 80% of the nation's wealth. In the 20th century, they became the leading European agricultural insurer (source: internal).

The Agricultural Mutual Insurance Companies very quickly realised the need to re-invent themselves and to open themselves up to other insurance markets and, more recently, to the banking business if they were to continue their vocation of serving the interests of agriculture and passing on the tradition of mutual insurance.

In 1963, the Agricultural Mutual Insurance Companies opened up their business to the entire non-life insurance segment. The Group then quickly became the leading insurer of municipalities in France (source: internal).

In 1972, they started a life insurance business.

And in 1986, the name "Groupama" was created to cover all the entities of an insurance group that had adapted to the new economic conditions and the globalisation of the financial markets.

In 1995, the policyholders who were not part of the agricultural world – at the time covered by SAMDA, a subsidiary of Groupama created in 1963 to insure "non-agricultural" customers – became full members of their mutual.

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

In 2001, in a desire to extend its services to banking products, the Group joined forces with Société Générale, the leading French retail banking institution, with a view to creating a multi-channel bank for Groupama's clients (Groupama Banque). Groupama plans to become a global player in financial Insurance-Banking.

In 2001 as well, the Board of Directors of the Central Mutual approved a structure consolidating the regional mutuals and gave a green light to measures aimed at preparing the Group for listing on the stock exchange, the authorisation for which was obtained in 2006. This was done so that any total or partial financing or refinancing requirement that could result from one or more major acquisitions or from a strategic partnership, be that in France and/or abroad, could be met.

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

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

Moreover, the Group's national entities were restructured so that they were adapted to the Group's growth strategy. The Fédération Nationale Groupama was created and Groupama SA became the exclusive reinsurer of the regional mutuals following the dissolution of the Central Mutual, the Caisse Centrale des Assurances Mutuelles Agricoles.

In 2005, the Group acquired Clinicare in Great Britain.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, the 6th-largest insurer in Turkey (source: Foreign Economic Relations Division, 2006 data), as well as the British broker Carole Nash.

In 2007, the Group's international development intensified with the purchase of the Nuova Tirrena insurance company, which held some 2% of the Italian non-life insurance market, strengthening the Group's subsidiary in Italy. In the United Kingdom, the Group acquired two new brokers (Bollington Group and Lark group).

In 2007 and 2008, Groupama made strong advances in Central and Eastern Europe by acquiring the Greek insurer Phoenix Metrolife and Romanian insurance companies BT Asigurari and Asiban, and by strengthening its positions in Turkey, through the purchase of insurance companies Güven Sigorta and Güven Hayat. Groupama also entered into a strategic partnership with OTP Bank, the leading independent bank in Central Europe, resulting in distribution agreements in nine countries and the acquisition of OTP's insurance operations (OTP Garancia), the leading company in Hungary, as well as its insurance subsidiaries in Bulgaria, Romania and Slovakia.

Groupama also acquired a 35% stake in STAR, the leading company in the Tunisian insurance market.

With a view to gaining an urban customer base and new distribution channels in France, in mid-2008 Groupama launched "Amaguiz.com", a new brand intended for web sales only.

In 2009, Groupama signed a partnership agreement with Banque Postale for the distribution of non-life products *via* a joint venture and using the networks of Banque Postale.

The creation of Groupama Gan Vie through the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie and through the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance, has consolidated the Group's activities into a single company in France.

The Group's French banking activities have also been pooled through the merger of Groupama Banque and Banque Finama.

On the international level, the Group merged its Italian, Hungarian, Romanian and Turkish subsidiaries in order to strengthen its positions on all those markets.

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In 2010, the Group's development strategy resulted in the implementation of a large number of partnerships in various areas.

In the bankassurance market, the partnership agreement signed with Banque Postale in 2009 resulted in the creation of a joint enterprise, Banque Postale Assurances IARD, which is held 65% by Banque Postale and 35% by Groupama. At the end of 2010, this company launched its non-life insurance products (motor, home, legal protection) *via* remote-selling channels (internet and telephone), then progressively through the Banque Postale's network of offices beginning in 2011.

In addition, the Group has begun a new approach to insurance by partnering with Banque Casino, which has offered IARD contracts in Casino stores through the expertise of Amaline Assurances since June 2010.

In December 2010, Groupama and the AVIC group (Aviation Industry Corporation of China) signed an agreement on the creation of a joint venture to expand activities in the non-life insurance segment in the People's Republic of China. Already active in Sichuan province since 2003, Groupama intends to accelerate its development on a market, the rapid expansion of which should make it a major growth centre for the Group.

The major events of 2011 included the Eurozone debt crisis, particularly in Greece, and significant worsening of the financial markets, which impacted the financial position of Groupama.

In this context, since the end of 2011 the Group has implemented measures to strengthen solvency while continuing to improve operating profitability.

At the end of December 2011, Groupama entered into an industrial and financial partnership with the Caisse des Dépôts with two components:

- a reconciliation between the real estate companies Icade and Silic, thanks to the transfer by the Group of its 44% stake in Silic to a holding company controlled by the Caisse des Dépôts;
- an investment of €300 million in the form of preferred shares by the Caisse des Dépôts in Gan Eurocourtage.

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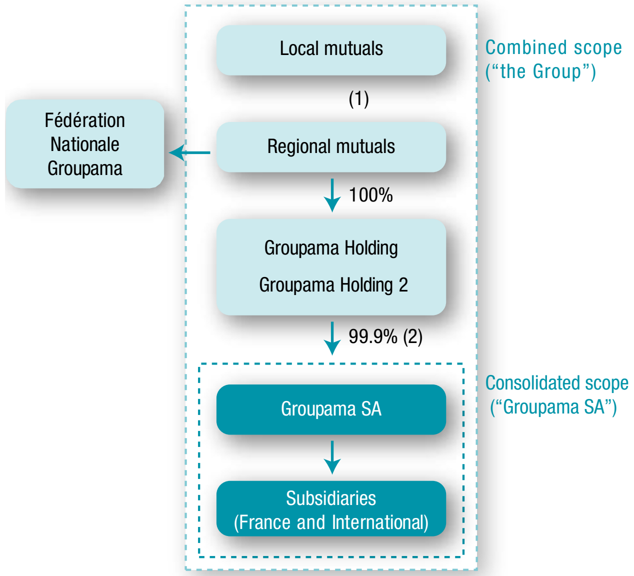
1.2 ORGANISATION OF THE GROUP AND OF GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance.
(2) 90.94% held by Groupama Holding and 8.99% held by Groupama Holding 2.

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at local level (50,000 elected) and they in turn elect their representatives at regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local mutual (3,600), regional (9 regional mutuals in Metropolitan France, 2 overseas mutuals and 2 specialised mutuals) or national through the federations and the Boards of Directors of Groupama SA and its subsidiaries.

There are therefore two scopes within Groupama:

- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 40% of the activities of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

In 2003, Groupama changed its central organisational entities and set up new entities:

- the Fédération Nationale, comprised of the Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organisation at national level, and promote mutual-insurance principles within the Group;
- the role of Groupama SA, which directs the operating activities of the Group and its subsidiaries, was strengthened with the responsibilities of reinsurer for the regional mutuals, a role that was previously performed by Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA);
- Groupama Holding: the function of this intermediate entity is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

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

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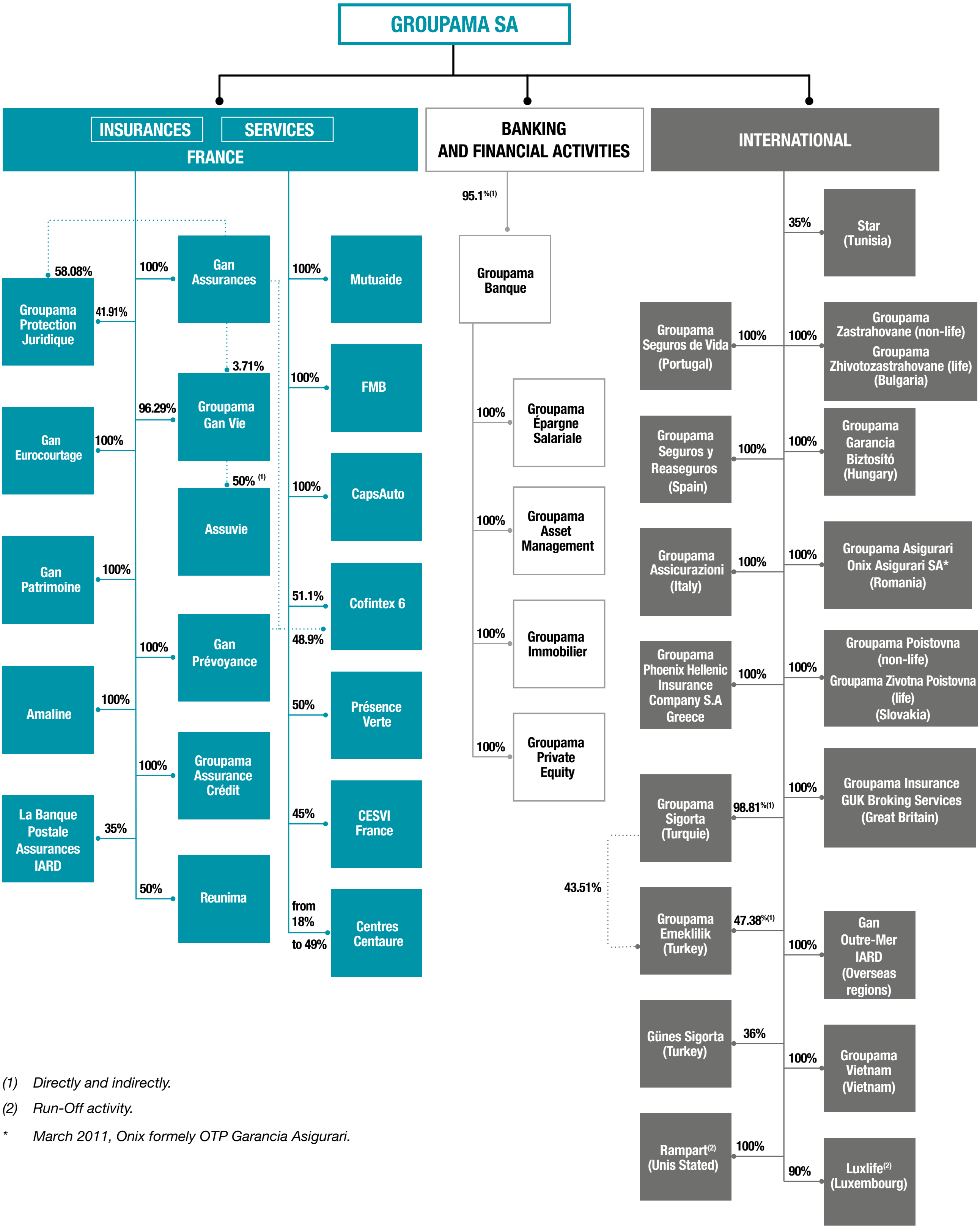
1.2.2 GROUPAMA SA



(1) *Directly and indirectly.*

(2) *Run-Off activity.*

* *March 2011, Onix formely OTP Garancia Asigurari.*

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

Groupama SA is 99.93% owned by the regional mutuals through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.07%) is held by former and current agents and employees of Groupama SA.

As at 31 December 2011, the breakdown of share capital and voting rights (including double voting rights) is the following:

- 90.94% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.07% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans – FCPEs).

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

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

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

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

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

Entities within the Groupama SA division are bound by capital ownership. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain amount of 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, they are governed:

- by an Internal Reinsurance treaty that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("agreement defining the security and joint solidarity mechanisms of *the Caisses de Réassurance Mutuelle Agricole* members of the *Fédération Nationale Groupama*"), which was signed on 17 December 2003, effective retroactively on 1 January 2003). This agreement is described more precisely in section 3.7 – "Operations with affiliates" and is the subject of a special report from the auditors on regulated agreements and commitments (see section 3.9).

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1.3 KEY FIGURES

1.3.1 GROUPAMA SA

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for fiscal years ending 31 December 2009, 2010 and 2011. In accordance with EC Regulation no. 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements were prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2011	2010	2009
Turnover [1]	**14,185**	**14,659**	**14,459**
French insurance	9,622	10,032	9,911
International insurance	4,292	4,349	4,259
Financial and banking activities	271	278	289
Combined ratio [2] Liability and property insurance	**96.5%**	**103.2%**	**104.7%**
Economical operating result [3]	**254**	**117**	**358**
Net Group income	**(1,812)**	**387**	**660**
Financial structure and soundness			
Group share equity capital	2,933	4,268	4,572
Balance sheet total	89,388	93,066	90,660
Debt ratio [4]	41.3%	41.7%	47.7%
Return on equity (ROE) [5]	N/A	9.7%	16.9%

(1) Insurance premiums issued and income from financial activities.
(2) See glossary in this registration document (page 342).
(3) Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings,as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests)
(5) Net result (Group share) over average shareholders' equity (see glossary in this registration document – page 343).

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1.3.2 COMBINED SCOPE OF CONSOLIDATION

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

(in millions of euros)	2011	2010	2009
Turnover (1)	**17,239**	**17,633**	**17,362**
Insurance France	12,678	13,008	12,815
International insurance	4,292	4,349	4,259
Financial and banking activities	269	277	288
Combined ratio (2) Property and liability insurance	**97.4%**	**104.9%**	**105.9%**
Economic operating result (3)	**309**	**39**	**275**
Group share net result	**(1,762)**	**398**	**620**
Financial structure and soundness			
Group share equity capital	5,264	7,041	7,233
Balance sheet total	95,872	100,029	97,297
Debt ratio (4)	29.1%	30.6%	35.0%
Return on equity (ROE) (5)	N/A	6.0%	9.3%
Solvency margin (6)	**107%**	**130%**	**180%**
Rating			
Standard & Poor's	BBB-	A-	A
Fitch Ratings	BBB	A	

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this registration document (page 342).
(3) Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests.
(5) Net result (Group share) over average shareholders' equity (see glossary in this registration document – page 343).
(6) Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

Groupama's financial strength rating (IFS) from Fitch Ratings was lowered on 4 August 2011 to "-A", with negative outlook, and on 27 September 2011 to "BBB", with negative outlook.

On 16 March 2012, after publication of the Group's financial statements, Fitch announced that the rating of "BBB", with negative outlook, would be maintained.

Groupama's financial strength rating (IFS) from Standard & Poor's Ratings was lowered on 16 May 2011 to BB+", with negative outlook, on 23 September 2011 to "BBB", with negative outlook, and on 15 December 2011 to "BBB-", with negative outlook. On 5 March 2012, then on 20 March 2012, Standard & Poor's maintained the rating of "BBB-" with negative watch.

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1.4 STRATEGY

In a difficult economic and financial situation and to ensure its sustainability and independence, Groupama has set as a priority for the coming years to strengthen its financial room for manoeuvre.

Operations implemented with the Caisse des Dépôts (exchange of the stake in Silic and subscription by the Caisse des Dépôts of €300 million in preferred shares issued by Gan Eurocourtage) have enabled the Group to increase its strength with no financial impact on its business tools.

Moreover, the Group decided to make some adjustments to its scope by selling off its UK insurance and brokerage subsidiaries, Gan Eurocourtage, its dedicated brokerage subsidiary in France and its property and casualty insurance subsidiary in Poland. These transactions are underway and should be finalised during 2012.

To meet the challenging economic environment, the Group has shifted its size strategy to a performance strategy in order to focus more on profitability.

In this context, the project of listing Groupama SA on the stock exchange has been abandoned.

The Group's strategy rests on three pillars, which should enable it to regain financial room for manoeuvre.

- strengthening the technical and operating performance of the Group;
- adjust the scope of the Group and focus on certain key markets where the Group holds strong positions and has strong potential for profitability;
- consolidate the position of the Group in France.

STRENGTHENING THE TECHNICAL AND OPERATING PERFORMANCE OF THE GROUP

To regain financial room for manoeuvre, the Group has fixed as a priority strengthening its technical risk controlling and reducing its cost structure.

The Group will emphasise improving margins for its development and will, for example:

- strengthen the management of the technical margin in France and internationally;
- strengthen subscription rules;
- implement rate increases targeted to improve the profitability of specific risk portfolios;
- optimise our property and casualty insurance rates;
- focus more on the most attractive markets and those on which it has a competitive advantage (particularly in health and protection insurance);
- continue to increase the share of its unit-linked products in the retirement savings mix by working on inflows and arbitrage on outstanding amounts. In 2011, Groupama has significantly improved its product mix in life insurance with a share of unit-linked products in inflows that rose from 4.7% in 2010 to 12.1% in 2011.

In addition, the Group has also increased its reinsurance protection vis-à-vis natural events to reduce profit volatility. The Group's exposure to natural hazards is particularly important in France because of its leading position in non life insurance.

Cost reduction is an important issue for the Group, which has set significant targets for 2011-2013 with a:

- 10% reduction in overhead expenses of Groupama SA departments from 2012;
- 10% reduction in overhead expenses (other than commissions) of subsidiaries over 2011-2013.

Expected savings are €400 million by 2014.

To achieve this objective, the Group can rely on the recently undertaken reconciliation of certain structures, which will produce synergies, and for example:

- the creation of Groupama Gan Vie, the Group's life insurance company in France formed from the merger of Groupama Vie and Gan Eurocourtage Vie with and into Gan Assurances Vie and the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance. This new, bigger organisation will boost synergies and competition in the health and life insurance sectors;
- to reconcile the regional mutuals: the merger of Groupama Sud and Groupama Alpes Méditerranée at the end of 2011 brings the number of domestic regional mutuals to nine and finalises the reconciliation programme begun in 2001;
- the merger of the Romanian subsidiaries.

Additional projects will be implemented under the cost reduction plan:

- optimising the cost of the support functions (*e.g.* further rationalisation of Information Systems in France, reducing the department operating budgets of Groupama SA, etc.). The convergence of all regional mutuals on the same information system will be completed in 2014, which will enable additional synergies;
- limiting marketing expenses (advertising, sponsorship);
- reducing the number of projects;
- rationalising the cost structure of certain international subsidiaries (such as Romania, for example);
- continuing to deploy Lean Six Sigma in its companies to improve processes and team management with the ultimate objective of strengthening the quality of its services and its operating efficiency.

Strengthening the technical and operational performance of the Group results in a combined ratio target of 98% in property and liability insurance.

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ADJUSTING THE SCOPE OF THE GROUP AND FOCUSING ON CERTAIN KEY MARKETS WHERE THE GROUP HOLDS STRONG POSITIONS

The need to strengthen its solvency margin forced the Group to undertake the arbitrage of its scope of activities.

In this context, and given the interest shown by a certain number of players, the Group has decided to start the process of selling Gan Eurocourtage, whose current business is very sensitive to the Group's rating by the rating agencies. The sale would allow Gan Eurocourtage to be backed by a group with a rating higher than that of Groupama and would also help maintain the long-term development of its business.

This decision does not threaten the Group's intent to be a multi-line actor in France offering a full range of property and casualty insurance, life and health insurance and financial solutions.

Internationally, the Group is currently conducting a strategic analysis to explore potential sales opportunities depending on the size of the Company, its capacity for development and its profitability. It is on this basis that the decision has been taken to sell our insurance and brokerage activities in the United Kingdom and our non-life insurance business in Poland.

The sale of the insurance and brokerage business in the United Kingdom is expected in 2012. Groupama has decided to exit the UK market given the atypical positioning of its subsidiary (specialising in non-life insurance in niche markets and distributing only through brokers) that prevents it from reaching a critical size. Moreover, the UK market situation is difficult (extremely mature and intensely competitive) and is not expected to improve in the coming years.

As for Proama, our Polish branch, the Group made the decision to sell in light of the spontaneous interest shown by several companies to take over these activities and the excessive investment it will require over the coming years.

Groupama is therefore refocusing on key markets, where it holds strong positions.

CONSOLIDATING THE POSITION OF THE GROUP IN FRANCE

The Group's priority is to consolidate its leading position in its home market.

The Group can rely on its major strengths, particularly its size and its diversified model:

- the Group is in a key position in France, where it is the leading insurer for farmers, home, individual health and the third-largest motor insurer;
- its general-purpose and diversified economic model: the portfolio of activities is well-balanced with life and health insurance and property insurance, and covers essentially all the insurance needs of all types of customers (except for major risks and transport); the Group also offers its customers banking and services products;
- moreover, it has a large, loyal customer base; the Group has more than 7 million insured in France;
- the Group's brands – Groupama, Gan and Amaguiz – are complementary and well known;
- the distribution networks are significant and multichannel (2,500 points of sale, 1,000 agents, specialised networks, etc.).

To consolidate its position in France, Groupama will also build on past investments with potential future growth:

- direct sales, with the rise of Amaguiz.com, the Group brand dedicated to the online motor, home and health insurance that has a portfolio of almost 150,000 contracts at the end of 2011;
- bancassurance through the agreement signed with La Banque Postale in non-life insurance, which has started off very well with 236,000 contracts signed in late 2011 after only one year of production.

The Group has also developed a range of financial services involving bank savings products, life insurance products and credit offers. Groupama offers its customers a broader range of products to meet the savings and financing needs of its customers.

Strengthening technical margins, reducing overheads, scope adjustments and profits that will be derived from our key positions and our performance engines will enable the Group to have a strong solvency margin and regain its financial flexibility.

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

As at 31 December 2011, Groupama SA and its subsidiaries had 21,824 employees (11,640 in metropolitan France/Overseas departments and territories and 10,184 abroad).

As part of the Group's organisation, the Group's Human Resources Department manages and coordinates corporate policies and programmes, in support of the Group's strategy, and leads the HR functional chain according to the scheme established for the distribution of responsibilities between Group HRD and HRD of the companies. Each company in the scope of consolidation of Groupama SA manages its human resources and its social policy as locally as possible, in line with the action principles and overall strategy defined by the Group.

Including all types of contracts, in 2011 Group companies outside France hired 1,676 permanent employees: 55% women, 6% Managers, 40% aged 30 or under, and 16% aged 50 or over.

In 2011, the companies included in the scope of consolidation hired 926 employees under permanent agreements in France to strengthen their sales networks and customer relations platforms and to bolster their management and advisory teams: 17% of the new employees are under 26 years of age, 7% are 50 and older, 13% are transfers from other Group companies (121) and 12% are from the conversion of fixed-term agreements into permanent agreements. In 2011, the Group organised its first Jobmeetings Groupama Gan, which enabled nearly 1,000 pre-selected applicants to meet with the HR teams of Group companies in Paris, Nantes, Lyon, Bordeaux and Lille. The recruitment site groupama-gan-recrute.com registered over 650,000 visits and 135,000 applications in one year.

In France during the same period, 959 employees left the consolidated scope of the Group, including 530 administrative staff (from these figures, 12% retired, 29% resigned, 26% were laid off, 1% died, 14% left during their probation period, 12% were transferred and 6% breached their contract).

The performance engine of the employees and the companies of the Group, in 2011, mobility was involved in 1,500 cases out of 5,000 internal applicants in France. Redesigned in 2011, Mouvy, the internal online recruitment site open to all employees in France, recorded a 22% increase in the number of applicants and was awarded the 2011 Cegos intranet prize for "e-HR and management". Since 2010 a Group agreement has governed mobility between companies within the Group and the Groupama Gan Rencontres forum allows exchanges each year between companies and employees interested in mobility.

Based on its "repository of 130 professions", in 2010 the Group continued to prepare the implementation of the HR section of its Operational Strategy Planning (PSO). Training is clearly defined as a priority. The investment for training within the scope of consolidation in France is estimated at 5.5% of payroll (of which, 4.5% is exempt expenses).

This investment affected nearly three out of every four employees in all professional categories. It constitutes a major benefit for the development of business and Managerial skills.

The functioning of the Group, which is made up of reasonably sized companies, is built around a management model based on listening, local presence and support, particularly expressed through initiatives such as *Apogée* and *Optimisation of Commercial Performance,* aiming to improve service efficiency and customer relations while promoting employees' quality of life.

In France, Group companies continued with the roll-out of the *Team Manager Mobilisation (Mobilisation des managers d'équipes)* programme whose objective is to expand Managers' vision of the Group and its changes, particularly through researching balanced performance/quality of work life.

In addition, since 2011, all training programs for Managers are enhanced by an additional section devoted to risk management.

More than one in four Group employees now work outside France. To confirm its international dimension, in 2011 Groupama continued:

- the enhancement of training courses to prepare Senior Managers for international challenges;
- personal support for Senior Managers or expatriate Directors and Managers on assignments of 4 to 6 months, known as International Staffing;
- the development of an international culture via the various internal communications media (Le Kiosque, Université, Odyssée International, etc.).

In order to identify and build the loyalty of the talents needed to manage the Group's strategy, the "Groupama Talents" application was gradually rolled out to all categories of employees (10,000 at the end of 2011), and staff appraisals were carried out in each company. Furthermore, 80 future Managers, selected by the Technical Careers Committee, participated in the "Objective Executives" programme to prepare them to hold strategic positions.

In France, companies within the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 85% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and protection schemes, as well as the organisation and duration of work. At Group level, social dialogue is managed in France within the Group Committee and the Social Dialogue Commission, a negotiating body, and on the European level within the European Works Council.

Regarding the collective wages policy, profit-sharing measures have been implemented in all Group companies. To this end, €24,150,000 (12,322 beneficiaries) and €5,870,000 (12,322 beneficiaries) respectively were paid out in 2011 in France.

All the Group's collective employee shareholding plans (FCPE) were consolidated in 2011, after negotiations with union organisations.

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Certified by the CIES (Comité Intersyndical de l'Épargne Salariale), the 5 new funds meet governance and socially responsible investment (SRI) criteria, and simplify the choices of employees.

The Group's identity is built on its values of responsibility, solidarity, and localness. It is a player with strong convictions as an insurer, as a professional agricultural organisation and as an employer.

As such, within the framework of the triennial review of the Group agreement of 28 October 2008 on diversity and equal opportunity within Groupama, at the end of 2011 the social partners of the Group unanimously signed an amendment to broaden the agreement to the themes of "equal family rights", "equal parental rights", "reconciliation of family life/work life" and "professional equality between women and men", with the effect of aligning the contractual rights of employees married to employees to staff in civil or common-law unions.

Groupama has also undertaken new operational initiatives for:

- training on the risks of discrimination and the promotion of diversity;
- participation in "diversity" recruitment forums and the creation of Jobmeeting Handicap;
- launching an anonymous questionnaire on disability;
- raising the awareness of employees during Disability Week.

Over seven years, more than 800 disabled employees have been recruited (on permanent and temporary contracts, training contracts or as temporary workers) by the Group's French companies in the framework of this long-term commitment.

The Group extended its work concerning equal access to employment for men and women. Within the scope of consolidation in France in 2011, 67% of Managerial promotions concerned women, bringing the ratio of women Managers to 45%.

In addition, a negotiation group on the quality of work life led to the signature, by all trade union organisations on 28 February 2011 of a group agreement. The aim of the agreement is to prevent, deal with and, if necessary, eliminate any problems related to psychosocial risks (stress, harassment, incivility, etc.); it focuses on the following areas:

- consolidating the INRS indicators each year, enabling identification of anxiety in the workplace;
- implementing preventive actions by training Directors, Managers and employees in psychosocial risks by raising awareness of improved well-being at work and by taking action to support employees in case of public incivility.
- proposing internal regulation procedures including a PSYA psychological counselling centre open to all employees;
- creating a joint committee of exchanges and recommendations, to examine the issue of "quality of the working environment" of structural and transverse projects with the Group companies. It is informed about the monitoring of these projects, their impact on working conditions and the associated HR support.

Finally, with regard to the results of the 2010 opinion poll, which confirmed the high level of confidence, commitment and loyalty shared by Groupama's employees, in 2011, the Group and its companies implemented action plans aimed at meeting the expectations in different areas expressed by employees: communication, career development pathways, management, quality of the working environment and recognition. As in 2008 and 2010, the survey will be conducted by Ipsos again in spring 2012, involving all employees in France and abroad.

Groupama also offers all its employees a social and human plan for the duration, which is consistent with its values and within the framework now established by the Code of Ethics that all the businesses now apply.

1.5.2 GROUP WORKFORCE

The Group's scope of consolidation includes all the companies of which it is made up. The scope of consolidation contains 35 companies with a total workforce of 21,824 employees.

The following table corresponds to Note 45 of the notes to the consolidated financial statements for fiscal year 2011, as audited by the statutory auditors.

Registered workforce	2011			2010	2009
	Insurance	Finance	Total	Total	Total
France	10,455	1,185	11,640	11,634	11,569
Great Britain	1,553		1,553	1,612	1,605
Spain	1,101		1,101	976	1,000
Italy	850		850	859	894
Hungary	2,617		2,617	2,639	2,835
Greece	364		364	386	401
Romania	2,204		2,204	2,490	2,719
Other EU	483		483	387	470
Outside EU	1,012		1,012	874	879
TOTAL	**20,639**	**1,185**	**21,824**	**21,857**	**22,372**

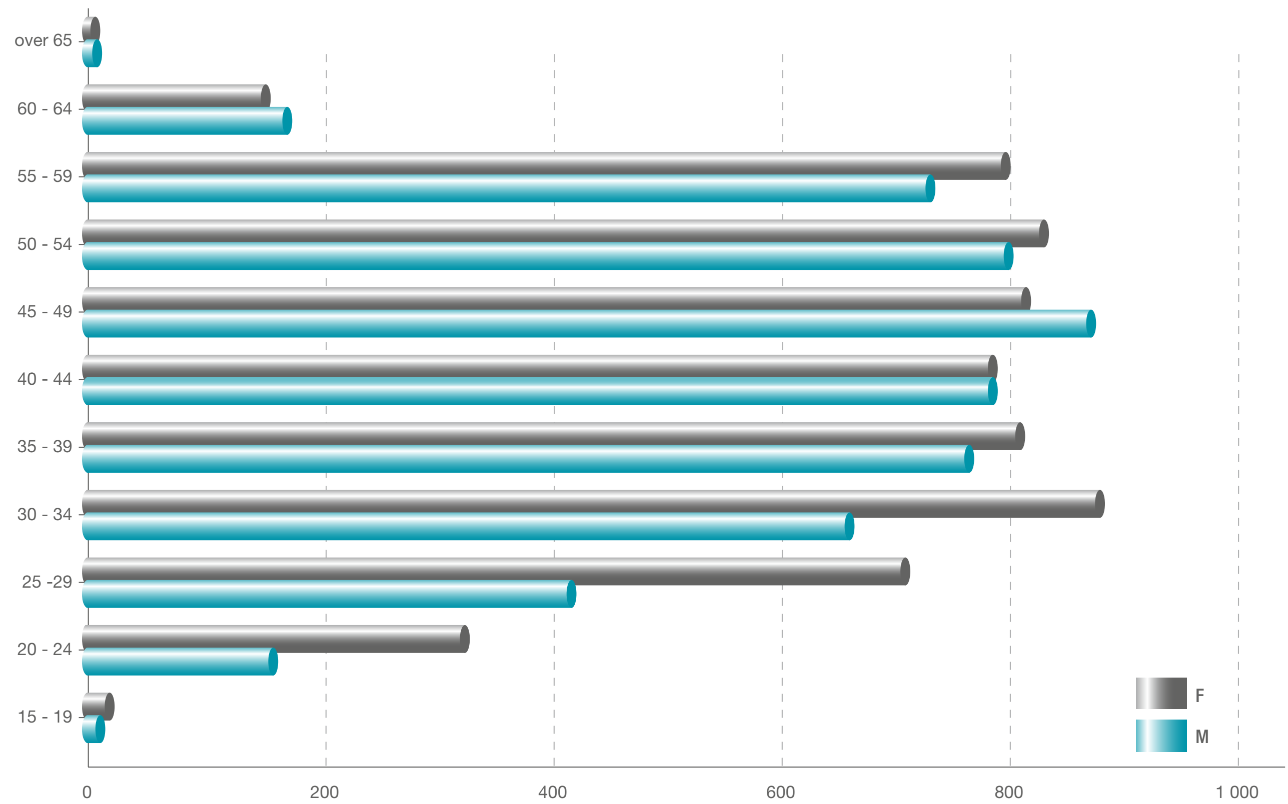
Registered workforce	2011	2010	2009
Groupama SA	1,722	1,669	1,677
Registered offices and after-sales services of subsidiaries with customer/network relationship (1)	2,606	2,607 (2)	3,992
Sales forces of subsidiaries with customer/network relationship (1)	2,210	2,337	2,169
France insurance/bank and services subsidiaries (3)	2,842	2,698 (2)	1,416
including Groupama Banque	*755*	*717*	*683*
Financial and real estate subsidiaries (4)	550	616	601
Support companies (Groupama Supports & Services)	1,710	1,707	1,714
Sub-Total France	**11,640**	**11,634**	**11,569**
International	**10,184**	**10,223**	**10,803**
TOTAL	**21,824**	**21,857**	**22,372**

(1) Gan Assurances, Gan Eurocourtage, Gan Patrimoine, Gan Prévoyance, Groupama Transport, Gan Outre-Mer IARD.
(2) Structure effect relating to the creation of Groupama Gan Vie.
(3) Groupama Gan Vie, Groupama Banque, Groupama Épargne Salariale, Groupama Assurance-Crédit, Amaline, Groupama Protection Juridique.
(4) Groupama Asset Management, Groupama Private Equity, Groupama Immobilier, real estate activities.

Total workforce for the France scope of consolidation was 11,640 employees at 31 December 2011, distributed as follows:

Distribution by gender		Distribution by contract type		Distribution by status type	
Men	Women	OEC	FTC	NA	C
47%	53%	95%	5%	50%	50%

The age pyramid is broken down as follows:



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1.5.3 PROFIT SHARING AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in fiscal year 2011. As of the date of filing of this registration document, there were no stock subscription or purchase options capable of being exercised.

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

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Retirement schemes

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

Usually, entities included in the scope of consolidation use the services of Groupama Gan Vie – the Group's life insurance company. Reserves are then recognised in the financial statements of the scope of consolidation to cover this commitment. Sums received are invested in appropriate investments.

1.5.4.2 Other long term benefits

The Group also has recognised reserves in its financial statements for other long-term benefits to Group employees, *i.e.*:

- retirement benefits;
- seniority bonuses;
- anniversary days;
- time-saving accounts.

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1.6 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

Groupama, a mutual insurance group and locally-based insurer, is naturally socially responsible; it strives for this goal through:

- its objective: support in the face of life's difficulties, whether professional or private. Human concern is at the heart of the Group's vocation; it is the Company's very reason for being;
- and the way it fulfils this objective through its action principles: localness, responsibility and solidarity, governing its operations and the way it fulfils its duties.

During the 2010-2011 period, Groupama asked the audit and extra-financial rating agency Vigéo to evaluate its approach to social responsibility.

Conducted among a representative scope of Group entities, activities and modes of distribution, the evaluation focused on the six main areas of CSR (Human Resources, Human Rights, Business Behaviour, Environment, and Community Involvement and Corporate Governance).

Vigéo's survey highlighted the high performance of Groupama's CSR policy, with four of the six areas under review valued at advanced level, with significant progress achieved in all areas.

1.6.1 FROM AN ECONOMIC STANDPOINT

Groupama confirms its responsible commitment to offering products that address society's major challenges, such as managing social protection issues (retirement, healthcare), compensation following natural disasters (individuals, professionals, companies) or terrorist attacks. In addressing the issue of the ageing of the population, the Group has also been a pioneer in assistance and dependent care.

At Groupama, responsible commitment for over 55 years has resulted in high investment in prevention, the source of our business's social responsibility activities. This strategic orientation has a major effect on the implementation of the Company's three pillars of social responsibility.

Specifically, for its policyholders, the responsible approach of the insurance business line yields an active policy of preventing risks in terms of road safety, health and home safety, both within the Company and through locally-based groups. Each year, Groupama's teams carry out some 14,000 days of assignments and train or raise the awareness of around 130,000 external people on prevention and safety, either in terms of automobile driving, domestic or agricultural risks, health, company or community risks.

Road safety is another example of the kind of prevention programme Groupama is engaged in. The Group spends €4 million annually on this programme. Among the particularly innovative actions, the network of Centaure Centres all over France has 12 centres providing road safety training. This innovative method uses specially equipped vehicles in reconstructions of "true-to-life" accidents on safe practice fields to educate drivers. Each training session also includes an environmentally-friendly driving module. The centres train about 40,000 people every year.

Through all these tests, our experience with prevention and the shared culture among our members is realised in a digital communication programme dedicated to prevention through a content platform (www.vivons-prevention.com) and a label "Vivons prévention". Vivons prévention encourages the emergence of a culture of prevention, new behaviours in line with reality, resolutely focused on sharing and conversation.

The Group has also been innovative in terms of Socially Responsible Investment (SRI) since the early 2000s. Its asset management subsidiary, Groupama Asset Management is thus strategically involved in promoting the responsible investment it is developing as the core of its business. Its SRI strategy, which consists of generalising the integration of ESG issues into all of its asset management, falls broadly within the Company's social and fiduciary obligations to its clients and to the stakeholders. Convinced that the quality of economic growth depends on how it is financed, Groupama Asset Management wishes to support and promote the development of long-term responsible savings.

1.6.2 FROM A SOCIAL STANDPOINT

Through its employees, Groupama acts to prevent the risks of discrimination and to promote equal opportunities: adherence to the United Nations Global Compact; the diversity charter; signing a Group agreement on diversity involving the training of HR teams (particularly recruiting and career pathway management) and of team Managers; signing an agreement on disability that opens opportunities for professional involvement and on retaining disabled employees; implementation of an ethics charter; signing of the parenthood charter; signing of an agreement on the quality of the working environment (particularly the establishment of an anonymous, free psychological counselling centre accessible 24 hours a day); the existence of a social benefits scale. Moreover, with its high level of recruitment and decentralised structure, Groupama is part of a dynamic regional movement;

With regard to the corporation as a whole: As France's leading personal health insurer, Groupama contributes to research on rare diseases *via* the Groupama Health Foundation, which was created in 2000. 250 projects have been financed in 10 years, adding up to total of €5.5 million.

In addition, Groupama prevents social exclusion and has instituted measures to discourage inequality through numerous solidarity partnerships. As such, Groupama participates in the development of disadvantaged areas through the signing of a multiyear partnership with the ADIE to promote the distribution of micro-credits in depressed rural areas of France. In addition, through underwriting the "Hope for Disadvantaged Urban Areas" plan in 2008, the Group, which has committed to recruiting 100 young people each year over a three-year period, has essentially tripled its commitments, and has recruited, going beyond the age criterion, more than 500 peoples from disadvantaged urban areas.

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Groupama also launched "Health Country", aimed at providing relief from administrative tasks to understaffed rural doctors.

The commitment to the common good also takes the form of cultural and university patronage (Groupama Gan Cinema Foundation and Risk Foundation).

1.6.3 FROM AN ENVIRONMENTAL STANDPOINT

Groupama is engaged in preventing environmental risks among farmers, manufacturers and local authorities and offers an entire range of agreements covering the repair of environmental damage. The Group has also designed innovative products to combat risks relating to climate change (climate packages intended for agricultural workers, the Predict Services package intended for local authorities). Groupama also encourages virtuous ecological behaviour by offering products such as "Pay As You Drive" or by including in its MRH packages cover for renewable energy-producing home equipment. In addition, Groupama launched the first "green" new equipment replacement plan for household appliances in 2009. In motor insurance claims, in an effort to reduce CO_2 emissions, the Group has a network of approved garages in France that have a general policy of repairing rather than replacing damaged bumpers and plastic face bars (the proportion of these parts being repaired is 37% in France).

This respect for the environment may also be found in the desire to control the Group's direct impacts, relating to the management of its sites (implementation of the HQE initiative for the construction of its buildings, guide for "green" purchases, reduced paper consumption, gradual replacement of the car fleet with clean vehicles, etc.).

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

THE GROUP'S BUSINESS LINES

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

As a multi-line insurance Group member of a large mutual of agricultural origin, Groupama is an independent group, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player in France (8th largest French multi-line insurer – Groupama 2010 estimate).

Groupama benefits from comprehensive distribution networks over the entire French territory: 7,800 sales representatives employed by Groupama's regional mutuals, 1,000 multi-line insurance agents and 338 representatives for Gan Assurances, 2,000 brokers who are regular partners of Gan Eurocourtage, the network of 620 Gan Patrimoine agents and the network of 1,100 Gan Prévoyance employees. Since both groups – Groupama and Gan – have their specific product and service lines, Groupama has kept two separate brands on the national market – Groupama and Gan.

Since 2008, the Group has developed new distribution channels to supplement its traditional networks in France. Groupama has also been operating through direct sales channels following the 2008 launch of Amaguiz.com, a brand exclusively dedicated to direct insurance sales *via* the Internet. In 2009, the Group signed a partnership agreement with Banque Postale for non-life products. In addition, since June 2010, the Group has begun a new approach to insurance by forming a partnership with Banque Casino to offer IARD contracts.

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

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

Internationally, the Group is present in high-potential geographical areas. It is primarily active in Southern, Central and Eastern Europe.

2.1.1 STRUCTURE OF CONSOLIDATED REVENUES

In 2011, Groupama SA reported total consolidated revenues of €14.2 billion, a drop of 3.2% (*i.e.*, a 2.6% decrease from comparable data), including €13.9 billion in insurance premiums and €0.3 billion originating from asset management and other financial activities. Approximately 70% of Groupama SA's business is carried out in France.

(in millions of euros)	31.12.2011	31.12.2010	31.12.2009	Change 2011/2010 (1)
Property and Casualty Insurance France	3,919	3,731	3,609	+5.0%
Life & Health Insurance France	5,694	6,292	6,293	-9.1%
Sub-total France	**9,614**	**10,023**	**9,902**	**-3.8%**
Property and Casualty Insurance International	3,194	3,168	3,028	+2.4%
Life & Health Insurance International	1,099	1,181	1,231	-5.8%
Sub-total International	**4,293**	**4,349**	**4,259**	**+0.2%**
Discontinued operations (France and International)	8	9	9	-3.2%
Financial and banking activities	271	278	289	-2.5%
TOTAL GROUPAMA SA	**14,186**	**14,659**	**14,459**	**-2.6%**

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

2.1.2 NETWORK STRUCTURE IN FRANCE

The table below presents the breakdown of consolidated revenues by distribution network in France.

(in millions of euros)	31.12.2011	31.12.2010	31.12.2009
Groupama SA	1,983	1,883	1,822
Groupama Gan Vie	4,968	5,596	5,787
Gan Assurances	1,303	1,245	1,054
Gan Eurocourtage (1)	1,184	819	789
Groupama Transport (1)	-	318	306
Amaline Assurances	39	24	11
Other specialised Group companies (2)	137	137	133
Sub-total insurance France (3)	**9,614**	**10,023**	**9,902**
Discontinued operations (France and International) (4)	8	9	9
Financial and banking activities	271	278	289

(1) Gan Eurocourtage took over Groupama Transport with retroactive effect on 1 January 2011.
(2) Groupama Assurance-Crédit, Mutuaide Assistance, Groupama Protection Juridique, Caisse Fraternelle Épargne et Caisse Fraternelle Vie.
(3) Excluding discontinued operations.
(4) See chapter 5.1.

2.1.2.1 The Groupama network

The Groupama network includes regional and local mutuals.

The local mutuals form the basis of Groupama's mutual distribution system and enable the network to maintain a close relationship with its policyholders (members). In accordance with the rules governing French mutual insurance bodies, the members of local mutuals are comprised of any individual or entity insured by a local mutual.

The regional mutuals fully reinsure the local mutuals. They are responsible for their own operations, management, price policy, range of products and, in the context of the global strategy of the Group, of their commercial policy. Over the last four years, the eighteen regional mutuals in France (except for French West Indies, Guyana and the Indian Ocean) were gradually combined into the nine regional mutuals of today. The purpose of this combination was to achieve improved efficiency, greater economies of scale and to simplify the decision-making processes.

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

2.1.2.2 The Gan networks

Backed by more than 1,000 insurance agents and 338 representatives, Gan Assurances is France's fifth-largest insurance network (Tribune de l'Assurance 2010).

Gan Eurocourtage is the 3rd largest brokerage company in France (Groupama estimate 2010) and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers.

Gan Prévoyance has a network of 1,100 sales representatives.

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

2.1.2.3 Direct sales channels

Amaguiz.com, a Groupama brand exclusively dedicated to direct insurance sales *via* the Internet, launched its operations with motor insurance, home insurance and then protection insurance. Over time, it will cover all the needs of private individuals. At the end of 2011, Amaguiz.com has become one of the leading players in direct insurance sales in France, with a portfolio of 150,000 contracts.

2.1.2.4 Partnerships

In 2009, Groupama signed a partnership agreement with Banque Postale resulting in the creation of a joint venture, Banque Postale Assurances IARD, 65% of which is held by Banque Postale. This company began offering non-life insurance products at the end of 2010 *via* distance-selling channels (Internet and telephone), and through the Banque Postale's network of offices. The sales network has clearly paid off, and the portfolio totalled more than 200,000 contracts at the end of 2011.

In 2010, Groupama joined forces with Banque Casino to market its insurance products as a distributor's brand. The product range is distributed in Casino stores and on the website of Banque Casino.

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2.2 INSURANCE IN FRANCE

Insurance activities in France totalled €9.6 billion in 2011, a drop of 4.1% compared to 2010. On a like-for-like basis, premium income was down 3.8%.

Property and casualty insurance premiums totalled €3.9 billion (40.7% of the total). In life and health insurance, premium income totalled €5.7 billion (59.3% of the total).

2.2.1 PROPERTY AND CASUALTY INSURANCE

2.2.1.1 Motor Insurance

The Group holds 3rd place on the French market in terms of both premium income and number of policies (source: Argus de l'Assurance, 2010 data). In 2011, the Group insured 4,137,000 passenger vehicles (excluding business fleets), and posted an increase in its passenger vehicles portfolio (excluding business fleets) of 2.7%, an increase of over 110,000 vehicles. This strong growth in a very competitive market is due to a comprehensive and innovative offer, with competitive rates, responding to major trends in consumption and including quality services (AutoNuevo, AutoPresto).

2.2.1.2 Multi-risk home insurance

The Group is the leader in this market in France (source: Argus de l'Assurance, 2010 data) in terms of premiums issued. In 2011, the Group continued to expand, with more than 3.8 million homes insured [1], *i.e.* a portfolio growth of 2.0% in a highly competitive and challenging market environment. This dynamism is largely due to strong price positioning, densification of its urban network, introduction of online subscriptions at Groupama.fr, the development of offers from Amaguiz.com and continued product innovation (new guarantees for "renewable energy" and "household appliance and audiovisual equipment breakdowns", "environmental" indemnity, etc.).

2.2.1.3 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide Assistance, which has operations in all assistance businesses (automobile breakdown assistance, medical repatriation, travel insurance, home care) this business places the Group in 6th position on this market in France (source: Argus de l'Assurance, 2010 data). In 2011, the Group continued to innovate with the launch of an automotive assistance smartphone application with Amaguiz.

The remote surveillance services provided by Activeille (property security) are gaining market share, notably through the development of an innovative offer on Amaguiz.com. Présence Verte (personal security) confirmed its number 1 position in the remote alarms market.

(b) Individual service – Fourmi Verte

Despite slower industry growth, Groupama Personal Services is upping its game and, in addition to making all services accessible by Internet, now offers service packages tailored to Groupama customers. The originality and feel of the product is proven by the confidence of our customers; in 2011, the recommendation rate was over 95%.

(c) Legal protection

Groupama SA is the leader in France (source: Tribune de l'Assurance, 2010 data) in the market of legal protection, cover managed by the regional mutuals on the one hand and Groupama Protection Juridique on the other. Through this cover, Groupama provides support to policyholders, whether individual or professional, facing situations of conflict, by assisting them in asserting their rights and by assuming the corresponding expenses.

The premium income of Groupama Protection Juridique amounted to €49 million at 31 December 2011, benefitting from the continuing development of partnerships (Sogessur and Banque Postale).

(d) Credit Insurance

Groupama Assurance-Crédit is the Group's specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents, and specialist brokers. Its premium income totalled €35 million at 31 December 2011.

2.2.1.4 Agricultural insurance

The Group is the uncontested leader in this market in France (source: Fédération Française des Sociétés d'Assurances, 2010 data). In the tractor and agricultural equipment (TMA) market, the Titane Pro policy combines guarantees tailored to new equipment while seeking economic balance.

The Group continued to develop its climate multi-risk services, a unique product in the market with a very comprehensive range.

In property damage/TPC agricultural insurance, the Group continued the development of its new "Reference" policy, covering property damage, professional liability, operating losses and livestock mortality. This offer combines essential operating cover with the latest guarantees tailored for new agricultural practices.

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

2.2.1.5 Professional insurance

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

2.2.1.6 Insurance for local authorities

As the leading insurer of local authorities and associations, Groupama offers insurance policies and services that are designed for the long term.

In order to maximise property and personal security within a municipal framework, Groupama highlights its prevention services for today's risks: road safety, crisis management, prevention of climate risks, etc. The collaboration with Predict Services, a subsidiary of Météo France specialising in the design of flood alert and prevention programmes, is continuing.

2.2.1.7 Commercial insurance

In a difficult economic environment (economic crisis, prospects of recession), the French market for business insurance was flat in 2011, with a stable business assets, stagnant receipts and competitive pressure among insurers that remains very strong.

The market leader for small and medium-sized enterprises, in 2011 Groupama reported favourable underwriting results, especially non-life. As for fleets, signs of recovery related to the actions taken by the Group can be seen in the results.

2.2.1.8 Marine and transport insurance

A leading player on the French marine and transport insurance market (the 2nd largest player on the French market – source: Fédération Française des Sociétés d'Assurances, 2009 data), Groupama offers "tailor-made" policies for all aspects of the business (transporters, logistics companies, ship-owners, fishing, pleasure craft, ports, inland waterways and aviation). Its premium income totalled €326 million in 2011, of which marine insurance contributed 73% and aviation 26%.

2.2.2 LIFE AND HEALTH INSURANCE

2.2.2.1 Individual health insurance

At 31 December 2011, with a portfolio of 1.31 million policies, the Group strengthened its leading position in individual health insurance, a position recognised for many years (source: Argus de l'Assurance).

In an environment marked by the shortage of compulsory health insurance schemes and concentration on the market of supplementary health cover, premium income continued to grow in 2011, with significant growth in the number of policies (2.5%). This was attributable to the quality of the Group's key product – Groupama Santé Active. The distinctive feature of this product is that it caters to the customers' stated requirements both in terms of cover based on the modularity of reimbursement and in terms of services, particularly networks of health professionals who provide a lower co-pay for policyholders in the areas – optical equipment and dental treatment – that compulsory health insurance schemes tend to overlook, and where the health professionals' fees are not regulated, and therefore difficult for patients to appraise and variable from one professional to another.

In 2011, the partnership agreement between Groupama and Pro BTP continued to develop, including the pooling of the existing partnerships with dental surgeons and opticians, in order to improve the services offered to policyholders and to manage costs and share resources.

The "Pays de Santé" health project, conducted in partnership with Mutualité Sociale Agricole, continued. To cope with the cuts in local health care in rural areas, this project is based on a service offer for self-employed GPs in order to pool their low-added-value activities, thereby making their practice more attractive and, secondly, on an innovative organisational approach involving all local stakeholders (patients, elected representatives, doctors, associations, etc.). New services were introduced in 2011, such as the installation of automated collection terminals for infectious waste.

2.2.2.2 Protection, Individual Retirement Savings

As at 31 December 2011, the Group recorded premium income of nearly €3.2 billion in individual retirement savings, a decline of 17.9% compared to 2010. This decline is in line with market trends, with premiums recording a decline 14.0% as at the end of December 2011 (source: FFSA). Despite this difficult market, the Group has managed to shift its inflows to unit-linked products. Individual savings and pensions now represent 12.2% of production, a threefold increase compared to the same period last year.

On the individual protection insurance market, the Group continues to be the leading player in an increasingly competitive market. In everyday accident cover (GAV), the Group has an 11.7% market share with a portfolio valued at €67 million in annual premiums and 442,000 policies (an increase of 10.5% compared with 2010). In long-term care, the Group has a 21% market share with a portfolio of 202,000 policies.

2.2.2.3 Group insurance

Group insurance activity was up 5.0% in 2011, with premium income of €1.4 billion. This reflects the strong growth in health and protection insurance.

2011 saw the launch of new products and services, particularly the creation of solutions for the implementation of specific health or protection plans in lines of business such as real estate, transportation and metallurgy, and the revision of the retirement ranges into a pension element and the launch of the Group's first group insurance product.

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Our health and protection insurance products have been generously rewarded by the industry this year in recognition of the quality of our offerings and our services: the Labels of Excellence of the Dossiers de l'Épargne have rewarded our offers for employees and owner-Managers.

2.2.2.4 Employee Savings

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. It designs products, coordinates commercial activity, manages policies and handles account transactions. Its products are predominantly distributed by the regional mutuals, Gan Assurances, Gan Prévoyance and Gan Eurocourtage, which sign up more than 1,400 new customers each year from French companies. Securities under management totalled €781 million at end-2011.

Products designed by Groupama Épargne Salariale were awarded the 2010 Label of Excellence by Dossiers de l'Épargne.

2.3 INTERNATIONAL INSURANCE

International insurance activities totalled €4.3 billion in 2011, a drop of 1.3%. On a like-for-like basis, international premium income is up 0.2%.

Property & Casualty insurance premiums totalled €3,194 million (74.4% of the total). In life and health insurance, premium income totalled €1,099 million (25.6% of the total).

Premium Income *(in millions of euros)*	31.12.2011	31.12.2010	31.12.2009	Change 2011/2010 (3)
International Insurance	**4,293**	**4,349**	**4,258**	**+0.2%**
Spain (1)	943	956	925	-1.4%
Portugal	70	124	110	-43.8%
Italy	1,565	1,505	1,397	+4.0%
Turkey	383	373	504	19.9%
Greece	190	195	186	-2.3%
PECO (2)	515	546	535	-4.6%
Great Britain	525	549	505	-3.2%
Other Countries	102	101	96	+0.2%

(1) Including the Clickseguros subsidiary.
(2) Central and Eastern European countries (Hungary, Romania, Bulgaria, Slovakia).
(3) At constant scope of consolidation, exchange rate and accounting methods.

2.3.1 SPAIN

Groupama Seguros ranks 10th in the non-life insurance market and 20th in life insurance (Groupama 2011 estimates).

At the end of 2011, the multi-product and multi-channel company Groupama Seguros posted premium income of €930 million, broken down as follows: 75% through exclusive agents and brokers, and 25% through bancassurance and institutional investors. Its Clickseguros subsidiary posted premium income of €13 million.

Premium income from property and casualty insurance totalled €722 million at the end of 2011, accounting for 78% of business. In life and health insurance, premium income amounted to €208 million at 31 December 2011, driven by the success of very competitive rate products.

2.3.2 PORTUGAL

Groupama Seguros is ranked 16th on the Portuguese life insurance market, 12th on the health market and 21st on the non-life insurance market (Groupama 2011 estimates).

In Portugal, Groupama Seguros offers general insurance products distributed by networks of agents and intermediaries (bancassurance). As at 31 December 2011, its revenues amounted to €70 million.

Premium income from property and casualty insurance totalled €62 million and property and casualty insurance totalled €9 million.

2.3.3 ITALY

The Group is ranked 8th among non-life insurers and 24th among life insurers in Italy (Groupama 2011 estimates).

Groupama Assicurazioni posted premium income of €1,565 million at 31 December 2011, primarily through a network of multi-line agents throughout the country.

Premium income in property and casualty insurance totalled €1,182 million as at 31 December 2011. Groupama Assicurazioni continued to improve its range of products, particularly in passenger vehicles, of which the premium income represents 82% of the premiums issued in property and casualty insurance. Life and health insurance premium income totalled €383 million as at 31 December 2011.

2.3.4 TURKEY

Groupama, Turkey's leading agricultural insurer, is ranked 7th in non-life insurance and 13th in life insurance (Groupama 2011 estimates).

Groupama Sigorta and Groupama Emeklilik posted premium income of €383 million at 31 December 2011.

At 31 December 2011, property and casualty insurance represented €294 million in premium income, and life and health insurance €89 million. 2011 saw the launch of new product offerings, notably in individual health insurance, and the launch of a partnership with Finansbank.

2.3.5 GREECE

Groupama Phoenix ranks 9th in the non-life insurance market and the Greek insurance market (Groupama 2011 estimates).

As at 31 December 2011, premium income totalled €190 million in a very competitive market suffering from the effects of the economic crisis.

Premium income from property and casualty insurance amounted to €121 million, down 6.9% over 2010. In life and health insurance, Groupama Phoenix posted premium income of €69 million, up 6.7% on the strengthening of the network of insurance agents.

2.3.6 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Premium income for the countries in Central and Eastern Europe totalled €515 million at 31 December 2011. The Group held dominant positions in Hungary and Romania.

2.3.6.1 Hungary

On the Hungarian market, the Group is ranked 3rd in non-life insurance and in life insurance (Groupama 2011 estimates).

Groupama Garancia Biztosito posted premium income of €328 million at 31 December 2011, broken down as follows: €182 million from life and health insurance and €145 million from property and casualty insurance. 2011 saw the launch of innovative new products on the life insurance market.

2.3.6.2 Romania

The Group is ranked 4th in the Romanian market in non-life insurance, with a market share of more than 11%, and 8th in life insurance (Groupama 2011 estimates).

Groupama Asigurarui posted premium income of €170 million at 31 December 2011, driven by bancassurance, brokers, independent agents and the direct network. Property and casualty insurance constitutes the bulk of business with a premium income of €156 million. 2011 saw the launch of new products, particularly in home insurance.

2.3.6.3 Bulgaria/Slovakia

At the end of 2011, premium income from the Bulgarian subsidiary Groupama Zastrahovane and Slovak subsidiary Groupama Poistovna amounted to €18 million, broken down as follows: €10 million from property and casualty insurance and €8 million from life and health insurance.

2.3.7 UNITED KINGDOM

Groupama Insurances offers its products through a network of brokers to the retail and small and medium-sized enterprise markets. Groupama Insurances posted premium income of €525 million at 31 December 2011.

Premium income from property and casualty insurance totalled €448 million, representing 85% of business. Premium income from life and health insurance totalled €77 million and primarily derives from Group segments.

2.3.8 OVERSEAS REGIONS

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with a premium income of €102 million at 31 December 2011, including €95 million from property and casualty insurance.

2.3.9 CHINA/VIETNAM

The Group is active in Asia through a non-life branch in the Chinese province of Sichuan, and a non-life subsidiary in Vietnam. Despite significant growth in 2011, these transactions currently represent only marginal premium income.

The Group is continuing its partnership with the AVIC group (Aviation Industry Corporation of China) in order to expand activities in the non-life insurance segment in the People's Republic of China.

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2.4 FINANCIAL AND BANKING ACTIVITIES

2.4.1 GROUPAMA BANQUE

Groupama Banque offers a range of banking products and services to individuals, companies and professionals and to companies within the Group; it is also developing a private banking activity. It is the parent company of the asset management subsidiaries of the Group.

Groupama Banque's revenues as at 31 December 2011 were stable compared with 31 December 2010 and amounted to €123 million. Net bank profit totalled €97 million as at 31 December 2011, up 13.8% in an unfavourable environment.

Groupama Banque had more than 556,000 customers at the end of 2011, including 543,000 individuals. Individual banking activity is up 10.5% for sight deposits, with assets of €1 billion at the end of 2011, and an increase of 63.4% for real estate loans outstanding. Individual lending outstanding totalled €800 million as at 31 December 2011.

2.4.2 GROUPAMA ASSET MANAGEMENT

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

Groupama Asset Management and Groupama Fund Pickers posted revenues of €139 million at 31 December 2011, a decrease of 5.5%. This change is essentially due to the decrease in management fees resulting primarily from a drop in assets, which were particularly impacted by significant outflows to third parties over 2010 and 2011. Assets under management totalled €84 million at end-2011. Third-parties AUM represented 16% of total AUM at 31 December 2011.

In line with the Group's policy and values, Groupama Asset Management makes Socially Responsible Investment (SRI) an integral part of all its asset management activities.

The quality of management of the fund range was again recognised this year. In being awarded the Fundclass prize, for the third year in a row, Groupama Asset Management is at the top of the largest market of European management having between 41 and 70 funds that have been listed for 7 years.

2.4.3 GROUPAMA IMMOBILIER

The core activities of Groupama Immobilier are based on appreciation of assets under management, the administrative and financial management of leases and an advisory role for Group companies and for third parties.

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

At the end of 2011, Groupama Immobilier managed an asset portfolio valued at €4.3 billion, consisting of commercial real estate (77%) and residential real estate (23%), mainly in central Paris and its immediate suburbs.

2.4.4 GROUPAMA PRIVATE EQUITY

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

Groupama Private Equity securities were stable over the year, totalling €1.8 billion. Funds of funds activities represented nearly 78% of the activity and direct funds 22%.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3

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3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2011

Chairman:

- Jean-Luc Baucherel

Directors:

Representing the controlling shareholder:

- Jean Baligand (1)
- Jean-Marie Bayeul
- Michel Baylet (2)
- Annie Bocquet
- Amaury Cornut Chauvinc
- Jean-Yves Dagès (3)
- François Desnoues
- Michel Habig
- François Schmitt
- Jérôme Zanettacci

Independent members:

- Anne Bouverot
- Marie-Ange Debon (4)
- Caroline Grégoire Sainte Marie (5)
- Frédéric Lemoine (6)
- Philippe Vassor

Employee representatives:

- Henri Durand (7)
- Brigitte Homo

Works Council representatives:

- Rémi Paris

General Secretary:

- Astrid Panosyan (8)

(1) At its 25 April 2012 meeting, the Board of Directors appointed Jean-Louis Pivard to replace Jean Baligand. It will submit his nomination to the approval of the 30 May 2012 General Meeting.

(2) Michel Baylet served as Vice President until 26 October 2011.

(3) At its 3 August 2011 meeting, the Board of Directors appointed Jean-Yves Dagès to replace Francis Aussat. It will submit his nomination to the approval of the 30 May 2012 General Meeting.

(4) Marie-Ange Debon was named Director to replace Jean Salmon at the 25 May 2011 General Meeting.

(5) Caroline Grégoire Sainte Marie was named Director at the 25 May General Meeting.

(6) Frédéric Lemoine resigned from his post as Director on 15 March 2012.

(7) Maria Frigara's role as Director and employee representative to replace Henri Durand became effective on 28 February 2012.

(8) Astrid Panosyan replaced Philippe Carraud on 1 July 2011.

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3.1.2 TERMS HELD BY THE DIRECTORS

As far as the Company is aware, the other terms held by the Directors during the past five years are those listed below:

JEAN-LUC BAUCHEREL

Date of birth: 21 October 1951

BUSINESS ADDRESS

GROUPAMA LOIRE BRETAGNE
23, BOULEVARD DE SOLFÉRINO
CS 51209
35012 RENNES CEDEX

Main role in the Company

Jean-Luc Baucherel has been a Director since 18 December 2003 and Chairman of the Board of Directors since 26 August 2004. His terms were renewed at the General Meeting and the Board of Directors meeting of 27 May 2009 and expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Fédération Nationale Groupama
- Chairman of Groupama Loire Bretagne

Current terms of office

Served within the Group in France

Groupama Holding	› Director	Since 18 December 2003
	› Chairman of the Board of Directors	Since 22 September 2004
Groupama Holding 2	› Director	Since 18 December 2003
	› Chairman of the Board of Directors	Since 22 September 2004

Offices held from 2007 to 2011 no longer held by Mr Baucherel

None

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JEAN BALIGAND

Date of birth: 7 April 1950

BUSINESS ADDRESS

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

Main position in the Company

Jean Baligand has been a Director since 18 December 2003. His term was renewed at the General Meeting on 27 May 2009. In its 25 April 2012 meeting, the Board of Directors has formally noted his resignation.

He is also a member of the Agreements Committee until 25 April 2012.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Rhône-Alpes Auvergne

Current terms of office

Served within the Group in France

Gan Patrimoine	› Director	Since 17 December 2009
	› Chairman of the Board of Directors	Since 31 December 2009
Groupama Gan Vie	› Director	Since 17 December 2009
Groupama Holding	› Director	Since 18 December 2003
Groupama Holding 2	› Director	Since 18 December 2003

Terms held from 2007 to 2011 no longer held by Mr Baligand

Served within the Group in France

Groupama Vie	› Chairman of the Board of Directors (end of term 31 December 2009)

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JEAN-MARIE BAYEUL

Date of birth: 25 August 1949

BUSINESS ADDRESS

GROUPAMA CENTRE-MANCHE
35, QUAI DE JUILLET
BP 169
14010 CAEN CEDEX 1

Main role in the Company

Jean-Marie Bayeul has been a Director since 26 August 2009. His term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2014.

He is also a member of the Compensation and Appointments Committee.

Main role outside the Company

- Director of the Agricultural Professional Organisation OPA

Professional experience/Management expertise

- Vice-Chairman Secretary of Fédération Nationale Groupama
- Chairman of Groupama Centre-Manche

Current terms of office

Served within the Group in France

Gan Patrimoine	› Director	Since 9 July 2009
Groupama Assurance-Crédit	› Director	Since 7 October 2009
	› Chairman of the Board of Directors	Since 13 October 2011
Groupama Holding	› Director	Since 16 September 2009
Groupama Holding 2	› Director	Since 20 October 2009
SCA du Château d'Agassac	› Member of the Management Committee	Since 18 June 2010

Terms held from 2007 to 2011 no longer held by Mr Bayeul

Served within the Group in France

Groupama Transport	› Chairman of the Board of Directors (end of term 31 December 2011)

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MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

GROUPAMA CENTRE-ATLANTIQUE
2, AVENUE DE LIMOGES
BP 8527
79044 NIORT CEDEX 9

Main role in the Company

Michel Baylet has been a Director since 29 June 2006. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014.

He is also a member of the Audit and Risk Committee.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Centre-Atlantique

Current terms of office

Served within the Group in France

Centaure Centre-Atlantique	Director	Since 14 June 2007
Gan Patrimoine	Director	Since 8 March 2005
Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	Director	Since 29 June 2006
	Vice-Chairman of the Board of Directors	Since 27 August 2008
Groupama Holding 2	Director	Since 29 June 2006
	Vice-Chairman of the Board of Directors	Since 27 August 2008
SCA du Château d'Agassac	Chairman of the Management Committee	Since 28 January 2008
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 27 June 2008
SCI du Domaine de Nalys	Director	Since 24 January 2008

Terms held from 2007 to 2011 no longer held by Mr Baylet

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 31 December 2009)
Groupama SA	Vice-Chairman of the Board of Directors (end of term 26 October 2011)
SCA du Château d'Agassac	Member of the Supervisory Board (end of term 1 January 2008)
Centaure Centre-Altantique	Permanent Representative of Groupama Centre-Atlantique, Director (end of term 14 June 2007)

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ANNIE BOCQUET

Date of birth: 23 August 1950

BUSINESS ADDRESS

GROUPAMA NORD-EST
2, RUE LÉON PATOUX
BP 1028
51686 REIMS CEDEX 2

Main roles in the Company

Annie Bocquet has been a Director since 30 June 2008. Her term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014.

She is also a member of the Compensation and Appointments Committee.

Main role outside the Company

- Farmer (retired)

Professional experience/Management expertise

- Deputy Chairman of Fédération Nationale Groupama
- Chairman of Groupama Nord-Est

Current terms of office

Served within the Group in France

Groupama Asset Management	Vice-Chairman of the Board of Directors	Since 26 November 2008
Groupama Banque	Chair of the Board of Directors	Since 1 October 2009
Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
Groupama Immobilier	Vice-Chairman of the Board of Directors	Since 9 October 2008

Terms held from 2007 to 2011 no longer held by Ms Bocquet

Served within the Group in France

Banque Finama	Chairman of the Supervisory Board (end of term 1 October 2009)
Gan Assurances IARD	Director (end of term 8 October 2008)
Gan Assurances Vie	Director (end of term 8 October 2008)
Groupama Banque	Chairman of the Supervisory Board (end of term 1 October 2009)
Groupama Holding	Non-voting Director (end of term 27 August 2008)
Groupama Holding 2	Non-voting Director (end of term 27 August 2008)

Exercés au sein du Groupe à l'étranger

Groupama Assicurazioni Spa	Director (end of term 18 September 2009)
Groupama Vita Spa	Director (end of term 18 September 2009)
Nuova Tirrena	Director (end of term 18 September 2009)

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ANNE BOUVEROT

Date of birth: 21 March 1966

BUSINESS ADDRESS

GSMA
5 NEW STREET SQUARE
LONDON EC4A 3BF
GRANDE-BRETAGNE

Main position in the Company

Anne Bouverot has been an independent Director since 29 October 2008. Her term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2013.

She also serves as Chairman of the Agreements Committee and member of the Audit and Risk Committee.

Main role outside the Company

- Chief Executive Officer of the GSMA

Professional experience/Management expertise

Since September 2011: Chief Executive Officer of the GSMA

From 1992 to 2011: France Télécom group

- 2009 to 2011: Director of Staff Communication Department, France Télécom
- 2006 to 2009: Director of International Development, France Télécom
- 2004 to 2006: Director of the Office of the Chairman of Orange Plc
- 2002 to 2004: Vice-Chairman, IT Services Business Unit, Equant
- 1996 to 2001: Various roles at Global One: Director of Network Costs Optimisation, then Director of Internet Services Marketing, then Vice-Chairman for Global Bid Management
- 1992 to 1995: Manager, International Transmission Resources, France Télécom International Networks and Services

Current terms of office

Served outside the Group in France

Edenred	› Director	Since 29 June 2010

Served outside the Group abroad

GSMA	› Chief Executive Officer and member of the Board	Since 1 September 2011

Terms held from 2007 to 2011 no longer held by Ms Bouverot

Served outside the Group in France

Orange SA	› Director (end of term 26 September 2011)

Served outside the Group abroad

France Télécom North America	› Chairman (end of term 30 March 2009)

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AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

GROUPAMA MÉDITERRANÉE
MAISON DE L'AGRICULTURE
BÂTIMENT 2
PLACE CHAPTAL
34261 MONTPELLIER CEDEX 2

Main role in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term was renewed at the General Shareholders' Meeting on 27 May 2009 and expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014.

He is also a member of the Audit and Risk Committee.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Deputy Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Méditerranée (Since 1 January 2012)
- Chairman of Groupama Sud (until 31 December 2011)

Current terms of office

Served within the Group in France

Groupama Gan Vie	Chairman of the Board of Directors	Since 17 December 2009
Groupama Holding	Director	Since 17 October 2007
Groupama Holding 2	Director	Since 17 October 2007
SCA du Château d'Agassac	Member of the Management Committee	Since 11 September 2009
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
	Chairman of the Supervisory Board	Since 7 June 2011
SCI du Domaine de Nalys	Director	Since 1 June 1999
	Chairman of the Board of Directors	Since 6 December 2011

Served outside the Group in France

Paysan du Midi	Director	Since 6 June 2007

Terms held from 2007 to 2011 no longer held by Mr Cornut-Chauvinc

Served within the Group in France

Gan Eurocourtage IARD	Chairman of the Board of Directors (end of term 2 September 2009)
Gan Eurocourtage Vie	Chairman of the Board of Directors (end of term 31 December 2009)
Groupama Assurance-Crédit	Director and Permanent Representative of Groupama Sud (end of term 7 October 2009)
Groupama Transport	Director (end of term 9 October 2007)
Mutuaide Assistance	Chairman of the Board of Directors (end of term 1 January 2009)

Exercés au sein du Groupe à l'étranger

Groupama Insurance Company Limited	Director (end of term 8 September 2009)

Served outside the Group in France

Cave de Tain l'Hermitage	Chairman of the Board of Directors (end of term 13 December 2010)
Société du Journal Midi Libre	Permanent representative of Groupama Sud, member of the Supervisory Board (end of term 31 December 2011)

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JEAN-YVES DAGÈS

Date of birth: 21 July 1958

BUSINESS ADDRESS
GROUPAMA D'OC
14, RUE VIDAILHAN
BP 93105
31131 BALMA CEDEX

Main roles in the Company

Jean-Yves Dagès has been a Director since 3 August 2011. His term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2014.

He is also a member of the Audit and Risk Committee.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama d'Oc
- Chairman of Misso

Current terms of office

Served within the Group in France

Centaure Midi-Pyrénées	Permanent Representative of Groupama d'Oc, Director	Since 17 September 2003
Gan Assurances	Chairman of the Board of Directors	Since 12 October 2011
Groupama Holding	Director	Since 21 September 2011
Groupama Holding 2	Director	Since 21 September 2011
Groupama Immobilier	Director	Since 21 June 2005

Terms held from 2007 to 2011 no longer held by Mr Dagès

Served within the Group in France

Banque Finama	Permanent representative of Misso, member of the Supervisory Board (end of term 1 October 2009)
Groupama Assurance-Crédit	Permanent Representative of Groupama d'Oc, Director (end of term 13 October 2011)
Groupama Asset Management	Director (end of term 13 October 2011)
Groupama Banque	Member of the Supervisory Board (end of term 1 October 2009), then permanent representative of Misso, Director (end of term 13 October 2011)

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MARIE-ANGE DEBON

Date of birth: 18 May 1965

BUSINESS ADDRESS

SUEZ ENVIRONNEMENT
TOUR CB 21
16, PLACE DE L'IRIS
92040 PARIS LA DÉFENSE CEDEX

Main position in the Company

Marie-Ange Debon has been an independent Director since 25 May 2011. Her term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2016.

She is also a member of the Agreements Committee.

Main roles outside the Company

- General Administration, IT, Purchasing, Audit, Projects and Risk at Suez Environnement
- Member of the Collège de l'Autorité des Marchés Financiers

Professional experience/Management expertise

Since 2008: Suez Environnement

- Since 2009: Director of Water and Waste Project Division; Information Systems; Risks/Investments, Insurance and Purchasing
- Since 2008: Company Secretary in charge of legal, governance and auditing

1998 to 2008: Thomson, which became Technicolor

- 2007 to 2008: Deputy General Secretary
- 2003 to 2008: Company Secretary responsible for the Legal and Real Estate Department
- 2001 to 2003: Vice-Chairman, Deputy Financial Officer
- 1998 to 2000: Vice-Chairman for Coordination

1994 to 1998: France 3 (Deputy General Secretary from 1997)

1990 to 1994: Court of Auditors (Deputy Baron from 1993)

Current terms of office

Served outside the Group in France

Degrémont	Director	Since 14 October 2009
Sita France	Director	Since 26 January 2010
Technip	Director	Since 20 July 2010

Served outside the Group abroad

Hisusa	Director	Since 7 June 2010
Sita Waste Services Limited	Director	Since 29 March 2010

Terms of office held from 2007 to 2011 and no longer held by Ms Debon

None

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FRANÇOIS DESNOUES

Date of birth: 19 July 1952

BUSINESS ADDRESS

GROUPAMA PARIS VAL DE LOIRE
161, AVENUE PAUL VAILLANT COUTURIER
94250 GENTILLY

Main roles in the Company

François Desnoues has been a Director since 27 May 2009. His term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2014.

He is also a member of the Agreements Committee.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman and Treasurer of la Fédération Nationale Groupama
- Chairman of Groupama Paris Val de Loire

Current terms of office

Served within the Group in France

Gan Eurocourtage	Chairman of the Board of Directors	Since 2 September 2009
Groupama Gan Vie	Director	Since 26 May 2009
Groupama Holding	Director	Since 20 May 2009
Groupama Holding 2	Director	Since 27 May 2009
SCA du Château d'Agassac	Permanent representative of Groupama SA, member of the Management Committee	Since 18 June 2010
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	Director	Since 28 April 2003

Terms held from 2007 to 2011 no longer held by Mr Desnoues

Served within the Group in France

SCA du Château d'Agassac	Member of the Supervisory Board (end of term 1 January 2008), then Vice-Chairman of the Management Committee (end of term 18 June 2010)

Served within the Group abroad

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

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CAROLINE GRÉGOIRE SAINTE MARIE

Date of birth: 27 October 1957

Main role in the Company

Caroline Grégoire Sainte Marie has been an independent Director since 25 May 2011. Her term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2016.

She is also the Chairperson of the Compensation and Appointments Committee and a member of the Audit and Risk Committee.

Main role outside the Company

- Company Director

Professional experience/Management expertise

2009 to 2011: Chairman of Frans Bonhomme (SAS)

2007 to 2009: Chief Executive Officer of Tarmac, France and Belgium

1997 to 2007: Lafarge

- 2004 to 2007: Chief Executive Officer of Lafarge Ciment Germany, Director of Mergers-Acquisitions of the Cement Branch
- 1997 to 2004: Financial and Legal Officer of the Specialist Metals Sector

1994 to 1997: Financial Officer of Albert Roussel Pharma

1983 to 1997: Various positions in the Management and Finance Control Department of Hoechst Pharma

Current terms of office

Served outside the Group in France

Safran	Non-voting Director	Since 21 April 2011

Served outside the Group abroad

FLSmidth	Director	Since 30 March 2012

Terms of office held from 2007 to 2011 and no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Bonhom Management	Non-shareholding Manager (term of office ended on 1 September 2011)
Bonhom SAS	CEO (term of office ended on 29 April 2011)
Frans Bonhomme	Chairman (term of office ended on 1 September 2011)
Tarmac France	Chairman & Chief Executive Officer (term of office ended on 30 June 2009)

Served outside the Group abroad

Tarmac Belgium	Chairman & Chief Executive Officer (term of office ended on 30 June 2009)

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MICHEL HABIG

Date of birth: 16 February 1947

BUSINESS ADDRESS

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

Main role in the Company

Michel Habig has been a Director since 18 December 2003. His term was renewed at the General Shareholders' Meeting on 27 May 2009 and expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main role outside the Company

- Farmer (retired)

Professional experience/Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama
- Deputy Chairman of Groupama Grand Est

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 28 November 2003
Gan Prévoyance	Director	Since 28 November 2003
Groupama Holding	Non-voting Director	Since 18 December 2003
Groupama Holding 2	Non-voting Director	Since 18 December 2003

Served within the Group abroad

Groupama Garancia Biztosito	Member of the Supervisory Board	Since 13 November 2008
Groupama Insurance Company Limited	Director	Since 29 December 2003

Terms held from 2007 to 2011 no longer held by Mr Habig

Served outside the Group in France

SANEP SA	Director (end of term 25 June 2007)

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FRÉDÉRIC LEMOINE

Date of birth: 27 June 1965

BUSINESS ADDRESS

WENDEL
89, RUE TAITBOUT
75009 PARIS

Main roles in the Company

Frédéric Lemoine has been an independent Director since 24 February 2005. His term was renewed at the 25 May 2011 General Shareholders' Meeting. He resigned from this position on 15 March 2012.

He was also a member of the Compensation and Appointments Committee until 15 March 2012.

Main role outside the Company

- Chairman of the Management Board of Wendel

Professional experience/Management expertise

- June 2008 to April 2009: Chairman of the AREVA Supervisory Board
- October 2004 to May 2008: Senior Advisor at McKinsey in France
- May 2002 to June 2004: Deputy General Secretary in the Office of the President of the French Republic, responsible for financial and economic affairs
- May 2000 to May 2002: Deputy General Secretary in charge of finance, Cap Gemini Ernst and Young
- January 2000 to May 2000: Financial Director, Cap Gemini

Current terms of office

Served outside the Group in France

Bureau Veritas	Vice-Chairman of the Board of Directors	Since 3 June 2009
Compagnie de Saint-Gobain	Director	Since 9 April 2009
Legrand	Director	Since 5 May 2009
Wendel	Chairman of the Management Board	Since 7 April 2009

Terms held from 2007 to 2011 no longer held by Mr Lemoine

Served outside the Group in France

AREVA	Chairman of the Supervisory Board (end of term 10 April 2009)
Bureau Veritas	Chairman of the Supervisory Board (end of term 3 June 2009)
Flamel Technologies	Director (end of term 24 June 2011)
Générale de Santé	Member of the Supervisory Board (end of term 4 July 2007) then non-voting Director (end of term 31 December 2009)
Lemoine Conseil et Entreprises (LCE)	Manager (end of term 31 December 2009)
Wendel	Member of the Supervisory Board (end of term 6 April 2009)

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FRANÇOIS SCHMITT

Date of birth: 6 March 1963

BUSINESS ADDRESS

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

Main roles in the Company

François Schmitt has been a Director since 30 June 2008. His term was renewed at the General Shareholders' Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He is also a member of the Compensation and Appointments Committee.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Grand Est

Current terms of office

Served within the Group in France

Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
Mutuaide Assistance	Director	Since 8 October 2008
	Chairman of the Board of Directors	Since 1 January 2009
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 10 June 2009
SCI du Domaine de Nalys	Director	Since 10 December 2008

Served outside the Group in France

SICLAÉ	Member of the Supervisory Board	Since 25 May 2005

Terms held from 2007 to 2011 no longer held by Mr Schmitt

Served within the Group in France

Groupama Vie	Director (end of term 31 December 2009)

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PHILIPPE VASSOR

Date of birth: 11 June 1953

BUSINESS ADDRESS

61, AVENUE CHARLES DE GAULLE
92200 NEUILLY-SUR-SEINE

Main roles in the Company

Philippe Vassor has been an independent Director since 24 February 2005. His term was renewed at the General Shareholders' Meeting on 25 May 2011 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.

He is also a member of the Audit and Risk Committee and member of the Agreements Committee.

Main role outside the Company

- Chairman of Baignas SAS

Professional experience/Management expertise

- Since 2005: Chairman of Baignas SAS
- 2000 to 2004: Chairman & Chief Executive Officer in France of Deloitte and member of the Global Executive Group in charge of human resources at Deloitte
- 1997 to 2000: in charge of the auditing business in France at Deloitte

Current terms of office

Served outside the Group in France

Arkema	Director	Since 10 May 2006
Baignas SAS	Chairman	Since 1 June 2005
Bull	Director	Since 16 Jun 2010
DGI Finance SAS	Chairman	Since 30 June 2008

Terms held from 2007 to 2011 no longer held by Mr Vassor

Served outside the Group in France

Infovista SA	Chairman of the Board of Directors (end of term 20 December 2011)

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JÉRÔME ZANETTACCI

Date of birth: 9 May 1957

BUSINESS ADDRESS

GROUPAMA MÉDITERRANÉE
MAISON DE L'AGRICULTURE
BÂTIMENT 2
PLACE CHAPTAL
34261 MONTPELLIER CEDEX 2

Main role in the Company

Jérôme Zanettacci has been a Director since 1 January 2009. His term was renewed at the General Shareholders' Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Director Member of the Executive Board of Fédération Nationale Groupama
- Deputy Chairman of Groupama Méditerranée (since 1 January 2012)
- Chairman of Groupama Alpes-Méditerranée (until 31 December 2011)

Current terms of office

Served within the Group in France

Gan Assurances	Director	Since 7 March 2007
Groupama Holding	Non-voting Director	Since 17 February 2009
Groupama Holding 2	Non-voting Director	Since 17 February 2009
Mutuaide Assistance	Director	Since 8 March 2007
SCI du Domaine de Nalys	Director	Since 6 December 2011

Terms held from 2007 to 2011 no longer held by Mr Zanettacci

Served within the Group in France

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

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HENRI DURAND

Date of birth: 6 April 1955

BUSINESS ADDRESS

GAN ASSURANCES
4-8, COURS MICHELET
92082 PARIS LA DÉFENSE

Main role in the Company

Henri Durand has been a Director representing employees since 12 February 2004. He was re-elected on 16 January 2008. His term expired after the elections held in February 2012.

