ANNUAL REPORT 2006
GROUPAMA S.A. CONSOLIDATED ACCOUNTS

Groupama

CONTENTS

The certification of the statutory auditors relates only to the French language version of this document.

REPORT OF THE BOARD OF DIRECTORS OF GROUPAMA S.A. 2006 FINANCIAL YEAR

1 BUSINESS ENVIRONMENT

1.1 Macroeconomic environment

Despite new upward pressures on commodity prices (including petroleum and metals), the worldwide growth rate rose again in 2006, up approximately 5%, compared with 4.5% in 2005. The growth rate exceeded 4% for the fourth year in a row, demonstrating the exceptional strength of world trade since 2003.

Although there were large increases in the prices of petroleum and other industrial commodities, there was little increase in the inflation rates of the large OECD economies, including Europe, the United States, and Japan. As at the end of 2006, prices rose 1.9% year-on-year in the euro zone. The United Sates Federal Reserve Bank continued the monetary tightening measures it initiated in 2004: it raised rates on four occasions, taking the Federal Funds rate to 5.25% at the end of June. It then maintained these rates over the entire second half of the year. The European Central Bank also continued to gradually increase its benchmark rate, intervening five times and raising the REFI rate to 3.5% at the beginning of December. These increases do not seem to have affected the rate of monetary growth in the euro zone, however. In a new development, Japan also participated in this general trend toward monetary tightening, ending its almost six year policy of 0% interest rates during the summer of 2006. In emerging economies, monetary policies also continued to tighten.

UNITED STATES

Growth was 3.3% over the full year, close to the 3.2% level of 2005. Although there was a sharp correction in the housing market, growth in demand continued in other sectors.

EURO ZONE

After four years of slow growth (averaging 1.2% between 2001 and 2005), the euro zone showed new vigour in 2006 with GDP growing considerably faster, estimated at 2.5% on an average annual basis. The upturn in 2006 was well balanced between domestic demand and exports. The early stages of a rally in job creation in the euro zone was reflected in strong growth in household consumption. This strong performance overall is largely attributable to the revival of growth in Germany, which boosted European business activity, particularly in neighbouring countries (and in Benelux and France to a lesser extent). France performed below the European average, with GDP growth under 2%, and Italy turned in an even weaker performance. These results reflected disappointing performance in foreign trade, which probably reined in the recovery in productive investments.

UNITED KINGDOM

In 2006, the UK economy took off with strong growth, which averaged 2.7% for the year over the last four quarters. This rebound is attributable to the UK's participation in world trade, particularly in the service sector, as well as the strength of domestic demand. Domestic demand was supported by strong performance in the property market, where prices resumed their increase in 2006, following a pause in 2005. In a faster growing economic environment with stronger inflationary pressure than continental Europe, the Bank of England was therefore obliged to tighten monetary policy on two occasions in 2006.

EMERGING ECONOMIES

The Asian economies again enjoyed soaring demand: their growth rose to 8.7% in 2006, up from 8.3% in 2005. This strength is largely attributable to booming sustained growth in China and India (up 10.5% and 8.2% respectively in 2006).

TURKEY

Growth in Turkey continued strong (up 5.2% on average in 2006), based primarily on the strength in global trade, although the country sustained a major impact from the correction in the financial markets of emerging economies in May and June of 2006.The Turkish lira hit new lows against the euro, and inflation exceeded

the Central Bank's target level of 5%. This weakness should however be viewed in perspective:
- the retreat in the level of the lira is actually only a correction to the recent (2003-2006) period of appreciation;
- this development is not one that would create major disequilibrium in Turkey's public finances; only 30% of debt is denominated in foreign currencies, and the primary and total balances show major surpluses as a result of very rigorous budgetary management; In addition, the rating agencies have confirmed their country ratings at BB.

1.2 Financial markets

INTEREST-RATE MARKETS

Interest-rate markets went through two distinct phases during the course of the year:
- in the first half of the year, long-term rates were up, reflecting the tightening of monetary policies and sharp increases in commodity prices, which raised fears of inflation;
- in the second half, long-term rates shifted somewhat lower. This shift was attributable to the drop in petroleum prices and the first signs of economic slowdown in the United States, which experienced the impact of price adjustments in the housing sector.

By the end of 2006, long term rates for 10 year government securities stood at:
- 4% in the euro zone, up from 3.3% in 2005;
- 4.7% in the United States, up from 4.4% at the end of 2005).

EQUITY MARKETS

In a continuing upbeat economic environment with strong growth and low inflation, companies continued their efforts to improve earnings during 2006. Strong corporate profits and the encouraging economic outlook allowed stock markets to post strong growth. Following very large increases in the first four months of the year, stock market indices suffered sharp corrections in April and May 2006. Fears of inflation were then gradually allayed, and the markets showed strong growth during the second half of 2006. As in 2005, stock markets in emerging economies posted the highest growth rates. Among the stock markets in developed countries:
- the Eurostoxx50 index was up over 18%;
- united States exchanges posted very respectable results, ranging from 8% for the Dow Jones index to14% for the S&P 500 index (expressed in US dollars);
- the Japanese indices significantly underperformed (the Nikkei was up less than 7%), following an outstanding year in 2005 (when it was up about 40%).

FOREIGN EXCHANGE MARKETS

Interest rate differentials were again the principal determinants of exchange rate movements in 2006. In total, the euro appreciated about 12% against the dollar and the yen between yearends 2005 and 2006. It ended 2006:
- at ¥ 157 yen per euro;
- at $1.32 per euro.

With regard to emerging market currencies, the gradual appreciation of the yuan against the dollar was noteworthy: at 7.8 yuan per dollar, the increase was about 3.5% during 2006.

2

SIGNIFICANT EVENTS

2.1 Organisation of the group

AUTHORISATION FOR AN INITIAL PUBLIC OFFERING OF GROUPAMA S.A.

The general assembly of Fédération Nationale Groupama on 24 February 2006 approved in principle an initial public offering for Groupama S.A. to fully or partially finance or refinance Groupama S.A. on the market in a view of one or more major acquisitions or to implement a strategic partnership in France and/or abroad.

Pursuant to this authorisation, the shareholders' meeting of Groupama S.A. on 29 June 2006 amended the bylaws of Groupama S.A. so that the Group would be able to react more rapidly in the event of an acquisition opportunity in the market, while at the same time securing majority control in the Mutual for the regional mutuals.

RATIONALISATION OF THE GROUP'S FINANCIAL ORGANISATION CHART

On 14 December 2006, in its capacity as holding company for equity investment activities, Groupama S.A. acquired all the shares of Groupama International held by the Group's Life companies, which totalled 43.6%. This ownership holding existed for historical reasons and had no organisational purpose. At the conclusion of these transactions, Groupama S.A. held 100% of the capital of Groupama International.

2.2 Growth of the group

ACQUISITIONS IN SPAIN

On 24 January 2006, Groupama Seguros acquired the two subsidiaries of the Azur-GMF group in Spain: Azur Multiramos in non-life (premium income of €34 million in 2005) and Azur Vida (premium income of €10 million in 2005).

ACQUISITION IN TURKEY

At the end of a privatisation process in Turkey, early in 2006 Groupama acquired, 56.67% of the non-life insurance company Basak Sigorta (€187 million in premium income in 2005) and 41% of the life insurance company Basak Emeklilik (€56 million in premium income in 2005), 38% held by Basak Sigorta, subject to the formal approval from Turkish authorities. With this acquisition, Groupama became the sixth largest insurer in the Turkish market, which is experiencing one of the fastest growth rates in the world.
Also in Turkey, Groupama is keeping its 36% stake in Günes Sigorta.

ACQUISITION OF A BROKER IN THE UNITED KINGDOM

On 15 December 2006, Groupama acquired 100% of the broker Carole Nash Insurance Consultants Limited.
With 350 employees in five locations in the northwest of England and Ireland, Carole Nash is among the 30 leading brokers in the United Kingdom, with over 240,000 policyholders. This broker, which has €90 million in policies, is the leading intermediary in the motorcycle insurance market in England and Ireland, and a major player in insuring classic and collector cars.

PARTNERSHIP WITH DEXIA IN LENDING TO LOCAL AUTHORITIES

Groupama and the Franco-Belgian bank Dexia signed a partnership agreement on 14 November 2006 covering the financing of local authorities.
Under the terms of this agreement, Groupama will market financing under the Dexia Crédit Local name to local authorities of fewer than 2,500 inhabitants, with Dexia providing the financial arrangements.

2.3 Other developments

SALE OF MINSTER IN THE UNITED KINGDOM

On 24 August 2006, Groupama UK sold its entire equity stake in Minster Insurance Company Limited. As at 1 January 2003, this company had taken on all of the "run-off" business of the British subsidiaries, with Groupama Insurance Company Limited taking over operating activities exclusively as at the same date. The purchaser is the investor group BSG Insurance Holdings, composed of the American investment bank Bear Stearns and Caspar Gilroy, a private equity investor.
The sale of Minster Insurance resulted in a capital loss of €7.2 million. This transaction resulted in the withdrawal of €483 million from technical reserves for run-offs with no underwriting liability guarantee being granted by the Group.

STANDARD & POOR'S AND AM BEST RATINGS

On 8 December 2006, Standard & Poor's confirmed its "A" rating for counterparty risk and the financial stability of Groupama S.A., with a stable outlook.
The AM Best rating agency also gave Groupama S.A. an "A" rating at year end 2006.

AWARDS FOR THE GROUP'S PRODUCTS

The two life insurance policies of Groupama Épargne and Groupama Modulation received the "Quality and Performance" awards in the euro policy category, as selected by the *Journal des Finances*. Groupama Modulation had already received several awards in March 2006 from *Revenu* and from *Gestion de Fortune*.
The 2006 *Dossiers de l'épargne* awarded marks of excellence to the group retirement policies Groupama Dimension Retraite Entreprises, GAN Retraite Entreprises and Dimension Retraite Entreprises, as well as the Synergie IFC policy.
Groupama Banque also received three marks of excellence from *Dossiers de l'Épargne* for its Astréa 2 Liberté products, including mortgage insurance and securities accounts.
Finally, Groupama Asset Management was honoured with *Trophées du Revenu* in May 2006; at the beginning of December 2006, the Groupama Alternatif Equilibre funds received the second highest rating in the Tribune / L'EDHEC rankings for its alternative management product.

3

POST-BALANCE SHEET EVENTS

SALE OF 15.35 % OF SCOR

On 21 January 2007, Groupama S.A. sold a block of 15.35% of SCOR's share capital. This transaction, which was executed as part of the strategy to optimise Groupama's financial management and the allocation of its equity, will result in a capital gain of approximately €150 million in the 2007 consolidated statements. The sale consisted of a private placement with the banks HSBC and UBS. The Group's residual equity stake in SCOR is 0.67%.

GROWTH IN TURKEY

In November, agreements were signed with the agricultural cooperatives that are minority shareholders of Basak Sigorta, for the purpose of acquiring their 40.1% stake in the insurer's capital. These agreements materialised in the first quarter of 2007. At the same time, an agreement to purchase the shares of the minority shareholders of Basak Groupama Emeklilik (a 10% stake) was signed at the beginning of January 2007.

GROWTH IN GREECE

On 8 March 2007, Groupama acquired the Greek insurance company Phoenix Metrolife Emporiki Hellenic Insurance Company S.A. for €95 million. This agreement is subject to statutory approvals.

4

ANALYSIS OF THE FINANCIAL STATEMENTS

4.1 Scope of consolidation

In comparison with 31 December 2005 and taking into account the transactions presented above, the main changes in consolidation are as follows:

Newly consolidated entities:

Azur Multiramos and Azur Vida were consolidated as at 1 January 2006.

Basak Groupama Emeklilik and Basak Groupama Sigorta, which were acquired on 16 May 2006, were included in the consolidation as from June 2006. In addition, a holding company, Groupama Investment Bosphorus, was created in Turkey. It is intended to concentrate the Group's investments in this country over the long term.

The Group acquired Carole Nash Insurance Consultants Limited in December 2006.

Mergers, reorganisations and deconsolidated entities

The company CFP absorbed two of its subsidiaries, SCIMA and SCIMA II, by means of a simplified merger on 30 May 2006 (with retroactive effect as at 1 January).

Increase in Groupama S.A.'s investment in Groupama Banque following the purchase of 20% of the shares. Groupama S.A.'s equity interest rose from 60% to 80% as at 30 June 2006.
Following the sale of Minster Insurance, this entity was deconsolidated.

4.2 Revenues and earnings

CONSOLIDATED REVENUES

As at 31 December 2006, the consolidated premium income of Groupama's Insurance business totalled €11.2 billion, up 6.1% compared to 31 December 2005 (6.4% excluding discontinued activities). When investment activities are included, the Group's consolidated premium income rose 6.7% to €11.5 billion (up 7% excluding discontinued activities).
On a like-for-like consolidation and exchanges rate basis, consolidated premium income for Insurance was up 5.3% compared to 2005 (up 5.5% excluding discontinued activities). The Group's total premium income at constant consolidation and exchange rates rose 5.9% (up 6.1% excluding discontinued activities).

As at 31 December 2006, premium income for Insurance in France rose 3.8% in actual terms and 5.2% on a like-for-like basis. It represented 76.8% of the Group's total business. International business (20.4% of total premium income) was up 17.5% actual terms and 7.0% on a like-for-like basis, excluding discontinued activities. The Group's other activities represent 2.8% of total revenues.
The Group posted a significant increase in life and health insurance premium income, which was up 9.3% in actual terms and 7.7% on a like-for-like basis. In France, life and health insurance increased 7.5%, greater than the overall market which rose about 6.7%, adjusted for reinvestments in housing savings plans and "Fourgous" transfers. The 16.1% market growth at the end of December includes reinvestments in housing savings plans, which benefited bancassurance companies, and "Fourgous" transfers, which according to strict application of accounting rules would not be included in premium income. Life and health insurance premium income in the International sector posted a 25.7% increase in actual terms and 9.9% on a like-for-like basis.
In the areas of property and liability insurance, premium income rose 3.2% in actual terms and 3.1% on a like-for-like basis. Business activity in France was down 1.4% in actual terms and up 1.8% on a like-for-like basis. The International sector generated premium income up

14.3% in actual terms and 5.8% on a like-for-like basis. Based on a breakdown of premium income according to regulatory life/non-life sectors, the Group posted the following results:

- non-life business (58.5% of the Group's premium income) rose 5.0% in actual terms and 3.8% on a like-for-like basis;
- life business (39.1% of the Group's premium income) rose 7.8% in actual terms and 7.5% on a like-for-like basis.

INSURANCE IN FRANCE (76.8% OF THE GROUP'S PREMIUM INCOME)

Premium income from Insurance in France (excluding discontinued activities) increased 5.2% in 2006 to €8,814 million. Growth in the Group's property and liability insurance (39.6% of premium income in France) was 1.8%. The market grew 2.2% (source: FFSA at the end of December 2006).

Premium income from life and health insurance (60.3% of premium income in France) showed a significantly higher growth rate of 7.5%, with business driven by strong performance in savings and health.

- It should be noted that in the French life and capitalisation market, in the life and health insurance segment, the market overall posted 6.5% growth in 2006 (adjusted for reinvestments in housing savings plans and "Fourgous" transfers). Under these circumstances, it should be emphasised that the Group's premium income from life and capitalisation outperformed the market, and was up 8.4% in 2006. The Group's marketing campaign focused on unit-linked policies in its advertising. The success of these campaigns allowed the Group to more than double premium income from unit-linked policies, exceeding the 45% growth in the market overall (not adjusted for investments in housing savings plans).
- The Group's premium income in the health and personal injury market in France was up 4.6% in 2006. The market grew 9% due to strong increases in loan coverage, while there was some slowdown to the growth in the contribution from health.

Groupama S.A.

Groupama S.A. reinsures the regional mutuals through an internal reinsurance agreement. It also centralises and organises external protection for the Group in the area of reinsurance.

Premium income of **Groupama S.A.** totalled €1,711 million, up 1.3% compared with 2005. Reinsurance accepted by the regional mutuals increased by 1.1% and accounted for 98.5% of the Group's premium income while the premium income of the regional mutuals rose 0.9%.

Growth in the business from the regional mutuals is always driven by increases in life and health insurance risks, where contributions increased 5.1% due to individual health (up 5.4%), growth in the portfolios of the regional mutuals (up 1.6% in number), and rate increases. Guarantee premiums for unforeseen events from the regional mutuals rose 23.5% in value due to the numerical increase in the portfolio. In property and liability insurance, premiums received from the regional mutuals fell 0.2% in 2006. Premiums received for individual risks were down 0.9%, primarily due to the competitive repositioning of the regional mutuals in motor insurance rates. The number of vehicles insured (including fleets) by the regional mutuals actually rose 0.2%. The market overall posted a 1.0% drop in total insured vehicles. Other risks experienced 3.2% growth in premiums, primarily due to the success of the multi-risk climate insurance products "Climats", where contributions were up 27.5% in 2006.

Groupama Vie

Groupama Vie provides management of the life insurance policies marketed by the regional mutual network. **Groupama Vie** earned premium income of €1,929 million in 2006, up 9.6% over 2005. The strong growth in business was driven by the performance in the individual insurance sector, where premiums grew 10.1% during the year. With total growth of 11.4% (including a 158.4% increase in unit-linked accounts), the savings sector provided most of this growth. Revenues from the retirement sector fell 8.3%, primarily due to adjustments to prior years' results, while revenues from the provident savings sector rose 1.3%. Premium income from group insurance rose 6.2% in 2006 primarily due to the growth that occurred in savings (up 44.7%).

Gan Assurances

With a strong network of 1,000 insurance agents, 2,000 salaried employees in insurance agencies, and 330 representatives, Gan Assurances offers a wide range of policies and services adapted to the needs of individuals, independent professionals and company directors: motor, housing, health, provident insurance, savings, retirement, investments and professionalcoverage. Gan Assurances, with the fifth largest network of insurance agents in France, comprises two legal entities:

- Gan Assurances IARD, which is dedicated to property and liability insurance;
- Gan Assurances Vie which is dedicated to life and health insurance.

The network of insurance agents posted 6.6% growth in business. Premium income totalled €2,315 million in 2006:

• **Gan Assurances Vie** posted premium income of €1,266 million in 2006, up 10.4% over 2005 premium income. Business in the individual insurance sector increased 10.4% in 2006, driven primarily by the strong growth in savings (up 27.9%). The *Esprit de famille* ("Family Spirit") – Phase 1 marketing initiative, which produced 15,000 Chromatys policies, is largely responsible for this performance. Like the regional mutuals, Gan Assurances also posted strong growth in health (up 8.3%), driven primarily by an increase in the number of policies in the portfolio (up 3.5%). The other individual insurance sectors experienced contrasting developments: provident insurance (up 0.3%) and retirement (down 3.0%). In group insurance, all sectors contributed to the 9.8% increase in 2006 premium income. The marketing initiative *Esprit de famille* – Phase 2 that addressed health and provident savings, and to a lesser extent, rate indexation (in health) were responsible for the growth of 19.8% and 7.8% in health and provident savings respectively. The retirement sector was not as strong, posting a 1.9% increase in its premiums.

• **Gan Assurances IARD** posted premium income of €1,049 million, up 2.4% compared to 2005 figures, adjusted for the effect of a change in premium issue procedures (secondary terms). This change is primarily attributable to intrinsic growth in the insurance agent portfolio (31,400 additional policies, of which 16,200 were in the motor sector, and 4,900 were policies for property, including unoccupied). Thus, premiums on individual risk rose 3.2%. Premiums on the major professional, business and local authority risks posted gains that outstripped the overall market in 2006. Other risks including construction, agriculture, natural disasters, etc. posted a slight decline of 0.6% in premium income.

Gan Eurocourtage

Gan Eurocourtage is the third largest brokerage company in France and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers. Its product offerings address the needs of personal, professional, very small, and small and medium-sized businesses, both in general and group life insurance. Two entities market these products:

• Gan Eurocourtage IARD, dedicated to property and liability insurance business;

• Gan Eurocourtage Vie, dedicated to group life and health insurance business.

The broker network produced premium income of €1,407 million in 2006, up 3.6% compared with 2005:

• **Gan Eurocourtage Vie** earned premium income of €626 million, up 5.9% over 2005. The increase in premium income posted by this profit centre is largely due to the addition of two major pieces of new group life business (representing €35 million in premiums) to the portfolio, whose premiums grew by almost 87%. Business in provident savings and health also increased at growth rates of 3.6% and 2.9% respectively. In contrast, premium income in the coinsurance and reinsurance sectors fell primarily due to adjustments to prior years and was down 73.3% in 2006.

• **Gan Eurocourtage IARD** earned premium income of €781 million in 2006, up 1.8% over 2005. Growth occurred in the motor (up 13.5%), property (up 12.2%) and building (up 10.3%) sectors, more than offsetting the drop in premium income in the mass market segments, travel and monetary loss sectors (down 2.1%), and was the primary cause for the 4.9% rise in the individual and professional market in 2006. In the face of tighter market conditions, the business sector's premium income rose 0.9%, driven by the strong growth in car fleets and specialities.

Gan Prévoyance

Gan Prévoyance offers provident insurance, retirement, health and savings products through a network of 1,050 marketing advisors.

Gan Prévoyance posted premium income of €476 million in 2006, up 4.8% over 2005 boosted by 8.6% growth in retirement premiums and 8.5% in savings. The provident savings sector suffered a 0.7% decline in business, while growth continued in health, which showed 31.2% growth in premium income.