Main role outside the Company

- None

Professional experience/Management expertise

- Internal auditor of local Groupama employees' mutual

Current terms of office

None

Terms held from 2007 to 2011 no longer held by Mr Durand

None

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BRIGITTE HOMO

Date of birth: 6 November 1958

BUSINESS ADDRESS

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

Main role in the Company

Brigitte Homo has been a Director representing employees since 1 December 2010. She was re-elected on 28 February 2012. Her term expires after the elections to be held in 2016.

Main role outside the Company

- None

Professional experience/Management expertise

- None

Current terms of office

None

Terms held from 2007 to 2011 no longer held by Ms Homo

None

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3.1.3 MANAGEMENT

The Company is managed by a CEO, Thierry Martel, by resolution of the Company's 18 December 2003 Meeting of the Board to separate the roles of the Chairman and the CEO and, as of 14 December 2011, a Deputy Chief Executive Officer appointed by the Board of Directors at the proposal of the CEO.

The Chief Executive Officer and the Deputy Chief Executive Officer are vested with the broadest powers to act on behalf of the Company under any and all circumstances. They exercise their authority within the limit of the corporate purpose and subject to the authority expressly granted to General Shareholders' Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see section 3.2.1.4).

To the Company's knowledge, the other terms of office held by the Chief Executive Officer and Deputy Chief Executive Officer are those listed below:

THIERRY MARTEL

Date of birth: 25 October 1963

BUSINESS ADDRESS

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

Main role in the Company

Thierry Martel was appointed Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main role outside the Company

- Chief Executive Officer of Fédération Nationale Groupama

Professional experience/Management expertise

- January 2010 to November 2011: Managing Director of Assurance & Banque France
- September 2008 to December 2010: Managing Director of Assurance France in charge of insurance and services to individuals, businesses and local communities and the Gan Assurances profit centre
- November 2006 to September 2008: Managing Director of Individual Insurance and Services, in charge of the private, farming and professional markets
- March 2005 to October 2006: Managing Director of Personal Insurance at Groupama SA
- November 2003 to February 2005: Auditing Manager overseeing Group Actuarial Affairs at Groupama SA
- April 1999 to October 2003: Director of Insurance at Groupama Grand Est
- September 1995 to March 1999: Resource Director at Groupama Grand Est
- December 1990 to August 1995: Groupama Assurance Internationale: head of the Logistics and Organisation Department in charge of legal and technical due diligence in M&A transactions
- April 1988 to December 1990: Insurance commissioner/auditor in the Insurance Department of the Ministry of Economy and Finance
- September 1987 to April 1988: temporary transfer to serve as Finance Inspector at the Office of the Inspector General of Finance

Graduated from the Ecole Polytechnique in July 1985

Graduation from the Institut d'Etudes Politiques de Paris in July 1987 (Economics/Finance Division – majoring in finance and tax affairs)

Certified member of the Institut des Actuaires Français

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Current terms of office		
Served within the Group in France		
Amaline Assurances	› Chairman of the Board of Directors	Since 26 March 2008
Gan Patrimoine (*)	› Non-Director Chief Executive Officer	Since 10 February 2010
Groupama Banque (**)	› Vice-Chairman of the Board of Directors	Since 13 October 2011
Groupama Holding	› Non Director Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	› Non Director Chief Executive Officer	Since 26 October 2011
SGPS	› Manager	Since 21 March 2005
Served outside the Group in France		
La Banque Postale Assurances IARD	› Director	Since 10 December 2009
	› Vice-Chairman	Since 8 December 2011

Terms held from 2007 to 2011 no longer held by Mr Martel	
Served within the Group in France	
Amaline Assurances	› Chairman of SAS (end of term 26 March 2008)
Cegid group	› Director (end of term 20 December 2011)
Groupama Banque	› Permanent Representative of Groupama SA, Director (end of term 13 October 2011)
Groupama Vie	› Non-Director CEO (end of term 31 December 2009)

(*) End of term 9 January 2012.
(**) End of term 9 February 2012.

CHRISTIAN COLLIN

Date of birth: 11 May 1954

BUSINESS ADDRESS

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

Main role in the Company

Christian Collin was appointed Deputy Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting called to approve the financial statements for the year ending 31 December 2014.

Main role outside the Company

- None

Professional experience/Management expertise

Since 2000: Groupama

- 2010 to October 2011: Managing Director of Finance and Risk at Groupama
- 2005 to 2009: Company Secretary – Group Strategy and HR Director. As of 2007, he also carried out roles in the Innovation Department and in early 2008, the Ethics and Sustainable Development Departments, as well as the M&A Department
- 2002 to 2005: Company Secretary of Groupama
- 2000 to 2002: Group Legal, Tax and Logistics Director in charge of the Gan restructuring and the Groupama SA/Gan SA merger

1980 to 2000: Gan group

- 1998 to 2000: following the Gan privatisation, served as Financial, Legal and Tax Director and Director of Strategic Marketing, Quality and Communications at Gan SA
- 1996 to 1998: Strategy and Finance Director in charge of the Gan restructuring plan
- 1991 to 1996: Company Secretary at Gan
- 1986 to 1996: Head of General Affairs at Gan
- 1980 to 1986: Head of the Organisation Department at Gan Incendie Accidents

1978 to 1980: Banque de Développement Économique de Tunisie – Representative

1977 to 1978: Groupe Lafarge – Representative of the Financial Department of Ciments Lafarge

Graduated from ESCP Europe (1977)

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Current terms of office		
Served within the Group in France		
Groupama Holding	› Deputy Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	› Deputy Chief Executive Officer	Since 26 October 2011
Groupama Asset Management	› Permanent representative of Gan Prévoyance, Director	Since 13 October 2011
Groupama Banque (*)	› Permanent Representative of Groupama SA, Director	Since 13 October 2011
Silic	› Permanent Representative of Groupama SA, Director	Since 5 January 2010
Served outside the Group in France		
La Banque Postale Assurances IARD	› Director	Since 10 December 2009
Gimar Finance & Compagnie	› Permanent Representative of Groupama Investissements, Member of the Supervisory Board	Since 6 December 2004
Served outside the Group abroad		
STAR	› Director	Since 16 October 2008

Terms held from 2007 to 2011 no longer held by Mr Collin	
Served within the Group in France	
Capsauto	› Director (end of term 24 November 2008)
Cegid Group	› Director (end of term 20 December 2011)
Cofintex 17	› Chairman (end of term 22 December 2009)
Compagnie Foncière Parisienne	› Chairman of the Board of Directors (end of term 5 October 2011)
Groupama Asset Management	› Chairman of the Board of Directors (end of term 13 October 2011)
Groupama Banque	› Vice-Chairman (end of term 13 October 2011)
Groupama Immobilier	› Chairman of the Board of Directors (end of term 12 October 2011)
Groupama International	› Director (end of term 31 December 2008)
Groupama Private Equity	› Chairman of the Board of Directors (end of term 6 December 2011)
Synaps	› Director (end of term 20 December 2008)
Groupama Investissements	› Permanent Representative of Assu-Vie, Director (end of term 22 Mar 2007)

(*) End of term 9 February 2012.

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3.1.4 THE STEERING COMMITTEE

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

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

This entity comprises 12 members and includes the representatives from Groupama SA's major departments reporting to the CEO and Deputy Chief Executive Officer on a weekly basis.

3.1.5 THE STRATEGIC COMMITTEE

The Groupama SA Strategic Committee, which includes the members of the Groupama SA Steering Committee and Primary Subsidiary Managers, was founded in January 2010 and principally tasked with outlining strategy and strategic operational planning, drafting the Group's annual goals and providing follow-up. The committee was disbanded on 1 January 2012.

3.1.6 THE GROUP EXECUTIVE COMMITTEE

The Group Executive Committee participates in the preparation and operational monitoring of the Group's strategy. It implements strategy in the Group and ensures the operational coordination of all the entities' business lines.

The Group Executive Committee is made up of the Chief Executive Officers of the regional mutuals and the Senior Managers of Groupama SA. It is chaired by the Company's Chief Executive Officer. It meets monthly for one and a half days and may meet more often if the situation requires.

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

3.1.7 RELATIONS WITHIN THE MANAGEMENT BODIES

As far as the Company is aware, there are no family ties among the members of the Company's Board of Directors, nor with the members of the Management.

As far as the Company is aware, during the past five years: (i) no member of the Company's Board of Directors has been sentenced for fraud (ii) no member of the Board of Directors has been involved in any bankruptcy or placed in receivership or liquidation, and (iii) no official public charges and/or sanctions have been issued against such persons by statutory or regulatory authorities (including by designated professional agencies).

Furthermore, as far as the Company is aware, no Director has been prevented by any court of law from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or the conduct of the business of any issuer in the past five years.

There is no arrangement or agreement entered into with the principal shareholders, nor with customers or suppliers under which any member of the Board of Directors or of the Company's General Management would have been selected.

There are no restrictions accepted by the members of the Board of Directors concerning the sale of any interests owned by them in the equity of the Company.

3.1.8 CONFLICTS OF INTEREST IN THE MANAGEMENT BODIES

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

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

3.1.9 LACK OF SERVICE AGREEMENTS

As at the date of filing of this registration document, there were no service agreements tying the members of the Company's administrative and management bodies or any of its subsidiaries.

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3.2 DISCLOSURES ON CORPORATE GOVERNANCE

Sections 3.2., 3.3. and 3.4. below are the Chairman's report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was approved by the Groupama SA Board of Directors in its meeting of 15 March 2012, is based on the information compiled under the authority of the Groupama SA General Management. It describes the Groupama SA corporate governance, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the Company at the end of 2011 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals). The Groupama internal control structure, as with any control structure, cannot be considered an absolute guarantee for attaining the Company's objectives: rather, it constitutes reasonable assurance of the security of its transactions and control of its income.

3.2.1 THE BOARD OF DIRECTORS

3.2.1.1 Membership

Since the 25 May 2011 General Meeting, which appointed an additional independent Director, the Company has been overseen by a Board of Directors with 18 members, including:

- 16 Directors appointed by the General Shareholders' Meeting:
  - 11 Directors who are Chairmen of Groupama metropolitan regional mutuals, representing the controlling shareholders,
- 5 independent Directors as defined by the AFEP-MEDEF task force and repeated in the Internal Regulations of the Board of Directors (see annex 4 of 7.1.4.3); 2 Directors elected by the employees.

The average age of Directors is 55.

Women make up 25% of the Board.

The General Shareholders' Meeting did not use the authority set out in Article 18 of the Bylaws, to appoint non-voting Directors.

3.2.1.2 Duration of terms of office

The duration of the terms of office of the 16 Directors appointed by the General Meeting is six years. For Directors representing the majority shareholder, these terms of office expire with the 2015 Annual General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014; for independent Directors, at the Annual General Meeting of 2014 called to approve the financial statements for the year ending 31 December 2013 for Anne Bouverot, and at the Annual General Meeting of 2017, called to approve the financial statements for the fiscal year ending 31 December 2016 for Marie-Ange Debon, Caroline Grégoire Sainte Marie, Frédéric Lemoine(*) and Philippe Vassor.

The terms of the two Directors elected by the Company's employees, for a period of four years, will expire in the first half of 2016.

3.2.1.3 Responsibilities

The Board of Directors sets the guidelines for the Company's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Shareholders' Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

During fiscal year 2011, its membership was changed following the 25 May 2011 General Shareholder Meeting's appointment of Marie-Ange Debon and Caroline Grégoire Sainte Marie, the departure of Jean Salmon on that same date, and the resignation of Francis Aussat, replaced by Jean-Yves Dagès on 3 August 2011, subject to the approval of the 30 May 2012 General Shareholders' Meeting (see Fifth Resolution).

In accordance with its corporate governance practices from mutualism, the Board of Directors elected to separate the duties of Chairman from those of Chief Executive Officer. Executive functions will thus be entrusted to a CEO who will be assisted by a Deputy Chief Executive Officer, and neither will serve as Directors.

3.2.1.4 Authority reserved for the Board of Directors

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

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

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

- termination of the reinsurance agreement at the initiative of Groupama SA;

(*) Frédéric Lemoine resigned from his position as Director on 15 March 2012.

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

Transactions that exceed a unit amount set by the Board of Directors will also be subject to the Board's authority.

In this regard, and at new Management's suggestion, the 15 December 2011 Board of Directors Meeting, having consulted with the Audit and Risks Committee, reviewed transaction unit amounts over which the CEO and/or Deputy Chief Executive Officer must obtain prior approval, namely:

- above €100 million per security and in total consolidated holdings of Groupama SA, excluding buy/sell transactions;
- above €100 million: dispose of all entities or company securities;
- above €20 million: purchase any entities or company securities endowing it with at least a blocking minority by any means (purchase, contribution, exchange, etc.);
- above €50 million: taking out any loans, excluding cash operations conducted with companies that have equity ties to Groupama SA, either directly or indirectly;
- above €25 million: buy, sell or exchange any real estate assets (properties and shares or shares in real estate companies);
- above €10 million: grant any pledges on corporate property.

It is worth noting that prior to this date, no limit has been set for the securities.

Furthermore, the Group would like to reduce its share exposure under the forthcoming Solvabilité 2 standard, and therefore the Groupama SA Board of Directors has expressed the need in light of the current financial and stock market volatility to enjoy maximum flexibility in this regard. Therefore, at its 15 December 2011 Meeting, the Board of Directors resolved not to set an authorisation threshold on the disposal of shares; however, it has been stipulated in this instance that in excess of €400 million, the Management undertakes to solicit the consent of the Chairman and two members of the Audit and Risk Committee.

Although Groupama SA is an unlisted company, it defers to the Government's Business Code in effect in France pursuant to AFEP-MEDEF recommendations. However, it intends to provide the following explanations on four provisions derogations:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6; given the current situation, Groupama considers the maximum term provided by law to be most appropriate;
- the number of independent Directors does not fully represent a third of the total number of Directors serving on the Board, which is the ratio recommended for companies having a controlling shareholder;
- since 3 August 2011 and the appointment of an additional member from the controlling shareholder, the proportion of independent members on the Audit and Risk Committee is 50% as opposed to the recommended two-thirds; this membership should be more appropriate for the shareholding structure controlled by the Groupama regional offices; note that the Committee Chairman is an independent Director;
- the Compensation and Appointments Committee does not have a majority of independent Directors; the current composition of the committee reflects the presence of the controlling shareholder. However, since 24 October 2011, this committee has been chaired by an independent administrator.

Lastly, Groupama SA heeded AFEP-MEDEF's recommendations with regard to continuing the employee agreement for the new CEO and Deputy Chief Executive Officer based on their seniority as employees of Groupama; Mr Martel and Mr Collin have been within the Group for 22 and 33 years, respectively.

3.2.1.5 Work of the Board in 2011

The Board of Directors met fourteen times in 2011, twice as many times as 2010. This increased frequency of Board meetings, especially in the second half of the year, was a result of the unfavourable changes in the financial and stock markets and its impact on the Group's position. Attendance by members of the Board of Directors was up compared to the previous year, totalling 95.1%. The Corporate Secretary of the Group carried out the duties of Secretary of the Board.

In 2011, the Board deliberated mainly on the following issues:

- the separate, consolidated and combined half-year and annual financial statements and the various reports required by the regulations;
- reinsurance policy;
- impact of the financial crisis on the Group;
- change of Management and terms of its departure;
- drafting of the Board's reserved competence requirements, with specific limits for the first time on investment of securities;
- creation of semi-annual follow-up procedure for the financial investment policy, including a report on management of financial investments for the prior period and strategy for the next half;
- increase in the Company's cash equity;
- proposed partnership with the Caisse des Dépôts et Consignations;
- drafting of Internal Regulations;
- establishing the membership of the Board's committees;
- financial transactions: renewing the Group's credit line, contribution of real estate assets to Groupama Gan Vie, improving the solvency of international subsidiaries, securities, guarantees and sureties, hedging share/real estate/currency risk;
- provisional audit plan for 2012;
- report on the Group's risk policy;
- compensation of corporate officers;
- proposed investments the Group has not pursued;
- strategy for improving the Group's solvency margin.

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Lastly, the Board of Directors acknowledged the work of the Board's three committees and reviewed certain matters on an informational basis:

- management chart of the Group's activities;
- risk management: conceptual framework for the risk tolerance project;
- review of the main financial subsidiaries and partnerships in France and abroad;
- approach of Groupama's non-financial rating.

The 2011 financial statements were closed on 15 March 2012 by the Board of Directors, which also prepared the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Shareholders' Meeting on 30 May 2012. The 2011 financial statements were presented previously to the Audit and Risk Committee, for its opinion. The committee examined them on 13 March 2012.

3.2.1.6 Internal Regulations of the Board of Directors

In its 10 January 2005 meeting, the Board of Directors adopted unanimously a set of Internal Regulations designed to specify its operating methods to supplement the Company's legal, regulatory and statutory provisions and to spell out the rights and obligations of the Board members.

This regulation was updated several times and since 2008, has included provisions on preventing conflicts of interest in the taking of interests in unlisted companies doing business with the Group, and since 2009, has included an Appendix 4 on the independence criteria for Directors as set out in the recommendations in the AFEP-MEDEF Code of corporate governance;

In 2011, internal rules were changed to take into account the broader responsibilities the Audit and Accounts Committee is playing in managing risk (see 3.2.2.1 below).

These regulations are included in full in chapter 7, section 7.1.4.

3.2.2 THE COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 14 of the bylaws, the Board may decide on the creation of committees in charge of studying issues submitted by it or its Chairman for review and to seek an opinion. In this context, under the Internal Regulations of the Groupama SA Board of Directors, the Board shall be assisted by technical committees in performing its responsibilities.

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

In accordance with Article R. 225-29, paragraph 2 of the French Commercial Code, the Board of Directors, in its 24 February 2005 meeting, decided to create within it an Audit and Accounts Committee, a Compensation and Appointments Committee and an Agreements Committee. The Board of Directors is responsible for ensuring the proper operation of the committees.

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

3.2.2.1 The Audit and Risk Committee

In anticipation of the transposition of the 8th European Directive, applied at the end of 2008, Groupama created an Audit and Accounts Committee in February 2005.

On the resolution of the 27 April 2011 Board of Directors Meeting, the Audit and Accounts Committee's responsibilities were broadened to include risk management by incorporating tasks involving the oversight of risk management policy, procedures and systems. As a result, the committee's name was changed to Audit and Risk Committee.

Furthermore, in light of the addition of a fifth independent Director to the Board, the change to its membership and Mr Lemoine's expressed wish to be relieved of his role as Chairman of the Audit and Risk Committee because he is no longer available, the membership of the Audit and Risk Committee was established and the number of members increased from 5 to 6.

(a) Membership

Since the 3 August 2011, the Audit and Risk Committee has been made up of six members appointed by the Board of Directors, including:

- three Directors representing the controlling shareholder: Michel Baylet, Chairman of the Groupama Centre Atlantique regional mutual, Amaury Cornut-Chauvinc, Chairman of the Groupama Méditerranée regional mutual (following the takeover of the Groupama Sud regional mutual) and Jean-Yves Dagès, Chairman of the Groupama d'Oc regional mutual;
- three independent Directors: Philippe Vassor, Anne Bouverot and Caroline Grégoire Sainte Marie.

The Audit and Risk Committee is chaired by independent Director, Philippe Vassor, who succeeded Frédéric Lemoine on 23 June 2011.

It should be noted that the Chief Executive Officer of Groupama SA does not participate in the work of the Audit and Risk Committee except by special invitation and he is represented by the Group Finance Director assisted by his Senior Accountant, the Director of the Group's General Auditing and Actuarial Department, as well as by the Corporate Secretary, who is also the Secretary of the committee. It is worth noting that since 24 October 2011, the Deputy Chief Executive Officer has been attending the committee's meetings to smooth the transition of the new Group Finance Director, until the March 2012 meeting devoted to approving the 2011 accounts.

(b) Responsibilities

The main responsibilities of the Audit and Risk Committee have been incorporated into the Internal Regulations of the Groupama SA Board of Directors, amended 27 April 2011 to account for the broader responsibilities of the committee to manage the following risks:

- examining the combined/consolidated/parent company draft half-annual and annual financial statements as well as the references and scope of consolidation;
- ensuring that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- examining the performance of the statutory auditors' responsibilities and the amount of fees paid to them and to ensure compliance with the rules guaranteeing their independence;
- examining acquisition plans;
- and, since the Board of Director's 27 April 2011 meeting, tracking the risk management policy, procedures and systems.

(c) Activity report by the Audit and Risk Committee for 2011

In 2011, the Audit and Risk Committee met on ten occasions, as opposed to six in 2010. Attendance was 85%.

In 2011, the Audit and Risk Committee performed work on the following major topics:

Follow-up on the Group's financial situation

In the second half of 2011, in connection with the sovereign debt crisis and downgrade in the financial and stock markets, the committee met on four occasions to examine the impact of this situation on the Group's position, along with measures being considered to restore its balance sheets.

Legal monitoring of annual and semi-annual financial statements

- The Audit and Risk Committee reviewed the 2010 annual and 2011 semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share.

  In doing so, it provided the Board its opinion on the Management report, the Solvency report and the investment policy, the Chairman's report on internal control and the Reinsurance report for 2010;
- it also devoted two meetings during the year specifically to examining the principles, rules and options chosen to close both the annual and half-year financial statements so as to prevent and anticipate any difficulties with the closure of the books.
- it gave its opinion on draft press releases and was consulted on the draft 2010 registration document, which was registered with the AMF on 14 April 2011 under number D.10-0303.

Risk monitoring

- Following the review, the committee issued a favourable opinion on the decision to broaden the committee's responsibilities to include risk management by including the monitoring of risk management policy, procedures and systems beginning as of the 27 April 2011 Board meeting;
- an update on the major risks facing the Group was presented to it;
- the committee reviewed the conceptual risk tolerance framework, which recommends an approach whereby this tolerance is determined based on stress test scenarios expressing upward losses;
- it examined the work carried out in 2011 further to the strategy decisions taken at the 23 November 2010 Board of Directors' Seminar on adverse scenarios;
- it reviewed the status of the Group's preparation for Solvabilité II;
- it also acknowledged the performance of the 2010 and 2011 audit program and of the 2012 draft audit plan as well as the reports on major litigation underway within the Group, anti-money laundering activities and the reinsurance policy for 2012;
- a specific report on the investment management policy in late October 2011 was presented to it for the first time outside the annual report on investment policy;
- it examined the Internal Regulations the Group imposed on itself with regard to asset management and the drafting of reserved competence thresholds for the Board of Directors;
- it reviewed Groupama SA's off-balance sheet commitments.

Follow-up of statutory auditors' responsibilities

- The committee examined the Auditors' fees for the 2010 fiscal year. The balance in the scope of consolidation between the two members of the Groupama SA Audit Board remained stable. The number of tasks carried out outside the scope of the legal audit of financial statements dropped sharply;
- The appointment of PricewaterhouseCoopers was renewed by the 25 May 2011 Consolidated Meeting of Shareholders, further to the Audit and Risk Committee's favourable opinion of this renewed appointment at the 8 December 2010 meeting;
- It is noted that at every meeting, the committee heard the statutory auditors without management being present.

Follow-up on certain financial transactions

- The committee reviewed the status of the work conducted by the project group tasked with preparing to open up the Groupama SA capital (no longer pending) and a project to increase Groupama SA capital through the regional mutuals;
- it was consulted on renewing the authorisation for the Company to issue bonds for a total of €2 billion, pooling operating cash flow, and the authorisation to use futures so as to immunize the portfolio against the equities and foreign exchange risk;
- it also reviewed the project to have the Company issue a guarantee to Gan Eurocourtage in Singapore.

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Examining acquisition plans.

The committee was called on in the first half of 2011 to provide its opinion on two acquisition plans that the Company has since abandoned.

3.2.2.2 The Compensation and Appointments Committee

(a) Membership

The Compensation and Appointments Committee is made up of 5 members, including:

- three Directors representing the controlling shareholder: Annie Bocquet, Jean-Marie Bayeul and François Schmitt;
- two independent Directors: Caroline Grégoire Sainte-Marie (Committee Chairman) and Frédéric Lemoine until 15 March 2012.

The Chairman of Groupama SA does not attend committee meetings. The Corporate Secretary of Groupama SA represents the Company and performs the duties of Secretary of the committee.

(b) Responsibilities

The responsibilities of the Compensation and Appointments Committee, which are included in the Internal Regulations of the Board of Directors, are listed below:

- to propose to the Board of Directors any questions relating to the personal status of the corporate officers, specifically compensation, retirement and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of corporate officers and the allocation and distribution of Directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate officers and ensure the consistency of these rules with the annual assessment of the performance of the corporate officers and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the classification of independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annual tasks involving evaluation of the Board of Directors' operating methods and to communicate the conclusions of these tasks to the Board of Directors.

(c) Activity report by the Compensation and Appointments Committee for 2011

During 2011, the Compensation and Appointments Committee met four times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 96%.

At these meetings, the committee:

- evaluated candidates to replace an independent Director and for the addition of a fifth independent Director to the Groupama SA Board of Directors;
- proposed examining the 2010 variable compensation of the former CEO according to quantitative and qualitative criteria determined the previous year;
- examined the draft reference documents and the management report relating to corporate governance and to the remuneration of the Directors and officers;
- analysed the results of the evaluation of the Board and committees' work for 2010, conducted by a specialised firm;
- verified the independent status of the outside Directors of the Board of Directors with regard to the criteria set out in the AFEP-MEDEF Corporate Governance Code and included in the Company's Internal Regulations;
- proposed new membership for Board committees in light of the replacement of two Directors and the increase in the number of Board members to include a fifth independent Director;
- made an initial comment on the issues imposed by the law requiring equal representation of men and women on the Board of Directors and Supervisory Board;
- appointed Grégoire Sainte-Marie Chairwoman of the Compensation and Appointments Committee following the departure of Francis Aussat;
- examined the financial terms of the departure of CEO, Jean Azéma;
- proposed a basis for compensating new corporate officers (CEO and Deputy Chief Executive Officer) consistent with the practices of competing companies and the suspension of their respective employment agreements;
- re-examined the maximum amount authorised for the distribution of Directors' fees and proposed to redefine the policy for allocating and distributing these Directors' fees in 2012.

3.2.2.3 The Agreements Committee

(a) Membership

The Agreements Committee has been made up of 5 members since 25 May 2011, including:

- two Directors representing the controlling shareholder: Jean Baligand, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual and François Desnoues, Chairman of the Groupama Paris Val de Loire regional mutual;
- three independent Directors: Anne Bouverot, Marie-Ange Debon and Philippe Vassor.

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The Agreements Committee was chaired by an independent Director, Philippe Vassor, until 20 October 2011, who was succeeded by Anne Bouverot on that date, and Mr Vassor will serve as Chairman of the Audit and Risk Committee in the interim.

Along with the Group Financial Director, the Corporate Secretary assisted the committee in its work, in addition to serving as Committee Secretary.

(b) Responsibilities

The responsibilities of the Agreements Committee, which are included in the Internal Regulations of the Groupama SA Board of Directors, are listed below:

- preventing any potential conflict of interest between the regional mutuals, on the one hand, and Groupama SA and its subsidiaries on the other, that are likely to arise from their business relations. Within this context, the committee will analyse any agreement and addendum to these agreements, entered into between the regional mutuals and Groupama SA and its subsidiaries, according to defined significance thresholds:
  - to ensure their legal security,
  - and specifically to ensure that the conditions of compensation or distribution of the risks between the entities of the two mutual and capital divisions are consistent with the corporate interest of Groupama SA;
- analysing the regulated agreements;
- analysing the conditions for applying the reinsurance agreements between Groupama SA and the regional mutuals.

(c) Activity report by the Agreements Committee for 2011

During fiscal year 2011, the Agreements Committee met three times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 85%.

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

- adjustments to the annual Groupama Banque marketing agreement on the update of the production targets of the regional mutuals for 2012 (in October 2011), their compensation and quality objectives and a description of the supplementary resources provided by Groupama Banque to its networks;
- Groupama SA's financial support of the Group's major national programmes with the review (in February 2011) of the final 2010 results, as well as the detailed 2012 framework (in October 2011). The aim of this support was essentially to converge IT (migration to the AVT health system, mergers/migrations, EU management tool development) and to support the regional mutuals in developing private banking activity, namely deposits and consumer credit;
- financial monitoring of sporting sponsorships applied by the regional mutuals for the 2011/2012 season, which is a function of the media spinoffs and contributes to Groupama's brand awareness on a national level (in October 2011). This monitoring effort is being carried out by specialist firms;
- existing business relationships between the regional mutuals and service subsidiaries handling auto indemnity (CapsAuto) on the one hand, and indemnity in kind (France Maintenance Batiment) on the other in response to damage claims (in February 2011). Moreover, prior to their taking effect, the committee was called upon to examine the management delegation agreement for community personnel insurance (APC) following the transfer of APC risk management from the regional mutuals and Gan Assurances to the Group's brokerage firm CIGAC (in December 2011), and the updated distribution and management delegation agreement on Groupama Gan Vie's group insurance contracts to account for changes in the regulatory environment, paying particular attention to internal oversight problems as well as anti-money-laundering and anti-terrorist-funding schemes (in October 2011);
- the portion of the draft Groupama SA 2011 registration document for fiscal year 2010 (in February 2011), which is dedicated to transactions with related parties and sets out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries and the regional mutuals, specifically the justification for a mechanism of financial support for the regional mutuals in implementing Groupama SA's major national programmes;

Lastly, the committee also examined the declaratory status of agreements entered into by the Directors, finding that none were cited in the statutory auditors' special report nor in the summary list of regulatory agreements to be included in this report.

3.2.3 EVALUATION OF THE BOARD OF DIRECTORS

Every year since 2005, Groupama SA has evaluated the operations of its Board of Directors and committees and, in this context, contracts for an outside evaluation every three years, in accordance with the recommendations of the AFEP-MEDEF Code.

In 2011, an internal evaluation was performed on the operating methods of the Board of Directors and the Board's committees pursuant to the outside review conducted in 2010. As part of this evaluation, a questionnaire was disseminated to Directors with the primary purpose of measuring the progress since the recommendations issued by the previous Board. The results of this evaluation were brought to the attention of the 6 March 2012 meeting of the Compensation and Appointments Committee and discussed at the meeting of the Board of Directors on 15 March 2012.

Five major topics were addressed: membership of the Board and committees, Board performance, Directors' and CEO's areas of competence, information, Directors' rights and duties, committee organisation and operation.

The Directors consider Groupama's overall governance to be satisfactory, specifically since new reserved skill thresholds were instituted for the Board, and they believe that the Board has continued to advance.

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A number of major changes over the course of 2011 nonetheless had an invariable impact on this evaluation.

- the addition, during the year, of new independent Directors or Directors representing the controlling shareholder to the Board;
- the sovereign debt crisis and crisis in the financial and stock markets, the impact of which on the Group's financial situation was underestimated;
- the resulting change in the Group's management last October.

This situation required the new Management to adopt certain measures to respond to the delicate situation. The Management's work methods were therefore revised, and the nature of the financial information communicated to the Board of Directors and the Audit and Risk Committee was increased.

At the end of 2011, measures, deployed on 1 January 2012, were taken to improve financial disclosures to the Board of Directors. Moreover Director training initiatives were created, on request, to assist them in responding to issues related to Board resolutions, specifically those that relate to financial matters. Furthermore, follow-up on risk management policy, procedures and systems will be central to the Group's governance in 2012.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY MANAGEMENT

In accordance with the AFEP and MEDEF recommendations, consolidated into the Corporate Governance Code for listed companies, calculation of the compensation of corporate officers is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

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

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

3.3.1.1 Compensation paid to the members of the Board of Directors

A system for paying Directors' fees was authorised by the Board of Directors' meeting of 20 October 2005 and approved by the General Meeting of 29 June 2006. The system involves paying Directors' fees to all the Directors of Groupama SA, except for the Chairman of the Board, who is paid compensation for his duties, and the Directors elected by employees. Thus ten Directors representing the majority shareholder and five outside Directors receive attendance fees. The budget allocated by the General Meeting is €1,100,000.

Attendance fees received by each Director for participating in the work of the Board of Directors and as compensation for their general responsibility comprise a fixed portion totalling €24,500 and a variable portion totalling €3,050 per meeting, which since 1 January 2010 is paid in accordance with their attendance.

Participation in the Board committees' work results in the payment of additional Directors' fees to all Directors participating in the work of the Board of Directors whether they participate in the committees as Chairman or just as a member. They are also paid a fixed annual amount of €5,100 per committee as compensation for their general responsibility, and a variable amount of €3,050 for their actual attendance at each meeting.

These Directors' fees are paid on a quarterly basis.

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Moreover, in 2011 certain Groupama SA Directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

TABLE OF ATTENDANCE FEES (IN EUROS)

Members of the Board of Directors	Attendance fees paid in 2011			Attendance fees paid in 2010		
	By Groupama SA	By Groupama Holding	Total	By Groupama SA	By Groupama Holding	Total
Francis Aussat (until 22 June 2011)	64,900	37,650	102,550	62,750	72,250	135,000
Jean Baligand	72,300	55,300	127,600	62,750	52,250	115,000
Jean-Luc Baucherel	-	-	-	-	-	-
Jean-Marie Bayeul	75,350	55,300	130,650	62,750	52,250	115,000
Michel Baylet	87,550	75,300	162,850	65,850	72,250	138,100
Annie Bocquet	69,250	75,300	144,550	59,750	72,250	132,000
Anne Bouverot (2)	73,575	-	73,575	59,800	-	59,800
Amaury Cornut-Chauvinc	87,550	62,250	149,800	65,850	52,250	118,100
Jean-Yves Dagès (appointed 3 August 2011)	13,658	21,483	35,141	-	-	-
Marie-Ange Debon (2) (appointed 25 May 2011)	10,450	-	10,450	-	-	-
François Desnoues	72,300	55,300	127,600	62,750	52,250	115,000
Caroline Grégoire Sainte Marie (2) (appointed 25 May 2011)	24,350	-	24,350	-	-	-
Henri Durand (1)	-	-	-	-	-	-
Christian Garin (1) (until 30 November 2010)	-	-	-	-	-	-
Michel Habig	58,050	-	58,050	45,575	-	45,575
Brigitte Homo (1) (appointed 1 December 2010)	-	-	-	-	-	-
Frédéric Lemoine (2)	91,375	-	91,375	80,025	-	80,025
Jean Salmon (2) (until 25 May 2011)	55,750	-	55,750	59,750	-	59,750
François Schmitt	78,400	55,300	133,700	62,750	52,250	115,000
Philippe Vassor (2)	101,800	-	101,800	83,025	-	83,025
Jérôme Zanettacci	55,000	-	55,000	45,575	-	45,575
Caisses Régionales Groupama (3)	-	418,000	418,000	-	393,600	393,600
	1,091,608	**911,183**	**2,002,791**	**878,950**	**871,600**	**1,750,550**

(1) Employee Directors for a period of four years; they do not receive compensation for their term of office.
(2) Independent Directors appointed by the General Meeting for a period of six years.
(3) Directors' fees – Chief Executive Officers of regional entities – are paid directly to their respective regional mutuals.

3.3.2 COMPENSATION AND BENEFITS PAID TO DIRECTORS AND OFFICERS

3.3.2.1 Compensation

(a) The Chairman

The compensation of the Chairman of Groupama SA is set by the Groupama SA Board of Directors on the recommendation of the Compensation Committee. It comprises:

- gross annual compensation paid monthly over twelve months;
- rights to replacement income following the discontinuance of his business representing 13.6% of his gross annual compensation;
- housing provided by the Company and associated benefits reported as benefits in kind.

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SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED *(IN EUROS)*

Jean-Luc Baucherel (Chairman of the Board of Directors)	2011 fiscal year	2010 fiscal year
Compensation owed for the year *(breakdown in table below)*	356,932	346,744
Increase in value of options distributed during the year	N/A	N/A
Increase in value of performance shares distributed during the year	N/A	N/A
TOTAL	**356,932**	**346,744**

SUMMARY TABLE OF COMPENSATION *(IN EUROS)*

Jean-Luc Baucherel (Chairman of the Board of Directors)	2011 fiscal year		2010 fiscal year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	288,000	288,000	280,765	280,765
Variable compensation	N/A	None	N/A	None
One-time compensation	N/A	None	N/A	None
Attendance fees	N/A	None	N/A	None
In-kind benefits [1]	68,932	68,932	65,979	65,979
TOTAL	**356,932**	**356,932**	**346,744**	**346,744**

(1) of which, benefits in kind:
- *in 2011, housing 29,024 and retirement 39,908;*
- *in 2010, housing 28,535 and retirement 37,444.*

(b) Management

Due to the replacement of the Chief Executive Officer in 2011, Groupama SA's governance changed and Management now includes a CEO and a Deputy Chief Executive Officer. This new governance was implemented on 24 October 2011. However the Deputy Chief Executive Officer's appointment took effect on 14 December 2011 following the Extraordinary General Meeting's adoption of a resolution to allow the Board of Directors to appoint a Deputy Chief Executive Officer at the recommendation of the CEO.

The tables below show the compensation of the previous CEO, the new CEO and the Deputy Chief Executive Officer.

The Chief Executive Officer (until 24 October 2011)

The CEO received a fixed annual compensation paid in twelve instalments and a variable compensation paid at the beginning of 2011 for the 2010 fiscal year.

His variable compensation was set by a predetermined target amount of €800,000 measured against quantitative criteria (60%) based on the fulfilment of performance indicators (like-for-like combined turnover, combined ABR, Groupama SA ROE), and qualitative criteria (40%) based on strategic objectives set at the end of 2009. The amounts were set by the Groupama SA Board of Directors at the proposal of the Compensation and Appointments Committee.

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED *(IN EUROS)*

Jean Azéma (CEO until 24 October 2011)	2011 fiscal year	2010 fiscal year
Compensation owed for the year *(breakdown in following table)*	3,974,064	1,520,245
Increase in value of options allocated during the year	N/A	N/A
Increase in value of performance shares allocated during the year	N/A	N/A
TOTAL	**3,974,064**	**1,520,245**

SUMMARY TABLE OF COMPENSATION *(IN EUROS)*

Jean Azéma (CEO until 24 October 2011)	2011 fiscal year		2010 fiscal year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	893,333	893,333	1,072,000	1,072,000
Variable compensation (1)	N/A	409,240	409,240	433,000
Severance indemnity (2)	1,469,246	1,469,246	N/A	N/A
Non-compete indemnity (2)	1,469,246	1,469,246	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
In-kind benefits (3)	142,239	142,239	39,005	39,005
TOTAL	**3,974,064**	**4,383,304**	**1,520,245**	**1,544,005**

(1) Variable compensation for year "n" is paid at the beginning of the following year.
(2) These indemnities were paid in connection with ending the CEO's term of office. These conditions were defined by the 27 May 2009 Board of Directors meeting after the CEO withdrew from his employment contract.
(3) These represent insurance and medical benefits and the Social Guarantee for Company Managers and Executives totalling €41,239 for 2011 and €101,000 in insurance, medical and vehicle benefits under the severance package.

The Chief Executive Officer (beginning 24 October 2011)

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED *(IN EUROS)*

Thierry Martel (CEO starting 24 October 2011)	2011 fiscal year	2010 fiscal year
Compensation owed for the year *(breakdown in table below)*	164,320	N/A
Increase in value of options distributed for the year	N/A	N/A
Increase in value of performance shares distributed for the year	N/A	N/A
TOTAL	**164,320**	**0**

SUMMARY TABLE OF COMPENSATION *(IN EUROS)*

Thierry Martel (CEO)	2011 fiscal year		2010 fiscal year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	114,286	114,286	N/A	N/A
Variable compensation (1)	46,000	-	N/A	N/A
One-time compensation	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
In-kind benefits (2)	4,034	4,034	N/A	N/A
TOTAL	**164,320**	**118,320**	**0**	**0**

(1) Variable compensation for 2011 corresponds to the amount allocated for fulfilling the term of office (i.e., since 24 October 2011). This compensation shall be paid in March 2012.
(2) These refer to insurance, medical and vehicle benefits.

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The Deputy Chief Executive Officer (beginning 14 December 2011, the date of the Extraordinary General Meeting of Shareholders)

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED *(IN EUROS)*

Christian Collin (Deputy CEO beginning 14 December 2011)	2011 fiscal year	2010 fiscal year
Compensation owed for the year *(breakdown in table below)*	35,825	N/A
Increase in value of options distributed for the year	N/A	N/A
Increase in value of performance shares distributed for the year	N/A	N/A
TOTAL	**35,825**	**0**

SUMMARY TABLE OF COMPENSATION *(IN EUROS)*

Christian Collin (Deputy CEO)	2011 fiscal year		2010 fiscal year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	24,621	24,621	N/A	N/A
Variable compensation (1)	10,000	-	N/A	N/A
One-time compensation	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
In-kind benefits (2)	1,204	1,204	N/A	N/A
TOTAL	**35,825**	**25,825**	**0**	**0**

(1) Variable compensation for 2011 corresponds to the amount allocated for fulfilling the term of office (i.e., since 14 December 2011). This compensation shall be paid in March 2012.
(2) These refer to insurance, medical and vehicle benefits.

3.3.2.2 Stock subscription or purchase options awarded during the year to corporate officers

Name of corporate officer	Plan no. and date	Option type (purchase or subscription)	Increase options value according to method used for consolidated financial statements	Number of options distributed during the year	Strike price	Exercise period
Jean-Luc Baucherel	N/A	N/A	N/A	N/A	N/A	N/A
Jean Azéma	N/A	N/A	N/A	N/A	N/A	N/A
Thierry Martel	N/A	N/A	N/A	N/A	N/A	N/A
Christian Collin	N/A	N/A	N/A	N/A	N/A	N/A

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3.3.2.3 Stock subscription or purchase options exercised during the year by corporate officers

Name of corporate officer	Plan No. and date	No. of options exercised during the year	Strike price
Jean-Luc Baucherel	N/A	N/A	N/A
Jean Azéma	N/A	N/A	N/A
Thierry Martel	N/A	N/A	N/A
Christian Collin	N/A	N/A	N/A

3.3.2.4 Performance shares awarded to corporate officers

Performance shares distributed by the General Meeting during the year to each corporate officer by the issuer and any Group company (list of names)	Plan no. and date	No. of shares distributed during the year	Increase in the value of shares according to method used for consolidated financial statements	Purchase date	Availability date	Performance conditions
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3.3.2.5 Performance shares vesting during the year for corporate officers

Performance shares that became available for each corporate officer	Plan No. and date	No. of shares that became available during the year	Terms of acquisition
N/A	N/A	N/A	N/A

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3.3.2.6 History of stock subscription or purchase option awards

INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS

Meeting date	**Plans**
Date of Board of Directors meeting	N/A
Total no. of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by:	N/A
Corporate officers	N/A
Jean-Luc Baucherel	N/A
Jean Azéma	N/A
Thierry Martel	N/A
Christian Collin	N/A
Exercise date for options	N/A
Expiration date	N/A
Subscription or purchase price	N/A
Exercise terms (when plan comprises several tranches)	N/A
No. of shares subscribed as at 31 December 2011	N/A
Aggregate No. of cancelled or voided share subscription or purchase options	N/A
Remaining share subscription options at the end of year	N/A

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

	Total No. of options distributed/ shares subscribed or purchased	**Weighted average price**	**Plans**
Options awarded during the year by the issuer, and any company in the scope of consolidation distributing options, to ten employees of the issuer and any company in this scope, for which the number of options granted is the highest (overall information)	N/A	N/A	N/A
Options held from issuer and aforementioned companies, exercised during the year by the ten employees of the issuer and these companies, for which the number of options purchased or subscribed is the highest (overall information)	N/A	N/A	N/A

3.3.2.8 Summary of the status of corporate officers

	Employment Contract		Supplemental retirement plan		Indemnities or benefits owed or which may be owed due to suspension or change of duties		Indemnity pursuant to a non-compete clause	
Corporate Officers	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Luc Baucherel Board of Directors Chairman Start of term: 26 August 2004 End of term: 2015 General Meeting		X	X			X		X
Jean Azéma Chief Executive Officer Start of term: 18 December 2003 End of term: 24 October 2011		X (1)	X		X (2)		X	
Thierry Martel Chief Executive Officer Start of term: 24 October 2011 End of term: 2015	X (3)		X			X		X
Christian Collin Deputy Chief Executive Officer Start of term: 14 December 2011 End of term: 2015	X (3)		X			X		X

(1) Jean Azéma took the decision at the Board meeting on 27 May 2009 to relinquish his employment contract.
(2) Indemnity due in the event of separation due to a change in control or strategy (Cf. tables in § 3.3.2.1 b).
(3) Employment contract suspended.

3.3.3 MEMBERS OF THE MANAGEMENT COMMITTEE

3.3.3.1 Compensation

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

It is worth noting that the Steering Committee has comprised 11 members since 1 December 2011. The average number of members in 2011 was 10.

(in euros)	2011	2010
	Gross amount paid in the year	Gross amount paid in the year
Steering Committee members (1)	5,378,641	5,021,943
Average No. of members during the year	10	9

(1) The amount indicated for the members of the Steering Committee includes fixed compensation, variable compensation, profit-sharing and various benefits (protection and healthcare cover and, for some members, company car).

3.3.3.2 Retirement commitments made for the members of the Steering Committee

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

The benefits under this agreement were extended to the corporate officers, members of the Steering Committee, following authorisation by the Board of Directors on 14 December 2005 and approval in the General Meeting as part of the regulated agreements on 29 June 2006.

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

Rights are calculated by referring to past years in the Group in a management position and/or in a position in the General Management of Groupama SA.

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The resulting income may be neither less than 10% of the benchmark salary defined in the agreement nor more than 30% of the average gross annual compensation for the past 36 months. The additional or supplemental basic rates must not exceed 50% of the gross annual compensation of the beneficiary.

The total amount of the commitment as at 31 December 2011 was €33,254,389.

3.4 REPORT ON INTERNAL CONTROL

This report on internal control as well as section 3.2, on the operating methods of the administrative and management bodies and section 3.3, on the compensation of corporate officers correspond to the application of Article L. 225-37 of the Commercial Code while sections 3.2 and 3.4, of Article R. 336-1 correspond to the Insurance Code.

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

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

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

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

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

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

  A list of the main subsidiaries and sub-subsidiaries is made and updated regularly by the Legal Department within the Administrative Division of Groupama SA. Moreover, the scope of consolidation in the books of Groupama SA is presented in the notes to the consolidated financial statements;
- in the Mutual Insurance Division:
  - by an Internal Reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by a reinsurance agreement the terms of which are updated every year;
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama").

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

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

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

Groupama SA is the parent company of the Groupama subsidiaries division, which is consolidated under it; it is also the parent company of the Groupama regional mutuals. In this context, it is in charge of defining the Group's strategy and coordinating its implementation in the companies:

- the Group's strategic guidelines are determined by the Group's management bodies over the medium and long term based on audits and recommendations made by the Group's Strategy Department in particular;
- they are listed as short or medium term in accordance with a Group process of Strategic and Operational Planning ("SOP").

For business in France, this SOP process involves the following:

- on the one hand, every three years:
  - the Group's Strategy Department defines beforehand the strategic goals, which are subject to approval by the Group's management bodies,
  - the Business Divisions of Groupama SA adapt those goals to their business lines and markets, also subject to approval by the Group's management bodies. The business-line or market specific goals are transmitted to the companies for integration in their SOP work. They include:
    - a detailed strategic diagnosis of each business line (analysis of the environment, Groupama's position, as well as its development and profitability levels),

- laying down the strategic goals in terms of quality and quantity, including key performance indicators,
- a proposal for the required operational plans to achieve the strategic goals (target diagram, operational people involved, implementation plan with the entities involved, investments required and implementation schedule),

- the devising of Business-line and Market SOP processes by Group companies, based on the strategic framework and business-line/market breakdown transmitted to them;

- with annual updating over a rolling period of 3 years, consistent with the financial forecast concerning:
  - the update of any required business-line or market adaptations of the strategic framework by the Business Divisions of Groupama SA, transmitted to the companies,
  - the companies' updated figures concerning SOP forecasts and their operational plans.

The initial PSO of the Group's French and international companies for the period 2010-2012 was developed and validated in 2009. It was monitored, within the context of the updated 2012-2014 PSO, over the course of 2011 and focused on:

- whether the operational plans managed by the Groupama SA Specialist Divisions and by the companies have been executed;
- whether or not the Company has met key business objectives per business line: turnover, new business, loss ratio, combined ratio, etc.;
- the policy income statements of the principal business lines of the companies in the Group;
- each company's objectives in terms of contribution to Group earnings.

Internationally, an annual update of the SOP over a rolling period of 3 years has been scheduled for each of the foreign subsidiaries under the coordination of the International Division (see 3.4.1.3 b).

3.4.1.2 Human resources

Groupama SA

The Human Resource Department of Groupama SA, which joined the Group HR Department on 23 September 2009, fulfils all of its routine and operational missions in accordance with the major thrusts of the Groupama SA employment and Human Resource management policy, *i.e.*:

- guaranteeing adherence to the employer's legal and contractual obligations;
- steering and managing HR capital expenditure;
- managing and administering professional development;
- steering and promoting dialogue between the workforce and management.

Specifically, the HRD invested in the following:

- managing the performance monitoring procedure: conducting annual performance evaluation meetings (EAEP) systematically throughout all Groupama SA departments; all Groupama SA supervisors also attended training sessions to "set operational goals and assess skill levels"; the Managers concerned also received training to measure the performance of those employees receiving variable compensation; employees also attended training sessions to prepare for annual performance evaluation meetings; since 2010, all meetings have been conducted with the Group's "GroupamaTalents" application;
- developing individual and group skills through the set-up of a procedure for the management of individual training rights ("DIF"), developing apprenticeship and professional qualification contracts, supporting initiatives for the development of experiential learning ("VAE") and individual career summaries; developing language skills through DIF and the set-up of language tests approved by the Group;
- involving Human Resources Department employees in diversity issues within the Company to relay their support of the diversity charter the Group signed in June 2007. As part of ongoing training provided by human resources staff and labour and management representatives, Managers received training on preventing discrimination within the Company in 2009 and the hiring of young people from disadvantaged areas was continued in 2010 (specifically, temporary summer positions); the Company also introduced initiatives during national disability week;
- mobility within the Group and career management through implementation of professional pathways, identification of key skills, sensitive positions and the construction of succession plans.

In addition, Groupama SA HRD issues a regular report on the following topics:

- every month – headcount and employment trends;
- every quarter on work time;
- annually on all the employment data with the drafting of a document entitled "Groupama SA Employment report", which includes the Employment Assessment, the Professional Equality report, the report by the Workplace Health and Safety Committee ("WHSC");
- annually on the main employment data.

In 2011, Groupama SA HRD continued its 2010 investments in preventive activities, such as:

- the installation of defibrillators and training of the employees in their use;
- organisation of theatrical and musical pieces on the theme of disability and participation in various conferences on the subject;
- the "Cœur Attitude" programme started in 2008 was extended at the end of 2011 to include a nutritional component featuring a comprehensive campaign (including medical tests and visits) on cardiovascular risks in seniors.

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Subsidiaries and inter-company ventures.

The HR Department of each of the entities is solely responsible for managing the human resources of the subsidiaries and inter-company ventures.

Group-wide coordination (internal mobility, recruitment, management of Senior and Executive Managers, HR advice to entities, internal communication and employer communication, social bodies at Group level and concerning corporate social responsibility, management of HR information systems, wages, training, employment, and coordination of the network of Group HR Departments) is the responsibility of the Group Human Resource Department.

In this connection, Groupama University offers the Group's Senior Managers, executives and young talent, in France and internationally, events and tools to inform them and mobilise them on the implementation of the Group's strategy. In 2011, as in 2010, efforts focused on developing the Group's international support (cross-cultural and language programmes, including launching a Managers' advanced training (FSM) group for English-speaking employees) and providing training on diversity and disability in the workplace.

Since 2011, "team Manager mobilisation" programmes for local Managers designed to broaden and adapt Managers' overview of the Group, have included a Solvency II specific module. In this same spirit, a new "Performance and Solidarity" training session focusing on risk management was opened up to Company executives and underwent testing in 2011.

Concerning social reporting, an opinion survey similar to the one conducted in 2008 was launched among all employees in France and internationally regarding the Group, its strategy, social practices and employee career development. The third Group Opinion Survey was conducted in March 2010. The analysis of the results led to a series of actions at Group level and within each company focused on new internal communications activities (for example, knowledge of the Group, its strategy and companies and clear career development pathways) and increasing the reliability of HR processes instituted in 2011.

In addition, a single system allows all the companies in the Group to manage internal and external recruitment activities using dedicated sites and through Group-wide activities:

- the Groupama-gan-recrute.com site was redesigned and, together with employer branding campaigns, has produced a four-fold increase in the number of applicants;
- similarly, a new Mouvy site was launched in early 2011 to increase the clarity of career development pathways and employee internal mobility;
- the fourth "groupama-gan-rencontres" forum was held in May 2011, with the participation of 23 companies and 300 employees.

Following the example of the agreement establishing security and solidarity systems for the agricultural reinsurance mutuals that belong to the Fédération Nationale Groupama (December 2004 addendum), set forth in Article 3, appointing the Chief Executive Officers of the regional mutuals, a Group-wide process (relating to Groupama SA, its subsidiaries, inter-company ventures and the regional mutuals) was initiated in 2006. It applies to the management of senior executives' career development, talent spotting and management, the appointment of Senior Managers and the establishment of succession plans. It is based on establishing job and incubator categories. With the support of the Group HR Department, it is coordinated and regulated through staff performance reviews conducted by the Chief Executive Officer of each company in France and internationally and, at Group level, by a technical career committee. This committee, which has been open to all MChief Executive Officers of regional mutuals since September 2009, met 10 times in 2011.

Since 2006, the secure, dedicated computer application "GroupamaTalents" has been used in support of the Annual Performance Assessment Interviews and for collecting and sharing the required data. It currently supports 10,000 people. It was upgraded in 2009 (simpler navigation and integration of the project mode in the assessment) and will gradually incorporate all employee categories (in late 2011, 6 Group companies were affected: Groupama SA, Groupama Supports & Services, Groupama Loire Bretagne, Groupama Indian Ocean, Groupama Immobilier and Groupama Epargne Salariale).

Lastly, in 2008, the Technical Careers Committee and Group Executive Committee initiated a top-level development plan aimed at the Group's Executive Managers. Its goal is to prepare Groupama's Executive Managers so they can anticipate and tackle the new challenges brought about by the Group's growth. "Objectif Dirigeants" is a customised course comprising 12 modules aimed at Senior Managers; it has already been rolled-out for 90 people.

Groupama University has added to its offerings by creating "career academies" (including sales, actuaries, HR, insurance and wealth management) and opened a new site for the "Groupama Finance and Risks" Directors.

3.4.1.3 Monitoring of subsidiaries

(a) General system

Every subsidiary is subject to on-going monitoring by the staff of the division to which it is attached:

- Group Financial Department for financial subsidiaries;
- International and Subsidiary Division (DIF) for operational French and foreign subsidiaries;
- Insurance, Banking and Services Department for service subsidiaries and Groupama Banque.

The Group Management Control Department (within the Reinsurance and Management Division) conducts business monitoring procedures (scorecards) for the Group and also monitors the financial reports of the subsidiary companies (French and international) and the regional mutuals. The aim is the proper degree of anticipation and transparency of results and an understanding of trends in these areas for the Groupama SA General Management and the entities.

This approach is based on a process of estimated management common to all entities. It is implemented and coordinated by the Group Management Control Department and is based on a body of Group standards for designing estimates, approved by the General Management and updated regularly. The process calls for establishing yearly estimates of results for the next three fiscal years, and then updating four times the estimate for the first fiscal year of that three-year period.

In each of these phases, reports by legal entities are prepared by the companies concerned, using common presentation methods and formats. The report forms are now standardised for all Group entities and are collected through the consolidation and Group reporting application.

Before the close of each fiscal year, the Group Management Control Department supplements the monitoring programme and compiles an analysis of levels estimates for each company compared to the Group's provision standards.This analysis has resulted in a report intended for the Management.

This monitoring system is supplemented by business reviews held at least twice a year for Group subsidiaries in France and internationally, involving the General Management of Groupama SA and the management of these subsidiaries.

The business reviews and April-May review thus focus on the previous year's results, the analysis of the currents year's results and outlook and the review of the Company's medium-term strategy. These exchanges ensure, in particular, that the Company's strategic guidelines conform to the Group framework.

The business reviews and November-December review are aimed at analysing the year-end closing conditions, explaining the progress of the accounts and year-end figures, and presenting the framework of the major objectives for the upcoming year.

Since 2010, these business reviews include a specific "risk" section, presenting, by entity, the level of deployment of the internal control system and the main activities underway in the area of risk management.

(b) Strategic Management of International Subsidiaries

The Chief Executive Officers of the international subsidiaries act in accordance with the authority delegated to them by the Boards of Directors of the companies they run, which for the most part consist of Group representatives (elected representatives and Chief Executive Officers of regional mutuals, and Executive Managers of Groupama SA) and the International Chief Executive Officer or regional Manager.

In addition to the control exerted through these Boards of Directors, the International and Subsidiaries Division, which itself applies internal checks and hierarchical checks common to Groupama SA, has established the special level 2 management and control procedures described below:

Strategy and Planning

Every three years, following an in-depth strategic analysis, each subsidiary defines an Operational Strategic Plan (PSO) for the next three years.

This process was carried out from March to May 2009 in order to establish the 2010-2012 SOP.

This plan must naturally be part of the strategic and operational plan laid out for all the entities in the Group.

Reporting by the subsidiaries

Periodic feedback using a common format is organised to ensure monitoring of each company:

- a monthly report shows the trends in the activity and the claims ratio per business sector as well as trends in financial income and overheads. This report also populates the monthly Group performance indicators. This information is analysed in the International and Subsidiaries Division by country Managers and the Finance and Overhead sector to decide on any required recovery measures along with the heads of subsidiaries;
- each company produces a quarterly income statement to be included in the Group consolidation. On this basis, it updates its income estimates three times a year (March, May and October 2011).

Data consistency

Together with Group Management Oversight, the Finance and Overhead sector of the International and Subsidiaries Division verifies the consistency of the data transmitted and their compliance with Group definitions.

Control of the management of the subsidiaries' assets (in collaboration with the Finance and Investments Division (DFI))

The International and Subsidiaries Division (DIF) and the Financing and Investment Division (DFI) require all subsidiaries to hold Finance Committee meetings at least three times per year. These are attended by representatives of the subsidiary, the Finance and Investments Division, and the International and Subsidiaries Division.

These Finance Committees, whose role is to ensure that assets are managed as effectively as possible:

- propose the strategic allocation of assets based on Asset/Liability Management tools;
- monitor and analyse the transactions previously conducted;
- analyse the financial performance of Managers;
- decide on the schedule for achieving the target allocation.

Subsidiaries' assets are primarily managed by Groupama Asset Management. However, subsidiaries located outside the Euro zone (Turkey, Romania and Bulgaria (€1 billion in total) have not commissioned Groupama Asset Management to manage their financial assets. Committee meetings comprising the Asset Manager, the DFI and the subsidiary are held on at least a quarterly basis and track the implementation of allocation resolved by the Finance Committee.

Control of the Asset/Liability Management of the subsidiaries

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

Securing acquisition transactions

In 2008, organisational principles and operating standards applying to merger and acquisition deals were laid down and a procedures manual was produced.

This manual determines, at all stages of the process, the roles and responsibilities of the various participants (General Management, Group Strategy and Mergers/Acquisitions Division, Support Functions and Business Divisions).

It also defines the functions to be carried out, with each function having its own objectives, its responsible party, participants, and deliverables.

Profitability monitoring for new product launches

The Group Actuarial and Solvency II Department ("DAGS2") oversees validation of profitability studies for new products. Prior to each product launch, a standard profitability study, including a risk analysis and sensitivity study, must be sent to the DAG.

After completing its analysis, DAGS2 issues a memorandum to Groupama SA International and Subsidiary Direction giving its opinion on the product launch along with any recommendations. This memo includes DAGS2 conclusions on anticipated risks and profitability. In 2011, some twenty profitability studies from Group subsidiaries in Italy, Greece, Portugal, Hungary, Bulgaria, Turkey and Slovakia were analysed. DAGS2 also monitors these products by completing profitability post-studies that calculate the real volumes of premiums collected.

Internal control/risk management

The Group Internal Control and Risk Management Division together with the Compliance and Audit Risk Management team of the International and Subsidiaries Division created in September 2011, ensures that each subsidiary has an internal control and risk management programme that complies with Group standards, with, as a priority:

- appoint an internal control and risk management officer within each company;
- implement a control environment;
- perform risk mapping;
- establish Business Continuity Plans.

These teams dedicated to managing risk and audit compliance were formed within the International and Subsidiaries Division and function in the following way:

- the Risk Management team, in connection with the Group Actuarial and Solvency II Division and the Group Internal Control and Risk Management Division, is in charge of coordinating the Solvency II project for international subsidiaries. It also tracks major Group risks in the international scope by means of the reports and standards outlined by the Group. In addition, it identifies monitors and updates key International and Subsidiaries Division processes in a special effort to limit operational risks;
- the "Compliance and Audit" team collaborates with the Group's Auditing Board to ensure international subsidiaries comply with the rules and procedures defined by regulations and the Group. This translates on the one hand into regular contact with auditing and compliance officers from each company, and on the other into cross-company audits on all international subsidiaries as well as special audits on a given subsidiary to address a particular issue. These audits supplement general audits undertaken by the Group's General Auditing Division, and those handled locally by auditing teams from each subsidiary. In 2011, the International and Subsidiaries Division completed three audits that led the Group to make recommendations and outline best practices.

Process of incorporating new subsidiaries

Since 2008, the consolidation process for newly-acquired subsidiaries has been set forth in a manual, which presents the major organisational and operating principles.

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

FINANCIAL MANAGEMENT

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

REINSURANCE

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

ACCOUNTING

New subsidiaries are first integrated into the Group's "Magnitude" tool to transfer their accounts and projections according to the Group consolidation standards.

REPORTS

New subsidiaries are integrated into the reporting circuits implemented by the International and Subsidiaries Division and Group Management Control.

INTERNAL CONTROL/RISK MANAGEMENT

The new subsidiaries are integrated into the control and reporting process implemented by the Group Internal Control and Risk Management Division at all international subsidiaries, in cooperation with the Compliance and Audit Risk Management team of the International and Subsidiaries Division.

3.4.2 INTERNAL CONTROL

3.4.2.1 Internal control principles and objectives

Establishing a comprehensive and effective internal control system for the entire Groupama group is a top priority:

- to enhance operational security and control over earnings;
- to meet current regulatory requirements and to anticipate subsequent requirements, related notably to the future Solvency-II system;
- and to improve the Group's rating vis-à-vis the rating agencies, which now use risk control assessments ("ERM" concept) in their rating processes.

In that context, the Group's internal control principles, objectives and organisation have been laid down in the internal control charter which was reviewed and validated by Groupama's Executive Committee on 17 March 2009. This charter, which has been disseminated across the Group's entities, acts as a common reference to be complied with in the deployment of their internal control procedures. As auditing is part of the internal control procedure, an audit charter, also reviewed and approved by Groupama's Executive Committee on 17 March 2009, supplements the provisions of the internal control charter with respect to its own operating rules and scope of operation. A compliance charter approved by Groupama's Executive Committee on 20 October 2009, defining the general scope for the implementation and workings of the compliance policy within the Group and consistent with the Group's internal control charters, completes the internal control system.

For a few years now, all Group companies and Groupama SA divisions have participated in or conducted preliminary work prior to the implementation of the new Solvency II standard. Efforts toward this goal have intensified mostly since 2009 and particularly in 2011 to anticipate future requirements of the second Pillar of Solvency II.

In order to establish a shared governance and process foundation built on Solvency II principles by the end of 2012, the Group's Executive Boards outlined the general strategies of the Pillar 2 project in late 2009 and validated in June 2010 the trajectory and work required first on a pilot project, which could then be deployed throughout the Group's other companies. The pilot project completed along with Groupama SA divisions and a regional mutual starting in the second half of 2010 was conducted at four worksites handling the essential features of Pillar 2: organisation and governance, risk policy and risk management process, process and risk mapping, a permanent control plan and change management.

As they became validated by the Group's Executive Boards, deliverables produced by these worksites were gradually made available to the French and international companies from January 2011. They are currently being rolled out and implemented throughout Group companies together with a method manual and operational support for the deployment carried out by the Group Internal Control and Risk Management Division.

Lastly, the Group ethics procedure, laid down in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. Groupama's Executive Committee validated the ethics charter at its 18 November 2008 meeting. The charter has been implemented since 2009 in the Group's French companies, after providing information to and consulting with the employee representative bodies of all the entities. Implementation of the charter within international companies was finalised in late 2010, in compliance with the procedures and systems specific to each company. The Ethics Committee, tasked with following up on ethics-related issues in the Group, has met twice yearly since 2010. In 2011, it met on 22 March and 22 November. The committee was debriefed on the anti-money laundering and anti-terrorism financing mechanism the Group implemented as well as the report on diversity initiatives.

The internal control objectives, methods and organisational principles within the companies are enforced by Groupama SA in accordance with the terms of the Group's internal control charter. The Groupama SA internal control system consists of the following:

- an environment that fosters a general framework allowing the Company to manage its risks and define its control policies;
- a set of tools and procedures related to the identification, evaluation and control of risks and an organised set of reporting procedures designed to inform the Groupama SA management of the trends in terms of risk exposure and the effectiveness of the control policies adopted, particularly concerning major Group risks.

3.4.2.2 Internal control organisation

(a) At the Group level

Permanent services

Since 1 December 2011, the Group Internal Control and Risk Management Division has operated just like the Group General Audit Division affiliated to the Groupama SA Deputy Chief Executive Officer reporting to the Group General Audit and Risk Manager (DAGRG).

The Manager of the Group General Audit and Risk Department reports periodically to the Groupama SA Board of Directors' Audit and Risk Committee on the Group's position and any work in progress in terms of internal control, risk management and auditing engagements.

GROUP INTERNAL CONTROL AND RISK MANAGEMENT DIVISION (DRCIG)

At year-end 2011, the Group Internal Control and Risk Management Division (DRCIG) had a dedicated twelve-person team. Its role covers internal control, compliance and risk management.

The aim of DRCIG responsibilities is to ensure that all Group companies comply with Management's internal control and risk management requirements as well as those of the second Pillar of Solvency II. Its primary role is therefore to:

- foster and maintain an internal control and risk management culture within the Group's companies by leading working groups and specialised workshops (see below) as well as relevant communications sent to the management of each Group company with on-the-ground support for internal control teams;
- steer (ahead of time) the implementation of the Internal Control programme in the Group's companies;
- coordinate mitigation plan qualification, quantification and definition for all Group risks;
- ensure (after the fact) compliance of companies with Group requirements and regulations;
- debrief Group executive and deliberative bodies as well as the regulator about the Group's internal control and risk management mechanism.

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In this regard, two key roles required by the Solvency II Directive are the responsibility of DRCIG, *i.e.*:

- risk management;
- ongoing control and compliance.

Since 2007, a coordination function has also been put in place for Group compliance projects.

In 2011, the primary issues addressed by the Group Internal Control and Risk Management Division have focused on preparing the Group for the impact of applying the Solvency II Directive, specifically:

- preparing the Group's Pillar 2 deliverables together with a "pilot" company and the Groupama SA Business and Operational Departments, and then supporting and monitoring the deployment of these programmes in Group companies starting in the second half of 2011;
- work in progress to design an EU operational risk management tool built on a shared methodology that offers a consolidated overview of Group-wide risks and satisfies control safety and tracking requirements;
- continuing the risk Tolerance project making a special effort to illustrate and quantify the general principles of the conceptual risk tolerance framework which Group bodies approved at the end of 2010;
- participating in the cross-divisional data Quality workshop in cooperation with the Group Actuarial and Solvency II Division, the Group Management Oversight Division and Groupama Supports & Services;
- participating in work currently underway to develop a partial internal model;
- promoting a culture of risks within the Group specifically by getting involved in the regional mutuals, Groupama SA subsidiaries and in Groupama SA divisions on the subject of Solvency II, its impacts, preparing the Group to implement it and the essential nature of internal control.

In addition to these initiatives to improve the Solvency II control and preparation programme, the other areas in which the DRCIG is involved are:

- developing methodological internal control benchmarks and tools on behalf of all Group companies, which in 2011 specifically included implementing the Group process benchmark, the Group operational risk benchmark and the development of a common approach to assessing the major risks in the companies;
- coordinating the Group's compliance initiatives:
- organising the network of Risk and Control officers appointed within each company, and organising meetings to share experiences among the Group's companies, which since 2010 has specifically included, in addition to regular working groups (see below), regularly scheduled thematic or sharing workshops on operational risk and ongoing control, internal fraud and compliance for companies in France as well as training sessions and delegations of authority in France;
- coordinating the preparation of Groupama SA "LSF" and "ACP" reports, assistance from insurance subsidiaries and regional mutuals to complete "ACP" reports, implementation of internal control reporting procedures throughout the entire Group. As part of this, in 2011, in addition to biannual reports on the Group's major risks, there was specific monitoring at regular intervals of the deployment of the four Pillar 2 and Solvency II worksites currently in progress within each company.

  The annual internal control questionnaire campaign was also relaunched. The broad areas covered in the annual questionnaire such as strategy, compliance, the Business Continuity Plan, the internal audit and the Actuarial role, supplement the regular monitoring of the Pillar 2 and Solvency II worksite deployment, thereby ensuring a complete overview of the degree to which the Group is complying with the requirements of Pillar 2 of Solvency II;
- supervising the Technical Risk Committee and the Group Risk Committee (see below).

THE GROUP GENERAL AUDIT DEPARTMENT

At year-end 2011, the Group General Audit Department included 12 auditors. It operates across the entire Group, at the request of the Chief Executive Officer, to whom it reports on its work.

In 2011, the Group General Audit Department conducted nine assignments with Groupama SA subsidiaries, including:

- 3 audits of financial subsidiaries in France;
- 2 audits of French insurance subsidiaries;
- 4 audits of international subsidiaries.

Furthermore, the Group General Audit Division carried out its triennial audit of the regional mutuals with audits on two regional mutuals. The purpose of the audits is to verify the economic and financial balances of the regional mutuals, compliance with regulatory requirements and compliance with general reinsurance regulations.

Also in connection with the general reinsurance regulation (Article 13), the Group General Audit Division conducted special audits on two regional mutuals posting results vulnerable to basic risks and showing a loss over the aggregate of two consecutive annual inventories. The objective of these audits was to establish the causes of the deficit and to assess actions already undertaken as well as those still required to restore this equilibrium.

These assignments are selected and planned by the General Management Division every year as part of an annual auditing plan. This plan is validated by the Auditing and Risk Committee.

Each audit assignment involves examining the internal control and risk management mechanism of the audited company; it generates a report presenting the findings, conclusions and recommendations to the Management and the Auditing and Risk Committee. Proper implementation of the recommendations is followed-up quarterly. Its results are reported to the Group's General Management and Managers of the various areas concerned (France, International, Finance).

The Group General Audit Department is also responsible for coordinating the work of the internal audit teams of the various Group entities in connection with the audit function; these activities were strengthened in 2011 and will continue in 2012 in anticipation of the entry into force of the Solvency II Directive.

Group auditors convened an initial meeting that met over two days in January 2011. The goal was to share information on issues they encountered as they conducted assignments, follow up recommendations and harmonise working methods and increase the added value of the audit. This work was continued and a permanent working group was established comprising internal audit officers from all French companies. This working group's first meeting on 18 October 2011 addressed the methodology for creating an auditing plan and the conditions under which the central Group Audit and local auditors would exchange information. Target meeting frequency for this working group is three times a year in addition to the Annual Meeting.

Risk Committees

Two committees are used by the General Management of Groupama SA to regularly monitor the main risks incurred at Group level. The Group Internal Control and Risk Management Division provides secretaries to these committees.

TECHNICAL RISK COMMITTEE

This committee is made up of the Managers of Groupama SA divisions who "own" the major risks identified (see section 3.4.5.1) and is coordinated by the Group Internal Control & Risk Management Department. Its duties are the following:

- coordinating the policies of the departments concerned by the treatment of risks;
- identifying and proposing additional policies;
- proposing limits on risks.

The committee met three times in 2011. The main topics addressed included the impact of adopting Solvency II, plans for managing major Group risks, and the status and validation of ongoing Group worksites: internal model, Solvency II-Pillar 2 project worksites with the "pilot" company, geolocation, ensuring the quality of Solvency II data, risk measurement methodology, etc.

GROUP RISK COMMITTEE

Its membership is the same as that of the Groupama SA Steering Committee.

Its tasks are to approve the risk management policy, particularly by setting the limits of major risks and determining the methods to be used to manage the risks and reviewing and monitoring the management of major Group risks. This committee met twice in 2011 to review pending work and worksites and to analyse areas requiring vigilance and action plans for managing these risks together with the "owners" of major Group risks.

At Group level, proposals to change the executive governance of the Group's risks were approved in principle in late 2011 and will be implemented in 2012. This will result in Risk Committees being formed Group-wide for each major family of risks (insurance, financial, operational), which will provide cross-company supervision of risks, especially major Group risks. The Technical Risk Committee will be disbanded and its responsibilities will be assumed by the aforementioned committees and given a broader scope.

(b) Within the Mutual Insurance Division

The Mutual Division's internal control system comprises three complementary systems:

- internal control of every regional mutual;
- internal or operational auditing of every regional mutual;
- the Group Internal Control and General Audit Department answerable to the General Management of Groupama SA.

The first two systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the General Management. Group deliverables for Pillar 2 of Solvency II were being adapted and implemented as of the end of 2011, especially on the Risk Policy worksite and the Organisation and Governance worksite. At the latter worksite, Management Committees for specific risks were being formed and key Solvency II roles were being structured based on "typical" charters for risk governance bodies and descriptions of engagements to calibrate key roles, approved by the Group's Executive Boards in January and March 2011, respectively.

In the "Process and risks mapping and ongoing oversight plan" worksite, work in progress and future work within each regional mutual concerned the validation or adaptation of controls identified and formalised initially with the "pilot" company regarding all business and operational processes, which were then standardised at the Group level.

Since 2006, in accordance with Article R. 336-1 of the Insurance Code, every regional mutual has prepared an annual report on internal control, which it sends to the ACP after approval by its Board of Directors.

Since the end of 2008, regional mutuals have followed the lead of the subsidiaries, the inter-company venture Groupama Supports & Services (G2S) and Groupama SA, by submitting an annual report to the Group Internal Control and Risk Management Division. In keeping with the Group work and deliverables produced in 2011 for Pillar 2 and future regulatory requirements, this report, which is in the form of a questionnaire (see "a" above), and common to all of the Group's insurance companies, discloses the status of their oversight environment, the organisation and governance of risks, the implementation and structuring of key roles, and the completion of their Business Continuity Plan and Crisis Management Plan. It serves as a basis to prepare action plans in addition to those implemented in connection with the four Solvency II-Pillar 2 worksites.

(c) Within the Groupama SA division

Internal control of the Groupama SA division is organised around three systems similar to those of the Mutual Division.

For a given entity (subsidiary or inter-company venture), its Senior Managers are responsible for the proper implementation of the first two control systems. This responsibility is carried out under the authority of the members of the Groupama SA Steering Committee to which these Senior Managers report. Following the example of the regional mutuals, the Group's deliverables for Solvency's Pillar 2 project were in the process of being adapted and implemented at the end of 2011.

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Since 2006, in accordance with Article R. 336-1 of the Insurance Code, Groupama SA and every insurance subsidiary prepare an annual report on internal control which is submitted to the ACP after approval by the Board.

Furthermore, all subsidiaries and the inter-company venture Groupama Supports & Services submit annual reports to the Group Internal Control and Risk Management Division addressing the same issues as the regional mutuals. As indicated in b) above, this report serves as a basis to prepare action plans supplementary to those implemented in connection with the four Pillar 2 worksites.

In addition to the subsidiaries and the inter-company venture Groupama Supports & Services, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the various officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. Since 2010, internal control of the Groupama SA corporate entity has been strengthened and structured with the creation of a specific unit attached to the Corporate Office of Groupama SA. It is organised into five divisions combining all the Units and Business Divisions of Groupama SA and is based on a network of internal control correspondents specific to each of the five divisions. Groupama SA also issues a report to the Group Internal Control and Risk Management Division addressing the same issues as those of the subsidiaries and inter-company ventures (see above).

(d) Groupama working groups and workshops ("WG")

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

Risks and Internal Control WG

With three meetings in 2011, the Risks and Internal Control WG of the regional mutuals, led by Group Internal Control and Risk Management Division, is a platform for exchanging information that provides regional mutuals with:

- support in rolling-out an internal control and tracking system, specifically:
  - major Group risks with the participation of the affected risk "owners" to implement a risk management and measurement system,
  - major risks of the regional mutuals with the 2011 presentation and study of the shared assessment methodology for major risks in the Group's companies;
- information on the status of the future Solvency II regulation, impacts of its application, organisation of work and presentation of the results of quantitative impact studies (QIS5 for 2010-2011), Group work and deliverables for the Pillar 2 project, as well as the methods for implementing them;
- a summary overview of the work conducted in thematic workshops on operational risks, compliance and internal fraud, and the Vie Banque workshop launched in October 2011 (see below);
- the evaluation of annual internal control reports;
- an opportunity to share experience and best practices based on examples or the internal control system specific to one regional mutual;
- exchange on the tracking of primary action plans at each regional mutual, especially when deploying the deliverables of the four Pillar 2 worksites.

Similarly, within the context of the Risks and Internal Control WG of the French subsidiaries, the internal control & risk management correspondents of Groupama SA's French insurance subsidiaries held three meetings in 2011 on subjects similar to those of the regional mutuals.

Since 2009, the financial subsidiaries that, until 2008, were part of the Risks and Internal Control WG of the French subsidiaries have had their own Risks and Internal Control WG to deal with and take into consideration the specificities of the Financial Division; this WG, which is made up of the internal control correspondents of Groupama Banque and of the subsidiaries of Groupama Banque (Groupama Asset Management, Groupama Private Equity, Groupama Immobilier and Groupama Épargne Salariale) met two times in 2011.

Lastly, consistent with the existing process for the regional mutuals and the French subsidiaries, the Risks and Internal Control WG dedicated to international subsidiaries and created in 2009 met three times in 2011. These meetings addressed not only general topics similar to those addressed with the French entities (including impacts and work on the implementation of Solvency II, deployment of the internal control system and deliverables for Pillar 2 worksites, submission of annual reports, tracking of action plans, sharing experience and best practices, etc.); but with the participation of the owners of the major Group risks, they seek to better integrate the international subsidiaries into the Group major risk management system and to exchange best practices.

In addition to these meetings, thematic workshops took place on a regular basis with Groupama SA's subsidiaries in France and regional mutuals with reports to the WG (see 3.4.2.2 a) above), which also comprise *ad hoc* working groups coordinated by the Internal Control and Risk Management Division composed of voluntary companies (regional mutuals, French and foreign subsidiaries) working on behalf of the Group and reporting to the WG on issues encountered by all of them, like the methodology for assessing major risks in the companies.

Life and Bank Workshop

This workshop is led jointly by the Groupama Banque inspection Manager, the head of internal control, quality and compliance at Groupama Gan Vie under the supervision of the Group Internal Control and Risk Management Division, and comprises the internal control correspondents from each company marketing the Group's banking and life insurance services (regional mutuals, Groupama Gan Vie, Gan Assurances, Gan Patrimoine, etc.).

Since July 2011, this workshop has replaced the Internal Bank Control and Audit WG specifically dedicated to banking activities. Its goal is to leverage the best practices existing at various distributers to develop the control synergies that exist between the marketing plans for banking products and that of life insurance products in order to implement a consistent and simplified control mechanism for the networks.

This workshop reports directly to the Risks and Internal Control WG at regional mutuals and was launched on 5 October 2011. In 2011, the first working group was held on 8 December 2011 and is scheduled to meet three to four times annually.

Steering and Management Control WG

It meets on a quarterly basis for the regional mutuals and semi-annually for the French and International subsidiaries to validate the management indicators and tools and to develop a shared analysis of results and forecasts. It serves as a forum for dialogue with the regional mutuals and profit centres in France and internationally concerning management control issues.

Accounting, Taxes, Consolidation WG

It meets on a quarterly basis and is responsible for proposing the implementation of the Group's accounting, consolidation, regulatory and tax principles to the representatives of the Accounting and Tax Departments of the entities in the Group.

The entities participating in this WG are the regional mutuals and the Group's profit centres and operating subsidiaries. Moreover, this WG is responsible for defining the corporate accounting standards and consolidation standards with the assistance of the representatives of the accounting finance and tax units of all the business sectors in which the Group is involved.

Regional Mutuals Reinsurance WG

It meets on a quarterly basis and is composed of representatives of Groupama SA and the regional mutuals. Its purpose is to validate the reinsurance terms for the following year before submission for approval by the regional mutuals at a meeting of the Chief Executive Officers of the regional mutuals and the Chief Executive Officer of Groupama SA; modifications to the General Reinsurance Regulations are then submitted for approval to the Board of Directors of Groupama SA. It is specified that the setting of terms for the annual application of the General Reinsurance Regulations (annual parameters for calculating outward reinsurance, detailed technical and financial rules resulting from the principles set forth in section II, underwriting conditions: risks covered, exclusions and limits of cover) in accordance with its provisions is not considered a modification of the Regulations. The annual application terms are validated by the Steering Committee of Groupama SA and by the Group Executive Committee.

3.4.3 COMPLIANCE

3.4.3.1 Compliance charter

The general principles, goals and organisational structure of the Group Compliance Department are defined in the compliance charter which was validated by the Group Executive Committee on 20 October 2009.

The Group's set of compliance measures defined in the compliance charter aim to ensure that all Group practices comply with legal provisions, regulations, administrative requirements and trade standards (external compliance), as well as the Group's internal rules, charters and procedures (internal compliance). Compliance covers all Group activities and specifies the measures to be set up under the responsibility of the entities (mapping, implementation of control procedures, training, etc.) as well as that of the Group (action against money laundering, set-up of an incident database, alert mechanisms, etc.).

3.4.3.2 Compliance of business activities with laws and regulations

(a) Application of corporate law and the Commercial Code

The Group Legal Department, within the Corporate Office, manages Groupama SA's legal affairs and those of its subsidiaries operating in France and provides legal advice as needed to all the French entities of Groupama SA. It is responsible for making certain that its transactions and its Directors and executives are on a sound legal footing. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

(b) Application of corporate regulations

By Groupama SA

As part of its responsibilities, the Groupama SA HR Department – which joined the Group HR Department on 23 September 2009 – carries out internal checks to make certain that labour laws and regulations are properly enforced, *i.e.*:

- reliability and effectiveness of payroll and personnel administration operations are guaranteed by means of a service contract with the Administration and Payroll Shared Services Centre;
- compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity charter, principle of non-discrimination, etc.), and to employment contracts, vocational training, and occupational health;
- compliance with legal and contractual obligations relating to the disclosure of statistics, legal reports, etc.

It specifically provides for ongoing payroll management and employee reporting, using specialised software hosted in part by a supplier in order to secure the personnel database. Access to the data is fully protected. Since October 2010, this activity has been incorporated into the Administration and Payroll Shared Services Centre within the Group HR Department.

By the entities of the Group

Every Groupama SA subsidiary and inter-company venture is responsible for its own HR management and internal control.

Within Groupama SA, the Group HR Department, the UDSG Labour Relations Division and the Group HR Department provide information and advice to the entities in terms of labour legislation and regulations.

The Group HR Department is also in charge of steering and managing the European Company Committee and the Group Committee, which held two meetings and three meetings, respectively, in 2011.

Through the amendment of 22 October 2007 to the agreement for the set-up of the Group Committee, a negotiating body was created at Group level: the Social Dialogue Committee.

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With the signing of the following framework agreements:

- 24 October 2008, on diversity and equal opportunity applicable to all of the Group's French entities;
- 7 May 2010, on inter-company mobility within the Group;
- 3 December 2010, on the Groupama group savings plan;
- 28 February 2011 at the unanimous decision of the representative labour bodies on the issue of workplace quality of life (WPQ). This agreement aims to prevent, treat and eliminate potential emotional risks (stress, harassment, anti-social behaviour, etc.) and has formed a joint committee – for discussion and recommendations – to examine the WPQ component of essential projects presented to the Group Committee.

(c) Application of insurance law and regulations governing the insurance business

The Legal Department in the Corporate Office of Groupama SA provides:

- a function that monitors legislative and jurisprudential events affecting the insurance business;
- the anticipation needed to implement new regulations for this activity;
- information (notes, memos, working groups);
- approval of new insurance contracts prepared by the Business Divisions and amendments made to existing contracts;
- approval of distribution and partnership agreements in association with insurance;
- legal and tax advice (tax products);
- relationships with administrative oversight authorities (Prudential Control Authority, Orias, DGCCRF, Antitrust Authority) and support for these controls and potential consequences on the insurance business;

to the Business Divisions of Groupama SA, subsidiaries of the French insurance companies and regional mutuals, specifically in the area of application of insurance law (general insurance (IARD), life insurance, group insurance), of distribution, competition and consumption in connection with their operational activities and technical support.

It steers or assists working groups that have a legal focus (joint insurance legal committee, WG on the marketing of UCs, participation in the follow-up cell formed in 2011 on window transactions in individual life account units), business correspondent meetings with Savings & Protection and Individual Health Divisions, etc.).

It also organises and directs training for the Group's French insurance companies (training on non-life insurance, group insurance and individual life insurance: matrimonial property regimes, beneficiary clauses, Madelin agreements, insurance basics, third-party liability and non-payment of premiums).

It should be noted that it also provides legal support to the Group's service subsidiaries such as Cofintex and CapsAuto.

Lastly it participates in the work of the FFSA (Distribution Commission, Legal Committee, FFSA WG, etc.) and prepares reports for the affected divisions that help to disseminate the Profession's position including the implementation of new regulations.

(d) Compliance with client protection rules

The rules applied for customer protection and their incorporation into the internal control system are presented in the specific appendix to the report on internal control, pursuant to provisions R 336-1 of the Insurance Code. All of the regional mutuals and French insurance subsidiaries of Groupama SA use the same framework for this appendix. It describes each entity's procedures and resources used to ensure compliance with the client protection rules.

(e) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Group Financial Department is responsible for ensuring that the tax consolidation rules are applied (Article 223A *et seq*. of the General Tax Code) for the Group trained in the tax plan by Groupama SA, as parent company, the regional mutuals, and its 44 subsidiaries consolidated as at 31 December 2011, as well as the holdings of Groupama Holding and Groupama Holding 2.

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

INTERIM CLOSINGS AS AT 30 JUNE

Based on the semi-annual individual financial statements, the Group Tax Division reviews with the Accounting Departments of member entities of the tax integration group, the tax charge of these entities and of the integrated group.

TAX ON CONSOLIDATED COMPANIES

The Group Accounting Department, working with the Group Tax Department, prepares the report on the tax position of the consolidated companies.

Documentation and electronic archiving procedures in terms of computerised accounting records

In consultation with the various companies and the tax group of the Groupama Supports & Services, the Group Tax Department helps to define and monitor the implementation of documentation and archiving procedures in terms of computerised accounting records, as required under tax law.

(f) Financial Ethics

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

1 2 3 4 5 6 7

(g) Combating money laundering and terrorist financing

In terms of anti-money laundering measures, the Group Corporate Offices (the Group Legal Department) coordinates corporate policy, working with the Group Internal Control and Risk Management Division compliance unit and a network of officers responsible for anti-money laundering activities and terrorism financing in the insurance (in France and internationally), banking and asset management subsidiaries and the regional mutuals.

Hence, the Group Legal Department:

- supervises a working group that meets twice a year; all the Group's insurance, banking and asset management companies participate in these meetings;
- sends out a newsletter entitled "Combating money laundering newsletter" to all the Corporate Offices of the companies;
- presents a biannual management chart to General Management and prepares an annual report for the Groupama SA Board of Directors on the initiatives being carried out in the Group;
- pilots various IT projects to automate the vigilance required by law; a tool for detecting sensitive individuals in client databases is now operational; a system for detecting anomalies in banking and life insurance transactions is currently in progress.

In addition to this, working meetings dedicated to monitoring the new procedure resulting from order 2009-104 of 30 January 2009 and its implementing provisions were organised with representatives of the divisions concerned of Groupama SA, Groupama Gan Vie, Groupama Banque, the regional mutuals, and the distribution subsidiaries.

The Managers in charge of the entities' actions against money laundering and terrorist financing oversee the permanent control of implementation of the internal procedures in these areas and take the required corrective measures in the event of anomalies.

(h) Protection of medical data

Work on credit life insurance has led the partners (ministry, banks and insurers, patient and consumer associations, etc.) to append to their first so-called Bélorgey agreement a code of good conduct detailing the measures that must be put in place concerning processes for collecting, processing, circulating, and archiving personal medical data. This bill was approved by the CNIL and appended to the law of 4 March 2002 relating to patient rights. It was renewed without amendment in the appendix to the two AERAS agreements that succeeded the Bélorgey bill in January 2007 and February 2010.

Group recommendations were disseminated from 2003 by the Business Department concerned [1] (circular C 17/2003), clarifying the procedures for implementing laws in effect on doctor-patient secrecy and, if necessary, requirements on sensitive data (Civil and Criminal Code, Public Health Code and Medical Ethics Code, law on computer and freedoms, law on patient rights and code of good conduct).

It is the responsibility of the various Group companies to implement these recommendations (regional mutuals and subsidiaries), in partnership with the medical advisors and in collaboration with the Group's compliance unit, the Group's IT and Freedom Correspondent ("CIL") and the Indemnities and Cost Management Division. Support is offered to those companies that request it. Implementation follow-up is done through self-assessment questionnaires sent to the companies every two years.

The last survey confirmed the commitment of the companies and the high level of compliance on the part of the Group, and it made it possible to propose five new areas of improvement, specifically with regard to the recommendations cited in June 2010 by the CNIL in its report submitted to the FFSA following the surveys it carried out with banking and insurance companies: securing management offices and methods of communication, improving reliability among units of medical consultants who are responsible for maintaining confidentiality and procedures authorising personal health data, rules that must be observed when performing IT tasks.

The Protection and Individual Health Division (DPSI) provides training in medical confidentiality to medical consultants and Managers working at the various Group companies. Since 2009, an e-learning training kit for the Group's sales teams has been made available to the regional mutuals and Group companies in France.

Simultaneously, a comprehensive survey of the claims management tools that may be part of the processing or may include medical information was conducted by DCIM in 2009. The procedures established involve, first, creating physical security for personal data *via* a "medical bubble", which is the most representative feature, and, second, restricting the sharing of sensitive information to that which is absolutely necessary for its processing.

(i) Delegation of authority

The current authority delegation procedure set up within Groupama SA in collaboration with the Group Compliance Department is as follows:

- it is based on the line of command;
- it relies on a network of authority delegation correspondents appointed in each of the main French subsidiaries and divisions of Groupama SA;
- the authority delegation requests stem from the sectors concerned, according to their requirements, and are established according to a list compiled and controlled by the Legal Department. In connection with the overhaul of the list of authorities prepared in 2009, the distinction between delegations of authorities as such, signature delegations and proxies was clarified. Only the delegation of authority entails the transfer of responsibilities, notably on the penal level.

(1) This refers to the Protection, Savings and Individual Life Division ("PREVI"). Further to the Group's organisational changes on 1 November 2011, Protection Individual Life formerly managed with Savings and Individual Life Retirement within the PREVI Division is now part of Individual Health in an expanded department, the Individual Protection and Health Division (DPSI), while the Savings and Individual Life Retirement is managed by the Savings Division.

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Lastly, each Group company has been required to ensure that a consistent authority delegation system had been set up, in keeping with its organisational model based on the procedures implemented by the Legal Department of Groupama SA.

The Legal Department of Groupama SA, in its capacity as custodian of the chain of delegations, ensures the overall consistency and updating of the authority delegation system.

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

The Group Executive Committee ("GEC") meeting of 22 November 2006 decided to appoint a Group Data Protection Correspondent ("CIL") to represent the Group on the National Information Technology and Freedom Commission ("CNIL"). This CIL assumed its duties in March 2007. It works on behalf of Groupama SA and 47 Group entities (regional mutuals and French and Overseas subsidiaries).

The responsibilities of the Correspondent are:

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

The Data Protection Correspondent relies on a network of internal correspondents (CRIL): one correspondent per entity and five at Groupama SA within the sectors conducting sensitive processing operations (HR Department, Health Department, Group Insurance Department, Marketing and Distribution Department and Group Communications Department) responsible for relaying the agent's actions within their entity or department and with whom the agent communicates regularly. It meets with this network twice a year.

The CIL drafted and presented its fourth annual mandatory report in 2011 for the Groupama SA Management, and submitted it to the Chief Executive Officers of the regional mutuals and subsidiaries. This evaluation is available to the CNIL Committee.

The primary initiatives launched in 2011 by the CIL were to:

- disseminate a guide and a booklet on marketing operations to the CRIL network and the Groupama SA Marketing and Distribution Division;
- disseminate a recommendation to the CRIL network on publishing free zones;
- prepare a set of documents to provide a framework for launching and using social media:
  - a document of recommendations designed for anyone who wishes to start a community or launch a social network (distributed late 2011),
  - a guide for Group employees (distributed late 2011),
  - a model for a new charter for using computer and communication systems incorporating regulatory changes implemented since 2008 that specifically allow the use of social media by employees, which is prohibited under the current charter. This charter will be appended to the Internal Regulations,
  - a FAQ (frequently asked questions) for Human Resource Departments scheduled for distribution in the first quarter of 2012;
- prepare a repository of CNIL distinctions to be placed on documents submitted to clients, which is scheduled to be disseminated in the first quarter of 2012;
- conduct training and/or awareness initiatives and coordinate the Computer and Freedoms unit in the Group by means of:
  - the training of relay correspondents to use a new CIL intranet tool specifically to keep a processing log of each company,
  - biannual organisation of meetings for relay correspondents,
  - the completion of 18 awareness initiatives for some 370 people both at Groupama SA (especially the Group Steering Committee and Management Conference) and the subsidiaries.

The CIL also performed compliance audits (in collaboration with the firm Ernst & Young) targeting certain issues:

- at Groupama Centre Manche on processing prospective sales, telephone platforms and processing health data;
- at Groupama Nord Est on processing used in IARD insurance.

These audits were conducted as part of action plans overseen by CIL, namely for the companies audited in 2010, included Mutuaide Assistance, Goupama Paris Val de Loire, Groupama Indian Ocean and the Groupama Human Resources Department, and Groupama Centre Manche in 2011.

Lastly in 2011, authorisations granted by or requested from the CNIL concerned:

- bank scoring: since 25 October 2011, Groupama Banque has been authorised by the CNIL to implement the process to evaluate and select risks related to the granting of consumer credit;
- dealing with money laundering with the amending authorisation request submitted in December 2011 on behalf of the Group with regard to discrepancies in comparison to the CNIL's single authorisation.

3.4.4 MANAGING ASSETS AND LONG-TERM FINANCING

The Group's Finance Division is responsible for managing the assets and long-term financing of Groupama SA and its subsidiaries.

3.4.4.1 Managing financing and owned interests

The Finance and Investment Department ("DFI"), which is part of the Group Finance Division, is responsible for the following:

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

  The operating subsidiaries were valued based on the following:
  - life insurance companies: by calculating the values of portfolios and new business of each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision,
  - property and casualty insurance companies and other operating companies: by discounting the dividends expected from future periods as shown in the entities' Business Plans; this is the method used by the Finance and Investment Department.

  The valuation work is audited by an independent consulting firm every five years.

  Moreover, the Finance and Investment Department:
  - checks the consistency of asset valuations for internal transactions, such as restructuring operations or reclassifications of securities,
  - takes part in the valuation of potential targets (work conducted by the Mergers and Acquisitions Division) within the scope of Group acquisition projects or the sale of subsidiaries or equity interests.

3.4.4.2 Monitoring investments

(a) Methods used to measure, evaluate and control investments

For the management of long-term assets, the Group Finance Division has assigned:

- to Groupama Asset Management the financial management of listed securities (equities and fixed-income products);
- to Groupama Immobilier the management of investment property.

Within the Group Finance Division, the Finance and Investment Department is responsible for monitoring these duties (see 3.4.4.2 c). It is also responsible for monitoring the Company's cash position, investment management and the filing of reports to the Steering Committee.

Every year, the authorised Asset Managers send to the Group Finance Division a report on the management of the long-term assets belonging to Groupama SA, indicating in particular the procedures used to measure, evaluate and monitor investments.

The Finance and Investment Department monitors the capital gains or losses appearing in the securities portfolios and monitors any need to record reserves for contingent liquidity risks.

The Finance and Investment Department monitors the quality of Agent shareholders based on its own management, performance monitoring, and reports submitted by each Manager.

For Groupama Immobilier, a monthly Operating Committee meeting brings together its representatives and those of the Group Finance and Investment Division and validates the proposals. The lease management tasks of Groupama Immobilier are defined in a lease management order. The asset management tasks of Groupama Immobilier are defined in an asset management order. Finally, this Manager is certified ISO 9001-2000 by the AFAQ, for all real estate management activities.

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

The Group Finance Department also entrusts the management of unlisted investments to Groupama Private Equity (GPE). A quarterly Operational Committee meets for this purpose and includes representatives from the GPE and the Finance and Investment Department. The management limits are specified in the funds (or funds of funds) memoranda signed by the Group's Chief Finance Officer.

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(b) Monitoring transactions on forward financial instruments (“FFI”)

Transactions on FFI can be initiated in connection with the hedging of the risks revealed in the asset/liability audit.

This refers to the following risks:

- interest-rate risk;
- credit or counterparty risk;
- equity market risk;
- foreign exchange risk.

These transactions are all covered under the IFT Decree of 4 July 2002. As the case may be, they may be delegated to the Asset Managers, in accordance with the terms of the management mandates The Finance and Investment Department is in charge of strategy accounting documentation.

Hedging strategies are presented to the Groupama SA Board of Directors and to its subsidiaries, which validate them.

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

Every year, the managing agents assigned to manage the securities submit a report to the Group Finance and Investment Division assessing the performance and the margins of the financial intermediaries used.

3.4.4.3 Internal control of investment management

(a) Organisation of responsibilities amongst the players involved in the investment management process

The investment management process is based on a strict separation of tasks among the entities involved: the Finance and Investment Department, the Group Accounting Department, the Asset Managers and custodians/depositaries.

- the Finance and Investment Department is responsible for asset/liability modelling and the appropriation of assets, managing relations with service providers, monitoring the recording of investment income/loss and the drafting of an asset report;
- the Asset Managers are responsible for building up portfolios and choosing securities up to the strict limits imposed by the mandates, executing transactions, submitting transfer orders and preparing detailed reports for the Group Finance and Investment Division;
- the custodian/depository is responsible for settlement/delivery, the custody of securities and transmitting transfer orders to the Group Accounting Department;
- the Group Accounting Department is responsible for inputting and validating accounting transactions, of the various reconciliation statements and of releasing the financial statements.

(b) Managing powers to authorising officers

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

The same applies to the list of individuals authorised to issue put or call transactions, upon approval by the Finance and Investment Department and the Chief Finance Officer.

(c) Control of managing agents and managing investments

Control of managing agents

Management authority is formalised in connection with the mandates signed by the Group’s Chief Financial Officer.

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

They spell out the following:

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

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

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

In terms of internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the interdepartmental nature of the organisation of the middle office and the back office, the security of computer systems and the protection of access codes and surveillance of unusual behaviour. They have also established their own control systems for monitoring the proper application of the mandates;
- the principal depositary of the companies in the Group, Groupama Banque, as well as the depositaries outside the Group, are subject to oversight by the Autorité de Contrôle Prudentiel (ACP). In particular, Groupama Banque has its own internal control system and verifies the powers of authorising officers.

Financial management procedures

Under its temporary management, Groupama SA has introduced management tools, including the following in particular:

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;
- monitoring capital gains and losses in the securities portfolios and monitoring the need to book provisions for contingent payment risks;
- setting monthly performance indicators on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

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

- setting monthly performance indicators on the status of the assets and monitoring them for achievement or estimated achievement;
- reports on financial policy to the Boards of Directors of Groupama SA and every agent company;
- contributing to the annual solvency reports of Groupama SA and every agent company.

Transactions by the Finance and Investment Department in connection with the performance of its responsibilities are secured by internal checks, hierarchical checks and partially integrated checks, particularly through secure access to the securities transactions accounting system, to the property assets accounting system and the like, and to the Groupama SA general accounting system. The Financial Reporting and Forecasting Department is in charge of verifying the data for consistency among these different systems.

Permanent oversight of investment management

This oversight is done through committees in charge of monitoring, decision-making and validation:

ASSET ALLOCATION COMMITTEES

Decisions to allocate assets and record investment income/losses (capital gains programmes, etc.) are made at the quarterly meetings of the Asset Allocation Committees.

For each French subsidiary and for Groupama SA, they meet on a quarterly basis. The meetings are attended by the Group's Chief Financial Officer, the Finance and Investment Director, the Investment Manager, the Chief Executive Officer of the subsidiary and the Managers from the subsidiary concerned. Its primary objectives are to make Asset Allocation decisions and to record the financial results (including capital gains programme).

A similar procedure exists with the main foreign subsidiaries in connection with International and Subsidiary Management (see 3.4.1.3 b).

SECURITIES INVESTMENT COMMITTEES

The asset management and allocation staff meets with these committees every month. They implement decisions taken by the Asset Allocation Committee.

Three committees hold monthly meetings for the purpose of reviewing:

- the macroeconomic environment and trends in the financial Markets: Macro-Market Committee;
- oversight of management operations and review of dedicated mutual fund performance: Management Committee;
- ratios, limits, and potentially exceeded management mandates assigned to Groupama Asset Management: Operations Committee.

In this context, the agent companies are monitored after the fact on a permanent basis to ensure compliance in terms of the following:

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;
- compliance of the portfolios' performance with the financial management targets.

PROPERTY INVESTMENT COMMITTEES

The Property Investment Committees hold quarterly meetings. They are chaired by the Group's Chief Financial Officer.

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

ASSET-LIABILITY COMMITTEES

For Groupama SA and for every life insurance subsidiary concerned, these committees meet quarterly. Participants in this meeting include the chief of Asset/Liability Management, and the Technical Director or Senior Accountant of the subsidiary. Their prime objective is to review the results of Asset/Liability analyses in preparation for the next meeting of the Asset Allocation Committee.

3.4.4.4 Managing the Financial Crisis

As can be witnessed by the rules of investment monitoring and internal control described above (see above 3.4.4.1, 3.4.4.2 and 3.4.4.3 of the Groupama SA report R. 336-1), the Group Finance Division implemented rules and processes aimed at guaranteeing the quality of management and investments. The main principle is to use assets controlled within the Group, which specifically

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implies excluding assets currently classified as "toxic" (CDO, CLO, structured products).

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

- delegation of management: financial management delegated to the Groupama Asset Management subsidiary is tightly structured. As an example, exposures (dispersion, ratings, hierarchy, etc.) are limited and controlled;
- choice of instruments under mandatory management: the constant use of cross-processes by the Research and Credit Management Departments means that securities are rejected if there is the slightest suspicion as to the quality of the issuer;
- derivative products: limited to asset/liability hedging and simple instruments capable of being valued internally, the use of derivative products is only authorised with counterparties who have signed framework agreements providing backing in the form of government bonds (weekly margin calls).

In addition to the monitoring of these investment rules, management activities have been specifically adopted to address the financial crisis:

- in equity mutual funds: the Group has adopted an especially cautious position (with regard to the choice of industries, cash position, use of hedging derivatives since summer of 2011) to reduce sensitivity to the equity market;
- the establishment at the Group level of a cash hoard by taking advantage of windows of liquidity in the bond market, demonstrating the Group's ability to meet its commitments;
- the reduction of contractual exposure to derivative products with counterparties considered risky.

Furthermore, strategic asset allocation strategies have been calibrated based on outlook studies consisting in calibrating exposure to risky assets depending on the capacity of each company to withstand market shocks. Simulated shocks are like those used in the latest hypothetical models of quantitative impact studies for Pillar 1 of the Solvency II project.

The Group experienced growth in two stages in 2011:

- at the beginning of the year, market risk premiums held up rather well with the help of recovering economies following the 2008-2009 financial crisis as well as economic stimulus policies. Companies' profit margins remained positive, resulting in relaxed credit risk premiums, and kept the main equity market indices steady;
- beginning in the summer of 2011, the deepening crisis in Greece and the reversal of the economic outlook in Europe renewed market fears. Both Greece and Europe posted sharp downturns in August and high volatility throughout the second half of the year. Government risk premiums for all "periphery" countries were sharply off, especially in Spain and Italy. Budget austerity plans in the various countries and European treaties in late October and early December helped to stabilise the situation at the end of the year.

In light of this situation, the main investment policy strategies in 2011 were to:

- concentrate bond investments in highly-rated private debt and sovereign debt from "core" countries (Germany, France, Netherlands);
- reduce exposure to peripheral sovereign debt: keep 2010 investments in these assets frozen, sell short-term debt from Portugal and Spain;
- significantly reduce the Group's exposure to equity risk through sales and notional hedges on indices when markets are bullish;
- sharply reduce property portfolios through disposals.

In addition to this, a decision was made in the fourth quarter of 2011 to revise authorisation thresholds on financial and property transactions and to implement thresholds for asset investments beyond which investments must be granted prior authorisation from the Groupama SA Board of Directors, and to present a biannual financial investment management report for the prior period first to the Audit and Risk Committee, then to the Board, including financial investment policy strategies for the upcoming half-year.

3.4.5 RISK MANAGEMENT

3.4.5.1 Risk Policy

The Group's risk policy was reviewed for the first time and presented to the Group's Executive Boards and Groupama SA Board of Directors at the end of 2010, along with a presentation of the Group's organisation and strategy, overall risk-management policy by major risk family (insurance, market, operations) and the conceptual risk-tolerance framework. This report was refined in 2011 and will be operational in 2012, specifically as it regards risk tolerance.

As part of the Solvency II-Pillar 2 pilot project, the risk policy of the "pilot" company was prepared in early 2011, on the basis of the Group's risk policy. This policy serves as a reference as various Group companies are currently in the process of formalising the risk policy.

Additional work was also carried out in 2011 to formalise the document repository, providing supporting documentation for the practical application of the risk policy at the Group level. This work is also being appropriated and implemented in Group companies.

3.4.5.2 Quality of data

To satisfy the Solvency II requirements aimed at guaranteeing and demonstrating that all data used to populate the three pillars of Solvency II are of high quality, the Group launched a plan to improve data quality in an effort to strengthen its current programme. This programme is jointly managed by the partial internal model project team from the Group's Actuarial and Solvency Department, the Group Internal Control and Risk Management Division, Groupama Supports & Services and the Group Management Oversight Division, which coordinates it.

Among the three levels of priorities identified, the first priority level in 2011 addressed the scope of the independent review of the non-life partial internal model (see 3.4.5.6 below), *i.e.,* the non-life liability data (premiums, provisions, disaster) on the scope of business contributed by the regional mutuals, Gan Assurances, Gan Eurocourtage and Groupama Insurance, as well as data from the Risk Geolocation Data Production and Development worksite.

The Group's data quality plan is based on a data quality policy that translates into:

- data quality principles;
- data quality governance and organisation;
- instituting data quality solutions embodied in a set of tools and methods to evaluate quality as defined by Solvency II, and regularly measure and track improvements within the Group.

Data quality principles applicable to all Group companies, all risk families and all types of data, both internal and external, were therefore formalised and disseminated to all companies in the fourth quarter of 2011. These key principles strive to define criteria to understand data quality in terms of completeness, relevance, accuracy, and traceability by auditors.

Data quality governance and organisation were approved by the Group's executive bodies in July 2011. They rely on:

- Group Data Quality Committee that reports directly to the Group Risk Committee. This committee met for the first time in November 2011;
- a data quality leadership team made up of representatives from the Group's Actuarial and Solvency II Division, Finance and Investment Division, Group Accounting Division, Group Internal Control and Risk Management Division, Groupama Supports & Services, and Group Management Oversight;
- and a network of data quality providers operating within companies or departments of Groupama SA and working on the Solvency II project on the partial internal model, the standard form and the Pillar 2 and 3 data:
  - the data Manager, who serves as "quality" Manager for the Company, is tasked with ensuring that the controls have been deployed in the Company and relies on them to be assured of the "data owners"; data Managers for the partial non life internal model were appointed in June 2011,
  - and the data owners who guarantee the data produced and must implement detailed quality measures, report on the results of their analyses to the data Manager who then centralises them and proposes any necessary solutions for improvement.

Solvency II data quality governance principles implemented in the regional mutuals were approved by the Group's executive bodies in December 2011, and will be deployed in one "pilot" regional mutual in the first half of 2012.

At the end of 2011, the operational roll-out of the data quality plan within the priority scope of the non-life internal model is currently being finalised: a data dictionary, documentation of data collection processes, analysis of existing controls, profiling data records to populate the partial internal model, diagnostics on current status and preparation of action plans. Based on feedback from this initial scope and results from the independent review, the plan will continue and will be extended to the second-priority scope in 2012.

3.4.5.3 Risk tolerance

The Group's conceptual Risk Tolerance framework was approved by the Board of Directors on 23 November 2010. This framework features three risk indicators: the IFRS combined financial results, the IFRS combined shareholders' equity and the combined statutory solvency. Priority was given to the solvency indicator. In 2011, the work presented and approved by the executive and deliberative bodies addressed:

- refinements on the conceptual framework like the methodology for determining and allocating risk budgets, determining stress scenarios, governance of the programme;
- illustration and quantification of the general conceptual tolerance framework principles;
- priority work to be carried out in 2012.

The target is to offer indicators and operational limits by risk family, business lines/assets and then entity in 2012.

3.4.5.4 Global monitoring system

The Group's risk monitoring system, which is based on the shared mapping of risks for all Group entities integrating the risk classification of Solvency II, is based on a network of risk owners; the entire system is managed and coordinated by the Group Internal Control & Risk Management Department.

The identification and monitoring of major risks is conducted at entity level and at Group level. At Group level, a major risk is defined as one whose occurrence would have an unfavourable impact of more than €100 million on the Group's net position or that would have a significant impact on the Group's reputation or image. The risk owners establish risk control plans, which are implemented within the Group's entities.

In 2011, the Group risk owners (Business and Operational of Groupama SA) focused their efforts on quantifying major Group risks, increasing the reliability of the engagement evaluation processes, refining the data used in the major Group risk management system.

In addition to specific oversight of major Group risks, risk tracking programmes are developed in detail by area below (see 3.4.5.4 *et seq.* below).

Insurance risks, for example, rely on the joint involvement in the Business Departments of Group companies, the Group Actuarial and Solvency II Department and the Reinsurance and Steering Department to provide a framework for the subscription process, incorporate prevention into the subscription process, disseminate best practices, study insurance rates, profitability and supply, analyse engagements, manage overall exposure and calibrate protections.

The Technical and Risks Committee is responsible for steering the Group's risk oversight programme, which, at the General Management level, is handled by the Group Risk Committee (see 3.4.1.2).

Proposals to change the executive governance of Group risks, approved in principle at the end of 2011 and implemented in 2012, will seek to improve risk management at Group level by forming committees specialised according to risk family.

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3.4.5.5 Risk Management related to the Insurance Business Divisions

In connection with their oversight activities, the Insurance Specialist Divisions within Groupama SA perform the following for the entities:

- they issue alerts in their areas of expertise;
- they provide advisory services, particularly in terms of pricing and product policies;
- they keep track permanently of any legislative or regulatory trends, in consultation with the Group Legal Department within the Corporate Offices (see 3.4.2.2 c).

The Insurance Business Divisions cover all the Insurance Divisions of the Group's insurance companies for every major customer category:

- Life Insurance:
  - Savings/Individual Life Retirement: Savings Division (1),
  - Individual Life Protection: Protection and Individual Life Division (DPSI) (2),
  - Group life and protection: Group Insurance Division (DAC);
- Health Insurance:
  - individual: Protection and Individual Life Division (DPSI),
  - group: Group Insurance Division (DAC);
- Non-life and Liability Insurance:
  - individual: Private Individual Insurance Division (DADI P),
  - companies, local authorities and associations: Business and Local Authorities Non-life Insurance Division (DADEC),
  - farmers, associations and professionals and construction: Agricultural and Professional Insurance Division (DAAP).

For credit-guarantee insurance, legal cover and assistance, oversight and monitoring activities are handled by the operating entities concerned.

Some aspects, which are particularly representative in terms of controlling underwriting risks handled by the Insurance Business Divisions, are presented below.

Pension, Savings and Individual Life Risks

The Savings Department adapts to changes in the regulations and plays an advisory role to Group companies thereby reducing the risk of non-compliance: in particular, under the DDAC Act (the law setting forth various provisions for adaptation to EU law in the area of insurance), the intermediation directive and the act on the requirement to seek beneficiaries of life insurance policies.

In addition, as is the case internationally, each service launched by the Savings Division is subject to an approval process which involves the Group Actuarial and Solvency II Division and the Group Internal Control and Risk Management Division. This process which for the actuarial component relies on "typical" profitability studies, including a risk analysis and sensitivity studies that make it possible to verify that actuarial risks are taken into account ahead of time, is supplemented by an analysis and verification of the product's compliance with regulatory requirements.

Business and Local Authorities Risks

The Group's activities in this area are controlled by DADEC through analyses and operational processes concerning prevention (risk engineering) and risk underwriting:

- defining prevention and underwriting rules and implementing common contracts;
- analysing the results of contributing entities and comparing them with market trends;
- analysing trends in portfolio profiles (Hedging Notes file and Heavy Risks file);
- individual monitoring of the most significant risks through joint underwriting across the regional mutuals and Gan Assurances (dual analysis of the risks to ensure the security of the decisions concerning the major commitments made by those entities). This programme was extended in 2011 to include Automotive Fleet risk.

Concerning joint underwriting across regional mutuals, control is the same kind as that set up for Internal Reinsurance (see 3.4.5.9 a). In addition to the integrated control, the regularity of transactions is ensured by means of regular monitoring of the rates earned and trends in the portfolio structure reflected by the contents of the computer databases, and by permanent contact with the regional mutuals' Managers and operational correspondents.

With regard to joint subscription within the scope of Gan Assurances, the control relies on a bilateral commitment agreement. The activity is monitored at regular business reviews attended by operational correspondents from Gan Assurances and their various regional divisions.

For the regional mutuals and Gan Assurances, partial underwriting authority may be delegated, subject to the presence of technical referral agents approved by DADEC at the conclusion of professional training.

Moreover, an information exchange is conducted annually for all the French entities (regional mutuals, Gan Assurance and Gan Eurocourtage) concerned by business risks in connection with the Strategic Operational Planning (SOP) process during the dialogue phase with each entity.

The financial results of the various branches of these companies are also analysed during the business reviews between the General Management of Groupama SA and the French Specialist Insurance Divisions (see 3.4.1.3).

Lastly, a forum was held in 2010 for the international subsidiaries involved in Business Risks to establish a shared risk underwriting and prevention methodology and to exchange best practices.

(1) The dedicated Savings division is a result of organisational changes on 1 November 2011; Protection Individual Life formerly managed with Savings and Individual Life Retirement within the PREVI Division is now part of Individual Health in an expanded department, the Individual Protection and Health Division (DPSI).

(2) The Protection and Individual Insurance Division (DPSI), formerly the Individual Health Insurance Division (DASI), is a result of the Group's organizational changes on 1 November 2011 (see footnote 1 above).

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Agricultural and Professional Risks

The Agricultural and Professional Insurance Division (DAAP) oversees the monitoring of these risks, focussing on three business areas:

- agriculture:
  - climate risks for crops, organised into two portfolios: Multi-risk Climate and Hail/Storms. Multi-risk climate cover includes damage to standing crops for insured species and appellations, produced on the farm/vineyard, resulting from one or more insured, recognised climate hazards,
  - livestock mortality: risks covered are mortality and damage to livestock resulting from an accident or illness (excluding illnesses known to be contagious),
  - Tractors and Agricultural Equipment ("TMA") risk: the risks covered are damage to the driver, tractors and agricultural equipment and the civil liability associated with involvement in a TMA,
  - damage to property, civil liability (including third-party professional and product liability) and financial protection for the activities of agricultural professionals;
- the Construction business, with 10-year, third-party liability and operating risks of artisans and companies in the building and construction industry, architects, project Managers, engineers and engineering consulting firms, and builders' and contractors' insurance site risks and comprehensive building site risks;
- the Tradesmen Multi-Risk/Garages/Non-resident owner division, which covers three risks: Multi-risk for tradesmen (artisans, shopkeepers and service providers), garages and non-resident owner risk.

In this area, the DAAP handles primarily:

- product design, pricing, technical support and information, direction and control of the Group's products and guarantees with the regional mutuals and the networks;
- prevention; and control of results and forecasts.

For each area, the covered and prohibited risks, the limits and guarantees, terms of acceptance, underwriting and claims management are described in the product guides written by the DAAP, in compliance with the Group's reinsurance rules. The Group's entities (France and International) are responsible for underwriting, production and claims management and rely on the DAAP and the Reinsurance Department for exceptions. The DAAP oversees the monitoring of these risks and develops the necessary adjustment measures (including changes in cover and adjustment of technical balances).

For the risks for which the General Reinsurance Regulations so require, it issues the necessary hedging notes to the regional mutuals.

Individual Non-life Risks

For the risks within its remit and for all Group entities in France (regional mutuals, Gan Assurances, Gan Eurocourtage, Amaline), the DADIP:

- defines the target selection/underwriting rules and criteria;
- designs common products (based especially on marketing studies) and, within that scope, defines common management processes;
- designs pricing models for these products and oversees pricing, specifically by conducting price analyses (including pure premium, pricing positions of the entities) and defining the reference levels of risk;
- defines the technical monitoring methodologies;
- analyses the results, in terms of the entities' development and technical results, notably through internal Group benchmarking procedures and including market trends;
- recommends actions to meet regulatory standards and improve results, evaluates expected impacts and supports implementation of those actions.

Group Insurance Risks

The DAC assumes internal control concerning the services provided on behalf of Groupama Gan Vie (the Group's single life insurance company in France following the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie), Gan Eurocourtage and the regional mutuals for the creation and monitoring of products, pricing and profitability studies, and the operation of the Group's management systems pertaining to group insurance.

The practical arrangements for underwriting are defined during input by the networks of the responses provided to prospects and through the use of underwriting tools and/or data necessary to rate the risk based on criteria such as the size of the organisation canvassed.

The Group Insurance Division (DAC) defines common pricing standards for all Group entities, based on normal market practice in respect of statistical and actuarial techniques. For certain targeted businesses that require specific expertise (such as major retirement accounts and branch agreements), the DAC moreover handles the underwriting itself.

The DAC defines the risk selection and oversight rules and procedures. The DAC makes tools available to the companies to facilitate and secure the indexing process, from the monitoring of risk deviation to the actual indexing in the computer system. The Company is in charge of ensuring that selection and risk surveillance procedures are applied, and monitoring the rate level actually used.

As of the second half of 2010, businesses that exceed a defined threshold (1,000 employees for regional mutuals and the Gan Assurances network, with a specific threshold for the Gan Eurocourtage network) are subject to underwriting; underwriting and, subsequently, indexing decisions are thus made jointly by the entity and the DAC.

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Individual Health Insurance Risks

The DASI, which became the DPSI on 1 November 2011, was involved beyond the specific work carried out providing services for labour disability (see 3.4.5.8) and doctor-patient confidentiality (see 3.4.3.2 h), in the health and protection fields that contribute to the Group's internal control:

- it is responsible for the permanent oversight of legal and regulatory trends liable to have a strong impact on the Group's gross margin and return on investment, and as such, it participates in professional associations (FFSA, UNOCAM, etc.);
- it defines products, services, and the corresponding communications tools the Group might offer its shareholders and customers;
- working with the entities of the Group it defines and monitors pricing rules and income targets in the context of SOP (Strategic Operational Planning);
- it defines the underwriting terms for the policies and for claims management; it also defines the parameters and changes in the Group's health information systems;
- it monitors the joint venture agreements entered into with healthcare providers (compliance with policies by partner opticians and dentists) and with the MSA (management proxies for the regional mutuals).

In operational entities, management control is assumed by:

- the Operations Division of Groupama Gan Vie for the SGPS (Healthcare Services Management Company), a brokerage firm that manages healthcare production and/or services for Group entities;
- the DPSI for the inter-company venture Groupama TPG (Generalised Third-Party Payer), which manages third-party payer flows and exchanges with partners and for the inter-company venture, Sévéane, a joint structure of Groupama and PRO BTP (Social Protection Group for construction and public works), dedicated to coordinating networks of health professionals.

Other general insurance risks

The direct underwriting business of Groupama SA is performed under the control of the National Contract Management Department which is part of the Claims Department within the Compensation Consulting and Cost Control Department (DCIMC). These activities are secured by implementing the common core Groupama SA general procedures. In particular, the underwriting activity relies on the various Business Divisions for the drafting of the contracts and validation of the prices. It is secured through a cross-managerial control procedure and through built-in controls performed implicitly by the IT system. The management of claims is backed by the DCIM's appraisal departments to ensure its proper control.

3.4.5.6 The Group Actuarial and Solvency II Division's Risk Management responsibilities

The risk management programme handled by each Insurance Business Division (see 3.4.5.4 above) is also supplemented by the programme being steered by the Group Actuarial and Solvency II Division in connection with the launch of a partial internal model.

Groupama's objective is essentially to use a partial internal model once Solvency II takes effect to allow the Group and Groupama SA to ensure compliance with their regulatory obligation governing capital requirements.

The Group filed a summary memorandum in this regard with the ACP on 31 March 2011, describing the scope of risks covered by the model as well as the methodologies chosen and the planned governance. In compliance with the requirements of the documents, the model was independently reviewed jointly by Mazars and PricewaterhouseCoopers. Its findings comprise one of the components of the approval application submitted to the ACP on 31 March 2012.

This partial internal model addresses the non-life underwriting risks (premium risk, reserve risk and disaster risk) and contracts provided by the regional mutuals, Gan Assurances, Gan Eurocourtage and Groupama Insurance. Based on historic claim and premium data and data on exposures, modelling consists in calibrating the claim rate levels and contingencies on these claim rate levels for all non-life offices.

For Groupama SA, this model will reflect the underwriting risks of a reinsurer better than the standard model. For the Group, this model will illustrate the effects of diversification between companies better than the standard form would. For the other risks and for solo companies, the capital requirement will be calculated based on the standard form.

In addition to the advantages provided by the partial internal model for assessing the regulatory capital requirements, work currently underway also offers more precise measurements of the Non-Life and Health underwriting risks not assimilated into the life techniques, as well as better control over our commitments and thus our rates.

3.4.5.7 Claims management

Within the Casualty Division, the Indemnity Consulting and Cost Management Department (DCIM) as well as the Construction Department for the specific claims of this branch within the Agricultural and Professional Insurance Division (DAAP) oversees the following items with regard to the damage claims and RC on behalf of the Group as a whole, each company, and Groupama SA:

- application of the claims funding rules. These rules are defined in the harmonised and regularly updated Groupama-Gan manual and were updated in 2011;
- compliance with the procedures for reviewing files and settlement strategies: professional standards, specifically in the area of inexcusable negligence and inter-company agreements: IDA (Direct Indemnities for insured) and IRCA (Indemnity and Auto

body Coverage) as well as the assumption of risks associated with changes in both society and laws – regulations – and jurisprudence; self-tests are also carried out in companies (studies by company managing experts on settled cases to ensure compliance with procedures) with the support of the Business Departments concerned (DCIM/DAAP Construction);

- the relevance of the settlements:
  - for the largest and most complex claims, based on information used to compile the claim requirements, for the regional mutuals, thanks to the treatments incorporated into the Group companies' computer systems,
  - for all claims (regardless of amount) through the delivery of renewed and effective management applications to regional mutuals and Gan Assurances in order to guarantee claim expenses, stringently comply with the confidentiality rules and improve customer service. The management instructions developed within the Claims Committees set up and the on-site audits contribute to consistent settlement procedures and the control of claims expenses.

The Individual Insurance Claims Advisory Management Department within the Protection and Individual Health Division (DPSI) [1] also handles the monitoring of management actions and the funding of projects.

The Group Insurance Department is also in charge of claims management for the entities, following the example of the operational management of the activities related to the Social Guarantee of Corporate Executives and Managers and the management of part of the Groupama Gan Vie group insurance claims. It conducts internal checks to better understand and control the risks related to these activities and to supplement the different kinds of checks (internal check, integrated check, hierarchical check) it now performs.

For direct underwriting activities by Groupama SA (National Policies Management Department), within the Casualty Business Division in the DCIM, the claims-settlement activity is specifically secured by a hierarchical control process, with any technical event being subject to dual checks at the level of financial commitments: hence the signing of the payment commitment is not done by the authorising officer and all payment commitments are subject to a second check and require a second signature, either by the head of the National Policies Management Department or by his/her line Manager.

3.4.5.8 Technical reserves

As from 2006, the Group Actuarial and Solvency II Department defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating claims reserves and analysing the results with specific reference to an assessment of the mathematical life expectancy for claims expenses and the corresponding reserves for risks and uncertainties. Therefore, the DAGS2 receives and validates actuarial reports from the companies each year. Those reports are subject to external certification (in 2011, the Milliman firm).

Because Solvency II introduced new funding requirements for technical reserves, the actuarial report was adapted in 2011 so that it could be used to compile the future prudential report, while maintaining its current purpose of providing support for accounting provisions. To prepare this new actuarial report, which was implemented at the close of fiscal year 2011, the companies submit items to help evaluate the Best Estimate of claims provisions according to Solvency II requirements.

For individual health insurance, the long-term care table in the event of illness and the long-term care table in the event of an accident were certified in 2001 by a certified independent actuary. The last certification occurred in the 2011 fiscal year and will have to be renewed in four years.

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

In life insurance, the monitoring system for guaranteed-rate policies is part of the general monitoring system for interest-rate risks, which covers the risk of interest-rate increases or drops, as well as the risk linked to the existence of guaranteed rates in the policy portfolio. The risk is managed by the Group Financial Department for entities in France and internationally and for the Group as a whole.

Concerning life insurance entities, asset/liability studies are carried out every year with two aims:

- assessing their capacity to deliver competitive rates, appraising the risk of redemptions in the event of interest-rate rises and complying with the interest-rate guarantees in the event of interest-rate drops;
- calibrating asset strategies which cover the risks identified: purchase of caps, calibration of the portion of variable-rate bonds, calibration of reinvestment swaps, modification of the duration of bond portfolios, restructuring of asset portfolios aimed at optimising the financial management of liabilities according to their intrinsic characteristics.

These operations are presented and validated by the management of the companies concerned within Asset/Liability Committees and Asset Allocation Committees at quarterly meetings.

Moreover, in addition to each entity's specific control measures, a half-yearly check on guaranteed-rate holdings has been set up for French entities. The work performed refined the mapping of actuarial reserves with interest rate guarantees and the levels of associated interest rate guarantees. In 2010, the control mechanism was strengthened and adapted to meet the new regulations. In 2011, work in the Group insurance area primarily focused on updating the economic challenges embodied by this portfolio's rate guarantees.

(1) The Individual Insurance Claims Advisory Management Department was part of the Protection, Savings and Individual Life Division (PREVI) prior to the 1 November 2011 organizational changes.

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3.4.5.9 Reinsurance Management

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

Groupama SA is the reinsurer of Groupama's regional mutuals. The framework and the operating terms of Internal Reinsurance are defined in the reinsurance agreement. Correct application of Internal Reinsurance is monitored by:

- the Reinsurance and Management Department for policy accounting issues and investments in options;
- the Specialist Insurance Divisions for joint underwriting procedures and claims advice management. These procedures are set forth formally in section II of the reinsurance agreement entitled "General Settlement of Reinsurance", the terms of which, particularly the reinsurance thresholds, are re-examined every year.

Concerning the joint underwriting activities and joint claims management, the internal control procedures are presented in sections 3.4.5.4 and 3.4.5.5 respectively.

The principal control procedures put in place by the Reinsurance and Management Division are presented below.

INTEGRATED CONTROL

Outward reinsurance operations by the regional mutuals are calculated by a special computer application (IRIS), the database is either input or transmitted by file by the regional mutuals. Its operation is described in a detailed document. The setting of the annual reinsurance parameters (presented in the Groupama document updated annually, "Reinsurance Terms"), accessible in the application, is checked by the appropriate Managers from the regional mutuals. Reinsured excess claims are first validated by the regional mutuals and by the Groupama SA Claims Advisory and Cost Management Department (see 3.4.5.5) based on a "Notice of Claims" application interfaced with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application interfaced with the Internal Reinsurance (IRIS) application.

Recording and policy accounting for the regional mutuals' specialty business are handled using a dedicated application (SAFARI) in which data is entered by the Internal Reinsurance Division, and verified and approved by the regional mutuals; application instructions are provided in a detailed guide, and the tool interfaces with the regional mutuals' application for calculating outward reinsurance operations (IRIS).

CONTROL TESTS

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

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

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

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

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

Monitoring the Internal Reinsurance of subsidiaries

Concerning the inward reinsurance of Groupama SA on the treaties of the profit centres and subsidiaries, as for all of the Group's inward reinsurance, the External Outward Reinsurance Department ("DCER", See 3.4.5.9. b) records the accounts of the outward reinsurance companies as they are received.

Moreover, for the profit centres and subsidiaries whose outward reinsurance accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the outward business of the profit centre and the inward business portion Groupama SA.

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

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance

These principles are approved and updated every year by the Groupama SA General Management on the recommendation of the Reinsurance and Steering Department which since 1 December 2011, reports directly to the Deputy Chief Executive Officer. Holding levels and hedge ceilings of Groupama SA and those of the Group are calculated with the assistance of reinsurance brokers studying the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Defining the responsibilities of the Reinsurance External Cessions Department". The job of determining the Groupama SA annual reinsurance scheme and for all the Groupama SA insurance subsidiaries is managed by the External Outward Reinsurance Department ("DCER") within the Reinsurance and Management Department. This is done in coordination with the appropriate Managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Thus every year, the DCER holds at least two meetings

1 2 3 4 5 6 7

to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the regional mutuals, the meetings are held with the Groupama Vice President for Reinsurance and Management and the person in charge of Internal Reinsurance.

Supervisory Procedures

In general, the DCER at the Group level monitors the standards and procedures in terms of outward reinsurance to make certain they are applied properly, both in the case of annual treaties and optional outward reinsurance operations. The checks were reinforced through the implementation of new rules in 2009 on underwriting limits in direct insurance and fronting activities.

The DCER is in charge of reinsurance accounting for Groupama SA and all French subsidiaries except Groupama Transport (now merged with Gan Eurocourtage). In this area, it verifies the claims of reinsurance policy-holders, the premium bases as well as any specific information required by the reinsurers.

The DCER sets in motion the following procedures, according to the risks involved:

- for its own management transactions, on an integrated control: based on the specialised SIGRE reinsurance software, which contains oversight and alert modules, integrated procedures that are supplemented by meetings of the DCER Steering Committee between the technical and accounting units of the DCER;
- to control the risk of storms in France, some disaster damage modelling/simulations were created using expert software by the reinsurance brokers or by specialised agencies (such as RMS). On behalf of Groupama SA, they are also performing studies on disaster risks (earthquake, flood, etc.) of the subsidiaries exposed (United Kingdom, Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, Slovakia, etc.); In this area, Groupama SA was thus among the first insurance groups to provide its reinsurers an assessment of amounts insured by department and by type of risk.

  To more clearly define the Group's commitments, a major study was launched in 2009. In 2010, the first phase addressed the "residential risks" and "agricultural risks" portfolio segments, which make up the majority of the portfolio of the regional mutuals.

  The reliability of the process for evaluating commitments was thus strengthened through the audit, control of the databases and a standardised approach to valuing the amounts insured using source data. This then enables deployment of a methodology based on shared principles that still accounts for regional specificities *via* the use of additional parameters.

  These improved valuations were also used in connection with the Group reinsurance program to define, as precisely as possible, the modelling of a 200-year claim with the RMS modelling tool;
- to control the management risk from entities that remain the owners of the data provided to external reinsurance, on a level 2 control implemented by it, or by and authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policy-holder claims, the premium base and specific data required by reinsurers,
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and technical data, audit of compliance with Group procedures, in terms of good outward reinsurance practices and the proper application of the security rules by respecting the list of reinsurers accepted by the Group Security Committee.

Reporting procedures

The staff of the DCER submit weekly internal reports (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) to the department head. The department head then presents an annual renewal report to the General Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets. The General Management of Groupama SA has to approve the levels of protection and general policy guidelines for external outward reinsurance to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

Reinsurance report

The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACP. This report presents the Group's policy in terms of outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewing the Groupama SA reinsurance scheme for the current year.

3.4.5.10 Investment monitoring and management

The investment management methods and control structure are described in point 3.4.4.4 (see above).

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

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

3.4.5.12 Monitoring solvency and profitability

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

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The DFI tracks the solvency of Groupama SA and its subsidiaries as well as their coverage of regulated commitments:

- solvency margins verified based on items sent by the subsidiaries;
- hedging of regulated commitments verified (sufficient nature and description of admissible items);
- verification and decision concerning the terms and conditions for appropriating the annual earnings of the subsidiaries.

The DFI also closely monitors the following:

- Groupama SA's equilibrium in terms of "employment and sources of funds";
- changes in the insurance and holding activities of Groupama SA;
- changes in the combined solvency margin between two accounting periods.

Lastly, the DFI tracks any distortion of Groupama's combined regulatory solvency margin and assesses its sensitivity as well as that of the capital surplus according to the models used by the rating agencies.

3.4.5.13 Monitoring operating risks

Deployment of the internal control system has led the Group to pay closer attention to operational risks since 2008, which specifically includes implementing Business Continuity Plans (BCP) and ongoing oversight.

With regard to BCPs, efforts since 2008 to provide Group companies with crisis management mechanisms and Business Continuity Plans (BCP) for personnel, property, and computer systems, continued in 2009 in order to make Pandemic BCPs operational as of September 2009 for all Group companies, both for "severe" AH5N1 type pandemics and for less virulent pandemics like the AH1N1 flu, for which the original plan was designed. In 2010, efforts focused primarily on structuring the crisis management and BCP plans. The various features required to manage the three cases of major unavailability were identified. This involved the Crisis Management Plan (CMP), Communications Plan (COMP), Personnel Management Plan (PGP), Business Line Continuity Plan (BLCP), User Recovery Plan (URP), IT Contingency Plan (ITCP), Return-to-Work Plan (RWP) and Operational Readiness Maintenance (ORM).

In terms of ongoing oversight, the Group's efforts increased in 2010, and especially in 2011 in connection with the Pillar 2 project. The Group's process benchmarking and updating of lists of operational risks which included defining corresponding incidents, initialised in 2010 in operational theme-based workshops, were further developed and approved with the "pilot" company, and then made available to all Group companies starting in the first half of 2011. At every stage of the business and operational process, operational risks are identified and associated controls are formalised and standardised at Group level. All of these control "cards" generated through working with the "pilot" company and validated with the Business and Operational Divisions of Groupama SA were delivered to the Group companies. These deliverables are currently being adapted and deployed in each company. They will serve as a basis to improve level 1 and level 2 controls.

To promote, disseminate and to support those in charge that are affected by the operational risk mapping programme and permanent control plan, training and communications modules were also designed as part of the fourth worksite of the Pillar 2 project. These modules declined over the whole Group's process benchmarking were made available to entities within the Group in December 2011

Lastly, work was continued in 2011 to design an EU operational risk management tool based on a shared methodology. In this context, seven "pilot" entities took part in the development of functional specifications for the group. Once it is deployed, the tool will offer a consolidated view of Group-wide risks and will satisfy control security and tracking requirements. This programme is scheduled to be launched in the "pilot" company in the first half of 2012.

(a) Methods of marketing the Company's products

The controls carried out in this area are performed in the form of internal checks by each of the Group's insurance companies.

Groupama SA does not have a directly owned sales force and does not distribute insurance policies directly except marginally.

(b) Control of logistical resources and IT systems

Groupama SA's logistical resources, including property, plants and equipment were managed by GIE Groupama Logistique et Achats until 30 June 2011, while the IT systems were managed by GIE Groupama Systèmes d'Information. Since 1 July 2011, the logistical resources and IT systems have been managed by GIE Groupama Supports & Services (G2S), a result of the merger of GIE Groupama Logistique et Achats and Groupama Systèmes d'Information. In addition to Groupama SA, Groupama Logistique et Achats handles the management of Purchasing, IT systems and logistical resources for all of its members, which includes the regional mutuals, the profit centres and the majority of Groupama SA subsidiaries both in France and around the world.

The CEO of GIE and Managers comprise the Groupama Supports & Services Steering Committee. This committee relies on special commissions that address cross-divisional issues concerning audits, internal control and quality, finance, human resources, security, and technical and operational town planning of IT systems.

The management of risks covering security, internal control, compliance, risk management and operational risk insurance is handled within Groupama Supports & Services by the Security, Internal Control and Quality Division (DSCQ), which is a department under the direct supervision of the GIE CEO. The Security unit is in charge of IT system security, the Risk Management unit handles risk management responsibilities, operational risk funding, internal control, compliance and quality.

Since the creation of the GIE, the Risk Management unit of the DSCQ has been involved in merging the mapping of the original GIE risks in order to provide Groupama Supports & Services with mapping harmonised with the Group's lists of operational risks.

Control of logistical resources and purchasing

Each area of the Logistics and Purchasing Departments is covered by procedures and/or operating methods that were identified and mapped in 2011.

All of those involved in these two departments have been informed of the necessity to carry out these activities while strictly adhering to the various charters issued by the Group: purchasing, professional conduct, ethics and law, and if applicable must adjust procedures and operating methods. A programme was just launched on managing contracts: securing documents and making them available, managing deadlines, riders, etc.

Implementation of permanent controls in these areas has resulted in instituting new tracking indicators like the number of incidents with suppliers or the rate at which reserves of outside control offices are lifted, compliance rates with "property" regulations (Labour Code, environmental, technical and legal rules), commitment rates of certain suppliers, etc.

Following the roll-out of the GMAO tool, (Computer Maintenance Management System), which stores data on maintenance operations, especially preventative maintenance, Groupama Supports & Services is better able to keep logistics equipment in working order with a lower risk of non-compliance with regulatory issues.

In late 2011, engagements by IOP (Printed Advertising Materials) were monitored to manage the risk of commercial dependency with our partners.

In addition, a special control in logistics of the provider STACI, which handles storage, preparation, packaging and delivery of supply orders and advertising materials, is conducted annually on site, over and above the monthly controls on proforma invoices. This control generates a card and, if required, recommendations that are monitored during implementation.

Lastly, regulatory oversight and a compliance request are undertaken by the Operating Building Risk Appraisal Department, both on behalf of GIE, and for its customers.

In the second half of 2011, action plans were launched to address vulnerabilities at operating sites.

Control of IT systems

Its strategic management and organisation, the total IT budgets and per-customer budgets, operational relations between Groupama Supports & Services and its customers, as well as the quality of its services, are regularly tracked by the Group control bodies, *i.e.,* area committees that are responsible for the IT investments made in each business line.

The RSSI (Head of IT Security) reports to the Head of Security, Internal Control and Quality. That person defines and coordinates the security policy for the IT systems (PSSI). The 2011 version of the PSSI is available in French and English. It outlines the security requirements that apply to all Group companies. Groupama Supports & Services shares its expertise with the Group's French and foreign companies, whether or not they are clients of GIE.

The RSSI is also in charge of the IT Contingency Plan (ITCP), an IT component of the Business Continuity Plans for GIE clients. These ITCPs cover the "Work Station" Contingency Plan and the "Data Centre" Contingency Plan sections. Regular technical user drills are held in connection with this area, following an annual schedule. The drills take place at the backup sites, which are currently covered by service contracts. A report is generated following each drill and is shared with the clients concerned. An improvement action plan is also prepared. These activities improve the BCPs of the inter-company venture's clients.

Although G2S has two production sites – Bourges 1 and Bourges 2 – providing its clients with continuity of operations that guarantees high availability of applications, in 2010, G2S launched the SOSI project to build and equip a third site in Mordelles that will serve as its own backup site as of July 2012.

In the different business areas (Studies, Production, User Services, etc.) the Groupama Supports & Services IT Systems Division carries out oversight and risk management procedures both for itself and for its customers, especially for the following issues:

- monitoring customer relations: this is carried out through two committees:
  - the Customer Relations Committee (CRC) which acts as an interface between the customer and Groupama Supports & Services,
  - the Service Quality Committee (CQS), which ensures compliance with the indicators set out in the service contract;
- running the IT system; checks are carried out on the quality of the services supplied as well as costs; the cost of the work units of Groupama Supports & Services are regularly compared with those of equivalent companies in France and across Europe;
- the management of incidents and the Help Desk, which is monitored and controlled using specific incident measurement indicators;
- monitoring the implementation of projects: monthly project reviews are scheduled, one of their key points being the analysis of project risks and their control level, as well as a quality assurance review and one or more reviews concerning architecture and operability;
- monitoring the availability of production services: this consists in checking that the SLA (Service Level Agreement) between Groupama Supports & Services and its customers is complied with;
- monitoring the security of production transactions: this is done through traceability using identification, authentication and audit procedures;
- controlling the procurement process: purchases are centralised; checks are made to make sure that the amount of the order is in keeping with the budget; contracts are validated from a legal point of view; suppliers are vetted annually;

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- managing the security of IT buildings: the computer rooms undergo half-yearly “IT security” audits conducted by the DSCQ; the Groupama Supports & Services sites undergo yearly “building security” audits conducted by the DSCQ; moreover those sites undergo biennial “building security” audits conducted either by the Groupama Supports & Services Logistics Department or by an external firm commissioned by this department; all of those audits are performed using a methodology developed by CLUSIF, an association of large French companies sharing best security practices.

  Groupama Support & Services also performed on-site controls of the three main IT service providers: SEATPI manages IT systems remotely 24/7 as well as XGS and DPS (Docapost), the two main desktop-publishers through site visits and End-of-year reports.

Lastly, IT risks extracted from the mapping of Groupama Supports & Services risks and considered to be major Group-level risks undergo a quarterly analysis by DSCQ in order to:

- evaluate the pertinence of the control measures implemented;
- monitor the risk management improvement plans.

Those risks are also examined by the Technical Risks Committee twice a year and by the Group Risks Committee on an annual basis.

Control and management of major inter-company risks

The operating risks identified by Groupama Supports & Services are referenced in a risk map updated each year.

CONTROL OF EXPENDITURE AUTHORISATION

The control of expenditure authorisation is handled through the IT system built on SAP software. Purchasing requests, orders and accounts payable are handled through internal GIE validation workflow, while payments themselves are made by the Groupama SA’s Services Sharing Centre (SSC).

This system secures flows by:

- implementing and tracking delegations of authority during approval processes;
- mandating the use of a supplier list provided in the software and created by Management Oversight ahead of time;
- requiring mandatory entry of detailed information on a policy’s pricing and timeframe conditions;
- requiring orders to be entered and validated in order to validate an invoice.

BUDGETARY CONTROL

Each quarter, Groupama Supports & Services prepares a budgetary statement to ensure the overall control of its budget as well as billing control on each of its clients; any risks identified as exceeding the overall and/or per-client budget are outlined in an action plan during a committee meeting with Management Oversight, the Client Relationship Manager of the referring business line, IT or logistics handling the commitment, and the Client Relationship Managers who carry the risk.

BUSINESS CONTINUITY PLAN (BCP)

Groupama Supports & Services manages three kinds of Business Continuity Plans (BCPs). They all include a Crisis Management Plan, a Communication Plan, an Employee Management Plan, a Business Continuity Plan and a Return-to-Work Plan. The three kinds of BCPs are:

- a BCP in the event of HR unavailability, which incorporates the Pandemic BCP and ensures business continuity for the inter-company venture, whether in the event of a mild pandemic (no modification of inter-company venture operations) or a severe pandemic (reduced operation of the inter-company venture); this BCP provides for remote working procedures;
- a Building BCP, which provides for the inter-company venture’s business continuity in the event of a major incident affecting the building; this BCP includes a User Recovery Plan (URP) and an IT Contingency Plan in the Work Station section;
- an Information Systems BCP, which provides for the inter-company venture’s business continuity in the event of a major incident affecting the IT system; this BCP incorporates the IT Contingency Plan in the Data Sector section.

FUNDING OPERATING RISKS

In 2011, Groupama Supports & Services launched an operating risk funding policy (property, professional liability insurance, civil liability of corporate officers) instituted in 2010 both for GIE itself and for all of the companies within the Groupama SA consolidation and its French affiliates.

After analysing the current status with regard to the cover in place, the identification and inventory of risks generating direct and indirect costs, and a phase to solicit needs from companies, Groupama Supports & Services designed a global and personalised insurance coverage programme, created to optimise and pool risks to satisfy Solvency II requirements.

Every year, a specific Groupama Supports & Services internal control report is produced and presented to the Board of Directors of Groupama GIE.

(c) Control of overheads, trade payables and outsourced activities

Control of the management of overheads by Groupama SA and its subsidiaries

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.1.3.

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

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

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

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

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

Internal control of the Groupama SA procurement process

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

As mentioned earlier, an order/purchase management system has been used since 2006 for practically all Groupama SA purchases, excluding assignment expenses which are entered directly in the SAP accounting system.

This system is used:

- to monitor all suppliers;
- to account for costs as soon as the commitment is made, using an integrated feature of SAP;
- to secure the separation of tasks amongst the principals, the approval-giving bodies and the Accounting Department;
- to automate budgetary control and the cost distribution process;
- to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;
- to secure supplier payments as related to actual deliveries in keeping with orders;
- to clear all invoices with the cost monitoring unit within the Group Accounting Department.

The major organisational and operating principles set out in the document Ligne Fonctionnelle Achats (Functional Purchasing Chain) continued to be implemented in 2011, in particular with the formalisation of roles and responsibilities in the purchasing optimisation process, the formalisation of control processes for calls for tenders and calculation of the resulting economic performance, as well as the strengthening of periodic monitoring of supplier risks.

Control of outsourced activities

Pursuant to the stipulations of the Group's internal control charter:

- the internal control systems authorised within the Group (Groupama Supports & Services, and Asset Managers) by Groupama SA are the responsibility of the proxy.

  For example, when securing information, the RSSI, its team and the Operational Security team of the G2S IT Systems Division are required to perform targeted audits using either internal skills or with the assistance of a specialised outside company.

  G2S clients can also sponsor audits. Thus during the course of 2011, audits were performed on hacking tests, system architecture, and configuration logs by specialised companies at the request of Groupama Banque, Groupama Protection Juridique and Groupama Épargne Salariale (GES). The G2S RSSI and its team provided support to these companies when they chose a service provider (GPJ) and during the audit process itself (Groupama Banque and GES). A report is generated following each audit and, if required, upon recommendation. The G2S RSSI follows up on these recommendations, which have been approved by the committees;
- for activities outsourced outside the Group, Groupama SA has established appropriate sub-contracting agreements setting forth the terms and conditions for the control and monitoring of this service, in particular the possibility of a technical audit at the provider's place of business.

3.4.6 THE RELIABILITY OF FINANCIAL DATA

The Group Accounting Department within the Group Finance Division is responsible for preparing the financial statements and the notes to the shareholders, oversight agencies and tax authorities.

3.4.6.1 Parent company financial statements

The parent company statements are prepared with an ongoing concern for identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The kinds of internal checks performed for that purpose are listed below:

- security procedures and internal checks: every area Manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;
- integrated control and control tests: this refers to all operations guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,

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- the other actions and tests of a non-computer nature targeting mainly the consistency checks by random sampling carried out on large-volume transactions, with very low unit amount (*e.g.* balancing of policyholder balances, tax statements);

› hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:

- within current management:
  - separation of the functions of commitment to and payment of expenses.

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

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

In addition, the Group Accounting Department regularly updates the modelling of its accounting procedures under a dedicated application in order to comply with the regulatory requirements in terms of audit trails and documentation of accounting standards.

In accordance with its position as parent company of the Group, Groupama SA handles the accounting for a certain number of subsidiaries through its Service Sharing Centre (operating SCIs GIE Groupama Support and Services, holding companies and other subsidiaries); it also handles investment accounting for the French profit centres.

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

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

3.4.6.2 Consolidated financial statements

The internal control procedures used to establish the reliability of the consolidation financial information for the shareholders of Groupama SA are based on five basic principles: checking the appropriateness of skills (internal check), integrated control, parallel control tests, hierarchical control and Group benchmarking.

(a) Security and internal checking procedures

They are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (see above).

(b) Integrated control

The Group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this base with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

› the first verification level entails checking the consistency of data standard (all the Group's data is presented in a format that follows a single standard);

› at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly concern the overall accuracy and consistency of the items entered. In fact, depending on the types of control, this either causes the data input to be blocked automatically (which can only be cancelled if the precise data is input), or else it restores glitches to be corrected. The central level has the audit trail of these controls. The computer system allows a fairly high level of automatic control through the development of interfaces with the upstream systems;

› at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data among the different entities in the Group (such as, for example, for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks desired to identify and monitor any data and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control tests

A set of verification and control tests has been put in place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:

- checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- verification of central processing: accuracy checks are carried out to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/ accretions, etc.).

Control tests are clearly outlined in a formal review manual.

(d) Hierarchical control

Hierarchical control seeks to ensure that the principal items affecting the fairness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Steering Committee to review the consolidated financial statements;
- meetings of the Audit Committee to review the consolidated financial statements.

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

(e) The Group standard of reference

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at Group level and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS leave the possibility of applying options;
- application methods.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS standard.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities. The instructions emphasise the specific items applicable to each approval process. These instructions are forwarded to the auditors for informational purposes.

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

Pre-closing procedure

Since 2007, the Groupama SA General Management has introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the latest available forecast and helps to determine the profit or loss to be contributed by each entity for the current year at its most probable level. This system involves the following:

- a systematic and critical review of the principal aggregates making up the interim management balances;
- identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's General Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the General Management).

This gives the General Management an across-the-board picture of 2011 earnings. In order to make the process more effective, analyses of post-closing differences are generally carried out. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.6.3 Combined financial statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.6.4 Supervision of intra-group accounting transactions

Transactions amongst subsidiaries and Groupama SA (internal loans, subsidiary restructurings, capital increases, dividend pay-outs, etc.) are subject to decisions validated by the Groupama SA General Management, and to technical and operational control by the Group Accounting Department. Controls on these operations are performed by auditing the consolidated financial statements, *i.e.*: by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

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3.4.7 OUTLOOK FOR GROUPAMA'S INTERNAL CONTROL

In 2011, the Group carried out work to comply with the Pillar 2 requirements of Solvency II, namely by:

- finalising the pilot project by preparing a set of deliverables for all Group companies in France and around the world;
- structuring the data quality compliance project by defining the principles and instituting data quality governance and organisation.

All of these actions were accompanied by regular communications and information provided to Group companies. The goal of these actions was to present the overall framework of the Solvency II reforms, and especially to encourage the involvement of all Group employees in the Pillar 2 implementation.

Pillar 2 roll-out in all Group companies based on a set of deliverables prepared in connection with the pilot project will constitute one of the major worksites for 2012, particularly the following actions:

- governing risks by holding meetings of the various Risk Committees;
- implementing permanent level 1 and 2 controls in compliance with efforts to map processes and operational risks identified;
- launching the EU operational risk management tool and incident database;
- ensuring data quality compliance by defining and deploying permanent control cards for all processes concerned;
- training all employees using training modules designed in connection with the 2011 pilot project.

2011 was marked by a change in Company management with the 4Q 2011 review of operations submitted to preliminary approval by the Board of Directors and the institution of thresholds for asset investment operations to provide a better asset management framework.

The Group will continue its risk management policy in 2012 by forming a Group Risk Committee in the first quarter of 2012 for each major risk family (insurance, financial, operational) and, following the 2010-2011 conceptual framework, it will put its risk tolerance program into operation at the Group level and at all subsidiaries.

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

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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.

Statutory auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code, and dealing with the report of the Chairman of the Board of Directors.

(Financial year ended 31 December 2011)

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	Tour Exaltis
92208 Neuilly-sur-Seine Cedex	61, rue Henri Régnault
	92400 Courbevoie

To the shareholders,

In our capacity as statutory auditors of Groupama SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2011.

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

It is our responsibility:

- to report to you on information set out in the Chairman's report concerning the internal control procedures and risk management related to the preparation and treatment of the accounting and financial information;
- to certify that the report covers the other information required under Article L.225-37 of the French Commercial Code, it being understood that it is not our responsibility to verify the accuracy of such information.

We have conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Under professional standards we are obliged to apply procedures designed to assess the accuracy of information on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report. This consists of the following:

- reviewing the internal control and risk management procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comments to make on the information given concerning the Company's internal control and risk management procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 22 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit — Mazars

Éric Dupont — Christine Billy — Jean-Claude Pauly — Maxime Simoen

3.6 FEES OF THE STATUTORY AUDITORS

In 2011, like in 2010, statutory auditors also carried out a certain number of engagements directly related to auditing services although these did not fall directly within the scope of legal auditing responsibilities. The scope of these engagements and their method of application are detailed in the charter governing the role and responsibilities of the statutory auditors in the Group. These engagements represented an overall budget of €1,131.7 million in 2011, compared with €52.2 million in 2010. In 2011, they primarily include one-time due diligence assignments to certify the Solvency 2 internal model.

Auditors who are not members of the Group's joint auditors' group generally work as joint auditors on some subsidiaries of the Group, particularly in real estate.

OVERVIEW OF AUDITORS' FEES

(in thousand of euros excluding tax)	Year 2011						
	Pricewaterhouse Coopers		Mazars		Others		Total
1. Legal audit assignments							
1.1. Staturory auditing, review of consolidated and annual accounts	3,347.1	53.5%	2,556.8	40.8%	357.4	5.7%	**6,261.3**
Groupama SA	902.0	51.7%	844.0	48.3%	0.0	0.0%	1,746.0
French subsidiaries	1,426.7	53.6%	1,041.1	39.1%	194.0	7.3%	2,661.8
International subsidiaries	1,018.4	54.9%	671.7	36.2%	163.4	8.9%	1,853.5
1.2. Other engagements and audits directly related to the services by the auditors	622.5	55.0%	509.2	45.0%	0.0	0.0%	**1,131.7**
Groupama SA	410.7	44.6%	509.2	55.4%	0.0	0.0%	919.9
Other subsidiaries	211.8	100.0%	0.0	0.0%	0.0	0.0%	211.8
SUB-TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,969.6**	**53.7%**	**3,066.0**	**41.5%**	**357.4**	**4.8%**	**7,393.0**
2. Other services (technical, accounting and regulatory consulting)	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,969.6**	**53.7%**	**3,066.0**	**41.5%**	**357.4**	**4.8%**	**7,393.0**

(in thousand of euros excluding tax)	Year 2010						
	Pricewaterhouse Coopers		Mazars		Autres		Total
1. Legal audit assignments							
1.1. Staturory auditing, review of consolidated and annual accounts	3,233.1	54.5%	2,298.9	38.8%	395.0	6.7%	5,927.0
Groupama SA	477.0	53.2%	419.0	46.8%	0.0	0.0%	896.0
French subsidiaries	1,606.2	53.8%	1,153.0	38.6%	227.9	7.6%	2,987.1
International subsidiaries	1,149.9	56.3%	726.9	35.6%	167.1	8.1%	2,043.9
1.2. Other engagements and audits directly related to the services by the auditors	25.3	48.5%	20.8	39.8%	6.1	11.7%	**52.2**
Groupama SA	20.0	50.0%	20.0	50.0%	0.0	0.0%	40.0
Other subsidiaries	5.3	43.4%	0.8	6.6%	6.1	50.0%	12.2
SUB-TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,258.4**	**54.5%**	**2,319.7**	**38.8%**	**401.1**	**6.7%**	**5,979.2**
2. Other services (technical, accounting and regulatory consulting)	46.7	82.7%	0.0	0.0%	9.8	17.3%	56.5
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,305.1**	**54.8%**	**2,319.7**	**38.4%**	**410.9**	**6.8%**	**6,035.7**

3.7 RELATED PARTY TRANSACTIONS

Section 3.7 as a whole corresponds to Note 44 on transactions with affiliated in the Notes to the Financial Statements for fiscal year 2011, audited by the statutory auditors.

3.7.1 GENERAL PRESENTATION

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

Premium income earned by Groupama SA and its consolidated subsidiaries through the regional mutuals network mainly pertains to Groupama SA and Groupama Gan Vie. Based on these two entities, the contribution of the network of regional mutuals to consolidated revenues totalled €3,722.7 million, or 27% of total consolidated revenues for 2011.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

3.7.1.1 Reinsurance

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

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

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

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

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

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

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

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

This reinsurance relationship is designed to continue over the long term, and the term of the reinsurance agreement between Groupama SA and the regional mutuals is equal to that of Groupama SA, which, unless extended, will end in 2086. Any modifications to the agreement must be made in accordance with a consensus-based decision-making process, which grants authority for final approval to the Groupama SA Board of Directors, after receiving the opinion of the Agreements Committee.

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

The reinsurance agreement is described in more detail at §3.7.2.1.

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

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

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

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

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

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.,* products or services designed for members or customers) or to the needs of the entities of the Group (*i.e.,* the financial services designed for the Group entities) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute, under any circumstances, competing products or services offered by third parties,
    - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,
    - to engage in the transport insurance business only in an auxiliary manner, under the aegis of Groupama SA, in coordination with Groupama Transport (taken over by Gan Eurocourtage on 31 December 2011),
  - concerning subsidiaries offering financial services designed for the Group entities:
    - to give preference to those subsidiaries at equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the retail banking services offered by Groupama Banque, and the services offered by Groupama Épargne Salariale and a certain number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market; it is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

3.7.1.3 Security systems

(a) The Groupama brand

The Groupama brand is the exclusive property of Groupama SA, which grants the operating license thereof to the regional mutuals and the subsidiaries. Groupama SA is thus the guarantor of the brand's control and the protection of the Group's critical asset.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement, amended by a rider on 27 April 2011, for a security and solidarity system, aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity.

This is a three-part agreement:

Audit

Once every three years, Groupama SA conducts an audit of all the transactions of the regional mutuals in order to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement.

In addition, an audit is performed in the event of a loss recorded by a regional mutual, which, depending on the nature, if repeated over three fiscal years, would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business.

The level of shareholders' equity and necessary assets is set in accordance with a decision-making process based on consensus, which grants to the Groupama SA Board of Directors the authority for final approval.

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

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

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

Solidarity fund

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

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

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

Funding support is possible provided two conditions are met:

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

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

Appointing the Chief Executive Officers of the regional mutuals

The Chief Executive Officers of the regional mutuals are appointed by their Board of Directors after advice from a Senior Executive Careers Committee made up of Groupama SA Chief Executive Officers and those of the regional mutuals and Chairmen of regional mutuals.

(c) The Agreements Committee

The Agreements Committee, a Research Committee from the Groupama SA Board of Directors, is chaired by an independent Director.

Its main role is to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships.

In particular, this committee is responsible for reviewing any modifications to the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, ensuring that said agreements are legally sound and that they are in the corporate interest of Groupama SA (conditions of compensation and distribution of risks following from said agreements).

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

3.7.2.1 The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal insurance system grew up amongst the Regional Insurance Mutuals, and a Central Mutual whose reinsurance function is now performed by Groupama SA.

The reinsurance of the regional mutuals with Groupama SA is intended, through internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to the potential needs of such a company.

In order to achieve this objective, the regional mutuals are insured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and adjustments to the reinsurance agreement

The Permanent principles are listed below:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary and indexation and additional retentions) must be made in the form of a rider in writing, approved by the Groupama SA regional mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama SA, they are subject to the agreement of the Chief Executive Officers of the regional mutuals;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by Groupama SA's Board of Directors' meeting

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voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The adjustments made in the reinsurance agreement in the past two decades were caused by two factors:

- either by changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance amongst them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Most of the risks are classified in three main families, based on the nature of the cover required, which depends on their volatility:

- basic risks: they include professional and individual risks such as motor, general third-party liability, life and Health insurance, individual health and fire, not including natural risks or highly specific risks such as construction, long-term care, etc.; those risks are characterised by rather low volatility, which basically requires a cover for claims exceeding a certain threshold;
- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events;
- heavy risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even disaster claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

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

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

Basic risks

All basic risks are subject to a 30% quota share outward reinsurance (40% for overseas mutuals), which represented a premium income of €1,351 million for Groupama SA in 2011.

Thus the regional mutuals keep a high percentage, which is the best guarantee of the balance of their outward reinsurance to Groupama SA, since these risks account for more than 82% of their premium income. Specific regulations are provided, however, for the unlikely case where a regional mutual would reinsure outward with Groupama SA a total of two consecutive years of a loss under this quota share reinsurance.

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

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

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

Atmospheric risks

All atmospheric risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represents a premium income of €191 million for Groupama SA in 2011.

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

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

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

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the

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premium income of the mutual adjusted according to its claims history.

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

The portion of the claims paid by the annual stop loss represents an average over a long period of 50% of the claims under custody after reinsurance of the mandatory portion for the storm unit and 10% for hail coverage. These averages cover some substantial differences depending on the number of claims for the fiscal years (an expense most often zero in storm coverage, not including major events).

From its inward reinsurance operations, Groupama SA of course benefited from the coverage underwritten in external reinsurance, the cost of which it includes in the contributions requested from the regional mutuals (this is also valid in the other risk families).

Heavy risks

All heavy risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €74 million for Groupama SA in 2011.

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

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

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

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

Main other risks (“miscellaneous risks”)

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

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

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

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

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

In all, these outward reinsurance operations accounted for premium income of €311 million for Groupama SA in 2011.

(c) Retrocession

Outward insurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA’s quota share inward reinsurance for basic risks is not, therefore, affected by the retrocession.

However, a significant percentage (15% to 50% depending on the risks), of the other main reinsurance inward reinsurance is retroceded, including the following:

- basic risk stop loss;
- quota share and annual stop loss for atmospheric risks and natural disasters;
- quota share and stop loss for heavy risks;
- share of multi-risk climate for crops.

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

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

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(d) Amounts involved in fiscal year 2011

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama SA, from the regional mutuals under the Internal Reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2011	31.12.2010
Earned premiums non-life	1,930	1,832
Insurance policy servicing expenses	(1,334)	(1,363)
Acquisition costs	(166)	(156)
Administrative costs	(166)	(156)

At 31 December 2011, the net profit on retrocession was €35 million.

(in millions of euros)	31.12.2011	31.12.2010
Expenses on outward reinsurance	(83)	(81)
Income on outward reinsurance	118	98

In summary

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €1,930 million in 2011.

3.7.2.2 Groupama Gan Vie

The relations between Groupama Gan Vie and the regional mutuals are governed by identical bilateral agreements. One agreement covers individual life, and another group insurance.

(a) Individual life agreement

The purpose of this agreement is the distribution and management by the regional mutuals of the individual life insurance products (which include the products underwritten by participation in a voluntary group policy) from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the PR and advertising. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals are responsible for covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

The distribution and management of the regional mutuals are compensated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection products) designed to involve the Regional Mutual in the quality of its management.

Groupama Gan Vie posted premium income under this agreement of €1,804.4 million in 2011. The fees earned by the regional mutuals amounted to €104.7 million.

(b) Group insurance agreement

The purpose of this agreement is the distribution and management by the regional mutuals of group insurance policies from Groupama Gan Vie.

Groupama SA, which provides technical support to Groupama Gan Vie, is also a party to this agreement.

At the distribution level, Groupama SA, through a delegation from Groupama Gan Vie, sets the rules for marketing, subscription, and rates for the products as well as the contract documents and communications media. The regional mutuals are responsible for the commercial relationship with customers.

With regard to administration, the regional mutuals are responsible for performing all administrative functions for life insurance policies, including medical management, with the exception of certain activities which, because of the type or amount, are performed directly by Groupama SA.

The administration of pension policies and life insurance benefits on these policies is outsourced to Groupama SA.

Groupama SA is authorised by Groupama Gan Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the regional mutuals.

The regional mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks, which is designed to involve the Regional Mutual in the quality of its management. As an incentive for the development of group insurance, the regional mutuals receive a share of the profits from policies managed nationally based on type.

Groupama Gan Vie posted premium income under this agreement of €34.5 million in 2011. The fees earned by the regional mutuals amounted to €6.7 million.

3.7.2.3 Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual, which Groupama Banque licenses to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed annually.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the Regional Mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €53.1 million in 2011. The fees earned by the regional mutuals amounted to €7.9 million.

3.7.2.4 Inter-company ventures ("GIE")

On 1 July 2011, Groupama Systèmes d'Information absorbed Groupama Logistique et Achats, with retroactive effect in the charter of accounts and tax plan to 1 January 2011, and was renamed Groupama Supports & Services (G2S).

The purpose of the GIE Groupama Supports & Services is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising IT, logistics and purchasing activities.

To this effect, the purpose of the Group is to:

- undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members;
- lease and manage the buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with Group suppliers.

Most services provided by the inter-company venture are exempt from VAT, except for services relating to the supply of goods.

The members of the inter-company venture, which are not charged VAT, are mainly the regional mutuals, Groupama SA, its French insurance subsidiaries, Groupama Banque and other GIEs of the Group. Non-member clients, which are charged VAT, are mainly Group financial management companies and international subsidiaries and, where appropriate, entities outside the Group affiliated through partnership agreements with Groupama.