Gan Patrimoine and its subsidiaries

With slightly over 600 agents specialising in savings and investments, Gan Patrimoine is active in asset advisory and management services.

Revenues of **Gan Patrimoine** and its subsidiaries were up 0.3% at €575 million for the year ended 31 December 2006. Excluding capitalisation activities (currently in run-off mode, but still generating periodic premiums), the profit centre's business increased 4.9% in 2006. Strong growth in unit-linked accounts (up 239.0%), tied to the success of the multifaceted Gan Patrimoine Stratégies product, and the increase in single premiums on euro policies (up 2.2%) produced this growth.

Groupama Transport

Groupama Transport, the second largest French marine and transportation insurer, offers "made-to-measure" contracts for all aspects of the business (transporters, logistics, ship owners, fishing, pleasure craft, ports, rivers, and aviation).

Groupama Transport's premium income grew almost 4.7% to €314 million in 2006. The growth in marine insurance occurred across all sectors, with a 9.0% increase in 2006, driven primarily by ship-owners (up

17.9%) and businesses (up 9.6%). Premium income from aviation fell 9.6% primarily because of adverse changes in exchange rates and a drop in premium rates.

Other specialist Group companies

Groupama Assurance-Crédit is the Group's specialist in credit insurance, commercial litigation coverage, bad debt recovery, and guarantees. Groupama Assurance-Crédit's products are sold through the regional mutuals, Gan Assurances agents and through brokers. **Groupama Assurance-Crédit** posted a 4.4% drop in premium income in 2006, dragged down by a reduction in insurable products in various sectors particularly wine, fruits and vegetables, and lower rates.

Mutuaide Assistance operates in all areas of assistance for the Group (motor repair, health repatriation, travel insurance and home care). **Mutuaide Assistance** generated a 26.5% increase in premiums in 2006 due to growth in existing policies in its portfolio, as well as new business.

Groupama Protection Juridique is the Group subsidiary dedicated to the legal protection of policyholders. The subsidiary's premium income rose 19.6% in 2006, boosted by activities with partners outside the Group, particularly the banking networks of Société Générale and the Postal Service.

INTERNATIONAL INSURANCE (20.4% OF THE GROUP'S PREMIUM INCOME)

The Group's consolidated premium income in International was €2,372 million for the year ended 31 December 2006, a 5.8% increase compared with 31 December 2005, including discontinued activities. Excluding discontinued activities, growth amounted to 7.0%. There was an upward trend in growth in all countries except Hungary:

Groupama Insurances distributes its products through brokers and intermediaries to the individual and small and medium size business markets. The subsidiary's premium income was €605 million in 2006, up 8.6% compared to 2005. Life and health insurance business was up 19.7% in 2006 due to the inclusion of Clinicare, the strategic repositioning in the small and medium sized business market, and, most importantly, the agreement with First Assist on individual health. In property and liability insurance, the 5.3% growth in premium income was driven by strong performance in property (up 20.1%) and businesses (up 19.0%). Motor insurance business declined 2.9% due to competitive pressures, although the number of policies in the portfolio grew 4.7% for individual motor insurance.

Our Spanish subsidiary **Groupama Seguros** diversified its range of products and services for individuals in order to maintain its position in a market undergoing intensified competitive pressures, especially in motor insurance. It drew upon very sophisticated management techniques, and relied on a dense marketing network that is well-positioned to produce growth in the personal insurance market. The subsidiary's business generated €790 million in 2006, up 5.2% over 2005. Life and health insurance posted 11.9% growth, largely due to an increase in new business in individual savings (up 25.8%), driven by the development of the Inversion Activa product, as well as a rise in premiums in health/accident insurance (up 11.9%). In property and liability insurance, the primary sectors contributed to a 3.8% increase in premium income in 2006: motor (up 3.2%), property (up 5.9%) and businesses (up 7.9%).

In Italy, the subsidiaries **Groupama Assicurazioni** and **Groupama Vita** are active in the non-life insurance market and are growing in the savings segment of the life sector. 2006 premium income rose 3.0% to €543 million. In life and health insurance, business was up 1.4% in 2006. The life/capitalisation business of the life entity Groupama Vita rose 0.6% in 2006, boosted by 6.4% growth in private savings in a recovering but slow market, offset by a 7.7% drop in group business. The health/provident savings activity of the non-life entity Groupama Assicurazioni rose 4.5%. In property and liability insurance, the 4.2% growth in premiums over the year was attributable to growth in the motor sector (up 2.5%) and other risks (up 9.6%). In motor insurance, new business produced a 3.5% increase in the number of policies in the portfolio.

The Turkish subsidiaries **Basak Groupama** posted premium income growth of 33.1% to €157 million in the second half of 2006 compared to the second half of 2005. Life and health insurance posted a 34.4% increase, generated primarily by the borrower insurance business of Basak Emeklilik. The motor damage sector (up 37.3%) is largely responsible for the 32.6% growth rate in property and liability insurance by the non-life entity Basak Sigorta. This growth has picked up since Groupama took control of the entity in the second half of 2006.

Our Portuguese subsidiaries **Groupama Seguros** offer a range of general insurance products distributed through traditional networks of agents and intermediaries with particular strength in group health insurance. Premium income was up 6.5% in 2006 at €132 million due to the increase in premiums in life and health insurance. The strong growth in group savings (up 78.4%) offset the decline in individual savings (down 13.6%) in a declining market (down 14%). The premium income of property and liability insurance remained stable.

In Hungary, **Groupama Biztosito** distributes its generalist insurance products through a network of agents and brokers. **Groupama Biztosito** posted 5.0% lower premium income of €38 million in 2006. The effects of rate increases at the end of 2005 and competition from mutuals explain the 38% drop in volume and number in the third party motor liability business. The subsidiary's goal in this sector is to balance its underwriting to assure the profitability of its portfolio. Portfolio growth and the completion of several major deals in car fleets generated growth in motor damage (up 41%).

Gan Outre-Mer's 2006 premium income rose 7.0% to €76 million. Growth continued steadily in the Pacific (up 14.5%), while business was stagnant in the Antilles (down 0.1%) largely due to a drop in Martinique's business.

Discontinued activities

Discontinued activities for the International sector are presented separately in premium income (€43 million in 2006). These activities include the subsidiaries Assuvie in France, Rampart in the United States, Luxlife in Luxembourg and Zenith Vie in Switzerland. 2006 premium income consists solely of periodic premiums related to old policies from Assuvie and the Swiss subsidiary Zenith Vie.

Groupama Banque and Groupama Épargne Salariale

Groupama Banque is the Group's retail banking entity marketed by the regional mutual network. Groupama Banque's 2006 revenues were up 2.7% to €38 million. 2006 net banking income came in at €19.1 million up 63.2% from €11.7 million in 2005, buoyed by an increase in interest on long term loans and overdrafts, combined with customer fees. Net new deposit accounts opened in 2006 amounted to 48,827 reaching a total of 238,266 accounts at year-end (356,000 customers, up 81,000 in 2006).

The revenues of **Groupama Épargne Salariale** totalled €3 million, up 22.2% in 2006, largely due to the increase in management fees resulting from the increase in assets under management.

It should be noted that the revenues stated in the consolidated financial statements differs from the amount shown by the banking entities in their own accounts, which corresponds to banking income before interest expense. Net banking income is therefore also cited under this heading.

Financial activities

Banque Finama is the Group's own bank, serving the Groupama and Gan networks. Banque Finama is also active in the commercial banking, treasury, estate and asset management sectors. In 2006, Banque Finama generated strong revenue growth (up 85.0%) to €111 million, buoyed largely by a sharp increase in forward foreign exchange business (up 132%). Growth in custody investments (up 12%), an increase in payment transactions (up 8%), and loans and commitments outstanding to the estate agency clients (up 20%) also contributed to the revenue increase. Banque Finama's net banking income came in at €38.2 million in 2006, up 14.1% over 2005.

The revenues of the **asset management subsidiaries** surged 21.5% compared to 2005 to €130 million. This growth was primarily generated by Groupama Asset Management's activity, which was up 15.4% in 2006 due to an increase in deposits and a strong stock market performance. The funds managed by Groupama Asset Management increased to €74.2 billion at 31 December 2006, up 8.2% compared to 31 December 2005. Including the funds managed by its Italian subsidiary and the funds managed indirectly through funds of funds, the total under management amounts to €79.0 billion. Funds managed on behalf of clients outside the group totalled €12.2 billion as at 31 December 2006, up 23.2% compared with 31 December 2005.

BREAKDOWN OF EARNINGS

The Group's 2006 operating profit surged 29.9% over 2005 to €1.0 billion, largely attributable to improvement in underwriting fundamentals. The Group's net combined ratio actually showed a marked decline of 5.2 points to 98.6%. This drop is evident at the level of the net pattern of claims (down 4.5 points) and the net level of operating expenses (down 0.7 points). Operating profit from financial and banking activities is driven primarily by growth in asset management activities. Income from activities of the holding company is affected by non-recurring expenses on asset sales and costs incurred in connection with the Group's acquisitions. Operating profit can be broken down by business line as follows:

(€million)	2005	2006	%
Property and liability insurance	429	663	+ 54.5
Life and health insurance	427	424	– 0.7
Investment and banking activities	3	18	> 100
Holding company activities	– 86	– 101	– 17.4
Group operating profit	**773**	**1,004**	**+ 29.9**

Operating profit from property and liability insurance

Operating profit from property and liability insurance activities was up 54.5% to €663 million in 2006 compared to €429 million in 2005. This strong growth is attributable to a very significant improvement in the net combined ratio of 6.2 points to 98.0%. The 5.2 point decline in the net claims ratio to 67.3% (which produced a positive impact of over €220 million in operating profit) is primarily responsible for this improvement. The net operating expense ratio was down 1.0 point to 30.7%. It should however be noted that this rate includes a significant hike in communications expenses.

In France, the net combined ratio stood at 99.4% in 2006 compared to 106.2% in 2005. This significant improvement is attributable to the 5.3 point decline in the net pattern of claims, which was 68.1% in 2006. The net operating expense ratio was down 1.5 points at 31.3% in 2006. In International, the combined net ratio was 95.2% in 2006 compared to 99.7% in 2005. This significant drop results solely from the 4.5 point decline in the net claims ratio to 65.9% in 2006. The net operating expense ratio was stable at 29.3% in 2006.

Net investment income from property and liability insurance activities was slightly lower in 2006 (down 1.1%). This decline is attributable to a net drop in capital gains (losses) (down 15.0%), demonstrating a conservative policy on recognising capital gains. There was significant growth in the fair value of derivative instruments.

Operating profit from Life and Health Insurance

Operating profit from life and health insurance activities fell 0.7% to €424 million compared to €427 million in 2005. This net change includes the impact of contrasting factors. Income from life/capitalisation fell €28 million while income from the health and other personal injury business rose €25 million. Investment income net of expenses rose 5.1% principally due to fluctuations in the fair value of derivative instruments.

- Operating profit from health and other bodily injury activities increased to €214 million in 2006 compared to €190 million in 2005, a 12.6% rise. The growth in operating profit in health and other bodily injury activities resulted in a significant improvement in the sector's combined ratio (down 2.0 points to 100.6%, due to the positive impact of €27 million in operating profit). This decline affected the net claims ratio (down 2.6 points), although the net operating expense ratio deteriorated (up 0.5 points). In France, the combined net ratio was 99.2% in 2006 (versus 101.8% in 2005); in International, this ratio was 107.0% in 2006 (versus 108.7% in 2005). It should be noted that there was also a significant increase in investment income of €14 million, up 5.6% compared to 2005. Other operating expenses rose €16 million.
- Operating profit from life/capitalisation activities was €209 million in 2006 compared to €237 million in 2005. This drop is primarily attributable to a non-recurring transaction in the retirement portfolio of Gan Assurances Vie and the application of new mortality tables to the consolidated statements in France in the life annuity category. In International, an increase in the technical provisions for certain savings products in Spain diminished operating profit by €20 million. The consolidation of Basak Groupama Emeklilik partially offset this decline, making a positive contribution of €9 million to the consolidated operating profit of the life/capitalisation sector in 2006.

Operating profit from investment and banking activities

Operating profit from investment and banking activities was €18 million in 2006, compared to €3 million in 2005. Strong performance by the Group's asset management business generated the growth in operating profit in this sector.

Operating loss from holding companies

The holding company's activities consistently include costs relating to its support services to the Group and the provision of internal and external financing to the Group.
Holding company activities generated an operating loss of €101 million in 2006 compared to a loss of €86 million in 2005. This decline is attributable to both the accounting for sales transactions carried out in 2006 and to expenses incurred in connection with the Group's acquisition strategy. Write-downs of goodwill totalling €10.8 million were also recorded in 2006.

Net income (Group share)

Net income, group share, was €600 million in 2006, up from €394 million in 2005, a sharp increase of 52.3%. Breakdown by business sector is as follows:

(€million)	Group share 2005	Group share 2006	%
Property and liability insurance	268	443	+ 65.3
Life and health insurance	255	247	– 3.1
Investment and banking activities	– 11	– 1	+ 90.9
Holding company activities	– 118	– 89	+ 24.6
Net profit (Group share)	**394**	**600**	**+ 52.3**

As mentioned above, the Group's reported operating profit totalled €1.0 billion in 2006, up 29.9% compared with 2005.

Financial expenses were up significantly by 28.6% compared to 2005, totalling €108 million. The issue of €500 million in perpetual subordinated debt is primarily responsible for this increase due to the full-year effect of the expense in 2006.

Income tax expense in 2006 was €265 million compared to a €260 million charge in 2005. Consolidated income tax expense did not increase as much as consolidated income before taxes, primarily because of the partial utilisation of the English operating subsidiary's tax loss carrryforwards. The effective tax rate was therefore 29.6% compared to 37.6% in 2005.

2006 income from equity investments (i.e. the Group's associates Günes Sigorta and Socomie) amounted to €0.9 million.

Income attributable to minority interests (minority stake in Silic) was €32 million for 2006, up from €37 million in 2005.

To provide a more comprehensive economic overview of the business, the Board believes it is appropriate to display under a heading entitled "economic operating profit" an amount calculated based on net profit, eliminating net capital gains (losses) (Group share), unrealised gains (losses) on investment assets recorded at fair value (Group share), exceptional items, and goodwill impairment. 2006 "economic operating profit" amounted to €324 million, up from €125 million in 2005, and breaks down as follows:

(€million)	Group share 2005	Group share 2006	%
Property and liability insurance	141	296	+ 110
Life and health insurance	108	110	+ 1.8
Investment and banking activities	– 11	– 1	+ 90.9
Holding company activities	– 113	– 81	+ 28.3
Economic operating profit Group share	**125**	**324**	**+ 159.4**

SUMMARY OF CONSOLIDATED NET PROFIT

Consolidated net profit (Group share) totalled €600 million in 2006 versus €394 million in 2005,
and breaks down by business line as follows:

(€million)	Group share 2005	Group share 2006	%
Insurance and services France	403	532	+ 32
Personal banking (Groupama Banque)	– 36	– 35	+ 2.8
International insurance	118	157	+ 33.1
Investment activities	26	35	+ 34.6
Holding companies and other	– 118	– 89	+ 24.6
Consolidated net profit (Group share)	**394**	**600**	**+ 52.3**

Insurance, Banking and Services France

Groupama S.A.

Groupama S.A. is parent company of the Group. It serves as holding company, owning (directly or indirectly) all the French and international subsidiaries of the Group. As part of its role, Groupama S.A. provides operational direction for the consolidated group and is the focal point for internal and external financing. It also plays a central role at the underwriting level. As indicated earlier, Groupama S.A. reinsures the regional mutuals through an internal reinsurance agreement. It also centralises and organises external protection for the Group in the area of reinsurance.

The contribution of **Groupama S.A.** to the Group's 2006 consolidated net profit totalled €115.5 up from €23.9 million in 2005.

The combined net reinsurance ratio of Groupama S.A. stood at 92.9%, a decline of 7.7 points compared to 100.6% as at December 2005. As was the case for the regional mutuals, changes in the interest rate tables applied to annuities was the primary reason for this change. It should be noted that the gross claims ratio for the current year was down by 2.1 points to 63.4% for 2006. Thus, in property and liability insurance, the combined net ratio was 92.5% in 2006, down from 105.0% in 2005, and the same ratio for life and health insurance was 93.2% in 2006, down from 89.4% in 2005.
The Group's investment income came in up 46.9% over 2005 at €190.3 million, boosted largely by favourable fluctuations in the value of derivatives, as well as capital gains realised on buildings.
2006 financial expenses totalled €58.2 million in 2006 up from €42.5 million in 2005, largely attributable to interest expenses following the issue of €500 million in perpetual subordinated debt in June 2005, which had a full-year impact on 2006 earnings
Finally, Groupama S.A.'s 2006 total income tax expense (including both current and deferred taxes) amounted to €39.1 million up from €29.9 million in the prior year.
Groupama S.A.'s net profit can be broken down into operating income attributable to the Insurance Banking Services France sector (which made a positive contribution of €163.3 million) and €47.8 million in holding company expenses.

Groupama Vie

Groupama Vie contributed €91.3 million to the Group's 2006 consolidated net profit, up 1.3% compared to 2005. The underwriting result was up 2.6% from 2005. The individual and group provident savings sectors, as well as retirement, contributed to the increase in this balance. Administrative expenses also rose by 4%. General expenses and commissions paid to the network were higher, but were covered by management fees that increased primarily due to fees on outstandings. The "Project Rivage" program to rationalise the individual life sector's back office within the Group is largely responsible for the increase in operating expenses.
The consolidated net financial income after allocation of surpluses posted a slight increase of 0.4% in 2006. The increased fluctuation in the fair value of derivative instruments was partially offset by a decline in gains on sales of investments, explaining the growth in net investment income. However, because of the modest increase in profit sharing arrangements, a large portion of the increase in investment income is paid out to policy holders.
Income tax expense was €39.6 million compared with €41.6 million in 2005.

Gan Assurances

Gan Assurances posted consolidated 2006 net profit of €87 million up from €44 million in 2005.
Income contributed by **Gan Assurances Vie** increased to €61.2 million in 2006 versus €52.7 million in 2005. Non-recurring expenses in 2006 put downward pressure on the operating margin for individual life.
This decline is attributable to a €58 million increase to technical provisions for retirement under regulation L.442 of the RIP contract. Excluding this charge, the operating margin level in individual life would be slighter higher than the 2005 level. In group insurance, the 9.9% improvement in the operating margin was driven by the retirement and health sectors. The application of new mortality tables to annuity contracts in life and capitalisation had minimal impact net of deferred profit sharing. Net operating expenses of Gan Assurances Vie fell 7.7% due to strict control of most expense categories (e.g. commissions, personnel costs, software and other direct expenses).
Investment income net of profit sharing increased sharply by 21.1% The slight increase in net investment income is attributable to increased capital gains on real estate, offset by a decline in income in the consolidated UCITS. The rate of profit sharing paid out to policy holders was down 3.4 points.
The lower tax expense is largely attributable to the impact of permanent differences in 2005.

Gan Assurances IARD posted net consolidated income of €26.2 million versus a loss of €8.6 million in 2005. This structural change is based on underwriting fundamentals combined with concerted efforts to rationalise administrative procedures over the last few years. As at 31 December 2006, the net combined ratio for reinsurance was 109.0%, up from 115.4% as at 31 December 2005, that was primarily caused by the operating expense ratio which improved by 5.4 points largely due to improved IT cost control.
There was also a significant improvement of over 5 points in gross claims due to a lack of any major climatic events together with a drop in very large claims. However, these factors had a negative effect on results in the reinsurance sector. Overall, the net claims ratio was down only 1 point.
Investment income of €131.0 million in 2006, compared to €137.1 in 2005, fell due to lower capital gains on sales.
Tax expense was up sharply due to the increase in net profit for the year.

Gan Eurocourtage

Gan Eurocourtage posted consolidated 2006 net profit of €124 million up from €81 million in 2005.

Gan Eurocourtage Vie posted 2006 net profit of €35.2 million up from €13.4 million in 2005. This strong performance was primarily attributable to a marked improvement in the operating margin (up 24.3% compared with 31 December 2005), boosted by strong results from the provident savings and health businesses, including coinsurance, due to the effect of lower claims ratios. Profits from lending, which were down from 2005 levels, nevertheless moderated this change. Net operating expenses rose significantly due to adjustments to commissions for prior years.

Investment income fell 5.1% from 2005 levels. This drop is largely attributable to the effect of consolidating UCITS, which was partially offset by the increase in the fair value of derivatives. There was a decline in the expense for profit sharing to policy holders due to product mix.

Total income tax expense was €15.3 million in 2006 versus €9.0 million in 2005, in line with the increase in net profit.

Gan Eurocourtage IARD million in 2005. This significant increase is largely attributable to the improvement in operating performance.

The combined ratio was down 3.9 points compared to 2005 and was 98.3% in 2006. The drop of over 10 points in the gross claims ratio produced this improvement. The unusual level of the current pattern of claims (lower frequency and absence of major claims) and the increased releases, particularly in the business market, are the reasons for this drop. Given these circumstances, the reinsurance balance declined markedly in 2006. The net operating expense ratio remained well controlled. at 32.9 % in 2006 versus 33.3% in 2005.