IT services provided by GSI to Group entities are invoiced based on the following principles:

- G2S, as a non-profit inter-company venture, charges all of its costs, whether this be its own operating costs, costs that are charged by other Group entities or costs of technical resources acquired for account of third parties;
- all costs are spread over a defined list of services (operating services, project services) that cover all areas of operation of the inter-company venture. Invoiced amounts are determined based on the following conditions:
  - charged directly when possible,
  - otherwise, according to allocation keys that can be modified each fiscal year if necessary, the principle of which is determined for each cost category by GIE based on significant criteria.

Special governance was put in place to ensure the relevance and stability of invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "Keys Committee" which brings together IT Managers from member companies of the inter-company venture and the various services of the inter-company venture in charge of developing and implementing invoicing keys.

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For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the inter-company venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of the inter-company venture for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the correct analytical allocation of the expenses of the inter-company venture for their billing.

Based on the provision above, €449.9 million excluding taxes were billed as at 31 December 2011, €98.1 million of which to the regional mutuals.

3.7.2.5 Other agreements

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

3.7.3 FINANCING OF MAJOR PROGRAMMES

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

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

3.7.3.1 Operational structure of a decentralised organisation

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

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

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

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

As indicated above (see section 3.7.1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.7.3.3 A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent, for most of the regional mutuals, a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing ceases once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental individual health insurance product launched on an experimental basis in three regional mutuals, then expanded gradually to the other regional mutuals. This new product entitled "Groupama Active Health" now gives the regional mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading company in the French supplementary health insurance market. It should be noted that when this business line broke even financially in 2007, Groupama SA's financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in nearly all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research initiated several years ago, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals' merging-migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2011, Groupama SA contributed €5.8 million, net of corporation tax.

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Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For the fiscal year 2011, the amount of financial support devoted to deploying the banking business came to a total of €4.8 million, net of corporation tax.

Since 2008, Groupama SA has taken part in the development of the regional mutual Groupama Paris Val de Loire, by funding a portion of the special costs for creating 20 sales agencies in Paris. A total subsidy of €30 million net of corporate income tax was approved by the Board of Directors. This payment was spread over five years as the agencies were opened. In consideration of this subsidy, Groupama Paris Val de Loire agreed to have the commission it received on the share of basic outward reinsurance risks from Groupama SA over the next 20 years reduced to a ratio of 3.5% of the issued premiums the project will generate for the regional mutual. As at 31 December 2011, the subsidy paid to Groupama Paris Val de Loire totalled €23.5 million, €2.5 million of which was for 2011.

Lastly, Groupama SA has participated since 2007 in funding the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile sporting teams in football, rugby and basketball. During the 2010-2011 season, this funding amounted to €0.5 million.

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

3.8 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama SA and its subsidiaries.

On the other hand, major agreements bind Groupama SA, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 3.7.2 above.

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3.9 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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.

For the year ended 31 December 2011

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	Tour Exaltis
92208 Neuilly-sur-Seine Cedex	61, rue Henri Régnault
	92400 Courbevoie

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on the relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce)* and Article R. 322-7 of the French Insurance Code (*Code des assurances)*, it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code and Article 322-7 of the French Insurance Code in relation the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

(a) Agreements to be submitted for the approval of the Shareholder's Meeting

Agreements authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed of the following agreements authorised by the Board of Directors.

- Financing of major Group programmes

  For the financing of the major programmes for 2012, subsidies of a maximum amount of €11.8 million, net of corporate income tax, were granted to regional mutuals to support the development of the Group's banking activities (Groupama Banque). In addition, subsidies of €5.392 million, net of corporate income tax, were granted to finance part of the joint IT expenses (SIGMA). These two subsidies were successively authorised by the Board of Directors at its meeting of 26 October 2011, wherein the Chairman of the mutual concerned did not take part in the vote.

  Directors concerned: Mr Baligand, Mr Baucherel, Mr Bayeul, Mr Baylet, Mrs Bocquet, Mr Cornut-Chauvinc, Mr Dagès, Mr Desnoues, Mr Habig, Mr Schmitt and Mr Zanettacci.

- Sports sponsoring

  Within the scope of the Group's sports sponsoring programme, subsidies totalling €2.25 million, including taxes, were granted to certain regional mutuals for the 2011/2012 season, depending on factors such as media coverage. All such subsidies were successively authorised by the Board of Directors at its meeting of 26 October 2011, wherein the Chairman of the mutual concerned did not take part in the vote.

  Directors concerned: Mr Bayeul, Mr Dagès, Mr Desnoues.

- Protection and retirement schemes for the Chief Executive Officer and Deputy Chief Executive Officer

  At its meeting of 15 December 2011, the Board of Directors authorised that the Chief Executive Officer and Deputy Chief Executive Officer continue to benefit from the supplementary healthcare, protection and retirement schemes applicable to members of the Management Committee.

(b) Agreements already approved by the Shareholder's Meeting

Agreements approved in previous years

In accordance with Article R. 225-30 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed that the following agreements, approved by the Shareholders' Meeting in previous years, remained in force during the year ended 31 December 2011.

- Termination of the Chief Executive Officer' employment contract

  Upon renewal of his term of office, former Chief Executive Officer, Mr Azéma stated his wish to terminate his employment contract.

  Consequently, on 27 May 2009, the Board of Directors recognised this change in status. His social security cover with respect to healthcare, protection and retirement remained unchanged, either by maintaining the former schemes or by setting up an equivalent scheme. The board also set the terms and conditions and limits governing the Chief Executive Officer's right to severance pay in the event of a forced departure due to a change in control or strategy. This severance pay would be equal to two years' compensation – both fixed and variable – based on the mean percentage of variable compensation allocated over the last three financial years, including the year in progress. Moreover, the Board of Directors defined the terms and conditions of the non-competition clause, by replacing the previously applicable formula with a fixed benefit equal to one year's fixed and variable compensation. This benefit would be deducted from the two-year benefit mentioned above so that, in any event, the total amount paid in respect of the non-competition clause and severance pay would not exceed two years' fixed and variable compensation.

  This commitment expired on 24 October 2011 upon Mr Azéma's departure, and gave rise to the payment of a total of €1.469 million as severance, plus the payment due under the non-competition clause totalling €1.469 million, in addition to €0.1 million for two years of in-kind benefits (contributions to healthcare and protection schemes, company car, etc.).

- Protection and retirement schemes for the Chief Executive Officer

  The Board of Directors authorised that the protection, healthcare and retirement schemes applicable to Management Committee members be extended to the Company's former Chief Executive Officer at its meetings of 25 September 2006 (protection and healthcare schemes) and 14 December 2005 (retirement scheme).

  This commitment expired on 24 October 2011, upon Mr Azéma's departure.

- Sports sponsoring

  The subsidies granted to the regional mutuals for the sports sponsoring programme in 2011 for the 2011/2012 season amounted to €0.473 million, net of corporate income tax.

- Financing of major Group programmes

  Concerning the subsidies authorised by the Board of Directors on 27 October 2010 for the financing of the major programmes for 2011, the amounts actually allocated to the regional mutuals were as follows: €4.75 million, net of corporate income tax, for the deployment of banking activities (Groupama Banque) and €5.78 million, net of corporate income tax, for joint IT expenses (SIGMA). In addition, as part of the Group's development strategy in France, Groupama SA agreed to financially support the Groupama Paris Val de Loire regional mutual for a maximum of €30 million, net of corporate income tax, which was to be used to create local branches in Paris. A total amount of €2.5 million was granted in 2011 in connection with this support.

- With the regional mutuals

  'An agreement on security and solidarity measures' which was approved by the Shareholders' Meeting of 18 December 2003 and amended by a rider in December 2004, guarantees the security of the management and the economic and financial equilibrium of all regional mutuals and of Groupama SA and organises solidarity among those entities. The agreement provides for procedures based on four measures:

  - Groupama SA conducts an audit every three years of all regional mutuals and ad hoc audits in the event a regional mutual reports a loss;
  - a solidarity fund mechanism for helping regional mutuals in difficulty; into which regional mutuals pay a portion of their annual net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a limit of 3% of retained premiums;
  - the appointment of the Chief Executive Officers of the regional mutuals;
  - an agreement to combine accounts, designating Groupama SA as combining entity.

Neuilly-sur-Seine and Courbevoie, 22 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

RISK FACTORS

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4.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Company's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and could materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this should not however be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in section 4.2 of this reference document. In addition, if the risks described in this section 4.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

4.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

4.1.1.1 The cyclical nature of the IARD segment

The cycles associated with the IARD insurance business are of varying length. They may involve unpredictable catastrophic events or be impacted by general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

4.1.1.2 Natural and human disasters

The increasing number of climate events, on a global level, as well as other risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the future impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impact on Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance, Groupama significantly reduces the negative impacts of its exposure. However, despite the careful attention paid to the monitoring of these risks and the risk control systems put in place, Groupama might still experience major losses in the future on such risks, which would have a material negative impact on its financial position and net income.

4.1.1.3 Inadequacy of reserves to address losses in the IARD segments

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the IARD (general insurance) segments that it insures.

However, reserves do not represent an exact evaluation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic development in claims, regulatory changes, judicial trends, economic developments, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims.

These items cannot always be known, particularly on a prospective basis. Actual losses may also differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

4.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves and Deferred Acquisitions Costs (DAC)

The establishment of insurance reserves, including the minimum guarantees found in certain Group savings and pension products, the adequacy test performed on the life insurance policy reserves, the recoverability test on the differed profit-sharing assets and the establishment of DAC rely, by their very nature, on uncertain information based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (surrender, lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a high degree of estimation on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

4.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate technical reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and technical reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at §4.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as floor guarantees, naturally relies on uncertain information and judgments, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

4.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them.

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the recent financial crisis has not yet led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect our net income.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, it is possible that the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

4.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATE, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

4.1.2.1 The difficult and persistent conditions in the world financial markets and the economy

The financial crisis and its repercussions over the last three years have affected Groupama just as they have other players on the market. A wide range of factors, including uncertainty as to the availability and cost of credit, the stability and solvency of governments, financial institutions and other companies, future inflation, energy costs and geopolitical tensions, have created heightened volatility and uncertainty regarding forecasts of general economic and financial market growth. These factors, together with unstable oil prices, variations in real estate markets, stock market volatility, declining consumer and business confidence and future risks of higher inflation and unemployment, have produced a significant slowdown in the economies of all of the countries where Groupama is active, particularly in Southern Europe, Greece, Turkey, and Central and Eastern Europe.

The volatility of the world markets in fixed-rate instruments and the reduction in liquidity still affect many asset classes and sectors.

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As a result of falling or lower levels of profitability of financial investments and the dependence of the Group's activities on consumer behaviour and confidence, these events and persistent market disruptions have affected and may, despite the hedging mechanisms used, continue to have an adverse effect on the Group's revenues and net income.

4.1.2.2 Unfavourable conditions in capital and credit markets

The capital markets continue to experience volatility and disruptions limiting the availability of additional liquidity on the markets and the credit capacity of most issuers.

Groupama needs liquidity specifically to pay its operating expenses, claims settlements, policy redemptions and the payment of interest on its subordinated debts.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by super-subordinated securities (TSS), perpetual subordinated bonds (TSDI), subordinated securities (TSR) and credit facilities.

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods dependent on factors that are both external (including market conditions, credit availability and volume of trade) and internal to the Group (financial rating, borrowing costs and perceptions of the short- and long-term financial outlook).

Although Groupama has established a system to manage capital and financial flexibility proactively, supplemented by the creation of a liquidity portfolio, the Group might be unable to meet its liquidity needs or obtain financing on favourable terms. Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

4.1.2.3 The worsening of the solvency margins of Groupama SA's subsidiaries because of unfavourable conditions in capital markets and changes in the interpretation of regulations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These shareholders' net equity requirements imposed on insurance companies generally depend on the design of the product, underwriting volume, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – potentially significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (stocks and interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance subsidiaries' shareholders' net equity on an on-going basis to ensure compliance with current regulations and to ensure that Groupama SA and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broad discretion to interpret, apply and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may take measures to significantly strengthen shareholders' net equity requirements or restrict companies' activities.

Moreover, if the Group's subsidiaries fail to maintain adequate shareholders' net equity with regard to regulatory requirements and/or their competitive positions, Groupama SA might be required to support them financially, which could adversely affect its liquidity position, consolidated net income and financial position. As part of the monitoring of its subsidiaries in this area, Groupama SA thus provides financing, if necessary, to certain subsidiaries to enable them to improve their level of solvency margin at the end of the year. Thus in 2011, following the concomitant increase in its capital by the regional mutuals, Groupama SA carried out a capital increase for its subsidiary Groupama Gan Vie and accepted the offer of Caisse des Dépôts to subscribe to an issue of preferred shares of its subsidiary Gan Eurocourtage.

Finally, when rating agencies assess Groupama SA's financial strength and credit quality, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. If the ratings agencies find that the level of shareholders' net equity of Groupama SA and its subsidiaries is insufficient in respect of the agencies' criteria, the financial strength and credit rating assessment can be downgraded.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the changing interpretation of regulations and the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income and financial position.

4.1.2.4 The downgrading of our financial strength ratings

Current financial strength ratings are important factors in establishing the insurance companies' competitive position vis-à-vis each other. Rating agencies may revise them at any time.

To date, the financial strength ratings assigned to Groupama by Standard & Poor's and Fitch Ratings are "BBB -", associated with a negative watch and "BBB", with a negative outlook, respectively.

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A downgrade of ratings, particularly below "Investment Grade" could have an adverse impact on the Group, such as (i) harming our competitive position, (ii) negatively affecting our ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting our ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama SA.

4.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and unrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be public or private issuers whose securities the Group holds in its investment portfolios, borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions.

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default – and even the fear of default – on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect us or could affect our partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

The year 2011, marked by the complete loss of market liquidity of Greek securities, led Groupama, like most players in banking and insurance, to decide in early 2012 in favour of the contribution of its securities to the securities swap scheme proposed by the IIF and the Greek government. Within this framework and based on the valuation method used, Groupama has recognised in its 2011 accounts an average provision for impairment of 73% of the purchase price of its securities.

Given the current persistent and potential tensions in the financial markets, particularly the credit spread risks on sovereign debt, despite greater selectivity in the choice of sovereign and corporate issuers, Groupama might be compelled to recognise an impairment in the value of assets invested. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

4.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Costs (DAC) and Value of Business in Force and/or the derecognition of deferred tax assets and deferred participation assets

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and Value of Business in Force amortisation and the valuation of deferred tax assets. The value of some of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance.

As at 31 December 2010, impairment of goodwill was recorded in certain Eastern European countries and Greece. In the future, the downturn in operating performance of the Group's acquisitions or in market conditions could result in a significant impairment of goodwill, accelerate the DAC and Value of Business in Force or lead to the derecognition of deferred tax assets. These items may adversely and materially affect the Group's net income and financial position.

4.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings due to the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets are unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates to the extent possible, specifically *via* Asset/Liability Management that seeks to calibrate the duration of assets to those of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and *via* the use of hedging instruments, Groupama's growth, level of assets, expenses, losses or financial revenues could, nonetheless, be materially affected, which would then significantly affect its net income and financial position.

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Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

The current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the Euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

4.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the euro zone. In effect, although the Group does business primarily in euro zone countries, about 30% of its premium income at 31 December 2011 derived from the business of its international subsidiaries and about 10% was denominated in currencies other than the euro, including the Turkish lira, pound sterling, Romanian leu, Hungarian florint and the Bulgarian lev. The shareholders' equity of Groupama is therefore subject to fluctuations in exchange rates through translation adjustment;
- secondly, through investment assets held by its subsidiaries in the euro zone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency—mainly the US dollar and the yen. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations *via* hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends by the subsidiaries, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement.

4.1.2.9 A sustained increase in market inflation rates

Inflation is an on-going risk that weighs on the markets in which Groupama operates. At the end of 2011, evidence of short-term pressure on overall inflation was seen in all countries in which Groupama does business, mainly owing to the evolution of global commodity prices accentuated by political uncertainty, particularly in the Middle East, and the evolution of food prices.

A sustained increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in IARD insurance activities over long periods, such as construction and third party liabilities ("long-tail risks"), including in particular an underestimation of provisions at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

4.1.3 RISK FACTORS INTERNAL TO GROUPAMA

4.1.3.1 The dependence of Groupama SA, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama SA operates its own reinsurance business *via* the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama SA, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama SA. A significant share of Groupama SA's financial resources consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowing.

Groupama expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements and dividends to shareholders.

Some Groupama subsidiaries are also holding companies (*e.g.,* Groupama Banque, GUK Broking, Groupama Investment Bosphorus) and are dependent on dividends from their own subsidiaries to honour their commitments.

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Legal and regulatory restrictions may also limit the ability of Groupama SA to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to us and other entities of the Group.

In view of the above points, Groupama could receive a reduced (or no) dividend from some of its subsidiaries, or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation and its ability to distribute dividends.

4.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For certain financial assets of the Group, for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see section 3.2.1 – Accounting principles and methods used in the valuation of financial assets, of the Notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of provisions and impairment

The determination of the amount of provisions and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined financial statements (see section 3 – Accounting principles and valuation methods used, of the Notes to the consolidated financial statements), analyses, evaluates and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting provisions for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and provisions recorded in the financial statements, or that the impairment or additional provisions will not have a negative impact on the net income and financial position of the Group.

4.1.3.3 A decline in the growth of the Group's insurance, asset management and banking business lines

The growth, both organic and external, experienced in recent years in the Group's insurance, asset management and banking business lines could come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions in the sectors or countries in which Groupama does business. The development of the Group's life insurance, savings and pension products could also be affected by changes in existing regulations, such as tax legislation.

The inability of the Group to capitalise on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives, may adversely impact the growth of Groupama's business.

4.1.3.4 The diversity of the countries in which Groupama operates

Groupama markets its products and services in Europe, Turkey, Africa and Asia through legal structures and various distribution channels such as majority- and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, and so on.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and have an adverse impact on its net income and financial position.

4.1.3.5 The inadequacy of hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts to hedge certain risks arising from guarantees given to policyholders.

However, in some cases Groupama may not be able to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity or the insufficient size of the relevant derivatives markets.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

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Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses, cannot constitute a guarantee, and could significantly impact Groupama's business, competitive position, net income and financial position.

4.1.3.6 Existence of unanticipated liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other off-balance sheet transactions relating to the sale or liquidation of various activities, or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's provisions for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, see Note 46 to the consolidated financial statements on commitments received and given.

4.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy, inherent to the Group's activity, may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: interruptions or malfunctions in the information systems of Groupama, its service providers or the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; hacking or pirating of information systems and so on.

Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact, these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions or damage to Groupama's reputation.

4.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

4.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama might need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

4.1.4.2 Strengthening and change in regulations at local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of shareholders' net equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, rates of revaluation of life insurance products, and more.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. A set of measures to reform the European System of Financial Supervision (ESFS) has been put in place, especially since late 2010. As a result, organisations such as the European Systemic Risk Board (ESRB) and the European Insurance and Occupational Pensions Authority (EIOPA) may issue guidelines and recommendations that could affect the Group. There are also recommendations and proposals issued or issuable by the Financial Stability Board (FSB) to amend the regulation of financial groups in terms of capital, solvency, corporate governance and executive compensation in the sectors. Changes in regulations that promote the protection of policyholders and confer broad powers of oversight on the authorities could significantly affect the business, net income and financial position of the Group, as well as the products it offers and its ability to sell them.

The Solvency II regulation, expected to be fully applicable from 1 January 2014, with gradual implementation beginning 1 January 2013, will significantly alter the regulatory constraints on insurance companies, notably in respect of their prudential net equity requirements. In this respect, the current regulatory environment remains highly dynamic, with the Omnibus II draft directive introducing transitional measures and with consultations and pre-consultations still underway on level 2 and level 3 measures. Given the current uncertainties, the ultimate impact of these changes is still difficult to assess, but is likely to have a significant impact on Groupama's financial and prudential position.

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Finally, the rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations also require Groupama to be especially vigilant with regard to compliance. Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, Asset Manager, banker, securities issuer, investor, employer and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions. Such investigations or proceedings, the potential impact of which is difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

4.1.4.3 Changes to tax legislation and regulations at local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences either on certain Group products and reduce their attractiveness, especially those that currently receive favourable tax treatment, or the Group's tax expenses. Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories.

Indeed, several changes of this kind were enacted in 2011, including in France, with the application of a deduction of 25% on the portion of each net beneficiary share above €902,838 on the amounts paid out on the death of the insured under life insurance policies signed since 1998, or the doubling of the special 3.5% tax on supplemental group health insurance agreements ("TSCA"), which increases to 7%. In France, an exceptional contribution of 5% on corporation tax was also introduced for the fiscal years 2011 and 2012. In addition, a limit on tax carry forwards was introduced, which limits the charging of these carry forwards to €1 million, increasing the portion of profits in excess of this threshold by 60%. Internationally, in Hungary, the tax on financial institutions amounting to 6.2% of written premiums, initially applicable only in 2010, has been extended to the 2011 and 2012 financial years.

These factors are likely to have an adverse impact on the business, cash position and net income of Groupama.

Furthermore, these changes in tax laws and regulations as well as operating performances that are below anticipated levels or poorly timed may lead to a significant impairment of deferred tax assets, which could require the Group to write down certain tax assets or call their use into question. This could have a significant adverse effect on Groupama's net income and financial position.

4.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated and combined financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2011, as adopted by the European Union. Projects to change the standards are underway at the IASB (the international accounting regulator); some of these changes could have a significant impact on the financial statements of insurance groups and other financial institutions. The proposed changes would concern the recognition of the Group's assets and liabilities as well the income and expenses in the income statement. The changes are expected to be implemented starting in 2014 or 2015, depending on the standard concerned. Major changes that could impact insurance groups are as follows:

- IFRS 4 (Phase 2) on the recognition of insurance policies;
- IFRS 9 on financial instruments, replacing IAS 39;
- a draft standard on revenue recognition.

4.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

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4.2 QUANTITATIVE AND QUALITATIVE DISCLOSURES ON MARKET RISKS AND RISK FACTORS

This part corresponds to Note 47 of the notes to the consolidated financial statements for fiscal year 2011, audited by the statutory auditors.

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

4.2.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of risk management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal compliance policy is supplemented by a Group audit charter and a Group compliance charter, which have also been approved by the governing bodies of the Group. These charts, taken together, are the base on which the Group's structures for implementing the general internal control system using a shared method are based.

Risk management is carried out in conformity with the Group risk policy, and broken down by business and functional policies. According to the same principle, the entity risk policies are used as a reference for managing the risks of each Group entity.

The Group's risk monitoring system, which rests on the standard of risks for all Group entities and the identification of major risks, is based on a network of risk owners. Major risks are identified and monitored at entity level and at Group level; the set-up of risk management plans is done by the risk owners and deployed across Group entities.

At the Group level, risks related to the insurance business lines are monitored by the Groupama SA Business Departments specialising in the area in question; reinsurance risks are managed by the Reinsurance and Management Department. The Finance Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Groupama SA Business Departments specialising in the area in question.

Operationally, the internal control system of each Group entity comprises three complementary systems:

- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the General Management of Groupama SA, which directs and coordinates the Risk and Audit specialists within the Group.

Two principal instances are responsible for risk governance at Group level: the Technical Risk Committee composed of Group major risk owners and the Group Risk Committee, whose composition is identical to that of the Groupama SA Steering Committee. Similar systems are in place at the entity level.

4.2.1.1 Regional mutuals

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Thus, in terms of organisation and governance, the establishment of specific Risk Management Committees and the structuring of the key functions of Solvency II are made on the basis of "type" charters of risk governance bodies, as well as mission descriptions and calibration of key functions, validated by the governing bodies of the Group. The internal control and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the General Management. The Group Internal Control & Risk Management Department supports the regional mutuals in monitoring and rolling out Group standards.

All of the Internal Control Managers of the regional mutuals supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Internal Control Department.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the reinsurance agreement. For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

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4.2.1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring:

- inter-company monitoring by the Groupama SA business, functional or support departments specialising in the area in question, as indicated above;
- on-going monitoring by the services of the division to which it is attached:
  - the Financing, Investment and Actuarial Services Division in the Group Finance Division for financial subsidiaries,
  - the Insurance, Banking and Services Division for the service subsidiaries and Groupama Banque,
  - the International and Subsidiaries Division for French and foreign operating subsidiaries;
- monitoring by each subsidiary or Groupama SA inter-company venture as part of the responsibility of its officers and in accordance with Group standards. Following the example of the regional mutuals, the Group Internal Control & Risk Management Department supports Groupama SA and its subsidiaries in monitoring and rolling out the internal control procedure.

As with the regional mutuals, all of the Internal Control Managers of the French and international subsidiaries supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Internal Control Department.

The primary mission of the Board of Directors of Groupama SA, and more particularly of the Audit and Risks Committee, of which independent Directors make up one half, is to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control. Since 27 April 2011, the missions of the Audit Committee have been expanded to monitor risk management policy, procedures and systems. On this occasion, the committee changed its name to the Audit and Risk Committee. During the fourth quarter of 2011, it was agreed to review the thresholds for authorisation relating to investment assets in excess of which investment transactions must obtain prior authorisation from the Board of Directors of Groupama SA and to present on a biannual basis, first to the Audit and Risks Committee and then to the Board, a review of the management of financial investments over the past period and the financial policy guidelines for investments for the coming six months.

4.2.1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities. The audit plan of the Group General Audit Department is planned and decided by the Chief Executive Officer of Groupama SA. It is also approved by the Audit and Risk Committee of Groupama SA. Every engagement involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the General Management of Groupama SA. A regular summary is presented to the Audit and Risk Committee. Monitoring is carried out to verify that the recommendations are properly implemented by the audited entity.

The purpose of the Group Internal Control and Risk Management, whose function is to ensure that all Group entities comply with the requirements of General Management in terms of the internal control procedure and risk management, as well as those of Solvency II, Pillar 2, has the following principal missions:

- the promotion of the culture of internal control and risk management, particularly in terms of moderating procedures *via* the coordination, facilitation and organisation of information exchanges on Group risk management (working groups, theme-based workshops and training) or communication polices with the General Management of the entities;
- field support for the internal control teams in implementing and rolling out Group standards;
- managing projects to strengthen internal control and monitoring of major Group risks;
- the definition and implementation of a framework of risk tolerance;
- developing benchmarks and methodology tools on behalf of all Group entities, such as the Group process benchmark and the Group classification of operating risks, the common methodology for assessment of major risks or the community tool for operational risk management;
- coordination of the Group's compliance measures;
- internal control reports by all Group entities, coordinating and drafting the "LSF" and ACP reports by Groupama SA, managing or providing assistance with the completion of the ACP reports of the insurance subsidiaries or regional mutuals.

Each Group entity has a Risk Management and Internal Control Department.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.

This monitoring system also involves business reviews of subsidiaries conducted by the General Management of Groupama SA with biannual business reviews. These reviews include a specific "risk" section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

4.2.2 INSURANCE RISKS

4.2.2.1 Prudential oversight

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

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

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

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(a) Product design

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

(b) Underwriting and claims management

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

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

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

(c) Valuation of reserves

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

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

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

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

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

The breakdown of technical reserves and life and non-life insurance policies is presented in Note 25.3 of the annual accounts.

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

As at 31 December 2011, the breakdown of technical reserves based on fixed-rate, variable rate (*i.e.,* tied to a market rate) or no rate commitments was as follows:

(in millions of euros)	31.12.2011			31.12.2010
	France	**International**	**Total**	**Total**
Fixed-rate guaranteed commitments	43,405	3,391	46,796	45,902
Variable-rate guaranteed commitments	6,367	74	6,441	6,924
Unit-linked and other products without rate commitment	4,089	618	4,707	4,399
TOTAL	**53,861**	**4,083**	**57,944**	**57,224**

11.1% of the portfolio is considered variable rate. This variable rate is generally a function of an index based on the TME.

The liabilities are prospectively classified as fixed or variable rate.

(d) Reinsurance

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

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

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

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

(a) General description

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

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

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

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

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

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

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

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

Other factors in risk growth may be mentioned:

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

(c) Specific features of certain life insurance policies and financial contracts

Discretionary profit-sharing clause

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

Early redemption options

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

Specific features of unit-linked policies

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

(d) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is estimated through experiential or regulatory statistical tables. In most cases, provisions are calculated using the regulatory tables based on statistics of population change. These tables are regularly revised to take demographic changes into account. The results or equity are potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

As at 31 December 2011, the amount of the actuarial reserves for annuities currently being paid was €7,987 million, compared to €7,720 million at 31 December 2010, an increase of 3.5%.

(in millions of euros)	31.12.2011			31.12.2010
	France	International	Total	Total
Actuarial reserves for life annuities	6,018	179	6,197	5,856
Actuarial reserves for non-life annuities	1,762	28	1,790	1,864
TOTAL	**7,780**	**207**	**7,987**	**7,720**

4.2.2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

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

(a) Identification

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

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

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

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

The procedures in force for managing overlapping portfolio risks cover:

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

(b) Protection

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

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.2.3 MARKET RISKS

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

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

4.2.3.1 Interest rate risk

(a) Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

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

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

(b) Group risk management

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

Asset/Liability Management

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

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

These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

Interactions with the redemption risk and profit-sharing clauses

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

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

Interest rate risk related to the existence of guaranteed rates

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

Rate hedges

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

RISK OF RATE DECLINE

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

RISK OF RATE INCREASE

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

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

Purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option.

Interest rate swap: the hedging strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or to synthetically create a variable rate bond for new investments.

The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the

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portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

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

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

(c) Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2011 with a comparative period.

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

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

Sensitivity of technical insurance liabilities analysis

NON-LIFE INSURANCE

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

As at 31 December 2011, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €539 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €171 million.

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

(in millions of euros)	31.12.2011		31.12.2010	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
Impact on income (net of tax)	65	(47)	56	(68)
Shareholders' equity impact (net of income)				

LIFE INSURANCE AND FINANCIAL CONTRACTS

This analysis was limited to life commitments with accounts sensitive to changes in interest rates. In France, the restated rates used fall within a range of 2% to 4.50% for most of the actuarial reserves.

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

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

(in millions of euros)	31.12.2011		31.12.2010	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
Impact on income (net of tax)	254	(453)	45	(361)
Shareholders' equity impact (net of income)				

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Sensitivity of financial investments analysis

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

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

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

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

(in millions of euros)	31.12.2011		31.12.2010	
	Rate risk		Rate risk	
	+1%	-1%	+1%	-1%
Impact on the reevaluation reserve	**(619)**	**692**	**(825)**	**930**
Equities				
Equity mutual funds				
Bonds	(615)	687	(819)	924
Rate mutual funds	(4)	5	(6)	6
Derivative instruments and embedded derivatives				
Impact on net income	**0**	**0**	**6**	**1**
Equities				
Equity mutual funds				
Bonds	(1)	1	(3)	3
Rate mutual funds	(21)	22	(22)	24
Derivative instruments and embedded derivatives	22	(23)	31	(26)

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

Financial debt sensitivity analysis

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

In fiscal year 2007, the Group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

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

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

(in millions of euros)		31.12.2011		31.12.2010	
		Interest rate		Interest rate	
		+1%	-1%	+1%	-1%
	Fixed portion	-	-	-	-
Impact on income	Variable portion	-	-	-	-
	Fixed portion	-	-	-	-
Impact on shareholders' equity	Variable portion	-	-	-	-

Group financial debt is exclusively fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates.

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

(a) Type of and exposure to equity risk

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

The weight of equity instruments out of total financial investments (including operating activities property) was 10.4% in market value, most of which was classified as "assets available-for-sale". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund ("FCPR").

(b) Group risk management

With the exception of strategic securities, equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. This management adheres to the following requirements:

- 3% of the Company's capital;
- 10% of the Company's float;
- a security must not represent more than 5% of the equity portfolio.

In the fourth quarter, the Group set up a hedge against a decline in the EuroStoxx50 Index in the form of a tunnel (85% purchase of puts and 115% sale of calls), with a notional amount of €1,500 million.

These management measures, and specifically performance, are tracked at the Management Company's monthly committee meetings involving the Management Company and the Group Finance Division (DFG).

(c) Breakdown of the equity portfolio by business line

The investment policy is aimed at diversifying the Group's investments by business line to avoid any concentration of risks. At 31 December 2011, the distribution of the equities portfolio by business line was as follows:

Distribution of the equity portfolio by business line *(as a %)*	**31.12.2011**	**31.12.2010**
Energy	13.2	14.0
Basic materials	7.6	7.7
Industrials	19.1	18.0
Consumer goods	12.9	14.3
Consumer goods (non cyclical)	7.3	9.2
Telecommunications	4.0	4.3
Utilities	5.6	5.7
Financial companies	19.7	18.4
Technologies	5.2	5.4
Health	5.4	3.1

(d) Sensitivity of financial investments to equity risk analysis

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

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

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

The tests are conducted based on profit-sharing rates derived from historical observations.

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In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

(in millions of euros)	31.12.2011		31.12.2010	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the reevaluation reserve	**162**	**(161)**	**243**	**(243)**
Equities	108	(107)	190	(190)
Equity mutual funds	54	(54)	53	(53)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**49**	**(49)**	**21**	**(21)**
Equities				
Equity mutual funds	49	(49)	21	(21)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				

4.2.3.3 Foreign exchange risks

(a) Exposure to foreign exchange risk

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

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

(b) Managing foreign exchange risk

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

(c) Analysis of exchange rate sensitivity

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

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

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

The tests are conducted based on profit-sharing rates derived from historical observations.

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In fiscal year 2011, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 59.80% to 80%.

(in millions of euros)	31.12.2011		31.12.2010	
	Foreign currency risk		Foreign currency risk	
	+10%	-10%	+10%	-10%
Impact on the reevaluation reserve	**81**	**(81)**	**81**	**(81)**
Equities	10	(10)	10	(10)
Bonds	70	(70)	69	(69)
Mutual funds	1	(1)	2	(2)
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**2**	**(2)**
Equities				
Bonds	1	(1)	1	(1)
Mutual funds	1	(1)	1	(1)
Derivative instruments and embedded derivatives				

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

4.2.3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual accounts.

(a) Concentration of credit risk on corporate bonds

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

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

- investment grade environment (securities with at least BBB ratings):
  - AAA: regulatory ratios, which are 5% per issuer, with the exception of the securities written or guaranteed by a Member State of the OECD and CADES securities,
  - AA: 3% maximum per issuer,
  - A: 1% maximum per issuer,
  - BBB: 0.5% maximum per issuer,
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- unrated euro zone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by a Member State of the OECD; in this case the prudential ratio of that State applies,
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for non-investment grade securities referred to as "high-yield".

(b) Concentration of risk on sovereign bonds of the GIIPS countries

A maximum holding percentage has been implemented for the Eurozone countries, with the exception of France. These ratios have been defined as a function of the weighting of the economy as measured by the GDP of each country in the Eurozone and of that country's rating.

These ratios are determined at Group level for all of the French subsidiaries. They are calculated on the total of the net book values in relation to the total bond assets and cash. The maximum holding percentage for all GIIPS countries is 26%.

(c) Managing counterparty risk

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

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

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

4.2.3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2011 and 2010, broken down by shareholders' equity and income, excluding profit sharing and taxes.

(in millions of euros)	31.12.2011				31.12.2010			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)	Capital and reserves	Income (loss)
Interest rate risk	**(619)**	**319**	**692**	**(500)**	**(825)**	**107**	**930**	**(428)**
Operating debts		319		(500)		101		(429)
Financial investments	(619)		692		(825)	6	930	1
Financial debt								
Equities risk	**162**	**49**	**(161)**	**(49)**	**243**	**21**	**(243)**	**(21)**
Financial investments	162	49	(161)	(49)	243	21	(243)	(21)
Foreign exchange risks	**81**	**2**	**(81)**	**(2)**	**81**	**2**	**(81)**	**(2)**
Financial investments	81	2	(81)	(2)	81	2	(81)	(2)

We note that the sensitivity criteria applied were the following:

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

4.2.4 LIQUIDITY RISK

4.2.4.1 Nature of exposure to liquidity risk

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

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

4.2.4.2 Risk management

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

With the exception of strategic securities, equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. They therefore comply with the liquidity restrictions set by the Group, i.e.:

Individually, it must be possible to convert all equity portfolios into liquid assets (liquidation assumption: 25% of the average daily volume traded on the market during the last three months) under the following rules:

- 50% in less than two market weeks;
- 75% in less than one month (20 market days);
- 95% in less than three months (60 market days).

At 31 December 2011, all these criteria were met as a whole, and the France equities portfolio may be liquidated as follows:

- 83% with a 10 day horizon;
- 87% with a 20 day horizon (1 trading month);
- 94% with a 60 day horizon (3 trading months).

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

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4.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.10.2 of the annual accounts.

4.2.4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

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

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Non-life technical reserves	6,350	4,297	3,696	14,342	6,388	4,411	3,982	14,781
Technical life provisions- insurance contracts excluding unit-linked items	3,595	6,123	22,327	32,045	2,177	6,216	21,797	30,190
Technical liabilities related to financial contracts with discretionary profit-sharing: excluding unit-linked items	1,420	4,169	16,442	22,031	1,675	3,548	17,724	22,947
Technical liabilities related to financial contracts without discretionary profit-sharing: excluding unit-linked items	7			7	7			7
Reserve for deferred liability profit-sharing	1			1	2	6	11	18
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**11,372**	**14,589**	**42,464**	**68,425**	**10,249**	**14,181**	**43,514**	**67,943**

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

4.2.4.5 Financial debt by maturity

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

4.2.5 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers.

The Group Security Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

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

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

(in millions of euros)	31.12.2011						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in Non-life insurance reserves	110	383	228	37		509	1,267
Share of reinsurers in life insurance reserves		13	5			37	56
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing							0
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing							0
Receivables from outward reinsurance transactions	6	9	19	9		146	189
TOTAL REINSURANCE RECEIVABLES	**116**	**405**	**252**	**46**	**0**	**692**	**1,512**

(in millions of euros)	31.12.2010						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in Non-life insurance reserves	152	240	422			544	1,358
Share of reinsurers in life insurance reserves		9	9			41	60
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing						2	2
Receivables from outward reinsurance transactions	7	7	15			119	148
TOTAL REINSURANCE RECEIVABLES	**159**	**256**	**446**			**706**	**1,568**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

A share of €253 million (€225 million for fiscal year 2010) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal reinsurance agreement. The breakdown is as follows:

- €195 million in share of reinsurers in non-life insurance reserves;
- €58 million in receivables from outward reinsurance transactions.

4.2.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.2.6.1 Operating risks

Operational risk management is carried out in conformity with the operational risk policy, and broken down by Group risk policy (see point 1).

The operational risk control system, broken down by all Group entities, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by an independent function of Risk and Internal Control of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- crisis management systems and Business Continuity Plans (BCPs). Three BCPs have been identified:
  - an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation),
  - an Unavailability of Real Estate BCP,
  - an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;
- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business and each key process. On the basis of Group benchmarking of processes and Group classification of operational risks at every stage of the business line and functional processes, operational risks are identified and related controls are laid down and standardised across the Group. These controls, being adapted and deployed in each entity, provide the basis for strengthening level 1 and level 2 controls.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The contracts are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

4.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of Group system compliance, which is defined by the Group compliance charter validated by the governing bodies of the Group. The system in place, directed by the compliance charter, aims to ensure that all Group practices comply with legal provisions, administrative regulations and requirements and professional standards (external compliance), as well as the Group's internal rules, charters and procedures (internal compliance).

The internal control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

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(a) Compliance with Company law and the French Commercial Code

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

(b) Application of insurance law and regulations governing the insurance business

The Legal Department in the Corporate Office of Groupama SA provides:

- a function that monitors legislative and jurisprudential events affecting the insurance business;
- the anticipation needed to implement new regulations for this activity;
- information (notes, circulars and working groups);
- validation of new insurance policies prepared by the Business Departments as well as modifications to existing policies;
- validation of distribution and partnership agreements in connection with insurance;
- legal and tax advice (tax products).

(c) Other areas

Specific procedures have been set up to meet special requirements:

- ethical oversight designed to prevent insider trading. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and an agent at Groupama SA;
- to fight money laundering and terrorist financing: the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Group Legal Department, working with a network of officers responsible for anti-money laundering and terrorist financing activities in the insurance, banking and asset management subsidiaries in France and internationally, and the regional mutuals, is responsible for monitoring Group compliance with anti-money laundering obligations;
- in application of the Data Protection Act, the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission ("CNIL") and on the network of internal correspondents: one correspondent per entity and five for Groupama SA in areas implementing sensitive processes (HR Direction, Health Direction, Direction of Group Insurance, Marketing and Distribution Direction, and Group Communication Direction);
- with regard to the protection of medical data, each entity is responsible for the implementation of texts and recommendations in force. The corresponding Group recommendations are implemented in partnership with the medical officers, in collaboration with the Group compliance function, the Group Data Protection Correspondent and the Compensation Consulting and Cost Control Department of Groupama SA;
- with regard to the protection of clients, the procedures and measures implemented to ensure compliance with the current rules are described in the notes attached to report R-336 -1 on internal control developed by each French insurance entity of the Group.

4.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223A *et seq.* of the General Tax Code) for the Group and, working with the Group Accounting Department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law.

4.2.7 MONITORING AND MANAGING BANKING RISKS

4.2.7.1 General presentation

Risk management is inherent in banking activity. Groupama Banque's risk policy falls under its affiliation with the Groupama group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the Risk Department, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The Risk Department also analyses and monitors risk, and carries out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee and the Management Committee. It also recommends policy adjustments according to what it anticipates in terms of risk to the bank and changes in the economic and regulatory environment.

4.2.7.2 Credit risk

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as in other circumstances when the bank faces counterparty default in market transactions.

1 2 3 4 5 6 7

(a) Decision-making procedures

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an authorisation must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee and must be approved by the Management Committee.

Accordingly, several types of limit have been defined: individual limits by amount according to type of counterparty, limits by amount according to type of customer and product, specific limits for Groupama entities, industry concentration risk limits and, lastly, regulatory limits for major risks pursuant to Article 1 of CRBF Regulation 93-05, as amended.

(b) Oversight procedures

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

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

(c) Impairment procedures

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

- reviews all sensitive commitments;
- examines doubtful cases for all markets, excluding retail banking, and decides on potential litigation and reserve levels;
- periodically updates the loan loss provisioning with respect to retail banking customers and the amount of the collective provision.

4.2.7.3 Market risks

The Market Risk Control Division produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared to the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily and market risk control ensures that the limits defined by the Management Committee are not exceeded. Stress scenarios are also calculated on the various portfolios.

Market risk control provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the results.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

(a) Setting and complying with limits

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in case of problems on the financial market.

The Management Committee is advised quarterly of risk and income valuations, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

(b) Payment risk

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

(c) Foreign exchange risk

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

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

(d) Liquidity risk

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

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The bank monitors its liquidity risk on a daily basis at the level of the Capital Markets and Treasury Departments, weekly at the level of the Steering Committee and monthly through the ALM Committees. It periodically establishes crisis scenarios and ensures the capacity to meet any crises that occur.

The size and nature of the bank's balance sheet, which has a significant portion of highly liquid short-term instruments, as well as its resource structure from its various customers in excess of the amount of loans issued, means that the bank has little exposure to liquidity risk. The main sources of financing are therefore structural: shareholders' equity, current accounts and special scheme accounts. The bank also has a pool of securities that meet Central Bank eligibility requirements, which permit self-financing over the short-term and the possibility of using the pooling of cash resources or Group surpluses.

The liquidity ratio exceeds the regulatory minimum.

4.2.7.4 The annual percentage rate risk (ALM)

Pursuant to Article 29 of chapter III – section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the structural balance sheet, which itself is divided into four main sections: banking book, investments, shareholders' equity and cash.

Risk monitoring is based on the Net Present Value (NPV) sensitivity within a conversion of +200 bp (curve translation), considered to be a hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€20 million. This limit was reached during fiscal year 2011 and the balance sheet was hedged with interest-rate swaps. At 31 December 2011 the sensitivity thus calculated was -€2.4 million.

A sliding second limit on the profits of the bank over one year is continued. It is set at +/-€5 million, for a conversion of the yield curve of +100 bps. At 31 December 2011 this sensitivity was -€1.6 million. The limit has not been reached since its implementation in September 2011.

Furthermore it should be noted that the ALM Committee also follows, on a monthly basis, the impact of a conversion of -100 bp and +200 bp, and the impact of a steeping or flattening of the interest-rate curve, retained as additional indicators.

4.2.7.5 Operational risks

The operating risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operating risks and scenario modelling) and inventories incidents that have occurred. This approach is complemented by a system of reporting and warnings, and measures to improve existing control procedures.

Business Continuity Plan

The Business Continuity Plan (BCP) is organised around several mechanisms, which includes:

- activation of a crisis cell;
- back-up of IT systems;
- the availability of a disaster recovery site.

The BCP is updated regularly and technical and user installation tests are conducted several times a year for the backup sites.

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EARNINGS AND FINANCIAL POSITION

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5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

After 2010, a year of high growth (4.5%), growth worldwide slowed to 3.8% in 2011. This slowing affected all geographic areas and was caused by a number of factors: increase in the price of raw materials (oil and agricultural prices in the 1st half), leading to inflation in the emerging countries; hardening of monetary policy and declining world trade in China; tsunami in Japan; excessive debt in the developed countries, as evidenced by the loss of triple-A rating in the US and other countries (particularly, France); and austerity policies, specifically in the Eurozone's peripheral countries. Continued public and private deleveraging should result in weak growth in 2012 and continued high levels of unemployment in the leading developed countries.

The year 2011 was marked by the worsening of the sovereign debt crisis in the Eurozone. While the solidarity mechanisms (the European Financial Stability Facility, EFSF, and the European Stability Mechanism, ESM) created in early 2011 under favourable economic conditions helped to reduce risk aversion, the lack of consensus within European political and monetary authorities as to the resources needed to stem the crisis, evidence of the need to restructure the Greek sovereign debt, the participation of the private sector in private sector involvement and political instability in Italy ultimately led to the contagion effect feared at the start of the year.

Lastly, the banks that were required to increase their reserves in light of increased sovereign debt risk and in anticipation of the Basel III regulations reduced the size of their balance sheet and bond portfolios (leading to higher rates).The reduction in banks' balance sheets created financing problems and increased costs for businesses and households, which increased the recessionary impact on the European economy. To promote renewed confidence in the banking world, the ECB created one-year and three-year financing facilities for Eurozone banks to encourage them to purchase sovereign debt and provide financing for economic players.

5.1.1.2 Financial markets

Given this context, the financial markets were extremely volatile, fluctuating between 18 at the start of the year and more than 45 in August, as measured by the Vix index. This volatility, which was experienced by all markets, reflects the uncertainty in an environment undergoing dramatic change, with:

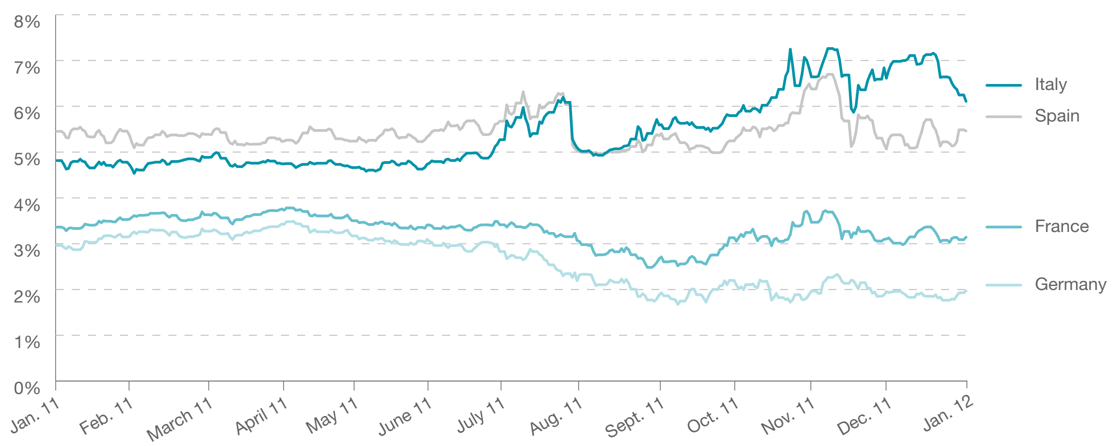
- extreme yield spreads between debt in the Eurozone;
- declining US rates despite the loss of the triple-A rating;
- the rise, and then fall, of European share indices;
- the fall in share indices on emerging stock markets;
- significant currency movements and increased prices for raw materials.

(a) Long-term interest rates: the flight to quality and the widening of risk spreads

The German 10-year Bund fluctuated from 3% at the beginning of the year to 2% at 2011 year-end, rising to 3.5% in April and falling to a historic low of 1.75% in September.

By comparison, the government bond (OAT) rate moved within a narrower range, ending at 3.15% (compared to 3.35% at the beginning of the year). However, the trend was toward larger spreads between French and German rates (risk premium), which rose from 0.4% to 1.3%. This widening affected all Eurozone debt, particularly Italy, where the risk premium rose from 1.8% to 5% at year-end.

YIELD OF 10-YEAR EUROZONE GOVERNMENT BONDS



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(b) A very poor year for the stock markets

With the exception of the US stock markets, which are in equilibrium, all geographic areas recorded declines. The origins of this decline vary, but include weak growth worldwide for emerging markets, the tsunami (Japanese shares) and the debt crisis in Europe. Overall, the MSCI World index fell by 7.4%.

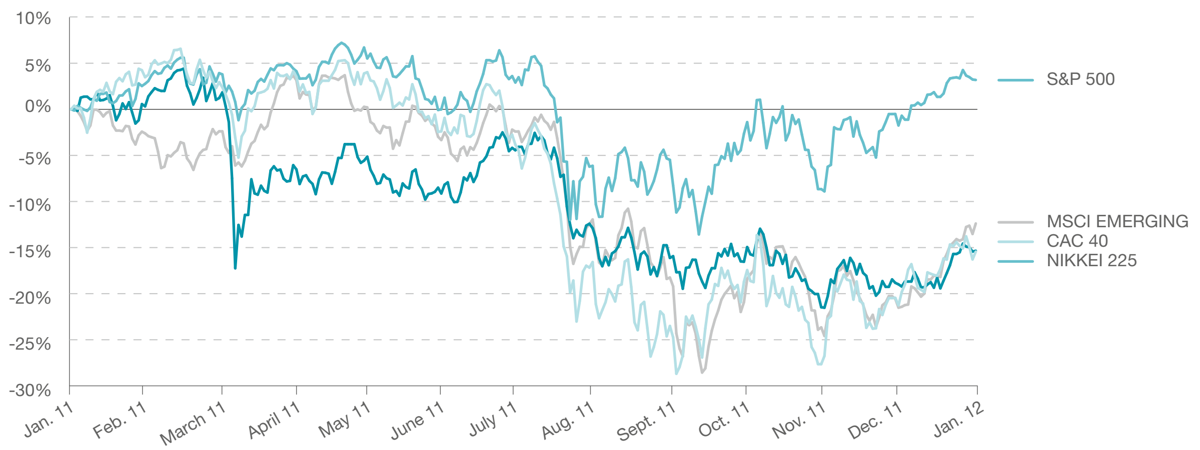
However, the falls were larger in Europe, between -6.7% for the British FTSE and -52% for the Athens market, and in Asia (Hong Kong, China and India), between -17% and -25%.

From a sectoral perspective, in the Eurozone, only the non-cyclical consumer sector (including health and food) and the energy sector posted a positive performance of around 5%. The most significant falls involved the financial (-27%) and base materials sectors (-22%).

To summarize, the leading world indices (in local currencies and excluding dividends) performed as follows:

- US: +0% for the S&P 500 at 1258 points;
- Eurozone: -17% for the Eurostoxx 50 at 2317 points;
- Japanese: -17% for the Nikkei 225 at 8455 points;
- Chinese: +5.3% for the Hang Seng (Hong Kong);
- emerging markets: -20% (in dollars).

PERFORMANCE OF EQUITY INDICES AT 14.3.2012 SINCE THE 1ST JANUARY 2011



(c) Currencies and Oil

On the currency front, the worsening of the sovereign debt crisis favoured safe haven investments, such as the Swiss Franc, the Yen and the Dollar.

Central banks intervened to check the historic levels of the Swiss Franc against the Euro and the Yen against the Dollar, allowing the Swiss Franc to rise around 1.20 to the Euro and the Yen, 77 to the Dollar.

Despite an accommodating US economic policy and budget problems, the Dollar rose against the Euro as a result of increased systemic risks and fears that a country might leave the Eurozone in response to the crisis.

Lastly, demonstrations and riots in the Middle East kept oil prices high on the raw materials front.

5.1.2 SIGNIFICANT EVENTS

5.1.2.1 Impacts of the financial crisis

In an environment marked by the Eurozone debt crisis and a significant decline in the financial markets, the Group's 2011 net profit was affected by certain non-recurring items, such as the -€2.3 billion (gross) write-down of the Greek sovereign debt and -€2.5 billion (gross) in provisions for long-term impairment and capital losses on strategic securities.

Starting at year-end 2011, the Group took steps to strengthen solvency before 31 December 2011 and restore leeway for 2012:

- sale of German and French sovereign debt, which generated capital gains on fixed-income securities;
- hedging the stock portfolio;
- capital gains on property assets;
- capital losses on strategic securities held by certain entities;
- €500 million capital increase for Groupama SA's regional mutuals;
- signing of industrial and financial partnership agreements with the Caisse des Dépôts et Consignations (CDC);
- change in estimates of the discretionary and prudential provisions and actuarial assumptions regarding certain liabilities.

The solvency margin was thus covered at year-end 2011 by mobilizing significant internal resources and taking into account the final agreements entered into in December 2011 with the Caisse des Dépôts et Consignations, which became operational in early 2012. This thus reinforces the going concern assumption underlying the preparation of the financial statements.

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Beyond the immediate steps referred to above, the Group also decided to take additional measures to strengthen profitability and solvency, whose breadth will depend on 2012 market conditions, In financial terms, those measures involve:

- covering financial assets by purchasing "options" to protect part of the equity portfolio against an additional drop in the financial markets;
- in connection with liabilities, providing additional external reinsurance solutions;
- reducing Group exposure to sovereign debt.

In operational terms, in order to restore margins and reduce overheads, Groupama will implement a cost-cutting plan throughout the entire Group to save €300 million by 2013 and €400 million by 2014 annually.

5.1.2.2 Organization of the Group

(a) Joint venture created with Aviation Industry Corporation of China

Following the agreement signed on 18 December 2010 with the AVIC group, the joint venture entered the scope of consolidation on 28 February 2011. At that time, Groupama SA held 100%. A capital increase reserved for AVIC was carried out in November. Following this transaction, which will take effect after the necessary procedures are completed, AVIC will hold 50% of the Company. This new structure will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

(b) New independent Directors appointed

The Groupama SA General Meeting of 25 May 2011 appointed Marie-Ange Debon and Caroline Grégoire Sainte-Marie as new Directors. The Board of Directors of Groupama SA now includes 18 members, including 11 Chairmen of regional mutuals and five independent Directors.

(c) General Management of Groupama SA changes

On 24 October 2011, the Board of Directors of Groupama SA appointed Thierry Martel as Chief Executive Officer of Groupama SA, replacing Jean Azéma and Christian Collin, Delegated Executive Officer of Groupama SA.

The new management team's priority is to implement the measures designed to strengthen the Group's solvency, while working to improve operational profitability.

5.1.2.3 Other factors

(a) Storm coverage

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

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

(b) Groupama – Predict

Groupama, the leading insurer of municipalities, will help its 18,000 insured municipalities to guard against flood risk thanks to an exclusive partnership with Predict Services, a subsidiary of Météo France. Groupama-Predict will help to develop municipal backup plans, as well as a monitoring and decision support system based on the latest technologies.

More than 3,000 municipalities will benefit from this service on a priority basis, taking into account their greater exposure to flood risk. All municipalities insured by Groupama have had access to decision support information for flood risk management since 2011.

(c) New banking product range

In early May, Groupama Banque launched a new, streamlined Astréa product range, with even more favourable rates for customers who use their account. This launch was supported by a national television, press and Internet campaign.

(d) Solidarity in time of drought

In early June 2011, Groupama took action in response to the drought that struck farmers across the country.

To help its insured members – livestock farmers and cereal producers – deal with this unusual situation, particularly in regard to the storage and transport of straw, Groupama provided, at no charge, the extensions on cover necessary to implement the solidarity campaigns throughout France.

(e) Financial rating

The Standard & Poor's rating agency lowered Groupama SA's rating to BBB+ on 16 May 2011, to BBB on 23 September and to BBB- on 15 December 2011 (that rating was accompanied by a negative outlook). The agency cited "Groupama's weak capital adequacy and regulatory solvency levels amid highly adverse financial markets, despite the fact that the Company has announced key strategic measures".

In addition, in 2012, the Group will continue to work in areas that will strengthen its solvency margin on a sustainable basis and adjust its scope in accordance with appropriate timelines and conditions.

1 2 3 4 5 6 7

(f) Icade-Silic merger and Caisse des Dépôts' €300 million investment in Gan Eurocourtage

The 30 December 2011 meeting of Groupama SA's Board of Directors accepted the firm 22 December offer from the Caisse des Dépôts and Icade with a view to an Icade-Silic merger *via* an exchange of shares. This transaction will create the leading real estate developer of business parks and offices in France, with more than €9 billion in holdings. It will become a key player in greater Paris.

In this connection, Groupama contributed 6.5% of Silic's share capital to a holding company controlled by the Caisse des Dépôts, to which the Caisse had previously contributed its interest in Icade. Groupama's remaining 35.8% interest in Silic will be transferred to the holding company, which will continue to be controlled by the Caisse des Dépôts, in the first quarter of 2012, after the French Competition Authority has authorized the transaction.

The transfer of the 6.5% interest resulted in loss of control of Silic. Pursuant to IAS 28, this loss of control will have an overall impact on results of +€558 million, recorded in the accounts.

The transfers referred to above are to be implemented based on an exchange ratio of five Icade shares for four Silic shares, with 2011 coupons attached for each company.

In addition, the Groupama SA Board of Directors accepted the offer of the Caisse des Dépôts to subscribe up to €300 million to an issue of preferred shares of Gan Eurocourtage, a wholly-owned subsidiary of Groupama SA, following approval of the French Prudential Supervision Authority.

Gan Eurocourtage will thus benefit from a regulatory solvency ratio exceeding 350%, in line with the best-in-class players in the sector and in full compliance with the future Solvency II requirements.

(g) Groupama SA and Groupama Gan Vie capital increases

In late December 2011, the Group carried out several capital increases, intended to strengthen the solvency of Groupama Gan Vie, which holds a large share of the Group's fixed-income assets and listed shares.

Initially, all the regional mutuals participated jointly in a Groupama Holding capital increase of €453.65 million and a Groupama Holding 2 increase of €44.53 million, for a total of nearly €500 million. When these transactions were complete, the share capital of Groupama Holding totalled €2,520,662,256 and the share capital of Groupama Holding 2 totalled €507,998,880.

Subsequently, Groupama Holding and Groupama Holding 2 subscribed to almost the entire €500 million Groupama SA capital increase (that is, €499.8 million), with minority shareholders (employees, former employees and agents) making up the balance of the subscription. When this increase was complete, the share capital of Groupama SA stood at €1,686,569,399, divided into 329,086,712 shares with par value of €5.125.

Simultaneously, Groupama SA participated in Groupama Gan Vie's capital increase in cash for €500 million and contributed property assets worth €188.6 million. When these transactions were complete, the share capital of Groupama Gan Vie was €932,007,489, divided into 6,340,187 shares with value of €147.

While these capital increases did not have an impact on the Group's solvency margin, they improved the solvency margin of Groupama Gan Vie at 31 December 2011.

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 Icade-Silic merger

The French Competition Authority authorised the transaction on 13 February 2012. On 16 February 2012, Groupama transferred its remaining 35.8% stake in Silic to HoldCo SIIC, a company controlled by the Caisse des Dépôts, which also held 55.58% of Icade's capital and voting rights.

When that transfer was complete, HoldCo SIIC held 43.95% of Silic's capital and voting rights. The Caisse des Dépôts and Groupama hold 75.07% and 24.93%, respectively, of HoldCo SIIC's capital and voting rights.

This transfer will not result in recognition of any significant gain on disposal in 2012.

5.1.3.2 Caisse des Dépôts subscribes to preferred shares of Gan Eurocourtage

On 30 December 2011, the Caisse des Dépôts undertook, irrevocably, to subscribe for a Gan Eurocourtage capital issue based on preferred shares with a priority dividend and without voting rights, but offering access to certain rights to the protection of its investment.

The issue date for the preferred shares was set for 15 March 2012 (after the General Meeting of Gan Eurocourtage approving the annual financial statements and the meeting of the Board of Directors of Gan Eurocourtage authorizing the issue of the preferred shares pursuant to a delegation of authority from the Extraordinary General Meeting).

5.1.3.3 Proposal for PSI Greek debt exchange

On 24 February 2012, the Greek government proposed that private creditors agree to a debt exchange plan (old debt for new) under the PSI (Private Sector Involvement) agreement. The 6 March 2012 meeting of the Board of Directors approved the Group's contribution of its Greek debt securities under the exchange referred to above. After the private creditors accepted the PSI, Groupama conveyed its Greek debt securities to the exchange on 12 March 2012. This event will have no significant net incidence. Beyond the effects involving a coupon decrease, the exchange means accepting a 53.5% haircut on the face value of the original debt. The remaining balance (46.5% of the face value) is made up 15% of the face value in EFSF securities and 31.5% of the face value in new Greek securities.

5.1.3.4 Temporary implementation of a Group proportional treaty

In late December 2011, Groupama entered into a contract for a proportional treaty with a reinsurer with very good credit ratings, representing divestments of €1.1 billion for the year of occurrence of claims (2012), to take effect on 1 January 2012.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Summary of activity and income

Premium income *(in euros)*	31.12.2011	31.12.2010 pro forma	31.12.2010	Change in value (like-for-like)	Actual change	Like-for-like basis
Property and Casualty insurance France	3,919	3,731	3,731	187	5.0%	5.0%
Life & Health insurance France	5,694	6,264	6,292	(570)	-9.5%	-9.1%
Total Insurance France	**9,614**	**9,995**	**10,023**	**(383)**	**-4.1%**	**-3.8%**
Property and Casualty insurance International	3,194	3,117	3,168	76	0.8%	2.4%
Life & Health insurance International	1,099	1,166	1,181	(67)	-7.0%	-5.8%
Total Insurance Internationale	**4,292**	**4,283**	**4,349**	**10**	**-1.3%**	**0.2%**
Discontinued operations (France and International)	8	9	9	(1)	-3.2%	-3.2%
Banking and Financial activities	271	278	278	(7)	-2.5%	-2.5%
Total Groupama SA	**14,186**	**14,566**	**14,659**	**(380)**	**-3.2%**	**-2.6%**
Total Insurance (excluding ANP)	**13,907**	**14,280**	**14,372**	**(373)**	**-3.2%**	**-2.6%**
Including Property and Casualty insurance	7,113	6,849	6,899	264	3.1%	3.9%
Including Life & Health insurance	6,793	7,431	7,472	(637)	-9.1%	-8.6%

2010 proforma data:
- *France: impact of the conversion of the CMU (French universal health coverage) to a tax (reduction of €95 million in premiums);*
- *International: 2010 data converted at the average 2011 exchange rate.*

As at 31 December 2011, Groupama's consolidated insurance premium income totalled €13.9 billion, a reported reduction of -3.2% compared with 31 December 2010. With financial activities incorporated, the Group's consolidated premium income fell -3.2% to €14.2 billion.

At constant exchange rates and scope of consolidation, consolidated insurance premium income fell -2.6% compared with 31 December 2010. The Group's total premium income at constant exchange rates and scope of consolidation also fell by -2.6%.

This change may be explained by the drop in life and health insurance in the savings/pension sector (which represents 27% of the Group's total business). The Group posted this decline (-17.3% in individual insurance compared to 31 December 2010) in its leading markets and, particularly in France, where this activity fell by -17.9% compared to 31 December 2010. This was the result of an economic situation unfavourable to savings/pension products, characterized by:

- a financial and economic crisis;
- an uncertain tax environment;
- competition from alternative savings products (secured) in a low-rate environment.

It should be noted that the Group's life insurance capitalisation premium income fell by -13.9% compared to 2010. In France, premium income in this sector fell by -14.4% compared to 31 December 2010 and internationally, the decline was -11.1% compared to the previous year. This situation is not exclusive to the Group, but is dictated by the markets where the Group operates, such as France (-14% at the end of December; source: FFSA), Italy (-18.7% at the end of September) and Portugal (-38.5% at the end of November).

However, the Group posted high growth in the other life and health insurance segments, often above that of the market.

This performance partially offset the decline in the savings/pension business as at 31 December 2011. Insurance premium income in France thus fell by -4.1% on a reported basis and by -3.8% on a like-for-like basis. It represents 67.8% of the Group's total business for the period. International business (30.3% of total premium income) fell by -1.3% on a reported basis and rose +0.2% on a like-for-like basis. The Group's other activities (financial and banking activities) represent 1.9% of total premium income and fell by -2.5%. Net banking income rose +3.0% to €242 million at 31 December 2011.

The Group's life and health insurance premium income fell by -9.1% on a reported basis and by -8.6% on a like-for-like basis. Individual life and health insurance premium income fell by -12.6% on a comparable basis (-12.3% on a reported basis). As noted above, this change is primarily attributable to the savings/pension

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sector (-17.3%). Group life and health insurance premium income rose +3.3% on a reported basis and by +4.9% on a like-for-like basis, related to the strong performance in the protection sector (+13.8% on a reported change basis and +14.5% on a like-for-like change basis) and health sector (+5.1% on a reported basis and +9.7% on a comparable basis), which offset the drop in the pension sector (-17.8%).

Property and casualty premium income rose +3.1% on a reported basis and +3.9% on a like-for-like basis. This increase is due primarily to individual and professional insurance (+3.1% on a reported change basis and +4.0% on a like-for like change basis), which represents 61.4% of the sector's premium income. Passenger cars (+2.2% on a reported basis and +3.4% on a comparable basis) and residential real estate (+5.4% on a reported change basis and +5.8% on a like-for-like change basis) were primarily responsible for the growth. The increase in agricultural business premium income (led by the change in the prices of property to be insured) should also be noted (+10.8% on a reported basis and +11.9% on a like-for-like basis).

Economic operating profit *(in millions of euros)*	31.12.2011	31.12.2010	Change in value	Change %
Property and Casualty insurance France	181	(8)	189	>100%
Life & Health insurance France	(13)	129	(142)	>-100%
Total Insurance France	**168**	**121**	**47**	**39.2%**
Property and Casualty insurance International	157	84	73	86.5%
Life & Health insurance International	(1)	45	(46)	>-100%
Total International Insurance	**156**	**129**	**27**	**20.7%**
Banking and Financial activities	11	17	(6)	-33.8%
Holding company activities	(81)	(150)	69	-45.8%
Total Groupama SA	**254**	**117**	**137**	**>100%**
Including Property and Casualty insurance	338	76	262	>100%
Including Life & Health insurance	(14)	174	(188)	>-100%

The Group's economic operating income increased to +€254 million in 2011 compared to +€117 million in 2010 (which was marked by the -€75 million net expense for the storm Xynthia). The combined net ratio was 96.5% in 2011, compared to 103.2% in 2010 (including 1.8 points for the storm Xynthia).

In France, economic operating income from property and casualty insurance was up +€189 million to +€181 million in 2011. The combined net ratio was 96.1% in 2011 compared to 105.5% in 2010 (including 3.5 points for the storm Xynthia in 2010). Net claims improved by -9.7 points to 64.4% in 2011 (including 3.5 points for Xynthia in 2010). Net operating costs rose by +0.3 of a point to 31.7% in 2011. Economic operating income from life and health insurance was -€13 million in 2011, compared to +€129 million in 2010. The rise in underwriting results related to the improved margin in the health/personal injury activity was wiped out by the sharp drop in the recurring financial margin net of profit sharing and taxes (-€137 million).

Economic operating income from International insurance was up +€156 million in 2011 (+20.7% compared to 2010). The property and casualty insurance total rose +86.5% to +€157 million, with a combined net ratio of 96.9% in 2011, down -3.8 points compared to 2010. This change was the result of a 3.8 point improvement in net claims compared to the previous period, due to a drop in the current loss ratio for most of the subsidiaries. Life and health insurance operating income (down -€46 million in 2011) was affected by the worsening margins in the health/personal injury business in 2011, while 2010 was marked by the recognition of extraordinary write-backs for provisions on the life insurance business in Italy. The recurring financial margin was stable in 2011.

The banking and financial businesses contributed +€11 million to the Group's economic income in 2011 compared to +€17 million in 2010 due to a slight worsening in the cost of risk related specifically to the Greek debt.

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The Group's holding business posted an economic loss of -€81 million in 2011 compared to -€150 million in 2010. This was the result of the effects of tax consolidation, which focused on the holding.

Net profit *(in millions of euros)*	**31.12.2011 Including impairment on the greek sovereign debt**	**31.12.2011 Excluding impairment on the greek sovereign debt**	**31.12.2010**	**Change in value**	**Change %**
Property and Casualty insurance France	(80)	55	106	(185)	>-100%
Life & Health insurance France	(1,445)	(304)	416	(1,862)	>-100%
Total Insurance France	**(1,525)**	**(248)**	**522**	**(2,047)**	**>-100%**
Property and Casualty insurance International	30	127	54	(24)	-43.7%
Life & Health insurance International	(166)	(5)	45	(210)	>-100%
Total International Insurance	**(135)**	**123**	**99**	**(234)**	**>-100%**
Banking and Financial activities	7	11	12	(5)	-39.2%
Holding company activities	(66)	(66)	(172)	106	-61.6%
Impairment of goodwill	**(90)**	**(90)**	**(79)**	**(11)**	**13.9%**
Earnings effect, minority interest on mutual funds, Cegid	**(3)**	**(3)**	**5**	**(9)**	**>-100%**
Total résultat net Groupama	**(1,812)**	**(274)**	**387**	**(2,199)**	**>-100%**
Including Property and Casualty insurance	(49)	182	160	(209)	>-100%
Including Life & Health insurance [1]	(1,614)	(311)	466	(2,080)	>-100%

(1) Including result of equity method – Cegid.

The Group's net profit was affected by certain non-recurring items in 2011:

- depreciation of the Greek sovereign debt of -€2.3 billion (gross);
- provisions for long-term depreciation and capital losses on strategic equities for -€2.5 billion (gross);
- impairment of goodwill on the Central and Eastern European subsidiaries (specifically, Romania for -€51 million) and the Greek subsidiary (for -€39 million).

These operations were borne largely by Group equity. Net of taxes and profit-sharing, they represent a -€3.1 billion expense.

To offset the unfavourable effect of these operations, the Group realized capital gains on fixed-income securities of a gross amount of €474 million. The Group also posted exceptional income of €558 million following the loss of exclusive control of its Silic subsidiary. Net of taxes and profit-sharing, these operations represent an income of €869 million.

It should be noted that the 2010 results included exceptional income on the capitalisation reserve for the amount of €325 million, net of tax and the impairment of intangible assets in the Central and Eastern European countries (-€79 million).

By including the economic operating income of +€254 million, all non-recurring items (the most significant non-recurring operations are noted above) and the impairment charge on the Greek sovereign debt recognized in the Group's accounts, the net result is a loss of €1,812 million in 2011.

Net profit *(in millions of euros)*	**31.12.2011 Including impairment on Greek debt**	**31.12.2011 Excluding impairment on Greek debt**	**31.12.2010**
Insurance and services France	**(1,525)**	**(249)**	**522**
Gan Assurances	(78)	(13)	55
Gan Eurocourtage (including Groupama Transport)	(60)	(6)	106
Groupama Gan Vie	(1,480)	(359)	416
Other entities	(18)	2	5
Groupama SA – Operating activity	109	127	(59)
International Insurance	**(135)**	**123**	**99**
Banking and Financial activities	**7**	**11**	**12**
Holdings	**(66)**	**(66)**	**(172)**
Impairment of goodwill	(90)	(90)	(79)
Reallocation goodwill, earnings effect, minority interest on mutual funds, Cegid	(3)	(3)	5
TOTAL GROUPAMA SA	**(1,812)**	**(274)**	**387**

5.1.4.2 Activity and profits in France

Premium Income *(in millions of euros)*	**31.12.2011**			**31.12.2010 Pro forma**		
	L&H France	**P&C France**	**Total France**	**L&H France**	**P&C France**	**Total France**
Groupama SA	554	1,428	1,983	521	1,362	1,883
Groupama Gan Vie	4,968		4,968	5,578		5,578
Gan Assurances	152	1,151	1,303	143	1,093	1,236
Gan Eurocourtage		1,184	1,184		1,137	1,137
Other entities [(1)]	28	156	185	31	139	170
TOTAL	**5,702**	**3,919**	**9,622**	**6,273**	**3,731**	**10,005**

(1) Including discontinued operations.

Premium insurance income in France (including discontinued operations) as at 31 December 2011 fell by -3.8% compared to 31 December 2010 to €9,622 million.

(a) Property and casualty insurance

Premium Income *(in millions of euros)*	**France**		
	31.12.2011	**31.12.2010**	**Change %**
Groupama SA	1,428	1,362	4.8%
Gan Assurances	1,151	1,093	5.3%
Gan Eurocourtage	1,184	1,137	4.1%
Other entities	156	140	11.8%
TOTAL	**3,919**	**3,731**	**5.0%**

Despite a highly competitive environment, property and casualty insurance premium income (40.7% of premium income in France) rose by +5.0% to €3,919 million and posted growth 1.0 point higher than the market (+4.0%, source: FFSA as at end of December 2011). Individual and professional insurance premium income (50.3% of property and casualty policies issued, at €1,973 million) rose by

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+6.1%. Sustained portfolio growth and significant rate increases in the passenger car (+7.0%) and residential real estate (+6.7%) segments explain that change. It should be noted that the market performance was below the Group's in these segments (+4% in the car segment and +6% in residential real estate – source: FFSA at end of December 2011). Premium income from businesses and local authority insurance (€801 million) also rose (+2.4%) due to the growth of the fleet and the business and local authority property segments (+2.9% and +2.2%, respectively).

Groupama SA's premium income rose by +4.8% to €1,428 million, led primarily by growth in the car segment (including fleets: +4.5%), supported by rate adjustments and growth in the insured vehicle fleet. Residential real estate premium income also rose (+3.8%) due to portfolio growth. Climate risk premiums rose by +23.8% as a result of changes in agricultural prices.

Gan Assurances premium income rose by +5.3% and stood at €1,151 million, led by private and professional insurance premiums. Portfolio growth and rate changes explain the increase in premium income in the passenger car (+4.5%), professional risk (+11.1%) and residential real estate (+5.4%) segments. The fleet sectors also posted strong performance (+6.3%, to €114 million).

After the takeover by Groupama Transport, Gan Eurocourtage posted premium income of €1,184 million as at 31 December 2011 (+4.1% compared to 31 December 2010). Private and professional insurance premium income rose by +10.3% to €444 million. It benefited from the strong development in the mass market (+18.8%), passenger car (+11.3%) and residential real estate segments (+12.2%) segments. The business and local authorities market grew +1.8% compared to the previous period, to €388 million. Premium income from the specialities segment (theft-fraud) rose by +34.7%, while the fleet and industrial risks segment fell, respectively, by -8.2% and -3.1% in connection with business cancellations in an environment of portfolio monitoring and selective underwriting. The local authority insurance market also declined over the period (-27% compared to 31 December 2010). Transport premium income was €326 million at 31 December 2011, up over the previous period (+2.3%). The marine insurance segment (72.6% of the transport business) rose slightly (+0.3%). The subsidiary's business in Asia and the UK suffered resulting from business contribution criteria related to the Group's rating. On the other hand, an active subscription policy in less rating-sensitive markets offset the loss in premium income (strong growth recorded in France, particularly in the cargo and pleasure craft markets). The aviation segment (+8.9%) benefited from the growth in premium income in the Réunion Aérienne pool. This was related both to the increase in the entity's subscription share (33% in 2011 compared to 28% in 2010) and to a favourable exchange rate effect.

Economic operating income in property and casualty insurance in France totalled +€180 million in 2011 compared to -€8 million in 2010. This change was primarily due to:

Property and Casualty insurance in France *(in millions of euros)*	**31.12.2011**		**31.12.2010**		**Change 2011/2010**	
Net earned premiums	3,394	100.0%	3,288	100.0%	106	3.2%
Technical expenses (service contracts)	(2,185)	-64.4%	(2,435)	-74.1%	250	-10.3%
Expenses from net underwriting current operations in products	(1,077)	-31.7%	(1,031)	-31.4%	(45)	4.4%
Net underwriting margin in reinsurance	**133**	**3.9%**	**(179)**	**-5.4%**	**311**	**>100%**
Recurring financial margin (1) after tax	200	5.9%	162	4.9%	38	23.3%
Other elements	(152)	-4.5%	9	0.3%	(161)	>-100%
Economic operating income excluding storms	**180**	**5.3%**	**(8)**	**-0.2%**	**188**	**>100%**
Realised gains	84	2.5%	71	2.2%	13	18.3%
Provisions for long-term impairment	(434)	-12.8%	(28)	-0.9%	(406)	>-100%
Gains or losses on financial assets recognised at net fair value	(13)	-0.4%	6	0.2%	(19)	>-100%
Amortisation of intangible assets and goodwill impairment	113	3.3%		0.0%	113	NA
Net of corporate income tax	(10)	-0.3%	65	2.0%	(75)	>-100%
NET PROFIT GROUP	**(80)**	**-2.4%**	**106**	**3.2%**	**(186)**	**>-100%**

(1) See glossary in this registration document (page 343).

Net underwriting results in France (net premiums earned – net technical expenses – net expenses from current technical operations) totalled +€133 million in 2011 compared to -€179 million in 2010. The combined net ratio increased to 96.1% in 2011 compared to 105.5% in 2010. It should be remembered that year 2010 was strongly affected by the climate events: storm Xynthia (-€113 million), floods in the Var (-€39 million) and major snowfall in January and December (-€24 million). The year 2011 was certainly also affected by atmospheric and climatic claims, but on a smaller scale. The key events were drought (-€56 million), harsh weather in November (-€21 million) and storm Joachim (-€14 million). Excluding the impact of these weather events, the net claims ratio improved by -7.2 points to 61.5% in 2011. However, the release of provisions established in the past as a precaution for payout for damages had a favourable effect of 3.4 points in 2011. The net operating expense ratio rose by 0.3 points to 31.7% in 2011.

The following key items should be noted as at 31 December 2011:

- Groupama SA's 2011 combined net ratio was 95.2%, compared to 109.0% in 2010. The net claims ratio improved by -14.5 points to 64.4%, while the net expense ratio rose by +0.8 to 30.9% in 2011. It should be noted that in 2011, the current year claims ratio fell by -12.2 points to 60.6%, benefiting from the improved claims ratio for motor and business and local authorities risks;
- Gan Assurances' combined net ratio was 98.7% in 2011, compared to 108.3% in 2010. The net claims ratio improved by -10.5 points to 71.2%, while the net expense ratio rose by +0.9 to 27.5%. The analysis of the entity's claims (excluding climate events) shows a marked improvement in the current claims ratio (-4.8 points to 68.4%), specifically in motor (-8.6 points to 84.1%), professional risks (-7.3 points to 69.9%) and fleets (-13.7 points to 77.0%). The increase in distribution costs explains the worsening operating expense ratio (+0.9 points to 27.5%);
- Gan Eurocourtage posted a combined net ratio of 92.9% as at 31 December 2011, down -6.6 points compared to the 2010 ratio. The net claims ratio (excluding climatic events) fell by -6.9 points in 2011 due to the improved current claims ratio (-5.5 points to 65.3%). The latter specifically benefited from fewer serious claims in the business market (-19.7 points to 52.1%) and improved marine business (-3.8 points to 69.3%). The net expense ratio worsened by +1.0 points to 36.8% because of increased commissions, which masked a 0.3% reduction in overheads.

In France, the recurring financial margin (after tax) in the property and casualty business rose by €38 million over the period primarily as a result of the dividends received.

The other items include the other non-technical income and expenses, tax on recurring income, financing expenses, and the results for companies under the equity method and minority interests. The change compared to 2010 is particularly related to the tax charge, explained by the sharp increase in underwriting results.

In France, the net result in property and casualty showed a loss of -€80 million in 2011, compared to a €106 million profit in 2010. This negative change was largely due to the unfavourable impact of the financial markets, which offset the sharp recovery in recurring underwriting and financial activity. The non-recurring financial margin (capital gains, provisions for long-term impairment and capital gains and losses on financial assets recognised at fair value) was affected in 2011 by the write-down of the Greek sovereign debt in the amount of -€135 million after-tax and by the recognition of provisions for impairment and capital losses realised on shares of -€494 million, related to the drop in the financial markets. Note that the 2010 result included +€65 million in tax income related to the change in the tax treatment of the capitalisation reserve.

(b) Life and health insurance

Premium Income *(in millions of euros)*	France		
	31.12.2011	31.12.2010 pro forma	Change %
Groupama SA	554	521	6.3%
Groupama Gan Vie	4,968	5,578	-10.9%
Gan Assurances	152	143	6.6%
Autres entités [1]	28	31	-9.2%
TOTAL	**5,702**	**6,273**	**-9.1%**

(1) Including discontinued operations.

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Life and health insurance premium income (59.3% of premium income in France) fell by -9.1% to at €5,702 million. The Group's life and capitalisation premium income fell by -14.4%. This drop reflected the market trend, with premiums showing a drop of -14.0% as at the end of December 2011 (source: FFSA). However, despite the difficult market situation, the Group managed to redirect premium inflows to unit-linked products (which require less extensive use of capital). In individual savings/pensions, the latter now account for 12.1% of production, compared to 4.7% in 2010. This performance is significantly higher than the market's, which recorded a -9.0% drop in income from unit-linked product premium income at the end of December 2011 (source: FFSA).

Health and bodily injury premium income as at 31 December 2011 rose +7.6% compared to 31 December 2010, led primarily by the health segment (individual and group), which posted an increase of +9.6%, promoted both by rate increases and portfolio growth. It should be emphasised that the market as a whole grew by +1% (source: FFSA, end of December 2011).

Net market inflows fell by -85% to €7.6 billion, with an increase in benefits in the last quarter (source: FFSA at the end of December 2011). The Group had positive inflows in France in 2011. Groupama Gan Vie, which represents nearly all of the life insurance business in France, recorded positive inflows of +€64 million, a drop comparable to that observed in the market compared to 2010. After recognition of the non-life activity of life and health insurance, Groupama Gan Vie inflows totalled €273 million.

The networks comprising Groupama Gan Vie posted a -10.9% decline in premium income as at 31 December 2011, totalling €4,968 million. By business line, most of Groupama Gan Vie's premium income is in individual insurance (73%), where premiums written fell by -16.0% compared to 31 December 2010, at €3,627 million as a result of the difficult situation in the individual savings market, as referred to above. In that context, the marked increase in unit-linked premium income should be noted, which rose from €181 million as at 31 December 2010 to €384 million as at December 2011. That change was attributable to all the networks. Group insurance (27% of the business) rose by +6.5% to €1,341 million.

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

Groupama Gan Vie premium income by network *(in millions of euros)*	**31.12.2011**	**31.12.2010 proforma**	**31.12.2010**	**Reported change 2011-2010**	**Like-for-like change 2011-2010**
Regional mutuals	1,849	2,186	2,186	-15.4%	-15.4%
Multi-line insurance agents	1,139	1,231	1,238	-8.0%	-7.5%
Brokerage	830	759	769	8.0%	9.4%
Gan Patrimoine	526	646	646	-18.5%	-18.5%
Gan Prévoyance	577	575	576	0.1%	0.3%
Head office	47	181	181	-74.0%	-74.0%
TOTAL GROUPAMA GAN VIE	**4,968**	**5,578**	**5,596**	**-11.2%**	**-10.9%**

The proforma corresponds to the reclassification of the CMU (French universal health coverage) as a tax.

Premium income contributed by the network of regional mutuals totalled €1,849 million as at 31 December 2011, down by -15.4% compared to the preceding period. This decline involves individual insurance (-16.7% to €1,802 million), while group insurance rose (€48 million compared to €22 million for the preceding period). Unit-linked premium income for this network more than tripled over the period, reflecting the success of efforts intended to shift the network more aggressively toward this type of product. Thus, the share of unit-linked products in individual savings/pension premium income was 14.1% (€246 million), compared to 3.6% at the end of 2010. In addition, sales and marketing efforts generated nearly €123 million in premium income as at the end of the December 2011.

The agents' network posted €1,139 million in premium income as at 31 December 2011, down by -7.5% compared to 31 December 2010. Individual insurance premiums written fell by -14.1%, continuing to reflect the decline in premium income in the individual savings segment (-23.6%, specifically for the Chromatys product).

Although the growth in unit-linked products, specifically related to the sales and marketing initiatives, could not reverse the trend, it was still noteworthy (+29.6%). Group insurance activity rose +4.6%, in view of the growth in the protection (+5.8%) and health (+8.0%) segments.

The brokerage network recorded premium income of €830 million as at 31 December 2011, up +9.4% compared to 31 December 2010. It should be noted that positive run-offs from premium reserves reached €19.5 million at the end of 2011, compared to €40.3 million for the previous period, which moderated the growth in the network's premium income. Nonetheless, the latter benefited from the solid performance in the Group protection segment (+28.6%), which includes €28.9 million in portfolio inflows. The Group health segment also grew (+11.1%). However, these increases were moderated by the drop recorded in the Group capitalisation segment (-7.1%) and group inward reinsurance (-3.9%).

Gan Patrimoine network premium income fell by -18.5%, totalling €526 million as at 31 December 2011. Here, too, the drop involves the individual savings/pension segment (-18.7%) and confirms the network's high sensitivity to market conditions and changes to the regulatory framework. However, two important items should be noted. First, the strong inflows from unit-linked products generated premium income up by +72.5% (or 22.3% of unit-linked accounts in late 2011 premium income, compared to 10.5% in the previous period).

The Gan Prévoyance sales network contributed €577 million to the Group's premium income as at 31 December 2011 (for an increase of +0.3% compared to 31 December 2010). This change was due primarily to the growth in health premiums (+22.3%), which continued its significant increase, totalling nearly €32 million in premium income as at 31 December 2011. However, the latter was partially offset by the drop in the individual protection segment (-2.4%), which includes some discontinued products.

The premium income of the head office, which combines single premiums on business managed on a national level, as well as one-off transactions (capital redemption bonds), totalled €47 million as at 31 December 2011, compared to €181 million over the previous year (-74.0%). This drop involves both individual and group insurance. It results primarily from certain 2010 transactions that were not renewed in 2011 (subscription of capital redemption bonds for €97 million and single premium group pension contracts for €26.7% million).

Groupama SA premium income rose by +6.3% to €554 million as at 31 December 2011, led by growth in the health segment, related to rate increases and portfolio growth.

Gan Assurances posted individual health premium income up +6.6% to €152 million in 2011, due primarily to rate increases.

The Caisses Fraternelles earned €20 million in premium income as at 31 December 2011, down -8.2% compared to the previous period.

The Assu-Vie subsidiary's discontinued business line fell over the period (-3.2%). Its premium income as at 31 December 2011 totalled €8.3 million versus €8.6 million as at 31 December 2010.

Economic operating income in France (life and health insurance) fell by -€141 million to -€12 million in 2011.

Life and health insurance in France *(in millions of euros)*	**31.12.2011**		**31.12.2010**		**Change 2011/2010**	
Net premiums earned	5,659	100.0%	6,230	100.0%	(571)	-9.2%
Technical expenses (policy services)	(5,017)	-88.6%	(5,582)	-89.6%	566	-10.1%
Expenses from current technical operations net of earnings	(948)	-16.7%	(963)	-15.5%	15	-1.6%
Technical result net of reinsurance	**(305)**	**-5.4%**	**(315)**	**-5.1%**	**10**	**-3.2%**
Recurring financial margin net of profit sharing and taxes	162	2.9%	298	4.8%	(137)	-45.8%
Other items	131	2.3%	146	2.3%	(14)	-9.9%
Economic operating income	**(12)**	**-0.2%**	**129**	**2.1%**	**(141)**	**>-100%**
Capital gains realised	484	8.6%	110	1.8%	374	>100%
Provisions for long-term impairment	(1,910)	-33.7%	(77)	-1.2%	(1,833)	>-100%
Capital gains and losses on financial assets recognised at net fair value	(40)	-0.7%	2	0.0%	(42)	>-100%
Amortisation of intangible assets and goodwill impairment	31	0.5%		0.0%	31	NA
Non-recurring items net of tax	(1)	0.0%	258	4.1%	(259)	>-100%
NET GROUP RESULT	**(1,448)**	**-25.6%**	**422**	**6.8%**	**(1,870)**	**>-100%**

2010 data restated for the CMU (reduction in premiums and net technical operating expenses of €27 million).

The net underwriting margin (net premiums earned – net technical expenses) totalled €643 million in 2011 compared to +€648 million in 2010 (restated for the CMU). This margin rose by +€22 million on the health/bodily injury activity, but fell by -€27 million on the life/capitalisation activity.

The combined ratio for the health/bodily injury business improved by -2.6 points to 103.8% in 2011 following rate adjustments. The margin on the life and capitalisation activity fell, specifically as a result of slightly less positive run-offs from reserves over previous years (specifically, in group insurance). Operating expenses fell by -1.6%.

Groupama Gan Vie's net technical margin was +€435 in 2011 compared to +€492 million in 2010 (restated for the CMU). In 2010, that margin included non-recurring items, specifically high prior year excess releases. The 2011 technical margin in health worsened as a result of the cost of sales and marketing activities in individual and group health insurance and the increased cost of services (transfer of public health expenses to the private sector). On the other hand, the current technical margin in the protection segment rose as a result of increased activity in group insurance and, in particular, strong performance in death risk. Operating expenses

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were stable, at €796 million as at 31 December 2011. This stability in a context of declining premium income is explained primarily by the impact of IT expenses (in particular, those related to back-office streamlining), which are still in process, and by the impact of non-proportional commissions.

The net technical margin for life and health insurance for the Groupama SA entity totalled +€179 million in 2011 compared to +€121 million in 2010. This increase is due in large part to the release of provisions established as a precaution and recorded in the life and health mortality tables.

The recurring financial margin (net of profit sharing and taxes) fell by -€137 as a result of increased profit-sharing expenses, which were maintained at a reasonable level to protect the portfolio under a highly-unfavourable financial market conditions. Gross investment income rose by +12.3% in 2011.

In France, the life and health insurance net profit was strongly affected by the provisions for financial assets. This represents a loss of -€1,448 million in 2011 compared to net income of +€422 million in 2010. In 2011, the non-recurring financial margin (capital gains, provisions for long-term impairment and capital gains and losses on financial assets recognised at fair value) included the write-down of the Greek sovereign debt (-€1,142 million after taxes) and the recognition of provisions for impairment and capital losses realised on shares of -€1,015 million, related to the drop in the financial markets. Capital gains on fixed-income securities of €311 million were outsourced to partially offset this very sharp decline. Note that the 2010 result included +€260 million in tax income related to the change in the tax treatment of the capitalisation reserve.

5.1.4.3 International activity and earnings

Group International consolidated premium income totalled €4,292 million in 2011, up 0.2% compared to December 2010.

Property and casualty insurance premium income totalled €3,194 million as at 31 December 2011, a +2.4% increase over the previous period. The motor (including fleet) segment, which represented 62.8% of property and casualty premiums written, bolstered this increase, with growth of +1.1%. Strong performance in the agricultural risks (+29.0%, of 3.9% of International property and casualty insurance) and residential real estate (+4.7%, or 14.0% of property and casualty insurance activity) segments was a major factor in that change.

Life and health insurance premium income fell by -5.8% to €1,099 million, related to the drop posted in life and health insurance (-7.1%). As in France, the International individual savings/pension segment fell by -13.5% over the period Group health and life insurance also fell (-1.6%) and the strong performance in the health segment (+9.4%) could not offset the decline in the Group pension segment (-26.3%).

International premium income *(in millions of euros)*	31.12.2011			31.12.2010 proforma		
	L&H	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Southeast Europe	**542**	**1,596**	**2,138**	**576**	**1,443**	**2,019**
Italy	383	1,182	1,565	448	1,057	1,505
Greece	70	121	190	65	129	195
Turkey	89	294	383	63	256	319
Southwest Europe	**269**	**743**	**1,012**	**302**	**778**	**1,080**
Spain	208	722	930	187	759	946
Portugal	61	8	70	115	9	124
Central and Eastern European countries	**204**	**311**	**515**	**201**	**339**	**540**
Hungary	182	145	328	180	153	334
Romania	14	156	170	15	175	190
Others	7	10	17	5	11	16
Great Britain	**77**	**448**	**525**	**81**	**462**	**543**
Gan overseas	**6**	**95**	**102**	**6**	**95**	**101**
Direct International (Clickseguros)		**13**	**13**		**10**	**10**
TOTAL	**1,099**	**3,194**	**4,292**	**1,166**	**3,117**	**4,283**

Economic operating income for all International insurance totalled +€156 million in 2011, compared to +€129 million in 2010. Property and casualty insurance income rose by +€73 million to +€157 million in 2011, while life and health insurance income fell by -€46 million to reach a balance at -€1 million as at 31 December 2011.

The combined net property and casualty ratio was 96.9% in 2011 and improved by -3.8 points compared to 2010. The net claims ratio fell by -3.8 points to 67.9% in 2011 as a result of improvement in the current loss ratio. The net operating expense ratio was stable at 29.0% in 2011.

Net underwriting results (net premiums earned – net technical expenses – net expenses from current technical operations) in life and health insurance, down by -€47 million, were affected in 2011 by the worsening claims ratio in health/bodily injury (increase of +8.9 points, to 106.6% in 2011, in the combined net ratio) and the drop in the life/capitalisation activity margin, which had benefited from non-recurring items in Italy in 2010.

The recurring financial margin (net of profit sharing and taxes) was stable, at +€147 million in 2011.

Economic operating income *(in millions of euros)*	**31.12.2011**	**31.12.2010**
Southeastern Europe	**64**	**41**
Italy	53	43
Greece	21	13
Turkey	(10)	(15)
Southwestern Europe	**47**	**53**
Spain	46	51
Portugal	0	1
Central and Eastern European countries	**24**	**11**
Hungary	25	20
Romania	2	(5)
Others	(4)	(4)
Great Britain	**38**	**16**
Gan overseas	**5**	**11**
Direct International (Clickseguros and Poland)	**(20)**	**(8)**
China	**(3)**	
Others	**1**	**5**
TOTAL	**156**	**129**

Before provision for the Greek sovereign debt, International posted a net profit of +€123 million in 2011, compared to +€99 million in 2010. After taking into account a -€258 million provision for long-term impairment of the Greek sovereign debt, net of profit sharing and taxes, the net International insurance result was a loss of -€135 million in 2011. The net result also includes merger and restructuring costs, as well as impairment of the portfolio value.

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

Net result *(in millions of euros)**	**31.12.2011 Incl.impairment/ Greece**	**31.12.2011 Excl. impairment/ Greece**	**31.12.2010**
Southeastern Europe	**(186)**	**54**	**24**
Italy	(85)	44	45
Greece	(89)	23	9
Turkey	(12)	(12)	(30)
Southwest Europe	**35**	**49**	**58**
Spain	38	45	51
Portugal	(4)	3	1
Other	1	1	5
Central and Eastern European countries	**0**	**0**	**(1)**
Hungary	2	2	10
Romania	1	1	(7)
Other	(4)	(4)	(4)
Great Britain	**37**	**37**	**15**
Gan overseas	**1**	**5**	**11**
China	**(3)**	**(3)**	
Direct International (Clickseguros & Poland)	**(20)**	**(19)**	**(8)**
TOTAL	**(135)**	**123**	**99**

* *Excl. results of the Holding business (-€3 million in 2010 and -€2 million in 2011).*

(a) Italy

Premium income for the Italian subsidiary Groupama Assicurazioni rose (+4.0%) to €1,565 million as at 31 December 2011.

Property and casualty insurance premium income rose 11.8% to €1,182 million. Portfolio growth and rate increases explain the growth in the passenger car (+11.2%), residential real estate (+14.2%) and business protection segments (+14.0%).

In a sluggish market environment (-18.7% in late September for life insurance), life and health insurance premium income fell by -14.4% to €383 million as a result of the drop recorded in life insurance (-22.1%) and, in particular, individual savings (-20.0%), despite the sales and marketing campaigns that were conducted. However, thanks to the agreements signed in late 2010, the health segment (individual and group) posted growth of +21.0% in 2011.

Economic operating income was +€53 million in 2011 compared to +€43 million in 2010, for growth of +23.3% attributable to improved underwriting results.

The combined property and casualty ratio fell by -5.6 points to 95.7% in 2011. The net claims ratio improved by -6.6 points to 70.7%, while the net expense ratio was 25.0% in 2011. The current year claims ratio fell by -7.3 points to 69.8% in 2011, particularly in motor insurance where the ratio fell by -9.1 points to 69.7% as a result of the combined effect of the increase in the average premium and the drop in the frequency of claims. The amortisation expense of the new agent management system had a negative effect in 2011 and explains the slightly unfavourable change in the operating expense ratio (+1.0 points).

The net underwriting result in life and health insurance fell sharply (-€28 million) in 2011 both because of the decline in the health/bodily injury results (+12.7 point increase in the combined net ratio to 109.6% in 2011) and the positive non-recurring 2010 impact of the write-back of underwriting reserves no longer required.

The recurring financial margin (net of profit-sharing) totalled +€81 million and rose 13% as a result of increased bond income.

Before dealing with the Greek debt, net profit totalled +€44 million in 2011 compared to +€45 million in 2010. This profit includes the portfolio value amortisation expense (-€15 million after tax), the impact of the increased tax rate (-€7 million) following a change in Italian tax law and the capital gains realised on the disposal of assets (+€16 million after profit-sharing and taxes). After recognition of the write-down charge on the Greek sovereign debt (-€129 million after profit-sharing and taxes), the Italian subsidiary posted a net result of -€85 million in 2011.

(b) Greece

Groupama Phoenix premium income as at 31 December 2011 totalled €190 million, a drop of -2.3% compared to 2010.

Property and casualty insurance fell by -6.9% to €121 million in 2011 as a result of the financial crisis and the recession that depressed the Greek economy. In that context, motor premium income fell by -5.5% in 2011, despite the successful launch, in the second half of the year, of a new product offering a more competitive rate structure. Residential real estate premium income also fell (-11.2%), as the banking network portfolio continued to decline.

Life and health insurance premiums issued rose +6.7% to €70 million, thanks to the strengthening of the subsidiary's network of agents, supporting a boost in new production. The individual protection segment thus posted increased premium income of +26.1% in 2011.

Economic operating income totalled +€21 million in 2011 and rose by +8 million compared to 2010, thanks to improved underwriting results in property and casualty insurance.

The combined net ratio in property and casualty insurance was 75.4% in 2011 and fell by -11.5 points compared to 2010. The net claims ratio fell by -11.0 points and the net expense ratio fell by 0.5 points to 39.2% in 2011. The sharp drop in the net claims ratio reflected both the improvement in the current claims ratio (-2.9 points to 51.0%), particularly in motor (-11.5 points in third-party liability), benefiting from lower serious claims expenses and positive run-off in respect of previous years. The net operating expense ratio improved by -0.5 points, thanks to the subsidiary's strict controls on overhead expenses.

Life and health insurance underwriting results, which fell by -€4 million in 2011, was affected by the recognition, in 2011, of additional provisions on the unit-linked product portfolio as a result of changes in the financial markets.

The recurring financial margin, net of profit sharing, rose by +27.8% in 2011 as a result of a lower rate of profit sharing, which fell because of its non-recurring component, related to the write-down of the Greek debt.

Before the write-down of the Greek debt, net profit for 2011 totalled +€23 million, compared to +€9 million in 2010. This includes a writeback of provision for tax litigation following a favourable conclusion in 2011 (+€5 million). After recognition of the write-down charge on the Greek sovereign debt (-€111 million), the subsidiary posted a net loss of -€89 million in 2011.

(c) Turkey

The Turkish subsidiaries, Groupama Sigorta and Groupama Emeklilik, contributed €383 million to premium income in 2011, up +19.9%.

Property and casualty premium income (€294 million) rose by +14.7%, boosted by growth in agricultural risks (+92%, including the Tarsim pool) benefiting primarily from a new cover (risk of frost in tree cultivation), subscribed for the first time in 2011. Motor premium income rose +4.7% to €169 million, in a highly-competitive market, despite the 2011 closure of unprofitable branches.

Life and health insurance activity (€89 million) posted a 41.2% increase, due primarily to a single group health premium (policy covering the employees of a leading Turkish company). The Group protection segment also grew (+62.7% as a result of increased lending and strong performance by Groupama partner, TKK).

The Turkish subsidiaries posted an economic operating loss of -€10 million in 2011, compared to a loss of -€15 million in 2010. This included the share of the Günes subsidiary's profit (under the equity method in the Group's accounts) totalling +€1 million, compared to a loss of -€7 million in 2010.

The combined ratio for property and casualty insurance was 110.8% in 2011, compared to 112.6% in 2010. The net claims ratio worsened by 3.0 points to 82.3% and the net expense ratio was down by -4.8 points to 28.5% in 2011. The current claims ratio improved by -6.8 points to 76.0% in 2011, thanks to the effects of measures to clean up the subsidiary's portfolio and despite several major losses on business risks in 2011. Previous year excess releases net of reinsurance fell, which largely accounts for the increase in the net claims ratio. The decline in overheads (-16.5%) and commissions (-1.4 point reduction in the average rate) explains the -4.8 point improvement in the net operating expense ratio in 2011.

The underwriting result for life and health insurance fell by -€3 million in 2011 because of the worsening claims ratio on the health/bodily injury portfolio. The combined ratio for that portfolio rose by +3.7 points to 112.1% in 2011.

The recurring financial margin fell in 2011 (-18.3%) as a result of lower portfolio earnings.

The Turkish subsidiaries posted a net loss of -€12 million in 2012, compared to a loss of -€30 million in 2010. For 2011, this included capital gains on property assets (+€3 million), restructuring expenses (-€2 million) and a portfolio amortisation expense (-€2 million).

(d) Spain

Premium income of the Spanish subsidiary, Groupama Seguros, fell by -1.6% to €930 million in 2011 in a difficult economic environment.

Property and casualty insurance premiums issued fell by -4.7% to €722 million in 2011. The passenger car segment posted a drop of -8.0%. The company seeks to focus on the profitability of its portfolio over rate competition. The business protection segment fell by -5.8% due to the non-renewal of policies under difficult economic conditions (specifically in construction). These charges were partially offset by strong performance in the residential real estate sector (+7.2%) in all the networks.

Life and health insurance activity (€208 million in premium income) rose by +11.1%, led by the growth in life/capitalisation (+20.1%). Premium income in the individual savings segment rose by +25.2% as a result of the success of high-performing fixed-income products. Conversely, the increase in health cancellations led to the -4.5% decline in that segment in 2011.

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

Excluding Clickseguros, the net combined ratio in property and casualty insurance was 97.8% in 2011, compared to 97.5% in 2010. The net claims ratio was stable at 71.6% in 2011. The current claims ratio fell sharply in 2011 (-7.8% to 68.7%) due to the lack of climatic events, the impact of rate increases, reduced serious claims expenses and the cancellation of policies with high claims. Contrary to previous years, there were no releases of provisions in respect of prior years in 2011, which stabilised the all accident year net claim ratio. The slight increase in net operating expenses (+0.2 points) was primarily the result of the increase in the commission rate (in connection with the change in the product mix in 2011).

The underwriting result for life and health insurance fell by -€3 million in 2011 primarily as a result of the health/bodily injury activity, which had a higher current claims ratio in 2011 (+4.0 points to 82.8%). The net underwriting result for the life/capitalisation business rose by more than 100% to €12 million.

The recurring financial margin, net of profit sharing, was stable, at +€37 million in 2011.

Net profit prior to dealing with the Greek debt was +€45 million in 2011 compared to +€51 million in 2010. For 2011, this includes a payment for termination of sales agreements with a banking partner (+€3 million) and a portfolio value amortisation expense (-€3 million). After recognition of the write-down charge on the Greek sovereign debt (-€7 million), the subsidiary posted a net profit of +€38 million in 2011.

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

(e) Portugal

The Portugal subsidiaries posted a drop of -43.8% in premium income to €70 million in 2011. Life and health insurance premium income fell by -46.6% to €61 million in 2011 as a result of the decline in life insurance premiums written (-52.5%), the result of a major reduction in business from banking partners, who redirected their sales efforts toward the sale of banking products (which make a greater contribution to their own solvency). Property and casualty insurance premium income (€8 million in 2011) also fell (-9.4%) after the cancellation of a major policy (financial loss cover on a policy with a chain of do-it-yourself stores). Restated for the loss of this policy, property and casualty insurance premium income rose by +12.8% in 2011, led primarily by the passenger car (+18.9%) and residential real estate (+6.8%) segments.

Before treatment of the Greek debt, the net profit was +€3 million in 2011, compared to +€1 million in 2010. The life and health insurance segment was responsible for this contribution, while property and casualty insurance broke even in 2011, as in 2010. However, the result includes the profit on disposal of property assets (€3 million capital gain). After taking into account the write-down charge on the Greek sovereign debt (-€7 million after profit sharing and taxes), the Portuguese subsidiaries posted a net loss of -€4 million in 2011.

(f) Tunisia

The Tunisian company Star (accounted for by the equity method), posted a profit of €1 million in 2011, compared to +€5 million in 2010.

(g) Hungary

Hungarian subsidiary Groupama Biztosito had premium income of €328 million in 2011, a decline of -1.8% compared to 2010.

Life and health insurance premium income was €182 million, up +1.3% thanks to sustained growth in the individual protection segment (+41.3% to €18 million as a result of the success of the loan product). However, life insurance premiums issued fell by -1.8% in an unfavourable economic environment.

Property and casualty insurance premium income (€145 million in 2011) fell by -5.3% in 2011. The passenger car segment (-38.5%) experienced strong rate competition from certain market actors, while fleet premium income shrank (-6.9%) as a result of portfolio cleaning in a competitive market. However, strong performance in the agricultural risks (+34.1% related to higher agricultural raw materials prices and increased new business), business protection (+14.6% related to increased new business) and residential real estate (+3.1%) segments did not absorb the decline in motor-related activity.

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

The combined net ratio of property and casualty insurance activity was 88.4% in 2011 compared to 94.9% in 2010. The net claims ratio fell by -7.9 points to 49.7%, while the net operating expense ratio rose by +1.4 points to 38.7% in 2011. Current claims fell sharply in 2011 to 47.8%, thanks to improved results in motor as a result of a significant decline in the frequency of claims. This drop was particular noticeable in the passenger car (-7.2 points) and fleet (-6.9 points) segments. Residential real estate, professional and agricultural risks benefited from more favourable climatic conditions in 2011 compared to 2010. The net operating expense ratio was 38.7% in 2011, resulting primarily from increased commissions.

The underwriting result for life and health insurance fell by -€3 million in 2011 as a result of a decline in the margin for traditional savings products and of higher operating expenses.

The recurring financial margin (net of profit sharing) was stable at +€2 million in 2011.

The Hungarian subsidiary posted a net profit of €2 million in 2011 compared to +€10 million in 2010. The non-recurring financial margin was affected in 2011 by an expense for the write-down of securities (-€8 million) and lower capital gains on securities (-€6 million). The contribution also includes a portfolio value amortisation expense (-€6 million) and the tax on financial institutions in Hungary (-€10 million). The subsidiary does not hold any Greek debt securities.

(h) Romania

The contribution to premium income from the Romanian subsidiary Groupama Asigurari fell by -10.7% to €170 million as at 31 December 2011.

The property and casualty insurance activity (€156 million) fell by -10.9% over the period, due largely to the decline in the motor segment (-21.0% to €100 million) in a highly-competitive market hit hard by the country's economic crisis. Thanks to a successful sales campaign and a new product, residential real estate posted strong performance (+131%, with premium income of €12 million) and moderated the drop in property and casualty premiums issued.

Life and health insurance premium income (€14 million) fell by -8.9%, due to the downturn in the credit markets and the subsidiary's significant dependence on bancassurance networks. This was a double blow because the crisis has a dampening effect on this activity and banks give priority to bank savings inflows at the expense of insurance savings.

Despite the unfavourable context, the Romanian subsidiary posted its first economic operating profit since it was acquired of +€2 million in 2011 compared to a loss of -€5 million in 2010.

The combined net ratio for property and casualty insurance was 102.4% in 2011, compared to 105.6% in 2010. The net claims ratio fell by -0.3 points to 64.0%, as did the net operating expense ratio, which dropped -2.9 points to 38.4% in 2011. The current claims ratio improved by -1.2 points to 68% in 2011, thanks to a strengthened subscription policy and improvements in the claims management processes. The reduction in overhead costs (primarily payroll and logistics expenses) explains the -2.9-point improvement in the net operating expense ratio for 2011.

Life and health insurance posted a breakeven underwriting result in 2011.

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

The net result was a profit of +€1 million in 2011 compared to a loss of -€7 million in 2010.

(i) Other Central and Eastern European countries

Bulgaria

In Bulgaria, the Groupama Zastrahovane and Groupama Jivotozastrahovane subsidiaries benefited from their network with the subsidiary of OTP Bank and their premium income rose by +33.8% to €10 million in 2011. Property and casualty insurance fell (-2.0%) to €3 million, while life and health insurance premium income (€7 million) rose by 59.5%, thanks to the success of the unit-linked individual savings product.

The Bulgarian subsidiaries' posted a breakeven contribution to the Group's net result in 2011, as it did in 2010.

Slovakia

The premium income of Slovakian subsidiaries Groupama Poistovna and Groupama Zivotna fell -11.4% to €8 million in 2011. Property and casualty insurance was impacted by portfolio cleaning measures, declining -6.6% to €7 million. Life and health insurance premium income fell by -41.4% to €1 million.

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

(j) United Kingdom

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

Property and casualty insurance premiums issued declined by -2.9% to €448 million in 2011. The passenger car and residential real estate segments registered declines of -2.2% and -5.4%, respectively, as a result of rate increases intended to boost profitability. The fleet segment fell by -13.3% related to the voluntary cancellation of the loss making urban taxi portfolio. The business protection segment posted strong performance in a very competitive market (+3.5%).

Life and health insurance activity fell by -5.0% to €77 million in 2011. The Group health segment (the disposal process is underway and will be operational in early 2012) posted a drop of -5.3% to €55 million in 2011.

Economic operating income in Great Britain totalled +€38 million in 2011, compared to +€16 million in 2010.

The combined net ratio for property and casualty insurance was 96.8% in 2011, compared to 105.4% in 2010. The net claims ratio fell by -7.5 points to 62.9% and the net operating expense ratio fell by -1.1% to 33.9% in 2011. The current claims ratio improved by -3.1 points to 65.3% in 2011, thanks to the technical correction measures initiated (including rate increases, anti-fraud measures and the development of "niche" products), particularly in motor (-2.9 points to 73.3% in passenger car and -2.9 points to 82.4% in fleets). More favourable run-offs than previous years also contributed to the improved combined net ratio in 2011. The net operating expense ratio fell in 2011, particularly as a result of tighter management of the commission system.

Underwriting results for life and health insurance fell by -€1 million in 2011 largely due to the proportion of expenses relative to the volume of the slowing activity (the disposal of the health portfolio is underway).

The brokerage business posted operating income of +€11 million in 2011, comparable to that of 2010.

The recurring financial margin fell by -€5 million in 2011, attributable to the decline in bond portfolio yields.

Groupama Insurances and Groupama UK Broking Services posted net profit of +€37 million in 2011, compared to +€15 million in 2010. The 2011 figure includes non-recurring income net of taxes (+€2 million), the amortisation charge on the brokers' in-force business (-€4 million) and capital gains on the disposal of assets (+€1 million). The subsidiary has no exposure to the Greek debt.

(k) Gan Outre-Mer

Gan Outre-Mer's premium income rose by +0.2% to €102 million in 2011.

The property and casualty insurance business remained stable, at €95 million, masking the growth in the Pacific region (+4.2%) and the production decline in the Antilles (-1.8%). The Pacific region benefited from rate increases and portfolio growth. The passenger car and residential real estate segments grew, respectively, by +6.4% and 8.9%. Premium income from the Antilles region was marked by cancellations in loss making business in the business and local authorities market (-11.1%). Growth in the passenger car (+0.9%)

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and residential real estate (+4.1%) segments mitigated the slowdown in activity in the region.

Life and health insurance premium income totalled €6 million and rose by +7.0% compared to 2010, thanks to the growth in the health segment in both regions.

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

The combined net ratio in property and casualty insurance was 94.1% in 2011, compared to 82.9% in 2010. The net claims ratio rose by +11.8 points to 64.8% in 2011 following an exceptionally favourable year (2010) in terms of claims. The Antilles region posted a current claims ratio up by 0.4 points to 38.6% in 2011, in the absence of major claims and climatic events. The ratio for the Pacific region rose by +8.7 points to 65.0% in 2011 as the result of bodily injuries (motor) and the impact of the storm Vania on residential real estate. Run-offs over prior years fell in both regions. The net operating expense ratio fell by -0.6 points to 29.3% in 2011, thanks to effective controls on overhead expenses.

The technical result for life and health insurance fell because of the worsening net claims ratio in health in 2011.

The recurring financial margin fell by -€1 million in 2011.

Gan Outre-Mer's net result totalled +€1 million in 2011, compared to +€11 million in 2010. In 2011, this result included a write-down charge on the Greek sovereign debt for -€4 million.

(l) China

Groupama Insurances China, previously a branch of Groupama SA that became a subsidiary in 2011, posted a contribution of -€3 million to the Group's result in 2011.

(m) Poland

The new direct insurance branch in Poland posted a contribution of -€5 million to the Group's accounts in 2011.

5.1.4.4 Financial and banking activities

Premium income *(in millions of euros)*	**31.12.2011**	**31.12.2010**
Groupama Banque	123	123
Asset management	142	149
Employee savings	7	6
TOTAL	**271**	**278**

Net banking income *(in millions of euros)*	**31.12.2011**	**31.12.2010**
Groupama Banque	97	86
Asset management	135	139
Employee savings	10	9
TOTAL	**242**	**234**

Net result of financial and banking activities *(in millions of euros)*	**31.12.2011**	**31.12.2010**
Groupama Banque	(17)	(20)
Asset management	20	27
Other	4	5
TOTAL	**7**	**12**

(a) Groupama Banque

Groupama Banque's income remained stable as at 31 December 2011 compared to 31 December 2010, at €123 million.

Net banking income rose by +13.8% to €97 million as at 31 December 2011, despite the unfavourable financial environment. While intrinsic activity in personal banking rose (+10.5% increase in overnight deposits and a +63.4% increase in outstanding mortgages), net banking income in this segment fell because of a drop in commissions and in the intermediation margin. Private banking activity continued to grow, with net banking income of €5 million.

The cost of risk rose in 2011 to -€5 million, specifically because of provisions for the Greek sovereign debt in the Group's accounts.

Operating expenses rose by +2.7% in 2011.

The net result was a loss of -€17 million in 2011 compared to a loss of -€20 million in 2010.

(b) Asset management

Premium income from asset management subsidiaries totalled €142 million as at 31 December 2011, a drop of -5.0%. This change was due primarily to the drop in Groupama Asset Management's premium income over the period (-5.4%), related to the decline in lending (market effect).

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

These subsidiaries' economic operating income stood at +€20 million in 2011 compared to +€27 million in 2010.

(c) Groupama Épargne Salariale

Premium income for Groupama Épargne Salariale totalled €7 million as at 31 December 2011. The +3.0% increase in net banking income was due primarily to growth in management commissions and increased account management fees.

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

(d) Groupama Immobilier

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

5.1.4.5 Groupama SA and holding companies

Holding companies' economic operating income *(in millions of euros)*	**31.12.2011**	**31.12.2010**
France	(78)	(148)
International	(2)	(3)
TOTAL	**(81)**	**(151)**

Holding companies' net income *(in millions of euros)*	**31.12.2011**	**31.12.2010**
France	(64)	(169)
International	(2)	(3)
TOTAL	**(66)**	**(172)**

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

The holding companies' economic operating income was -€81 million in 2011, compared to -€151 million in 2010. This changes was attributable to the Groupama SA holding function, with a sharp increase in income from the 2011 tax consolidation resulting from improved underwriting results (since the financial results were, in part, long-term (strategic equities), the loss was not correlated with the tax income), partially offset by lower recurring financial income.

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The holding companies' net result was a loss of -€66 million in 2011, compared to -€172 million in 2010. This result specifically includes the favourable impact of the tax integration mechanism.

Net result *(in millions of euros)*	**31.12.2011**	**31.12.2010**
Total Insurance France	(1,525)	522
Total Insurance International	(135)	99
Financial and banking activities	7	12
Holding activities	(66)	(172)
Goodwill impairment	**(90)**	**(79)**
Accretion effect, minority UCITs, Cegid	**(3)**	**5**
TOTAL NET RESULT GROUPAMA SA	**(1,812)**	**387**

Goodwill impairment in the amount of -€90 million (including -€39 million in connection with Greece and -€51 million on the Central and Eastern European cash generating unit (CGU) for Romania) was recorded in the accounts as at 31 December 2011. We note that in 2010, an exceptional impairment in the amount of -€79 million on the Central and Eastern European CGU also affected the 2010 accounts.

5.1.4.6 Consolidated balance sheet

As at 31 December 2011, the Groupama balance sheet total was €89.4 billion, compared to €93.1 billion in 2010, a decline of -4.0%.

(a) Goodwill

Goodwill totalled €3 billion, compared to €3.1 billion as at 31 December 2010. An impairment of -€51 million was recorded on the CGU goodwill for the Central and Eastern European countries and of -€39 million for Greece.

(b) Other intangible assets

Other intangible assets totalling €626 million (versus €684 million in 2010) are composed primarily of amortisable portfolio securities (€356 million) and computer software.

(c) Investments (including unit-linked investments)

Insurance investments totalled €67.7 billion in 2011 compared to €75.1 billion in 2010, down -9.8%. The second half of 2011 was marked by the drop in the financial markets (the value of the CAC 40 index fell by -17% compared to 31 December 2010) and by the sovereign debt crisis in the eurozone's southern countries. The 2011 accounts were impacted by recognition of a €2.3 billion provision for write-down of the Greek sovereign debt and for the recognition of losses (specifically for long-term depreciation) on shares in the amount of €2.5 billion.

With most investments on the balance sheets valued at market value based on IFRS rules, the Group's unrealised capital gains (including property assets) fell by -€2.1 billion to -€1.4 billion (compared to +€0.7 billion at the previous closure), attributable to increased unrealised capital losses on bonds and a decline in unrealised capital gains on real estate assets in connection with the equity method applied to Silic.

The unrealised capital gains include -€0.7 billion on shares, -€2.9 billion on bonds and +€2.2 billion on property. As at 1 March 2012, financial market developments have produced significant changes in these items. On that date, the Group estimated its unrealised capital gains at €1.3 billion.

Unrealised capital losses on financial assets (excluding property assets) totalled -€3.6 billion (gross value), with -€0.9 billion attributable to shareholders (after profit sharing and taxes), compared to -€1.0 billion as at 31 December 2010. The amounts are recorded on the financial statements as a revaluation reserve. Unrealised capital losses on property assets attributable to the Group (net of tax, deferred profit sharing and minority interests) totalled €0.8 billion, identical to losses as at 31 December 2010. It should be noted that the Group has chosen to recognise investment and operating property using the amortised cost method. Unrealised capital gains on property assets are thus not recorded for accounting purposes.

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

	2011	2010
Bonds	61%	64%
Shares	10%	13%
Cash and cash equivalents (mutual funds and repurchase transactions)	16%	9%
Real estate	6%	8%
Unit-linked investments	5%	5%
Other (loans, receivables and other assets)	2%	1%

(d) Capital and reserves

As at 31 December 2011, Groupama consolidated shareholders' equity totalled €2.9 billion versus €4.3 billion as at 31 December 2010.

This decrease can be summarised as follows

(in millions of euros)	
SHAREHOLDER EQUITY AT START OF 2011	**4,268**
Change in revaluation reserve: fair value of AFS assets	(579)
Change in revaluation reserve: shadow accounting	565
Change in revaluation reserve: deferred tax	108
Goodwill	(99)
Capital increase	500
Dividends	(145)
Other	127
Result	(1,812)
SHAREHOLDER EQUITY AS AT 31 DECEMBER 2011	**2,933**

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €2.1 billion versus €2.8 billion as at 31 December 2010.

As at 31 December 2011, subordinated debt (€1,245 million) was the same as at 31 December 2010.

The Group's external debt totalled €888 million versus €1,404 million, down by -€516 million compared to 31 December 2010. This change was due to the loss of exclusive control of Silic (a company now under the equity method), which bore an external financing debt of €1,115 million. In addition, the Group borrowed €800 million on its senior credit facility.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) totalled €72.3 billion, compared to €72.0 billion as at 31 December 2010.

Deferred profit-sharing totalled €3.9 billion in 2011 compared to €1.7 billion as at 31 December 2010. A recoverability test was conducted to demonstrate the Group's ability to charge the value of deferred profit-sharing assets to future profit sharing by policyholders. Active deferred profit sharing was derived primarily from the unrealised capital losses on interest rate assets (related primarily to Spanish, Italian and, to a lesser extent, Portuguese sovereign debt). We note that if the bonds are held to maturity, and if no default occurs, these capital losses will be reabsorbed and will not pass through the income statement.

(g) Contingent liabilities

Contingent liabilities totalled €429 million in 2011, up by 1.6% compared to 2010, and involve primarily pension commitments under IAS 19.

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5.1.5 SOLVENCY/DEBT

Adjusted solvency is valued pursuant to the regulatory provisions at the scale of the combined scope of consolidation. In this scope of consolidation, the coverage rate in the adjusted solvency margin in the consolidated accounts was 107.4% as at 31 December 2011. This margin includes the impact of the agreements entered into prior to 31 December 2011 and that became operational in early 2012, relating to:

- for the first, to the disposal of shares in the Silic real estate company *via* a transfer, helping to boost the solvency margin by 11.0 points;
- for the second, to the Caisse des Dépôts et Consignations' subscription to preferred shares without voting rights in the Gan Eurocourtage subsidiary, helping to boost the solvency margin by 6.5 points;
- these transactions also had a positive effect of 6.9 points related to any capping of the subordinated notes.

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

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 41.3% in 2011, compared to 41.7% in 2010.

5.1.6 RISK MANAGEMENT

Risk management is addressed in the internal control report.

5.1.7 FORWARD FINANCIAL INSTRUMENTS POLICY

5.1.7.1 Interest-rate risk

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

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

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

5.1.7.2 Foreign exchange risks

Ownership of international shares entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings. The currency risk on the Hungarian forint was not hedged in 2011. Opportunities to hedge this risk will continue to be monitored in 2012.

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

5.1.7.3 Equities risk

To reduce the Group's share exposure, a hedge was established in the fourth quarter in the form of a collar option on stock indices. This hedge allows a profit to be earned on the options purchased ("put option") if, at maturity, the level of the index is below the threshold set in the option ("strike"). Part of the cost of this hedge was financed by the sale of options ("call option") surrendering the rise in the index above a certain threshold ("strike"). Together, all these options constitute the collar. This hedge was established inside a Group Eurozone equity mutual fund, held primarily by the Life assets.

5.1.7.4 Other risks

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

5.1.8 ANALYSIS OF THE CORPORATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Income (loss)

Earned premiums totalled €2,159.2 million, up 3.8% compared to 2010, when they were €2,080.4 million. They came primarily from contributions received from the regional mutuals (€1,933.8 million) and contributions from the Group's subsidiaries (€181.2 million).

Claims expenses (including claims management fees), annuities and other underwriting reserves totalled €1,308.8 million, a decrease of €136.3 million (-9.4%). This change is the result of a decline in the claims ratio for the fiscal year, related particularly to less significant climatic events.

The balance of outward reinsurance and retrocessions yielded an expense of €255.8 million, up €22.3 million compared to over 2010, due primarily to reduced outward reinsurance of claims (storm Xynthia and flooding in the Var in 2010).

After taking into account the commissions on accepted reinsurance totalling €364.5 million, the net underwriting margin was €230.1 million, up by €172.8 million over 2010 (income of €57.3 million).

Groupama SA's total operating expenses were €319.3 million, compared to €315.8 million in 2010.

Given the financial results allocated to underwriting reserves (-€85.4 million), Groupama SA's underwriting result in 2011 was a loss of -€174.6 million (8.1% of earned premiums).

Total financial results represented a net expense of €189.1 million, compared to a net income of €275.7 million in 2010.

Exceptional items represented a net expense of €21.0 million compared to net expense of €17.1 million in 2010.

The "Taxes" item represents income of €72.5 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama SA as the Group's parent company.

The net result for the year was thus a loss of €235.7 million, compared to profit of €147.3 million in 2010.

5.1.8.2 Balance Sheet

The Groupama SA 2011 balance sheet totalled €12,233.9 million, up €729.8 million compared to 2010. This sharp increase was particularly related to the capital increase of €500.1 approved by the 25 November 2011 General Meeting, to the increased borrowings under its bank credit facilities, which totalled €800 million compared to €200 million at year-end 2010, mitigated by the fiscal year loss of €235.7 million and the distribution of dividends for the amount of €104.2 million for the 2010 results.

Shareholders' equity totalled €3,370.8 million as at 31 December 2011, compared to €3,211.0 million as at 31 December 2010. The change in shareholders' equity over the year was largely attributable to the capital increase (+€500.1 million), the year's result (-€235.7 million) and the distribution of dividends payable on the 2010 results (-€104.2 million).

Gross underwriting reserves reached €3,393.8 million, down €67.5 million (-1.9%) compared to year-end 2010. They represent 157.2% of earned premiums. Underwriting reserves ceded and retroceded totalled €604.8 million, down €37.8 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €10,745 million (including differences between bond repayments and receivables and debts associated with investments). Strategic assets represented 77.8% of total assets and include equity investments (€7,411 million) and intragroup loans (€943 million).

In realisable value, Groupama SA investments totalled €13,117 million, including unrealised capital gains of €2,370 million, primarily from strategic intra-group equity interests (€2,345 million).

5.1.8.3 Income for the year and proposed allocation

We recommend that you allocate the year's entire loss, in the amount of €235,698,494.70, to previous retained earnings of €1,641,630,151.23, which would thus reduce the credit amount to €1,405,931,656.53.

5.1.9 DISCLOSURES ON SHARE CAPITAL

5.1.9.1 Shareholders

In compliance with Article L. 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds or nineteen-twentieths of the Company's share capital or voting rights at the General Meetings:

- Groupama Holding 90.94% of share capital and 90.93% of voting rights;
- Groupama Holding 2 8.99% of share capital and voting rights.

5.1.9.2 Employee shareholders

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we note that the employees, former employees and officers of the Company held 0.07% of the share capital of Groupama SA as at 31 December 2011 and 0.08% of voting rights.

5.1.10 INFORMATION REGARDING COMPANY OFFICERS

5.1.10.1 Directors' compensation

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the total compensation and benefits of any kind paid to each company officer during the year, both by your Company and by the Company that controls your Company and by companies controlled by your Company within the meaning of Article L. 233-16 of the French Commercial Code. During the year, payments were as follows:

- Mr Jean-Luc Baucherel: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €356,932 (gross annual compensation of €288,000, retirement benefit of €39,908 and housing allowance of €29,024);
- Mr Francis Aussat (until 22 June 2011): attendance fees paid by the Company: €64,900 and attendance fees paid by Groupama Holding: €37,650;
- Mr Jean Baligand: attendance fees paid by the Company: €72,300 and attendance fees paid by Groupama Holding: €55,300;
- Mr Jean-Marie Bayeul: attendance fees paid by the Company: €75,350 and attendance fees paid by Groupama Holding: €55,300;
- Mr Michel Baylet: attendance fees paid by the Company: €87,550 and attendance fees paid by Groupama Holding: €75,300;
- Ms Annie Bocquet: attendance fees paid by the Company: €69,250 and attendance fees paid by Groupama Holding: €75,300;

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- Ms Anne Bouverot, independent Director: attendance fees paid by the Company: €73,575;
- Mr Amaury Cornut-Chauvinc: attendance fees paid by the Company: €87,550 and attendance fees paid by Groupama Holding: €62,250;
- Mr Jean-Yves Dagès, Director appointed on 3 August 2011: attendance fees paid by the Company: €13,658 and attendance fees paid by Groupama Holding: €21,483;
- Ms Marie-Ange Debon, independent Director appointed on 25 May 2011: attendance fees paid by the Company: €10,450;
- Mr François Desnoues: attendance fees paid by the Company: €72,300 and attendance fees paid by Groupama Holding: €55,300;
- Ms Caroline Grégoire Sainte Marie, independent Director appointed on 25 May 2011: attendance fees paid by the Company: €24,350;
- Mr Michel Habig: attendance fees paid by the Company: €58,050;
- Mr Frédéric Lemoine, independent Director: attendance fees paid by the Company: €91,375;
- Mr Jean Salmon, independent Director until 25 May 2011: attendance fees paid by the Company: €55,750;
- Mr François Schmitt: attendance fees paid by the Company: €78,400 and attendance fees paid by Groupama Holding: €55,300;
- Mr Philippe Vassor, independent Director: attendance fees paid by the Company: €101,800;
- Mr Jérôme Zanettacci: attendance fees paid by the Company: €55,000;
- Mr Jean Azéma, Chief Executive Officer until 24 October 2011: gross annual compensation (including benefits in kind) received for his duties within the Group: €4,383,304 (gross annual compensation of €893,333, variable compensation of €409,240, termination payment of €1,469,246, non-compete payment of €1,469,246, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners: €142,239) and retirement contract awarded to members of the Groupama SA Steering Committee;
- Mr Thierry Martel, Chief Executive Officer as from 24 October 2011: gross annual compensation (including benefits in kind) received for his duties within the Group: €118,320 (gross annual compensation €114,286, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners: €4,034) and retirement contract awarded to members of the Groupama SA Steering Committee;
- Mr Christian Collin, Deputy Chief Executive Officer as from 14 December 2011: gross annual compensation (including benefits in kind) received for his duties within the Group: €25,825 (gross annual compensation €24,621, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners: €1,204) and retirement contract awarded to members of the Groupama SA Steering Committee.

Lastly, the cumulative gross annual compensation (including profit sharing and benefits in kind) for members of the Groupama SA Steering Committee totalled: €5,378,641. The total liability for retirement contracts as of 31 December 2011 was €33,254,389.

5.1.10.2 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors, the Chief Executive Officer and the Deputy Executive Officer appears in paragraphs 3.1.2 and 3.1.3.

5.1.10.3 Approval of the appointment of two Directors

We recommend that you approve the appointment of Mr Jean-Yves Dagès as Director, carried out at the 3 August 2011 meeting of the Board of Directors, to replace Mr Francis Aussat, who resigned, for the remainder of Mr Aussat's term and the appointment of Mr Jean-Louis Pivard, carried out at the 25 April 2012 meeting of the Board of Directors, to replace Mr Jean Baligand, who resigned, that are, until the Ordinary General Meeting convened to approve, in 2015, the financial statements for the year closing on 31 December 2014.

5.1.10.4 Determination of the amount of the attendance fee

Given the financial situation of the group, we recommend to reduce the total annual attendance fees at a maximum of €1,045,000, to be divided among the Directors for 2012.

5.1.11 RENEWAL OF THE APPOINTMENT OF THE PRINCIPAL AND ALTERNATE STATUTORY AUDITORS

We recommend, after seeking the opinion of the Audit and Risks Committee, that you renew the appointment of the Mazars firm as principal statutory auditor and of Mr Michel Barbet-Massin as alternate statutory auditor for a period of six fiscal years, or until the General Meeting convenes to approve, in 2018, the financial statements for the fiscal year closing 31 December 2017.

5.1.12 HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

The social and environmental consequences of the activity, covered by Article L. 225-102, paragraph 4 of the French Commercial Code, as well as the information in Articles D. 148-2 and D. 148-3, are discussed in the 2011 Groupama SA annual report.

5.1.13 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, section 7 of the French Commercial Code, is a summary table of the delegations of power and authority granted by the General Meeting to the Board of Directors in respect of an increase in share capital pursuant to Articles L. 225-129 and L. 225-129-2 of said Code.

We also recommend that you renew the financial authorisations previously approved by the General Meeting of 25 May 2011 that will expire during fiscal year 2012, as well as the authorisation that the Board of Directors used to make its decision regarding the capital increase carried out in late December 2011. These authorisations are intended to provide the Board of Directors a maximum of flexibility in carrying out one or more capital increases, whether by turning to current shareholders or to third parties. For certain authorisations, the reports of the Company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

Within this context, we propose that you grant the following authority to the Board of Directors:

- to increase share capital by issuing shares and/or investment securities, maintaining preferential subscription rights, as this delegation is the most traditional and may be used alone or simultaneously with other types of delegations. The share capital increases may be carried out up to a maximum par value of €1.1 billion, which also constitutes the overall limit of share capital increases that may be carried out under other authorisations submitted for your approval at this meeting, with the exception of share capital increases by capitalisation of profits, premiums or reserves addressed in the sixteenth resolution adopted by the General Meeting of 25 May 2011. The par value of any shares to be issued in connection with the framework of new financial transactions would be added to these ceilings, as necessary, to preserve the rights of equity investors.

  We note in this regard that the preferential share subscription right is offered to shareholders existing at the time of the transaction, to allow them to avoid a "dilutive" effect after the transaction is completed.

  This delegation of authority will be granted for a period of 26 months after this date, and will replace the one granted by the General Meeting of 25 May 2011;
- to increase share capital by issuing shares and/or marketable securities providing access to the Company's share capital reserved for Groupama Holding and/or Groupama Holding 2 and/or certain categories of investors. Thus the following categories may be defined: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups; of an offer reserved to categories of legal entities or persons belonging to the Groupama group, namely: (ii) the elected representatives of the local and/or regional mutuals; (iii) the employees and Managers or company officers provided for in Article L. 3332-2 of the French Labour Code, businesses linked to the Company as defined in Articles L. 3344-1 and L. 3344-2 of that Code, who or which are not beneficiaries of the issues effected pursuant to the 20th Resolution adopted by the General Meeting, and/or; (iv) the persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (v) UCITS or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders are composed of the persons referred to in (iii) and (iv) of this paragraph and/or the beneficiaries of the 20th Resolution adopted by the General Meeting of 25 May 2011.

  The delegation of authority will be granted for a period of 18 months after this date, up to a maximum par value of €1.1 billion; it will replace the delegation of authority awarded by the General Meeting of 25 May 2011.

The principles to determine issuance prices of the securities are further detailed in the resolutions that are presented to you

Furthermore, we propose that you renew by anticipation the delegation of authority granted to the Board of Directors to increase the share capital, by issuing shares and/or equity instruments of the Company reserved for members of savings plans, cancelling their preferential share right. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months after this date, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the General Meeting of 25 May 2011.

By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The share subscription price will be determined in accordance with Article L. 3332-20 of the French Labour Code and will be equal to at least 80% of the Reference Price (as defined hereunder) or, if the period of unavailability stipulated by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is more than or equal to 10 years, to at least 70% of the Reference Price. The Reference Price is defined as the price determined in accordance with the objective methods used to value shares, taking into account, according to a weighting appropriate for each case, the net accounting position, profitability and business outlook of the Company in accordance with the provisions of Article L. 3332-20 of the French Labour Code.

We do not recommend that you renew the authorisation granted to the Board of Directors to purchase the Company's shares or the authorisation to reduce the share capital by retiring treasury shares granted by the General Meeting of 25 May 2011.

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5.1.14 OUTLOOK

The year 2011 was a difficult year for the Group, marked by the combination of two factors:

- the restructuring of the Greek debt, in which the Greek government's private creditors were significantly involved;
- the sharp decline in the equity markets, where the Group continues to have significant exposure, marked by a concentration in some assets.

These factors certainly weighed on Groupama's 2011 net result, which is strongly negative. However, even in this adverse environment, the Group posted improved underwriting performance and demonstrated the effectiveness of its distribution system. In addition, the solvency margin was covered at year-end 2011 by mobilizing significant internal resources and taking into account the agreements entered into with the Caisse des Dépôts et Consignations.

Beyond these initial measures, the Group reviewed its strategic portfolio, operating model and organisation in order to reduce its capital needs and increase results reflected in shareholder equity. The four sets of actions taken in this regard focus on placing performance at the heart of the Group's strategy:

- a proactive program of disposals and termination of operations;
- a vigorous effort to restore the underwriting result and to control overhead, which will be monitored closely;
- balance sheet optimisation measures, with regard to both assets and liabilities;
- strengthened Group governance, focused on controlling risks and meeting its objectives to improve profitability.

Together, these measures are intended to reinforce the Group's long-term solvency to ensure the ongoing security of its commitments to policyholders.

5.2 DIVIDEND DISTRIBUTION POLICY

5.2.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2010	€104,181,645.60	€93,457.35	€104,088,188.25
2009	€104,181,645.60	€98,555.85	€104,083,089.75
2008	€53,248,396,64	€52,264.51	€53,196,132.13

5.2.2 DISTRIBUTION POLICY

A recommendation will be made to the General Meeting of 30 May 2012 that no dividend be paid for fiscal year 2011.

	2011	2010	2009
Gross dividend	€0	€104.2 million	€104.2 million
Dividend per share	€0	€0.45	€0.45
Consolidated net result	-€1.812 million	€387 million	€660 million
Distribution rate	Not applicable	26.9%	15.8%

5.2.3 STATUTE OF LIMITATIONS

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations.

They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.3 CASH AND GROUP FINANCING

5.3.1 CASH

Cash and cash equivalents totalled €1,549 million as at 31 December 2011, down €785 million compared to 31 December 2010.

The distribution of cash flows for fiscal year 2011 among the various business lines is as follows:

- Cash flows/operational activities -€560 million
- Cash flows/Investment and financial activities €1,345 million
- **Total €785 million**

5.3.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €2.1 billion as at year-end 2011.

Total subordinated debt as at 31 December 2011 was stable compared to that of 31 December 2010 and totalled €1.25 billion.

The Group's external debt totalled €888 million, down by €671 compared to 31 December 2010, due primarily to the Silic deconsolidation and the elimination of its debt from Groupama's balance sheet.

Financial debt to banking sector businesses originates primarily from borrowings under the €800 million credit facility over one year at a rate of 2.03%, increased by a margin of 0.7%, due on 5 December 2012.

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 41.3%, compared to 41.7% as at 31 December 2010.

(in millions of euros)	31.12.2011				31.12.2010			
	<1 yr	1 - 5 yrs	>5 yrs	Total	<1 yr	1 - 5 yrs	>5 yrs	Total
Subordinated debt			1,245	1,245			1,245	1, 245
Financial debt represented by securities					1		154	155
Financial debt to banking sector businesses	820	4	63	888	219	815	370	1,404
TOTAL FINANCIAL DEBT	**820**	**4**	**1,308**	**2,133**	**220**	**815**	**1,769**	**2, 804**

The subordinated debt corresponds to:

- a bond in the form of redeemable subordinated bonds (TSRs) was issued on 27 October 2009 as part of the financing of the July 1999 call on this bond, redeemed on 22 January 2010 following the agreement of French Prudential Supervisory Authority (ACP) in late 2009. This 30-year bond has a fixed annual rate of 7.875% until the call date of 27 October 2019. After that date, the rate applied will be the three-month Euribor plus a margin of 5.36%. As at 31 December, the price for this issue was 49%, compared to 98% as at 31 December 2010;
- a fixed rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for a par value of €500 million, at the fixed rate of 4.375% for the first 10 years, then at the variable three-month Euribor rate plus a margin of 2.25%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. As at 31 December, these perpetual bonds (TSDI) were trading at 35%, compared to 77% as at 31 December 2010;
- in addition, Groupama SA issued a perpetual super-subordinated bond (TSS) in October 2007 for €1,000 million. Under IFRS, these securities constitute a shareholders' equity instrument and thus do not appear in the tables above. They were issued at a fixed rate of 6.298% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 2.60%. They may be repaid early in full, starting 22 October 2017. As at 31 December, this TSS was trading at 46%, compared to 75.3% as at 31 December 2010.

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5.3.3 FINANCING EQUILIBRIUM

In 2011, the principal financing equilibriums at the Group level were the following:

Sources of funds:

Free cash flow	€800 million
Loans	€140 million
Capital increase	€500 million
Asset income	€430 million
Total sources:	**€1,870 million**

Uses of funds:

Loan repayment	-€738 million
Investments	-€784 million
Dividends paid	-€104 million
Financial balance	-€142 million
Operating balance	-€102 million
Total uses:	**-€1,870 million**

Investments in the subsidiaries and shareholdings totalled €383 million in 2010 and €540 million in 2009.

5.4 PROPERTY, PLANT AND EQUIPMENT

The registered office of the Company is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, for a total value of €4.1 billion. These assets are located primarily in Paris and Île de France.

5.5 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

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6 FINANCIAL STATEMENTS

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Pursuant to Article 28 of (EC) Commission Regulation no. 809/2004 of 29 April 2004, the following information is incorporated by reference within this reference document:

- the consolidated financial statements of Groupama SA for the financial year ended 31 December 2010 and the corresponding statutory auditors' report appear on pages 170 to 277 and 278 to 279, respectively, of the reference document filed with the AMF on 14 April 2011;
- the consolidated financial statements of Groupama SA for the financial year ended 31 December 2009 and the corresponding statutory auditors' report appear on pages 164 to 261 and 262 to 263, respectively, of the reference document filed with the AMF on 22 April 2010.

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

ASSET

(in millions of euros)	Notes	31.12.2011	31.12.2010
Goodwill	Note 2	2,950	3,141
Other intangible assets	Note 3	626	684
Intangible assets		**3,576**	**3,826**
Investment properties, excluding unit-linked investments	Note 4	1,341	3,139
Unit-linked investment properties	Note 7	99	94
Operating activities property	Note 5	776	779
Financial investments (excluding unit-linked items)	Note 6	61,977	67,353
Financial investments in unit-linked investments	Note 7	3,408	3,569
Derivative instruments and embedded derivatives treated separately	Note 8	121	125
Insurance activities investments		**67,721**	**75,058**
Uses of funds for banking sector activities and investments of other activities	**Note 9**	**3,302**	**3,429**
Investments in related companies	**Note 10**	**956**	**303**
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	**Note 11**	**1,323**	**1,420**
Other property, plant and equipment	Note 12	220	200
Deferred acquisition costs	Note 13	577	580
Deferred profit-sharing assets	Note 14	3,951	1,718
Deferred tax assets	Note 15	570	469
Receivables from insurance and inward reinsurance	Note 16	3,044	2,658
Receivables from outward reinsurance	Note 17	189	148
Current tax receivables and other tax receivables	Note 18	164	241
Other receivables	Note 19	2,112	1,979
Other assets		**10,827**	**7,993**
Assets held for sale and discontinued activities			
Cash and cash equivalents	**Note 20**	**1,683**	**1,036**
TOTAL		**89,388**	**93,065**

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LIABILITIES

(in millions of euros)	Notes	31.12.2011	31.12.2010
Capital		1,687	1,187
Revaluation reserves	Note 21	(930)	(1,036)
Other reserves		4,378	4,021
Foreign exchange adjustment		(390)	(291)
Consolidated profit		(1,812)	387
Shareholder's equity (Group share)		**2,933**	**4,268**
Minority interests		54	170
Total shareholders' equity		**2,987**	**4,438**
Contingent liabilities	**Note 22**	**429**	**422**
Financial debt	**Note 24**	**2,133**	**2,804**
Liabilities related to insurance policies	**Note 25**	**50,083**	**48,711**
Liabilities related to financial contracts	**Note 26**	**22,211**	**23,227**
Deferred profit-sharing liabilities	**Note 14**		**18**
Sources of funds for banking sector activities	**Note 9**	**2,996**	**3,073**
Deferred tax liabilities	Note 15	274	289
Debts to unit holders of consolidated mutual funds	Note 28	628	555
Operating debts to banking institutions	Note 20	280	423
Liabilities from insurance or inward reinsurance activities	Note 29	721	793
Liabilities from outward reinsurance activities	Note 30	340	359
Current taxes payable and other tax liabilities	Note 31	271	294
Derivative instrument liabilities	Note 8	290	262
Other debt	Note 32	5,745	7,395
Other liabilities		**8,550**	**10,370**
Liabilities for activities held for sale or discontinued operations			
TOTAL		**89,388**	**93,065**

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6.1.2 OPERATING INCOME STATEMENT

INCOME STATEMENT

(in millions of euros)	Notes	31.12.2011	31.12.2010
Written premiums	Note 33	13,915	14,380
Change in unearned premiums		(63)	(13)
Earned premiums		**13,851**	**14,367**
Net banking income, net of cost of risk	**Note 1**	**234**	**234**
Investment proceeds	Note 34	2,970	3,022
Investment expenses	Note 34	(588)	(729)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 34	241	641
Change in fair value of financial instruments recorded at fair value through income	Note 34	(427)	122
Change in impairment losses on investments	Note 34	(4,111)	(182)
Investment income net of expenses		**(1,916)**	**2,873**
Total income from ordinary operations		**12,169**	**17,474**
Insurance policy servicing expenses	Note 35	(9,819)	(13,058)
Income from outward reinsurance	Note 36	363	349
Expenses on outward reinsurance	Note 36	(784)	(727)
Net outward reinsurance income (expenses)		**(10,240)**	**(13,436)**
Banking operating expenses	Note 1	(225)	(217)
Policy acquisition costs	Note 38	(1,937)	(1,889)
Administrative costs	Note 39	(971)	(954)
Other income and expenses from current operations	Note 40	(450)	(481)
Total other current income and expenses		**(13,824)**	**(16,977)**
Current operating profit		**(1,654)**	**497**
Other income and expenses from current operations	Note 41	(49)	(139)
Operating profit		**(1,703)**	**358**
Financing expenses	Note 42	(89)	(130)
Share in income of related companies	Note 10	19	
Corporate income tax	Note 43	(39)	197
NET PROFIT FOR THE CONSOLIDATED ENTITY		**(1,812)**	**425**
of which, minority interests			38
OF WHICH NET PROFIT (GROUP SHARE)		**(1,812)**	**387**

6.1.3 STATEMENT OF NET PROFIT AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

(in millions of euros)	31.12.2011			31.12.2010		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net profit (loss) for the year	**(1,812)**		**(1,812)**	**387**	**38**	**425**
Change in foreign exchange gains and losses	(99)	(1)	(100)	16		16
Change in gross unrealised capital gains and losses on available-for-sale assets	(579)	(9)	(588)	(2,086)	(7)	(2,093)
Revaluation of hedging derivative instruments	11	44	55	(33)	(10)	(43)
Change in actuarial gains (losses) on post-employment benefits	1		1	(9)		(9)
Change in shadow accounting	565	6	571	1,400	6	1,406
Change in deferred taxes	108	1	109	175	1	176
Other	68		68	(9)		(9)
Gains (losses) recognised directly in shareholders' equity	**75**	**41**	**116**	**(546)**	**(10)**	**(556)**
NET PROFIT AND GAINS (LOSSES) RECOGNISED IN SHAREHOLDERS' EQUITY	**(1,737)**	**41**	**(1,696)**	**(159)**	**28**	**(131)**

The statement of net income and gains (losses) recognised directly in shareholders' equity – an integral part of the financial statements – includes, in addition to the net profit for the year, the change in the reserve 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 reserve for unrealised foreign exchange adjustments and the actuarial gains (losses) on post-employment benefits.

6.1.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserve	Revaluation reserves	Unrealised foreign exchange adjustment	Unrealised Shareholders' 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)
Impacts of transactions with shareholders		**(660)**		**515**			**(145)**	**(47)**	**(192)**
Foreign exchange adjustment						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 year		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 31.12.2010	**1,187**	**387**	**1,000**	**3,021**	**(1,036)**	**(291)**	**4,268**	**170**	**4,438**
Appropriation of 2010 profit (loss)		(387)		387					
Dividends				(145)			(145)	(54)	(199)
Change in share capital	500						500	1	501
Business combinations				47			47	(104)	(57)
Impacts of transactions with shareholders	**500**	**(387)**		**289**			**402**	**(157)**	**245**
Foreign exchange adjustment						(99)	(99)	(1)	(100)
Available-for-sale assets					(579)		(579)	(9)	(588)
Shadow accounting					565		565	6	571
Deferred taxes				(1)	109		108	1	109
Actuarial gains (losses) on post-employment benefits				1			1		1
Other				68	11		79	44	123
Net profit (loss) for the year		(1,812)					(1,812)		(1,812)
Total income (expenses) recognised for the period		**(1,812)**		**68**	**106**	**(99)**	**(1,737)**	**41**	**(1,696)**
Total changes for the period	**500**	**(2,199)**		**357**	**106**	**(99)**	**(1,335)**	**(116)**	**(1,451)**
SHAREHOLDERS' EQUITY AS AT 31.12.2011	**1,687**	**(1,812)**	**1,000**	**3,378**	**(930)**	**(390)**	**2,933**	**54**	**2,987**

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6.1.5 STATEMENT OF CASH FLOWS

(in millions of euros)	31.12.2011	31.12.2010
Operating profit before taxes	(1,703)	358
Gains (losses) on sale of investments	(235)	(628)
Net impairment charges	247	274
Change in deferred acquisition costs	14	13
Changes in impairment	3,962	274
Net increases in technical reserves related to insurance policies and financial contracts	(1,024)	2,938
Net increases in other reserves	1	(38)
Change in the fair value of financial instruments recognised at fair value through income (excluding cash and cash equivalents)	427	(122)
Other non-cash items included in operating profit		
Changes of items included in operating profit other than monetary flows and reclassification of flows from financing and investment	**3,392**	**2,711**
Change in operating receivables and payables	(262)	(105)
Change in banking operating receivables and payables	38	(213)
Change in securities repurchase agreements	(2,106)	2,523
Cash flows from other assets and liabilities	54	(135)
Net taxes paid	27	(297)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(560)**	**4,842**
Acquisitions/disposals of subsidiaries and joint ventures, net of cash acquired	2	(110)
Acquisitions/disposals of interests in related companies	203	
Cash flows from changes in scope of consolidation	**205**	**(110)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	221	(3,914)
Net acquisitions of real estate investment	317	303
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	**533**	**(3,606)**
Net acquisitions of tangible and intangible assets and operating assets	(179)	(247)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(179)**	**(247)**
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**559**	**(3,963)**
Dues		
Equity instruments issued	500	5
Equity instruments redeemed		
Transactions on treasury shares		
Dividends paid	(200)	(196)
Cash flows from transactions with shareholders and members	**300**	**(191)**
Cash allocated to financial debt	598	(1,045)
Interest paid on financial debt	(89)	(130)
Cash flows related to Group financing	**509**	**(1,175)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**809**	**(1,366)**

(in millions of euros)	31.12.2011	31.12.2010
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**764**	**1,228**
Net cash flows from operating activities	(560)	4,842
Net cash flows from investment activities	559	(3,963)
Net cash flows from financing activities	809	(1,366)
Effect of foreign exchange fluctuations on cash	(23)	23
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**1,549**	**764**
Cash and cash equivalents	1,036	
Mutual, central bank and postal bank	162	
Operating debts to banking institutions	(434)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2010	**764**	
Cash and cash equivalents	1,682	
Mutual, central bank and postal bank	147	
Operating debts to banking institutions	(280)	
CASH AND CASH EQUIVALENTS AS AT 31.12.2011	**1,549**	

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Summary of the Notes

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1 SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 - Significant events

1.1.1 - Consequences of the financial crisis

In an environment marked by the debt crisis in the euro zone and a sharp deterioration in the financial markets, the Group's 2011 net income was affected by a certain number of non-recurring factors, including the impairment of Greek sovereign debt by €2.3 billion (gross) and reserves for permanent impairment and capital losses recognised on strategic instruments totalling €2.5 billion (gross).

Since the end of 2011, the Group has taken measures aimed at strengthening its solvency before 31 December 2011, and restoring manoeuvring room for 2012:

- sales of German and French sovereign debt, which has allowed it to recognise capital gains on bonds;
- hedging of the equities portfolio;
- the recognition of capital gains on real properties;
- the recognition of capital losses on strategic securities held by certain entities;
- an increase in the share capital of the Groupama SA regional mutuals by €500 million;
- the signing of industrial and financial partnership agreements with the Caisse des Dépôts et Consignations group;
- changes in estimates on discretionary or prudential reserves, and actuarial assumptions relative to certain liabilities.

Accordingly, the solvency margin was met at end 2011 due to the mobilisation of significant internal resources and taking into consideration the firm agreements entered into in December 2011 with Caisse des Dépôts et Consignations, with operations executed in early 2012. Further, the assumption of operational continuity underlying the preparation of the financial statements was thus strengthened.

Beyond the immediate measures mentioned above, the Group also resolved to take additional measures to strengthen its profitability and solvency, the scope of which will be contingent upon market conditions in 2012, which essentially cover financial aspects:

- hedging of financial assets, in the form of the purchase of options to protect a portion of the equities portfolio against an additional decline in the financial markets;
- in liabilities, additional external reinsurance solutions;
- a reduction in the Group's exposure to sovereign debt.

On an operating basis, to restore margins and reduce general expenses, Groupama will implement a savings plan across the Group's entire scope of consolidation, saving €300 million by 2013 and €400 million by 2014 on an annual basis.

1.1.2 - Group organisation

(a) Creation of a joint venture with Aviation Industry Corporation of China

Following the agreement signed 18 December 2010 with the AVIC group, the joint venture entered the scope of consolidation on 28 February 2011, with Groupama SA on that date holding 100% of the structure. An increase in the capital reserved for AVIC occurred in November. Following this deal, which will be effective after completing the necessary recognition procedures, AVIC will hold 50% of the Company. This new structure will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

(b) Appointment of new independent Directors

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

(c) Change in Groupama SA senior management

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

The new management team's priority is to take measures aimed at strengthening the Group's solvency while continuing to improve its operational profitability.

1.1.3 - Other factors

(a) 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 structured bond on behalf of Groupama SA, which provides coverage of €75 million against storms in France for a risk period from 1 January 2011 to 31 December 2014.

(b) Groupama – Predict

Groupama, the largest municipal insurer, will assist its 18,000 insured municipalities in covering flood risks through an exclusive partnership with Predict Services, a subsidiary of Météo France. Groupama-Prédict provides assistance in preparing municipal safety plans, as well as a monitoring and assistance scheme for decision-making based on state-of-the-art technology.

Over 3,000 municipalities will benefit on a priority basis from this service, given their higher exposure to flood risk. Since 2011, all municipalities insured by Groupama have had access to information to assist in decision-making for managing flood risk.

(c) New bank offering

In early May, Groupama Banque launched a new, simplified Astréa offering, with even more attractive rates for clients who use their accounts. This launch was supported by a national television, press and internet campaign.

(d) Drought solidarity

In early June 2011, Groupama mobilised to address the drought that has severely affected farmers throughout the country.

To assist its insured livestock and grain producers in facing this extraordinary situation, specifically with regard to operations involving hay storage and transport, Groupama has provided free extensions of the guarantees needed to implement solidarity actions carried out throughout the country.

(e) Financial rating

The Standard & Poor's rating agency lowered the Groupama SA rating to BBB+ on 16 May 2011, then to BBB on 23 September and BBB- on 15 December 2011 (this rating was the result of negative prospects). Standard & Poor's believes that "Groupama's adequacy of shareholders' equity and regulatory solvency are low, while the financial markets continue to perform poorly, even though Groupama has announced key strategic measures".

Furthermore, in 2012 the Group will continue with measures to permanently strengthen its solvency margin and adapt its scope of consolidation under appropriate timeframes and conditions.

(f) Merger between Icade and Silic and investment of €300 million by Caisse des Dépôts in Gan Eurocourtage

The Groupama SA Board of Directors, meeting on 30 December 2011, accepted the firm offer received from Caisse des Dépôts and Icade on 22 December for a merger between Icade and Silic as part of an exchange of stock. This deal will create the largest real estate firm specialising in tertiary parking facilities and offices in France, with assets of over €9 billion, making it a major player in Metropolitan Paris.

Within this context, Groupama contributed 6.5% of Silic's share capital to a holding company controlled by Caisse des Dépôts, to which Caisse des Dépôts had previously contributed its interest in Icade. Groupama has committed to contributing to that holding company, which will remain controlled by Caisse des Dépôts, the balance of its interest in Silic (*i.e.*, 35.8%) after authorisation of the deal by the Autorité de la Concurrence in the first quarter of 2012.

The transfer of the 6.5% block resulted in its loss of control in Silic. Pursuant to IAS 28, this loss of control will have a global effect on income of +€558 million recognised in the financial statements.

The aforementioned contribution activities were carried out based on a rate of exchange of five Icade shares for four Silic shares, with 2011 coupons attached for each of the companies.

The Groupama SA Board of Directors also accepted the offer of Caisse des Dépôts to subscribe some €300 million to an issuance of preferred stock of Gan Eurocourtage, a wholly-owned subsidiary of Groupama SA, after approval by the Autorité de Contrôle Prudential.

Gan Eurocourtage will thus have pro forma regulatory solvency of greater than 350%, placing it in fact among the top players in the market and also fully satisfying the future Solvency II requirements.

(g) Increases of Groupama SA and Groupama Gan Vie share capital

As of end-December 2011, the Group engaged in increases in share capital, intended to strengthen the solvency of Groupama Gan Vie, which holds a large share of the Group's listed bond and stock assets.

Initially, all the regional mutuals participated concomitantly in an increase in the share capital of Groupama Holding totalling €453.65 million, and of Groupama Holding 2 totalling €44.53 million, *i.e.,* a total of nearly €500 million. After these transactions, the share capital of Groupama Holding totalled €2,520,662,256, and that of Groupama Holding 2 €507,998,880.

Subsequently, Groupama Holding and Groupama Holding 2 almost completely subscribed (for a total of €499.8 million) an increase in the share capital of Groupama SA of €500 million, with the balance subscribed by minority shareholders (employees, former employees and Directors). After this increase, the Groupama SA share capital totalled €1,686,569,399, divided among 329,086,712 shares with par value of €5.125.

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

These increases in share capital, despite not having an impact on the Group's solvency margin, allowed for an improvement in that of Groupama Gan Vie as at 31 December 2011.

1.2 - Post-balance sheet events

(a) Merger between Icade and Silic

After obtaining authorization for the deal by the Autorité de la Concurrence on 13 February 2012, on 16 February 2012 Groupama contributed the balance of its 35.8% interest in Silic's share capital to HoldCo SIIC, a company controlled by Caisse des Dépôts, which also holds 55.58% of Icade's share capital and voting rights.

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

In the IFRS financial statements, this contribution will not result in the recognition of significant disposal income in 2012.

(b) Subscription by Caisse des Dépôts of preferred shares of Gan Eurocourtage

On 30 December 2011, Caisse des Dépôts irrevocably committed to subscribing an issuance of share capital of Gan Eurocourtage in the base of preferred shares benefiting from a priority dividend and without voting rights, but giving access to certain rights relative to the protection of its investment.

The issuance date of the preferred shares was set at 15 March 2012 (after the General Meeting of Gan Eurocourtage to approve the annual financial statements and the meeting of the Board of Directors of Gan Eurocourtage authorising the issuance of the preferred shares on behalf of the extraordinary General Meeting).

(c) Proposed exchange of Greek debt as part of the PSI

On 24 February 2012, the Greek Republic offered private holders of Greek debt an exchange of old debt for new Greek debt, as part of the PSI (Private Sector Involvement). At its meeting of 6 March 2012, the Board of Directors approved the Group's contribution of the Greek debt it was holding as part of the exchange transaction mentioned above. After acceptance of the PSI by private creditors, Groupama contributed its Greek debt securities to the exchange on 12 March 2012. This event will not have a significant net impact. Beyond the effects relating to a decline in the coupon, the exchange resulted in the abandonment of 53.5% of the nominal value of the initial debt. The residual balance (46.5% of the nominal amount) may be broken down into 15% of the nominal value in FEFS instruments and 31.5% of the nominal value in new Greek instruments.

(d) Temporary implementation of a Group share treaty

At end December 2011, effective 1 January 2012, Groupama contracted with a highly rated reinsurer for a share treaty representing €1.1 billion in disposals over financial year 2012.

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 - Explanatory notes

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

The breakdown of share capital as at 31.12.2011 was as follows:

- 90.94% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.07% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans – FCPEs).

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

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

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

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

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

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

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

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

2.2 - General presentation of the consolidated financial statements

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

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2011 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

The mandatory standards and interpretations for the financial years starting 1 January 2011 have been applied in preparation of the Group's financial statements as at 31 December 2011, specifically the revised standard IAS 24, "Information on related parties," amendments to IAS 32, "Classification of subscription rights issued," and interpretation IFRIC 19, "Extinction of financial liabilities with equity instruments." Their application has no significant impact on the Group's financial statements as at 31 December 2011.

The amendment of the standard IFRS 7, "Information to be provided within the context of transfers of financial assets," adopted by the European Union in November 2011, has not been applied in advance. Its application is deemed not to have a significant impact on the Group's consolidated financial statements.

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

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

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

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

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

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

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

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

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.11);
- estimate of certain fair values on unlisted assets or real estate assets (Notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets (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 policies

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

Under IAS 27 and IAS 28, mutual funds and real estate partnerships are either fully consolidated or consolidated by the equity method. Control is examined for each mutual fund on a case-by-case basis. However, control is assumed for mutual funds with deposits greater than €100 million when the Group directly or indirectly holds 50% or more of the voting rights. Minority interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. The underlying financial assets are included in the investments of the Group's insurance activities.

(a) Consolidating company

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

(b) Exclusively controlled entities

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

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

Full consolidation consists of:

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

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(c) De facto controlled companies

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

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

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

(d) Related companies

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

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

The equity method consists of:

- replacing the carrying amount of the shares held by the Group, share of capital and reserves converted at year end, including the earnings for the fiscal year in accordance with consolidation rules;
- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

(e) Deconsolidation

When an entity is in run-off (*i.e.,* it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, earnings, 1% of consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

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

2.3.2 - Change in the scope of consolidation

Changes in the scope of consolidation are described in Note 48 of the notes to the Financial Statements.

2.3.3 - Consistency of accounting principles

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

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

2.3.4 - Translation of statements of foreign companies

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

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

2.3.5 - Internal transactions between companies consolidated by Groupama SA

All Group inter-company transactions are eliminated.

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

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

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of Group policies;

- reserves for the write-down of equity interests funded by the Company holding the securities and, if applicable, contingent liabilities recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- gains (losses) from the internal transfer of insurance investments;
- intra-group dividends.

3 ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 - Intangible assets

3.1.1 - Goodwill

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

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

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

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

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

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

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

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

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

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

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

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

Residual goodwill is not amortised, but is subject to an impairment test at least once a year. The Group adjusts the book value of the goodwill if an unfavourable event occurs between two annual tests. 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 year.

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

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and reserves exceeds the acquisition cost of the Company's shares, the identification and valuation of the assets, liabilities and reserves 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.

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

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

3.1.2 - Other intangible assets

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

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.2 - Insurance activities investments

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

3.2.1 - Financial assets

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

(a) Classification

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

- there are two types of assets at fair value through income:
  - assets held for trading are investments, which are held to earn short-term profits. If there have been short-term sales in the past, such assets may also be classified in this category,
  - Financial assets designated as optional (held-for-trading), provided they comply with the following criteria:
    - asset/liability matching to avoid any accounting mismatch,
    - hybrid instruments including one or more embedded derivatives,
    - group of financial assets and/or liabilities that are managed and the results of which is stated at fair value;
- assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value *via* shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

(b) Reclassifications

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

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

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

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

(c) Initial recognition

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

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

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

Repurchase transactions are maintained as assets on the balance sheet.

1 2 3 4 5 6 7

(d) Fair value valuation methods

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

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

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

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

(e) Valuation rules

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

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

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

(f) Reserves 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 of 31 December 2011, there was objective evidence of impairment in the following instances:

- if there was a reserve for impairment for the financial investment in the previously published financial statements; or
- if a loss in value of 50% is observed on the balance sheet date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

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

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

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

In addition, in all other cases where these thresholds have not been reached, the Group identifies in its portfolio those securities that have constantly over the last six months shown material unrealised losses due to the volatility of the financial markets. For the 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 MEASURED AT AMORTISED COST

For investments valued at amortised cost, the amount of the reserve 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 reserves. The amount of the loss is included in the net profit or loss for the year. The reserve may be written back through income.

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(g) Derecognition

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

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

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

3.2.2 - Investment property

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

(a) Initial recognition

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

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

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

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

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

(b) Valuation

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

Each component is identified by its duration and impairment rate.

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

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

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

(c) Subsequent expenses

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

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

(d) Reserves for impairment

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

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

(e) Derecognition

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

3.3 - Derivatives

3.3.1 - General

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

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

All derivatives are recognised on the balance sheet at fair value from the date of origination to their final revaluation. Changes in fair value are posted to income except for derivatives designated as cash flow hedges and net foreign investments.

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3.3.2 - Hedging derivatives

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

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

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

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

3.3.3 - Embedded derivatives

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

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

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

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

3.4 - Investments in related companies

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

3.5 - Property, plant and equipment

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

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

The impairment methods reflect the method of economic consumption.