The non-recurrence of net capital gains realised on real estate assets that occurred in 2005 is largely responsible for the decline in investment income, which was €112.1 million in 2006 versus €124.8 million in 2005.

The decline in tax expense results primarily from recognition of permanent differences during the reporting period.

Gan Prévoyance

Gan Prévoyance's contribution to profits totalled €19.5 million, down from its €21.7 million level as at 31 December 2005. The entity's operating margin improved by 8.4%, and all sectors played a role in this positive development. A drop in the pattern of claims is in large part responsible for this change. The increase in net operating expenses (including acquisition expenses carried forward) is in part related to the increase in information technology related costs and the growth in commissions.

Investment income was down 5.5% primarily due to the drop in income from the consolidation of UCITS. This factor also had an impact on the profit sharing paid out to policy holders.

The decline in tax expense compared with 2005 is proportional to the reduction in 2006 profit before tax.

Gan Patrimoine and its subsidiaries

Gan Patrimoine and its subsidiaries posted consolidated 2006 net profit of €22.1 million versus €22.8 million in 2005. The profit centre's operating margin declined in 2006 due to the application of new mortality tables to annuities and also due to the drop in average premium rates, which was partially offset by an increase in charges on funds under management. Operating expenses rose 8.1%, reflecting the launch of the individual life back office project and the related plan to initiate new marketing activities.

Net consolidated investment income (excluding ACAV adjustments) was up 2.9%. This increase was attributable to favourable fluctuations in the fair value of derivatives, as well as capital gains on real estate.

The change in tax expense is proportional to the changes in profit before tax.

Groupama Transport

Groupama Transport posted €10.2 million in 2006 consolidated net profit down from €20.9 million in 2005. The net combined ratio increased 2.6 points to 94.4%, largely due to a decline in liquidation surpluses in the marine business. In contrast, underwriting results from aviation pools improved significantly, primarily due to gains on underwriting from the 2004 year. The adverse effect of the euro/dollar exchange rate is the primary explanation for the 22.9% decline in investment income in 2006. The effective tax rate rose sharply due to unused tax losses of foreign businesses.

Other specialist Group companies

As at year-end 2006, the other specialist companies of the Group posted total consolidated net profit of €10.0 million, virtually unchanged from the prior year (€9.8 million). This net profit was broken down as follows:

- **Groupama Assurance-Crédit** generated net profit of €2.5 million, down €.7 million compared to 2005. The combined ratio deteriorated 0.6 points to 91.4%, and investment income fell €0.5 million.
- **Mutuaide Assistance**'s consolidated net profit rose to €3.7 million, up €0.9 million compared to 2005. The 0.6 point improvement in the net combined ratio to 94.5% is largely attributable to the increase in net profit.
- The contribution of **Groupama Protection Juridique's** net profit remained stable at €3.8 million in 2006.

Discontinued activities in France

Assuvie posted €3.0 million in consolidated net profit in 2006, compared with €2.2 million in 2005.

Groupama Banque and Groupama Épargne Salariale

Groupama Banque posted a loss of €34.7 million in 2006, almost the same as the loss in 2005. Net banking income was up 38.4% in 2006, but this activity has not yet matured to the point where revenues cover operating expenses.

Groupama Épargne Salariale's results were stable, still posting a loss of €0.9 million.

International insurance

International Insurance posted €157 million in consolidated net profit in 2006 up from €118 million in 2005, boosted by the results of the UK and Spanish subsidiaries.

Groupama Insurances again generated much higher net profit (up 56.6%) at €76.7million in 2006. Non-recurring tax income of €26.6 million, related to the partial use of prior year tax losses recognised in 2006, largely explains this growth. The net combined ratio was 99.6% in 2006, a slight deterioration from 2005 (up 0.4 points). This change arose from the 2.4% increase in the net claims ratio, which was offset by a 2 point decline in the net operating expense ratio. The net level of claims in property and liability insurance was up 1.6 points to 61.5% primarily due to the decline in the operating margins of motor and real estate insurance in 2006. Net claims in life and health insurance were down 1.3 points at 76.2%. Net investment income was stable, as an increase in recurring income was completely offset by a reduction in net capital gains (losses) net of provision write-backs.

The Italian subsidiaries posted 2006 consolidated net profit of €19.4 million, compared with €17.0 million in 2005.

- **Groupama Assicurazioni** contributed €10.9 million in 2006, down 30.0% compared to 2005. This decline is due to a 1.5 point deterioration in the net combined ratio to 102.2%. In the underwriting business, the net claims ratio improved 0.3 points, largely due to the motor sector. Costs incurred from changing the subsidiary's name, as well as PR expenses related to its 125th anniversary, increased operating expenses for the year, following which the net ratio declined by 1.9 points. The 9.9% growth in investment income is largely attributable to growth in interest income from bonds due to higher interest rates.
- **Groupama Italia Vita** posted consolidated net profit of €8.5 million in 2006, up from €1.5 million in 2005, buoyed by both an improvement in the operating margin, as well as an increase in investment income after profit sharing. Operating expenses also increased for the same reasons as those mentioned for the non-life entity.

In Spain, **Groupama Seguros** contributed €58.1 million to the Group's consolidated profit in 2006 up nearly 70% from €34.2 million in 2005. The sharp decline of 11.3 points in the net combined ratio is largely due to the improved net profit. The net claims ratio for property and liability insurance fell 13.3 points, reflecting strong performance in the motor sector, where the average cost and frequency fell in 2006. The business sector also enjoyed significant growth in its operating margin. In life and health insurance, the net claims ratio declined 7.5 points. Operating profit of the savings business was down primarily due to higher actuarial provisions for certain products. The 15.3% increase in investment income in 2006 was attributable to realised capital gains net of write-backs, as well as higher revenues net of expenses. The €15.3 million increase in tax expense is in proportion to the growth in the pre-tax earnings posted by the entity.

The **Group's other foreign subsidiaries** posted the following results in 2006:

- The **Portuguese subsidiaries** posted total net profit of €2.7 million in 2006, versus €3.5 million in 2005. In life insurance, the contribution fell 21.9%, despite growth in the net operating margin. In non-life insurance, it should be noted that the 4.3 point increase in the net combined ratio is entirely attributable to the deterioration in the net claims ratio.
- In **Hungary**, recovery continued, and the subsidiary almost reached breakeven (a loss of €0.5 million in 2006, versus a loss of €2.3 million in 2005). The combined ratio fell almost 10 points, explaining this improvement. The operating expense ratio fell 15.4 points, while net claims deteriorated 5.6 points.
- **Gan Outre-Mer** generated €12.3 million in consolidated net profit in 2006, up from €8.4 million in 2005. This improvement is attributable to the more than 10 point improvement in the net combined ratio, which stood at 81.6% at yearend 2006. The current level of claims was affected by the impact of major claims, which were largely ceded to reinsurers; the reinsurance result was up €4.0 million.
- The **Turkish subsidiaries** Basak Groupama Sigorta and Basak Groupama Emeklilik (consolidated in the second half of the year) generated a loss of €9.0 million in 2006, largely due to non-life activities. The non-life entity's combined ratio was 131.6%, of which 97.6% represented the net claims ratio and 34.0% represented net operating expense ratio. The life entity's activities

came in at breakeven on account of the €12 million impairment charge on Basak Groupama Emeklilik's assets brought forward. It should be noted that the consolidated financial statements also include €0.3 million in the Group's share of earnings of Günes Sigorta.

Discontinued activities – International generated a loss of €2.7 million, broken down as follows:

- **Zénith Vie** posted earnings of €2.0 million in 2006, versus €4.9 million in 2005 due to a sharp fall in investment income (down 19.1%).
- The Group's former U.S. activities managed by **Rampart** produced a loss of €5.2 million compared to a loss of €2.1 million in 2005 due to lower investment income, together with increases in provisions.
- The earnings of **Luxlife**, which was put into "run-off" status in 2004, were stable.

Financial activities

The Group's **financial activities** posted2006 earnings of €35.0 million, a steep increase over €25.9 million in 2005.

- **Banque Finama** posted a very small net profit compared with a €2.6 million loss in 2005. This improvement is primarily attributable to an increase in net banking income from institutional clients.
- The **investment management subsidiaries** (Groupama Asset Management and its subsidiaries) posted a stronger contribution (€30.6 million in 2006 versus €24.5 million in 2005), driven by an upbeat economic environment, which boosted assets under management, as well as growth in the third party asset management business.
- **Finama Private Equity** posted a profit of €0.9 million in 2006.
- The contribution of **Groupama Immobilier**, the Group's investment real estate management subsidiary, was €3.3 million in 2006, which was comparable to that of the prior year.

Analysis of holding companies

- **The holding companies** posted an €89 million loss in 2006, an improvement over 2005 (a loss of €118 million). This loss is primarily due to the negative impact of Groupama S.A.'s holding company activities (which resulted in a loss of €48 million).
- **Groupama International** generated a loss of €17.9 million in 2006, compared to a loss of €10.0 million in 2005. This change is primarily attributable to operating expenses related to changes in the Group's company acquisitions and sales.
- **Gan UK** generated a €27.0 million loss in 2006, compared to a €12.9 million loss in 2005. The larger loss in 2006 was due to the sale of Minster Insurance, which resulted in a €7.2 million loss.

Operating profit from life and non-life insurance activities

Operating profit in the non-life sector rose €244 million to €777 million in 2006, bolstered by the significant 5.2 point drop in the net combined ratio to 98.6% in 2006. However, it should be noted that there was a decline in other net operating income largely attributable to expenses related to the Group's growth and to increases to provisions for risks and charges (commitments to employees and litigation). Net investment income was also 4.2% higher. Fluctuations in the fair value of derivatives and an increase in net investment income are the primary reasons for this growth. Net capital gains (losses) fell significantly.
Operating profit in the life sector fell €28 million in 2006, as noted above.
N.B.: The non-life operating profit includes the activities of the holding company

CONSOLIDATED BALANCE SHEET

As at 31 December 2006, Groupama's total consolidated balance sheet stood at €78.6 billion, versus €74.4 billion as at 31 December 2005, up 5.6%.

Goodwill

Goodwill totalled €1.39 billion as at 31 December 2006, versus €1.15 billion as at 31 December 2005. The acquisitions of the Turkish subsidiaries Basak Groupama Sigorta and Basak Groupama Emeklilik, as well as the broker Carole Nash, largely explain this increase during the year.

Intangible assets

In connection with the acquisition of the Turkish subsidiaries, Groupama also established a value for the portfolio of the life business and a value for the distribution networks and client relationships in the life insurance sector of €50 million and €53 million respectively, before amortisation for the period. These amounts will be amortised on a pro rata basis based on the margins generated. In addition, the Basak Groupama brand name was valued at €21 million.

Investments (including unit-linked investments)

Insurance investments totalled €66.7 billion versus €63.9 billion, an increase of €2.8 billion or 4.4%. Growth in the Group's business explains this increase. The Group's unrealised capital gains totalled €9.4 billion at year end 2006, up €388 million or 4.3% compared to 31 December 2005. The share payable to the shareholders totalled €3.5 billion in 2006, compared to €2.9 billion in 2005. This change results from the positive impact of the over 17% increase in the CAC 40 index of share prices, strong performance in real estate markets, and the unfavourable effect of the 0.68 point rise in the interest rate on the 10 year treasury bonds.

These investments are structured as follows:

• Bonds and units of fixed income Mutual funds	65 %
• Equities and units of variable income Mutual funds	24 %
• Real estate	5 %
• Unit-linked Investments	5 %
• Other	1 %

Capital and reserves

As at 31 December 2006, the Group's consolidated shareholders' equity totalled €5.1 billion, a strong 16.1% increase compared to 31 December 2005.

This growth can be summarised as follows:

(€million)	
SHAREHOLDERS' EQUITY AT 1 JANUARY 2006	**4,387**
Impact of the revaluation reserve: fair value of assets held for sale	– 624
Impact of the revaluation reserve: shadow accounting	469
Impact of the revaluation reserve: deferred taxes	336
Other	– 74
Net profit (loss) for the year	600
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006	**5,094**

Strong performance in the financial markets, deferred taxes, and the Group's higher net profit, resulted in an increase in the Group's shareholders' equity. The change in the fair value of securities in the assets held for sale category, adjusted for the effect of shadow accounting for the life business and deferred taxes, is the primary cause of the increase in shareholders' equity.

Subordinated liabilities and borrowings

Total subordinated debt as at 31 December 2006 was €1.25 billion, the same amount as the preceding year. The Group's external debt totalled €827 million, up €111 million compared to 31 December 2005. This increase is primarily due to financing the growth of the real estate company Silic.

Underwriting reserves

Gross technical provisions (including deferred profit sharing) totalled €62.9 billion as at 31 December 2006 up 4.1% from €60.4 billion as at 31 December 2005.

Provisions for risks and charges

Provisions for risks and charges declined €54 million during the year, and stood at €553 million as at 31 December 2006.

5

SOLVENCY

Adjusted solvency, including future profits from life business, was reflected by the coverage rate in the solvency margin of 266% in the 2006 consolidated accounts compared with 253% in 2005.
The financial strength of the Group was primarily due to the significant improvement in the performance of financial markets in 2006, which led to sharp growth in unrealised capital gains. The inclusion of future profits in this ratio added 13 basis points to the margin coverage (comparable to 2005).
The Group posted a solvency ratio on net assets after goodwill and intangible assets (excluding unrealised capital gains) of 100%, an increase of 6 points over 2005. The improved operating profit contributed to this growth.
Groupama S.A.'s debt to equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 44.3% (up 3.8 points compared to 2005). A significant part of this debt is attributable to the listed real estate subsidiary Silic, which borrowed to finance growth in its real estate portfolio. Adjusting for this borrowing, the Group's Insurance related debt ratio, which was incurred to finance organic growth (including debt related to various real estate leases) stood at 31.3%, up 4.7 points compared to 2005.

6

RISK CONTROLS

Risk management is addressed in the internal control report.

7

POLICY REGARDING FINANCIAL INSTRUMENTS

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

Interest-rate risk

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

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

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

Exchange rate risks

Ownership of international shares entails dollar and yen foreign exchange risk, which is systematically covered through forward sales. These sales have been consistently renewed upon their maturity since they were first implemented in 2001. As with interest rate risk, all over the counter transactions are secured by a "collateralisation" mechanism with Groupama S.A.'s top tier banking counterparties. The Group also monitors continuously the exposure of its insurance subsidiaries to risks in equity markets and corporate bonds, as well as supervising counterparty risk.

8

ANALYSIS OF THE COMPANY FINANCIAL STATEMENTS

Earnings

UNDERWRITING RESULT

Earned premiums totalled €1,816.4 million, up 2.2% compared to 2005, when they were €1,777.4 million. They came primarily from contributions received from the regional mutuals (€1,683.8 million) and contributions from the Group's profit centres and subsidiaries (€105.7 million).

Charges for claims and other underwriting reserves totalled €1,005.0 million (including the commutation income from the "run-off" portfolio), down 15.9% compared to 2005. This drop was attributable to a slight decline in the level of claims during the year and substantial reserve write-backs for prior years, while significant there were significant increases to reserves in 2005. This change in reserves for prior year claims relates to the interest rates applied to the annuity provision tables (a drop in 2005 and an increase in 2006).

The balance of cessions and retrocessions resulted in an expense of €246.0 million, up €92.5 million compared to 2005, which includes the effects of increasing reserves for prior year claims.

After taking into account reinsurance commissions received totalling €328.4 million, **the net operating margin** was €237.1 million, 13.1% of earned premiums, up €122.6 million compared to 2005 (€114.5 million).

Total operating expenses (excluding toffees for the network and the commutation income mentioned above) of Groupama S.A. were €210.4 million, versus €189.4 million in 2005.

After taking into account income allocated to underwriting reserves (€111.4 million or 50.4% of the year's investment income), Groupama S.A.'s 2006 **underwriting result** came in as a profit of €138.0 million (7.6% of earned premiums).

NON-OPERATING INCOME

Investment income totalled €221.2 million, compared to €528.4 million in 2005. It consisted primarily of dividends from subsidiaries and equity investments: €230.0 million, down sharply by €263.1 million because of exceptional dividends paid in 2005 by Gan Assurances IARD and Gan Eurocourtage IARD (€138.9 million and €151.4 million respectively) following the unwinding of the interlocking investments in Gan Assurances IARD and GAN Eurocourtage IARD, which resulted in exceptional capital gains in the financial statements of these entities in 2004.

Exceptional items represented a net expense of €12.1 million versus €55.0 million in 2005.

The **"Taxes"** item represents income of €88.2 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama S.A. as the Group's parent company.

Net profit for the year totalled €318.6 million, compared to €530.6 million in 2005.

BALANCE SHEET

Groupama S.A.'s balance sheet totalled €9,149.8 million, a €700 million increase compared to 2005.

Shareholders' equity totalled €2,550.2 million as at 31 December 2006 versus €2,320.9 million as at 31 December 2005. The increase in shareholders' equity is largely attributable to the net profit for the year (up €318.6 million) and the distribution of dividends payable for the 2005 financial year (€88.0 million).

The Ordinary General Meeting convened to approve the Groupama S.A.'s financial statements for the year ended 31 December 2006 will be requested to approve a dividend of €134.4 million.

Gross underwriting reserves, after deduction of the regional mutuals' share exempt from the agreement, totalled €3,156.8 million, down €82.6 million, or 2.6%, compared to 31 December 2005. They represent 173.8% of earned premiums during the year. Underwriting reserves ceded and retroceded totalled €539.9 million, down €68.6 million.

The largest asset item on Groupama S.A.'s balance sheet consists of investments, whose net book value was €7,952 million (including differences between bond repayments payable and receivables associated with investments). Strategic assets represented 62% of total assets and include equity investments (€4,099 million) and intragroup loans (€827 million).

The realisable value of equity investments of Groupama S.A. total €13,053 million, including unrealised capital gains of €5,101 million arising primarily from strategic equity investments (€3,992 million), other equities (€693 million, including UCITS shares), and real estate (€405 million, including unrealised capital gains on CFP real estate securities).

9

HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

The social and environmental impact of the activities addressed in Article L. 225-102, paragraph 4, of the Commercial Code are treated at Group level, where they are most relevant. The list of data required by Articles D.148-2 and D.148-3 appears in the third section of Groupama S.A.'s 2006 annual report at the end of the financial report on the consolidated financial statements. In addition, there is a chapter on corporate responsibility as demonstrated primarily in the areas of risk management, prevention and sponsorship. This information appears in the first part of Groupama S.A.'s 2006 annual report.

10

INFORMATION ON EXECUTIVES AND SENIOR MANAGERS

COMPENSATION OF EXECUTIVES AND SENIOR MANAGERS

In accordance with the provisions of Article L. 225-102-1 of the Commercial Code, we report below the total compensation and benefits of any kind paid to each director during the financial year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the 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: €320.1 thousand, of which gross annual compensation was €260.0 thousand, retirement benefits €35.2 thousand, and housing allowance €24.9 thousand);

- Mr. Francis Aussat: gross annual compensation (including benefits in kind) paid by Gan Assurances-Vie to him in his capacity as Chairman of the Board of Directors: €82.6 thousand (of which €65 thousand was gross annual compensation and €17.6 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €30.0 thousand.

- Mr. Jean Baligand: gross annual compensation (including benefits in kind) paid by the company Groupama Vie to him in his capacity as Chairman of the Board of Directors: €57.2 thousand total (of which €45 thousand was gross annual compensation and €12.2 thousand was for retirement benefits) and directors' fees paid by Groupama Holding S.A.: €28.0 thousand.

- Mr. Michel Baylet: gross annual compensation (including benefits in kind) paid by Gan Prévoyance to him in his capacity as Chairman of the Board of Directors beginning on 1 July 2006: €28.6 thousand (of which €22.5 thousand was gross annual compensation and €6.1 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €8.0 thousand.

- Mr. Robert Drouet: gross annual compensation (including benefits in kind) paid by the company Gan Patrimoine to him in his capacity as Chairman of the Board of Directors: €82.6 thousand (of which €65 thousand was gross annual compensation and €17.6 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €30.0 thousand.

• Mr. Michel Habig: directors' fees paid by Groupama S.A.: €28.0 thousand.

• Mr. Frédéric Lemoine, outside director: directors' fees paid by Groupama S.A.: €69.1 thousand.

• Mrs. Solange Longuet: gross annual compensation (including benefits in kind) paid by the company Gan Assurances IARD to her in her capacity as Chairman of the Board of Directors: €57.2 thousand total (of which €45 thousand was gross annual compensation and €12.2 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €30.0 thousand.

• Mr. Marius Mul: directors' fees paid by Groupama S.A.: €26.0 thousand.

• Mr. Roger Paillès: gross annual compensation (including benefits in kind) paid by the company Mutuaide Assistance to him in his capacity as Chairman of the Board of Directors: €57.2 thousand total (of which €45 thousand was gross annual compensation and €12.2 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €28.0 thousand.

• Mr. Jean-Pierre Rousseau: gross annual compensation (including benefits in kind) paid by the companies Gan Eurocourtage IARD and GAN Eurocourtage Vie to him in his capacity as Chairman of the Board of Directors of these companies until 30 June 2006: €28.6 thousand total (of which €22.5 thousand was gross annual compensation and €6.1 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €18.0 thousand.

• Mr Jean Salmon, outside director: directors' fees paid by Groupama S.A.: €34.0 thousand.