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

3.6 - Operating receivables and payables, other assets and other liabilities

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

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

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

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

3.7 - Cash and cash equivalents

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

3.8 - Capital and reserves

3.8.1 - Revaluation reserves

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

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

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3.8.2 - Other reserves

Other reserves consist of the following items:

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

3.8.3 - Foreign exchange adjustment

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

3.8.4 - Minority interests

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

3.9 - Contingent liabilities

Contingent liabilities are liabilities for which the due date or the amount is uncertain. A reserve 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 reserve.

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

3.9.1 - Personnel benefits

(a) Pension commitments

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

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

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

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

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

3.10 - Financial debt

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

3.10.1 - Initial recognition

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

3.10.2 - Valuation rules

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

3.10.3 - Derecognition

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

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3.11 - Underwriting operations

3.11.1 - Accounting classification and method

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

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

(a) Insurance policies

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

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

(b) Financial contracts

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

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

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

3.11.2 - Insurance policies subject to IFRS 4

(a) Non-life insurance policies

PREMIUMS

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

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

INSURANCE POLICY SERVICING EXPENSES

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

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

TECHNICAL LIABILITIES RELATED TO NON-LIFE INSURANCE POLICIES

Reserves for unearned premiums

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

Reserves for unexpired risks

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

Outstanding claims reserves

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

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

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

Other technical reserves

- Actuarial reserves for annuities

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

- Reserve for increasing risks

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

Deferred acquisition costs

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

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

PREMIUMS

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

INSURANCE POLICY SERVICING EXPENSES

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

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

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

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT-SHARING

Actuarial reserves

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

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

Profit-sharing reserve

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

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

The reserve for deferred profit-sharing includes:

- the reserve for unconditional profit-sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company and the consolidated financial statements;
- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.

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

Application of shadow accounting

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

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

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

Other technical reserves

- Overall management expenses reserve

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

- Deferred acquisition costs

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

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

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

The Group applies shadow accounting to deferred acquisition costs.

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(c) Liabilities adequacy test

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

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

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

(d) Unit-linked policies under IFRS 4

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

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

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

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

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

3.11.3 - Insurance policies governed by IAS 39

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

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

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

3.11.4 - Reinsurance transactions

(a) Inward reinsurance

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

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

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

(b) Outward reinsurance

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

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

3.12 - Taxes

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

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

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

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.

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

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

3.13 - Segment reporting

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

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

The different activities of each segment are as follows:

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

3.14 - Costs by category

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

Expenses are classified in the following six categories:

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

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4 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SEGMENT REPORTING

Note 1.1 - Segment reporting by operating segment

Note 1.1.1 - Segment reporting by operating segment - Balance sheet

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Intangible assets	1,190	2,386	3,576	1,239	2,585	3,826
Insurance activities investments	60,116	7,605	67,721	66,708	8,350	75,058
Uses of funds for banking sector activities and investments of other activities	3,302		3,302	3,429		3,429
Investments in related companies	802	153	956	173	129	303
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,076	247	1,323	1,136	284	1,420
Other assets	9,011	1,818	10,828	6,248	1,745	7,993
Assets held for sale and discontinued activities						
Cash and cash equivalents	1,014	669	1,683	546	490	1,036
TOTAL CONSOLIDATED ASSETS	**76,511**	**12,878**	**89,389**	**79,479**	**13,583**	**93,065**
Contingent liabilities	277	153	429	264	158	422
Financial debt	2,115	18	2,133	2,785	19	2,804
Liabilities related to insurance policies	42,766	7,317	50,083	41,221	7,490	48,711
Liabilities related to financial contracts	20,859	1,351	22,211	21,777	1,450	23,227
Deferred profit-sharing liabilities				18		18
Sources of funds for banking sector activities	2,996		2,996	3,073		3,073
Other liabilities	7,958	592	8,550	9,681	689	10,370
Liabilities for activities held for sale or discontinued operations						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**76,970**	**9,432**	**86,402**	**78,820**	**9,806**	**88,626**

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Note 1.1.2 - Segment reporting by operating segment - Income statement

(in millions of euros)	31.12.2011			31.12.2010		
	France	**International**	**Total**	**France**	**International**	**Total**
Earned premiums	9,755	4,096	13,851	10,230	4,137	14,367
Net banking income, net of cost of risk	234		234	234		234
Investment proceeds	2,563	406	2,970	2,605	417	3,022
Investment expenses	(530)	(57)	(588)	(674)	(54)	(729)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	191	50	241	577	64	641
Change in fair value of financial instruments recorded at fair value through income	(418)	(10)	(427)	134	(12)	122
Change in impairment losses on investments	(3,750)	(361)	(4,111)	(176)	(6)	(182)
Total income from ordinary operations	**8,045**	**4,124**	**12,169**	**12,929**	**4,545**	**17,474**
Insurance policy servicing expenses	(6,812)	(3,006)	(9,819)	(9,900)	(3,157)	(13,058)
Income from outward reinsurance	279	83	363	307	42	349
Expenses on outward reinsurance	(615)	(169)	(784)	(599)	(128)	(727)
Banking operating expenses	(225)		(225)	(217)		(217)
Policy acquisition costs	(1,184)	(753)	(1,937)	(1,148)	(741)	(1,889)
Administrative costs	(716)	(255)	(971)	(683)	(271)	(954)
Other income and expenses from current operations	(370)	(80)	(450)	(428)	(52)	(481)
CURRENT OPERATING PROFIT	**(1,598)**	**(56)**	**(1,654)**	**260**	**237**	**497**
Other income and expenses from current operations	112	(160)	(49)	32	(171)	(139)
OPERATING PROFIT	**(1,486)**	**(217)**	**(1,703)**	**292**	**66**	**358**
Financing expenses	(87)	(2)	(89)	(128)	(2)	(130)
Share in income of related companies	19		19	2	(2)	
Corporate income tax	(34)	(5)	(39)	255	(58)	197
Net profit of consolidated entity	**(1,589)**	**(223)**	**(1,812)**	**420**	**5**	**425**
of which, minority interests				38		38
OF WHICH NET PROFIT (GROUP SHARE)	**(1,589)**	**(223)**	**(1,812)**	**382**	**5**	**387**

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Note 1.2 - Segment reporting by business

Note 1.2.1 - Segment reporting by business - Balance sheet

(in millions of euros)	31.12.2011				31.12.2010			
	Insurance	Banking	Inter-sector eliminations	Total	Insurance	Banking	Inter-sector eliminations	Total
Goodwill	2,930	20		2,950	3,121	20		3,141
Other intangible assets	613	13		626	672	12		684
Insurance activities investments	70,287		(2,566)	67,721	76,968		(1,911)	75,058
Uses of funds for banking sector activities and investments of other activities		3,329	(27)	3,302		3,441	(12)	3,429
Investments in related companies	956			956	303			303
Share of outward reinsurers and retrocessionaires in insurance and financial contract liabilities	1,599		(277)	1,322	1,698		(278)	1,420
Other assets	11,265	160	(597)	10,828	9,082	177	(1,265)	7,994
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,683	17	(17)	1,683	1,036	20	(20)	1,036
TOTAL CONSOLIDATED ASSETS	**89,333**	**3,539**	**(3,484)**	**89,388**	**92,881**	**3,670**	**(3,486)**	**93,064**
Contingent liabilities	405	25		430	407	15		422
Financial debt	3,416	27	(1,311)	2,132	3,572	27	(796)	2,804
Liabilities related to insurance policies	50,370		(287)	50,083	48,994		(283)	48,711
Liabilities related to financial contracts	22,211			22,211	23,227			23,227
Deferred profit-sharing liabilities					18			18
Sources of funds for banking sector activities		3,040	(44)	2,996		3,105	(32)	3,073
Other liabilities	10,264	127	(1,841)	8,550	12,549	197	(2,375)	10,370
Liabilities of businesses held for sale or discontinued activities								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**86,666**	**3,219**	**(3,483)**	**86,402**	**88,767**	**3,345**	**(3,486)**	**88,626**

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Note 1.2.2 - Segment reporting by business - Income statement

(in millions of euros)	31.12.2011									
	France					International				TOTAL
	Property and casualty.	Life and health insurance	Banking	Holding	Total	Property and casualty.	Life and health insurance	Holding	Total	
Earned premiums	**4,045**	**5,710**			**9,755**	**3,001**	**1,095**		**4,096**	**13,851**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment proceeds	258	2,301		4	2,563	190	212	4	406	2,970
Investment expenses	(73)	(461)		3	(530)	(41)	(16)	(1)	(57)	(588)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	105	84		1	191	27	23		50	241
Change in fair value of financial instruments recorded at fair value through income	(20)	(419)		21	(418)	(4)	(5)		(10)	(427)
Change in impairment losses on investments	(512)	(3,239)			(3,750)	(140)	(221)		(361)	(4,111)
TOTAL INCOME FROM ORDINARY OPERATIONS	**3,803**	**3,977**	**234**	**30**	**8,045**	**3,033**	**1,089**	**3**	**4,124**	**12,169**
Insurance policy servicing expenses	(2,421)	(4,391)			(6,812)	(1,968)	(1,039)		(3,006)	(9,819)
Income from outward reinsurance	230	50			279	31	52		83	363
Expenses on outward reinsurance	(569)	(46)			(615)	(126)	(44)		(169)	(784)
Banking operating expenses			(225)		(225)					(225)
Policy acquisition costs	(645)	(539)			(1,184)	(616)	(137)		(753)	(1,937)
Administrative costs	(364)	(351)			(716)	(184)	(71)		(255)	(971)
Other income and expenses from current operations	(143)	(55)	6	(177)	(369)	(63)	(13)	(4)	(80)	(449)
CURRENT OPERATING PROFIT	**(110)**	**(1,356)**	**14**	**(147)**	**(1,598)**	**107**	**(162)**	**(1)**	**(56)**	**(1,654)**
Other income and expenses from current operations	87	26		(1)	112	(60)	(10)	(90)	(160)	(49)
OPERATING PROFIT	**(23)**	**(1,330)**	**14**	**(148)**	**(1,486)**	**47**	**(173)**	**(91)**	**(217)**	**(1,703)**
Financing expenses	(1)	(1)		(86)	(87)			(1)	(2)	(89)
Share in income of related companies	9	9			19					19
Corporate income tax	(68)	(129)	(7)	170	(34)	(13)	8		(5)	(39)
NET PROFIT FOR THE CONSOLIDATED ENTITY	**(82)**	**(1,450)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**
of which, minority interests	1	(1)								
OF WHICH NET PROFIT (GROUP SHARE)	**(83)**	**(1,449)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**

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(in millions of euros)	31.12.2010									
	France					International				TOTAL
	Property and casualty.	Life and health insurance	Banking	Holding	Total	Property and casualty.	Life and health insurance	Holding	Total	
Earned premiums	**3,923**	**6,307**			**10,230**	**2,978**	**1,159**		**4,137**	**14,367**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment proceeds	447	2,149		8	2,605	193	219	5	417	3,022
Investment expenses	(199)	(488)		13	(674)	(35)	(18)	(1)	(54)	(729)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	112	465			577	49	15		64	641
Change in fair value of financial instruments recorded at fair value through income	8	157		(32)	134	(4)	(8)		(12)	122
Change in impairment losses on investments	(29)	(148)			(176)	(3)	(3)		(6)	(182)
TOTAL INCOME FROM ORDINARY OPERATIONS	**4,263**	**8,443**	**234**	**(11)**	**12,929**	**3,178**	**1,364**	**4**	**4,545**	**17,474**
Insurance policy servicing expenses	(2,723)	(7,178)			(9,900)	(2,083)	(1,075)		(3,157)	(13,058)
Income from outward reinsurance	275	32			307	28	13		42	349
Expenses on outward reinsurance	(555)	(45)			(599)	(110)	(18)		(128)	(727)
Banking operating expenses			(217)		(217)					(217)
Policy acquisition costs	(620)	(528)			(1,148)	(606)	(135)		(741)	(1,889)
Administrative costs	(327)	(357)			(683)	(196)	(75)		(271)	(954)
Other income and expenses from current operations	(155)	(123)	8	(158)	(428)	(41)	(7)	(5)	(52)	(481)
CURRENT OPERATING PROFIT	**158**	**246**	**25**	**(169)**	**260**	**171**	**68**	**(1)**	**237**	**497**
Other income and expenses from current operations	(2)	34			32	(87)	(5)	(79)	(171)	(139)
OPERATING PROFIT	**156**	**280**	**25**	**(169)**	**292**	**84**	**63**	**(81)**	**66**	**358**
Financing expenses	(33)	(9)		(86)	(128)			(2)	(2)	(130)
Share in income of related companies	(4)	5			2	(2)			(2)	
Corporate income tax	25	157	(13)	86	255	(39)	(19)	1	(58)	197
NET PROFIT FOR THE CONSOLIDATED ENTITY	**144**	**433**	**12**	**(169)**	**420**	**43**	**44**	**(82)**	**5**	**425**
of which, minority interests	28	10			38				0	38
OF WHICH NET PROFIT (GROUP SHARE)	**116**	**422**	**12**	**(169)**	**382**	**43**	**44**	**(82)**	**5**	**387**

NOTE 2 GOODWILL

(in millions of euros)	31.12.2011				31.12.2010
	Gross amount	Impairments	Unrealised foreign exchange adjustment	Net amount	Net amount
OPENING AMOUNT	**3,520**	**(199)**	**(180)**	**3,141**	**3,218**
Newly consolidated entities					
Eliminations from the scope of consolidation	**(30)**			**(30)**	
France					
Central and Eastern Europe		(51)	(30)	(81)	(91)
Turkey			(40)	(40)	10
United Kingdom			3	4	4
Greece	(6)	(39)		(45)	
Spain					
Other changes during the year	**(5)**	**(90)**	**(66)**	**(161)**	**(77)**
YEAR-END AMOUNT	**3,485**	**(289)**	**(246)**	**2,950**	**3,141**

(a) Other changes during the year:

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

Central and Eastern Europe

The Group performed a devaluation of the goodwill of the cash-generating unit of Central and Eastern European countries totalling €51 million. This devaluation was due to Romanian operations.

France

The disposal of Groupama SA's interest in the real estate company Silic totalling 6.5% resulted in a reversal of that subsidiary's goodwill in consolidated income totalling -€30 million. Following this disposal, Silic's residual interest is not consolidated by the equity method as of 31 December 2011.

Greece

A transaction agreement applying to the liability guarantees granted during the acquisition has been entered into with the former shareholder of Groupama Phoenix. This agreement permanently ends the triggering of these guarantees through the payment to Groupama SA of a lump-sum indemnification totalling €14 million. The impact was recognised as a reduction in goodwill, for a remaining total of €5.5 million.

The Group also performed a devaluation of the goodwill of this country's cash-generating unit for a total of €39 million, in view of the uncertainties weighing on the Greek economy.

United Kingdom

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

As of 31 December 2011, the valuation of the options was revised, thus resulting in a reduction in the price supplement to be paid to sellers totalling €0.3 million.

(b) Impairment test:

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

As for those insurance entities acquired during the year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

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

The cash flows applied generally correspond to the following:

- an explicit period based on the Group's operational strategic planning in the early years. This is subject to an iterative discussion process between local management and the Group;
- beyond the explicit horizon, the 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.

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

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies. The rates used for Western and Southern European mature markets are within the 1% to 3% bracket. In the emerging markets with a low insurance penetration level this rate may be up to 5%.

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance activity itself.

The rate thus applied in the major countries of Western and Southern Europe, excluding Greece, is 8%. Despite the current crisis, the use of such a rate by the countries of Western and Southern Europe is deemed relevant. The tightening measures applied by countries not part of the support plan will lead to a reassessment of their situation, which could be captured in the yield curves.

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

With regard to Hungary, the yield curve used falls within a bracket of 13 to 14% up to 2015, converging in the medium term at approximately 9%.

Regarding Romania, the yield curve used falls within a bracket of 15 to 16% up to 2015, converging in the medium term at approximately 11%.

In Turkey, the yield curve shows a profile similar to that of Romania, but shifted an average of 100 basis points (slightly higher yields, at 15% in the first yields and then converging at 12%).

As for Greece, despite the subsidiary's good performance indicators (income, level of activity), the general context in Greece creates some uncertainty with regard to future cash flows. In view of this very specific situation, the discount rate for all modelled cash flows was projected at 19% in 2011, in order to take this uncertainty into account. The rate of return on assets was also adjusted to take into account the accrued risk premium.

Applying these impairment tests resulted in devaluing the goodwill of the cash-generating units of the Central and Eastern European countries and Greece by €51 million and €39 million, respectively.

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

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

For cash-generating units not subject to impairment to date, the sensitivity tests thus carried out did not result in a finding of additional impairment on their goodwill.

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

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a need for additional coverage of €5 million (while a lowering of the discount rate by 100 basis points would result in a positive coverage effect of €6 million). The sensitivity test applying to the long-term growth rate has a negligible impact (with a variable variance of +50 basis points, it would be in surplus by €1 million).

In these two cash-generating units, a sensitivity test involving a decline of 10% has also been carried out with regard to expected future cash flows. This test would have an unfavourable effect of some €13 million in Greece and €63 million in the countries of Central and Eastern Europe.

The simultaneous application of all these adverse or favourable scenarios would have an impact almost identical to the cumulative impacts taken separately.

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Note 2.1 - Goodwill - Breakdown by cash generating unit

(in millions of euros)	31.12.2011				31.12.2010
	Gross amount	**Impairments**	**Unrealised foreign exchange adjustment**	**Net amount**	**Net amount**
Central and Eastern European countries	1,029	(243)	(168)	619	700
Italy	781			781	781
Turkey	262		(43)	219	259
Spain	131	(3)		128	128
United Kingdom	186	(4)	(36)	146	143
Greece	131	(39)		92	137
Total International	**2,522**	**(289)**	**(247)**	**1,986**	**2,147**
Groupama Gan Vie	470			470	470
Gan Assurances	196			196	196
Gan Eurocourtage	265			265	168
Investment, real estate and other insurance companies	34			34	161
Total France and abroad	**964**			**964**	**994**
YEAR-END AMOUNT	**3,486**	**(289)**	**(247)**	**2,950**	**3,141**

Losses of value on goodwill in the United Kingdom and Spain date from 2006.

In the United Kingdom, goodwill posted from the entity Clinicare acquired at end 2005 by Groupama Insurances for a total of €4 million was completely depreciated in 2006.

In Spain, acquisition of the companies Azur Multiramos and Azur Vida generated goodwill of €3 million, which was posted to expenses given its non-significant nature.

It should also be recalled that in financial years 2009 and 2010, the Group applied impairment of €192 million to the cash-generating unit of the countries of Eastern and Central Europe: €113 million in 2009 corresponding to start-up risk in the emerging countries of Eastern Europe, where the OTP Bank group is active, and €79 million in 2010 from cash flows originating from the Bulgarian and Slovakian businesses.

NOTE 3 OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2011			31.12.2010		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Opening gross amount	**661**	**898**	**1,559**	**656**	**725**	**1,381**
Increase	4	122	126		200	200
Decrease		(35)	(35)		(27)	(27)
Foreign exchange adjustment	(24)	(5)	(29)	5		5
Change in scope of consolidation		(3)	(3)			
Year-end gross amount	**641**	**977**	**1,618**	**661**	**898**	**1,559**
Opening cumulative amortisation & impairment	**(192)**	**(604)**	**(796)**	**(142)**	**(496)**	**(638)**
Increase	(39)	(114)	(153)	(46)	(113)	(159)
Decrease		13	13		5	5
Foreign exchange adjustment	17	2	19	(4)		(4)
Change in scope of consolidation						
Year-end cumulative amortisation & impairment	**(214)**	**(703)**	**(917)**	**(192)**	**(604)**	**(796)**
Opening cumulative long-term impairment	**(75)**	**(4)**	**(79)**	**(74)**	**(4)**	**(78)**
Long-term impairment recognised						
Long-term impairment write-backs						
Foreign exchange adjustment	4		4	(1)		(1)
Change in scope of consolidation						
Year-end cumulative long-term impairment	**(71)**	**(4)**	**(75)**	**(75)**	**(4)**	**(79)**
OPENING NET AMOUNT	**394**	**290**	**684**	**440**	**225**	**665**
YEAR-END NET AMOUNT	**356**	**270**	**626**	**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 reserves for amortisation for the year on the Group's portfolio during the fiscal year represent a charge of €43 million as at 31 December 2011.

Other intangible assets

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

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

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Note 3.1 - Other intangible assets - by operating segment

(in millions of euros)	31.12.2011						31.12.2010	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Year-end gross amount	**16**	**626**	**834**	**143**	**850**	**769**	**793**	**766**
Year-end cumulative amortisation & impairment	(2)	(212)	(606)	(97)	(608)	(309)	(532)	(264)
Year-end cumulative long-term impairment	(12)	(60)	(4)		(16)	(60)	(16)	(64)
Amortisation and reserves	**(14)**	**(272)**	**(610)**	**(97)**	**(624)**	**(369)**	**(548)**	**(328)**
NET BOOK VALUE	**2**	**354**	**224**	**46**	**226**	**400**	**245**	**438**

NOTE 4 INVESTMENT PROPERTIES, EXCLUDING UNIT-LINKED INVESTMENTS

(in millions of euros)	31.12.2011			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	14	30	44	177	6	183
Change in scope of consolidation	(2,079)	(14)	(2,093)	5	(35)	(30)
Subsequent expenses						
Assets capitalised in the year	14		14	12		12
Transfer from/to unit-linked property						
Transfer from/to operating activities property				(54)		(54)
Foreign exchange adjustment	(5)		(5)	1		1
Outward reinsurance	(175)	(68)	(243)	(299)	(65)	(364)
Year-end gross amount	**1,423**	**217**	**1,640**	**3,654**	**269**	**3,923**
Opening cumulative amortisation & impairment	**(778)**		**(778)**	**(791)**		**(791)**
Increase	(12)		(12)	(71)		(71)
Change in scope of consolidation	465		465			
Transfer from/to unit-linked property						
Transfer from/to operating activities property	(1)		(1)	10		10
Decrease	31		31	74		74
Year-end cumulative amortisation & impairment	**(295)**		**(295)**	**(778)**		**(778)**
Opening cumulative long-term impairment	**(6)**		**(6)**	**(7)**		**(7)**
Long-term impairment recognised						
Change in scope of consolidation						
Long-term impairment write-backs	2			1		1
Year-end cumulative long-term impairment	**(4)**		**(4)**	**(6)**		**(6)**
OPENING NET AMOUNT	**2,870**	**269**	**3,139**	**3,014**	**363**	**3,377**
YEAR-END NET AMOUNT	**1,124**	**217**	**1,341**	**2,870**	**269**	**3,139**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**2,776**	**439**	**3,215**	**6,015**	**538**	**6,553**
UNREALISED CAPITAL GAINS	**1,652**	**222**	**1,874**	**3,145**	**269**	**3,414**

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Changes in scope of consolidation are linked to changes in the consolidation method of various entities, specifically including Silic, which is now consolidated according to the equity method.

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

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amount to €777 million as at 31 December 2011 (net of profit sharing and tax), compared to €1.50 billion at 31 December 2010.

The table also includes properties under lease contract with total book value of €40 million at 31 December 2011, compared to €116 million at 31 December 2010. The fair value of these properties is estimated at €47 million (*i.e.,* unrealised capital gains of €7 million at 31 December 2011, compared to €40 million at 31 December 2010).

Note 4.1 - Investment property - by operating segment

(in millions of euros)	31.12.2011						31.12.2010					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**1,352**	**70**	**1,423**	**217**		**217**	**3,570**	**84**	**3,654**	**269**		**269**
Cumulative amortisation	(274)	(19)	(295)				(762)	(16)	(778)			
Long-term impairment	(4)		(4)				(6)		(6)			
Year-end net amount	**1,073**	**51**	**1,124**	**217**		**217**	**2,802**	**68**	**2,870**	**269**		**269**
Year-end fair value of property, plant and equipment	**2,668**	**107**	**2,775**	**439**		**439**	**5,872**	**143**	**6,015**	**538**		**538**
UNREALISED CAPITAL GAINS	**1,595**	**56**	**1,652**	**222**		**222**	**3,070**	**75**	**3,145**	**270**		**270**

Note 4.2 - Investment property by business

Note 4.2.1 - Investment property by business - France

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty.	Total	Life and health insurance	Property and casualty.	Total
Gross amount	**994**	**357**	**1,352**	**139**	**78**	**217**
Cumulative amortisation	(208)	(66)	(274)			
Long-term impairment	(2)	(2)	(4)			
Year-end net amount	**784**	**290**	**1,073**	**139**	**78**	**217**
Year-end fair value of property, plant and equipment	**1,969**	**700**	**2,668**	**269**	**170**	**439**
UNREALISED CAPITAL GAINS	**1,185**	**410**	**1,595**	**130**	**92**	**222**

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(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty.	Total	Life and health insurance	Property and casualty.	Total
Gross amount	**1,476**	**2,094**	**3,570**	**217**	**52**	**269**
Cumulative amortisation	(305)	(457)	(762)			
Long-term impairment	(4)	(2)	(6)			
Year-end net amount	**1,168**	**1,634**	**2,802**	**217**	**52**	**269**
Year-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 property by business - International

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

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty.	Total	Life and health insurance	Property and casualty.	Total
Gross amount	**26**	**58**	**84**			
Cumulative amortisation	(7)	(9)	(16)			
Long-term impairment			(0)			
Year-end net amount	**19**	**49**	**68**			
Year-end fair value of property, plant and equipment	**56**	**87**	**143**			
UNREALISED CAPITAL GAINS	**37**	**38**	**75**			

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NOTE 5 OPERATING ACTIVITIES PROPERTY

(in millions of euros)	31.12.2011			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
Change in scope of consolidation						
Assets capitalised in the year	24		24	41		41
Transfer from/to investment property				54		54
Foreign exchange adjustment	(3)		(3)			
Outward reinsurance	(16)		(16)	(2)		(2)
Year-end gross amount	**908**	**12**	**921**	**901**	**12**	**914**
Opening cumulative amortisation & impairment	**(134)**		**(134)**	**(108)**		**(108)**
Increase	(19)		(19)	(18)		(18)
Change in scope of consolidation						
Transfer from/to investment property	1		1	(10)		(10)
Decrease	8		8	2		2
Year-end cumulative amortisation & impairment	**(144)**		**(144)**	**(134)**		**(134)**
Opening cumulative long-term impairment						
Long-term impairment recognised						
Change in scope of consolidation						
Long-term impairment write-backs						
Year-end cumulative long-term impairment						
OPENING NET AMOUNT	**767**	**12**	**779**	**693**	**12**	**705**
YEAR-END NET AMOUNT	**764**	**12**	**776**	**767**	**12**	**779**
YEAR-END FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	**1,146**	**15**	**1,161**	**1,095**	**15**	**1,110**
UNREALISED CAPITAL GAINS	**382**	**3**	**385**	**328**	**3**	**331**

Note 5.1 - Operating properties - by operating segment

(in millions of euros)	31.12.2011						31.12.2010					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**774**	**134**	**908**	**12**		**12**	**764**	**136**	**900**	**12**		**12**
Cumulative amortisation	(127)	(17)	(143)				(118)	(16)	(133)			
Long-term impairment												
Year-end net amount	**647**	**117**	**764**	**12**		**12**	**647**	**120**	**767**	**12**		**12**
Year-end fair value of property, plant and equipment	**962**	**184**	**1 146**	**15**		**15**	**900**	**195**	**1 095**	**15**		**15**
UNREALISED CAPITAL GAINS	**315**	**67**	**382**	**4**		**4**	**253**	**75**	**328**	**3**		**3**

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Note 5.2 - Operating properties by business

Note 5.2.1 - Operating properties by business - France

(in millions of euros)	31.12.2011					
	Property			SCI Shares		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Gross amount	**542**	**232**	**774**	**6**	**6**	**12**
Cumulative amortisation	(76)	(51)	(127)			
Long-term impairment						
Year-end net amount	**466**	**182**	**647**	**6**	**6**	**12**
Year-end fair value of property, plant and equipment	**635**	**327**	**962**	**8**	**7**	**15**
UNREALISED CAPITAL GAINS	**170**	**145**	**315**	**2**	**2**	**4**

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty.	Total	Life and health insurance	Property and casualty.	Total
Gross amount	**541**	**224**	**764**	**6**	**6**	**12**
Cumulative amortisation	(68)	(49)	(118)			
Long-term impairment			0	(0)	(0)	
Year-end net amount	**472**	**174**	**647**	**6**	**6**	**12**
Year-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 property by business - International

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

(in millions of euros)	31.12.2010					
	Property			SCI Shares		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Gross amount	**54**	**82**	**136**			
Cumulative amortisation	(6)	(9)	(16)			
Long-term impairment						
Year-end net amount	**48**	**73**	**120**			
Year-end fair value of property, plant and equipment	**80**	**114**	**195**			
UNREALISED CAPITAL GAINS	**32**	**43**	**75**			

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2011	31.12.2010
	Net amount	Net amount
Assets valued at fair value	61,071	66,855
Assets valued at amortised cost	907	498
TOTAL FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)	**61,978**	**67,353**

Total investments (excluding real estate, unit-linked items and derivatives) as at 31 December 2011 were €61,978 million and marked a decline of €5,375 million versus 31 December 2010.

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

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Note 6.1 - Investments valued at fair value by operating segment

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [(1)]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	5,999	398	6,397	5,326	354	5,680	(673)	(44)	(717)
Bonds and other fixed-income investments	37,167	5,997	43,164	34,576	5,671	40,247	(2,591)	(326)	(2,917)
Other investments	12	2	14	12	2	14			
Total available-for-sale assets	**43,178**	**6,397**	**49,575**	**39,914**	**6,027**	**45,941**	**(3,264)**	**(370)**	**(3,634)**
Assets held for trading									
Equities and other variable-income investments classified as trading	119		119	119		119			
Equities and other variable-income investments classified as held for trading	1,154	311	1,465	1,154	311	1,465			
Bonds and other fixed-income investments classified as trading	104	23	127	104	23	127			
Bonds and other fixed-income investments classified as held for trading	2,331	50	2,381	2,331	50	2,381			
Cash UCITS classified as trading	8,394	25	8,419	8,394	25	8,419			
Cash UCITS classified as held for trading	2,616		2,616	2,616		2,616			
Other investments classified as trading									
Other investments classified as held for trading	3		3	3		3			
Total trading assets	**14,721**	**409**	**15,130**	**14,721**	**409**	**15,130**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,899**	**6,806**	**64,705**	**54,635**	**6,436**	**61,071**	**(3,264)**	**(370)**	**(3,634)**

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

As at 31 December 2011, capital gains and losses that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as investment assets available-for-sale and through profit or loss as trading investment assets were -€3,634 million and -€69 million, respectively, compared to -€3,045 million and +€120 million as at 31 December 2010.

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

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

- investment repurchase agreements: As at 31 December 2011, the amount in question was €5,321 million. Cash from these repurchase agreements is invested in specific funds. These funds are directly part of a bond management contract entered into with Groupama Asset Management;
- repurchase agreements for opportunistic financing: As at 31 December 2011, the amount was €228 million. In this type of transaction, cash is reinvested in different forms of investment.

(in millions of euros)	31.12.2010								
	Net amortised cost			**Fair value [(1)]**			**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)**
Assets held for trading									
Equities and other variable-income investments classified as trading	72	1	73	72	1	73			
Equities and other variable-income investments classified as held for trading	1,114	145	1,259	1,114	145	1,259			
Bonds and other fixed-income investments classified as trading	116	28	144	116	28	144			
Bonds and other fixed-income investments classified as held for trading	3,012	85	3,097	3,012	85	3,097			
Cash UCITS classified as trading	4,392	16	4,408	4,392	16	4,408			
Cash UCITS classified as held for trading	2,872		2,872	2,872		2,872			
Other investments classified as trading									
Other investments classified as 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)**

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

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Note 6.2 - Investments valued at fair value by business

Note 6.2.1 - Investments valued at fair value by business - France

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [1]			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	4,860	1,138	5,998	4,323	1,002	5,325	(537)	(136)	(673)
Bonds and other fixed-income investments	34,672	2,495	37,167	32,224	2,352	34,576	(2,448)	(143)	(2,591)
Other investments	12		12	12		12			
Total available-for-sale assets	**39,544**	**3,633**	**43,177**	**36,559**	**3,354**	**39,913**	**(2,985)**	**(279)**	**(3,264)**
Assets held for trading									
Equities and other variable-income investments classified as trading	62	57	119	62	57	119			
Equities and other variable-income investments classified as held for trading	970	184	1,154	970	184	1,154			
Bonds and other fixed-income investments classified as trading	104		104	104		104			
Bonds and other fixed-income investments classified as held for trading	1,858	473	2,331	1,858	473	2,331			
Cash UCITS classified as trading	7,428	966	8,394	7,428	966	8,394			
Cash UCITS classified as held for trading	2,586	30	2,616	2,586	30	2,616			
Other investments classified as trading									
Other investments classified as held for trading	1	2	3	1	2	3			
Total trading assets	**13,009**	**1,712**	**14,721**	**13,009**	**1,712**	**14,721**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**52,553**	**5,345**	**57,898**	**49,568**	**5,066**	**54,634**	**(2,985)**	**(279)**	**(3,264)**

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

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(in millions of euros)	31.12.2010								
	Net amortised cost			Fair value [1]			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	59	13	72	59	13	72			
Equities and other variable-income investments classified as held for trading	891	223	1,114	891	223	1,114			
Bonds and other fixed-income investments classified as trading	116		116	116		116			
Bonds and other fixed-income investments classified as 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 held for trading	2,627	245	2,872	2,627	245	2,872			
Other investments classified as trading									
Other investments classified as 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)**

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

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Note 6.2.2 - Investments valued at fair value by business - International

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

(1) 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 (1)**			**Gross unrealised gains (losses)**		
	Life and health insurance	**Property and casualty insurance**	**Total**	**Life and health insurance**	**Property and casualty insurance**	**Total**	**Life and health insurance**	**Property and casualty insurance**	**Total**
Available-for-sale assets									
Equities and other variable-income investments	217	197	414	204	194	398	(13)	(3)	(16)
Bonds and other fixed-income investments	3,157	3,419	6,576	3,047	3,349	6,396	(110)	(70)	(180)
Other investments		1	1		1	1			
Total available-for-sale assets	**3,374**	**3,617**	**6,991**	**3,251**	**3,544**	**6,795**	**(123)**	**(73)**	**(196)**
Assets held for trading									
Equities and other variable-income investments classified as trading		1	1		1	1			
Equities and other variable-income investments classified as held for trading	71	74	145	71	74	145			
Bonds and other fixed-income investments classified as trading	12	16	28	12	16	28			
Bonds and other fixed-income investments classified as held for trading	43	42	85	43	42	85			
Cash UCITS classified as trading		16	16		16	16			
Cash UCITS classified as held for trading									
Other investments classified as trading									
Other investments classified as held for trading									
Total trading assets	**126**	**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)**

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

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Note 6.3 - Investments valued at fair value - by type

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [1]			Gross unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	5,999	398	6,397	5,326	354	5,680	(673)	(44)	(717)
Assets classified as trading	119		119	119		119			
Assets classified as held for trading	1,154	311	1,465	1,154	311	1,465			
Total equities and other variable-income investments	**7,272**	**709**	**7,981**	**6,599**	**665**	**7,264**	**(673)**	**(44)**	**(717)**
Bonds and other fixed-income investments									
Available-for-sale assets	37,167	5,997	43,164	34,576	5,671	40,247	(2,591)	(326)	(2,917)
Assets classified as trading	104	23	127	104	23	127			
Assets classified as held for trading	2,331	50	2,381	2,331	50	2,381			
Total bonds and other fixed-income investments	**39,602**	**6,070**	**45,672**	**37,011**	**5,744**	**42,755**	**(2,591)**	**(326)**	**(2,917)**
Cash UCITS									
Assets classified as trading	8,394	25	8,419	8,394	25	8,419			
Assets classified as held for trading	2,616		2,616	2,616		2,616			
Total cash UCITS	**11,010**	**25**	**11,035**	**11,010**	**25**	**11,035**			
Other investments									
Available-for-sale assets	12	2	14	12	2	14			
Assets classified as trading									
Assets classified as held for trading	3		3	3		3			
Total other investments	**15**	**2**	**17**	**15**	**2**	**17**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,899**	**6,806**	**64,705**	**54,635**	**6,436**	**61,071**	**(3,264)**	**(370)**	**(3,634)**

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

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(in millions of euros)	31.12.2010								
	Net amortised cost			**Fair value** [1]			**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)**

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

Note 6.4 - Investments valued at amortised cost by net value

(in millions of euros)	31.12.2011			31.12.2010		
	France	**International**	**Total**	**France**	**International**	**Total**
Loans	120	91	211	125	94	219
Deposits	592	64	656	142	83	225
Other	40		40	54		54
TOTAL ASSETS MEASURED AT AMORTISED COST	**752**	**155**	**907**	**321**	**177**	**498**

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Note 6.5 - Reserves for long-term impairment of investments

(in millions of euros)	31.12.2011			31.12.2010		
	Amortised cost			Amortised cost		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	8,558	(2,161)	6,397	10,301	(349)	9,952
Bonds and other fixed-income investments	45,467	(2,303)	43,164	48,088	(7)	48,081
Other investments	14		14	11		11
Total available-for-sale assets	**54,039**	**(4,464)**	**49,575**	**58,400**	**(356)**	**58,044**
Financial investments valued at amortised cost	911	(4)	907	501	(3)	498
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**911**	**(4)**	**907**	**501**	**(3)**	**498**

On 31 December 2011, the Group posted a long-term impairment charge of €4,108 million on its financial investments valued at fair value. Total reserves for long-term impairment of investments valued at fair value were €4,464 million as at 31 December 2011, compared to €356 million as at 31 December 2010. In total, reserves for impairment on insurance assets accounted for 7.31% of the Group's investments.

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

Reserves for the impairment of investments have been calculated in accordance with the rules set forth in Paragraph 3.2.1 of the accounting principles.

Regarding bonds, the reserve for impairment includes almost solely the impairment of Greek sovereign debt. This reserve was calculated by relying on a valuation constructed on the basis of a model. This model includes the latest known parameters applied in the exchange plan negotiated between the IIF (Institute of International Finance) and the Greek government (notice from the Greek Finance Ministry dated 24 February 2012). The average discount posted to the various lines of securities represents an unfavourable effect of 73% of the resale price.

Concerning the sovereign debt of peripheral countries in the euro zone (Ireland, Italy, Spain and Portugal), the Group notes that their valuation is affected by a certain level of defiance of the financial markets. Some issuer countries have been subject to a deterioration in their rating, or a support plan from the International Monetary Fund. Currently, however, the following should be noted:

- none of these debts has been subject to default on the payment of interest or principal;
- no collective proceeding or financial restructuring has been undertaken nor, given the current state of our knowledge and view of the situation, does this seem likely.

Consequently, the Group believes there is no apparent risk of impairment of these debt instruments, and therefore it is not necessary to establish reserves for them.

With regard to equities, the reserve for impairment includes the impairment of strategic instruments totalling €1,975 million, €175 million of which already occurred in 2010 on the Eiffage shares.

In accordance with its principles and methods, the Group first applies automatic impairment criteria to its assets. Secondly, the assets portfolio is subject to an additional examination based on the assumption of reserves based on non-automatic criteria. Unlike financial year 2010, when non-automatic impairment criteria specifically led to the posting of a reserve on the Eiffage shares, in the financial environment of 2011, non-automatic criteria were overridden by the criterion of significant decline (drop of greater than 50% on the date of the order) in the automatic impairment criteria. It was in applying this automatic criteria that the 2011 reserves for impairment were recognised. No significant reserve was triggered in the financial statements as at 31 December 2011 based solely on non-automatic criteria.

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Note 6.6 - Financial investments - by currency

(in millions of euros)	31.12.2011					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	5,276	54	50	6	293	5,679
Bonds and other fixed-income investments	38,819	160	785	17	466	40,248
Other investments	13					13
Total available-for-sale assets	**44,108**	**214**	**835**	**23**	**759**	**45,940**
Assets held for trading						
Equities and other variable-income investments classified as trading	119					119
Equities and other variable-income investments classified as held for trading	1,453	7	3	1	2	1,465
Bonds and other fixed-income investments classified as trading	127					127
Bonds and other fixed-income investments classified as held for trading	2,335	8	4	1	32	2,380
Cash UCITS classified as trading	8,399	13	4	1	3	8,419
Cash UCITS classified as held for trading	2,596	10	5	1	3	2,616
Other investments classified as trading						
Other investments classified as held for trading	3					3
Total trading assets	**15,032**	**38**	**16**	**4**	**40**	**15,130**
Loans and receivables						
Loans	202		9		1	211
Deposits	611	13			32	656
Other investments	40					40
Total loans and receivables	**853**	**13**	**9**	**0**	**33**	**907**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**59,993**	**265**	**860**	**27**	**832**	**61,977**

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(in millions of euros)	31.12.2010					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	8,214	50	27	5	446	8,741
Bonds and other fixed-income investments	44,851	116	721	9	548	46,246
Other investments	10	1				11
Total available-for-sale assets	**53,075**	**167**	**749**	**13**	**994**	**54,998**
Assets held for trading						
Equities and other variable-income investments classified as trading	74					74
Equities and other variable-income investments classified as held for trading	1,255	3				1,259
Bonds and other fixed-income investments classified as trading	144					144
Bonds and other fixed-income investments classified as held for trading	3,068	5			25	3,098
Cash UCITS classified as trading	4,392	12	1	1	2	4,408
Cash UCITS classified as held for trading	2,866	4			1	2,872
Other investments classified as trading						
Other investments classified as held for trading	3					3
Total trading assets	**11,801**	**24**	**2**	**2**	**28**	**11,857**
Loans and receivables						
Loans	206	2	9		1	219
Deposits	181	9			35	225
Other investments	54					54
Total loans and receivables	**441**	**11**	**9**	**0**	**36**	**498**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**65,316**	**202**	**760**	**16**	**1,058**	**67,353**

Note 6.7 - Breakdown of listed investments

(in millions of euros)	31.12.2011	31.12.2010
Equities	3,900	6,484
Shares in fixed-income mutual funds	2,624	2,811
Shares in other mutual funds	3,005	3,318
Cash UCITS	11,035	7,280
Bonds and other fixed-income securities	40,019	46,461
TOTAL LISTED INVESTMENTS	**60,583**	**66,354**

As at 31 December 2011, total long-term impairment reserves for listed investments recognised at fair value were €4,378 million, compared with €268 million at 31 December 2010.

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Note 6.8 - Breakdown of unlisted investments

(in millions of euros)	31.12.2011	31.12.2010
Equities at fair value	359	270
Bonds and other fixed-income securities at fair value	113	217
Other investments at fair value	16	14
Loans at amortised cost	211	219
Other investments at amortised cost	696	279
TOTAL UNLISTED INVESTMENTS	**1,395**	**999**

As at 31 December 2011, total long-term impairment reserves for unlisted investments recognised at fair value were €85 million, compared with €88 million at 31 December 2010.

Note 6.9 - Significant investments in non-consolidated companies

(in millions of euros)	31.12.2011				31.12.2010			
	% of ownership	Acquisition cost net of reserve	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of ownership	Acquisition cost net of reserve	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement	4.13%	159	157	(2)	4.31%	130	172	42
Société Générale	3.86%	514	514		4.22%	1,754	1,301	(453)
Lagardère	1.86%	91	50	(41)	1.97%	97	80	(17)
Veolia Environnement	5.48%	250	250		5.63%	788	614	(174)
Saint Gobain	1.89%	440	300	(140)	1.91%	440	394	(46)
Eiffage	6.89%	112	112		6.71%	205	205	
French companies		**1,566**	**1,383**	**(183)**		**3,414**	**2,766**	**(648)**
Mediobanca	4.93%	186	186		4.93%	493	288	(205)
OTP Bank	8.28%	261	237		8.28%	629	432	(164)
Foreign companies		**447**	**423**			**1,122**	**720**	**(369)**
TOTAL SIGNIFICANT INVESTMENTS IN UNCONSOLIDATED COMPANIES		**2,013**	**1,806**	**(183)**		**4,536**	**3,486**	**(1,017)**

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

The instruments presented in this note correspond solely to those classified as “strategic instruments,” the treatment of which, with regard to impairment, is noted in Point 3.2.1 of the accounting principles.

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

Strategic equity instruments saw their net book value decline sharply after the recognition of losses linked to these assets. These losses were realised either through capital losses or by posting reserves for impairment. Pursuant to the impairment principles noted above, a total of €1,796 million was posted as reserves for impairment.

The change in the interest percentage on Eiffage shares automatically results from Eiffage’s cancellation of treasury shares on 14 December 2011.

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Note 6.10 - Breakdown of the bond portfolio

Note 6.10.1 - Bond portfolio - by rate

At the end of December 2011, based on market values, the proportion of bonds instruments was 69% of total financial investments excluding unit-linked items, 65% of which was classified as “available-for-sale assets” and 4% as “assets held for trading”.

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

(in millions of euros)	31.12.2011			31.12.2010		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	37,564	2,143	39,707	44,603	1,069	45,672
Classified as trading	20	11	31	42	5	47
Classified as held for trading	93	187	280	676	66	742
Total listed bonds	**37,677**	**2,341**	**40,018**	**45,322**	**1,139**	**46,461**
Unlisted bonds						
Available-for-sale	67	39	106	130	44	173
Classified as trading						
Classified as held for trading	7	1	7	4	39	43
Total unlisted bonds	**73**	**40**	**113**	**134**	**83**	**217**
TOTAL BOND PORTFOLIO	**37,750**	**2,380**	**40,131**	**45,456**	**1,222**	**46,678**

Note 6.10.2 - Bond portfolio - by maturity

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

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	1,682	8,415	29,610	39,707	2,199	6,708	36,765	45,672
Classified as trading	4	17	10	31	11	22	14	47
Classified as held for trading	118	36	126	280	341	166	235	742
Total listed bonds	**1,804**	**8,468**	**29,746**	**40,018**	**2,551**	**6,895**	**37,015**	**46,461**
Unlisted bonds								
Available-for-sale	8		97	106	21	98	54	173
Classified as trading								
Classified as held for trading		3	4	7	1	2	40	43
Total unlisted bonds	**8**	**3**	**101**	**113**	**22**	**100**	**94**	**217**
TOTAL BOND PORTFOLIO	**1,812**	**8,471**	**29,847**	**40,131**	**2,573**	**6,996**	**37,109**	**46,678**

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

Note 6.10.3 - Bond portfolio - by rating

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

(in millions of euros)	31.12.2011						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	15,433	6,628	11,484	4,314	1,492	356	39,707
Classified as trading	1	6	6	14		4	31
Classified as held for trading	20	6	52	102	4	96	280
Total listed bonds	**15,454**	**6,640**	**11,542**	**4,430**	**1,496**	**456**	**40,018**
Unlisted bonds							
Available-for-sale	33		69	4			106
Classified as trading							
Classified as held for trading					1	6	7
Total unlisted bonds	**33**	**0**	**69**	**4**	**1**	**6**	**113**
TOTAL BOND PORTFOLIO	**15,487**	**6,640**	**11,611**	**4,434**	**1,497**	**462**	**40,131**

(in millions of euros)	31.12.2010						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	16,495	7,971	14,321	3,349	3,249	287	45,672
Classified as trading	1	14	7	15	4	6	47
Classified as held for trading	37	13	192	141	149	209	742
Total listed bonds	**16,533**	**7,998**	**14,520**	**3,505**	**3,402**	**502**	**46,461**
Unlisted bonds							
Available-for-sale	38	4	2	6	124		173
Classified as trading							
Classified as held for trading						43	43
Total unlisted bonds	**38**	**4**	**2**	**6**	**124**	**43**	**217**
TOTAL BOND PORTFOLIO	**16,571**	**8,002**	**14,522**	**3,511**	**3,526**	**545**	**46,678**

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Note 6.10.4 - Bond portfolio - by type of bond issuer

(in millions of euros)	31.12.2011	31.12.2010
Bonds issued by EU Member States	21,890	27,106
Bonds issued by States outside the EU	50	120
Bonds from public and semi-public sectors	3,825	3,061
Corporate Bonds	14,194	16,215
Other Bonds (including bond funds)	172	175
TOTAL BOND PORTFOLIO	**40,131**	**46,678**

The carrying amounts of Group investments in "non-core" government-issued bonds, *i.e.* Portugal, Ireland, Italy, Greece and Spain, totalled €10,255 million as at 31 December 11.

Note 6.10.5 - Sovereign debt instruments of peripheral countries in the euro zone

(in millions of euros)	31.12.2011					
	Gross adjusted resale price	Reserves for impairment	Net adjusted resale price	Fair value	Gross unrealised gains (losses)	Unrealised capital gains (losses) net of profit sharing and income tax
Spain	2,911		2,911	2,571	(340)	(53)
Greece	3,208	(2,295)	913	913		
Ireland	84		84	69	(14)	(4)
Italy	7,640		7,640	6,142	(1,498)	(280)
Portugal	1,077		1,077	560	(517)	(127)
TOTAL	**14,919**	**(2,295)**	**12,624**	**10,255**	**(2,370)**	**(464)**

As stated in Note 6.5, the Group does not believe there is any risk of impairment on the sovereign debt securities of the peripheral countries of the euro zone (Ireland, Italy, Spain and Portugal) and therefore there is no reason to apply reserves for these instruments. As at 31 December 2011, unrealised losses on these securities totalled €464 million (net of taxes and profit sharing).

The Group engaged in no significant disposals of sovereign bonds of peripheral countries in the euro zone. Only operations applying to the OATs and German bonds were sold, for a gross total of €459 million.

Greek sovereign debt

The lack of liquidity in the secondary market for Greek debt compelled the Group to adopt a valuation consistent with a model-based valuation approach. Signs of a very sharp reduction in the secondary market for Greek debt since May 2010, the date of the first Greek support plan, were noted. The Group believes that the total loss of market liquidity, already latent since that period, was characterised by the suspension of ECB takeovers since 25 March 2011. Since that date, the Group has studied criteria for classifying market inactivity (volumes, variances from "buy/sell spreads," broker positions, etc.), and believes that the market for Greek debt is no longer active.

Since that date, Greek sovereign debts held by the Group have thus been valued according to a model-based approach, and are classified at Level 3, according to the IFRS 7 classification method by asset liquidity level.

Since most banking and insurance players have come out in favour of contributing their instruments to the exchange deal proposed by the IIF and the Greek government, the model is based on the characteristics of the bonds that will be received in exchange, and those defined in the notice from the Greek Finance Ministry on 24 February 2012. It is assumed that the best estimate of the value of these instruments corresponds to the value resulting from the valuation model. We note that Groupama holds only Greek sovereign debt. As mentioned in the post-balance sheet events, these instruments were subject to an exchange as part of the PSI (Private Sector Involvement) on 12 March 2012.

This model results in the posting of a reserve for average impairment of 73% of the resale price. This reserve for impairment systematically supports the corporate income tax. Regarding the life business, a study has been done to justify any allocation to profit sharing of a portion of the loss. In practice, virtually the entire loss has been assumed by the insurer, as it is also given that, among the Group's principal entities, no deferred profit-sharing assets was recognised in reserves for impairment involving Greek debt.

Note 6.11 - Hierarchy of fair value

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

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

A financial instrument is considered as being listed on an asset market if the prices are easily and regularly available through a stock market, broker, trader, business sector, or price valuation service, and if these prices represent actual transactions occurring regularly in the market under normal competitive conditions.

Determination of the active or non-active nature of a market is based largely on indicators such as a significant decline in the volume of transactions and level of market activity, a sharp variance in available prices over time and among the various market participants, and the fact that prices no longer correspond to sufficiently recent transactions.

(in millions of euros)	31.12.2011				31.12.2010			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale assets								
Equities and other variable-income investments	5,270	51	359	5,680	8,372	70	299	8,741
Bonds and other fixed-income investments	38,427	801	1,020	40,248	45,342	712	193	46,247
Other investments	3		10	13	2		10	11
Total available-for-sale assets	**43,700**	**852**	**1,389**	**45,941**	**53,716**	**781**	**502**	**54,999**
Assets held for trading								
Equities and other variable-income investments classified as trading or as held for trading	1,068		516	1,584	864		468	1,332
Bonds and other fixed-income investments classified as trading or as held for trading	2,437	12	59	2,508	3,112	78	51	3,242
Cash UCITS classified as trading or as held for trading	11,035			11,035	7,279			7,279
Other investments			3	3			2	2
Total trading assets	**14,540**	**12**	**578**	**15,130**	**11,256**	**78**	**522**	**11,856**
UNIT-LINKED FINANCIAL INVESTMENT SUB-TOTAL	**58,240**	**864**	**1,967**	**61,071**	**64,972**	**859**	**1,024**	**66,855**
Investments in unit-linked policies	2,675	102	730	3,507	2,912	152	599	3,663
Derivative instrument assets and liabilities		(168)	(1)	(169)		(120)	(17)	(137)
TOTAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**60,915**	**798**	**2,696**	**64,409**	**67,883**	**892**	**1,605**	**70,381**

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

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

Concerning Level 3 investments, for equities, these largely involve share of private equity funds, and for bonds, Greek sovereign debt totalling €913 million.

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

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(in millions of euros)	31.12.2011								
	Available-for-sale assets			Assets held for trading					
	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments	Investments in unit-linked policies	Asset and liability derivatives
Level 3 opening amount	**299**	**194**	**9**	**468**	**50**		**3**	**599**	**(17)**
Change in unrealised capital gains or losses recognised in:									
income				27				(10)	
gains and losses recognised directly in shareholders' equity	22	(48)	1					1	
Transfer to level 3	90	909							
Transfer outside level 3		(46)							
Reclassification of loans and receivables									
Change in scope of consolidation									16
Acquisitions	12	12		144	15			277	
Sales/Repayments	(59)	(1)		(123)	(6)			(90)	
Foreign exchange adjustment	(5)				(1)			(46)	
LEVEL 3 CLOSING AMOUNT	**359**	**1,020**	**10**	**516**	**58**		**3**	**731**	**(1)**

NOTE 7 INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

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

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

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NOTE 8 ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

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

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

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

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NOTE 9 USES AND RESOURCES FROM BANKING SECTOR OPERATIONS

Note 9.1 - Uses of funds for banking sector activities

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

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

Pursuant to Amendment IAS 39 adopted 15 October 2008, a reclassification from the "Trading" category to the "Assets held to maturity" category of a variable-rate bank bond portfolio took place in 2008. The change in value, which would have been recognised in the financial statements had these assets not been reclassified, showed positive income of €2.8 million as at 31 December 2011. The fair value of these assets was €116 million.

Note 9.2 - Sources of funds for banking sector activities

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

The structure of uses and resources of banking activities was specifically changed by a combination of several elements:

- the decline in the rating of the Group and of Groupama Banque resulted in a sharp drop in issuances of certificates of deposit classified as "financial liabilities at fair value by income," and at the same time, the decision taken in August to not renew cash positions in portfolio, classified as "financial assets at fair value by income," in order to maintain a net lending position in the market;
- in the face of the risk of depletion of financing in the interbank market, recourse to the European Central Bank has been strengthened, explaining the growth in "debt to credit establishments";
- the Group has implemented a mutualisation of the cash of Groupama SA and its major subsidiaries, resulting in an increase in the cash contribution to "debt to clients", which was invested in a mutual fund classified under "financial assets held for sale".

NOTE 10 INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2011		31.12.2010	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	41	1	44	(6)
Socomie			(1)	
Cegid	70	3	76	5
Sepac	1	2		
La Banque Postale IARD	88	(9)	98	(4)
Silic	642	23		
Star	85	1	86	5
Groupama Insurances China	28	(3)		
TOTAL INVESTMENTS IN RELATED COMPANIES	**955**	**18**	**303**	**0**

The entities Silic and Sepac changed consolidation method and converted from full consolidation to the equity method following the disposal of a portion of the interest held, and the loss of control over these entities.

Groupama Insurances China became a wholly consolidated entity and is included within the scope of consolidation by the equity method.

Note 10.1 - Key data

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

In view of the balance sheet dates, the financial data shown in this table is the result of estimates based on latest available financial statements.

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

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Share of reinsurers in Non-life insurance reserves						
Reserves for unearned premiums	31	38	69	31	44	74
Outstanding claims reserves	875	167	1,042	933	197	1,129
Other technical reserves	151	5	156	147	7	154
Total	**1,057**	**210**	**1,267**	**1,110**	**247**	**1,358**
Share of reinsurers in life insurance reserves						
Life insurance reserves	10	30	40	10	31	41
Outstanding claims reserves	1	7	8	3	6	9
Profit-sharing reserves	9		9	10		10
Other technical reserves	(1)		(1)			
Total	**19**	**37**	**56**	**23**	**37**	**60**
Share of reinsurers in reserves for financial contracts				**2**		**2**
TOTAL SHARE OF OUTWARD REINSURERS IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES	**1,076**	**247**	**1,323**	**1,136**	**284**	**1,420**

Note 11.1 - Change in the share of outward reinsurers and retrocessionaires in claims reserves for Non-Life claims split by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
SHARE OF REINSURERS IN CLAIMS RESERVES AT OPENING	**932**	**197**	**1,129**	**1,038**	**232**	**1,270**
Transfers in portfolio and changes in scope of consolidation						
Share of reinsurers in the total claims expense	219	67	286	246	54	300
Share of reinsurers in total payments	(277)	(91)	(368)	(352)	(92)	(444)
Changes in exchange rate		(6)	(6)		3	3
SHARE OF REINSURERS IN CLAIMS RESERVES AT CLOSING	**874**	**167**	**1,041**	**932**	**197**	**1,129**

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NOTE 12 OTHER PROPERTY, PLANT AND EQUIPMENT

Note 12.1 - Change in other property, plant and equipment

(in millions of euros)	31.12.2011			31.12.2010		
	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross amount	**446**	**51**	**497**	**406**	**34**	**440**
Acquisitions	91	1	93	77	3	80
Change in scope of consolidation	(3)		(3)		16	16
Assets capitalised in the year	1		1			
Foreign exchange adjustment	(3)		(3)	1		1
Outward reinsurance	(35)	(2)	(37)	(38)	(2)	(40)
Year-end gross amount	**497**	**50**	**547**	**446**	**51**	**497**
Opening cumulative amortisation & impairment	**(293)**		**(293)**	**(261)**		**(261)**
Increase	(62)		(62)	(50)		(50)
Change in scope of consolidation	2		2			
Foreign exchange adjustment	2		2	(1)		(1)
Decrease	26		26	19		19
Year-end cumulative amortisation & impairment	**(324)**		**(324)**	**(293)**		**(293)**
Opening cumulative long-term impairment	**(1)**	**(3)**	**(4)**	**(2)**	**(3)**	**(5)**
Long-term impairment recognised						
Change in scope of consolidation						
Foreign exchange adjustment						
Long-term impairment write-backs		2	2	1		1
Year-end cumulative long-term impairment	**(1)**	**(1)**	**(2)**	**(1)**	**(3)**	**(4)**
Opening net amount	**152**	**48**	**200**	**143**	**31**	**174**
Year-end net amount	**172**	**49**	**221**	**152**	**48**	**200**
Year-end fair value of other property, plant and equipment	**172**	**56**	**228**	**152**	**54**	**206**
UNREALISED CAPITAL GAINS	**0**	**7**	**8**	**0**	**6**	**6**

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

Note 12.2 - Other property, plant and equipment - by operating segment

(in millions of euros)	31.12.2011						31.12.2010					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross amount	**310**	**187**	**497**	**50**		**50**	**270**	**176**	**446**	**51**		**51**
Cumulative amortisation	(183)	(141)	(324)				(164)	(128)	(293)			
Long-term impairment	(1)		(1)	(2)		(2)	(1)		(1)	(3)		(3)
Year-end net amount	**126**	**46**	**172**	**48**		**48**	**105**	**47**	**152**	**48**		**48**
Year-end fair value of property, plant and equipment	**126**	**47**	**172**	**56**		**56**	**105**	**47**	**152**	**54**		**54**
UNREALISED CAPITAL GAINS				**8**		**8**				**6**		**6**

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NOTE 13 DEFERRED ACQUISITION COSTS

(in millions of euros)	31.12.2011			31.12.2010		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	141		141	120		120
Life insurance policies and financial contracts with discretionary profit-sharing	177	13	189	199	8	207
France	**317**	**13**	**330**	**319**	**8**	**327**
Non-life insurance policies	216		216	228		228
Life insurance policies and financial contracts with discretionary profit-sharing	32	(1)	31	35	(10)	25
International	**248**	**(1)**	**247**	**263**	**(10)**	**253**
TOTAL DEFERRED ACQUISITION COSTS	**565**	**12**	**577**	**582**	**(2)**	**580**

NOTE 14 DEFERRED PROFIT SHARING

Note 14.1 - Deferred profit-sharing assets

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

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

The rate of deferred profit sharing is determined entity by entity (based on regulatory requirements). It is based on the real rate of sharing of financial profits between policy holders and shareholders, and corresponds to the average real rates over the past three years. This average prevents the inclusion of non-recurring, atypical factors in the calculation.

As an exception, 2011 was a particularly atypical year in terms of financial profit, and the rate of deferred profit sharing for 2010 for the principal entities was included in the 2011 consolidated financial statements.

Accordingly, the rates of deferred profit sharing used in France as part of the accounts, as at 31 December 2011, fall within a bracket of between 75.99% and 78.34%, with 77.49% for Groupama Gan Vie. The average rate in 2011 would have been 83.89% for the Groupama Gan Vie entity, if the average rate of sharing actually observed in 2011 had been taken into consideration.

For the 2011 financial year, the principal sources of deferred profit-sharing assets correspond to:

- unrealised capital losses from the sovereign debt of peripheral countries in the euro zone, *i.e.*, €1,672 million;
- additional reserves for the impairment of strategic instruments for €908 million;
- consolidation restatements relating to the cancellation, in the consolidated financial statements, of real estate revaluations applied to the corporate financial statements and eliminations of internal capital gains totalling €492 million;
- unrealised capital losses on other financial assets.

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

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

The Group undertook a test to project future yields in which the growth rate of the equities market was 5.5% and in which bond reinvestment rates were 3.90% in 2012, 4.10% in 2013 and 4.30% in 2014 and beyond.

A sensitivity analysis was carried out, assuming a buy rate corresponding to the average buy rate in 2011 plus 300 basis points. This sensitivity analysis demonstrated, on the one hand, that cash flows remain positive and that it is not necessary to realise capital losses to make payments, and on the other hand, that the financial margin remains positive.

The Group also has a cash component of €5.9 billion in its principal life structure to address a significant (and unobserved) adverse change in its receipts.

The change noted in the financial markets at end February 2012 also confirms a very favourable trend in unrealised capital losses on debt and equity.

Note 14.2 - Deferred profit-sharing liabilities

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

NOTE 15 DEFERRED TAXES

Note 15.1 - Deferred tax assets - by operating segment

(in millions of euros)	31.12.2011			31.12.2010
	France	International	Total	Total
Deferred tax assets	436	134	570	469
TOTAL DEFERRED TAX ASSETS	**436**	**134**	**570**	**469**

Note 15.2 - Deferred tax liabilities - by operating segment

(in millions of euros)	31.12.2011			31.12.2010
	France	International	Total	Total
Deferred tax liabilities	228	46	274	289
TOTAL DEFERRED TAX LIABILITIES	**228**	**46**	**274**	**289**

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Note 15.3 - Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2011	31.12.2010
Deferred taxes resulting from timing differences		
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	(51)	32
Acquisition costs for life policies and total management reserves	(34)	(52)
Consolidation adjustments on technical reserves	(273)	(87)
Other differences on consolidation adjustments	43	38
Deferred acquisition costs for Non-life policies	(45)	(41)
Tax differences on technical reserves and other contingent liabilities	471	328
Gains on tax suspension	(2)	(4)
Mutual fund valuation differential	(31)	(19)
Currency hedging	24	22
Other tax timing differences	16	18
Sub-total of deferred taxes resulting from timing differences	**117**	**235**
Recognition of tax assets on operating losses	**179**	**(55)**
Deferred taxes capitalised	**296**	**180**
of which assets	570	469
of which liabilities	(274)	(289)

The Group's consolidated financial statements show total deferred tax assets of €296 million. These deferred tax assets may be broken down as follows:

- a deferred tax asset of €570 million as at 31 December 2011, compared to €469 million at 31 December 2010, *i.e.*, an increase of €101 million;
- a deferred tax liability of €274 million as at 31 December 2011, compared to €289 million at 31 December 2010, *i.e.*, a decrease of €15 million.

Total assets not posted (non-triggered deficits) as at 31 December 2011 were €124 million (62% for banking activities and 38% for foreign subsidiaries), versus €116 million at 31 December 2010.

The recoverability of the tax asset in France, *i.e.*, €208 million, will be realised in the next three years, given the business plan projections.

NOTE 16 RECEIVABLES FROM INSURANCE OR INWARD INSURANCE TRANSACTIONS

Note 16.1 - Receivables from insurance or inward reinsurance - by operating segment

(in millions of euros)	31.12.2011							31.12.2010
	France			International			Total	Total
	Gross amount	Reserves	Net amount	Gross amount	Reserves	Net amount		
Earned premiums not written	893		893	61		61	954	984
Policyholders, intermediaries and other third parties	1,137	(32)	1,105	701	(72)	628	1,733	1,346
Co-insurer and other third party current accounts	46		46	67	(33)	34	80	86
Current accounts of ceding and retroceding companies	274	(1)	273	5	(1)	4	277	242
TOTAL	**2,350**	**(33)**	**2,317**	**834**	**(107)**	**727**	**3,044**	**2,658**

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Note 16.2 - Receivables from insurance or inward reinsurance - by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Earned premiums not written	954			954	984			984
Policyholders, intermediaries and other third parties	1,727	7		1,733	1,346			1,346
Co-insurer and other third party current accounts	77	2		80	69	17		86
Current accounts of ceding and retroceding companies	260	17		277	219	19	3	242
TOTAL	**3,018**	**26**		**3,044**	**2,619**	**35**	**3**	**2,658**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

(in millions of euros)	31.12.2011			31.12.2010
	Gross amount	Reserves	Net amount	Net amount
Outward reinsurer and retrocessionnaire current accounts	101	(12)	89	78
Other receivables from reinsurance transactions	107	(7)	100	70
TOTAL	**207**	**(19)**	**189**	**148**

Note 17.1 - Receivables from outward reinsurance transactions - by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionnaire current accounts	56	33		89	68	10		78
Other receivables from reinsurance transactions	80	20	1	100	66	4	1	70
TOTAL	**136**	**53**	**1**	**189**	**134**	**14**	**1**	**148**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 18.1 - Current tax receivables and other tax receivables - by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current tax receivables and other tax receivables	162	2		164	241			241

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

Current tax receivables totalled €30 million, versus €108 million at 31 December 2010. In May 2011, Groupama SA recovered the Government receivable of €55 million corresponding to the fourth advance on the corporate income tax less long-term taxes. In financial year 2011, Groupama SA paid no advance on income tax. The receivable for payments in foreign countries totalled €29 million in 2011, down by €22 million versus 2010.

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Other Government and public authority receivables include the advance paid for social withholdings on savings accounts totalling €76 million, the VAT deductible, VAT credits totalling €9 million, sundry taxes totalling €4 million (CET, CRL, TCAS, etc.) and taxes on foreign companies totalling €45 million.

Note 18.2 - Current tax receivables and other tax receivables - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	90	74	164	148	93	241

NOTE 19 OTHER RECEIVABLES

(in millions of euros)	31.12.2011			31.12.2010
	Gross amounts	Reserves	Total	Total
Interest accrued not due	747		747	907
Employee receivables	18		18	24
Social security agencies	2		2	9
Miscellaneous debtors	1,051	(103)	947	653
Other receivables	398		398	387
TOTAL	**2,215**	**(103)**	**2,112**	**1,979**

Note 19.1 - Other receivables - by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Interest accrued not due	747			747	907			907
Employee receivables	18			18	24			24
Social security agencies	2			2	9			9
Miscellaneous debtors	891	45	11	947	482	140	31	653
Other receivables	398			398	387			387
TOTAL	**2,056**	**45**	**11**	**2,112**	**1,808**	**140**	**31**	**1,979**

Note 19.2 - Other receivables - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Interest accrued not due	631	116	747	775	131	907
Employee receivables	16	2	18	19	5	24
Social security agencies	2		2	9		9
Miscellaneous debtors	817	130	947	529	124	653
Other receivables	343	55	398	338	48	387
TOTAL	**1,809**	**304**	**2,112**	**1,671**	**308**	**1,979**

NOTE 20 CASH

Note 20.1 - Cash applied to balance sheet assets

(in millions of euros)	31.12.2011	31.12.2010
France	1,014	546
International	669	490
TOTAL	**1,683**	**1,036**

Note 20.2 - Cash applied to balance sheet liabilities

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Operating debts to banking institutions	280			280	372	51		423
TOTAL	**280**			**280**	**372**	**51**		**423**

(in millions of euros)	31.12.2011			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Operating debts to banking institutions	280		280	
TOTAL	**280**		**280**	

NOTE 21 SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 21.1 - Share capital limits for insurance companies

Companies with an insurance business are subject to regulations that establish minimum share capital limits. In France, in accordance with the European Directive and Article R. 322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

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

Note 21.2 - Impacts of transactions with shareholders

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

During financial year 2011, Groupama SA undertook an increase in share capital totalling €500 million, completely subscribed by Groupama Holding and Groupama Holding 2.

Accounting treatment of deeply subordinated instruments issued 10 October 2007

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

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

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

Note 21.3 - Reserves related to changes in fair value recorded in shareholders' equity

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

(in millions of euros)	31.12.2011	31.12.2010
Unrealised gross capital gains (losses) on AFS assets	(3,633)	(3,045)
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	(3,207)	(2,558)
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	(426)	(487)
Shadow accounting	2,576	2,005
Cash flow hedge and other changes	(107)	(162)
Deferred taxes	234	124
Share of minority interests		42
REVALUATION RESERVE – GROUP SHARE	**(930)**	**(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 -€107 million can be broken down as follows:

- €88 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group;
- €19 million for the net investment hedge revaluation reserve.

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

NOTE 22 CONTINGENT LIABILITIES

(in millions of euros)	31.12.2011						
	France			International			Total
	Reserve for pensions and similar obligations	Other contin-gencies (1)	Total	Reserve for pensions and similar obligations	Other contin-gencies (1)	Total	
OPENING BALANCE	**179**	**85**	**264**	**92**	**66**	**158**	**422**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	19	42	61	8	20	27	89
Write-backs for the year	(5)	(43)	(48)	(10)	(21)	(31)	(80)
Changes in exchange rate					(1)	(1)	(1)
CLOSING BALANCE	**193**	**84**	**277**	**89**	**64**	**153**	**430**

(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
	Reserve for pensions and similar obligations	Other contin-gencies [(1)]	Total	Reserve for pensions and similar obligations	Other contin-gencies [(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 year	39	27	66	6	23	29	95
Write-backs for the year	(36)	(59)	(95)	(18)	(14)	(32)	(127)
Changes in exchange rate				2		2	2
CLOSING 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 23 INFORMATION PERTAINING TO PERSONNEL BENEFITS – DEFINED BENEFIT PLANS

Note 23.1 - Reserve for pensions at year-end

(in millions of euros)	31.12.2011			31.12.2010		
	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
Opening actuarial debt	**461**	**31**	**492**	**426**	**32**	**458**
Cost of past services	8	3	11	20	3	23
Benefits paid	(12)	(2)	(14)	(18)	(2)	(20)
Interest on actuarial debt	18	1	19	19	1	20
Actuarial gains (losses) (actual variations)	(4)	(2)	(6)	3	(1)	2
Actuarial gains (losses) (hypothetical variations)	6	5	11	19	(1)	18
Changes in the plan				(13)		(13)
Change in scope of consolidation				(2)	(1)	(3)
Changes in exchange rates	8		8	8		8
Other	9	(1)	8	(2)	1	(1)
Year-end actuarial debt (A)	**494**	**35**	**529**	**461**	**33**	**492**
Opening fair value of hedging assets	**221**		**221**	**191**		**191**
Return on hedging assets	13		13	12		12
Benefits paid	(10)		(10)	(8)		(8)
Required contributions	11		11	8		8
Actuarial gains (losses)	4		4	10		10
Change in scope of consolidation						
Changes in exchange rates	7		7	6		6
Other						
Year-end fair value of hedging assets (B)	**246**		**246**	**220**		**220**
YEAR-END NET ACTUARIAL DEBT (A) - (B)	**247**	**35**	**283**	**241**	**31**	**272**

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Note 23.2 - Change in the reserve for pensions recognised in the balance sheet under contingent liabilities

(in millions of euros)	31.12.2011			31.12.2010		
	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
OPENING AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**240**	**31**	**271**	**235**	**31**	**266**
Present value of commitment	15	4	19	16	3	19
Actuarial differences affecting shareholders' equity	(1)		(1)	11		11
Write-back of reserves for benefits paid by the employer	(7)		(7)	(11)	(1)	(12)
Reclassifications				(11)	(1)	(12)
Change in scope of consolidation		1	1	(2)	(1)	(3)
Changes in exchange rates				2		2
Other						0
YEAR-END AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**247**	**36**	**283**	**240**	**31**	**271**

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

Note 23.3 - Post-employment benefits expense recognised in the income statement

(in millions of euros)	31.12.2011	31.12.2010
Cost of past services	(8)	(20)
Benefits paid by the employer	(12)	(18)
Interest on actuarial debt	(18)	(19)
Return expected from hedging assets	13	12
SORIE Option	(1)	12
Plan changes	9	(13)
Effects of exchange rate changes		(2)
Other		
ANNUAL RETIREMENT EXPENSE	**(17)**	**(48)**

Note 23.4 - Information pertaining to employee benefits - Distribution of hedging assets

(in millions of euros)	31.12.2011	31.12.2010
Equities	166	128
Bonds	54	80
General euro funds	10	6
Other	16	6
YEAR-END FAIR VALUE OF ASSETS	**246**	**220**

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Note 23.5 - Principal actuarial assumptions

(in millions of euros)	31.12.2011				31.12.2010			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	203	283	43	529	185	261	46	492
Fair value of hedging assets	10	234	2	246	6	212	2	220
Net actuarial debt	**193**	**49**	**41**	**283**	**179**	**49**	**44**	**272**
Principal actuarial assumptions								
Discount rate	4.25%	4.80%	4.25%		4.50%	5.60%	4.90%	
Yield expected from plan assets	2.00%	6.14%	2.00%		2.00%	6.58%	2.00%	
Expected salary/pension increase	2.40%	3.00%	4.35%		2.58%	3.40%	6.06%	
Staff turnover								
- 18 to 34 years	4.90%	NA	NS		4.98%	NA	NS	
- 35 to 44 years	3.70%	NA	NS		3.57%	NA	NS	
- 45 to 54 years	1.50%	NA	NS		1.93%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

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

As in 2010, the discount rate used at 31.12.2011 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to a 50-bp change in this discount rate is -4.6% on the gross actuarial debt total for France, and -10% for the United Kingdom.

Sensitivity of total social commitments corresponding to health coverage plans as at 31 December 2011, the actuarial debt corresponding to health coverage plans totalled €9.9 million. The sensitivity of this debt to a 50-bp increase in the discount rate is -4.25%.

A 0.5% change in the increase in medical costs would not have a material impact on the Group consolidated financial statements.

Note 23.6 - Breakdown of employee expenses

(in millions of euros)	31.12.2011	31.12.2010
Salaries	(808)	(801)
Social security expenses	(346)	(330)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(17)	(48)
Anniversary days and employee awards	(3)	(3)
Other personnel benefits	(47)	(49)
ANNUAL SALARY EXPENSES	**(1,221)**	**(1,231)**

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NOTE 24 FINANCIAL DEBT

Note 24.1 - Financial debt by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Subordinated debt			1,245	1,245			1,245	1,245
of which subordinated debt of insurance companies			1,245	1,245			1,245	1,245
of which subordinated debt of banking companies								
Financial debt represented by securities					1		154	155
Financial debt with banking-sector companies	820	4	63	888	219	815	370	1,404
TOTAL FINANCIAL DEBT	**820**	**4**	**1,309**	**2,133**	**220**	**815**	**1,770**	**2,804**

The Group's external debt declined by some €671 million due primarily to the loss of exclusive control over Silic, which held debt for financing its own activity.

Financial debt represented by securities decreased by €155 million. This decline derived from the change in the consolidation method of Silic following the loss of control over that company. It involved bonds issued by this structure.

Financing debt to the banking sector also showed a net decline of €516 million. This decline originated from two contrary effects:

- as a positive flow, a drawing by Groupama SA of a portion of the syndicated loan (+€601 million);
- and as a negative flow, a change in method of consolidating SILIC following the loss of control over that company (-€1,115 million) (resulting in the deconsolidation of the senior debt assumed for its own development).

Note 24.2 - Other financial debt - by currency and rate

(in millions of euros)	31.12.2011			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		1,245	
Financial debt represented by securities				
Financial debt with banking-sector companies	869	18	875	13
TOTAL	**2,115**	**18**	**2,120**	**13**

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

- a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €495 million.

  This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.

  Groupama SA has the option of deferring interest payments if the Group's solvency is below 150%.

  At 31 December 2011, this issue was quoted at 35% compared to 77% at 31 December 2010. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low;
- a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

  The key terms of this bond are as follows:
  - the term of the bond is 30 years,
  - an early redemption option available to Groupama SA that it may exercise as from the tenth year,
  - a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the TSR,
  - Groupama SA has the option of deferring interest payments if the Group's hedging of its solvency margin is below 100%.

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

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

The item "financing debt to companies in the banking sector" corresponds primarily to the use of a syndicated loan totalling €801 million, compared to €201 million at 31 December 2010.

NOTE 25 LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 - Liabilities related to insurance policies - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	28,451	1,921	30,372	27,142	1,960	29,102
Outstanding claims reserves	1,089	89	1,178	506	103	609
Profit-sharing reserves	427	17	443	429	18	447
Other technical reserves	22	29	51	22	10	32
Total Life Insurance	**29,990**	**2,055**	**32,045**	**28,099**	**2,090**	**30,190**
Reserves for unearned premiums	805	1,385	2,191	753	1,395	2,149
Outstanding claims reserves	7,196	2,979	10,175	7,271	3,123	10,394
Other technical reserves	1,893	83	1,976	2,149	89	2,238
Total Non-life Insurance	**9,895**	**4,448**	**14,342**	**10,174**	**4,608**	**14,781**
Life Insurance reserves for unit-linked policies	**2,882**	**814**	**3,696**	**2,948**	**792**	**3,740**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**42,766**	**7,317**	**50,084**	**41,221**	**7,490**	**48,711**

Technical liabilities for insurance policies improved versus the level of 31 December 2010. The increase of €1,373 million corresponds primarily to life technical reserves (€1,855 million), including €1,891 million in France. In turn, non-life technical reserves declined by €439 million and unit-linked reserves by €44 million.

The principal changes involved life insurance reserves in the "individual savings" line (+€622 million), resulting largely from the incorporation of profit sharing allocated to policy holders under the capitalisation life activity, as well as in the "individual retirement" line (+€274 million) of Groupama Gan Vie.

The adequacy tests carried out on liabilities as at 31.12.2011 were found to be satisfactory and did not result in the recognition of any additional technical expense.

Regarding actuarial reserves for non-life annuities in France, in addition to the regulations, the Group also evaluated the lengthening of life spans. The 2011 publication of new statistical references resulted in a change in the estimates on this point. This led to a posting net revenue of €162 million on the portfolio (before the effect from corporate income tax).

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Note 25.2 - Technical liabilities related to insurance policies by business

Note 25.2.1 - Technical liabilities related to insurance policies by business - France

(in millions of euros)	31.12.2011			31.12.2010		
	L&H	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Gross technical reinsurance reserves						
Life insurance reserves	28,451		28,451	27,142		27,142
Outstanding claims reserves	1,089		1,089	506		506
Profit-sharing reserves	427		427	429		429
Other technical reserves	22		22	22		22
Total Life Insurance	**29,989**		**29,989**	**28,099**		**28,099**
Reserves for unearned premiums	40	765	805	39	715	754
Outstanding claims reserves	836	6,360	7,196	761	6,510	7,271
Other technical reserves	1,431	462	1,893	1,442	707	2,149
Total Non-life Insurance	**2,307**	**7,587**	**9,894**	**2,242**	**7,932**	**10,174**
Life Insurance reserves for unit-linked policies	**2,882**		**2,882**	**2,948**		**2,948**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**35,178**	**7,587**	**42,765**	**33,289**	**7,932**	**41,221**

Note 25.2.2 - Technical liabilities related to insurance policies by business - International

(in millions of euros)	31.12.2011			31.12.2010		
	L&H	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Gross technical reinsurance reserves						
Life insurance reserves	1,921		1,921	1,960		1,960
Outstanding claims reserves	89		89	103		103
Profit-sharing reserves	16		16	18		18
Other technical reserves	29		29	10		10
Total Life Insurance	**2,055**		**2,055**	**2,091**		**2,091**
Reserves for unearned premiums	105	1,280	1,385	113	1,283	1,396
Outstanding claims reserves	143	2,836	2,979	122	3,001	3,123
Other technical reserves	9	74	83	10	79	89
Total Non-life Insurance	**257**	**4,190**	**4,447**	**245**	**4,363**	**4,608**
Life Insurance reserves for unit-linked policies	**814**		**814**	**792**		**792**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**3,126**	**4,190**	**7,316**	**3,128**	**4,363**	**7,491**

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Note 25.3 - Breakdown of technical reserves for insurance policies by main categories

(in millions of euros)	31.12.2011			31.12.2010		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	160	2	162	144	2	146
Individual insurance	10,061	698	10,759	9,048	112	9,160
Group policies	214	7	222	245	10	255
Other	2,132	22	2,154	2,067	22	2,089
Total reserves for single-premium policies	**12,567**	**730**	**13,296**	**11,504**	**145**	**11,649**
Periodic-premium contracts						
Capitalisation	457	22	479	447	5	451
Individual insurance	7,098	125	7,222	7,069	193	7,261
Group policies	7,404	266	7,670	7,246	236	7,483
Other	643	3	645	630	9	639
Total reserves for periodic premium policies	**15,601**	**416**	**16,017**	**15,392**	**443**	**15,834**
Inward reinsurance	**2,204**	**33**	**2,237**	**2,206**	**22**	**2,228**
TOTAL LIFE INSURANCE RESERVES	**30,372**	**1,178**	**31,550**	**29,102**	**609**	**29,711**

(in millions of euros)	31.12.2011			31.12.2010		
	Reserves for unearned premiums	Gross outstanding claims reserves	Total	Reserves for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor Insurance	951	3,003	3,954	945	3,107	4,052
Bodily injury	134	509	643	144	452	596
Property damage	629	1,112	1,741	600	1,186	1,786
General third party liability	83	1,008	1,091	82	1,058	1,140
Marine, aviation, transport	11	534	545	11	568	579
Other	214	1,023	1,237	207	1,065	1,272
Inward reinsurance	**169**	**2,986**	**3,155**	**160**	**2,959**	**3,119**
TOTAL NON-LIFE INSURANCE RESERVES	**2,191**	**10,175**	**12,366**	**2,149**	**10,395**	**12,544**

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Note 25.4 - Change in provisions for Non-Life claims payable

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**7,271**	**3,123**	**10,394**	**7,291**	**3,178**	**10,469**
Transfers in portfolio and changes in scope of consolidation	**(3)**		**(3)**			
Claims expense for the current year	3,917	2,407	6,325	4,105	2,580	6,685
Claims expense for prior years	(190)	(94)	(283)	(354)	(186)	(540)
Total claims expense	**3,728**	**2,314**	**6,041**	**3,752**	**2,394**	**6,145**
Claims payments for the current year	(1,749)	(1,265)	(3,015)	(1,833)	(1,344)	(3,177)
Claims payments for prior years	(2,051)	(1,171)	(3,222)	(1,942)	(1,121)	(3,063)
Total payments	**(3,800)**	**(2,436)**	**(6,237)**	**(3,774)**	**(2,466)**	**(6,240)**
Changes in exchange rate		**(22)**	**(22)**	**3**	**19**	**22**
TOTAL RESERVES FOR NON-LIFE CLAIMS AT YEAR END	**7,196**	**2,979**	**10,175**	**7,271**	**3,123**	**10,394**

Note 25.5 - Impact of gross claims

(in millions of euros)	2007	2008	2009	2010	2011
Estimate of the claims expense					
At end of N	5,073	5,654	6,414	6,626	6,314
At end of N+1	5,026	5,605	6,251	6,717	
At end of N+2	4,888	5,425	6,155		
At end of N+3	4,771	5,386			
At end of N+4	4,699				
At end of N+5					
Claims expense	**4,699**	**5,386**	**6,155**	**6,717**	**6,314**
Cumulative claims payments	**4,222**	**4,660**	**5,273**	**5,162**	**3,007**
Outstanding claims reserves	**477**	**726**	**882**	**1,555**	**3,307**
Earned premiums	**6,832**	**7,477**	**8,119**	**8,579**	**8,818**
CLAIMS AND RESERVES/EARNED PREMIUM	**68.8%**	**72.0%**	**75.8%**	**78.3%**	**71.6%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2007 to 2011, *i.e.*, movements in the initial estimates and adjusted expense as at the balance sheet date.

The reserve per year of occurrence is calculated as the difference between the estimated claim expense (adjusted as at the balance sheet date) and the cumulative payments made.

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Note 25.6 - Impact of the discount in actuarial reserves for Non-Life annuities by operating segment

› Gross amount

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**1,762**	**28**	**1,790**	**1,837**	**27**	**1,863**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,748	28	1,776	1,799	27	1,826
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,280	35	2,315	2,441	34	2,475
Technical interest	(532)	(7)	(539)	(642)	(7)	(649)
Impact of change in discount rate	15		15	38		38

› Proportion ceded

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**99**	**12**	**111**	**93**	**11**	**104**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	98	12	110	89	11	100
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	129	18	147	117	17	135
Technical interest	(31)	(6)	(37)	(28)	(7)	(35)
Impact of change in discount rate	1		1	4		4

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NOTE 26 LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2011	31.12.2010
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	21,907	22,239
Reserves on unit-linked policies	104	158
Outstanding claims reserves	85	259
Profit-sharing reserves	40	449
Other technical reserves		
Total	**22,135**	**23,105**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	7	8
Reserves on unit-linked policies	69	116
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**76**	**124**
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS	**22,211**	**23,227**

Note 26.1 - Liabilities relating to financial contracts (excluding unit-linked) split by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Life financial contract reserves	20,619	1,294	21,914	20,901	1,345	22,246
Outstanding claims reserves	56	28	85	249	10	259
Profit sharing reserves	37	2	40	446	2	449
Other technical reserves						
TOTAL GROSS TECHNICAL RESERVES	**20,712**	**1,325**	**22,038**	**21,596**	**1,357**	**22,953**

Note 26.2 - Breakdown of liabilities relating to financial contracts by major category

(in millions of euros)	31.12.2011			31.12.2010		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	786	41	828	1,109	34	1,143
Individual insurance	19,699	32	19,730	19,806	190	19,996
Group policies	78		78	57		57
Other						
Total reserves for single-premium policies	**20,563**	**73**	**20,636**	**20,972**	**224**	**21,196**
Periodic-premium contracts						
Capitalisation	190	2	192	217	8	225
Individual insurance	646	5	651	571	22	593
Group policies	504	5	509	482	3	485
Other	9		9	3	2	5
Total reserves for periodic premium policies	**1,350**	**11**	**1,362**	**1,273**	**35**	**1,308**
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	**21,914**	**85**	**21,998**	**22,245**	**259**	**22,504**

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

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
OPENING ACTUARIAL RESERVES	**48,043**	**3,304**	**51,347**	**44,719**	**3,258**	**47,977**
Premiums for the year	3,170	437	3,608	4,169	547	4,717
Portfolio transfer/changes in scope of consolidation						
Interest credited	340	93	433	373	99	472
Profit-sharing	1,147	14	1,160	1,699	14	1,714
Policies at term	(296)	(208)	(504)	(282)	(277)	(558)
Redemptions	(2,272)	(369)	(2,641)	(1,582)	(244)	(1,826)
Annuity arrears	(473)	(6)	(480)	(456)	(7)	(463)
Death benefits	(611)	(20)	(631)	(540)	(21)	(562)
Other changes	23	(30)	(7)	(57)	(66)	(123)
TOTAL YEAR-END ACTUARIAL RESERVES	**49,071**	**3,215**	**52,285**	**48,043**	**3,304**	**51,347**

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NOTE 28 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

(in millions of euros)	31.12.2011			31.12.2010		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	628		628	555		555
TOTAL	**628**		**628**	**555**		**555**

NOTE 29 LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Policyholders, intermediaries and other third parties	596	4		600	657	4		661
Co-insurers	86	9		95	83	9		92
Current accounts of ceding and retroceding companies	23	3		26	34	6		40
TOTAL	**705**	**16**		**721**	**774**	**20**		**793**

NOTE 30 LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts [1]	230	22		252	227	41	1	269
Other liabilities from reinsurance activities	82	6		88	83	7		90
TOTAL	**312**	**28**		**340**	**310**	**48**	**1**	**359**

(1) Including deposits received from reinsurers.

NOTE 31 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	268	2		271	292	3		294
TOTAL	**268**	**2**		**271**	**292**	**3**		**294**

NOTE 32 OTHER DEBT

Note 32.1 - Other debt - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Personnel creditors	167	8	175	184	7	191
Social security agencies	125	12	137	117	11	129
Other loans, deposits and guarantees received	3,835	20	3,855	5,984	79	6,063
Miscellaneous creditors	1,163	128	1,292	526	108	635
Other debt	229	57	286	333	46	378
TOTAL	**5,519**	**226**	**5,745**	**7,145**	**251**	**7,395**

The "Other loans, deposits and guarantees received" line item amounted to €3,855 million as at 31 December 2011, compared to €6,063 million as at 31 December 2010, a decrease of €2,208 million. This item declined as at 31 December 2011 and is largely based on the debt from the repurchase of fixed-interest securities totalling €3,772 million at 31 December 2011, compared to €5,879 million at 31 December 2010, *i.e.*, a reduction of €2.106 million, of which €1,613 million for Groupama Gan Vie, €281 million for Gan Eurocourtage and €203 million for Gan Assurance (non-renewal of repurchased securities).

The item "miscellaneous creditors" represented €1,292 million at 31 December 2011, versus €635 million at 31 December 2010, up €657 million. This increase was due largely to cash from consolidated mutual funds held by Groupama Gan Vie totalling €435 million.

Note 32.2 - Other debt - by maturity

(in millions of euros)	31.12.2011				31.12.2010			
	<1 year	From 1 to 5 years	> 5 years	Total	<1 year	From 1 to 5 years	> 5 years	Total
Personnel creditors	161		14	175	177		13	191
Social security agencies	137			137	129			129
Other loans, deposits and guarantees received	3,766	19	71	3,855	5,938	54	71	6,063
Miscellaneous creditors	1,283		9	1,292	625	2	8	635
Other debt	286			286	378			378
TOTAL	**5,632**	**19**	**95**	**5,745**	**7,248**	**56**	**92**	**7,395**

Note 32.3 - Other debt - by currency and by rate

(in millions of euros)	31.12.2011			
	Currencies		Rates	
	Euro zone	Non-euro zone	Fixed rate	Variable rate
Personnel creditors	172	3	175	
Social security agencies	131	6	135	1
Other loans, deposits and guarantees received	3,855		3,821	34
Miscellaneous creditors	1,147	144	1,200	92
Other debt	286		286	
TOTAL	**5,591**	**153**	**5,618**	**127**

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NOTE 33 ANALYSIS OF PREMIUM INCOME

Note 33.1 - Analysis of insurance premium income by major category

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Individual retirement savings	3,183	558	3,741	3,877	647	4,524
Individual protection insurance	438	138	576	441	123	564
Individual health insurance	534	131	665	498	126	624
Other	116		116	119		119
Individual life and health insurance	**4,271**	**826**	**5,097**	**4,935**	**896**	**5,831**
Group retirement savings	242	63	305	285	85	370
Group protection scheme	537	105	642	465	99	564
Group health	434	98	532	412	94	506
Other	226		226	209		209
Group life and health insurance	**1,439**	**266**	**1,705**	**1,371**	**278**	**1,649**
LIFE AND HEALTH INSURANCE	**5,709**	**1,092**	**6,801**	**6,305**	**1,175**	**7,480**
Motor Insurance	928	1,852	2,780	868	1,853	2,721
Other vehicles	70		70	67		67
Home insurance	512	437	949	480	421	901
Retail and professional property and casualty	377	39	416	357	37	394
Construction	152		152	153		153
Private and professional	**2,039**	**2,329**	**4,368**	**1,925**	**2,311**	**4,236**
Fleets	272	101	373	265	114	379
Business and local authorities property	559	405	964	549	410	959
Businesses and local authorities	**831**	**506**	**1,337**	**814**	**524**	**1,338**
Agricultural risks	213	125	338	214	102	316
Climate risks	147		147	117		117
Tractors and agricultural equipment	82		82	78		78
Agricultural business segments	**442**	**125**	**567**	**409**	**102**	**511**
Other business segments	702	139	841	679	136	815
PROPERTY AND CASUALTY INSURANCE	**4,015**	**3,099**	**7,114**	**3,827**	**3,073**	**6,900**
TOTAL INSURANCE	**9,724**	**4,191**	**13,915**	**10,133**	**4,248**	**14,380**

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Note 33.2 - Analysis of premium revenue by business

(in millions of euros)	31.12.2011					31.12.2010				
	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %	Life and health insurance	Property and casualty insurance	Financial and banking activities	Total	Share as %
France	5,709	4,015	271	9,995	70%	6,305	3,827	278	10,411	71%
South-eastern Europe	542	1,596		2,138	15%	587	1,486		2,073	14%
South-western Europe	269	743		1,012	7%	302	778		1,080	7%
Central and Eastern European Countries (CEEC)	204	311		515	4%	203	342		546	4%
United Kingdom	77	448		525	4%	82	467		549	4%
TOTAL	**6,801**	**7,114**	**271**	**14,186**	**100%**	**7,480**	**6,900**	**278**	**14,658**	**100%**

The geographic areas are broken down as follows:

- France;
- South-western Europe: Spain, Portugal and Tunisia;
- South-eastern Europe: Italy, Greece and Turkey;
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary, Romania and Slovakia;
- United Kingdom.

Combined premium revenue in France is declining due to the effect of the drop in life and health insurance, which is related to the economic environment. Property and casualty insurance, however, is up sharply.

The growth in International premium income is led by South-Eastern Europe.

Note 33.3 - Analysis of banking items contributing to premium revenue

(in millions of euros)	31.12.2011			31.12.2010		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	25		25	36		36
Commissions (income)	64	142	205	70	152	222
Gains on financial instruments at fair value through income	28	1	28	16		16
Gains on available-for-sale financial assets	6	1	7	1		1
Income from other activities		5	5		3	3
BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME	**123**	**148**	**271**	**123**	**155**	**278**

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

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NOTE 34 TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 34.1 - Investment income net of investment expenses - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Income from investments	**2,563**	**406**	**2,969**	**2,605**	**417**	**3,022**
Interest on deposits and financial investments income	2,186	373	2,559	1,994	395	2,388
Gains on foreign exchange transactions	30	21	51	34	13	47
Income from differences on redemption prices to be received (premium-discount)	155	5	160	174	5	179
Revenues from property	191	8	199	403	4	407
Other investment proceeds						
Investment expenses	**(530)**	**(57)**	**(588)**	**(674)**	**(54)**	**(729)**
Interest received from reinsurers	(2)	(2)	(4)	(1)	(2)	(3)
Losses on foreign exchange transactions	(15)	(15)	(30)	(97)	(14)	(110)
Amortisation of differences in redemption prices (premium-discount)	(106)	(22)	(128)	(96)	(20)	(116)
Impairment and provisions on real estate	(35)	(2)	(37)	(93)	(2)	(95)
Management expenses	(372)	(17)	(389)	(387)	(18)	(404)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**191**	**50**	**241**	**577**	**64**	**641**
Held for trading	102	5	107	13	9	22
Available-for-sale	(80)	24	(57)	390	36	425
Held to maturity						
Other	170	21	191	175	19	194
Change in fair value of financial instruments recognised at fair value by result	**(418)**	**(10)**	**(427)**	**134**	**(12)**	**122**
Held for trading	(64)	(7)	(71)	48	(9)	39
Derivatives	(190)	1	(189)	(57)	(2)	(59)
Adjustments on unit-linked policies	(164)	(4)	(167)	144	(1)	142
Change in impairment losses on financial instruments	**(3,750)**	**(361)**	**(4,111)**	**(176)**	**(6)**	**(182)**
Available-for-sale	(3,750)	(361)	(4,111)	(177)	(6)	(183)
Held to maturity						
Receivables and loans			(1)	1		1
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**(1,944)**	**28**	**(1,916)**	**2,465**	**408**	**2,873**

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Note 34.2 - Investment income net of investment expenses - by business

Note 34.2.1 - Investment income net of investment expenses by business - France

(in millions of euros)	31.12.2011				31.12.2010			
	P&C	**L&H**	**Holding**	**Total**	**P&C**	**L&H**	**Holding**	**Total**
Income from investments	**258**	**2,301**	**4**	**2,563**	**447**	**2,149**	**8**	**2,605**
Interest on deposits and financial investments income	197	1,985	4	2,186	185	1,803	5	1,994
Gains on foreign exchange transactions	14	16		30	24	7	3	34
Income from differences on redemption prices to be received (premium-discount)	4	151		155	4	170		174
Revenues from property	44	148		192	233	170		403
Other investment proceeds						0		
Investment expenses	**(73)**	**(461)**	**3**	**(530)**	**(199)**	**(488)**	**13**	**(674)**
Interest received from reinsurers	(2)	(1)		(2)	(1)	(1)		(1)
Losses on foreign exchange transactions	(12)	(3)		(15)	(25)	(70)	(2)	(97)
Amortisation of differences in redemption prices (premium-discount)	(9)	(97)		(106)	(9)	(87)		(96)
Impairment and provisions on real estate	(10)	(25)		(35)	(56)	(37)		(93)
Management expenses	(40)	(335)	4	(372)	(108)	(293)	14	(387)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**105**	**85**	**1**	**191**	**112**	**465**		**577**
Held for trading	10	91	1	102	4	9		13
Available-for-sale	77	(158)	1	(80)	28	362		390
Held to maturity								
Other	18	152		170	81	94		175
Change in fair value of financial instruments recognised at fair value by result	**(20)**	**(419)**	**21**	**(418)**	**8**	**157**	**(32)**	**134**
Held for trading	(20)	(66)	21	(64)	8	71	(32)	48
Derivatives		(190)		(190)		(58)		(57)
Adjustments on unit-linked policies		(164)		(164)		144		144
Change in impairment losses on financial instruments	**(512)**	**(3,239)**		**(3,750)**	**(29)**	**(148)**		**(176)**
Available-for-sale	(512)	(3,238)		(3,750)	(29)	(149)		(177)
Held to maturity								
Receivables and loans						1		1
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**(241)**	**(1,733)**	**30**	**(1,944)**	**340**	**2,136**	**(11)**	**2,465**

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Note 34.2.2 - Investment income net of investment expenses by business - International

(in millions of euros)	31.12.2011				31.12.2010			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from investments	**190**	**212**	**4**	**406**	**193**	**219**	**5**	**417**
Interest on deposits and financial investments income	163	206	4	373	176	214	5	395
Gains on foreign exchange transactions	19	1		21	12	1		13
Income from differences on redemption prices to be received (premium-discount)	2	4		5	2	3		5
Revenues from property	6	1		8	2	1		4
Other investment proceeds								
Investment expenses	**(41)**	**(16)**	**(1)**	**(57)**	**(35)**	**(18)**	**(1)**	**(54)**
Interest received from reinsurers	(1)	(1)		(2)		(1)		(2)
Losses on foreign exchange transactions	(14)	(1)		(15)	(12)	(1)		(14)
Amortisation of differences in redemption prices (premium-discount)	(14)	(8)		(22)	(12)	(8)		(20)
Impairment and provisions on real estate	(1)			(2)	(1)			(2)
Management expenses	(10)	(6)	(1)	(17)	(9)	(8)	(1)	(18)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**27**	**23**		**50**	**49**	**15**		**64**
Held for trading	1	5		5	7	3		9
Available-for-sale	13	10		24	27	9		36
Held to maturity								
Other	13	8		21	15	4		19
Change in fair value of financial instruments recognised at fair value by result	**(4)**	**(5)**		**(10)**	**(4)**	**(8)**		**(12)**
Held for trading	(4)	(2)		(7)	(4)	(4)		(9)
Derivatives		1		1		(2)		(2)
Adjustments on unit-linked policies		(4)		(4)		(1)		(1)
Change in impairment losses on financial instruments	**(140)**	**(221)**		**(361)**	**(3)**	**(3)**		**(6)**
Available-for-sale	(140)	(221)		(361)	(3)	(3)		(6)
Held to maturity								
Receivables and loans								
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**31**	**(6)**	**3**	**28**	**200**	**205**	**4**	**408**

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Note 34.3 - Investment income net of management expenses (revenue breakdown by type of asset)

(in millions of euros)	31.12.2011					31.12.2010				
	Revenue and expenses	**Income from sales***	**Change in fair value**	**Change in provisions**	**Total**	**Revenue and expenses**	**Income from sales***	**Change in fair value**	**Change in provisions**	**Total**
Property	199	189			388	407	194			601
Equities	244	(571)	(1)		(328)	203	82	(7)		278
Bonds	2,298	555	4		2,857	2,149	307	(29)		2,427
Equity mutual funds	32	(76)	(6)		(50)	37	13	36		86
Mutual Fund: Cash and cash equivalents (repurchase transactions)		30	2		32		14	3		17
Other cash UCITS		29	3		32		13	3		16
Bond mutual funds	30	34	(74)		(10)	38	8	33		79
Interest on cash deposits	15				15	17				17
Other investment proceeds	151	51	(188)	(4,112)	(4,098)	171	10	(59)	(183)	(61)
Investment proceeds	**2,969**	**241**	**(260)**	**(4,112)**	**(1,162)**	**3,022**	**641**	**(20)**	**(183)**	**3,460**
Internal and external management expenses	(356)				(356)	(358)				(358)
Other investment expenses	(231)				(231)	(371)				(371)
Investment expenses	**(587)**				**(587)**	**(729)**				**(729)**
Investment income, net of expenses	**2,382**	**241**	**(260)**	**(4,112)**	**(1,749)**	**2,293**	**641**	**(20)**	**(183)**	**2,731**
Capital gains on securities representing unit-linked policies			175		175			241		241
Capital losses on securities representing unit-linked policies			(342)		(342)			(99)		(99)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,382**	**241**	**(427)**	**(4,112)**	**(1,916)**	**2,293**	**641**	**122**	**(183)**	**2,873**

* *Net of write-back of impairment and amortisation.*

Investment income net of investment expenses fell by €4,789 million.

This fall was due mainly to the following:

- the reduction in financial revenue by €53 million, including a decline of €208 million on fixed assets and an increase of €149 million on bonds;
- the decrease in fair value of €549 million, of which a decrease of €309 million was posted on assets representing unit-linked policies, €111 million on assets held for trading, and €129 million on derivative instruments;
- the change in impairment totalling -€3,929 million primarily involving Greek sovereign debt and strategic instruments;
- the net reduction in realised capital gains totalling €400 million, including a decrease of €653 million on equities and an increase of €248 million on bonds;
- the reduction of €142 million on management expenses for investments.

Note 34.3.1 - Investment income net of management expenses (revenue breakdown by type of asset) - France

(in millions of euros)	31.12.2011					31.12.2010				
	Revenue and expenses	Income from sales*	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales*	Change in fair value	Change in provisions	Total
Property	192	168			360	403	175			578
Equities	233	(575)			(342)	193	64	(7)		250
Bonds	1,960	534	3		2,497	1,801	285	(22)		2,064
Equity mutual funds	32	(76)	2		(42)	32	10	38		80
Mutual Fund: Cash and cash equivalents (repurchase transactions)		30	2		32		14	3		17
Other cash UCITS		29	3		32		13	3		16
Bond mutual funds	23	32	(74)		(19)	37	4	32		73
Interest on cash deposits	3				3	3				3
Other investment proceeds	120	49	(189)	(3,751)	(3,771)	135	12	(57)	(176)	(86)
Investment proceeds	**2,563**	**191**	**(253)**	**(3,751)**	**(1,250)**	**2,604**	**577**	**(10)**	**(176)**	**2,995**
Internal and external management expenses	(343)				(343)	(343)				(343)
Other investment expenses	(187)				(187)	(331)				(331)
Investment expenses	**(530)**				**(530)**	**(674)**				**(674)**
Investment income, net of expenses	**2,033**	**191**	**(253)**	**(3,751)**	**(1,780)**	**1,930**	**577**	**(10)**	**(176)**	**2,321**
Capital gains on securities representing unit-linked policies			138		138			208		208
Capital losses on securities representing unit-linked policies			(302)		(302)			(64)		(64)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,033**	**191**	**(417)**	**(3,751)**	**(1,944)**	**1,930**	**577**	**134**	**(176)**	**2,465**

* *Net of write-back of impairment and amortisation.*

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Note 34.3.2 - Investment income net of management expenses (revenue breakdown by type of asset) - International

(in millions of euros)	31.12.2011					31.12.2010				
	Revenue and expenses	Income from sales*	Change in fair value	Change in provisions	Total	Revenue and expenses	Income from sales*	Change in fair value	Change in provisions	Total
Property	8	21			29	4	19			23
Equities	11	3	(1)		13	11	18			29
Bonds	338	21			359	348	22	(7)		363
Equity mutual funds			(8)		(8)	4	3	(1)		6
Mutual Fund: Cash and cash equivalents (repurchase transactions)										
Other cash UCITS										
Bond mutual funds	7	3			10		4			4
Interest on cash deposits	12				12	14				14
Other investment proceeds	31	2	2	(361)	(326)	36	(2)	(2)	(6)	26
Investment proceeds	**407**	**50**	**(7)**	**(361)**	**89**	**417**	**64**	**(10)**	**(6)**	**465**
Internal and external management expenses	(13)				(13)	(15)				(15)
Other investment expenses	(45)				(45)	(40)				(40)
Investment expenses	**(58)**				**(58)**	**(55)**				**(55)**
Investment income, net of expenses	**349**	**50**	**(7)**	**(361)**	**31**	**362**	**64**	**(10)**	**(6)**	**410**
Capital gains on securities representing unit-linked policies			37		37			34		34
Capital losses on securities representing unit-linked policies			(40)		(40)			(35)		(35)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**349**	**50**	**(10)**	**(361)**	**28**	**362**	**64**	**(11)**	**(6)**	**409**

* *Net of write-back of impairment and amortisation.*

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NOTE 35 INSURANCE POLICY SERVICING EXPENSES

Note 35.1 - Insurance policy servicing expenses - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(7,693)	(3,249)	(10,940)	(7,100)	(3,211)	(10,311)
Change in technical reserves						
Outstanding claims reserves	(374)	147	(227)	(89)	114	25
Actuarial reserves	499	218	718	(1,248)	93	(1,155)
Unit-linked reserves	97	(5)	92	(7)	(47)	(54)
Profit-sharing	508	(115)	393	(1,427)	(145)	(1,572)
Other technical reserves	151	(5)	146	(30)	39	9
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(6,812)**	**(3,007)**	**(9,818)**	**(9,901)**	**(3,157)**	**(13,058)**

Insurance policy servicing expenses totalled €9,818 million as at 31 December 2011, down from €13,058 million as at 31 December 2010, *i.e.*, a decline of €3,240 million.

This decline primarily resulted from actuarial reserves and profit sharing by the French entities.

Note 35.2 - Insurance policy servicing expenses by business

Note 35.2.1 - Insurance policy servicing expenses by business - France

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(2,636)	(5,057)	(7,694)	(2,682)	(4,418)	(7,100)
Change in technical reserves						
Outstanding claims reserves	85	(458)	(374)	13	(103)	(90)
Actuarial reserves		499	499		(1,248)	(1,248)
Unit-linked reserves		97	97		(7)	(7)
Profit-sharing	(1)	509	508	(8)	(1,419)	(1,426)
Other technical reserves	131	21	151	(46)	17	(30)
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(2,421)**	**(4,391)**	**(6,812)**	**(2,723)**	**(7,178)**	**(9,900)**

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Note 35.2.2 - Insurance policy servicing expenses by business - International

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(2,153)	(1,094)	(3,247)	(2,206)	(1,007)	(3,213)
Change in technical reserves						
Outstanding claims reserves	185	(38)	147	115	(1)	114
Actuarial reserves		218	218		93	93
Unit-linked reserves		(5)	(5)		(47)	(47)
Profit-sharing		(115)	(115)		(143)	(143)
Other technical reserves		(5)	(5)	8	31	39
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(1,968)**	**(1,038)**	**(3,006)**	**(2,083)**	**(1,075)**	**(3,157)**

NOTE 36 OUTWARD REINSURANCE INCOME (EXPENSES)

Note 36.1 - Outward reinsurance income (expenses) - by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	55	28	83	40	19	59
Claims charges	221	56	277	275	25	300
Change in technical reserves	3	(3)	0	(1)	(4)	(6)
Profit sharing	(1)	2	1	(6)	2	(4)
Change in the equalisation reserve	1		1			
Income from outward reinsurance	**279**	**83**	**363**	**307**	**42**	**349**
Outward premiums	(615)	(167)	(781)	(599)	(115)	(715)
Change in unearned premiums		(3)	(3)		(13)	(12)
Expenses on outward reinsurance	**(615)**	**(169)**	**(784)**	**(599)**	**(128)**	**(727)**
INCOME AND EXPENSES NET OF OUTWARD REINSURANCE	**(335)**	**(86)**	**(421)**	**(292)**	**(86)**	**(378)**

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Note 36.2 - Outward reinsurance income (expenses) by business

Note 36.2.1 - Outward reinsurance income (expenses) by business - France

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	**L&H**	**Total**	**P&C**	**L&H**	**Total**
Acquisition and administrative expenses	46	9	55	30	10	40
Claims charges	182	40	221	238	38	275
Change in technical reserves	2	1	3	7	(9)	(1)
Profit sharing		(1)	(1)		(6)	(6)
Change in the equalisation reserve		1	1			
Income from outward reinsurance	**230**	**50**	**279**	**275**	**32**	**307**
Outward premiums	(568)	(47)	(614)	(554)	(46)	(600)
Change in unearned premiums	(1)	1	0	(1)	1	0
Expenses on outward reinsurance	**(569)**	**(46)**	**(615)**	**(555)**	**(45)**	**(599)**
INCOME AND EXPENSES NET OF OUTWARD REINSURANCE	**(340)**	**4**	**(335)**	**(280)**	**(12)**	**(292)**

Note 36.2.2 - Outward reinsurance income (expenses) by business - International

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	**L&H**	**Total**	**P&C**	**L&H**	**Total**
Acquisition and administrative expenses	19	9	28	16	3	19
Claims charges	14	42	56	15	9	25
Change in technical reserves	(1)	(2)	(3)	(2)	(2)	(4)
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**31**	**52**	**83**	**28**	**13**	**42**
Outward premiums	(123)	(44)	(167)	(99)	(16)	(115)
Change in unearned premiums	(3)		(3)	(12)	(1)	(13)
Expenses on outward reinsurance	**(126)**	**(44)**	**(169)**	**(110)**	**(18)**	**(128)**
INCOME AND EXPENSES NET OF OUTWARD REINSURANCE	**(95)**	**9**	**(86)**	**(82)**	**(4)**	**(86)**

NOTE 37 OPERATING EXPENSES

Note 37.1 - Operating expenses by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
External expenses	(697)	(181)	(878)	(725)	(182)	(907)
Taxes	(140)	(15)	(154)	(191)	(17)	(207)
Personnel expenses	(897)	(306)	(1,203)	(878)	(306)	(1,183)
Commissions	(1,172)	(689)	(1,861)	(1,060)	(673)	(1,733)
Amortisation and provisions (net of write-backs)	(139)	(19)	(158)	(132)	(21)	(153)
Other expenses	(76)	(97)	(172)	(63)	(93)	(156)
TOTAL OPERATING EXPENSES BY NATURE	**(3,122)**	**(1,307)**	**(4,428)**	**(3,048)**	**(1,291)**	**(4,339)**
Personnel expenses directly posted to paid services and costs	(3)		(3)	(3)		(3)
Claims management expenses	(270)	(103)	(374)	(255)	(102)	(357)
Acquisition costs	(1,177)	(748)	(1,924)	(1,120)	(736)	(1,856)
Administrative costs	(716)	(255)	(971)	(683)	(271)	(954)
Other underwriting expenses	(467)	(148)	(615)	(470)	(146)	(616)
Investment management expenses	(95)	(8)	(103)	(134)	(8)	(142)
Other non-operating expenses	(168)	(44)	(212)	(164)	(28)	(192)
Banking operating expenses	(225)		(225)	(217)		(217)
TOTAL OPERATING EXPENSES BY FUNCTION	**(3,122)**	**(1,307)**	**(4,428)**	**(3,048)**	**(1,291)**	**(4,339)**

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Note 37.2 - Operating expenses by business

(in millions of euros)	31.12.2011			31.12.2010		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(805)	(73)	(878)	(834)	(73)	(907)
Taxes	(147)	(8)	(154)	(200)	(7)	(207)
Personnel expenses	(1,078)	(125)	(1,203)	(1,062)	(121)	(1,183)
Commissions	(1,861)		(1,861)	(1,733)		(1,733)
Amortisation and provisions (net of write-backs)	(151)	(7)	(158)	(145)	(8)	(153)
Other expenses	(146)	(26)	(172)	(131)	(25)	(156)
TOTAL OPERATING EXPENSES BY NATURE	**(4,189)**	**(239)**	**(4,428)**	**(4,104)**	**(234)**	**(4,339)**
Personnel expenses directly posted to paid services and costs	(3)		(3)	(3)		(3)
Claims management expenses	(374)		(374)	(357)		(357)
Acquisition costs	(1,924)		(1,924)	(1,856)		(1,856)
Administrative costs	(971)		(971)	(954)		(954)
Other underwriting expenses	(615)		(615)	(616)		(616)
Investment management expenses	(103)		(103)	(142)		(142)
Other non-operating expenses	(198)	(14)	(212)	(175)	(17)	(192)
Banking operating expenses		(225)	(225)		(217)	(217)
TOTAL OPERATING EXPENSES BY FUNCTION	**(4,189)**	**(239)**	**(4,428)**	**(4,104)**	**(234)**	**(4,339)**

NOTE 38 POLICY ACQUISITION COSTS

Note 38.1 - Policy acquisition costs by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions	(745)	(569)	(1,313)	(691)	(575)	(1,266)
Change in deferred acquisition costs	(7)	(5)	(13)	(27)	(5)	(33)
Other expenses	(432)	(179)	(611)	(430)	(160)	(590)
TOTAL ACQUISITION COSTS	**(1,184)**	**(753)**	**(1,937)**	**(1,148)**	**(741)**	**(1,889)**

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Note 38.2 - Policy acquisition costs by business

Note 38.2.1 - Policy acquisition costs by business - France

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(481)	(264)	(745)	(440)	(251)	(691)
Change in deferred acquisition costs	14	(22)	(7)	(3)	(24)	(27)
Other expenses	(178)	(253)	(432)	(177)	(252)	(430)
TOTAL ACQUISITION COSTS	**(645)**	**(539)**	**(1,184)**	**(620)**	**(528)**	**(1,148)**

Note 38.2.2 - Policy acquisition costs by business - International

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(471)	(98)	(569)	(475)	(100)	(575)
Change in deferred acquisition costs	(3)	(2)	(5)	(7)	2	(5)
Other expenses	(142)	(37)	(179)	(124)	(37)	(160)
TOTAL ACQUISITION COSTS	**(616)**	**(137)**	**(753)**	**(606)**	**(135)**	**(741)**

NOTE 39 ADMINISTRATIVE COSTS

Note 39.1 - Administrative costs by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions	(355)	(67)	(422)	(347)	(61)	(408)
Other expenses	(361)	(189)	(549)	(336)	(210)	(546)
TOTAL ADMINISTRATIVE COSTS	**(716)**	**(255)**	**(971)**	**(683)**	**(271)**	**(954)**

Note 39.2 - Administrative costs by business

Note 39.2.1 - Administrative costs by business - France

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(228)	(127)	(355)	(209)	(138)	(347)
Other expenses	(136)	(225)	(361)	(117)	(218)	(336)
TOTAL ADMINISTRATIVE COSTS	**(364)**	**(351)**	**(716)**	**(327)**	**(357)**	**(683)**

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Note 39.2.2 - Administrative costs by business - International

(in millions of euros)	31.12.2011			31.12.2010		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(53)	(14)	(67)	(48)	(13)	(61)
Other expenses	(131)	(57)	(189)	(148)	(62)	(210)
TOTAL ADMINISTRATIVE COSTS	**(184)**	**(71)**	**(255)**	**(196)**	**(75)**	**(271)**

NOTE 40 OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

Note 40.1 - Other income and expenses from current operations by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(109)	(14)	(123)	(123)	(14)	(137)
Employee profit-sharing, Life	(1)		(1)	(1)	0	(1)
Other operating income, Life	24	11	36	17	11	29
Transfer of operating expenses and capitalised production, Life	21		21	18		18
Total income and expenses from current operations, Life	**(63)**	**(3)**	**(66)**	**(88)**	**(3)**	**(91)**
Non-life commissions and other operating expenses	(291)	(132)	(423)	(297)	(128)	(425)
Employee profit-sharing, Non-life	(1)	(1)	(2)	(5)	(1)	(6)
Other non-life operating income	121	72	193	114	75	189
Transfer of Non-life operating expenses and capitalised production	28		28	15		15
Total income and expenses from current operations, Non-life	**(143)**	**(61)**	**(204)**	**(172)**	**(54)**	**(226)**
Other non-operating expenses	(191)	(43)	(234)	(189)	(28)	(218)
Other non-operating income	28	27	54	22	33	56
Total income and expenses from current operations, Non-technical	**(163)**	**(16)**	**(180)**	**(167)**	**5**	**(162)**
Total income and expenses from current operations, banking						
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(370)**	**(80)**	**(450)**	**(428)**	**(52)**	**(480)**

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Note 40.2 - Other income and expenses from current operations

Note 40.2.1 - Other income and expenses from current operations by business - France

(in millions of euros)	31.12.2011					31.12.2010				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Commissions and other operating expenses, Life		(109)			(109)		(125)			(125)
Employee profit-sharing, Life		(1)			(1)		(1)			(1)
Other operating income, Life		24			24		17			17
Transfer of operating expenses and capitalised production, Life		21			21		18			18
Total income and expenses from current operations, Life		**(63)**			**(63)**		**(91)**			**(91)**
Non-life commissions and other operating expenses	(267)	(24)			(291)	(247)	(50)			(297)
Employee profit-sharing, Non-life			(1)		(1)	(4)		(1)		(5)
Other non-life operating income	102	19			121	93	21			114
Transfer of Non-life operating expenses and capitalised production	28				28	15				15
Total income and expenses from current operations, Non-life	**(137)**	**(5)**	**(1)**		**(143)**	**(142)**	**(29)**	**(1)**		**(172)**
Other non-operating expenses	(11)	(3)		(177)	(191)	(18)	(14)		(158)	(189)
Other non-operating income	6	15	7		28	5	9	9		22
Total income and expenses from current operations, Non-technical	**(5)**	**12**	**7**	**(177)**	**(163)**	**(14)**	**(4)**	**9**	**(158)**	**(167)**
Total income and expenses from current operations, banking										
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(143)**	**(56)**	**6**	**(177)**	**(370)**	**(156)**	**(124)**	**8**	**(158)**	**(429)**

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Note 40.2.2 - Other income and expenses from current operations by business - International

(in millions of euros)	31.12.2011					31.12.2010				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Commissions and other operating expenses, Life		(15)			(15)		(14)			(14)
Employee profit-sharing, Life										
Other operating income, Life		11			11		11			11
Transfer of operating expenses and capitalised production, Life										
Total income and expenses from current operations, Life		**(3)**			**(3)**		**(3)**			**(3)**
Non-life commissions and other operating expenses	(121)	(6)		(5)	(132)	(116)	(6)		(7)	(128)
Employee profit-sharing, Non-life	(1)				(1)	(1)				(1)
Other non-life operating income	68			4	72	68			6	75
Transfer of Non-life operating expenses and capitalised production										
Total income and expenses from current operations, Non-life	**(54)**	**(6)**		**(1)**	**(61)**	**(49)**	**(5)**		**(1)**	**(54)**
Other non-operating expenses	(30)	(10)		(3)	(43)	(23)	(1)		(4)	(28)
Other non-operating income	21	6			27	31	2			33
Total income and expenses from current operations, Non-technical	**(9)**	**(4)**		**(3)**	**(16)**	**8**	**1**		**(4)**	**5**
Total income and expenses from current operations, banking										
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(63)**	**(13)**		**(4)**	**(80)**	**(41)**	**(7)**		**(5)**	**(52)**

NOTE 41 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

Note 41.1 - Other income and expenses from non-current operations by operating segment

(in millions of euros)	31.12.2011			31.12.2010		
	France	International	Total	France	International	Total
Income from non-current operations	36	11	47	84	13	97
Expenses from non-current operations	(68)	(82)	(150)	(52)	(105)	(157)
Allocation to the provision for goodwill	(6)	(90)	(96)		(79)	(79)
Other	150		150			
TOTAL OTHER OPERATING INCOME AND EXPENSES	**112**	**(160)**	**(49)**	**32**	**(171)**	**(139)**

The balance of other net income and expenses from non-current operations amounted to a loss of €49 million as at 31 December 2011 compared with a loss of -€139 million at 31 December 2010.

The main items comprising this total include:

- amortisation of securities in portfolio totalling -€43 million as at 31 December 2011, compared with -€46 million at 31 December 2010;
- restructuring expenses incurred during the 2011 fiscal year totalled -€24 million, compared with -€10 million as at 31 December 2010;
- the posting of badwill on Silic represented proceeds of €150 million as at 31 December 2011;
- impairment of goodwill posted at 31 December 2011 on Groupama Asigurari, totalling -€51 million;
- impairment of goodwill posted at 31 December 2011 on Groupama Phoenix, totalling -€39 million;
- impairment of goodwill posted at 31 December 2011 on Cegid, totalling -€7 million.

We note that as at 31 December 2010, the balance of other non-current operating proceeds and expenses contributed to the decline following the adjustment in retirement, for which Groupama Gan Vie posted extraordinary revenue of €35 million, corresponding to amortisation of the cancellation penalty.

Note 41.2 - Other income and expenses from non-current operations by business

Note 41.2.1 - Other income and expenses from non-current operations by business - France

(in millions of euros)	31.12.2011				31.12.2010			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from non-current operations	25	11		36	32	50	3	84
Expenses from non-current operations	(50)	(16)	(1)	(68)	(34)	(16)	(3)	(52)
Allocation to the provision for goodwill		(6)		(6)				
Other	113	37		150				
TOTAL OTHER OPERATING INCOME AND EXPENSES	**87**	**26**	**(1)**	**112**	**(2)**	**34**		**32**

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Note 41.2.2 - Other income and expenses from non-current operations by business - International

(in millions of euros)	31.12.2011				31.12.2010			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from non-current operations	11	1		11	12			13
Expenses from non-current operations	(70)	(11)		(82)	(99)	(5)	(1)	(105)
Allocation to the provision for goodwill			(90)	(90)			(79)	(79)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(60)**	**(10)**	**(90)**	**(160)**	**(87)**	**(5)**	**(79)**	**(171)**

NOTE 42 FINANCING EXPENSES

(in millions of euros)	31.12.2011	31.12.2010
Interest expenses on loans and debt	(89)	(130)
Interest income and expenses – Other		
TOTAL FINANCING CHARGES	**(89)**	**(130)**

Financing expenses as at 31 December 2011 totalled €89 million, compared to €130 million at 31 December 2010.

The decrease in financing expenses was due to the change in the consolidation method of Silic following the loss of a controlling interest in that company.

Note 42.1 - Financing expenses by business

(in millions of euros)	31.12.2011					31.12.2010				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Interest expenses on loans and debt	(1)	(1)		(87)	(89)	(33)	(9)		(88)	(130)
Interest income and expenses – Other										
TOTAL FINANCING CHARGES	**(1)**	**(1)**		**(87)**	**(89)**	**(33)**	**(9)**		**(88)**	**(130)**

Borrowing expenses totalled €89 million, compared to €130 million at 31 December 2010. The decline of €41 million is due largely to the change in the consolidation method of Silic, following the loss of a controlling interest in that company.

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NOTE 43 BREAKDOWN OF TAX EXPENSES

Note 43.1 - Breakdown of tax expenses by operating segment

(in millions of euros)	31.12.2011			31.12.2010
	France	**International**	**Total**	**Total**
Current taxes	(82)	(1)	(83)	(209)
Deferred taxes	48	(4)	44	406
TOTAL TAX EXPENSE	**(34)**	**(5)**	**(39)**	**197**

The Group underwent a tax audit in 2010. Reserves were set aside in 2010 for all accepted assessments. By contrast, assessments relating largely to the level of technical reserves for property and casualty, which was deemed excessive by the tax authorities, as well as the risk of dependence, were not subject to reserves. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

Note 43.2 - Breakdown of tax expenses by business

Note 43.2.1 - Breakdown of tax expenses by business - France

(in millions of euros)	31.12.2011					31.12.2010				
	P&C	**L&H**	**Banking**	**Holding**	**Total**	**P&C**	**L&H**	**Banking**	**Holding**	**Total**
Current taxes	(139)	(105)	(12)	174	(82)	(107)	(171)	(16)	125	(169)
Deferred taxes	71	(24)	5	(3)	49	131	328	3	(39)	424
TOTAL TAX EXPENSE	**(68)**	**(129)**	**(7)**	**170**	**(33)**	**25**	**157**	**(13)**	**86**	**255**

Note 43.2.2 - Breakdown of tax expenses by business - International

(in millions of euros)	31.12.2011					31.12.2010				
	P&C	**L&H**	**Banking**	**Holding**	**Total**	**P&C**	**L&H**	**Banking**	**Holding**	**Total**
Current taxes		(2)			(1)	(28)	(13)		1	(40)
Deferred taxes	(13)	9			(4)	(11)	(6)			(17)
TOTAL TAX EXPENSE	**(13)**	**8**			**(5)**	**(39)**	**(19)**		**1**	**(58)**

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Note 43.3 - Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2011	31.12.2010
THEORETICAL TAX EXPENSE	**610**	**(78)**
Impact of expenses or income defined as non-deductible or non-taxable	84	352
Impact of differences in tax rate	(725)	(84)
Tax credit and various charges	1	2
Charges of prior deficits		(13)
Losses for the year not activated		
Deferred tax assets not accounted for	(9)	18
Other differences		
EFFECTIVE TAX EXPENSE	**(39)**	**197**

Income tax corresponded to a total deferred tax expense plus corporate tax of -€39 million at 31 December 2011, versus a positive €197 million at 31 December 2010.

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2011		31.12.2010	
	Operating profit before taxes	Theoretical tax expense	Operating profit before taxes	Theoretical tax expense
France	(1,555)	34.43%	165	34.43%
Bulgaria		10.00%	(39)	10.00%
China	(3)	25.00%		
Spain	31	30.00%	60	30.00%
Greece	(128)	20.00%	8	24.00%
Hungary	3	19.00%	12	19.00%
Italy	(97)	34.32%	72	32.32%
Portugal	(5)	26.50%	1	26.50%
Romania	(49)	16.00%	(7)	16.00%
United Kingdom	45	26.50%	21	28.00%
Slovakia	(4)	19.00%	(44)	10.00%
Tunisia	1	30.00%	5	30.00%
Turkey	(12)	20.00%	(26)	20.00%
TOTAL	**(1,773)**		**228**	

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

- Greece rate of 20% at 31 December 2011, versus 24% at 31 December 2010;
- United Kingdom rate of 26.5% at 31 December 2011, versus 28% at 31 December 2010;
- Italy: rate of 34.32% at 31 December 2011, versus 32.32% at 31 December 2010;
- Slovakia rate of 19% at 31 December 2011, versus 10% at 31 December.

Further, the rate applied in China was 25%.

NOTE 44 RELATED PARTIES

This note is included in the reference document under paragraph 3.7.

NOTE 45 EMPLOYEES OF CONSOLIDATED COMPANIES

This note is included in the reference document under paragraph 1.5.

NOTE 46 COMMITMENTS RECEIVED AND GIVEN

Note 46.1 - Commitments received and given - banking activity

(in millions of euros)	31.12.2011	31.12.2010
Financing commitments received		
Guarantee commitments received	314	167
Securities commitments receivable		
Total commitments received on banking activity	**314**	**167**
Commitments received on currency transactions	6	23
Other commitments received	5	14
Total other commitments received on banking activity	**11**	**36**
Financing commitments given	243	310
Guarantee commitments given	93	93
Commitments on securities to be delivered		
Total commitments given on banking activity	**337**	**403**
Commitments given on currency transactions	6	23
Commitments given on financial instrument transactions	-2	
Total other commitments given on banking activity	**5**	**23**
Other commitments given	544	
Total other commitments given	**544**	**23**

Off-balance sheet commitments received on banking business amounted to €167 million. For spot foreign exchange transactions, the position at 31 December 2011 was as follows:

- foreign currencies purchased for euros not yet received €6 million;
- foreign currencies sold for euros not yet delivered €6 million.

Commitments given totalled €337 million and specifically concerned client commitments. Further, new commitments were given for €544 million, representing securities pledged in the context of the refinancing of the group's bank through the ECB.

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Note 46.2 - Commitments given and received - insurance and reinsurance activities

(in millions of euros)	31.12.2011	31.12.2010
Endorsements, securities and guarantees received	519	566
Other commitments received	427	1,413
Total commitments received, excluding reinsurance	**946**	**1,979**
Reinsurance commitments received	**400**	**395**
Endorsements, securities and guarantees given	119	427
Other commitments relating to stock, assets or revenue	454	477
Other commitments given	23	105
Total commitments given, excluding reinsurance	**596**	**1,009**
Reinsurance commitments given	**2,016**	**1,810**
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

Endorsements, securities and guarantees received amounted to €519 million and primarily comprise commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€261 million).

Other commitments received excluding reinsurance largely comprise the following items:

- commitments in conjunction with company acquisitions and sales of €200 million:
  - a guarantee received from CGU France on Gan's 2002 acquisition of CGU Courtage of €150 million,
  - liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena;
- the credit facility subscribed for one billion through a consortium of banks, from which Groupama SA drew €800 million.

Endorsements, surety bonds and guarantees given totalled €119 million, consisting largely of guarantees given as part of the disposal of Minster Insurance Company Limited (MICL) by Groupama UK, valued at €57 million. This company was sold during fiscal year 2006.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist exclusively of subscriptions to venture capital funds ("FCPR"). The balance of €454 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given totalled €23 million and consisted primarily of commitments on credit leasing agreements by the Gan Assurances subsidiary.

Unvalued commitments

Trigger clauses

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

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

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 has not used this option 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 47 RISK FACTORS AND SENSITIVITY ANALYSES

This note is included in the reference document under Paragraph 4.2.

NOTE 48 LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

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

Inclusion in the scope of consolidation

Three Organismes de Placement Collectifs Immobiliers (OPCI) [Real estate mutual funds] were included in the scope of consolidation as at 31 December 2011.

Five mutual funds (Thessalonique 1 to 5) were established to service the Greek sovereign debt held by the Group. These mutual funds were consolidated directly among the bearers for the share corresponding to each.

Severing of consolidation scheme – Individualised entity

Click Seguros, a Spanish subsidiary of Groupama Seguros, the data for which were included in the Groupama Seguros consolidation scheme, is now consolidated directly using a different consolidation scheme.

Groupama SA's insurance activity in China was organised as a subsidiary in the context of the agreement with the AVIC (Aviation Industry Corporation of China) group. This joint venture is expected to allow the two partners to develop within the area of non-life insurance in the People's Republic of China. The new entity is named Groupama Insurances China.

Mergers

Gan Eurocourtage and Groupama Transport merged in 2011, effective retroactively to 1 January 2011.

The company Vieille Voie de Paray was taken over by Groupama Gan VIE on 3 January under the universal transfer of assets (TUP) scheme.

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

In the United Kingdom, the brokerage activities of Choice Quote were split off and combined with the other brokerage companies as part of a plan to rationalise the businesses.

The entities Groupama Système d'Information and Groupama Logistique merged on 1 July 2011. The new entity took the name Groupama Supports et Services. The merger is retroactive to 1 January.

The entities Silic and Sepac changed consolidation method and converted from full consolidation to the equity method following a loss of control interest.

			31.12.2011			31.12.2010		
	Sector	Country	% control	% interest	Method	% control	% interest	Method
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent co.	100.00	100.00	Parent co.
GIE GROUPAMA Supports et Services	GIE	France	99.98	99.98	FC	88.44	88.42	FC
GIE LOGISTIQUE	GIE	France			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	100.00	100.00	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
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

FC: Full consolidation.
EM: Equity method.

	Sector	Country	31.12.2011 % control	31.12.2011 % interest	31.12.2011 Method	31.12.2010 % control	31.12.2010 % interest	31.12.2010 Method
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 SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES China	Insurance	China	50.00	50.00	EM			
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
CLICK SEGUROS	Insurance	Spain	100.00	100.00	FC			
GUK BROKING SERVICES	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
LARK	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GREYSTONE	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
HALVOR	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GRIFFITHS GOODS	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
CHOICE QUOTE	Brokerage	UK				100.00	100.00	FC
GROSVENOR COURT SERVICES	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSICURAZIONI (ex Nuova Tirrena)	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
OTP GARANCIA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. Mgmnt	France	99.98	99.35	FC	99.98	99.35	FC
GROUPAMA FUND PICKERS	Portf. Mgmnt	France				100.00	99.38	FC
GROUPAMA PRIVATE EQUITY	Portf. Mgmnt	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	Portf. Mgmnt	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	35.78	35.78	EM	42.36	42.36	FC
SEPAC	Real estate	France	35.78	35.78	EM	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

FC: Full consolidation.
EM: Equity method.

CONTENTS

			31.12.2011			31.12.2010		
	Sector	Country	% control	% interest	Method	% control	% interest	Method
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
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
14 MADELEINE (SASU)	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
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
OPCI OFI GB1	Mutual funds	France	100.00	100.00	FC			
OPCI OFI GB2	Mutual funds	France	100.00	95.32	FC			
OPCI OFI GR1	Mutual funds	France	100.00	100.00	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
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
SCI TOUR GAN	Real estate	France	100.00	98.88	FC	100.00	98.88	FC
16 MESSINE	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
9 MALESHERBES	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
44 THEATRE	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	35.78	35.78	EM	100.00	42.36	EM
5/7 PERCIER (SASU)	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
33 MONTAIGNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LES FRERES LUMIERE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
150 RENNES (SCI)	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
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
99 MALESHERBES (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
CHAMALIERES EUROPE (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
PARIS FALGUIERE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full consolidation.
EM: Equity method.

CONTENTS

			31.12.2011			31.12.2010		
	Sector	Country	% control	% interest	Method	% control	% interest	Method
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	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
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
6 MESSINE (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
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
19 GENERAL MANGIN (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
9 REINE BLANCHE (SCI)	Real estate	France				100.00	100.00	FC
CELESTE (SAS)	Real estate	France				100.00	100.00	FC
VILLA DES PINS (SCI)	Real estate	France				100.00	100.00	FC
FRANCE-GAN I D	Mutual funds	France	45.29	45.29	EM	41.69	29.15	EM
GROUPAMA ALTERNATIF MULTI NEWCITS C	Mutual funds	France	79.21	79.21	FC	79.17	79.17	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	Mutual funds	France	82.20	82.20	FC	81.67	81.67	FC
GROUPAMA TRESORERIE I C	Mutual funds	France	37.51	37.51	EM	27.24	27.24	EM
GROUPAMA ETAT EURO CT I D	Mutual funds	France				89.06	89.06	FC
GROUPAMA CREDIT EURO LT I C	Mutual funds	France	68.64	68.64	FC	53.15	53.15	FC
ASTORG CTT C	Mutual funds	France	98.11	98.11	FC	100.00	100.00	FC
GROUPAMA AAEXA D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	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	99.62	99.62	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual funds	France	99.62	99.62	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	99.89	99.89	FC	83.33	83.33	FC
WASHINGTON INTER NOURRI 1 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 INTER NOURRI 2 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
GROUPAMA INDEX INFLATION EURO I D	Mutual funds	France	100.00	100.00	FC	100.00	97.21	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
ASTORG ACTIONS EURO I C	Mutual funds	France				98.88	98.88	FC

FC: Full consolidation.
EM: Equity method.

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	Sector	Country	31.12.2011 % control	31.12.2011 % interest	31.12.2011 Method	31.12.2010 % control	31.12.2010 % interest	31.12.2010 Method
GROUPAMA CONVERTIBLES I D	Mutual funds	France	85.27	85.27	FC	84.88	82.81	FC
GROUPAMA CREDIT EURO I C	Mutual funds	France	56.54	56.54	FC	49.29	49.29	EM
GROUPAMA CREDIT EURO I D	Mutual funds	France	57.25	57.25	FC	55.56	55.56	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 INTER NOURRI 3 FCP	Mutual funds	France	100.00	100.00	FC	100.00	100.00	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
GROUPAMA ACTIONS INTERNATIONALES I C	Mutual funds	France				99.71	99.71	FC
GROUPAMA OBLIGATION MONDE I C	Mutual funds	France	67.70	67.70	FC	66.42	64.37	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 TAUX VARIABLE D	Mutual funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EONIA I C	Mutual funds	France	21.91	21.91	EM	30.79	30.36	EM
GROUPAMA FP DETTE EMERGENTE	Mutual funds	France	89.35	89.35	FC	89.32	89.32	FC
ASTORG PENSION C	Mutual funds	France	98.24	98.24	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual funds	France	94.87	94.87	FC	85.11	82.91	FC
ASTORG CASH G D	Mutual funds	France	97.93	97.93	FC	96.60	96.05	FC
GROUPAMA CREDIT EURO G D	Mutual funds	France	44.37	44.37	EM	43.56	43.56	EM
GROUPAMA CREDIT EURO LT G D	Mutual funds	France	99.53	99.53	FC	99.53	99.53	FC
GROUPAMA US STOCK I C	Mutual funds	France				59.38	59.38	FC
GROUPAMA MONETAIRE ETAT G C	Mutual funds	France	100.00	100.00	FC			
ASTORG THESSALONIQUE 1 D	Mutual funds	France	85.42	85.42	FC			
ASTORG THESSALONIQUE 2 D	Mutual funds	France	99.38	99.38	FC			
ASTORG THESSALONIQUE 3 D	Mutual funds	France	99.86	99.86	FC			
ASTORG THESSALONIQUE 4 D	Mutual funds	France	99.60	99.60	FC			
ASTORG THESSALONIQUE 5 D	Mutual funds	France	99.98	99.98	FC			
ASTORG DIVERSIFIE 6 C	Mutual funds	France	99.99	99.99	FC			

FC: Full consolidation.
EM: Equity method.

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

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6.2 STATUTORY AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors’ report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors’ assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2011

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri Régnault
92400 Courbevoie

GROUPAMA SA

8-10 rue d’Astorg

75008 PARIS

To the shareholders,

In compliance with the assignment entrusted to us by your Shareholders’ Meeting, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the consolidated financial statements of Groupama SA, as attached to this report;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on those consolidated financial statements based on our audit.

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 “Significant and post-balance sheet events” to the consolidated financial statements which describes measures taken by Groupama to strengthen solvency as a consequence of the effects of the financial crisis and the impact of these measures on the Group’s situation with regard to the assumption of going concern.

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II – JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment resulting from the financial crisis in eurozone countries, in particular in Greece, accompanied by a liquidity and economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- as part of our assessment of the accounting principles applied by the Company, and more specifically the going concern principle, we have verified that the available information reasonably reflects the assumptions applied by management, and ensured that the consolidated financial statements contained appropriate disclosures;
- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's consolidated financial statements are estimated on statistical and actuarial bases, in particular technical reserves, deferred acquisition costs and the related amortisation methods, and deferred profit-sharing assets. The methods used to determine these items are described in Sections 3.11.2 to 3.11.4 of Note 3, as well as in Note 14 to the consolidated financial statements. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole;
- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in Section 3.1.1 of Note 3, "Accounting principles and valuation methods used" and in Note 2 to the consolidated financial statements. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the consolidated financial statements contained appropriate disclosures;
- financial assets and derivative instruments are recognised and valued in accordance with the methods described in Sections 3.2.1 and 3.3 of Note 3, "Accounting principles and valuation methods used" and in Notes 6 and 8 to the consolidated financial statements. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available for sale assets, and verified their proper application. We examined the analyses performed by the Company of any risks attached to sovereign debt, and in particular Greek debt, and the assumptions applied in their valuation, and we ensured that the notes to the consolidated financial statements contained appropriate disclosures.

The assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATION

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 22 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

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6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

ASSET

(in million of euros)	Notes	31.12.2011 Net amount	31.12.2010 Net amount
Intangible assets	**Note 4**	**21,605**	**25,401**
Investments		**10,662,807**	**10,015,661**
Land and buildings	Note 5.1	792,910	642,442
Investments in related companies and companies with equity-linked interest	Note 5.2	9,109,265	8,459,552
Other investments	Note 5.3	760,632	913,667
Share of outward reinsurers and retrocessionaires in technical reserves	**Note 6**	**604,753**	**642,580**
Reserves for unearned contributions		7,401	5,419
Reserves for claims (Non-life)		468,925	509,799
Reserves for profit sharing and rebates (Non-life)		466	326
Equalisation reserve		2,933	2,943
Other technical reserves (Non-life)		125,028	124,093
Receivables	**Note 7**	**593,592**	**605,287**
Receivables relating to direct insurance operations		14,272	31,466
Receivables relating to reinsurance transactions		376,633	301,857
Other receivables		202,687	271,964
Other assets		**319,791**	**184,860**
Tangible operating assets		15,668	8,719
Cash and equivalents		304,123	176,141
Accruals – Assets	**Note 8**	**17,647**	**14,331**
Unrealised foreign exchange adjustments		**13,683**	**15,941**
TOTAL ASSETS		**12,233,878**	**11,504,061**

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LIABILITY

(in million of euros)	Notes	31.12.2011 Net amount	31.12.2010 Net amount
Shareholders' equity	**Note 9**	**3,370,844**	**3,210,962**
Share capital		1,686,569	1,186,513
Additional paid-in capital		103,482	103,482
Other reserves		174,861	174,130
Retained earnings		1,641,630	1,599,571
Net profit (loss) for the year		(235,698)	147,266
Subordinated debt	**Note 10**	**2,245,445**	**2,245,445**
Gross technical reserves	**Note 11**	**3,393,844**	**3,461,281**
Reserves for unearned contributions		175,215	167,536
Reserves for claims (Non-life)		2,896,719	2,883,119
Reserves for profit sharing and rebates (Non-life)		490	374
Equalisation reserve		12,857	17,710
Other technical reserves (Non-life)		308,563	392,542
Contingent liabilities	**Note 12**	**103,232**	**99,056**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**85,354**	**87,715**
Other liabilities	**Note 13**	**3,028,438**	**2,395,824**
Debts arising from direct insurance operations		10,035	10,389
Debts relating to reinsurance transactions		134,024	150,178
Bonds (including convertible bonds)		397,345	396,772
Debt to credit institutions		1,028,739	495,269
Other debt		1,458,295	1,343,216
Accruals – Liabilities	**Note 14**	**6,721**	**3,778**
Unrealised foreign exchange adjustments		**0**	**0**
TOTAL LIABILITIES		**12,233,878**	**11,504,061**

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6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Net transactions 2011	Net transactions 2010
Earned premiums	**2,179,799**	**512,860**	**1,666,939**	**1,610,487**
Premiums	2,191,204	514,842	1,676,362	1,616,723
Change in unearned premiums	(11,405)	(1,982)	(9,423)	(6,236)
Income from allocated investments	**(85,411)**		**(85,411)**	**142,369**
Other underwriting income	**201**		**201**	**152**
Claims charges	**(1,409,018)**	**(207,165)**	**(1,201,853)**	**(1,238,520)**
Benefits and expenses paid	(1,393,671)	(248,038)	(1,145,633)	(1,175,928)
Charges from provisions for claims	(15,347)	40,873	(56,220)	(62,592)
Charges from other technical reserves	**84,170**	**(1,074)**	**85,244**	**(16,141)**
Profit sharing	**(72)**		**(72)**	**(217)**
Acquisition and administrative expenses	**(472,396)**	**(39,271)**	**(433,125)**	**(432,967)**
Acquisition costs	(269,616)		(269,616)	(264,984)
Administrative costs	(202,780)		(202,780)	(194,718)
Commissions received from reinsurers		(39,271)	39,271	26,735
Other underwriting expenses	**(211,345)**		**(211,345)**	**(200,787)**
Change in the equalisation reserve	**4,853**	**10**	**4,843**	**19,493**
Operating profit from Non-life insurance	**90,781**	**265,360**	**(174,579)**	**(116,131)**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	2011 Net transactions	2010 Net transactions
Operating profit from Non-life insurance		**(174,579)**	**(116,131)**
Investment proceeds	**Note 18**	**957,964**	**738,319**
Income from investments		464,185	623,426
Other investment proceeds		70,722	72,811
Profits on the sale of investments		423,057	42,082
Investment expenses	**Note 18**	**(1,147,100)**	**(462,611)**
Internal and external investment management costs		(204,217)	(210,633)
Other investment expenses		(671,589)	(225,325)
Losses on the sale of investments		(271,294)	(26,653)
Transferred investment proceeds		**85,411**	**(142,369)**
Other non-technical income and expenses	**Note 19**	**(8,954)**	**(257)**
Extraordinary income	**Note 20**	**(20,990)**	**(17,105)**
Income tax	**Note 21**	**72,550**	**147,420**
NET PROFIT		**(235,698)**	**147,266**

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6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2007	2008	2009	2010	2011
I. Financial position at year end					
a) Share capital	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186	1,686,569,399
b) Number of existing shares	231,514,768	231,514,768	231,514,768	231,514,768	329,086,712
c) Number of bonds convertible into shares					
II. Transactions and results for the fiscal year					
a) Net profit for the year	1,897,911,117	1,979,571,342	2,001,650,526	2,100,713,950	2,179,799,113
b) Income before tax, amortisation and provisions	109,231,365	316,345,925	-97,809,332	169,750,226	317,397,258
c) Corporate income tax	(45,861,849)	(76,940,609)	(215,363,627)	(147,419,879)	(72,549,553)
d) Employee profit-sharing owed for the fiscal year					
e) Income after tax, profit-sharing amortisation and provisions	379,012,201	445,591,544	148,366,525	147,266,208	-235,698,495
f) Distributed income	155,114,895	53,248,396	104,181,645	104,181,646	
III. Income per share					
a) Income after tax and employee profit sharing but before amortisation and reserves	0.67	1.70	0.51	1.37	1.18
b) Income after tax and employee profit sharing, amortisation and reserves	1.64	1.92	0.64	0.64	(0.72)
c) Dividend allotted for each share	0.67	0.23	0.45	0.45	
IV. Personnel					
a) Number of employees	1,550	1,584	1,677	1,669	1,722
b) Amount of payroll costs	100,105,039	101,483,682	115,851,594	130,006,779	128,997,568
c) Amounts paid in employee benefits	44,866,170	49,146,040	54,633,252	62,660,557	67,939,456

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the de facto group but before billing to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Summary of the Notes

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1 SIGNIFICANT EVENTS OF THE YEAR

(a) Consequences of the financial crisis

In an environment marked by the debt crisis in the euro zone and a sharp decline in the financial markets, the Group share of 2011 net corporate income was affected by a number of non-recurring factors, specifically the reserves for ongoing impairment on certain holdings, both intra-group (Greece and Romania) and outside the group (strategic securities).

The solo solvency margin of Groupama SA showed coverage of 19.7 times the individual regulatory margin requirement. As mentioned below, Groupama SA has, however, mobilised resources to support the activity of certain subsidiaries that were themselves affected by the consequences of the crisis. This led Groupama SA to undertake a reassessment of a portion of its real estate assets and to implement changes in estimates on discretionary or prudential reserves, as well as certain actuarial assumptions related to certain liabilities.

(b) Organisation of the Group

Creation of a joint venture with Aviation Industry Corporation of China

Following the agreement signed 18 December 2010 with the AVIC group, the joint venture entered the scope of consolidation on 28 February 2011, with Groupama SA on that date holding 100% of the structure. An increase in the share capital reserved for AVIC occurred in November. Following this deal, which will be effective after completing the necessary recognition procedures, AVIC will hold 50% of the company. This new structure will be active in commercial insurance, individual insurance and agricultural insurance. Subject to the necessary authorisations, the joint venture will initially focus on development in six Chinese provinces before expanding across the country.

Appointment of new independent directors

On 25 May 2011, the Groupama SA General Meeting nominated Marie-Ange Debon and Caroline Grégoire Sainte-Marie as new directors. The Groupama SA Board of Directors now has 18 members, including eleven chairmen of regional mutuals and five independent directors.

Change in Groupama SA senior management

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

The new management team's priority is to take measures aimed at strengthening the Group's solvency while continuing to improve its operational profitability.

(c) Other factors

Storm coverage

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

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

Financial rating

The Standard & Poor's rating agency lowered the Groupama SA rating to BBB+ on 16 May 2011, then to BBB on 23 September and BBB- on 15 December 2011 (with negative outlook). Standard & Poor's believes that "Groupama's adequacy of shareholders' equity and regulatory solvency are low, while the financial markets continue to perform poorly, even though Groupama has announced key strategic measures".

Furthermore, in 2012 the Group will continue with measures to permanently strengthen its solvency margin and adapt its scope of consolidation under appropriate timeframes and conditions.

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

The Groupama SA Board of Directors, meeting on 30 December 2011, accepted the firm offer received from Caisse des Dépôts and Icade on 22 December for a merger between Icade and Silic as part of an exchange of stock. This deal will create the largest real estate firm specialising in tertiary parking facilities and offices in France, with assets of over €9 billion, making it a major player in Metropolitan Paris.

Within this context, Groupama contributed 6.5% of Silic's share capital to a holding company controlled by Caisse des Dépôts, to which Caisse des Dépôts had previously contributed its interest in Icade. Groupama has committed to contributing to that holding company, which will remain controlled by Caisse des Dépôts, the balance of its interest in Silic (*i.e.*, 37.5%) after authorisation of the deal by the Autorité de la Concurrence in the first quarter of 2012.

The aforementioned contribution activities were carried out based on a rate of exchange of five Icade shares for four Silic shares, with 2011 coupons attached for each of the companies.

The Groupama SA Board of Directors also accepted the offer of Caisse des Dépôts to subscribe some €300 million to an issuance of preferred stock of Gan Eurocourtage, a wholly owned subsidiary of Groupama SA, after approval by the Autorité de Contrôle Prudential.

Increases of Groupama SA and Groupama Gan Vie share capital

As of end December 2011, the Group engaged in increases in share capital, intended to strengthen the solvency of Groupama Gan Vie, which holds a large share of the Group's listed bond and stock assets.

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Initially, all the Regional Mutuals participated concomitantly in an increase in the share capital of Groupama Holding totalling €453.65 million, and of Groupama Holding 2 totalling €44.53 million, *i.e.*, a total of nearly €500 million. After these transactions, the share capital of Groupama Holding totalled €2,520,662,256, and that of Groupama Holding 2 €507,998,880.

Subsequently, Groupama Holding and Groupama Holding 2 almost completely subscribed (for a total of €499.8 million) an increase in the share capital of Groupama SA of €500 million, with the balance subscribed by minority shareholders (employees, former employees and directors). After this increase, Groupama SA share capital totalled €1,686,569,399, divided among 329,086,712 shares with par value of €5.125.

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

These increases in share capital, despite not having an impact on the Group's solvency margin, allowed for an improvement in that of Groupama Gan Vie as at 31 December 2011.

2 POST-BALANCE SHEET EVENTS

(a) Merger between Icade and Silic

After obtaining authorization for the deal by the Autorité de la Concurrence on 13 February 2012, on 16 February 2012 Groupama contributed the balance of its 37.5% interest in Silic's share capital to HoldCo SIIC, a company controlled by Caisse des Dépôts, which also holds 55.58% of Icade's share capital and voting rights.

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

(b) Subscription by Caisse des Dépôts of preferred shares of Gan Eurocourtage

On 30 December 2011, Caisse des Dépôts irrevocably committed to subscribing an issuance of share capital of Gan Eurocourtage in the base of preferred shares benefiting from a priority dividend and without voting rights, but giving access to certain rights relative to the protection of its investment.

The issuance date of the preferred shares was set at 15 March 2012 (after the General Meeting of Gan Eurocourtage to approve the annual financial statements and the meeting of the Board of Directors of Gan Eurocourtage authorising the issuance of the preferred shares on behalf of the Extraordinary General Meeting).

(c) Proposed exchange of Greek debt as part of the PSI

On 24 February 2012 the Greek Republic offered private holders of Greek debt an exchange of old debt for new Greek debt, as part of the PSI (Private Sector Involvement). At its meeting of 6 March 2012, the Board of Directors approved the Group's contribution of the Greek debt it was holding as part of the exchange transaction mentioned above. After acceptance of the PSI by private creditors, Groupama contributed its Greek debt securities to the exchange on 12 March 2012. This event will not have a significant net impact. Beyond the effects relating to a decline in the coupon, the exchange resulted in the abandonment of 53.5% of the nominal value of the initial debt. The residual balance (46.5% of the nominal amount) may be broken down into 15% of the nominal value in FEFS instruments and 31.5% of the nominal value in new Greek instruments.

(d) Temporary implementation of a Group share treaty

At end December 2011, effective 1 January 2012, Groupama contracted with a highly rated reinsurer for a share treaty representing €1.1 billion in disposals over financial year 2012.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's individual financial statements were drawn up and presented in accordance with the French Insurance Code as amended by Decrees no. 94-481 and no. 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no. 91-674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings.

3.1 - Underwriting operations

Groupama SA is engaged mainly in the following Non-life insurance operations:

- business underwritten directly and that conducted within co-insurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

1 2 3 4 5 6 7

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 - Premiums

Premiums include:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 - Reserves for unearned premiums

The provision for unearned premiums for all policies in force at the financial year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 - Acquisition and administrative expenses

These expenses mainly consist of:

- commissions paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the Reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 - Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 - Claims

The claims expense for the year consists mainly of:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These provisions also include actuarial reserves on the annuities accepted from the regional mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA.

The estimated value of reserves for claims is based on an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), it permits a determination of the sufficient and adequate amount of reserves for claims payable (in accordance with Article R. 331-5 of the French Insurance Code). This valuation incorporates the valuation of delinquent claims into its approach.

In construction risk, the reserve for claims yet to be made is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A. 331-21 of the French Insurance Code.

The mathematical provisions, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these provisions are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining the provisions for outstanding claims were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

- using specific Groupama tables on the one hand certified by an independent actuary for individual risk and maintenance tables from the Bureau Commun des Assurances Collectives (BCAC) for Group risk with respect to temporary disability coverage;
- using the BCAC maintenance tables for pending disability coverage.

3.1.6 - Equalisation reserve

The reserve for equalisation aims to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code, Decree no. 2001-1280 of 28 December 2001 and Article 39 quinquies G of France's General Tax Code as modified by Decree No 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 - Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The provision for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance transactions covering health and disability risks. This provision concerns the provisions formed in dependency insurance as well as the provisions on direct business managed by Groupama SA.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on inward reinsurance business.

In life and health insurance, the methods for determining actuarial reserves that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the provisions are determined by applying maintenance tables from the Bureau Commun des Assurances Collectives (BCAC).

Regarding actuarial reserves for non-life annuity income, the business also incorporates the population's lengthening life expectancy. Consequently, actuarial reserves for additional non-life annuity income are posted at the balance-sheet close in order to calculate the principal to be paid to victims of bodily injury. These are now based on the TH/TF 2000-2002 mortality tables.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no. 2008-1437 of 22 December 2008, a provision for liquidity risk is allocated when investments subject to Article R. 332-20 are found to be in a situation of overall net unrealised capital loss. This provision is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Subject to compliance with the provisions of the French Insurance Code, which allow for an extended schedule, contributions to this reserve are spread out over three years.

3.1.8 - Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 - Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 - Investments

3.2.1 - Entry costs and valuation at year end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation no. 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation no. 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the accounts by components.

The four components used by Groupama SA are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residence skyscrapers	
Components	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**
Building shell	**120 years**	**65%**	**80 years**	**65%**	**50 years**	**50%**	**70 years**	**40%**
Frame, beams, columns, floors, walls								
Wind- and water-tight facilities	**35 years**	**10%**	**30 years**	**10%**	**30 years**	**10%**	**30 years**	**20%**
Roof-terrace, facades covering, external woodwork								
Technical facilities	**25 years**	**15%**	**25 years**	**15%**	**20 years**	**25%**	**25 years**	**25%**
Lifts, Heating/Air conditioning, Networks (electrical, plumbing, etc.)								
Fixtures, finishings	**15 years**	**10%**	**15 years**	**10%**	**15 years**	**15%**	**15 years**	**15%**
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using actuarial methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Accrued interest is recognised on the balance sheet under asset accruals.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R. 332-19, on the one hand, and an option to convert into shares under Article R. 332-20, on the other.

Pursuant to the provisions of decrees no. 2002-1535 of 24 December 2002 and no. 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the company.

(c) Equities and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. As of fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 - Provisions

(a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for diminution in value. Nevertheless, a provision for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a permanent provision for impairment may be allocated. Such impairment provisions are applied to investment properties where this is significant but is not applied to properties used in the business where such business usage for the company is not likely to change.

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LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For those investments covered by Article R. 332-20, a line-by-line provision for impairment may only be allocated when there is reason to deem that the impairment is permanent.

Hence, pursuant to note no. 2002-F of the French National Accounting Board's Emergency Committee dated 18 December 2002, the permanent nature may only be presumed:

- if there was a long-term provision for an investment line in the previous published statement;
- for a listed investment, the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing; Significant unrealised capital loss is assumed to apply when, over a six-month period, the security has permanently declined by 20% from its sale price (this rate may be increased to 30% in the event of high volatility in the financial markets);
- there are objective indicators of long-term impairment.

In the event of long-term impairment of a security the amount of the provision is the difference between historical cost price and recoverable amount.

The reference value or recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

EQUITY INTERESTS

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation.

When the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities, a provision for impairment is made after taking the significance threshold into account.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a provision for impairment is allocated for the difference.

3.2.3 - Investment income and expenses

Financial income includes the revenue from investments received during the financial year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of provisions for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the impairment allowance and provisions for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In Non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical provisions is transferred to the Non-life technical income statement on a basis prorated to the technical provisions and equity.

3.2.4 - Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

3.3 - Other transactions

3.3.1 - Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if necessary, to recognise an additional impairment deemed to be irreversible at the year end.

3.3.2 - Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 - Foreign currency transactions

Pursuant to Accounting Regulation Committee regulation no. 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 – Receivables

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations:
  - premiums yet to be written for policyholders,
  - premiums yet to be cancelled for policyholders,
  - premiums yet to be collected from policyholders,
  - loans or advances from co-insurers;
- for inward reinsurance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance,
  - loans or advances with the ceding entities,
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers,
  - income owed relating to transactions ceded to outward reinsurers;
- for the other receivables:
  - tax combination loans or advances to daughter companies,
  - receivables from government bodies and social security agencies,
  - loans or advances to various other entities,
  - other income due.

When the inventory value at the financial year end is below the book value, a provision for diminution in value is set aside.

3.3.5 - Tangible operating assets

The PPE account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 - Accruals - assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 - Contingent liabilities

The contingent liabilities provisions are established pursuant to CRC Regulation no. 2000-06 dated 7 December 2000. This item also includes regulated provisions, especially accelerated amortisation.

3.3.8 - Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 60 tax-combined entities. Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

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The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the accounts pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 - Liabilities

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-policyholders;
- for inward reinsurance transactions:
  - advances or loans with the ceding offices,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers;
- for other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 - Accruals - liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.3.11 - Non-operating expenses and income

Pursuant to the ministerial order of 31 December 2010 following the tax system change to the capitalisation reserve introduced by the 2011 financial law, allocations and reversals to the capitalisation reserve mentioned in paragraph 3.2.3 of the accounting principles, rules, and methods generate both a non-operating reversal and an allocation to the capitalisation reserve corresponding to the income and the theoretical tax expense on this reversal and allocation.

3.4 - Change in accounting method

No change in accounting method was noted during this fiscal year.

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4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2010	Inclusions/ contributions to depreciation	Removals/ write-backs from depreciation	Amount as at 31.12.2011
Gross amounts	80,641	16,744	15,089	82,296
Amortisation	55,240	8,508	3,057	60,691
TOTAL NET AMOUNTS	**25,401**	**8,236**	**12,032**	**21,605**

NOTE 5 INVESTMENTS

Note 5.1 - Land and buildings

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2010	Inflows during the year	Revaluation R332-23	Contribution to GGVie	Outflows during the year	Amount as at 31.12.2011
Gross amounts						
Provisions	276,091	20,665	130,747	50,919	9,714	366,870
Shares of real-estate companies	433,523	4,462	47,400		5,789	479,596
Total gross amounts	**709,614**	**25,127**	**178,147**	**50,919**	**15,503**	**846,466**
Amortisation/Impairment						
Provisions	67,137	5,808		13,410	6,008	53,527
Shares of real-estate companies	35				6	29
Total amortisation	**67,172**	**5,808**		**13,410**	**6,014**	**53,556**
TOTAL NET AMOUNTS	**642,442**	**19,319**	**178,147**	**37,509**	**9,489**	**792,910**

In 2011, with the formal consent of the Autorité de Contrôle Prudentiel and in accordance with Article R. 332-23 of the French Insurance Code, Groupama SA undertook a revaluation of a portion of its real estate assets. The revised value applied by the ACP, based on an independent appraisal, constituted the new purchase price for these assets as at 31 December 2011.

The total revised valuation yielded proceeds of €178.1 million in the financial statements of 31 December 2011, distributed across five properties and two SCIs. This operation, recognised at year-end, had no impact on the depreciation of real estate assets posted during the fiscal year.

Groupama SA also contributed to its subsidiary Groupama Gan Vie eleven investment properties with net book value of €37.5 million.

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Note 5.2 - Investments in affiliated companies and in companies with which there is an equity tie

SUMMARY TABLE

(in thousands of euros)	Amount as at 31.12.2010	Transfers inclusions/removals	Inclusions during the fiscal year	Removals during the fiscal year	Amount as at 31.12.2011
Gross amounts					
Equities and similar instruments					
Affiliated companies	7,992,728	(246,861)	1,046,678	218,416	8,574,129
Companies with which there is an equity link	788,288	246,856	131,686	192,759	974,071
Loans and receivables					
Affiliated companies	491,876		470,941	14,033	948,784
Companies with which there is an equity link	700			175	525
Cash deposits with ceding entities	8,519		23,294	22,023	9,790
Total gross amounts	**9,282,111**	**(5)**	**1,672,599**	**447,406**	**10,507,299**
Provisions					
Equities and similar instruments					
Affiliated companies	747,387	(4,878)	485,616	2,299	1,225,826
Companies with which there is an equity link	75,172	4,878	150,996	58,838	172,208
Loans and receivables					
Affiliated companies					
Companies with which there is an equity link					
Cash deposits with ceding entities					
Total provisions	**822,559**		**636,612**	**61,137**	**1,398,034**
TOTAL NET AMOUNTS	**8,459,552**	**(5)**	**1,035,987**	**386,269**	**9,109,265**

Equities and similar instruments

The principal changes occurring with regard to equity securities during the year were the strengthening of existing interests and internal restructuring transactions within the Group.

- Groupama SA thus subscribed to the increases in share capital of Groupama Gan Vie totalling €688.7 million, Amaline Assurance totalling €39.5 million, and Groupama Insurance China Limited totalling €27.5 million.
- What is more, the merger of Gan Eurocourtage with Groupama Transport resulted in a decrease of €88.2 million in the merged company's net book value.
- Further, as part of the effort to disinvest from its Silic investment, Groupama SA contributed a share representing 6.5% of Silic's voting rights to a jointly held company majority-owned by Caisse des Dépôts et Consignations. This deal resulted in the incorporation of the shares of this structure, totalling €90 million, into the Groupama SA balance sheet.
- With a view to disposing of its subsidiary Gan Eurocourtage, Groupama SA acquired intra-group equity interests held by Gan Eurocourtage. Groupama SA thus purchased Groupama Gan Vie shares totalling €30.7 million and Silic shares totalling €139 million.
- Finally, Groupama reduced its holdings of Société Générale shares, the net book value of which declined by €115.9 million to a total of €257.4 million at end-2011, versus €373.3 million at end 2010.

Provisions for long-term impairment posted to the insurance subsidiaries primarily relate to Groupama Asigurari for €268.1 million, Groupama Phoenix for €79.8 million, Gan Assurances for €76.9 million and Groupama Sigorta for €50.9 million. Groupama SA also contributed provisions for the long-term impairment of certain of its strategic holdings, specifically Médiobanca for €70.2 million and OTP Bank for €38.6 million.

Loans

The principal movements on loans and advances granted by Groupama SA consisted of loans to Groupama Gan Vie totalling €400 million, Groupama Assicurazioni totalling €30 million, and Groupama Phoenix totalling €25 million.

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Note 5.3 - Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds, and mutual fund units.