• Mr. Philippe Vassor, outside director: directors' fees paid by Groupama S.A.: €75.1 thousand.

• Mr. Jean-Luc Viet: gross annual compensation (including benefits in kind) paid by the company Groupama International to him in his capacity as Chairman of the Board of Directors until 30 June 2006: €28.6 thousand (of which gross annual compensation was €22.5 thousand and retirement benefits €6.1 thousand); gross annual compensation (including benefits in kind) paid by Gan Eurocourtage IARD and Gan Eurocourtage Vie to him in his capacity as Chairman of the Board of Directors of these companies beginning 1 July 2006 : €28.6 thousand total (of which €22.5 thousand was gross annual compensation and €6.1 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €30.0 thousand.

• Mr. Jean-Luc Wibratte: gross annual compensation (including benefits in kind) paid by the Banque Finama to him in his capacity as Chairman of the Supervisory Board: €82.6 thousand (of which €65 thousand was gross annual compensation and €17.6 thousand was for retirement benefits) and directors' fees paid by Groupama S.A.: €28.0 thousand.

• Mr. Jean Azéma, Chief Executive Officer: gross annual compensation (including benefits in kind) received for his duties within the Group: €1033.7 thousand (of which €910.0 thousand was gross annual compensation, €120.0 thousand was a bonus, and €3.7 was a provident savings-death benefit), and policies covering provident savings, medical care and retirement for the benefit of members of Groupama S.A.'s General Management.

In conclusion, the cumulative gross annual compensation (including benefits in kind) for members of the General Management Committee of Groupama S.A. totalled €4,907.9 thousand. The total commitment for retirement contracts as at 31 December 2006 was €10.6 million.

LIST OF DUTIES AND FUNCTIONS EXERCISED BY SENIOR MANAGEMENT

A list of the duties and functions carried out during the year in all the companies by the Chairman of the Board of Directors, the directors and the Chief Executive Officer is also attached.

11

INFORMATION REGARDING SHARE CAPITAL

SHAREHOLDERS

In compliance with Article L 233-13 of the Commercial Code, and taking into account the information received in application of Articles L 233-7 and L 233-12 of this code, we cite below the identity of the natural and/or legal persons holding, as at the end of the last financial year, a tenth, a fifth, a third, a half, or two thirds of the capital of the Company:

• Groupama Holding	90.89 %
• Groupama Holding 2	8.99 %

EMPLOYEE SHAREHOLDERS

In compliance with the provisions of Article L 225-102 of the Commercial Code, employees, former employees, and directors of the Company held 0.12% of Groupama S.A.'s share capital as at 31 December 2006.

12

FINANCIAL AUTHORISATIONS

We recommend that you extend, for a new period of eighteen months, subject to the condition precedent of the admission of the Company's shares for trading and their initial listing on the Eurolist market of Euronext, the authority given to the Board of Directors to repurchase shares of the Company subject to certain terms and conditions.
We also recommend by a resolution under the authority of the Extraordinary General Meeting to renew in advance the authorisation given to the Board of Directors during the last General Meeting to carry out a capital increase by issuing shares and/or securities giving access to the Company's capital reserved for Groupama Holding and/or Groupama Holding 2 and/or certain investors.

13

DIRECTORS' FEES

Finally, we propose a maximum of €778,000 for total directors' fees for financial year 2007 and financial years thereafter. We respectfully request that you approve the financial statements for the most recent financial year and the activities described in this report by voting for the proposed resolutions submitted for your approval.
We also request that you approve the agreements cited in Article L. 225-38 of the Commercial Code referred to in the special report prepared by the Statutory Auditors.

14

OUTLOOK

Based on its strong performance and sound balance sheet, Groupama's goal is to pursue its expansion through more rapid growth. The Group is committed to implementing its three year plan, which is centred around three strategic focal points:

- to consolidate and strengthen the Group's market positions in France;
- to accelerate organic growth and acquisitions in International;
- to improve profitability through even greater levels of efficiency.

In France, the Group seeks to increase its market share in life and health insurance, consolidate its position in the major non-life business lines, and further develop its bancassurance activities. The Group will deploy the resources necessary to successfully execute this growth strategy:

- a customer strategy that is based on its two powerful brands, relying on greater market segmentation and a broad ranging bancassurance solution providing innovative products and services;
- greater sales productivity through the implementation of the customer relationship plan and the Gan Assurances branch project;
- strengthening of its network marketing system to penetrate urban areas;
- the use of new distribution channels through partnerships or via internet.

In International, the Group intends to make major investments in its distribution network and will pursue implementation of cross border synergies. These goals will be achieved by:

- opening new branches and boosting the sales force;
- developing new distribution channels (including bancassurance agreements, internet, and the proprietary broker network);
- capitalising on the Group's expertise in the insurance sector, as well as reinsurance and asset management.

Profitability improvements will come from cost reduction programs affecting information technology expenses and, more generally, the purchase of services and supplies from outside vendors. With regard to overheads, the Group is committed to taking actions targeted at permanently improving performance of the business lines' procedures (distribution, and management of production and claims), and rationalising them to more thoroughly control operating costs.
Combining strong performance in all its areas of activity with the values that are fundamental to its success, and with the support of the men and women it employs, the Group will strive to achieve its goal to be among the top 10 insurance players in Europe.

The certification of the statutory auditors relates only to the French language version of this document.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (€million)	Notes	12.31.2006	12.31.2005
Goodwill	2	1,394	1,151
Other intangible assets	3	239	131
Intangible assets		**1,632**	**1,282**
Investment properties, excluding unit-linked investments	4	3,244	3,083
Owner-occupied properties	5	368	335
Financial investments, excluding unit-linked investments	6	59,244	56,943
Financial investments in unit-linked investments	8	3,618	3,376
Derivative instruments and embedded derivatives treated separately		241	139
Insurance activities investments		**66,715**	**63,876**
Assets used in banking sector activities and investments in other activities	**9**	**2,410**	**2,193**
Investments in related companies	**10**	**25**	**31**
Share of outwards reinsurers and retrocessionnaires in insurance and financial contract liabilities	**11**	**1,606**	**1,881**
Other tangible fixed assets	12	150	183
Deferred acquisition costs	13	517	488
Deferred profit-sharing assets	14	64	
Deferred tax assets	15	472	165
Receivables from insurance and reinsurance inwards	16	2,226	1,981
Receivables from outwards reinsurance transactions	17	122	155
Current tax receivables and other tax receivables	18	106	111
Other receivables	19	1,767	1,583
Other assets		**5,425**	**4,666**
Assets held for sale and discontinued activities			
Cash and cash equivalents	**20**	**737**	**455**
TOTAL		**78,550**	**74,384**

The notes on pages 25 to 125 are an integral part of the consolidated financial statements.

LIABILITIES (€million)	Notes	12.31.2006	12.31.2005
Capital	21	1,187	1,187
Revaluation reserves	21	2,007	1,816
Other reserves	21	1,275	977
Unrealised foreign exch. gains or losses	21	25	13
Consolidated profit	21	600	394
SHAREHOLDER'S EQUITY (GROUP SHARE)		**5,094**	**4,387**
Minority interests	21	343	252
Total shareholders' equity		**5,437**	**4,639**
Contingent liabilities	**22**	**553**	**607**
Financing debt	**24**	**2,072**	**1,961**
Underwriting liabilities related to insurance policies	**25**	**38,975**	**35,099**
Underwriting liabilities related to financial contracts	**28**	**19,842**	**20,868**
Share of liabilities related to deferred profit-sharing	**29**	**4,081**	**4,385**
Funds from banking sector operations	**30**	**2,189**	**1,824**
Deferred tax liabilities	31	361	248
Payables owing to unit holders of consolidated UCITS	32	499	629
Operating liabilities to banking sector companies	33	334	165
Liabilities from insurance or inwards reinsurance activities	34	676	617
Liabilities from outwards reinsurance activities	35	357	394
Current tax payables and other tax payables	36	144	154
Derivative liabilities	37	15	45
Other payables	38	3,015	2,749
Other liabilities		**5,401**	**5,001**
Liabilities held for sale or discontinued activities			
TOTAL		**78,550**	**74,384**

The notes on pages 25 to 125 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(€million)	Notes	12.31.2006	12.31.2005
Premiums written	39	11,197	10,556
Change in unearned premiums		(41)	(181)
Earned premiums		**11,156**	**10,375**
Net banking income, net of cost of risk	**39**	**168**	**137**
Investment income	40	2,749	2,597
Investment expenses	40	(397)	(373)
Capital gains (losses) from sale of investments net of impairment reversals and write-backs	40	777	949
Change in fair value of investments recorded at fair value through income	40	434	330
Change in impairment on investments	40	2	(14)
Investment income net of expenses		**3,565**	**3,489**
Total income from ordinary operations		**14,890**	**14,001**
Insurance policy servicing expenses	41	(10,801)	(10,509)
Income from reinsurance ceded	42	293	344
Expenses for reinsurance ceded	42	(706)	(607)
Operating expenses for banking	1	(156)	(140)
Policy acquisition costs	44	(1,440)	(1,330)
Administrative costs	45	(665)	(697)
Other income and expenses from current operations	46	(341)	(256)
Total other current income and expenses		**(13,816)**	**(13,195)**
CURRENT OPERATING PROFIT		**1,074**	**806**
Other operating income and expenses	**47**	**(70)**	**(33)**
OPERATING PROFIT		**1,004**	**773**
Financing expenses	48	(108)	(84)
Share in income of related companies	10	1	2
Corporate income tax	49	(265)	(260)
NET INCOME TOTAL		**632**	**431**
Minority interests	21	32	37
NET INCOME (GROUP SHARE)		**600**	**394**

The notes on pages 25 to 125 are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€million)	Capital	Income (loss)	Consolidated reserves	Revaluation reserve	Unrealised foreign exchange adjustment	Share-holders' equity Group share	Minority interests	Total equity
Shareholders' equity as at 12.31.2004	**1,187**	**315**	**674**	**941**	**(3)**	**3,114**	**245**	**3,359**
Appropriation of 2004 profit (loss)		(315)	315					
Dividends			(46)			(46)	(36)	(82)
Capital increase							3	3
Business combinations								
Effect of transactions with shareholders	**(315)**	**269**			**(46)**	**(33)**	**(79)**	
Unrealised foreign exchange gains (losses)					18	18		18
Assets available for sale				2,325		2,325	12	2,337
Shadow accounting				(1,583)		(1,583)	(13)	(1,596)
Deferred taxes			5	145		150	1	151
Actuarial gains (losses) on post-employment benefits			(15)			(15)		(15)
Other			44	(12)	(2)	30	3	33
Profit (loss) for the year		394				394	37	431
Total income and expenses recognised for the year		**394**	**34**	**875**	**16**	**1,319**	**40**	**1,359**
TOTAL CHANGES FOR THE YEAR		**79**	**303**	**875**	**16**	**1,273**	**7**	**1,280**
Shareholders' equity as at 12.31.2005	**1,187**	**394**	**977**	**1,816**	**13**	**4,387**	**252**	**4,639**
Appropriation of 2005 profit (loss)		(394)	394					
Dividends			(88)			(88)	(41)	(129)
Capital increase							8	8
Business combinations							77	77
Effects of transactions with shareholders	**(394)**	**306**			**(88)**	**44**	**(44)**	
Unrealised foreign exchange gains (losses)					14	14	6	20
Assets available for sale				(624)		(624)	(12)	(636)
Shadow accounting				469		469	10	479
Deferred taxes			(3)	339		336	1	337
Actuarial gains (losses) on post-employment benefits			7			7		7
Other			(12)	7	(2)	(7)	10	3
Profit (loss) for the year		600				600	32	632
Total income and expenses recognised for the year		**600**	**(8)**	**191**	**12**	**795**	**47**	**842**
TOTAL CHANGES FOR THE YEAR		**206**	**298**	**191**	**12**	**707**	**91**	**798**
SHAREHOLDERS' EQUITY AS AT 12.31.2006	**1,187**	**600**	**1,275**	**2,007**	**25**	**5,094**	**343**	**5,437**

The notes on pages 25 to 125 are an integral part of the consolidated financial statements.

STATEMENT OF CASH FLOWS

(€million)	12.31.2006	12.31.2005
Operating profit before taxes	1,004	773
Gains (losses) on sale of investments	(689)	(551)
Net depreciation charges	51	1
Change in deferred acquisition costs	(25)	(6)
Changes in impairment	(82)	(353)
Net increases in technical reserves related to insurance policies and financial contracts	3,102	3,254
Net increases to other provisions	(47)	22
Change in fair value of investments and financial instruments at fair value through income (excluding cash and equivalents)	(152)	29
Other non-cash items included in operating profit		
Adjustment for items included in Operating Profit that differ from cash flows and reclassified cash flow from financing and investment.		
Change in operating receivables and payables	200	(200)
Change in operating receivables and payables for the banking business	(274)	(212)
Change in securities repurchase agreements	32	11
Cash flows from other assets and liabilities	211	423
Net taxes paid	(157)	(98)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**3,174**	**3,093**
Acquisitions/Disposals of subsidiaries and joint ventures, net of cash acquired	(362)	(18)
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	**(362)**	**(18)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(2,510)	(3,480)
Net acquisitions of investment properties	(166)	(106)
Net acquisitions and/or issues of investments and derivatives from other activities	32	65
Other non-cash items	24	35
Cash flow from acquisitions and issues of investments	**(2,620)**	**(3,486)**
Net acquisitions of tangible and intangible assets and non-current operating assets	44	(1)
Cash flows from acquisitions and disposals of tangible and intangible assets	**44**	**(1)**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(2,937)**	**(3,505)**
Dues		
Equity instruments issued	8	5
Equity instruments redeemed		
Transactions on treasury shares	3	(3)
Dividends paid	(131)	(82)
Cash flows from transactions with shareholders and members	**(120)**	**(80)**
Cash allocated to financing debt	110	681
Interest paid on financing debt	(108)	(84)
Cash flows related to Group financing	**2**	**597**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(118)**	**517**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**313**	**208**
Net cash flows from operating activities	3,174	3,093
Net cash flows from investing activities	(2,937)	(3,505)
Net cash flows from financing activities	(118)	517
Effect of foreign exchange fluctuations on cash	10	
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**442**	**313**
Cash and cash equivalents	455	
Mutual, central bank and postal bank	23	
Operating liabilities to banking sector companies	(165)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2006	**313**	
Cash and cash equivalents	736	
Mutual, central bank and postal bank	40	
Operating liabilities to banking sector companies	(334)	
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2006	**442**	

The notes on pages 25 to 125 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1

SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 Significant events

1.1.1 ORGANISATION OF THE GROUP

Authorisation for an initial public offering of Groupama S.A.

The general meeting of *Fédération Nationale Groupama* on 24 February 2006 approved in principle an initial public offering of Groupama S.A. to fully or partially finance or refinance Groupama S.A. on the market in view of one or more major acquisitions or to implement a strategic partnership in France and/or abroad.

Pursuant to this authorisation, the shareholders' meeting of Groupama S.A. on 29 June 2006 amended the bylaws of Groupama S.A. so that the Group would be able to react more rapidly in the event of an acquisition opportunity in the market, while at the same time securing majority control in the Mutual for the regional mutuals.

Rationalisation of the Group's financial structure

On 14 December 2006, , in its capacity as holding company for equity investment activities, Groupama S.A. acquired all the shares of Groupama International held by the Group's Life companies, which totalled 43.6%. This ownership holding existed for historical reasons and did not have an organisational purpose.

1.1.2 GROWTH OF THE GROUP

Acquisitions in Spain

On 24 January 2006, Groupama Seguros acquired the two subsidiaries of the Azur-GMF group in Spain: Azur Multiramos in non-life (premium income of €34 million in 2005) and Azur Vida (premium income of €10 million in 2005).

Acquisition in Turkey

At the end of a privatisation process in Turkey, early in 2006 Groupama acquired 56.67% of the non-life insurance company Basak Sigorta (€187 million in premium income in 2005) and 41% of the life insurance company Basak Emeklilik (€56 million in premium income in 2005), 38% held by Basak Sigorta, subject to formal approval from the Turkish authorities.

With this acquisition, Groupama became the sixth largest insurer in the Turkish market, which is experiencing one of the fastest growth rates in the world.

Also in Turkey, Groupama is keeping its 36% stake in Günes Sigorta.

Acquisition of a broker in the United Kingdom

On 15 December 2006, Groupama acquired 100% of the broker Carole Nash Insurance Consultants Limited.

With 350 employees in five locations in the northwest of England and Ireland, Carole Nash is among the 30 leading brokers in the United Kingdom, with over 240,000 policyholders. This broker, which has more than €90 million in policies, is the leading intermediary in the motorcycle insurance market in England and Ireland and a major player in insuring classic and collector cars.

Partnership with Dexia in lending to local authorities

Groupama and the Franco-Belgian bank Dexia signed a partnership agreement on 14 November 2006 covering the financing of local authorities.

Under the terms of this agreement, Groupama will market financing under the Dexia Crédit Local name to local authorities of fewer than 2,500 inhabitants, with Dexia providing the financial arrangement.

1.1.3 OTHER DEVELOPMENTS

Sale of Minster in the United Kingdom

On 24 August 2006, Groupama UK sold of its entire equity stake in Minster Insurance Company Limited. As at 1 January 2003, this company had taken on all of the "run-off" business of the British subsidiaries, with Groupama Insurance Company Limited taking over operating activities exclusively as at the same date. The purchaser is the investor group BSG Insurance Holdings, composed of the American investment bank Bear Stearns and Caspar Gilroy, a private equity investor.

The sale of Minster Insurance resulted in a capital loss of €7.2 million.

La cession de Minster Insurance s'est traduite par une moins-value de cession de 7,2 millions d'euros.

Key data for this entity as of 31 December 2005:

	(£million)	(€million)
• Total technical reserves	333	483
• Total balance sheet	426	612
• Premium income	–	–

Standard & Poor's and AM Best ratings

On 8 December 2006, Standard & Poor's confirmed its "A" rating on counterparty risk and the financial stability of Groupama S.A. with a stable outlook.
The AM Best credit rating agency also gave Groupama S.A. an "A" rating at yearend 2006.

Awards for the Group's products

The two life insurance policies of Groupama Épargne and Groupama Modulation received the "Quality and Performance" awards in April 2006 in the euro policy category as selected by the Journal des Finances. Groupama Modulation had already received several awards in March 2006 from *Revenu and from Gestion de Fortune*.
The 2006 Dossiers de l'Épargne awarded marks of excellence to the group retirement policies Groupama Dimension Retraite Entreprises, GAN Retraite Entreprises and Dimension Retraite Entreprises as well as the Synergie IFC policy.
Groupama Banque also received three marks of excellence from Dossiers de l'épargne for its Astréa 2 Liberté products, including mortgage insurance and securities accounts.
Finally, Groupama Asset Management was honoured with *Trophées du Revenu in May 2006*, while at the beginning of December 2006, the Groupama Alternatif Equilibre funds received the second highest rating in Tribune / L'EDHEC for its alternative management product.

1.2 Post-balance sheet events

Sale of 15.35% of SCOR

On 21 January 2007, Groupama SA sold a block of 15.35% of SCOR's share capital. This transaction, which was executed as part of the strategy to optimise Groupama's financial management ad the allocation of its equity, will result in a capital gain of approximately €150 million in the 2007 consolidated statements. The sale consisted of a private placement with the banks HSBC and UBS. Groupama's residual equity stake in SCOR is 0.67%.

Additional acquisition in Turkey

In November, agreements were signed with the agricultural cooperatives that are the minority shareholders of Basak Sigorta, for the purpose of acquiring their 40.1% equity stake in the insurer's capital. These agreements materialised in the first quarter of 2007. At the same time, an agreement to purchase the shares of the minority shareholders of Basak Groupama Emeklilik (an additional 10% stake) was signed at the beginning of January 2007.

Growth in Greece

On 8 March 2006, Groupama acquired the Greek insurance company Phoenix Metrolife Emporiki Hellenic Insurance Company SA for a total of €95 million. This agreement is subject to statutory approvals.

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Ownership thresholds

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

The breakdown of share capital at 12 December 2005 was as follows:
- 90.89% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.12% by the former and current officers and employees of Groupama S.A. (directly or through FCPEs – French mutual funds).

Both Groupama Holding and Groupama Holding 2, which are French sociétés anonymes, are wholly owned by the regional mutuals.
Groupama S.A. is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the capital investment activities of the Groupama group. Its activities are:

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

The consolidated financial statements of Groupama S.A. include the reinsurance ceded by the regional mutuals and the business of the subsidiaries.
The combined financial statements relate to the Groupama group, which is composed of all the local mutuals, the regional mutuals, Groupama S.A. and its subsidiaries.
In conducting its activities, the Company is governed by the provisions of the Commercial Code and the Insurance Code under the oversight of the French Autorité de *Contrôle des Assurances et des Mutuelles.*

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

- within the Groupama S.A. division by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operating autonomy, each of the subsidiaries is subject to the requirements and obligations applicable under Groupama S.A.'s business environment, particularly in terms of control;
- in the mutual division:

– by an internal reinsurance treaty that binds the regional mutuals to Groupama S.A.. This treaty, signed in December 2003 in connection with the businesses acquired by Groupama S.A. at the time of the contribution of the regional mutual reinsurance business granted by the CCAMA. backdated 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 S.A. ("Convention defining the security and joint liability mechanisms of the Caisses de Réassurance Mutuelle Agricole joining the Fédération Nationale Groupama"), which was signed on 17 December 2003, retroactive to 1 January 2003).

2.2 General presentation of the consolidated financial statements

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared in accordance with International Financial Reporting Standards and the interpretations applicable as at 12 December 2005 as approved by the European Union (European Regulation 1606/2002 of 19 July 2002), the principal applications of which are applied by GROUPAMA as described below.
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as at 31 December 2006, as approved by the European Union. However, the Group did not opt for early adoption of IFRS 7 concerning disclosures on financial instruments.

The format of the financial statements has been prepared in accordance with the recommendation of the National Accounting Board (Conseil National de la Comptabilité–CNC) 2005-R-01 of 24 March 2005 governing the format of financial statements of insurance entities under international accounting standards.
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 in the financial statements for 2005.
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 2.4 and 3.4);

- Evaluation of technical reserves (note 3.1.2);
- Estimate of certain fair values on unlisted investments or real estate assets (notes 3.2.1 and 3.2.2).
- Recognition of deferred taxes as assets (note 3.12);
- Calculation of the provisions for risks and charges, particularly valuation of employee benefits (note 3.10).

2.3 Principles of consolidation

2.3.1 CONSOLIDATION SCOPE AND POLICIES

A company is included in the consolidation once it, or 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 consolidation. It is assumed that an 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.
UCITS and property companies are consolidated. Minority pertaining to the UCITS are disclosed separately as a special financial liability item in the IFRS balance sheet. 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 reverse entry to any change in this liability is taken to the income statement.

Consolidating company

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

Exclusively controlled entities

Companies exclusively controlled by the Group, whatever their structure, are 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.
- distributing the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests";

Joint ventures

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

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 book value of the shares held by the Group share of capital and reserves including the earnings for the year in accordance with consolidation rules;
- eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

2.3.2 CHANGE IN THE SCOPE OF CONSOLIDATION

In comparison with 31 December 2005 and taking into account the transactions presented above, the main changes in the scope of consolidation are as follows:

Newly consolidated companies, acquisitions, formations

- France

Increase in the equity stake of Groupama S.A. in Groupama Banque following the purchase of 20% of the shares. The equity interest rose from 60% to 80% as of 31 December 2006.

- Turkey

The companies Basak Sigorta and Basak Emeklilik were acquired in the first half of 2006 and were consolidated with effect from 30 June (the date of effective control).
In addition, a holding company, Groupama Investment Bosphorus, was founded in Turkey. Its purpose is in future to hold the investments of the Group in Turkey.

• Spain
The companies Azur Multirramos, S.A. de Seguros y Reaseguros and Azur Vida, SA. de Seguros y Reaseguros acquired in the first half of 2006 were consolidated with effect from 1 January.

• United Kingdom
Acquisition of the broker Carole Nash (see 1.1.2 Growth of the Group).

Sales, deconsolidations

• France
The company SCEPAR, which no longer has any activity, has been deconsolidated.

• United Kingdom
Sale of Minster Insurance Company Limited (see 1.1.3 Other developments)

Mergers

On 30 May 2006, the company CFP absorbed (with retroactive effect to 1 January) two of its subsidiaries SCIMA and SCIMA II by means of a simplified merger.

2.3.3 CONSISTENCY OF ACCOUNTING PRINCIPLES

The Groupama 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, matching of expenses to income, elimination of local tax accounting entries). The consolidated financial statements are prepared using the consolidation methods defined by the Group and comply with:
• International Financial Reporting Standards and interpretations applicable as at 31 December 2006, as approved by the European Union;
• and the valuation methods specified hereinafter.
Restatements under the principles of consistency are made when they are material.

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 gains or losses is recorded under "Unrealised foreign exchange gains or losses" and the remaining share is included in "Minority interests".

Transactions on the income statements are converted at the average rate. The Group share of the difference between earnings converted at the average rate and earnings converted at the closing rate is booked as "Unrealised foreign exchange gains or losses" and as "Minority interests" for the balance.

2.3.5 TRANSACTIONS BETWEEN COMPANIES CONSOLIDATED BY GROUPAMA SA

Eliminated transactions

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

Thus, intercompany transactions on the following must be eliminated:
• reciprocal receivables and payables as well as reciprocal income and expenses;
• notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
• transactions affecting commitments received and given;
• reinsurance inwards, ceded and retroceded;
• co-insurance and co-reinsurance operations and pooled management;
• broker and intermediation transactions;
• contractual sharing of premium income of group policies;
• appropriations to provisions for the write-down of equity interests funded by the company holding the securities and, if applicable, appropriations to provisions for risks and charges recognised because of losses suffered by exclusively controlled companies;
• transactions on forward financial instruments;
• gains and losses from the internal transfer of insurance investments;
• intra-Group dividends.

Sale transactions of traded securities followed by the buyback of these same securities are considered to be external transactions.

2.4 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.
Goodwill is assigned to cash generating units (CGU) of the buyer which are expected to benefit from the combination. A CGU is defined as an identifiable group of assets producing cash flows independently of other assets or groups of assets. In practice, Groupama applied the entity approach.

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.
For entities acquired during the year, the Group has a twelve month period from the acquisition date to attribute a definitive value to the assets and liabilities acquired. In the absence of any indication of impairment, the recoverable value of these entities in the year they are acquired is considered to be the price paid.

This goodwill is not amortised, but is subject to an impairment test at least once a year. The Group revises the book value of the goodwill if an unfavourable event occurs between two annual tests. An additional impairment is recognised when the recoverable value of the CGU to which the goodwill is assigned is less than its net book value. Recoverable value is defined as the higher of the two following values: fair value or value in use, which corresponds to an approach based on discounted future cash flows.
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 contingent liabilities exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and contingent liabilities 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 as income.

3

ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 Technical operations

3.1.1 CLASSIFICATION

There are two categories of insurance policies:
- insurance policies and financial contracts with discretionary profit-sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

Insurance policies

An insurance policy is a contract under which one party, the insurer, accepts a significant insurance risk from another party, the policyholder, agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, negatively affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.
The existing accounting practices for insurance policies are maintained, with the exception of the equalisation reserves (see notes 3.1.2.a and 3.1.2.b), provided that the reserves established meet the solvency tests stipulated by international standards (see 3.1.2.c).

Financial contracts

Contracts that do not meet the definition of an insurance policy as described above are classified as financial contracts. There are two categories of financial contracts: financial contracts with and without discretionary profit sharing.
A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or date of which is wholly or partially at the insurer's discretion, and the valuation of which is based either on the performance of a set of contracts or a specific contract, or on the profit or loss of the insurer, of a fund or any other entity that issued the contract, or on the realised and/or unrealised return on investments from a portfolio of specified assets held by the issuer.
The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial

contracts without discretionary profit-sharing are treated using the valuation procedures described in Note 3.1.3. If a contract contains both a financial and an insurance component, the financial component is accounted for separately in accordance with IAS 39 if it can be separately valued and if all the obligations related to the financial component could not be considered part of an insurance policy, in application of the provisions of IFRS 4. In all other cases, the entire contract is treated as an insurance policy.

3.1.2 INSURANCE POLICIES SUBJECT TO IFRS 4

a - Non-life insurance policies

• Premiums

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

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

• Policy servicing expenses

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

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

• Liabilities related to non-life insurance policies

a) 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.

b) Reserves for outstanding risks

The reserves for outstanding 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.

c) Reserves for outstanding claims

The reserves for outstanding claims 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 reserves for outstanding claims (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.

d) 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.

Equalisation reserve

No provision is recorded for future risks characterised by low frequency and high unit cost on policies not yet subscribed on the closing date.

• Deferred acquisition costs

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

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

• Premiums

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

• Policy service expenses

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

– all claims once they have been paid to the beneficiary;

– technical interest and profit-sharing that may be included in those claims;

– all costs incurred by the insurance company for the management and payment of claims.

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

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

a) Actuarial reserves

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

b) Profit-sharing reserve

The profit-sharing reserve consists of a reserve for profit-sharing owed and potentially as a reserve for deferred profit-sharing. This reserve covers both life insurance policies and financial contracts, as well as discretionary and non-discretionary profit-sharing.

The reserve for profit-sharing owed includes the identifiable amounts resulting from regulatory obligations intended for the insurer 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 statutory financial statements and the consolidated financial statements;

– the reserve for conditional profit-sharing, which relates to the difference in liabilities between the statutory financial statements 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.

c) Application of shadow accounting

For profit sharing contracts, the Group has decided to apply shadow accounting, which is intended to allocate the value of insurance liabilities to deferred acquisition costs and intangible assets related to insurance policies, and unrealised gains and losses on financial assets valued at fair value. The resulting deferred profit-sharing is booked as a reverse entry to the revaluation reserve or in the income statement, depending on whether these gains and losses have been recognised in this 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 recent years.

d) Other technical reserves

Reserve for financial contingencies

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.

Overall management reserve

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

Equalisation reserve

No equalisation reserve is recognised. So-called equalisation reserves intended to cover claims fluctuations are maintained when they are the result of contractual obligations and revert to the policyholder.

• 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 drop rate). Since these acquisition costs are capitalised, the actuarial reserves appearing on the balance sheet are presented as non-zillmerised.

Every year the probable 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 has applied the standard governing shadow accounting for deferred acquisition costs.

c - Liabilities sufficiency test

An adequacy test is performed at each accounting closure for liabilities 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 portfolio values recorded at the time of business combinations or transfers of the related policies.
If there is an insufficiency, the potential losses are recognised in full as a contra entry under income.

d - Unit-linked policies

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

3.1.3 INSURANCE POLICIES GOVERNED BY IAS 39

Liabilities relating to significant 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 spread out over the estimated life of the contract.
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.

3.1.4 REINSURANCE TRANSACTIONS

Reinsurance treaties that include no significant insurance risk are booked directly on the balance sheet and are included in financial assets and liabilities.

Reinsurance inwards

Inwards 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 3.1.1 Classification. In the absence of sufficient information from the outwards reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the outwards reinsurers and retrocessionnaires.
Securities given as collateral are recorded in the statement of commitments given and received.

Reinsurance ceded

Reinsurance cessions are recognised in accordance with the terms of the different treaties. A liabilities deposit is recorded for the amount of the corresponding asset received from outwards reinsurers and retrocessionaires. Securities from reinsurers (outwards reinsurers and retrocessionnaires) remitted as collateral are recorded in the statement of commitments given and received.

3.1.5 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 booked 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.

3.2 Insurance-sector investments

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

3.2.1 FINANCIAL ASSETS

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

Classification

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

- Assets held for transaction purposes are investments which are held to earn short-term profits. If there have been short-term sales in the past, such assets are also allows classified in this category. Subject to meeting certain criteria, this category also includes financial assets designated as options;
- Assets held until maturity include fixed-term investments that the company expressly intends, and is able, to retain until maturity. The Group does not use this

category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;

- The category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- Assets held for sale include by default all other fixed term financial investments, equities, loans and receivables that are not included in the other categories.

Initial recognition

The Group books its financial assets when it becomes a party to the contractual provisions of these assets.
Purchases and sales of financial investments are recorded on the transaction date.
Financial assets are initially recorded at fair value plus; in the case of an asset that is not at fair value in the income statement, 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 not significant.
Repurchase transactions are maintained as assets on the balance sheet.

Determination of fair value

The fair value of the financial assets is the amount for which an asset could be exchanged between well informed, consenting parties, acting under normal market conditions.
For assets held for sale and assets held for transactions, the fair value is the listed value on the last listing date of the period or the value estimated using reliable valuation techniques. If the fair value cannot be reliably determined, the investment is recorded at historic cost minus long-term impairment reserves, if any.
For loans and receivables, the fair value is the amortised cost.

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

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

For inflation-indexed bonds, the indexing to the general level of prices recorded during the period since the acquisition date or since the end of the previous period is recorded as income or expense for the period, with the balance sheet contra entry in a sub-account attached to the principal account of the bond.
Assets held for sale are valued at fair value and the unrealised gains or losses are recorded in a separate item under capital and reserves.
Investments representing unit-linked policies are valued at fair value.

Provisions for impairment

At each closing date, the Group looks for the existence of objective indications of impairment in its investments. Impairment is assumed in the following cases:

- if there was a provision for impairment for an investment type in the previous published financial statements;
- the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of sustained impairment;
- if a large loss in value is observed on the balance sheet date.

The criteria for impairment are based on the volatility of the financial markets on the balance sheet date. In addition, certain securities may be reviewed in relation to a potential need for a specific provision.
For investments valued at amortised cost, the amount of the loss is equal to the difference between the net book value of the assets and the discounted value of the future cash flows expected, determined on the basis of the original effective interest rate of the financial instrument, and corrected for any provisions. The amount of the loss is included in the net profit or loss for the year. The provision may be written back to income.
For investments classified as assets held for sale, the amount of the loss is equal to the difference between the acquisition cost and the fair value for the year, minus any loss of value on this asset previously recognised in net profit or loss. When impairment occurs, the loss of value recorded under capital and reserves is transferred to income or loss.
In the case of debt instruments, only the counterparty

risk may be accrued. Moreover, when the fair value of an asset subsequently improves, a write-back is made to income in the amount of the provisions recognised. In the case of capital and reserves instruments, there is no write-back of provisions through income. The impairment recorded on a shareholders' equity instrument will be reversed to income when the asset in question is sold.

Capitalisation reserve

The capitalisation reserve is eliminated in the consolidated financial statements. It is taxed as described in Note 3.12.

De-recognition

Financial assets are eliminated 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 UCITS. The method used for UCITS is the weighted average cost method.
The gains and losses from sales are recorded on the income statement on the transaction date and represent the difference between the sale price and the net book value of the asset.

3.2.2 REAL ESTATE INVESTMENTS

The Group has chosen to record real estate investments using the amortised cost method. They are valued using the component approach.

Initial recognition

Lands and buildings appear on the balance sheet at their acquisition cost. The value of the property includes significant transaction costs directly tied to the transaction.
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 a real estate investment only if the latter is not significant.
At the time of the initial accounting, the real estate is subdivided by components and recorded separately.
The depreciation periods for the components held by the Group depend on the nature of the property under consideration and are as follows:

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

Valuation

The amortised cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus cumulative depreciation and corrected for any provisions for impairment. Each component is identified by its duration and depreciation rate: the depreciation period for all the components is between 15 and 120 years.
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 real estate investments is determined on the basis of the five-year independent appraisal conducted by an expert approved by the Autorité de Contrôle des Assurances et des Mutuelles. During each five-year period, the real estate is subject to an annual appraisal certified by the expert.
As the maintenance component is not considered significant, provisions for major repairs (PMR) are eliminated.

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 reliability valued.

Provisions for impairment

On each balance sheet date, the Group determines whether there are indications of a potential loss of value 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 a loss of value in the income statement in the amount of the difference between the two values, and the net book value is adjusted to reflect only the realisable value.
When the value of the real estate increases at a later time, the provision for impairment is written back to income.

De-recognition

Gains or losses from the sale of real estate investments are booked in the income statement on the transaction date 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 net zero or low initial investment compared with other instruments that react in the same way to market changes;
- it is unwound at a future date.

All derivatives are recorded on the balance sheet at cost and are subsequently valued at fair value. The changes in fair value are recorded as income or loss.

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 booked at fair value with changes on the income statement, except for hedges of cash flows considered as effective, for which the changes in fair value are deferred as capital and reserves until the cash flows hedged are recognised in the income statement.

For a value hedge of a security held for sale, the changes in fair value of the hedged item are booked as income or loss so that they exactly offset the changes in the hedging derivative.

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

3.3.3 EMBEDDED DERIVATIVES

The three conditions that require separate accounting between the host contract and the derivative instrument are listed in Note 3.1.5.

3.4 Intangible fixed 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.

Intangible fixed assets consist primarily of purchased and developed software, portfolio values, the value of customer relationships, and the value of networks recognised in business combinations.

Intangible fixed assets with a finite life are amortised. When their values are based on future income from contracts, their depreciation is applied at the same rate as that income is received. In other cases, the straight line method is usually applied over the asset's life.

If the life cannot be determined, intangible fixed assets are not amortised but are instead regularly tested for impairment.

Start-up costs are expensed rather than capitalised.

3.5 Tangible fixed assets

The Group has chosen to value owner-occupied premises using the amortised cost method. These properties are presented on a line separate from real estate investments as assets. The accounting and valuation method is identical to the method described for real estate investments.

Tangible fixed assets other than owner-occupied premises are initially recognised at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

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

3.6 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.

3.7 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 and offset against minority interests and recognised in goodwill. Moreover, the minority interests on the consolidation of UCITS are included in other liabilities.

3.8 Cash and cash equivalents

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

3.9 Capital and reserves

REVALUATION RESERVE

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

- the effects of the revaluation of derivative instruments assigned to hedge cash flows and net investments in currencies pursuant to the provisions of IAS 39. These are unrealised gains and losses;
- the effects of the revaluation of financial assets held for sale in accordance with the provisions of IAS 39. These are unrealised gains and losses;
- the cumulative impact of the gain or loss from shadow accounting;
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above;

OTHER RESERVES

Other reserves consist of the following elements:

- retained earnings;
- group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting principles.

UNREALISED FOREIGN EXCHANGE GAINS AND LOSSES

Unrealised foreign exchange gains or losses result from the consolidation process because of the conversion of the statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

MINORITY INTERESTS

Minority interests represent the share in the net assets and net earnings of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning the purchase of minority interests and minority interests on consolidated UCITS, refer to Note 3.7).

3.10 Provisions for risks and charges

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

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

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

EMPLOYEE BENEFITS

Pension commitments

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 booked directly in capital and reserves.
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.

3.11 Financing debt

Financing debt includes subordinated liabilities, financing debt represented by securities, and financing debt to banking institutions.

INITIAL RECOGNITION

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

VALUATION RULES

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

DE-RECOGNITION

Financing debts are eliminated when the obligation specified in the contract is discharged, cancelled or expires.

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 current tax, which leads to deferred tax assets or liabilities.

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

3.13 Segment information

A segment is a distinct component of a company that is engaged either in supplying a product or service (a life/non-life/banking segment. or a health and life insurance/property damage and third party liability/banking/holding company segment) or in supplying products or services in a specific economic environment (a France/foreign geographic segment), and is exposed to risks and profitability that are different from the risks and profitability of the other segments.
Beginning in 2006, segment information is also included in the income statement under the heading "Health and life insurance/property and third party liability insurance/banking/holding company".
A segment is defined as such once most of the income from sales to external clients and once the income, results or assets represents at least 10% of all segments. Segment information is presented at two levels. The first level is organised by geographic segment. The second level is based on the business sector.