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2010	Transfers inclusions/removals	Inclusions during the fiscal year	Removals during the fiscal year	Amount as at 31.12.2011
Gross amounts					
Fixed-return bonds and mutual funds	239,491		97,466	52,420	284,537
Variable-return equities and mutual funds	463,035	5	48,599	88,249	423,390
Cash UCITS	173,981		2,928,566	3,044,086	58,461
Other	44,797		3,045	17,725	30,117
Total gross amounts	**921,304**	**5**	**3,077,676**	**3,202,480**	**796,505**
Reserves					
Fixed-return bonds and mutual funds	6,579		27,128		33,707
Variable-return equities and mutual funds	1,058		1,125	16	2,167
Total reserves	**7,637**		**28,253**	**16**	**35,874**
TOTAL NET AMOUNTS	**913,667**	**5**	**3,049,423**	**3,202,464**	**760,631**

Inclusions and removals during the year specifically corresponded to transactions involving money-market funds.

As noted in Paragraph 3.2.2 of Note 3 on accounting principles, long-term impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term provision for an investment line at the previous closing;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- if there are objective indicators of long-term impairment.

For fiscal year 2011, a significant unrecognised loss from its book value is assumed if over a period of six months the security is consistently discounted at 30% off its cost price. The volatility of the financial markets in the second half of 2011 effectively makes it possible to apply this assumed threshold of a consistent discount of 30%.

Further, in a context of a sharp market decline during the second half of 2011, pursuant to the recommendations issued by the Autorité de Contrôle Prudentiel in October 2011 and sent to the representatives of the profession, for fiscal year 2011, these assumption criteria were supplemented by an examination of securities for which the stock price was consistently less than 50% of their cost price over the last three months preceding the balance-sheet closing.

Greek sovereign debt instruments

(in thousands of euros)	31.12.2011				31.12.2010
	Gross amount	Reserves	Net book value	Realisable value (1)	Net book value
Greece	77,462	27,128	50,335	50,335	

(1) The sale value corresponds to the mark-to-model valuation.

To facilitate management of the Greek sovereign debt and to benefit from stronger representation and proactiveness in the context of future negotiations, the Group established dedicated mutual funds aimed at consolidating its Greek sovereign debt. At the time it established these mutual funds, Groupama SA was not holding any bonds issued by the Greek government. Nevertheless, Groupama SA purchased shares of Greek debt mutual funds held by its small insurance subsidiaries and its subsidiary Gan Eurocourtage (before implementing the process of selling the latter).

The shares of mutual funds dedicated to Greek sovereign debt were valued in the financial statements of 31 December 2011 in accordance with the discussions held in January 2012 between the Greek government and the IIF (Institute of International Finance) – an international association that coordinates the private sector's contribution to the Greek support plan. Their market value was set at €50.3 million at 31 December 2011. Impairment of €27.1 million, corresponding to the difference between the market value and the cost price of the mutual fund shares dedicated to Greek debt was consequently recognised in the financial statements of 31 December 2011.

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Sovereign debt instruments of peripheral countries of the euro zone outside Greece

Groupama SA did not directly hold sovereign debt instruments of peripheral countries of the euro zone outside Greece as at 31 December 2011. Indirect holdings via mutual funds represented a total of €56 million (Spain and Italy only).

Note 5.4 - Summary table of investments

Summary by type *(in thousands of euros)*	2011		
	Gross value	**Net value**	**Sale Value**
1. Real estate investments (incl. pending)	401,501	345,655	413,119
2. Equities and other variable-income securities	8,840,048	7,542,305	9,846,768
3. Variable-income mutual funds	44,647	43,441	35,812
FFI yield strategies			(382)
4. Fixed-income mutual funds	40,965	39,351	39,111
5. Bonds and other fixed-income securities	18,002	11,423	11,416
6. Mortgage loans			
7. Other loans and similar notes	965,537	965,537	965,506
8. Deposits with ceding companies	1,906,411	1,779,506	1,787,721
9. Other deposits, cash guarantees and other investments	24,835	24,835	24,835
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**12,241,946**	**10,752,053**	**13,123,906**
Of which total FFI			(382)
Of which total investments	12,241,946	10,752,053	13,124,288
Other items (1)	(89,246)	(89,246)	
TOTAL INVESTMENTS	**12,152,700**	**10,662,807**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current account of a group entity (Groupama Investissement).

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

Summary table of investments (cont.)

(in thousands of euros)	2011		
	Gross value	Net Value	Sale Value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	42,909	36,195	30,355
Securities estimated according to Article R. 332-20	12,199,037	10,715,859	13,093,551
Securities estimated according to Article R. 332-5			
Sub-total	**12,241,946**	**10,752,054**	**13,123,906**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,330,727	8,021,189	10,382,737
Securities that secure commitments toward protection institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,906,411	1,779,506	1,787,721
- Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	1,004,809	951,359	953,448
Sub-total	**12,241,947**	**10,752,054**	**13,123,906**
II. - Securities allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**72,379**	**72,379**	**72,379**
III. - Securities belonging to protection institutions			
A) Itemisation of land and buildings			
Operating activities property			
- Real assets	348,403	294,618	337,050
- Holdings in SCIs or real estate companies	6,137	6,137	8,022
Other fixed assets			
- Real assets	24,543	22,511	30,147
- Holdings in SCIs or real estate companies	473,459	473,431	561,574
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
- Including discount not yet amortised		151	
- Redemption premium not recovered		298	

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NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

(in thousands of euros)	31.12.2011				31.12.2010			
	Outward reinsurance on direct business*	Retro on inward reinsur. from RMs	Other Retrocessions	Total	Outward reinsurance on direct business	Retro on inward reinsur. from RMs	Other Retrocessions	Total
Reserves for unearned contributions	7	7,394		7,401	191	5,228	0	5,419
Reserves for claims	67,397	185,590	215,939	468,925	80,877	207,327	221,595	509,799
Profit-sharing reserves	466			466	326			326
Equalisation reserves	1,490		1,443	2,933	1,630		1,313	2,943
Other technical reserves	12,146	112,491	391	125,028	16,696	106,957	440	124,093
TOTAL	**81,505**	**305,474**	**217,773**	**604,753**	**99,721**	**319,512**	**223,347**	**642,580**

* *Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.*

NOTE 7 RECEIVABLES

(in thousands of euros)	31.12.2011				31.12.2010			
	Maturity				Maturity			
Receivables	**<1 year**	**1-5 years**	**+5 years**	**Total**	**<1 year**	**1-5 years**	**+5 years**	**Total**
Receivables relating to direct insurance operations:	**11,914**	**2,358**		**14,272**	**14,283**	**17,183**		**31,466**
Earned premiums not written	2,525			2,525	3,555			3,555
Other receivables relating to direct insurance transactions:	9,389	2,358		11,747	10,728	17,183		27,911
Policyholders	1,042			1,042	2,388			2,388
Insurance intermediaries	139			139	133			133
Co-insurers	8,208	2,358		10,566	8,207	17,183		25,390
Receivables relating to reinsurance transactions:	**344,651**	**31,982**		**376,633**	**268,872**	**32,985**		**301,857**
Reinsurers	45,817	15,288		61,105	20,321	14,135		34,456
Ceding entities	298,834	16,694		315,528	248,551	18,850		267,401
Other receivables:	**174,978**	**27,709**		**202,687**	**243,817**	**28,147**		**271,964**
Personnel	12,681			12,681	12,559			12,559
Government, Social Security, public authorities and local authorities	1,561			1,561	56,802	481		57,283
Other debtors	160,736	27,709		188,445	174,456	27,666		202,122
TOTAL RECEIVABLES	**531,543**	**62,049**		**593,592**	**526,972**	**78,315**		**605,287**

The decrease in the “Government, social security entities” item is primarily due to the prepayment of corporate income tax in 2010 totalling €55 million. Due to the 2010 loss, this advance was completely repaid in 2011. No prepayment of tax was recorded in 2011.

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NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2011	31.12.2010
Accrued interest not yet due	5,341	6,141
Deferred acquisition costs	7,574	7,858
Reimbursement price differences receivable	120	113
Other accruals	4,612	219
TOTAL ASSET ACCRUALS	**17,647**	**14,331**

NOTE 9 CAPITAL AND RESERVES

Capital structure

329,086,712 shares with a par value of €5.125.

STATEMENT OF MOVEMENTS IN RESERVES AND CHANGES IN CAPITAL AND RESERVES

(in thousands of euros)	31.12.2010	Allocation of profits 2010	Other mvts. During fiscal year	Income (loss) during fiscal year	31.12.2011
Share capital	**1,186,513**		**500,056**		**1,686,569**
Issue premiums	62,530				62,530
Merger premiums	38,806				38,806
Contribution premiums	2,147				2,147
Sub-total: Additional paid-in capital	**103,483**				**103,483**
Regulatory reserves					
Capitalisation reserve	126,753		731		127,484
Other reserves	47,376				47,376
Sub-total: Other reserves	**174,129**		**731**		**174,860**
Retained earnings	**1,599,571**	**43,084**	**(1,025)**		**1,641,630**
Net profit (loss) for the year	**147,266**	**(147,266)**		**(235,698)**	**(235,698)**
TOTAL	**3,210,962**	**(104,182)**	**499,762**	**(235,698)**	**3,370,844**

Profits in 2010 yielded a dividend payment of €104.182 million, with the balance of €43.084 million carried forward.

On 27 December 2011, Groupama SA also undertook an increase in share capital totalling €500 million, subscribed by Groupama Holding and Groupama Holding 2.

NOTE 10 SUBORDINATED DEBT

The item "subordinated debt", which amounted to €2,245.4 million, is itemised as follows:

- a fixed-rate bond issuance of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at an issue price of 99.089%, *i.e.*, a collected amount of €495.4 million. This bond issue may be fully redeemed in advance as at the tenth year;
- super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt written at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as at 22 October 2017;
- a bond issued on 16 October 2009 in the form of 30-year subordinated redeemable bonds (TSR) subscribed by Société Générale for an amount of €750 million at a fixed rate of 7.875% revisable in October 2019.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 - Breakdown of gross technical reserves

(in thousands of euros)	31.12.2011				31.12.2010			
	Direct business (1)	Inward reinsurance from the regional mutuals	Other acceptances	Total	Direct business (1)	Inward reinsurance from the regional mutuals	Other accepta-tions	Total
Reserves for unearned contributions	1,035	161,890	12,291	175,215	4,193	152,409	10,934	167,536
Provisions for claims	113,744	2,471,297	311,678	2,896,719	130,612	2,438,544	313,962	2,883,119
Profit-sharing reserves	490	0	0	490	374			374
Equalisation reserves (including stability fund)	3,276	5,564	4,017	12,857	3,591	11,107	3,012	17,710
Other technical reserves	96,705	206,213	5,645	308,563	121,647	265,103	5,792	392,542
TOTAL	**215,248**	**2,844,964**	**333,631**	**3,393,844**	**260,417**	**2,867,163**	**333,701**	**3,461,281**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

As regards actuarial reserves for annuities, the company also evaluated the population's lengthening lifespan. Since fiscal year 2000, it has thus gradually increased the actual reserves for non-life annuities calculated at the balance sheet close (in accordance with the TD-TV 88/90 regulatory tables) through an additional provision based on the TPRV 93 table.

The publication of new capitalisation schedules for victim indemnification (BCIV) used to calculate the sums to be paid to victims of bodily injury after 1 January 2011 led to a revision of this approach. These new schedules are based on recent mortality tables (TH/TF 2000-2002) and are more suitable to the risk in question than is the TPRV table.

The effect of applying these new tables represents gross proceeds of €85 million posted to the financial statements as of 31 December 2011.

Reserve for equalisation

Pursuant to Article R. 331-6-6 of the French Insurance Code, an insurance company may establish so-called equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. The French Insurance Code defines the calculation methods but does not stipulate the methods for writing back these reserves.

Accordingly, it was decided in the financial statements at 31 December 2011 to write back the equalisation reserves for attacks posted to the 31 December 2010 balance sheet, as Groupama SA had no other equalisation reserves at year-end 2010 for the categories listed in the previous paragraph. The impact of this decision, which strengthened book share capital, was a positive €3 million on the income statement for the fiscal year.

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Note 11.2 - Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

(in thousands of euros)	Fiscal years					
	2006 and earlier	2007	2008	2009	2010	2011
Estimate of the claims expense:						
At end of N	12,050,187	1,267,164	1,197,465	1,540,902	1,513,352	1,375,901
At end of N+1	11,999,829	1,238,201	1,191,376	1,503,255	1,513,583	
At end of N+2	11,925,522	1,220,972	1,172,941	1,476,301		
At end of N+3	11,913,937	1,204,188	1,160,261			
At end of N+4	11,906,042	1,208,439				
At end of N+5	11,955,015					
Claims expense (a)	**11,955,015**	**1,208,439**	**1,160,261**	**1,476,301**	**1,513,583**	**1,375,901**
Cumulative claims payments (b)	**10,646,258**	**1,047,623**	**982,576**	**1,267,322**	**1,170,533**	**704,599**
Reserves for claims to be paid (a) – (b) = (c) (net of the retained share of the CDA)	**1,308,757**	**160,817**	**177,686**	**208,979**	**343,050**	**671,302**
Earned premiums	**11,636,845**	**1,978,225**	**1,804,041**	**1,963,803**	**2,056,576**	**2,127,498**
CLAIMS AND RESERVES/EARNED PREMIUM	**102.73%**	**61.09%**	**64.31%**	**75.18%**	**73.60%**	**64.67%**

Note 11.3 - Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2011	2010
Opening claims reserves net of expected recoveries	2,898,340	2,869,132
Payments made during the year for previous years net of expected recoveries	(672,399)	(658,026)
Year-end net claims reserves net of expected recoveries	(2,180,459)	(2,151,137)
INCOME/LOSS RESERVES CHANGE	**45,483**	**59,970**

The opening deficit posted in 2011 on claims reserves totalled €45.5 million. This was largely due to a release of reserves related to actuarial reserves accepted from the regional mutuals totalling €71 million, and a strengthening on excess claims, particularly in automobile casualty.

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NOTE 12 CONTINGENT LIABILITIES

(in thousands of euros)	Total Provisions as at 31.12.10	Increase in provisions during the fiscal year	Write-backs for the year	Total Provisions as at 31.12.11
Regulatory provisions	23,297	8,137	87	31,347
Pension provisions	42,962	3,085	5,151	40,896
Tax provisions				
Other risk provisions	32,797	14,399	16,208	30,988
TOTAL	**99,056**	**25,621**	**21,446**	**103,231**

The “reserves for risks and expenses” item applied to liabilities on the balance sheet as at 31 December 2011 in the amount of €103 million specifically included a provision related to the retirement commitment for former employees of SAMDA, a retirement reserve for management and a reserve for the foreign currency adjustment applied to the loan to Gan UK.

The IFC-type commitments were outsourced to Groupama Gan Vie, which did not result in the recognition of any pension reserves or off-balance-sheet commitment.

NOTE 13 LIABILITIES

(in thousands of euros)	31.12.2011				31.12.2010			
	Maturity				Maturity			
	<1 year	1-5 years	+5 years	Total	<1 year	1-5 years	+5 years	Total
Other debt								
Debts arising from direct insurance operations:	**589**	**9,446**		**10,035**	**959**	**9,430**		**10,389**
Policyholders	499			499	638			638
Insurance intermediaries					216			216
Co-insurers	90	9,446		9,536	105	9,430		9,535
Debts relating to reinsurance transactions:	**129,430**	**4,595**		**134,025**	**127,411**	**22,768**		**150,179**
Reinsurers	107,378	2,816		110,194	99,700	21,011		120,711
Ceding entities	22,052	1,779		23,831	27,711	1,757		29,468
Bonds (including convertible bonds)			**397,345**	**397,345**			**396,772**	**396,772**
Debt to credit institutions	**228,739**	**800,000**		**1,028,739**	**495,269**			**495,269**
Other liabilities:	**1,451,171**	**172**	**6,952**	**1,458,295**	**346,265**	**991,447**	**5,503**	**1,343,215**
Other loans, deposits and guarantees received	1,137,601	172		1,137,773	33,658	965,487		999,145
Personnel social security entities and local governments	40,813		6,952	47,765	22,652	22,815	5,503	50,970
Government, Social Security	111,693			111,693	50,068			50,068
Other creditors	161,064			161,064	239,887	3,145		243,032
TOTAL	**1,809,929**	**814,213**	**404,297**	**3,028,439**	**969,904**	**1,023,645**	**402,275**	**2,395,824**

The increase in the “Other loans, deposits and guarantees received” item is primarily due to the subscription of two internal Group loans.

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The increase in the "debts to credit establishments" item is primarily due to an additional net draw of €600 million on the line of credit underwritten through a bank pool since 2004 totalling €1 billion, with some €800 million having been drawn to date.

The increase in the "Government, Social Security" item is due to the recognition of a long-term tax totalling €69 million.

Pursuant to provisions of D441-4 of the French Commercial Code, all outstanding debt to outside suppliers has a maturity of less than six months.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2011	31.12.2010
Deferred amortisation on reimbursement price	254	233
Other accrued liabilities	6,467	3,544
TOTAL ACCRUED LIABILITIES	**6,721**	**3,777**

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NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

(in thousands of euros)	31.12.2011				31.12.2010			
	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
A) ASSET								
Intangible assets	**18,139**		**3,466**	**21,605**	**15,552**		**9,849**	**25,401**
Investments								
Real estate	479,506	61	313,343	792,910	29,786	403,703	208,953	642,442
Shares & other variable-income securities	7,348,304	801,864	692,391	8,842,559	7,245,341	713,116	814,255	8,772,712
Oblig. bonds tcn & other fixed-income securities	11,175		38,113	49,288	11,175		54,616	65,791
Loans	936,303	1,925		938,228	479,048	2,450		481,498
Deposits with other credit institutions								
Other investments	185		29,846	30,031			44,699	44,699
Receivable cash at ceding entities	4,752		5,038	9,790	3,335		5,184	8,519
Reinsurer share of technical reserves								
Unearned premiums (Non-life)	7		7,394	7,401	191		5,228	5,419
Prov. Claims reserves (Non-life)	423,607		45,318	468,925	244,971		264,828	509,799
Share of earnings and dividends (Non-life)	466			466	326			326
Reserve for equalisation	2,933			2,933	2,943			2,943
Other tech. reserves (Non-life)	12,537		112,491	125,028	17,136		106,957	124,093
Receivables from direct insurance transactions								
Of which policyholders	-2,173		5,740	3,567	-2,163		8,107	5,944
Receivables from reinsurance transactions			139	139			132	132
Of which other third parties			10,566	10,566			25,390	25,390
Receivables from reinsur. trans.	**263,290**		**113,343**	**376,633**	**200,426**		**101,431**	**301,857**
Personnel			**12,681**	**12,681**			**12,559**	**12,559**
Government, social security and local authorities			**1,562**	**1,562**			**57,283**	**57,283**
Miscellaneous debtors	**181,007**		**7,438**	**188,445**	**172,984**	**6,724**	**22,414**	**202,122**
Tangible operating assets			**15,668**	**15,668**			**8,719**	**8,719**
Cash and equivalents	**300,436**		**3,687**	**304,123**	**151,542**		**24,599**	**176,141**
Inter. and lease payments written and not due	**4,788**	**10**	**543**	**5,341**	**5,172**	**11**	**958**	**6,141**
Deferred acquisition costs	**7,506**		**68**	**7,574**	**7,798**		**60**	**7,858**
Other accruals – assets			**4,732**	**4,732**			**332**	**332**
Unrealised foreign exchange adjustments			**13,683**	**13,683**	**15,941**			**15,941**
TOTAL	**9,992,768**	**803,860**	**1,437,250**	**12,233,878**	**8,601,504**	**1,126,004**	**1,776,553**	**11,504,061**

Liabilities and commitments

(in thousands of euros)	31.12.2011				31.12.2010			
	Affiliated companies	**Equity-linked companies**	**Other**	**Total**	**Affiliated companies**	**Equity-linked companies**	**Other**	**Total**
B) LIABILITIES								
Capital and reserves	**3,368,484**		**2,360**	**3,370,844**	**3,207,840**		**3,122**	**3,210,962**
Share capital	1,685,388		1,181	1,686,569	1,185,193		1,320	1,186,513
Other shareholders' equity	1,683,096		1,179	1,684,275	2,022,647		1,802	2,024,449
Subordinated debt			**2,245,445**	**2,245,445**			**2,245,445**	**2,245,445**
Gross technical reserves								
Unearned premiums (Non-life)	174,063		1,153	175,216	166,289		1,247	167,536
Claims reserves (non-life)	2,742,148		154,571	2,896,719	2,723,062		160,057	2,883,119
Share of earnings and dividends (Non-life)			490	490			374	374
Reserve for equalisation	5,998		6,859	12,857	11,589		6,121	17,710
Other tech. res. (non-life)	290,864		17,699	308,563	370,101		22,441	392,542
Contingent liabilities	**57,700**	**2,398**	**43,133**	**103,231**	**54,011**	**341**	**44,704**	**99,056**
Debts for cessionn. cash			**85,354**	**85,354**			**87,715**	**87,715**
Debts from dir. insurance transactions								
Owed to policyholders			499	499			638	638
Owed to insurance intermediaries							216	216
Owed to other third parties			9,536	9,536			9,535	9,535
Debts from reinsur. transactions	**41,459**		**92,565**	**134,024**	**48,077**		**102,101**	**150,178**
Bond debt	**397,345**			**397,345**	**396,772**			**396,772**
Debts to credit establishments	**220,353**		**808,386**	**1,028,739**	**289,656**	**200,765**	**4,848**	**495,269**
Other debt								
Other loans, deposits and guarantees received	**1,103,942**		**33,831**	**1,137,773**	**997,465**		**1,680**	**999,145**
Personnel			**47,765**	**47,765**			**50,970**	**50,970**
Government, social security and local authorities			**111,693**	**111,693**			**50,068**	**50,068**
Miscellaneous creditors	**62,270**		**98,794**	**161,064**	**159,443**	**15,901**	**67,689**	**243,033**
Accruals – liabilities			**6,721**	**6,721**			**3,778**	**3,778**
Unrealised foreign exchange adjustments								
TOTAL	**8,464,626**	**2,398**	**3,766,854**	**12,233,878**	**8,424,305**	**217,007**	**2,862,749**	**11,504,061**

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NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total Commitment to managers	Total Commitment to affiliated companies	Total Commitments to equity-linked companies	Other sources	Total 31.12.2011	Total 31.12.2010
1. Commitments received		**402,112**	**2,220**	**400,579**	**804,911**	**1,439,237**
2. Commitments given						
2a. Endorsements, securities and guarantees received, credit given		1,748	84,591	2,083	88,422	98,745
2b. Stock and assets acquired through sale commitment						
2c. Other commitments on securities, assets or income		7,669		24,159	31,828	189,203
2d. Other commitments given		44,869		26	44,895	43,803
Total 2. Commitments given		**54,286**	**84,591**	**26,268**	**165,145**	**331,751**
3. Securities received under pledge from outward reinsurers and retrocessionaires		**47,425**		**134,983**	**182,408**	**155,784**
4. Sureties given by reinsured entities with joint and several guarantee				**32,394**	**32,394**	**26,228**
5. Securities belonging to mutuals						
6. Other securities held on behalf of third parties						
7. Long-term financial instruments outstanding				**9,275**	**9,275**	**9,113**

Commitments received

The €804.9 million of commitments received correspond mainly to:

- up to €149.6 million of guarantees given by CGU France in May 2002 pertaining to the acquisition of CGU Courtage;
- a contractual commitment given in mid-December 2004 in connection with the opening of a credit line of €200 million. This line of credit runs until February 2016;
- the guarantee of the €50 million debt received in connection with the acquisition of shares of Nuova Tirrena S.p.a.;
- commitments related to acquisitions of foreign subsidiaries (Phoenix Metrolife, BT Asigurari, Asiban and the insurance subsidiaries of OTP Bank) by Groupama International for a total of €398.2 million;
- various other commitments received for €7.1 million, including €6.2 million concerning affiliated companies or equity-linked companies.

Commitments given

The €165.2 million of commitments given by Groupama SA correspond mainly to:

- commitments granted as real estate lease-loans totalling €9.7 million as a guarantee of the commitments of SCI Raspail;
- a total of €17.4 million of guarantees on liabilities granted along with the sale of Western Continental Company shares;
- commitments on unlisted funds €24.2 million;
- the general liability guarantee of €56.9 million in connection with the sale of Minster Insurance Company Limited by Gan UK Holding Limited to BSG Insurance Holding Limited;
- a loan agreement to GUK Brokerage Services for €41.7 million;
- various other commitments given for €15.3 million, including €14.4 million concerning affiliated companies or equity-linked companies.

Sureties received as collateral from outward reinsurance and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €182.4 million.

Sureties given by reinsured entities with joint and several guarantee

The amount of €32.4 million corresponds to securities received from the Antilles Guyane regional mutual which represent a direct substitution of Groupama SA for this mutual with respect to the representation of its reserves.

Long-term financial instruments outstanding

Groupama SA's long-term financial instruments outstanding totals €9.3 million and corresponds to currency hedging transactions involving the sale of currency futures.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

- guarantees given upon the Groupama SA's acquisition of CGU Courtage amounting to €280 million, and an unlimited amount for Gan SA as part of the guarantee agreement on behalf of Abeille Assurance for a period of 20 years starting in May 2002. When Groupama SA took over Gan SA's commitments at the time of their 2002 merger, its guarantees became unlimited;
- the guarantee given to Societe d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) to cover contractual obligations made by Groupama Asset Management to S.A.C.R.A. starting at the end of 2000;
- the letters of intent written by Groupama SA to the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Epargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the specific guarantees received as part of the liability guarantee included in the acquisition of AS – GES securities (formerly SERVEPAR) from the ACCOR Group;
- the unconditional guarantees granted by Groupama SA to Gan Assurances, Gan Eurocourtage, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees are designed to improve the debt ratings of these companies. Groupama SA is also responsible for commitments of this type given previously by the CCAMA to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- unlimited technical guarantees, upon the disposal of Gan North America to Sorema North America on 2 August 1999, for the insurance and reinsurance portfolios underwritten by Gan National and Gan North America for 12 years, the benefits of which were transferred to Rampart Company Insurance on 30 July 2001;
- the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU Group Canada Ltd.;
- the guarantee letter to the Singapore oversight authorities for the Gan Eurocourtage branch;
- lastly, with respect to the right to training requirement (Droit Individuel a la Formation "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 141,406 hours. In 2011, 345 training actions under the DIF were conducted by employees of Groupama SA, for a total of 5,468 hours.

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NOTE 17 TECHNICAL INCOME STATEMENT BY SOURCE

(in thousands of euros)	31.12.2011			31.12.2010		
	Direct business [(1)]	Inward reinsurance	Total	Direct business [(1)]	Inward reinsurance	Total
Earned premiums	51,574	2,128,225	2,179,799	55,498	2,045,216	2,100,714
Claims expense	60,378	1,348,639	1,409,017	36,761	1,411,386	1,448,147
Charges from other technical reserves	24,827	59,343	84,170	653	(28,396)	(27,743)
Change in the equalisation reserve	316	4,538	4,854	131	19,207	19,338
profit-sharing	(72)		(72)	(217)		(217)
A) Underwriting result	**16,267**	**843,467**	**859,734**	**19,304**	**624,641**	**643,945**
Acquisition costs	5,828	263,788	269,616	7,100	257,884	264,984
Administrative costs	7,786	194,995	202,781	3,075	191,643	194,718
Other technical costs and income	421	210,723	211,144	5,415	195,221	200,636
B) Net acquisition and management costs	**14,035**	**669,506**	**683,541**	**15,590**	**644,748**	**660,338**
C) Allocated investment income	**(2,285)**	**(83,127)**	**(85,412)**	**9,523**	**132,846**	**142,369**
D) Reinsurance result	**6,297**	**259,063**	**265,360**	**10,052**	**232,056**	**242,108**
OPERATING PROFIT/LOSS (A-B+C-D)	**(6,350)**	**(168,229)**	**(174,579)**	**3,185**	**(119,317)**	**(116,132)**

(1) Of which, CDA Antilles Guyane.

NOTE 18 INVESTMENT INCOME AND EXPENSES

(in thousands of euros)	31.12.2011				31.12.2010			
Type of income	Affiliated companies	Equity-linked companies	Other sources	Total	Affiliated companies	Equity-linked companies	Other sources	Total
Investment income								
Income from investments	429,438	18,473	16,273	464,184	585,124	6,505	31,798	623,427
Income from equity interests	384,143	18,473		402,616	570,962	6,343		577,305
Income from real estate investments	45,295		2,492	47,787	14,162	162	13,881	28,205
Other investment income			13,781	13,781			17,917	17,917
Other financial income								
Other investment income	10,811	59,035	876	70,722	59,779	5,996	7,036	72,811
Profits on the sale of investments	71,686	2,922	348,450	423,058	21,037	92	20,953	42,082
Total investment income	**511,935**	**80,430**	**365,599**	**957,964**	**665,940**	**12,593**	**59,787**	**738,320**
Investment expenses								
Expenses of internal and external management of investments and financial expenses	40,233	4,726	159,258	204,217	48,438	306	161,889	210,633
Other investment expenses	485,814	150,995	34,780	671,589	159,670	58,422	7,232	225,324
Losses on sale of investments	89,089	151,350	30,855	271,294	22,896	74	3,684	26,654
Total investment expenses	**615,136**	**307,071**	**224,893**	**1,147,100**	**231,004**	**58,802**	**172,805**	**462,611**
FINANCIAL RESULTS	**(103,201)**	**(226,641)**	**140,706**	**(189,136)**	**434,936**	**(46,209)**	**(113,018)**	**275,709**

The "Other investment expenses" item includes net contributions to reserves for long-term impairment, which totalled €603.7 million at 31 December 2011, versus a net of €151.9 million in 2010 *(See detail in Note 5.2).*

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical expenses totalling €10.3 million consisted primarily of expenses related to the Polish branch, totalling €4.9 million, and neutralisation of the Zénith Vie activity totalling €1.9 million.

Other non-technical income totalled €1.4 million, consisting specifically of the write-back on the capitalisation reserve totalling €0.4 million.

NOTE 20 EXCEPTIONAL INCOME AND EXPENSES

2011 exceptional income totalling -€20.9 million consisted specifically of subsidies paid to the regional mutuals as part of the financing of major programmes totalling €12.7 million.

NOTE 21 INCOME TAX

Tax charge

(in thousands of euros)	**31.12.2011**	**31.12.2010**
Corporate income tax payable	(68,960)	(11,495)
Reserves linked to fiscal consolidation gains in year N	140,857	159,175
Carry back		
Other	653	(261)
TOTAL INCOME TAX	**72,550**	**147,419**

Specific nature and make-up of the “Corporate income tax” line

As at 31 December 2011, the “Corporate income tax” line includes a net tax credit of €150,9 million that breaks down as follows:

- tax consolidation income €150.9 million;
- tax consolidation expenses -€9.5 million;
- Group income tax charges at lower rate -€68.9 million.

The “income tax” item consists principally of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €140.8 million. Since the consolidated group posted a loss, no group income tax charges were booked for fiscal year 2011, except a tax charge of €68.9 million relating to a real estate transaction at a rate of 19%.

Tax loss carry-forwards

At 31 December 2011, the consolidated group had €543.3 million in short-term carry-forwards.

Groupama SA tax audit

The Groupama SA tax audit that took place in 2010 for fiscal years 2007 and 2008 is still undergoing appeal. Reserves have been recognised for all accepted adjustments. By contrast, the challenged adjustments have not been subject to reserves. Groupama SA essentially believes that the reasons behind the adjustments are highly questionable, and it thus has a technical case to make in litigation.

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NOTE 22 BREAKDOWN OF EMPLOYEE EXPENSES

(in thousands of euros)	31.12.2011	31.12.2010
Salaries	77,925	78,114
Social Security charges	36,962	31,004
Other	5,460	4,496
TOTAL	**120,347**	**113,614**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2011, the average rate of expenses of the Group kept by Groupama SA is 65.70%.

NOTE 23 WORKFORCE

Personnel

(in numbers)	31.12.2011	31.12.2010
Senior management	176	177
Executives	1,212	1,178
Non-managerial staff	334	314
TOTAL PERSONNEL	**1,722**	**1,669**

NOTE 24 DIRECTORS' REMUNERATION

2011 compensation allocated to the Groupama SA administrative and executive bodies was respectively €356.9 million and €5,378.6 million.

All remuneration and benefits paid to managers are detailed in § 3.3 of this reference document.

NOTE 25 PROPOSED ALLOCATION OF INCOME

It has been decided to allocate the loss for the fiscal year, totalling €235.698 million, to the "retained earnings" balance of €1,641.63 million, which will thus move that account to a credit amount of €1,405.931 million.

NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

Information about subsidiaries and equity interests (in thousands of euros)

Detailed information about equity interests with gross value greater than 1% of the company's capital subject to publication:	Share of Capital held at 31.12.11	Book value of securities held at 31.12.2011 gross	net	Premium income for the latest fiscal year	Income (loss) for the latest fiscal year
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	99.99%	671,462	594,573	1,320,399	(65,837)
GROUPAMA GAN VIE	96.29%	1,619,194	1,619,194	4,973,244	(689,309)
GAN EUROCOURTAGE	100.00%	457,325	457,325	857,595	134,834
GROUPAMA ASSURANCE CREDIT	99.99%	19,818	19,818	35,333	1,963
AMALINE ASSURANCES	99.99%	119,054	119,054	38,531	(28,723)
GROUPAMA GARANCIA BIZTOSITO	100.00%	598,433	479,133	290,952	5,650
GROUPAMA ASIGURARI SA	100.00%	570,796	362,459	166,604	(20,380)
GROUPAMA ASSICURAZIONI	100.00%	1,395,276	1,395,276	1,566,017	(134,163)
GROUPAMA VIETNAM	100.00%	19,193	14,789	281	(449)
GROUPAMA SEGUROS Y REASEGUROS SA	100.00%	518,167	518,167	930,197	14,971
GROUPAMA SEGUROS DE VIDA	100.00%	60,540	60,540	47,636	(8,227)
RAMPART INSURANCE COMPANY	100.00%	42,607	0	NA	NA
GAN OUTRE MER	99.99%	31,636	31,636	101,686	3,172
GROUPAMA PHOENIX	100.00%	178,274	178,274	191,229	13,930
GROUPAMA INSURANCE COMPANY LIMITED	100.00%	392,869	330,484	545,663	30,954
ONIX ASIGURARI SA	100.00%	28,500	2,435	0	(906)
GROUPAMA ZHIVOTZASTRAHOVANE (Bulgarie V)	100.00%	73,396	17,016	6,750	254
GROUPAMA ZIVOTNA POISTOVNA (Slovaquie V)	100.00%	47,791	4,262	708	(1,508)
GROUPAMA POISTOVNA	100.00%	14,846	4,083	7,005	(2,272)
GROUPAMA SIGORTA	69.16%	327,274	276,343	334,912	(8,629)
GROUPAMA INSURANCE CHINA	50.00%	27,588	27,588	NA	NA
Other companies:					
GROUPAMA BANQUE	83.59%	275,082	275,082	119,294	3,439
GAN PREVOYANCE	99.99%	49,758	23,728	0	1,431
GAN PATRIMOINE	99.97%	16,071	16,071	0	1,599
GAN BROKING SERVICES LIMITED	100.00%	529,574	226,293	0	6,786
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	83,543	83,543	0	(1,382)
SCI 79 CHAMPS ELYSEES	91.21%	60,496	60,496	7,749	4,990
Equity interests held between 10 & 50%					
COMPAGNIE FONCIERE PARISIENNE	32.74%	307,076	307,076	45,983	60,653
SILIC	33.64%	256,425	256,425	168,040	42,596
GROUPAMA EMEKLILIK	37.36%	73,027	34,924	31,064	455
GUNES SIGORTA	36.00%	37,898	37,898	0	409
Societe Tunisienne d'Assurances et de Reassurances	35.00%	77,569	77,569	0	9,770
LA BANQUE POSTALE ASSURANCES IARD	35.00%	102,003	102,003	0	(24,443)
SOCIETE FORESTIERE GROUPAMA	43.82%	36,069	36,069	2,891	1,033
GROUPAMA PROTECTION JURIDIQUE	41.91%	20,246	20,246	53,846	9,212

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NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	Book value of securities held Gross	Net	Total loans and advances granted	Total guarantees and surety given	Total Dividends deposited [1]
Subsidiaries:					
French	3,341,588	3,236,687	841,706	12,014	256,712
Foreign	4,947,016	3,866,981	147,984	41,734	77,698
Equity interests:					
French	739,548	738,013	3,923	0	65,090
Foreign	188,957	150,854	0	0	1,055

(1) Including SCI results.

NOTE 28 CONSOLIDATION

Groupama SA prepares:

- consolidated financial statements incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

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6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditor's 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.

For the year ended 31 December 2011

PricewaterhouseCoopers Audit	Mazars
63, rue de Villiers	Tour Exaltis
92208 Neuilly-sur-Seine Cedex	61, rue Henri Régnault
	92400 Courbevoie

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the accompanying annual financial statements of Groupama SA;
- the justification of our assessments;
- the specific verification and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on those financial statements based on our audit.

I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities, the financial position of the company and the results of its operations for the year then ended in accordance with French accounting principles.

II – JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment resulting from the financial crisis in eurozone countries, in particular in Greece, accompanied by a liquidity and economic crisis, which makies it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of Article L. 823.9 of the French Commercial Code (*Code de commerce)*, relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance, recorded under assets and liabilities in your company's financial statements, are estimated on statistical and actuarial bases, in particular the technical provisions. The methods used to determine these items are described in note 3.1 to the annual financial statements.

  In particular, we examined the calculation methods and assessed the reasonableness of the assumptions applied, specifically with regard to Groupama SA's regulatory environment and its experience;
- provisions for impairment on the equity portfolio are valued as described in Note 3.2.2 to the annual financial statements.

We verified that the valuation of the provisions applying to assets subject to Article R. 332-20 of the Insurance Code was consistent with Groupama SA's intent to hold these instruments, and we examined, as needed, the data, assumptions applied, and documentation prepared within that framework.

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We examined the analyses performed by the company of any risks attached to assets subject to Article R. 332-19 of the Insurance Code (fixed-income securities), specifically sovereign debt, and the assumptions applied in their valuation and accounting treatment.

Concerning equity shareholdings, we examined the disclosures made by management on the activity and anticipated future prospects, as well as the criteria and assumptions applied to determine their profitability and the resulting provisions.

We also verified the appropriateness of the disclosures made in the corresponding attached notes, and specifically Note 5.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors, and in the documents sent to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to the remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified their consistency with the financial statements or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your company from the companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 22 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

LEGAL INFORMATION

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7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.* until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

7.1.2.1 Form (Article 1)

The Company, which under French law is a *société anonyme*, is governed by current and future legislative and regulatory provisions and by these bylaws.

7.1.2.2 Purpose (Article 2)

The company has the purpose below:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- reinsurance of agricultural regional or departemental reinsurance mutuals (hereinafter referred to by the term "Mutual"), pursuant to Article R. 322-120, no. 4 of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- the reinsurance of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad;
- engaging in any activities involving cession, retrocession or compensation of the risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services, and related activities;

and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

7.1.2.3 Corporate name (Article 3)

The Company's name is the following: Groupama SA

7.1.2.4 Corporate registered offices (Article 4)

Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

It may be relocated to any other place within the same departement or to a neighbouring departement by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The company's duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid-in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the Company's shares to 1,000 francs.

   The same meeting resolved to increase the Company's share capital from two hundred and fifty thousand (250,000) francs to three billion, five hundred and forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred and sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting of 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred and sixty-five million (4,565,000,000) francs to five billion, two hundred and forty-five million three hundred thousand (5,245,300,000) francs, through the issue of six hundred and eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred and forty-five million three hundred thousand (5,245,300,000) francs to five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issue of eighty-two thousand, three hundred and four (82,304) shares issued at the price of 1.215 francs, *i.e.* with an issue premium of 215 francs per share.

f) Pursuant to an authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors dated 9 July 1998, the Company's capital was increased from five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred and eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issue of eleven million, two hundred and fifty-eight thousand and twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) With the General Meeting deliberating on an extraordinary basis on 29 June 2001, it was resolved to convert the Company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the Company's share capital was increased by €5,381,563.46 from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L. 236-11 of the French Commercial Code dated 28 June 2002, the assets of that company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L. 236-11 of the French Commercial Code, dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

› reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;

› increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01, following the transfer by the CCAMA of all items relating to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's equity management division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met the same day after the meeting;

› increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-takeover of Groupama International, pursuant to Article L. 236-11 of the French Commercial Code, the assets of that company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

p) Pursuant to an authorisation of the Extraordinary General Meeting of 25 May 2011 and a decision of the Board of Directors dated 25 November 2011, the Company's capital was increased from €1,186,513,186 to €1,686,569,399, through the issuance of 97,571,944 cash shares.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,686,569,399. It is divided into 329,086,712 shares of €5.125 each, fully paid-in and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, a registration certificate will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the Board of Directors ruling by a two-thirds majority of members present or represented.

In the event of a sale to a third party, the request for approval indicating the buyer's corporate name or identity, the number of shares envisaged in the sale and the price offered is to be issued by registered letter with return receipt to the Company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may withdraw from the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Withdrawal by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

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In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be asked by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a director to carry out his appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to voting rights, each share allows entitlement to a share in the profits and the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the Company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The company is administered by a Board of Directors made up of two categories of directors:

- Directors appointed by the Shareholders' Ordinary General Meeting.

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The directors are appointed by the shareholders' Ordinary General Meeting for a term of office of six (6) years.

  If a director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor;
- Directors elected by Company employees.

  The status and methods of election of these directors are set by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by the bylaws.

  They are two (2) in number, including a representative of the officers.

  In any event, their number may not exceed one third of the number of directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a director will end upon completion of the Ordinary General Meeting approving the corporate financial statements for the fiscal year just elapsed, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of director is set at the seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting in the year of his sixty-ninth birthday.

Each director must own at least one (1) share for the entire duration of his term of office.

(b) Conditions for the election of employee directors

For each vacant seat on the Board, the method of ballot counting is as set out in the legal provisions.

In all cases or for any reason whatsoever, [if] the number of seats of elected directors actually filled falls below two before the normal expiry of these directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidatures are to be submitted at least five weeks before the balloting date;
- the lists of candidates are to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be put forward either by one or more representative union organisations or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by General Management after consultation with the representative union organisations.

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7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a chairman from among its individual members, set his compensation and his term of office, which may not exceed that of his term as director.

If the acting Chairman attains the maximum age of 70 set for his term of office as director, his duties will terminate upon completion of the Ordinary General Meeting held in the year of his sixty-ninth birthday.

The Chairman will organise and lead the work of the Board of Directors, on which he reports to the General Meeting. He will ensure the successful functioning of the corporate bodies and specifically ensure that the directors are capable of fulfilling their duties.

(b) Vice-Chairman

The Board of Directors may appoint from among its members a Vice-Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meeting of the Board

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of the Chairman's impediment, the Board of Directors may be summoned either by the Vice-Chairman, or by at least one third of its members or, if a director, by the Company Chief Executive Officer.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out valid business if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice-Chairman, and failing this, by a director appointed for this purpose at the start of the meeting.

Each director may give one of his colleagues power of attorney to represent him, but each director may only represent one of his colleagues and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the validity of the deliberations.

The Chief Executive Officer will attend Board meetings.

A representative of the Works Council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda, may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the meeting Chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions set by law, the internal regulation may make provisions for the meetings to be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, directors who participate in Board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors or, in his absence, the author of the notice to meet, will inform the individuals invited of the methods to be used for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

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

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

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

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

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

The Board may resolve to create committees responsible for studying issues that it or its Chairman submit, upon notification, for their examination.

The Board of Directors is authorised to prepare an internal regulation intended to set the rules of functioning for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to Board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 General Management of the Company (Article 16)

The company's General Management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking General Management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to shareholders' meetings and the Board of Directors. He will represent the Company vis-à-vis third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, or that of his term of office as director. The Board will also set the compensation of the Chief Executive Officer.

Upon the recommendation of the Chief Executive Officer, the Board of Directors can appoint an individual to assist the Chief Executive Officer with the title of Deputy Chief Executive Officer. His powers will be established by the Board of Directors in agreement with the Chief Executive Officer.

The Board of Directors shall also set his compensation.

No one aged 65 or older may be appointed Chief Executive Officer or Deputy Chief Executive Officer. If the Chief Executive Officer or Deputy Chief Executive Officer reaches the age of 65, his (their) duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the year just elapsed.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code apply to agreements entered into directly or through an intervening party, between the Company and its Chief Executive Officer, one of its Deputy Executive Officers, one of its directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company under the terms of Article L. 233-3 of the French Commercial Code.

7.1.2.18 Non-voting Board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting director positions due to death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Non-voting Board members, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the year then ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting Board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting directors are to be invited to meetings of the Board of Directors and take part in the deliberations in an advisory capacity. However their absence shall not prevent valid deliberations being held.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice convening the meeting.

1 2 3 4 5 6 7

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be fulfilled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions set out by the law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation by meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions respectively governing them, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all fully paid-up shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

7.1.2.22 Fiscal year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends - Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution - Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company is dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares by a single shareholder, the Company's expiry or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 AMENDMENTS TO THE BYLAWS APPROVED BY THE COMBINED GENERAL MEETINGS OF 29 JUNE 2006 AND 28 MAY 2008 BUT VALID SUBJECT TO THE CONDITION PRECEDENT OF THE LISTING FOR TRADING AND THE FIRST TRADE OF THE COMPANY'S SHARES ON THE EUROLIST MARKET OF EURONEXT

Article 9, "Form of the shares", has been amended; Article 10, "Transfer of shares – approval clause" is replaced by "Identification of shareholders"; "Article 11, "Exceeding thresholds", is created; Articles 12 to 27 are formerly Articles 11 to 26, and Article 21 "General Meetings", formerly Article 20, has been amended.

A copy of these bylaws is available on request at the registered office.

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7.1.4 INTERNAL REGULATION

The purpose of the internal regulation is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and to define the rights and obligations of the directors. Each director agrees to abide by this internal regulation by accepting his term of office. In the case of any corporate directors, this regulation applies to the legal entity as well as individually to its individual representative.

7.1.4.1 Functioning of the Board of Directors

(a) Purpose of the Board of Directors

The Board of Directors, in accordance with the law, sets the guidelines for Groupama SA's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Shareholders' Meetings and within the scope of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles matters concerning it through its deliberations. It also performs any audits or controls it deems timely

The Board is to be assisted in performing its tasks by technical committees.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the French Commercial Code, the Board of Directors decided to create within it an Audit and Risk Committee, a Compensation and Appointments Committee and an Agreements Committee. The duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create *ad hoc* committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of directors with the skills, experience, independence of mind and a willingness to become involved in the Company's business. These directors are appointed to serve the interest of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to directors representing the controlling shareholder and directors elected by corporate employees, the Board will consist of five (5) outside directors who do not have any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (independent director).

Status of independent director

A director is considered independent when he maintains no relationship of any kind whatsoever with the Company, its Group or its management, which might compromise the exercise of his freedom of judgement.

The Board of Directors is required to verify that candidates for positions as independent directors meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each director with regard to the status of independent director and report its findings in the Annual Report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting Board members

Pursuant to Article 18 of the Company bylaws, the General Shareholders' Meeting may appoint one or more non-voting company directors, up to a maximum of six.

All obligations of the directors under this instrument apply to the non-voting Board members, including when the obligations result from provisions applicable only to directors (whether these provisions derive from the law, from decrees, or from regulations, specifically those of the Autorité des Marchés Financiers ("AMF").

(e) Notice convening meetings - holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom he delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax, e-mail or verbally and may be sent by the Company Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December for the following year.

Directors may ask the Chairman to invite the Company's principal administrative officers to meetings of the Board of Directors or committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors' or committee meetings will summarise the debates that took place.

(f) Provisions specific to the holding of Board meetings by videoconference or any telecommunications method

Directors who participate in Board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and allow continuous broadcast of its deliberations.

However, participation in Board meetings by videoconference is not possible to adopt the following decisions:

- appointment, compensation and dismissal of the Chairman and Chief Executive Officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be fulfilled by the Corporate Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the directors participating in the Board meetings, indicating the names of the directors deemed present under the terms of Article L. 225-37 of the French Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the director temporarily assigned to the duties of meeting Chairman, the Secretary of the Board, or a legal representative authorised for this purpose.

(i) Evaluation of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 Rights and obligations of directors

(a) Submission of the bylaws and internal regulation

Before accepting his duties, a director must be familiar with the laws and regulations relating to his duties. Upon entering into office, a copy of the Company bylaws and of this internal regulation will be submitted to him. The Board will provide for an updating of the internal regulation to take into consideration any legal and regulatory changes as well as local practice.

(b) Training

If necessary, directors and members of specialist committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core activities and its business lines.

(c) Participation in Board and committee meetings

A director must dedicate the necessary time and effort to his duties. He must undertake faithfully to attend meetings of the Board and committees of which he is a member and actively participate in their respective work.

If he feels that any decision of the Board of Directors is likely to harm the Company, a director must undertake to clearly express his opposition and to use every means possible to convince the Board of the relevance of his position.

(d) Loyalty and conflicts of interest

The director has an obligation of loyalty to the Company. He must not, under any circumstances, act in his own self-interest against that of the Company.

The director undertakes not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other directors, specific groups of shareholders, creditors, suppliers and any third party in general.

To this end, prior to signing, he undertakes to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the French Commercial Code.

Moreover, it is forbidden for a director to:

- acquire a stake or responsibility in any unlisted company in which the Company or the Group, directly or indirectly holds a share, in a capacity other than that of a Group representative;
- acquire a stake or responsibility in any unlisted company that has a contractual relationship with the Company or the companies of the Group.

He is to ensure that his participation on the Board is not the source of any conflict of interest for him or the Company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the director in question will report it in full and in advance to the Board of Directors; he will be required to abstain from participating in Board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and of the vote).

In the event of any question, directors may consult the Company Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the Company Secretary and whose name, address and telephone number shall be sent to the directors by the Company Secretary.

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(e) Rights and obligations of directors with regard to information

The company Chairman or Chief Executive Officer must send each director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman or Chief Executive Officer will seek to communicate to the directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the directors to participate in Board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event of the communication of information deemed to be incomplete, the directors will request that the Chairman or Chief Executive Officer provide information they believe indispensable to their participation in the Board of Directors' meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer is required to communicate to directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as directors have an obligation of confidentiality.

Requests for documents and information from directors are to be sent to the Company Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or Chief Executive Officer may deem it preferable to make the requested documents available to directors at the Company's registered offices.

If he believes the information request exceeds the responsibilities of the director or is likely to create a problem of conflict of interest, the Chairman or Chief Executive Officer, after having informed the director in question, may consult the Chairman of the Audit and Risks Committee for his advice, prior to any response.

(f) Personal shares

It is desirable that each director holds at least one (1) share.

(g) The accumulation of terms of office

Candidates for the offices of director are required to inform the Board of Directors of positions of director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer, which they may hold in other companies with registered corporate offices in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions set out by French law.

Directors are required to inform the Board of their appointment as director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in companies with corporate registered offices in France within five days of their appointment.

Within one month after the close of the fiscal year just elapsed, directors are also required to communicate the list of positions they have occupied during the year just elapsed with a view to preparing the management report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by directors, which involve listed companies or the securities of listed companies, whenever directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the AMF (Autorité des Marchés Financiers) general regulations.

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security, which is not known to the public and which may significantly influence the trading price of that security, must be kept strictly confidential and may not be used or communicated to place orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The AMF general regulations contain similar prohibitions, violation of which will expose the perpetrator to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits, which may be made.

Significant changes to laws and regulations shall be made known to the directors by a note from the Corporate Secretary.

1 2 3 4 5 6 7

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his functions, has privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the price of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event that has happened or is likely to happen when it is possible to conclude from them the effect that those circumstances or that event could have on the price of the securities in question.

This information which, were it to be made public, could have considerable influence on the price of the securities in question and could be used by a reasonable investor as one of the foundations of his investment decision (buy, sell or keep).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED TO CONSTITUTE PRIVILEGED INFORMATION?

This includes, for example:

- earnings (or estimated earnings), earnings higher or lower than announced projections;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, investment stakes, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event tied to activity, which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of securities, public or private sales of additional shares).

This list is not exhaustive; other information may be considered privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news agency or mass-circulation daily newspaper;
- an official document filed with an audit authority (such as the Registration Document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

It is likely that company directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined.

Listed companies in which the Group holds a strategic investment are especially concerned.

CONFIDENTIALITY

It is the duty of any director having, as part of his functions, privileged information relating to a listed company or the securities of a listed company to keep this information confidential.

He is forbidden to disclose this information outside the normal framework of his functions or for reasons other than those related to why the information was disclosed to him.

In the event that the director in question should need to divulge this information to another person in the Group or a third party for the purpose of exercising his functions, he undertakes to do so only after he has informed this person or third party that the information is confidential and that he is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the director having such information as part of his functions for a listed company or listed security is forbidden to:

- use the privileged information that he has, to acquire or dispose of, or attempt to acquire or dispose of, on either his own behalf or on behalf of others, directly or indirectly, the securities tied to that information or the securities to which those securities are tied;
- recommend to another person to acquire or dispose of, or to have another person acquire or dispose of, the securities tied to that information or the securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of directors is to be set by the Board at the proposal of the Appointments and Compensation Committee. The rules for the distribution of directors' attendance fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

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7.1.4.3 Appendices to the Internal Regulations

Appendix 1

Audit and Risks Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Risks Committee is the following:

- to analyse the mid-year and annual financial statements distributed by the Company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to monitor the statutory audit by the statutory auditors of the annual financial statements and the consolidated and combined financial statements;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- to monitor the process of preparation of the financial information; to check, before publication, all accounting and financial information documents issued by the Company;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for performing the legal audit assignments, ensuring monitoring of the latter and monitoring the independence of the statutory auditors. To this end, the Committee may ask to be notified of the fees paid by the Company and its Group to the statutory auditors and their respective networks;
- to receive the reports of the statutory auditors;
- to receive reports upon request, on any subjects falling within its competence, from the Group's financial and accounting management;
- to monitor the effectiveness of the systems of internal control and risk management, and to assess their consistency, particularly with regard to ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to monitor the risk management policies, procedures and systems and, within this context, to examine the risk governance scheme in particular, the Group risks policy, internal control policies, adverse scenarios, the Group's major risks, the business continuity plan and the report on anti-money laundering activities and terrorist financing;
- to examine external growth transactions, by verifying firstly that the proposed transaction is well within the strategy defined by the Group and secondly, the profitability of the project and its impact on the overall financial balance of the Group.

MEMBERSHIP

The Audit and Risks Committee consists of a minimum of three (3) and a maximum of six (6) members appointed by the Board of Directors, chosen from among the directors and non-voting directors. At least one (1) of the Committee members must be independent and chosen from among the Company's external directors. The Committee cannot include the Chairman among its members. At least one Committee member must, by training and experience, have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, and good understanding of internal control procedures and the Committee's functions.

The terms of office of Committee members coincides with their terms as director or non-voting member. The Committee appoints its Chairman. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the Committee

The Audit and Risks Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Audit and Risks Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the Committee's opinions and recommendations for the purposes of its deliberations.

The Committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the Committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the Committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Risks Committee will receive, as of their appointment, from information on the Company's accounting, financial, and operational details.

The time frames for examination of the accounts by the Audit and Risks Committee must be sufficient (at least two days prior to the examination by the Board of Directors). For purposes of its examination of the accounts, the Committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is the following:

- to propose to the Board of Directors any questions relating to the personal status of the corporate officers, specifically compensation, retirement and any allocation of options for the subscription or purchase of company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of corporate officers and the allocation and distribution of directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate officers and ensure the consistency of these rules with the annual assessment of the performance of the corporate officers and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each director with regard to the classification of independent director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving evaluation of the Board of Directors' operating methods and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the directors and non-voting directors. At least one (1) of the Committee members must be chosen from among the Company's external directors.

The terms of office of Committee members coincides with their terms as director or non-voting member. The Committee appoints its Chairman. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the Committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, stating the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the Committee's opinions and recommendations for the purposes of its deliberations.

The Committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person from the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The Agreements Committee has the following purpose:

- to prevent any potential conflict of interest between the Regional Mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. In this context, the Committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are respected;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the French Commercial Code, including those signed between the Company and one of its non-voting directors or with the Company that controls one of its shareholders (having a proportion of voting rights above 10%) as defined in Article L. 233-3 of the French Commercial Code.

In this context, the Committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of

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the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article L. 225-39 of the French Commercial Code);

The Committee will also report to the Board of Directors on the status of these agreements:

- to analyse any and all agreements between the Regional Mutuals and Groupama SA and its subsidiaries and, more specifically, to make certain that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practice;
- to analyse the conditions for applying the reinsurance agreement between Groupama SA and its Regional Mutuals.

MEMBERSHIP

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the directors and non-voting directors. At least one (1) of the Committee members must be independent and chosen from among the Company's external directors, on the understanding that independence is determined in accordance with the criteria listed by the AFEP/MEDEF task force. The Committee cannot include the Chairman among its members.

The terms of office of Committee members coincides with their terms as director or non-voting member. The Committee appoints its Chairman from among the independent directors. The Groupama SA company secretary serves as Committee secretary.

OPERATION

Internal organisation of the Committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the Committee are considered valid when at least half its members are in attendance. A Committee member cannot be represented.

Minutes will be prepared of the meeting, stating the agenda and the discussions held between Committee members. The Committee Chairman or a member of the Committee appointed for this purpose will report to the Board of Directors the Committee's opinions and recommendations for the purposes of its deliberations.

The Committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending on the agenda, the Committee Chairman may convene any person from the Group capable of offering the Committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The time frames for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

Appendix 4

Criteria for independence

DEFINITION

For the purposes of this appendix, the term 'corporate officer' will be understood as defined in recommendation 2002-01 of the Commission des Opérations de Bourse:

"The corporate officers are as follows:

- the managers;
- the Chairman (Chairman of the Board of Directors or Chief Executive Officer);
- the Executive Officers;
- the Deputy Executive Officers;
- the members of the Management Board;
- the individuals or legal entities exercising the functions of director or member of the Supervisory Board, as well as the permanent representatives of the legal entities exercising these functions, and;
- any person exercising equivalent functions in foreign companies."

CRITERIA

A director is considered to be independent if he meets the following criteria:

- he is not an employee or does not exercise managerial functions within the Company, or is not an employee or director of the parent company or a company it is consolidating and has not been at any time over the past five years;
- he has not been paid by the Company, in any form whatsoever, with the exception of directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he is not a corporate officer of a company in which the Company holds, directly or indirectly, the position of director or in which an employee designated as such or a corporate officer of the Company (currently or within the past five years) holds the position of director;
- he is not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- he has no close family ties to a corporate officer;
- he has not been the auditor of the Company over the previous five years and has not been a director of the Company for over twelve years;
- he does not represent a major shareholder in the Company, on the understanding that:
  - a shareholder is considered to be a major shareholder when he holds more than 10% of share capital or voting rights (as calculated by consolidating his various shareholdings),
  - above this threshold, the Board, on the recommendation of the Compensation and Appointments Committee, will routinely inquire into his status as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relating to the Company's bylaws and share capital appearing in 7.2.1.1 and 7.2.1.3 results from, or is the consequence of, resolutions adopted by the Combined Shareholders' General Meetings held on 29 June 2006 and which have regularly been renewed since then. The most recent renewal was at the General Meeting of 25 May 2011.

7.2.1.1 Total share capital

- Total share capital issued: €1,686,569,399, represented by shares all in the same category.
- Number of shares issued and fully paid up: 329,086,712.
- Par value of the shares: €5.125.
- Authorised share capital not issued.

Status of powers of attorney to the Board of Directors adopted by the Combined General Meeting of 25 May 2011.

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum nominal amount of increase in share capital
Purchase by the Company of its own shares [1]	Resolution Ten	18 months	November 2012	10% of the share capital up to a maximum of €500 million
Issue with preferential subscription rights (capital increase from all shares combined) [2]	Resolution Eleven	26 months	July 2013	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Issue without preferential subscription rights (capital increase from all shares combined)	Resolutions Twelve and Thirteen	26 months	July 2013	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Issue with or without preferential subscription rights during the implementation of the over-allocation option [1]	Resolution Fourteen	26 months	July 2013	15% of the amount of the initial issue
Issue without preferential subscription rights as compensation for contributions in kind corresponding to shares or equity securities	Resolution Fifteen	26 months	July 2013	10% of the share capital
Capital increase by capitalisation of premiums, reserves, earnings, etc.	Resolution Sixteen	26 months	July 2013	€400 million
Issuance reserved to categories of persons	Resolutions Seventeen, Eighteen and Nineteen	18 months	November 2012	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Capital increase reserved for employee members of a company savings plan	Resolution Twenty	26 months	July 2013	€150 million
Free allocations of existing shares or to be issued in favour of employees of the Group or certain members thereof	Resolution Twenty-One	26 months	July 2013	10% of the share capital as at the date of the Board's decision
Capital reduction by cancellation of treasury shares [1]	Resolution Twenty-Two	24 months	May 2013	10% of the share capital

(1) Under the condition precedent of the admission for trading of the Company's shares on a regulated market.
(2) Authority used by the Board in 2011.

At its meeting of 25 November, the Board of Directors used the authority granted to it by Resolution Eleven of the General Meeting of 25 May 2011. It decided to increase the share capital by €500,056,213 through the creation and issue of 97,571,944 shares with a nominal amount of €5.125, bringing the share capital from €1,186,513,186 to €1,686,569,399.

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The additional report required by regulation was established as follows:

"Dear Shareholders;

We are pleased to present our report, prepared pursuant to Article R. 225-116 of the Commercial Code, following the issue of the capital increase amounting to €500,056,151.50, decided by the Board of Directors on 25 November 2011 on the delegation of authority granted by the Extraordinary General Meeting of 25 May 2011.

This issue has the following features:

- *a capital increase of €500,056,213;*
- *the issue of 97,571,944 shares at their par value of €5.125;*
- *preferential subscription rights of 11 new shares for 26 old shares;*
- *subscription period: from 5 to 21 December inclusive;*
- *share capital after this increase: €1,686,569,399, divided into 329,086,712 shares with a par value of €5.125.*

This capital increase has an almost negligible impact on the share of capital held by each shareholder, as the two major shareholders hold more than 99% of the Company's capital and have expressed their intention to subscribe as of right.

Issued in Paris,
25 November 2011

The Board of Directors"

A proposal will be made to the General Meeting of 30 May 2012 to renew:

- the issue of shares and/or equity securities, with preservation of the preferential subscription right, in the Ninth Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in Eleventh Resolution;
- the issuance of shares and/or equity securities reserved to Groupama Holding, in the Tenth Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the Seventeenth Resolution;
- the issuance of shares and/or equity securities reserved to Groupama Holding 2, in the Eleventh Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the Eighteenth Resolution;
- the issuance of shares and/or equity securities reserved for certain categories of investors in the Twelfth Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the Nineteenth Resolution;
- the issuance of shares or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights in the Thirteen Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the Twentieth Resolution.

7.2.1.2 Non-equity instruments

As of the date of the registering of this reference document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares in the Company.

The Combined General Meeting of 25 May 2011 has authorised the Board of Directors, for a period of eighteen months, with the condition precedent of admission of the Company's shares to trading on a regulated market, to purchase shares in the Company pursuant to Articles L. 225-209 *et seq*. of the French Commercial Code and in accordance with the general regulations of the Autorité des Marchés Financiers.

A proposal will be made to the General Meeting of 30 May 2012 not to renew the share buyback programme authorised by the General Meeting of 25 May 2011 in Resolution Ten.

7.2.1.4 Other equity interests

As of the registering date of this reference document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

Shareholders	Position at 31.12.2011			Position at 31.12.2010			Position at 31.12.2009		
	Number of shares	% of capital	% voting rights	Number of shares	% of capital	% voting rights	Number of shares	% of capital	% voting rights
Groupama Holding	299,260,100	90.94%	90.93%	210,489,521	90.92%	90.92%	210,475,723	90.91%	90.91%
Groupama Holding 2	29,587,992	8.99%	8.99%	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%
Others (*)	238,620	0.07%	0.08%	210,883	0.09%	0.09%	224,681	0.10%	0.10%
TOTAL	**329,086,712**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**

(*) Employees, former employees and exclusive officers and directors.

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The following table shows the changes in the share capital over the past three years.

Transaction date	Transaction	Number of shares issued	Nominal value of shares	Nominal value of capital increase	Issue premium on contribution or merger	Cumulative capital value	Cumulative number of shares
28.12.2011	Capital increase with retention of preferential subscription rights	97,571,944	€5,125	500,056,213	-	€1,686,569,399	329,086,712

7.2.1.6 Employee holdings of Groupama SA shares

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed to an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA that occurred in June 2002, then by Groupama Holding following simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated mid-year financial statements were audited.

Moreover, by virtue of the laws relating to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the highest between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become null and void if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA equity at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2011, employees, former employees and exclusive officers of Groupama SA held 0.07% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2011.

A double voting right is to be allocated to all fully paid-up shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

Nearly 67% of the Company's share capital has double voting rights.

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Groupama Holding (*)	299,260,100	90,94%	509,735,823	90,93%
Groupama Holding 2 (*)	29,587,992	8,99%	50,402,356	8,99%
Other (**)	238,620	0,07%	422,197	0,08%
TOTAL	**329 086 712**	**100,00%**	**560 560 376**	**100,00%**

(*) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(**) As at 31 December 2011, employees, former employees, and exclusive officers held 238,548 shares, i.e., 0.07% of the Company's capital. Moreover, on the same date, directors as a whole held 72 shares, i.e., four company shares each, after the split in the par value of the Groupama SA share by four as approved by the General Shareholders' Meeting of 29 June 2006.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Insurance Mutuals control a majority of Groupama SA.

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7.3 GENERAL MEETING OF 30 MAY 2012

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management report from the Board of Directors for the fiscal year 2011 and report from the Chairman on internal control procedures
- General reports from the statutory auditors on the performance of their audit engagement during fiscal year 2011 and special report from the statutory auditors on the report from the Chairman pursuant to section 6, Article L. 225-37 of the French Commercial Code
- Approval of the individual and consolidated financial statements for fiscal year 2011
- Allocation of income
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the French Commercial Code
- Approval of the appointment of two directors
- Renewal of the term of the current auditor Mazars and of the deputy auditor
- Setting the amount of the attendance fees

Items within the scope of responsibilities of the Extraordinary General Meeting

- Delegationof authority to the Board of Directors to increase the capital stock, through the issue of company shares and/or equity interests, maintaining the preferential share subscription right
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity securities reserved for Groupama Holding.
- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity securities reserved for Groupama Holding 2
- Delegation of authority to the Board of Directors to increase share capital, through the issuance of Company shares and/or equity securities reserved for certain categories of persons
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares or equity interests reserved for members of savings plans, eliminating the preferential share subscription right on their behalf

Within the scope of responsibilities of the Combined General Meeting

- Powers of attorney for registration procedures

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution (Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having taken note of the reports from the Board of Directors and statutory auditors on the fiscal year ended 31 December 2011 and the opinion of the Central Works Council on these same statements, approves the financial statements for said fiscal year as presented, *i.e.*, the balance sheet, income statement and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a loss of €235,698,494.70.

Second Resolution (Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2011, approves these financial statements as presented, yielding a net loss (Group share) of €1,811,786.

Third Resolution (Allocation of profit)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having taken note of the report of the Board of Directors, has resolved to allocate the loss for the year, which totals €235,698,494.70, to the credit side of the "Retained Earnings" account, which will move that account to a credit amount of €1,405,931,656.53;

To meet the provisions of Article 243bis of the French General Tax Code, distributions for the past three fiscal years were as follows:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2010	€104,181,645.60	€93,457.35	€104,088,188.25
2009	€104,181,645.60	€98,555.85	€104,083,089.75
2008	€53,248,396.64	€52,264.51	€53,196,132.13

Fourth Resolution (Regulated agreements referred to in Article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as set out in paragraph 3 of Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code on agreements referred to in Article L. 225-38 of the French Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution (Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Jean-Yves Dagès in his capacity as director, which occurred at the meeting of 3 August 2011, to replace Mr Francis Aussat, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

Sixth Resolution (Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Jean-Louis Pivard in his capacity as director, which occurred at the meeting of 25 April 2012, to replace Mr Jean Baligand, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

Seventh Resolution (Expiry of the terms of office of the statutory and deputy auditors)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the favourable report issued by the Mutual Society Supervisory Authority (ACP), resolves to renew the terms expiring in this meeting, of the company Mazars, statutory auditors, and of Mr Michel Barbet-Massin, deputy auditor, for a period of six years, *i.e.*, until the General Meeting which will be convened in 2018 to approve the financial statements for the fiscal year ending 31 December 2017.

Eighth Resolution (Directors' fees)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, resolves to reduce the maximum sum of €1,045,000, the annual total amount of the attendance fees to be split among the directors for 2012.

Items within the scope of responsibilities of the Extraordinary General Meeting

Ninth Resolution (Delegation of authority to increase the share capital by issuing stock and/or securities entitling the holder access to the Company's equity, with the preferential share subscription right maintained)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 of the said Code:

1. hereby grants to the Board of Directors, with the option of sub delegation under the conditions set forth by law, the authority to decide to issue company shares or equity securities, with preferential subscription rights of the shareholders maintained, on one or more occasions, in the proportion and at the times it deems appropriate, on the understanding that subscription of shares and other securities may be either in cash, or offset against receivables;
2. hereby resolves to set the following limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:
   - the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion, on the understanding that the overall maximum par value of capital increases likely to be carried out under this authority, including those granted under the Resolutions Twelve, Thirteen, Fourteen, Seventeen, Eighteen, and Nineteen approved by the Combined General Meeting of 25 May 2011 (as well as those granted under any resolution approved by a General Meeting replacing in whole or in part one of such resolutions) is set at €1.1 billion;
   - to these maximum limits will be added, if applicable, the par value of any additional shares to be issued in the event of new financial transactions, to preserve the rights of holders of equity securities;
3. sets at twenty-six months, with effect from the date of this General Meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined Ordinary and Extraordinary General Meeting of 25 May 2011, in its 11th Resolution;
4. in the event this authority is used by the Board of Directors:
   - hereby resolves that any issues be preferably reserved for shareholders who will be able to apply as of right for new shares in proportion to the number of shares owned by them at the time;
   - duly notes the fact that the Board of Directors has the option of introducing a right to apply for excess shares;
   - duly notes the fact that this authority automatically allows the holders of equity securities issued under this authority to waive their preferential subscription rights to any shares to which those securities may entitle them immediately or in the future;

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- hereby resolves that if the applications as of right, as well as any applications for excess shares have not absorbed the entire capital increase, then the Board of Directors, as allowed by law and in the order it shall decide, may use either one or both of the options below:
  - limit the capital increase to the amount of the subscriptions provided that this amount equals at least three-quarters of the increase approved,
  - distribute freely some or all of the shares or, in the case of equity securities, *i.e.*, those securities approved for issue but not subscribed,
  - offer the public some or all of the shares or, in the case of equity securities, some or all of any un-subscribed equity securities, on the French and/or foreign market and/or on the international market;
- hereby resolves that share warrants may be issued by subscription offer, but also may be allocated free of charge to the holders of existing shares; on the understanding that the Board of Directors shall have the option of determining that the allocation rights of fractional shares will not be traded and that the corresponding securities will be sold;

5. resolves that the Board of Directors, with the option of sub delegation under the conditions set forth by law, shall have all powers to implement this authority in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code); to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and to stipulate, as applicable, any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (in particular the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company; and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable processes;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and in general, to enter into any and all agreements notably designed to ensure the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto.

Tenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding):

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code,

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for Groupama Holding, a *société anonyme* with share capital of €2,520,662,256, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies Register under number 428 734 818;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be realised immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the Ninth Resolution submitted to this meeting will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;

5. resolves that:

- the issue price of the directly issued shares shall at least equal the shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying for the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company);
- as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all procedures required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;
8. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 25 May 2011, in its 17th Resolution.

Eleventh Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding 2):

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to cancel the preferential subscription rights of the shareholders to shares or securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these issues for Groupama Holding 2, a *société anonyme* (limited liability company) with share capital of €507,998,880, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies' Registry under number 411 955 404;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be realised immediately or in the future under this authority is set at €1.1 billion; it being specified that, if applicable, the overall limit stated in paragraph 2 of the Ninth Resolution submitted to this meeting will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;

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5. resolves that:
- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:
- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable procedures;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all processes required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;

8. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 25 May 2011, in its 18th Resolution.

Twelfth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities, reserved for certain categories of persons)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that subscription of shares and other securities may be either in cash, or offset against receivables;
2. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for the following categories of persons: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their Groups and/or all companies managed by the companies of their Groups, (ii) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals, and/or (iii) the employees and directors or company officers as specified under Article L. 3332-2 of the French Labour Code, of companies related to the Company as defined under Article L. 3344-1 of the same Code, who are not beneficiaries of the issues carried out in accordance with the Thirteenth Resolution thereafter, and/or (iv) persons and/or employees and managers or officers of companies not provided for above but who fulfil the criteria mentioned in paragraph 1 of Article L. 3344-1 above, and/or (v) of mutual funds or other employee shareholder entities investing in company securities, for which the unit holders or shareholders will consist of persons stated under (iii) and (iv) of this paragraph and/or beneficiaries of the Thirteenth Resolution thereafter;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;

4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the Ninth Resolution submitted to this meeting will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:
- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
- for issues to beneficiaries stated under (iii) and (v) of 2 above, the issue price for new shares or equity securities will be based on the terms specified under 3 of the Thirteenth Resolution thereafter or identical to the price at which securities of the same type will be issued pursuant to the aforementioned Thirteenth Resolution;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:
- to decide on the capital increase and determine the securities to be issued;
- to prepare the exact list of the recipients within the recipient classes cited in paragraph 2 above, for whom shareholders' preferential subscription rights were withdrawn;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if they are, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable procedures;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;
7. resolves that this authority will expire with effect from when the Company's shares are first listed on a regulated market;
8. sets at eighteen months with effect from the date of this General Meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the combined Ordinary and Extraordinary General Meeting of 25 May 2011, in its 19th Resolution.

Thirteenth Resolution (Delegation of authority to increase the share capital, by issuing shares/ or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights.)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report and, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq*. of the French Labour Code:

1. authorises the Board of Directors, with the option of sub-delegation under the conditions set forth by law, to determine the capital increase, on one or more occasions, of a maximum par value of €150 million, by issuing Company shares or equity securities, reserved for members of one or more savings plans (or another plan for members, for which Article L. 3332-18 of the French Labour Code would allow a reserved capital increase under equivalent terms) introduced within Groupama SA or the Groupama Group comprising the Company and French and foreign companies included in the Company's accounting consolidation or combination in accordance with Articles L. 3344-1 and L. 3344-2 of the French Labour Code;

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2. sets at twenty-six months with effect from this General Meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined Ordinary and Extraordinary General Meeting of 25 May 2011, in its 20th Resolution;
3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 3332-20 of the French Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 3332-25 and L. 3332-26 of the French Labour Code equals or exceeds ten years; however, the General Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the above-mentioned discounts up to the legal and regulatory limits in order to take into account, inter alia, the legal, accounting, tax and corporate systems applicable locally;

   for the purposes of this paragraph, the Reference Price designates the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net assets, profitability and the firm's business prospects, pursuant to the provisions of Article L. 3332-20 of the French Labour Code;
4. authorises the Board of Directors to award future or previously issued shares or equity securities free of charge to the above-mentioned recipients, in addition to the shares or equity securities to be subscribed for in cash, in order to make up for all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allocation does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the French Labour Code;
5. resolves to eliminate the preferential subscription right of the shareholders to the securities subject to this authorisation in favour of the above-mentioned recipients; the said shareholders also waiving any right to any bonus shares or equity securities which might be allocated free of charge under this resolution;
6. resolves that the Board of Directors shall have full powers, with the option of sub-delegation under the conditions set forth by law, to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, in particular for the purpose of:

- preparing, as stipulated by law, a list of the employees, early retirees and retirees who may subscribe to the shares or equity securities thus issued and who may qualify, if appropriate, for bonus shares or equity securities;
- deciding that applications for shares may be made directly or through company mutual funds (FCPE) or other vehicles or entitles allowed under the applicable laws and regulations;
- setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases;
- determining the subscription opening and closing dates;
- setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions and terms for payment in full, delivery and effective legal date of the securities (even if retroactive), as well as the other terms and conditions for the issues;
- if bonus shares or equity securities are awarded, to set the number of shares or equity securities to be issued, the number to be allocated to each recipient and to determine the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations and, in particular, to choose either to replace in full or in part the allocation of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two possibilities;
- to take note of the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription;
- to charge any costs of the capital increases to the amount of the premiums associated with them;
- to enter into any and all agreements, to carry out, either directly or indirectly by an agent, any and all operations, including any formalities subsequent to the capital increases and to amend the bylaws accordingly;
- and, in general, to enter into any and all agreements aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto or subsequent to any capital increases completed.

Within the scope of responsibilities of the Combined General Meeting

Fourteenth Resolution (Powers for processes)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any necessary procedures.

7.3.3 INFORMATION CONCERNING THE DIRECTOR WHOSE NOMINATION HAS BEEN PROPOSED TO THE GENERAL MEETING

JEAN-LOUIS PIVARD

Date of birth: 27 May 1958

BUSINESS ADDRESS

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

Main position in the Company

Jean-Louis Pivard has been a Director since 25 April 2012. His term expires at the close of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main role outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Rhône-Alpes Auvergne

Current terms of office

Served within the Group in France

Gan Assurances	› Director	Since 7 March 2007
Groupama Holding	› Director	Since 18 April 2012
Groupama Holding 2	› Director	Since 18 April 2012
Groupama Immobilier	› Director	Since 7 March 2007

Terms held from 2007 to 2011 no longer held by Mr Pivard

Served within the Group in France

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

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7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Thierry Martel, Chief Executive Officer of Groupama SA

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this Registration Document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 5.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal risks and uncertainties they face.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this Registration Document and read the whole of the Registration Document.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2011. This report, which enclosed a comment, is disclosed in section 6.2 of this Registration Document.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2010 and set forth in the Registration Document filed with the AMF on 14 April 2011. This report, which enclosed a comment is disclosed on pages 278-279 of that Registration Document.

Paris, 27 April 2012

Chief Executive Officer

Thierry Martel

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURES

- Mr Christian Collin
  Deputy Chief Executive Officer
  Telephone: 01.44.56.35.00
  Address: 8-10, rue d'Astorg, 75008 Paris (registered office)

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Statutory Auditors

Members of the Versailles regional auditors' institute

- PricewaterhouseCoopers Audit

  Represented by Eric Dupont and Christine Billy

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2011 for a period expiring after the General Meeting ruling on the financial statements for the year ending 31 December 2016.
- Mazars

  Represented by Jean-Claude Pauly and Maxime Simoen

  Tour Exaltis

  61, rue Henri Régnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 for a period expiring after the General Meeting ruling on the financial statements for the year ended 31 December 2011.

7.4.4.2 Deputy Auditors

Members of the Versailles regional auditors' institute

- Mr Yves Nicolas

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Appointed by the General Meeting of 25 May 2011 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ending 31 December 2016.
- Mr Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Régnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 for a period expiring after the General Meeting ruling on the financial statements for the year ended 31 December 2011.

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7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports, including in particular the historical financial information on the Company, are available on the Company's website at the following address: www.groupama.com, "Finance" – under "Financial information", and a copy can be obtained at the Company's registered office at 8-10 rue d'Astorg, 75008 Paris

The bylaws of the Company as well as the minutes of General Meetings, auditors' reports and corporate and consolidated financial statements can be consulted at the Company's registered office: 8-10, rue d'Astorg, -75008 Paris, in the Legal Department.

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7.6 PRINCIPAL PUBLICATIONS BY GROUPAMA SA

Annual information document cited by Article 222-7 of the AMF general regulations:

02.04.2012	Groupama announces the disposal of its equity stake in Bolloré
15.03.2012	2011 annual results: net income sharply impacted by exceptional financial impairment - Very strong growth in operating income - A new strategy of “business lines performance”
14.03.2012	Issuance of Gan Eurocourtage preferred shares subscribed by the Caisse des Dépôts
16.02.2012	Combination of Icade and Silic
09.01.2012	Groupama announces operating return for 2011
30.12.2011	Groupama’s acceptance of the final proposal submitted by the Caisse des Dépôts and Icade for a reconciliation between Icade and Silic
30.12.2011	Groupama’s acceptance of an investment of €300 million by the Caisse des Dépôts in Gan Eurocourtage
19.12.2011	Fabrice Heyries was named Director of the Human Resources Department of the Group
13.12.2011	Signing of a memorandum of agreement
05.12.2011	The Caisse des Dépôts and Groupama confirmed that they are in discussion
28.11.2011	New organisation of Groupama SA
24.10.2011	Board of Directors of 24 October 2011
03.10.2011	Press release of 30 September 2011
04.08.2011	Mid-year results 2011: strong growth in operating income - net profit up after taking into account the Greek plan
26.05.2011	Appointment of new independent directors to Groupama SA
07.04.2011	Clarification following the publication of newspaper articles in the Italian press
18.03.2011	Press release of 18 March 2011
15.03.2011	Groupama notes the announcement of the Ligresti family
09.03.2011	Board of Directors of 09 March 2011
05.03.2011	Groupama received the motivations of Consob
04.03.2011	Communication of the decision of Consob
16.02.2011	2010 annual results: very resilient in a difficult environment - continued growth in France and internationally
11.02.2011	Groupama and Cegid sign a partnership with Francis Lefebvre publishing
14.01.2011	Groupama announces operating return for 2010
13.01.2011	Clarification following the publication of a newspaper article
07.01.2011	Groupama: diversification of storm coverage in France

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GLOSSARY

ACTUARIAL RESERVES

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

ON A LIKE-FOR-LIKE BASIS

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

COMBINED RATIO

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

CONVEXITY

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows – one in period 0 and the other in period 10 – will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

CURRENT INCOME

Groupama SA's current income is the net profit or loss excluding the effect of unrealised capital gains and losses on the financial assets recognised at fair value owed to the shareholder net of corporate income tax, of non-recurring transactions and of impairment of goodwill.

DURATION

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

ECONOMIC OPERATING PROFIT

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

GROUP INSURANCE

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

GUARANTEED RATES POLICY

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

INDIVIDUAL INSURANCE

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

LIFE AND HEALTH INSURANCE

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

LONG-TERM CARE POLICY

Policy designed to cover the risk of the loss of independence by the elderly.

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MULTI-VEHICLE POLICY

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

POLICY IN EUROS

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

PROFIT-SHARING

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

RECURRING FINANCIAL MARGIN

Recurring financial margin accounts for the income from investments minus investment expenses.

ROE (RETURN ON EQUITY)

The ROE of Groupama SA is the financial ratio equal to the quotient of the Net result (group share) of the average shareholders' equity, excluding the revaluation reserves and the fair value effect. It represents return on the funds invested by shareholders.

RUN-OFF

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

STATUTORY SOLVENCY MARGIN

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

UNIT-LINKED POLICY

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

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CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION N° 809/2004

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Groupama

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