3.14 Costs by function

Management fees and commissions related to insurance business are classified on the basis of their function by applying distribution keys defined as a function of the structure and organisation of each of the insurance entities..
Expenses are classified in the following six categories:
- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

4

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Segment information

NOTE 1.1 SEGMENT INFORMATION BY GEOGRAPHIC AREA

Note 1.1.1 Segment information by geographic area – Balance sheet

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Intangible assets	1,038	595	1,633	1,016	265	1,282
Insurance activities investments	61,088	5,627	66,715	58,253	5,623	63,876
Assets used in the banking sector and investments of other activities	2,410		2,410	2,193		2,193
Investments in related companies	1	24	25	1	30	31
Share of outwards reinsurers and retrocessionnaires in insurance and financial contract liabilities	1,241	366	1,606	1,381	500	1,881
Other assets	3,725	1,700	5,425	3,267	1,399	4,666
Assets held for sale and discontinued activities						
Cash and cash equivalents	360	376	736	241	214	455
TOTAL CONSOLIDATED ASSETS	**69,863**	**8,687**	**78,550**	**66,352**	**8,032**	**74,384**
Provisions for risks and charges	457	97	553	514	93	607
Financing debt	2,072		2,072	1,961		1,961
Operating liabilities related to insurance policies:	33,874	5,102	38,975	30,085	5,014	35,099
Operating liabilities related to financial contracts	19,144	698	19,842	20,156	712	20,868
Deferred profit sharing liability	4,066	15	4,081	4,334	51	4,385
Funds from banking sector operations	2,189		2,189	1,824		1,824
Other liabilities	4,946	454	5,400	4,598	403	5,001
Liabilities for activities to be sold or discontinued						
TOTAL CONSOLIDATED LIABILITIES	**66,747**	**6,366**	**73,113**	**63,472**	**6,273**	**69,745**

Note 1.1.2 Sector information by geographic area – Income statement

(€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 France	12.31.2005 Foreign	12.31.2005 Total
Earned premiums	8,914	2,243	11,156	8,475	1,900	10,375
Net banking income, net of cost of risk	168		168	137		137
Investment income	2,504	245	2,749	2,382	215	2,597
Investment expenses	(347)	(50)	(397)	(327)	(46)	(373)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	718	58	777	886	63	949
Change in fair value of financial instruments recorded at fair value through income	434	1	434	306	25	330
Change in impairment on investments	3	(1)	2	(4)	(10)	(14)
Total income from ordinary operations	**12,393**	**2,496**	**14,890**	**11,854**	**2,147**	**14,001**
Insurance policy servicing expenses	(9,073)	(1,727)	(10,801)	(8,994)	(1,516)	(10,509)
Income from reinsurance ceded	183	110	293	311	33	344
Expenses on reinsurance ceded	(574)	(133)	(706)	(539)	(68)	(607)
Banking expenses	(156)		(156)	(140)		(140)
Policy marketing costs	(1,035)	(405)	(1,440)	(1,001)	(328)	(1,330)
Administrative expenses	(528)	(137)	(665)	(582)	(115)	(697)
Other income and expenses from current operations	(288)	(53)	(341)	(234)	(22)	(256)
Current operating profit	**921**	**152**	**1 074**	**676**	**130**	**806**
Other operating income and expenses	(43)	(27)	(70)	(33)	(1)	(33)
Operating profit	**878**	**126**	**1 004**	**643**	**130**	**773**
Financing expenses	(108)		(108)	(84)		(84)
Share in income of related companies	1		1	1	1	2
Corporate income tax	(251)	(14)	(265)	(227)	(33)	(260)
Net profit of consolidated entity	**520**	**112**	**632**	**333**	**98**	**431**
Minority interests	38	(7)	32	36	1	37
NET PROFIT (GROUP SHARE)	**481**	**118**	**600**	**297**	**97**	**394**

NOTE 1.2 SEGMENT INFORMATION BY BUSINESS SECTOR

Note 1.2.1 Segment information by business sector – Balance sheet

(€million)	12.31.2006 Life	Non-life	Banking	Intersector eliminations	Total	12.31.2005 Life	Non-life	Banking	Intersector eliminations	Total
Goodwill	740	633	21		1,394	693	438	20		1,151
Other intangible assets	146	85	8		239	47	71	13		131
Insurance activities investments	54,176	14,712		(2,174)	66,715	50,966	14,843		(1,933)	63,876
Assets used in the banking sector and investments of other activities			2,720	(310)	2,410			2,215	(22)	2,193
Investments in related companies		25			25		31			31
Share of outwards reinsurers and retrocessionnaires in insurance and financial contract liabilities	271	1,472		(137)	1,606	256	1,744		(119)	1,881
Other assets	3,220	2,825	184	(804)	5,425	2,689	2,504	157	(684)	4,666
Assets held for sale and discontinued activities										
Cash and cash equivalents	167	570	16	(16)	736	147	308			455
TOTAL CONSOLIDATED ASSETS	**58,720**	**20,321**	**2,949**	**(3,440)**	**78,550**	**54,798**	**19,939**	**2,405**	**(2,758)**	**74,384**
Provisions for risks and charges	172	372	9		553	198	400	9		607
Financing debt	102	2,167	27	(224)	2,072	103	2,055	27	(224)	1,961
Operating liabilities related to insurance policies	28,559	10,552		(136)	38,975	24,373	10,845		(119)	35,099
Operating liabilities related to financial contracts	19,842				19,842	20,868				20,868
Deferred profit-sharing liabilities	4,081				4,081	4,385				4,385
Resources for banking sector activities			2,514	(325)	2,189			1,846	(22)	1,824
Other liabilities	2,406	5,613	136	(2,755)	5,400	2,358	4,760	276	(2,393)	5,001
Liabilities for held for sale or discontinued activities										
TOTAL CONSOLIDATED LIABILITIES	**55,163**	**18,704**	**2,686**	**(3,440)**	**73,113**	**52,285**	**18,060**	**2,158**	**(2,758)**	**69,745**

The balance sheet items of the holding company are included in the non-life segment of the segment information.

Note 1.2.2 Segment information by business sector Life/Non-life – Income statement

(€million)	12.31.2006				12.31.2005			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Earned premiums	4,484	6,672		11,156	4,161	6,214		10,375
Net banking income, net of cost of risk			168	168			137	137
Investment income	1,859	890		2,749	1,728	869		2,597
Investment expenses	(137)	(260)		(397)	(111)	(263)		(373)
Capital gains (losses) from sales sales of investments, net of impairment reversals and write-backs	541	236		777	662	287		949
Change in fair value of financial instruments recognised at fair value through income	413	21		434	368	(38)		330
Change in impairment on investments	3	(1)		2	(10)	(4)		(14)
Income from ordinary activities	**7,163**	**7,558**	**168**	**14,890**	**6,799**	**7,065**	**137**	**14,001**
Insurance policy servicing expenses	(6,410)	(4,390)		(10,801)	(6,040)	(4,469)		(10,509)
Income on reinsurance ceded	30	264		293	23	321		344
Expenses on reinsurance ceded	(32)	(674)		(706)	(28)	(579)		(607)
Banking expenses			(156)	(156)			(140)	(140)
Policy marketing costs	(333)	(1,107)		(1,440)	(300)	(1,030)		(1,330)
Administrative costs	(155)	(510)		(665)	(131)	(566)		(697)
Other income and expenses from current operations	(52)	(294)	5	(341)	(86)	(176)	6	(256)
Current operating profit	**211**	**847**	**17**	**1,074**	**237**	**566**	**3**	**806**
Other operating income and expenses		(71)	1	(70)		(33)		(33)
Operating profit	**211**	**776**	**18**	**1,004**	**237**	**533**	**3**	**773**
Financing expenses	(23)	(85)		(108)	(17)	(67)		(84)
Share in income of related companies		1		1		2		2
Corporate income tax	(57)	(190)	(19)	(266)	(77)	(169)	(14)	(260)
Net profit of consolidated entity	**131**	**502**	**(1)**	**632**	**143**	**299**	**(11)**	**431**
Minority interests	3	28		32	4	33		37
NET PROFIT (GROUP SHARE)	**128**	**474**	**(1)**	**600**	**139**	**266**	**(11)**	**394**

The income and expenses of the holding company's activities are included in the non-life segment of the segment information.

Note 1.2.3 Segment information by business sector – life and health insurance/ property damage and third party liability/Banking/holding company – Income statement

(€million)	12.31.2006 Life and health insurance	Property damage and liability	Banking	Holding co.	Total	12.31.2005 Life and health insurance	Property damage and liability	Banking	Holding co.	Total
Earned premium	6,036	5 ,121			11,157	5,562	4,813			10,375
Net banking income, net of cost of risk			168		168			137		137
Investment income	2,124	593		33	2,750	1,977	596		24	2,597
Investment expenses	(188)	(156)		(54)	(398)	(167)	(163)		(44)	(374)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	586	169		22	777	729	202		18	949
Change in fair value of financial instruments recorded at fair value through income	416	15		3	434	362	(5)		(26)	331
Change in impairment on investments	3			(2)	1	(12)	(2)			(14)
Total income from ordinary operations	**8,977**	**5,742**	**168**	**2**	**14,889**	**8,451**	**5,441**	**137**	**(28)**	**14,001**
Insurance policy servicing expenses	(7,608)	(3,193)			(10,801)	(7,190)	(3,319)			(10,509)
Income on reinsurance ceded	80	213			293	88	256			344
Expenses on reinsurance ceded	(79)	(627)			(706)	(60)	(547)			(607)
Banking expenses			(156)		(156)			(140)		(140)
Policy marketing costs	(561)	(879)			(1,440)	(492)	(838)			(1,330)
Administrative costs	(244)	(421)			(665)	(245)	(445)		(7)	(697)
Other income and expenses from current operations	(118)	(154)	5	(74)	(341)	(107)	(98)	6	(57)	(256)
Current operating profit	**447**	**681**	**17**	**(72)**	**1,073**	**445**	**450**	**3**	**(92)**	**806**
Other operating income and expenses	(23)	(19)	1	(29)	(70)	(18)	(21)		7	(32)
Operating profit	**424**	**662**	**18**	**(101)**	**1,003**	**427**	**429**	**3**	**(85)**	**774**
Financing expenses	(30)	(19)		(58)	(107)	(24)	(17)		(43)	(84)
Share in income of related companies		1			1		1			1
Corporate income tax	(137)	(179)	(19)	70	(265)	(139)	(119)	(14)	11	(261)
Net income of consolidated entity	**257**	**465**	**(1)**	**(89)**	**632**	**264**	**294**	**(11)**	**(117)**	**430**
Minority interests	10	22			32	9	27			37
NET PROFIT (GROUP SHARE)	**247**	**443**	**(1)**	**(89)**	**600**	**255**	**267**	**(11)**	**(117)**	**393**

5

NOTES ON THE CONSOLIDATED BALANCE SHEET

Note 2 Goodwill

(€million)	12.31.2006 Gross values	Cumulative amortisation as at 1 Jan 2004	Impact of implementation of IFRS	Impairment	Net values	12.31.2005 Net values
Balance brought forward	**2,107**	**(529)**	**(426)**		**1,151**	**1,145**
Changes during the year	**37**			**(15)**	**22**	**6**
Newly consolidated entities:	**223**			**(3)**	**220**	
Turkey	113				113	
Spain	3			(3)		
United Kingdom	107				107	
Deconsolidated						
BALANCE CARRIED FORWARD	**2,367**	**(529)**	**(426)**	**(18)**	**1,394**	**1,151**

The column "amortisation" reflects the straight line charges based on French accounting principles (Regulation CRC No. 2000-05) applied until 31 December 2003. Beginning on 1 January 2004, in accordance with IFRS, an intangible asset with an indeterminate life is not amortised on a straight line basis, but is instead subjected to impairment tests. Goodwill is included in assets with an indeterminate life and is therefore not amortised.

The application of IFRS for the balance sheet as at 1 January 2004 resulted in impairment of €426 million in the goodwill recorded in the consolidated French financial statements. This impairment, net of write-backs of negative goodwill was recorded in shareholders' equity in the opening balance sheet as a change in accounting methods that occurred during the year. It reflects the change in balances due to the tests introduced, which resulted in the recognition in the net IFRS balance of income previously considered not yet earned for accounting purposes based on the former standards (unrealised amounts payable to a shareholder, equalisation provisions, and tax receivables.) The coordination of future cash flows with margin factors already included in the net IFRS position resulted in the automatic impairment of a portion of the intangible assets recorded on the balance sheet in accordance with the former accounting principles.

Income (loss) for the year

• *United Kingdom*: The changes for the year relate to Clinicare, which was acquired by Groupama Insurances Company Limited at the end of 2005.

• In accordance with IFRS, the Group had the option of adjusting the fair values of assets and liabilities acquired in the 12 months following the transaction. The initial goodwill was therefore reviewed. The residual goodwill on this transaction stood at zero as at 31 December 2006.

• *Groupama Transport*: At the time of the acquisition agreement for this entity, dated 19 June 2000, an addition to the acquisition price was planned, based on the entity's future performance. It was possible to determine this additional price at the end of 2006, resulting in an addition to goodwill of €19.5 million. A final adjustment depending on the liquidation of the portfolio was considered. A deferred additional price, including an estimation of this adjustment, has been included in the accounts.

• *Groupama Banque*: Groupama S.A. purchased 20% of Groupama Banque's shares during the year. This purchase produced €19 million in goodwill. This additional goodwill was written down to a net value of €8 million.

Acquisitions for the year

- *Turkey*: Two companies were acquired during 2006 for a total price of €211 million. These acquisitions concerned:

– Basak Emeklilik, a life company;
– Basak Sigorta, a non-life company.

After revaluation of the assets and liabilities at fair value, the excess value on consolidation was applied to various items in intangible assets, and the remaining balance was included in goodwill.

(€million) (exchange rates as at 31 December 2006)	Basak Emeklilik	Basak Sigorta	Groupama Investment Bosphorus	Total balance sheet
Value of the distribution network and customer relationships	50			50
Value of the Life portfolio	41			41
Value of the "Basak Groupama" brand name			21	21
Total "Other Intangible Assets"	**91**		**21**	**112**
GOODWILL (1)	**47**	**66**		**113**

(1) the goodwill amounts cited above are recorded in proportion to the share held in Basak Emeklilik and Basak Sigorta by Groupama, 79% and 56.67% respectively.

In non-life insurance, the portfolio value is not material due to the level of the acquired portfolio's combined ratio.

- *United Kingdom*: Acquisition of the broker Carole Nash on 15 December 2006 produced an initial consolidated goodwill of €107 million. In accordance with IFRS 3, the Group has a period of 12 months to allocate the acquisition price to identifiable assets and liabilities.
- *Spain*: Groupama Seguros acquired the companies Azur Multiramos and Azur Vida in 2006 for a total amount of €61 million. This transaction generated goodwill which was recorded in expenses because it was not material in amount.

NOTE 2.1 GOODWILL BY COMPANY

(€million)	12.31.2006 Gross values	Cumulative amortisation as at 01.01.2004	Impact of implementation of IFRS	Impairments	Net values	12.31.2005 Net values
Total international	**540**	**(53)**	**(6)**	**(7)**	**473**	**259**
Italy	103	(29)			74	75
United Kingdom	60	14	37	(4)	107	6
Turkey	133	(19)			114	
Spain	239	(16)	(42)	(3)	178	178
Portugal	(4)	1	3			
Switzerland	1	(1)				
Luxembourg	6	(1)	(4)			
Hungary	2	(2)				
Total France and foreign	**1,827**	**(476)**	**(420)**	**(11)**	**920**	**892**
Gan Assurances Vie	319	(88)			231	231
Gan Assurances IARD	424	(118)	(110)		196	191
Gan Eurocourtage Vie	98	(27)			71	71
Gan Eurocourtage IARD	295	(55)	(72)		168	168
Gan Prévoyance	127	(35)			92	92
Gan Patrimoine and its subsidiaries	205	(56)	(74)		75	75
Investment, real estate and other insurance companies	359	(97)	(164)	(11)	87	64
BALANCE CARRIED FORWARD	**2,367**	**(529)**	**(426)**	**(18)**	**1,393**	**1,151**

Note 3 Other intangible assets

	12.31.2006			12.31.2005		
	Intangible assets related to insurance	Other intangible assets	Total	Intangible assets related to insurance	Other intangible assets	Total
Gross values brought forward	**46**	**494**	**540**	**51**	**428**	**479**
Increase	2	69	71		115	115
Decrease	(32)	(45)	(77)	(5)	(49)	(54)
Change in scope of consolidation	124	2	126			
Closing gross values	**140**	**520**	**660**	**46**	**494**	**540**
Cumulative amort., deprec. brought forward	**(45)**	**(362)**	**(407)**	**(50)**	**(278)**	**(328)**
Increase	(12)	(79)	(91)		(87)	(87)
Decrease	31	47	78	5	3	8
Change in scope of consolidation						
Cumulative amort., depreciation carried forward	**(26)**	**(394)**	**(420)**	**(45)**	**(362)**	**(407)**
Cumulative permanent depreciation brought forward		**(2)**	**(2)**		**(3)**	**(3)**
Permanent impairment recognised					(1)	(1)
Long-term impairment write-backs		1	1		2	2
Change in scope of consolidation		(1)	(1)			
Cumulative long-term impairment carried forward		**(2)**	**(2)**		**(2)**	**(2)**
OPENING NET VALUES	**1**	**130**	**131**	**1**	**147**	**148**
CLOSING NET VALUES	**114**	**124**	**238**	**1**	**130**	**131**

Intangible assets related to insurance activities primarily correspond to portfolio values, values of the distribution networks, and values of customer relationships and brands. The increase in this item during 2006 is largely related (see Note 2 – Goodwill) to the acquisition of the company Basak Emeklilik in Turkey. These items will be amortised in proportion to the growth in margins on policies underlying these portfolio values, values of the distribution networks, and values of customer relationships. The amortised amount during 2006 was €11 million.

In addition, the "Bazak Groupama" brand was valued at yearend 2006 at €21 million (see Note 2).

Other intangible assets primarily include expenses for IT software acquired or created within the Group's various insurance companies.

NOTE 3.1 OTHER INTANGIBLE ASSETS – BY GEOGRAPHIC AREA

	12.31.2006						12.31.2005	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
(€million)	France	Foreign	France	Foreign	France	Foreign	France	Foreign
Gross values carried forward	**14**	**126**	**495**	**26**	**509**	**152**	**486**	**54**
Cumulative amort., depreciation carried forward	(14)	(12)	(378)	(16)	(392)	(28)	(361)	(46)
Cumulative long-term impairment carried forward				(2)		(2)	(1)	(1)
Amortisation and provisions	**(14)**	**(12)**	**(378)**	**(18)**	**(392)**	**(30)**	**(362)**	**(47)**
NET BOOK VALUE		**114**	**117**	**8**	**117**	**122**	**124**	**7**

NOTE 3.2 OTHER INTANGIBLE ASSETS – BY BUSINESS SECTOR

	12.31.2006									12.31.2005		
	Intangible assets related to insurance activities			Other intangible assets			Total			Total		
(€million)	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking
Gross values carried forward	**103**	**37**		**174**	**306**	**40**	**277**	**343**	**40**	**174**	**327**	**38**
Cumulative amort., depreciation carried forward	(12)	(13)	(1)	(118)	(244)	(32)	(130)	(257)	(33)	(124)	(256)	(27)
Cumulative long-term impairment carried forward		(1)	1	(1)	(1)		(1)	(2)	1	(1)	(1)	
Amortisation and provisions	**(12)**	**(14)**		**(119)**	**(245)**	**(32)**	**(131)**	**(259)**	**(32)**	**(125)**	**(257)**	**(27)**
NET BOOK VALUE	**91**	**23**		**55**	**61**	**8**	**146**	**84**	**8**	**49**	**70**	**12**

Note 4 Investment properties (excluding unit linked items)

(€million)	12.31.2006 Real estate	12.31.2006 SCI Shares	12.31.2006 Total	12.31.2005 Real estate	12.31.2005 SCI Shares	12.31.2005 Total
Gross values brought forward	**3,340**	**407**	**3,747**	**3,234**	**454**	**3,688**
Acquisitions	156	71	227	203	15	218
Newly consolidated entities	22		22			
Subsequent expenses						
Transfer from/to owner occupied buildings	46		46	(62)		(62)
Disposals	(94)	(12)	(106)	(35)	(62)	(97)
Gross values carried forward	**3,470**	**466**	**3,936**	**3,340**	**407**	**3,747**
Cumulative amort., depreciation brought forward	**(633)**	**(2)**	**(635)**	**(605)**	**(2)**	**(607)**
Increase	(63)		(63)	(85)		(85)
Newly consolidated entities						
Decrease	19	2	21	57		57
Cumulative amort., depreciation carried forward	**(677)**		**(677)**	**(633)**	**(2)**	**(635)**
Cumulative long-term impairment brought forward	**(28)**	**(1)**	**(29)**	**(81)**	**(1)**	**(82)**
Long-term impairment recognised	(3)	(2)	(5)	(8)		(8)
Newly consolidated entities						
Long-term impairment write-backs	16	2	18	61		61
Cumulative long-term impairment carried forward	**(15)**	**(1)**	**(16)**	**(28)**	**(1)**	**(29)**
Net values brought forward	**2,679**	**404**	**3,083**	**2,548**	**451**	**2,999**
Net values carried forward	**2,778**	**465**	**3,243**	**2,679**	**404**	**3,083**
Fair value of investment properties carried forward	**6,004**	**720**	**6,724**	**4,958**	**675**	**5,633**
UNREALISED CAPITAL GAINS	**3,226**	**255**	**3,481**	**2,279**	**271**	**2,550**

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

NOTE 4.1 INVESTMENT PROPERTIES – BY GEOGRAPHIC AREA

(€million)	12.31.2006						12.31.2005					
	Real estate			SCI Shares			Real estate			SCI Shares		
	France	Foreign	Total	France	Foreign	Total	France	Foreign	Total	France	Foreign	Total
Gross values	3,351	119	3,470	466		466	3,229	111	3,340	407		407
Cumulative amortisation	(657)	(20)	(677)				(611)	(22)	(633)	(2)		(2)
Long-term impairment	(12)	(3)	(15)	(1)		(1)	(28)		(28)	(1)		(1)
Net values carried forward	**2,682**	**96**	**2,778**	**465**		**465**	**2,591**	**89**	**2,679**	**404**		**404**
Fair value of investment property carried forward	**5,776**	**228**	**6,004**	**720**		**720**	**4,773**	**185**	**4,958**	**675**		**675**
UNREALISED CAPITAL GAINS	**3,094**	**132**	**3,226**	**255**		**255**	**2,183**	**95**	**2,279**	**271**		**271**

NOTE 4.2 INVESTMENT PROPERTIES – BY BUSINESS SECTOR

(€million)	12.31.2006						12.31.2005					
	Real estate			SCI Shares			Real estate			SCI Shares		
	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
Gross values	318	3,152	3,470	397	70	467	378	2,961	3,339	335	72	407
Cumulative amortisation	(65)	(611)	(676)				(69)	(563)	(632)	(2)		(2)
Long-term impairment	(1)	(14)	(15)	(1)		(1)		(28)	(28)	(1)		(1)
Net values carried forward	**252**	**2,526**	**2,778**	**396**	**70**	**466**	**309**	**2,370**	**2,679**	**333**	**71**	**404**
Fair value of investment properties carried forward	**518**	**5,486**	**6,004**	**602**	**118**	**720**	**538**	**4,420**	**4,958**	**567**	**108**	**675**
UNREALISED CAPITAL GAINS	**266**	**2,960**	**3,226**	**206**	**48**	**254**	**229**	**2,050**	**2,279**	**234**	**37**	**271**

Note 5 Owner-occupied properties

(€million)	12.31.2006	12.31.2005
Gross values brought forward	**452**	**459**
Acquisitions	7	5
Newly consolidated entities:	16	
Disposals	(2)	(17)
Transfer from/to investment properties	24	5
Gross values carried forward	**497**	**452**
Cumulative amort., depreciation. brought forward	**(113)**	**(106)**
Increase	(11)	(54)
Newly consolidated entities:	(1)	
Decrease	1	46
Cumulative amort., depreciation carried forward	**(124)**	**(114)**
Cumulative long-term impairment brought forward	**(4)**	**1**
Long-term impairment recognised	(4)	(5)
Long-term impairment write-backs	3	
Cumulative long-term impairment carried forward	**(5)**	**(4)**
Net values brought forward	**335**	**354**
Net values carried forward	**368**	**335**
Fair value of tangible fixed assets carried forward	**897**	**769**
UNREALISED CAPITAL GAINS	**529**	**434**

NOTE 5.1 OWNER-OCCUPIED PROPERTIES – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005		
(€million)	Gross	Amortisation	Net	Gross	Amortisation	Net
Owner-occupied buildings – excluding leases	440	(117)	323	411	(107)	304
Owner-occupied buildings – leases						
Shares in unlisted real estate companies (occupation)	12		12	12		12
France	**452**	**(117)**	**335**	**423**	**(107)**	**316**
Owner-occupied buildings – excluding leases	44	(11)	33	29	(10)	19
Owner-occupied buildings – leases	1	(1)				
Shares in unlisted real estate companies (occupation)						
Foreign	**45**	**(12)**	**33**	**29**	**(10)**	**19**
TOTAL OWNER-OCCUPIED BUILDINGS	**497**	**(129)**	**368**	**452**	**(117)**	**335**

NOTE 5.2 OWNER OCCUPIED BUILDINGS – BY BUSINESS SECTOR

(€million)	12.31.2006 Gross	12.31.2006 Amortisation	12.31.2006 Net	12.31.2005 Gross	12.31.2005 Amortisation	12.31.2005 Net
Owner-occupied buildings, excluding leases	60	(21)	39	60	(17)	43
Owner-occupied buildings – leases						
Shares in unlisted real estate companies (occupation)	5		5	5		5
Life	**65**	**(21)**	**44**	**65**	**(17)**	**48**
Owner-occupied buildings, excluding leases	424	(107)	317	380	(100)	280
Owner-occupied buildings, leases	1	(1)				
Shares in unlisted real estate companies (occupation)	7		7	7		7
Non-life	**432**	**(108)**	**325**	**387**	**(100)**	**287**
Owner-occupied buildings, excluding leases						
Owner-occupied buildings, leases						
Shares in unlisted real estate companies (occupation)						
Banking						
TOTAL OCCUPIED BUILDINGS	**497**	**(129)**	**368**	**452**	**(117)**	**335**

Note 6 Financial investments excluding unit linked items

(€million)	12.31.2006 Net values	12.31.2005 Net values
Assets valued at fair value	58,545	56,242
Assets valued at amortised cost	699	700
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT LINKED ITEMS	**59,244**	**56,942**

NOTE 6.1 INVESTMENTS VALUED AT FAIR VALUE (BY CATEGORY) – BY GEOGRAPHIC AREA

(€million)	12.31.2006								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	France	Foreign	Total	France	Foreign	Total	France	Foreign	Total
Assets held for sale									
Equities	9,429	375	9,804	12,908	486	13,394	3,479	111	3,590
Bonds	32,111	4,501	36,612	33,899	4,511	38,410	1,788	10	1,798
Other	15	34	49	11	16	27	(4)	(18)	(22)
Total assets held for sale	**41,555**	**4,910**	**46,465**	**46,818**	**5,013**	**51,831**	**5,263**	**103**	**5,366**
Transaction assets									
Equities	2,341	60	2,401	2,341	60	2,401			
Bonds	4,221	90	4,311	4,221	90	4,311			
Other	2		2	2		2			
Total transaction assets	**6,564**	**150**	**6,714**	**6,564**	**150**	**6,714**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**48,119**	**5,060**	**53,179**	**53,382**	**5,163**	**58,545**	**5,263**	**103**	**5,366**

The Group has chosen to apply the fair value option. This amendment reduces the possibilities for utilising the option by limiting application to the following situations:

- hybrid instruments including one or more embedded derivative products;
- group of financial assets and/or liabilities that are managed and the performance of which is valued at fair value.

As at 31 December 2006, the capital gains (losses) that were unrealised but recognised for accounting purposes in shareholders' equity (revaluation reserves) as investment assets held for sale and in income as transaction investment assets were €5,366 million and €462 million respectively.
The amount of the provisions for long-term impairment recognised on the investments valued at fair value was €732 million at 31 December 2006, compared with €799 million at 31 December 2005.

(€million)	12.31.2005								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	France	Foreign	Total	France	Foreign	Total	France	Foreign	Total
Assets held for sale									
Equities	8,280	364	8,644	10,617	459	11,076	2,337	95	2,432
Bonds	30,636	4,063	34,699	34,063	4,207	38,270	3,427	144	3,571
Other	15	22	37	15	22	37			
Total assets held for sale	**38,931**	**4,449**	**43,380**	**44,695**	**4,688**	**49,383**	**5,764**	**239**	**6,003**
Transaction assets									
Equities	2,293	47	2,340	2,293	47	2,340			
Bonds	4,089	233	4,322	4,089	233	4,322			
Other	2	196	198	2	196	198			
Total transaction assets	**6,384**	**476**	**6,860**	**6,384**	**476**	**6,860**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**45,315**	**4,925**	**50,240**	**51,079**	**5,164**	**56,243**	**5,764**	**239**	**6,003**

NOTE 6.2 INVESTMENTS VALUED AT FAIR VALUE (BY CATEGORY) – BY BUSINESS SECTOR

	12.31.2006								
	Net amortised cost			Fair value			Unrealised gains (losses)		
(€million)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Assets held for sale									
Equities	2,026	7,778	9,804	2,648	10,746	13,394	622	2,968	3,590
Bonds	5,575	31,036	36,611	5,749	32,660	38,409	174	1,624	1,798
Other	41	8	49	26	1	27	(15)	(7)	(22)
Total assets held for sale	**7,642**	**38,822**	**46,464**	**8,423**	**43,407**	**51,830**	**781**	**4,585**	**5,366**
Transaction assets									
Equities	472	1,930	2,402	472	1,930	2,402			
Bonds	1,270	3,040	4,310	1,270	3,040	4,310			
Other	1	1	2	1	1	2			
Total transaction assets	**1,743**	**4,971**	**6,714**	**1,743**	**4,971**	**6,714**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**9,385**	**43,793**	**53,178**	**10,166**	**48,378**	**58,544**	**781**	**4,585**	**5,366**

	12.31.2005								
	Net amortised cost			Fair value			Unrealised gains (losses)		
(€million)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Assets held for sale									
Equities	1,842	6,802	8,644	2,304	8,772	11,076	462	1 ,970	2,432
Bonds	6,335	28,364	34,699	6,688	31,582	38,270	353	3,218	3,571
Other	15	22	37	15	22	37			
Total assets held for sale	**8,192**	**35,188**	**43,380**	**9,007**	**40,376**	**49,383**	**815**	**5,188**	**6,003**
Transaction assets									
Equities	753	1,587	2,340	753	1,587	2,340			
Bonds	809	3,513	4,322	809	3,513	4,322			
Other	156	42	198	156	42	198			
Total transaction assets	**1,718**	**5,142**	**6,860**	**1,718**	**5,142**	**6,860**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**9,910**	**40,330**	**50,240**	**10,725**	**45,518**	**56,243**	**815**	**5,188**	**6,003**

NOTE 6.3 INVESTMENTS VALUED AT FAIR VALUE (BY TYPE)

	12.31.2006								
	Net amortised cost			Fair value			Unrealised gains (losses)		
(€million)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Equities									
Assets held for sale	2,026	7,778	9 ,804	2,648	10,746	13,394	622	2,968	3,590
Transaction assets	472	1,930	2,402	472	1,930	2,402			
Total stocks	**2,498**	**9,708**	**12,206**	**3,120**	**12,676**	**15,796**	**622**	**2,968**	**3,590**
Bonds									
Assets held for sale	5,575	31,036	36,611	5,749	32,660	38,409	174	1,624	1,798
Transaction assets	1,270	3,040	4,310	1,270	3,040	4,310			
Total bonds	**6,845**	**34,076**	**40,921**	**7,019**	**35,700**	**42,719**	**174**	**1,624**	**1,798**
Other									
Assets held for sale	41	8	49	26	1	27	(15)	(7)	(22)
Transaction assets	1	1	2	1	1	2			
Total other	**42**	**9**	**51**	**27**	**2**	**29**	**(15)**	**(7)**	**(22)**
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**9,385**	**43,793**	**53,178**	**10,166**	**48,378**	**58,544**	**781**	**4,585**	**5,366**

	12.31.2005								
	Net amortised cost			Fair value			Unrealised gains (losses)		
(€million)	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Tota
Equities									
Assets held for sale	1,842	6,802	8,644	2,304	8,772	11,076	462	1,970	2,432
Transaction assets	753	1,587	2,340	753	1,587	2,340			
Total equities	**2,595**	**8,389**	**10,984**	**3,57**	**10,359**	**13,416**	**462**	**1,970**	**2,432**
Bonds									
Assets held for sale	6,335	28,364	34,699	6,688	31,582	38,270	353	3,218	3,571
Transaction assets	809	3,513	4,322	809	3,513	4,322			
Total bonds	**7,144**	**31,877**	**39,021**	**7,497**	**35,095**	**42,592**	**353**	**3,218**	**3,571**
Other									
Assets held for sale	15	22	37	15	22	37			
Transaction assets	156	42	198	156	42	198			
Total other	**171**	**64**	**235**	**171**	**64**	**235**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**9,910**	**40,330**	**50,240**	**10,725**	**45,518**	**56,243**	**815**	**5 ,188**	**6,003**

NOTE 6.4 INVESTMENTS VALUED AT AMORTISED COST – NET VALUE

(€million)	12.31.2006 Non-life	Life	Total	12.31.2005 Non-life	Life	Total
Loans	52	202	254	54	194	248
Deposits	162	81	243	158	66	224
Other	81	121	202	109	119	228
Loans and receivables	**295**	**404**	**699**	**321**	**379**	**700**
ASSETS VALUED AT AMORTISED COST	**295**	**404**	**699**	**321**	**379**	**700**

The amount of the provisions for long-term impairment recognised on investments valued at amortised cost was €2 million at 31 December 2006 versus €3 million at 31 December 2005.

NOTE 6.5 ESTIMATE OF LISTED INVESTMENTS

(€million)	12.31.2006 Net values	12.31.2005 Net values
Equities	15,542	13,190
Bonds and other fixed-income securities	42,702	42,418
Other investments		
TOTAL INVESTMENTS COTES	**58,243**	**55,608**

The amount of the provisions for long-term impairment recognised on listed investments at fair value was €654 million at 31 December 2006 compared with €722 million at 31 December 2005.

NOTE 6.6 ESTIMATE OF UNLISTED INVESTMENTS

(€million)	12.31.2006 Net values	12.31.2005 Net values
Equities at fair value	254	59
Bonds and other fixed-income securities at fair value	18	174
Other investments at fair value	30	402
Loans at amortised cost	254	248
Other investments at amortised cost	445	452
TOTAL UNLISTED INVESTMENTS	**1,000**	**1,335**

The amount of the provisions for long-term impairment recognised on unlisted investments was €78 million at 31 December 2006 compared with €77 million at 31 December 2005.

Note 7 Significant investments in unconsolidated companies

(€million)	12.31.2006 % of ownership	12.31.2006 Acquisition cost net of provision	12.31.2006 Fair value	12.31.2005 Acquisition cost net of provision	12.31.2005 Fair value
Scor	15.89	233	418	173	280
Bolloré Investissement	4.31	59	174	59	116
Société Générale	2.93	832	1,755	762	1,339
Lagardère	1.71	92	149	92	158
Veolia Environnement	5.63	584	1,241	556	884
Locindus	7.74	16	23	13	19
Eiffage	2.86	185	192		
French companies		**2,001**	**3,952**	**1,655**	**2,796**
Médiobanca	4.73	471	692	471	624
Foreign companies		**471**	**692**	**471**	**624**
TOTAL INVESTMENTS IN UNCONSOLIDATED COMPANIES		**2,472**	**4,644**	**2,126**	**3,420**

Fair value represents:

- for shares in listed companies, their price on the stock exchange as at the balance sheet date;
- for shares of unlisted companies, at a value determined by a multi-criteria approach.

The realisation of unrealised capital gains on buildings that represent commitments in Life Insurance gives rise to rights for the beneficiaries of policies and minority shareholders as well as tax liabilities.

Note 8 Investments representing unit-linked commitments

(€million)	12.31.2006	12.31.2005
Variable-income and similar securities		
Bonds	309	498
Shares in equity UCITS	2,544	2,204
Shares in bond and other UCITS	765	674
TOTAL INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS	**3,618**	**3,376**

NOTE 8.1 INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005		
(€million)	France	Foreign	Total	France	Foreign	Total
Variable-income and similar securities						
Bonds	232	77	309	417	81	498
Shares in equity UCItS	2,463	81	2,544	2,130	74	2,204
Shares in bond and other UCITS	712	53	765	609	65	674
UNREALISED CAPITAL GAINS	**3,407**	**210**	**3,618**	**3,156**	**220**	**3,376**

Note 9 Assets used for banking sector business

(€million)	12.31.2006 Gross values	Provisions	Net values	12.31.2005 Gross values	Provisions	Net values
Cash, central banks, postal accounts	40		40	23		23
Financial assets at fair value through income	1,016		1,016	50		50
Hedging derivative instruments						
Financial assets held for sale	39		39	13		13
Loans and receivables from credit institutions	639		639	772		772
Customer loans and receivables	535	(16)	519	686	(21)	666
Revaluation variance on rate-hedged portfolios						
Investment assets held until maturity	156		156	670		670
Investment properties						
TOTAL ASSETS USED FOR BANKING SECTOR BUSINESS	**2,426**	**(16)**	**2,410**	**2,214**	**(21)**	**2,193**

In 2006, Banque Finama redeemed assets that were included in the item "held until maturity". The proceeds were then reinvested in investments held for transactional purposes.

Note 10 Investments in related companies

(€million)	12.31.2006 Equity value	Share of net profit	12.31.2005 Equity value	Share of net profit
Günes Sigorta	24		30	1
Socomie	1	1	1	1
TOTAL INVESTMENTS IN RELATED COMPANIES	**25**	**1**	**31**	**2**

The equity value of the Günes shares, which represents the restated portion of shareholders' equity, fell €6 million between 2005 and 2006, primarily due to a decline in unrealised foreign exchange gains. This situation resulted from an unfavourable change in the value of the Turkish lira versus the euro during the period.

NOTE 10.1 SIGNIFICANT DATA

(€million)	12.31.2006 Premium income revenues	Net profit	Total assets	Shareholders' equity capital and reserves	12.31.2005 Premium income	Net profit	Total assets	Shareholders' equity
Günes Sigorta	284	1	215	48	281	4	233	58
Socomie	12	1	7	1	15	1	7	1

Note 11 Share of outwards reinsurers and retrocessionnaires in insurance and financial contract liabilities

(€million)	12.31.2006	12.31.2005
Share of reinsurers in non-life insurance reserves		
Reserves for unearned premiums	102	80
Outstanding claims reserves	1,299	1,624
Other technical reserves	126	120
TOTAL	**1,527**	**1,824**
Share of reinsurers in life insurance reserves		
Life insurance reserves	44	28
Outstanding claims reserves	10	9
Profit-sharing reserves	17	17
Other technical reserves	5	3
TOTAL	**77**	**57**
Share of reinsurers in reserves for financial contracts	**1**	
TOTAL SHARE OF OUTWARDS REINSURERS AND RETROCESSIONNAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES	**1,606**	**1,881**

NOTE 11.1 SHARE OF OUTWARDS REINSURERS AND RETROCESSIONNAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	50	52	102	63	17	80
Outstanding claims reserves	1,024	275	1,299	1,160	464	1,624
Other technical reserves	123	3	126	119	1	120
TOTAL	**1,198**	**330**	**1,527**	**1,342**	**482**	**1,824**
Share of reinsurers in life insurance reserves						
Life insurance reserves	13	31	44	13	15	28
Outstanding claims reserves	6	4	10	6	3	9
Profit-sharing reserves	17		17	17		17
Other technical reserves	5		5	3		3
TOTAL	**41**	**36**	**77**	**39**	**18**	**57**
Share of reinsurers in financial contracts	**1**		**1**			
TOTAL SHARE OF OUTWARDS REINSURERS AND RETROCESSIONNAIRES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES	**1,241**	**366**	**1,606**	**1,381**	**500**	**1,881**

Note 12 Other tangible assets

(€million)	12.31.2006	12.31.2005
Other tangible assets	122	155
Other long-term operating assets	29	28
TOTAL	**150**	**183**

NOTE 12.1 CHANGES IN OTHER TANGIBLE ASSETS

(€million)	12.31.2006	12.31.2005
Gross values brought forward	**414**	**262**
Acquisitions	84	184
Newly consolidated entities:	15	
Disposals	(76)	(32)
Transfer from/to investment properties	(66)	
Gross values carried forward	**371**	**414**
Cumulative amort., deprec. brought forward	**(256)**	**(194)**
Increase	(35)	(73)
Newly consolidated entities:	(13)	
Decrease	58	11
Cumulative amort., depreciation carried forward	**(246)**	**(256)**
Cumulative long-term impairment brought forward	**(3)**	
Long-term impairment recognised		(3)
Long-term impairment write-backs		
Cumulative long-term impairment carried forward	**(3)**	**(3)**
Net values brought forward	**155**	**68**
Net values carried forward	**122**	**155**
Fair value of tangible fixed assets carried forward	**122**	**155**
UNREALISED CAPITAL GAINS		

NOTE 12.2 CHANGE IN OTHER TANGIBLE ASSETS – BY GEOGRAPHIC AREA

(€million)	12.31.2006 Gross	Depreciation	Net	12.31.2005 Gross	Depreciation	Net
Other tangible assets	271	(183)	88	343	(213)	130
Other long-term operating assets	29		29	28		28
France	**300**	**(183)**	**117**	**371**	**(213)**	**158**
Other tangible assets	100	(66)	34	71	(46)	25
Other long-term operating assets						
Foreign	**100**	**(66)**	**34**	**71**	**(46)**	**25**
TOTAL OTHER TANGIBLE ASSETS	**400**	**(249)**	**151**	**442**	**(259)**	**183**

NOTE 12.3 CHANGE IN OTHER TANGIBLE ASSETS – BY BUSINESS SECTOR

(€million)	12.31.2006 Gross	Depreciation	Net	12.31.2005 Gross	Depreciation	Net
Other tangible assets	231	(143)	88	273	(147)	126
Other long-term operating assets	29		29	28		28
Non-life	**260**	**(143)**	**117**	**301**	**(147)**	**154**
Other tangible assets	118	(89)	29	122	(98)	24
Other long-term operating assets						
Life	**118**	**(89)**	**29**	**122**	**(98)**	**24**
Other tangible assets	22	(17)	5	19	(14)	5
Other long-term operating assets						
Banking	**22**	**(17)**	**5**	**19**	**(14)**	**5**
TOTAL OTHER TANGIBLE ASSETS	**400**	**(249)**	**151**	**442**	**(259)**	**183**

Note 13 Deferred marketing expenses

(€million)	12.31.2006 Gross	Deferred profit sharing	Net	12.31.2005 Gross	Deferred profit sharing	Net
Non-life insurance policies	265		265	244	(10)	234
Life insurance policies and financial contracts with discretionary profit-sharing	280	(28)	252	291	(37)	254
TOTAL DEFERRED MARKETING EXPENSES	**545**	**(28)**	**517**	**535**	**(47)**	**488**

NOTE 13.1 DEFERRED MARKETING EXPENSES – BY GEOGRAPHIC AREA

(€million)	12.31.2006 Gross	Deferred profit sharing	Net	12.31.2005 Gross	Deferredn profit sharing	Net
Non-life insurance policies	115		115	105		105
Life insurance policies and financial contracts contracts with discretionary profit-sharing	255	(27)	228	262	(35)	227
France	**370**	**(27)**	**343**	**367**	**(35)**	**332**
Non-life insurance policies	150		150	139	(10)	129
Life insurance policies and financial contracts with discretionary profit-sharing	25	(2)	24	29	(2)	27
Foreign	**175**	**(2)**	**174**	**168**	**(12)**	**156**
TOTAL DEFERRED MARKETING EXPENSES	**545**	**(29)**	**517**	**535**	**(47)**	**488**

Note 14 Deferred profit sharing asset

(€million)	12.31.2006	12.31.2005
Deferred profit-sharing asset	64	
TOTAL DEFERRED PROFIT-SHARING ASSET	64	

In connection with the new mortality tables used to calculate the actuarial provision for French life annuity policies (see Note 25 - Liabilities related to insurance policies), a €64 million profit sharing asset is shown at the balance sheet date of the statements.

NOTE 14.1 DEFERRED PROFIT SHARING ASSET – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005		
(€million)	France	Foreign	Total	France	Foreign	Total
Deferred profit-sharing asset	64		64			
TOTAL DEFERRED PROFIT SHARING ASSET	64		64			

Note 15 Deferred tax assets

NOTE 15.1 DEFERRED TAX ASSETS – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005
(€million)	France	Foreign	Total	Total
Deferred tax assets	419	53	472	165
TOTAL DEFERRED TAX ASSETS	419	53	472	165

NOTE 15.2 DEFERRED TAX ASSETS – BY BUSINESS SECTOR

	12.31.2006				12.31.2005
(€million)	Life	Non-life	Banking	Total	Total
Deferred tax liabilities	221	235	16	472	165
TOTAL DEFERRED TAX LIABILITIES	221	235	16	472	165

NOTE 15.3 ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

(€million)	12.31.2006	12.31.2005
Deferred taxes resulting from timing differences on adjustments		
Capitalisation reserves	(247)	(243)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	30	(258)
Acquisition costs for life policies and consolidated total management reserves	(44)	(63)
Consolidation adjustments on technical reserves	(27)	(21)
Other differences on consolidation adjustments	1	31
Deferred acquisition costs for non-life policies	(37)	(34)
Tax differences on technical reserves and other provisions for risks and contingencies	293	329
Gains on tax suspension	(9)	(11)
UCITS valuation differential	29	15
Currency hedging	56	22
Other tax timing differences	26	22
Sub-total of deferred taxes resulting from timing differences	**70**	**(211)**
Capitalisation of operating losses	**42**	**128**
Deferred taxes capitalised	**112**	**(83)**
Including:		
Assets	472	165
Liabilities	(361)	(248)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banque) in France. These assets totalled €151 million.

Note 16 Receivables resulting from insurance or accepted reinsurance transactions

(€million)	12.31.2006 Gross values	Reserves	Net values	12.31.2005 Net values
Receivables resulting from insurance or accepted reinsurance transactions				
Earned premiums not written	733		733	665
Policyholders, intermediaries and other third parties	905	(88)	817	751
Co-insurer and other third party current accounts	296	(10)	286	220
Ceding and retroceding company current accounts	391	(1)	390	345
TOTAL	**2,325**	**(99)**	**2,226**	**1,981**

NOTE 16.1 RECEIVABLES RESULTING FROM INSURANCE OR ACCEPTED REINSURANCE TRANSACTIONS – BY MATURITY

(€million)	12.31.2006				12.31.2005			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Receivables resulting from insurance or accepted reinsurance transactions								
Earned premiums not written	740	(7)		733	668	(3)		665
Policyholders, intermediaries and other third parties	814	3		817	751			751
Co-insurer and other third party current accounts	252	35		286	177	43		220
Ceding and retroceding company current accounts	357	33		390	305	40		345
TOTAL	**2,162**	**64**		**2,226**	**1,901**	**80**		**1,981**

Note 17 Receivables from reinsurance activities

(€million)	12.31.2006 Gross values	Provisions	Net values	12.31.2005 Net values
Receivables from reinsurance activities				
Outwards reinsurer and retrocessionaire current accounts	126	(38)	88	110
Other receivables from reinsurance transactions	34		34	45
TOTAL	**160**	**(38)**	**122**	**155**

NOTE 17.1 RECEIVABLES FROM REINSURANCE ACTIVITIES – BY MATURITY

(€million)	12.31.2006 <1 year	12.31.2006 1 to 5 years	12.31.2006 >5 years	12.31.2006 Total	12.31.2005 <1 year	12.31.2005 1 to 5 years	12.31.2005 >5 years	12.31.2005 Total
Receivables from reinsurance activities								
Outwards reinsurer and retrocessionaire current accounts	77	11		88	99	11		110
Other receivables from reinsurance transactions	34			34	45			45
TOTAL	**111**	**11**		**122**	**144**	**11**		**155**

Note 18 Current tax receivables and other tax receivables

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

(€million)	12.31.2006 <1 year	12.31.2006 1 to 5 years	12.31.2006 >5 years	12.31.2006 Total	12.31.2005 <1 year	12.31.2005 1 to 5 years	12.31.2005 >5 years	12.31.2005 Total
Current tax receivables and other tax receivables	106			106	111			111

NOTE 18.2 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY GEOGRAPHIC AREA

(€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 France	12.31.2005 Foreign	12.31.2005 Total
Current tax receivables and other tax receivables	76	31	106	83	28	111

NOTE 18.3 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY BUSINESS SECTOR

(€million)	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Current tax receivables and other tax receivables	62	43	1	106	64	46	1	111

Note 19 Other receivables

(€million)	12.31.2006 Gross values	Provisions	Total	12.31.2005 Total
Interest accrued not due	779		779	791
Employee receivables	21		21	23
Social security agencies	55		55	9
Other debtors	583	(19)	564	498
Other receivables	348		348	262
TOTAL	**1,786**	**(19)**	**1,767**	**1,583**

NOTE 19.1 OTHER RECEIVABLES – BY MATURITY

(€million)	12.31.2006				12.31.2005			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Employee receivables	779			779	791			791
Social security agencies	21			21	23			23
Other debtors	56			56	9			9
Interest accrued not due	532	15	17	564	463	24	11	498
Other receivables	311		37	348	262			262
TOTAL	**1,698**	**15**	**54**	**1,767**	**1,548**	**24**	**11**	**1,583**

NOTE 19.2 OTHER RECEIVABLES – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Interest accrued not due	713	66	779	736	55	791
Employee receivables	18	2	20	21	2	23
Social security agencies	56		56	9		9
Other debtors	455	109	564	466	32	498
Other receivables	326	22	348	239	23	262
TOTAL	**1 568**	**200**	**1 767**	**1 471**	**112**	**1 583**

NOTE 19.3 OTHER RECEIVABLES – BY BUSINESS SECTOR

(€million)	12.31.2006				12.31.2005			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Interest accrued not due	679	100		779	674	117		791
Employee receivables	2	18		21	2	21		23
Social security agencies	46	10		56		9		9
Other debtors	228	311	25	564	225	252	21	498
Other receivables	107	117	124	348	73	88	101	262
TOTAL	**1 062**	**556**	**149**	**1 767**	**974**	**487**	**122**	**1 583**

Note 20 Distribution of cash and equivalents by business sector and geographic area

(€million)	12.31.2006	12.31.2005
France	360	241
Foreign	376	214
TOTAL	**736**	**455**
Life and other entities	167	147
Non-life entities	570	308
TOTAL	**736**	**455**

Note 21 Shareholders' equity and minority interests

NOTE 21.1 TRANSACTIONS WITH MEMBERS

Changes in shareholders' equity during 2006

During 2006, no transaction occurred that had an effect on shareholders' equity and issue premiums. It should be noted that Groupama S.A.'s Shareholders' Meeting held on 29 June 2006 approved a modification to the articles of association regarding a four for one bonus issue based on the nominal share value.

NOTE 21.2 INCOME AND EXPENSES RECOGNISED DURING THE YEAR

The Statement of Recognised Income and Expense – SORIE, an integral part of the summary statement of changes in shareholders' equity, includes, in addition to the net profit for the year, the reserve for unrealised capital gains (losses) on assets held for sale, net of deferred profit-sharing and deferred taxes, as well as the reserves for foreign exchange gains (losses) and the actuarial gains (losses) on post-employment benefits.

Income and expenses recognised during 2006

	12.31.2006			12.31.2005		
(€million)	Group share	Minority interests	Total	Group share	Minoritys interests	Total
Gross unrealised capital gains (losses) on assets held for sale	(624)	(12)	(636)	2 325	12	2,337
Shadow accounting	469	10	479	(1,583)	(13)	(1,596)
Deferred taxes	336	1	337	150	1	151
Actuarial gains (losses) on post-employment benefits	7		7	(15)		(15)
Unrealised foreign exchange gains (losses)	14	6	20	18		18
Other	(7)	10	3	30	3	33
Net profit (loss) for the year	600	32	632	394	37	431
TOTAL	**795**	**47**	**842**	**1,319**	**40**	**1,359**

Reserves related to changes in fair value recorded in shareholders' equity

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

(€million)	12.31.2006	12.31.2005
Unrealised capital gains (losses) on assets held for sale	5,366	6,003
Shadow accounting	(3,490)	(3,969)
Cash flow hedge and other changes	(7)	(25)
Deferred taxes	140	(200)
Share of minority interests	(2)	7
UNREALISED NET CAPITAL GAINS (LOSSES), GROUP SHARE	**2,007**	**1,816**

The deferred tax amount shown in the table above corresponds to the application of 1) a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "assets held for sale"; and 2) a short-term tax rate on deferred profit-sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 1.72%).

Note 22 Provisions for risks and charges

(€million)	12.31.2006					12.31.2005
	Balance brought forward	Increases	Write-backs	Other transfers	Balance carried forward	Balance carried forward
Provision for pensions and similar obligations	274	80	(101)	5	258	274
Other risks and charges(1)	333	54	(94)	2	295	333
TOTAL PROVISIONS FOR RISKS AND CHARGES	**607**	**134**	**(195)**	**7**	**553**	**607**

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

Note 23 Information regarding employee benefits – defined benefit plans

NOTE 23.1 NET ACTUARIAL DEBT AS AT THE BALANCE SHEET DATE

	Post-employment benefits		Other long term benefits		Total	
(€million)	12.31.2006	12.31.2005	12.31.2006	12.31.2005	12.31.2006	12.31.2005
Actuarial debt brought forward	**454**	**395**	**25**	**23**	**479**	**418**
Cost of past services	6	6	2	1	8	7
Services paid	(9)	(4)			(9)	(4)
Interest on actuarial debt	17	18	1	1	18	19
Actuarial gains (losses) (actual variations)	(6)	26	(2)	(1)	(8)	25
Actuarial gains (losses) (hypothetical variations)		8		1		9
Changes in the plan						
Change in scope of consolidation	6				6	
Changes in exchange rates	6	7			6	7
Other		(2)				(2)
ACTUARIAL DEBT CARRIED FORWARD (A)	**474**	**454**	**26**	**25**	**500**	**479**
Fair value of hedging assets brought forward	**225**	**188**			**225**	**188**
Return on hedging assets	14	13			14	13
Services paid	(11)	(8)			(11)	(8)
Contributions received	8	7			8	7
Actuarial gains (losses)	1	20			1	20
Change in scope of consolidation						
Changes in exchange rates	5	5			5	5
Other						
FAIR VALUE OF HEDGING ASSETS CARRIED FORWARD (B)	**242**	**225**			**242**	**225**
NET ACTUARIAL DEBT CARRIED FORWARD (A)-(B)	**232**	**229**	**26**	**25**	**258**	**254**

NOTE 23.2 CHANGES IN THE PROVISION FOR RISKS AND CHARGES RECORDED IN THE BALANCE SHEET

(€million)	Post-employment benefits		Other long term benefits		Total	
	12.31.2006	12.31.2005	12.31.2006	12.31.2005	12.31.2006	12.31.2005
Provision for risks and charges brought forward	**254**	**227**	**20**	**18**	**274**	**245**
Present value of commitment	(14)	6	2	1	(12)	7
Actuarial differences affecting shareholders' equity	(7)	14			(7)	14
Services paid for by employer	(9)	(4)			(9)	(4)
Reclassifications	1	9	4	1	5	10
Change in scope of consolidation	6				6	0
Changes in exchange rates	1	2			1	2
Other					0	0
PROVISION FOR RISKS AND CHARGES CARRIED FORWARD	**232**	**254**	**26**	**20**	**258**	**274**

The amount of provisions written back in this note pertain solely to post-employment benefits (retirement payments) and other long term benefits (such as employee awards and special anniversary leave).

NOTE 23.3 ANNUAL RETIREMENT EXPENSES RECORDED IN THE BALANCE SHEET

(€million)	12.31.2006	12.31.2005
Cost of past services	6	6
Services paid for by the employer	9	4
Interest on actuarial debt	17	18
Return expected from hedging assets	(14)	(13)
Sorie Option	7	(14)
Change in plan		
Effects of exchange rate changes	1	2
Other		
ANNUAL RETIREMENT EXPENSES	**26**	**3**

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

(€million)	12.31.2006	12.31.2005
Equities	147	131
Bonds	92	91
General euro funds		
Other	3	3
CLOSING FAIR VALUE OF ASSETS	**242**	**225**

NOTE 23.5 PRINCIPAL ACTUARIAL ASSUMPTIONS

(in %)	12.31.2006	12.31.2005
Discount rate	4.5	from 3.80 to 4.00
Yield expected from plan assets	7.0	6.7
Expected salary increases	from 2.0 to 3.0	from 2.8 to 3.2
Turnover rate in employees by age range:		
• from 18 to 34:	from 2 to 20	from 2 to 20
• from 35 to 44:	from 2 to 15	from 2 to 15
• from 45 to 54:	from 1 to 10	from 1 to 10
• from 55 and over:	–	–

NOTE 23.6 BREAKDOWN OF PERSONNEL EXPENSES

(€million)	12.31.2006	12.31.2005
Salaries	587	534
Social security expenses	248	224
Post-employment benefits		
– Defined contribution plans		
– Defined benefit plans	4	10
Severance payments	26	3
Anniversary days and employee awards	2	3
Other personnel benefits		11
ANNUAL SALARY EXPENSES	**867**	**785**

The changes in personnel expenses are largely attributable to changes in the scope of consolidation.

Note 24 Financing Debt

(€million)	12.31.2006 <1 year	1 to 5 years	>5 years	Total	12.31.2005 <1 year	1 to 5 years	>5 years	Total
Subordinated debt			1,245	1,245			1,245	1,245
– of which subordinated debt of insurance companies			1,245	1,245			1,245	1,245
– of which subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies		199	628	827		188	528	716
TOTAL FINANCING DEBT		**199**	**1,874**	**2,072**		**188**	**1,773**	**1,961**

NOTE 24.1 BREAKDOWN BY CURRENCY AND RATE

	12.31.2006			
	Currencies		Rates	
(€million)	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		745	500
Financing debt represented by securities				
Financing debt with banking-sector companies	827		525	302
TOTAL	**2,072**		**1,270**	**802**

The "subordinated debt" item represents:

- first, a bond issued in July 1999 by Caisse Centrale des Assurances Mutuelles Agricoles in two tranches (one variable rate tranche for €500 million, the other a fixed-rate tranche for €250 million) that was assumed by Groupama S.A. during the contribution transactions completed on 1 January 2003 in the form of redeemable subordinated securities (titres subordonnés remboursables-TSR). This thirty-year bond offers the issuer the option of early redemption as of the tenth year. The total amount of these TSRs was €750 million, and they were listed at 31 December 2006 at 101.8% for the variable portion and 103.4% for the fixed portion;
- and second, a fixed-rate perpetual subordinated bond issued by Groupama S.A. in July 2005 for the amount of €495 million. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. The contractual clauses of this debt instrument cause it to be recorded as financial debt in the financial statements. As at 31 December, it was quoted at 94.2%.

Note 25 Liabilities related to insurance policies

(€million)	12.31.2006	12.31.2005
Non-life insurance reserves		
Reserves for unearned premiums	1,623	1,469
Outstanding claims reserves	9,417	9,856
Other technical reserves	2,285	2,245
TOTAL	**13,326**	**13,570**
Life insurance reserves		
Life insurance reserves	20,707	17,442
Outstanding claims reserves	474	418
Profit-sharing reserves	770	733
Other technical reserves	191	124
TOTAL	**22,142**	**18,717**
Life insurance reserves for unit-linked contracts	**3,508**	**2,812**
LIABILITIES RELATED TO INSURANCE POLICIES	**38,975**	**35,099**

Life insurance reserves

For French life insurance and capitalisation policies, the Group used the new mortality tables published by decree in August 2006 to calculate the actuarial reserves for existing and pending life annuities. These tables reflect an updated estimate of the French population's mortality probability.

- For policies not subject to Regulation L441, the impact of the changes in the table is estimated at €154 million. After taking into account the deferred profit sharing based on the changes in the table, and write-backs to prior year technical reserves as a result of changing mortality data, the effect of the changes in the table on the financial statements was limited.
- For policies subject to Regulation L441, a test was effected to demonstrate the adequacy of the return on assets dedicated to covering the underwriting liabilities based on the new tables. In 2006, this test led to the conclusion that no further reserves were necessary in the financial statements for the effect of the change in the tables.

NOTE 25.1 BREAKDOWN – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Reinsurance gross technical reserves						
Life insurance reserves	18,844	1,862	20,707	15,844	1,598	17,442
Outstanding claims reserves	434	40	474	395	23	418
Profit-sharing reserves	740	30	770	707	26	733
Other technical reserves	178	13	191	119	5	124
TOTAL LIFE INSURANCE	**20,196**	**1,945**	**22,142**	**17,065**	**1,652**	**18,717**
Reserves for unearned premiums	765	858	1,623	764	704	1,468
Outstanding claims reserves	7,292	2,125	9,417	7,443	2,414	9,857
Other technical reserves	2,228	57	2,285	2,193	52	2,245
TOTAL NON-LIFE INSURANCE	**10,285**	**3,041**	**13,326**	**10,400**	**3,170**	**13,570**
Life insurance reserves for unit-linked contracts	3,392	115	3,508	2,620	192	2,812
TOTAL GROSS TECHNICAL RESERVES	**33,874**	**5,102**	**38,975**	**30,085**	**5,014**	**35,099**
are of reinsurers in the technical reserves	**1,239**	**366**	**1,605**	**1,381**	**500**	**1 881**
NET GENERAL TOTAL	**32,634**	**4,736**	**37,370**	**28,704**	**4,514**	**33,218**

NOTE 25.2 BREAKDOWN OF TECHNICAL RESERVES FOR INSURANCE POLICIES – BY MAIN CATEGORIES

(€million)	12.31.2006 Gross life insurance reserves	12.31.2006 Gross outstanding claims reserves	12.31.2006 Total	12.31.2005 Gross life insurance reserves	12.31.2005 Gross outstanding claims reserves	12.31.2005 Total
Life: single-premium policies						
Capitalisation	574	31	604	608	36	644
Individual insurance	3,118	66	3,184	2,834	76	2,910
Group policies	247	9	255	129	2	131
Other	1,746	14	1 760	1 678	13	1,691
Total reserves for single-premium policies	**5,683**	**120**	**5,803**	**5,249**	**127**	**5,376**
Life: periodic-premium policies						
Capitalisation	281	11	292	116	5	121
Individual insurance	6,139	92	6,232	5,866	87	5,953
Group policies	6,257	185	6,442	5,556	147	5,703
Other	714	7	721	598	6	604
Total reserves for periodic premium policies	**13,391**	**295**	**13,686**	**12,136**	**245**	**12,381**
Acceptances	**1,632**	**59**	**1,691**	**57**	**46**	**103**
TOTAL LIFE RESERVES	**20,706**	**474**	**21,180**	**17,442**	**418**	**17,860**

The implementation of a rider during the first half of 2006 that introduced a significant risk element in the item "Group policies" resulted in a €1,477 million transfer from accepted actuarial reserves in the category "reserves for financial contracts with discretionary profit sharing" to "insurance policies" as at 31 December 2006.

(€million)	12.31.2006 Gros reserve for unearned premiums	12.31.2006 Gross outstanding claims reserves	12.31.2006 Total	12.31.2005 Gross reserve for unearned premiums	12.31.2005 Gross outstanding claims reserves	12.31.2005 Total
Non-life insurance						
Motor	647	2,269	2,916	584	2,170	2,754
Bodily injuries	55	383	438	49	386	435
Property damage	468	1,139	1,606	441	1,128	1,569
General third party liability	51	1,136	1,186	48	1,190	1,238
Marine, aviation, transport	35	588	622	44	754	798
Other	212	966	1,178	140	1,177	1,317
Acceptances	**156**	**2,937**	**3,093**	**162**	**3,052**	**3,214**
TOTAL NON-LIFE RESERVES	**1,623**	**9,418**	**11,041**	**1,468**	**9,857**	**11,325**

Note 26 Changes in reserves for claims during the year

GROSS VALUES (€million)	12.31.2006	12.31.2005
Reserves for claims brought forward	**9,858**	**9,158**
Transfers in portfolio and changes in scope of consolidation	**(314)**	
Claims expense for the current year	4,595	3,971
Claims expense for prior years	(368)	(241)
Total claims expense	**4,227**	**3,730**
Claims payments for the current year	(2,070)	(1,673)
Claims payments for prior years	(2,260)	(1,859)
Total payments	**(4,330)**	**(3,532)**
Exchange rate variation	**(24)**	**80**
TOTAL RESERVES FOR CLAIMS CARRIED FORWARD	**9,417**	**9,436**

Reserves for claims at the beginning of 2006 were increased by reserves for combined entities. The amount as at 31 December totalled €422 million. This amount was not shown in this table in prior years.
The amount recorded in "Changes in scope of consolidation" involves the following entities:
- Basak Sigorta: €109 million
- Azur: €38 million
- Minster Insurances: (€461) million (for a total of €483 million in technical reserves)

NOTE 26.1 CHANGES IN RESERVES FOR CLAIMS DURING THE YEAR – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Reserves for claims brought forward	**7,445**	**2,413**	**9,858**	**6,801**	**2,357**	**9,158**
Transfers in portfolio and changes in scope of consolidation	**3**	**(317)**	**(314)**			
Claims expense for the current year	3,287	1,308	4,595	2,733	1,237	3,970
Claims expense for prior years	(203)	(165)	(368)	(70)	(171)	(241)
Total claims expense	**3,084**	**1,143**	**4,227**	**2,663**	**1,066**	**3,729**
Claims payments for the current year	(1,465)	(605)	(2,070)	(1,170)	(503)	(1,673)
Claims payments for prior years	(1,733)	(525)	(2,258)	(1,317)	(542)	(1,859)
Total payments	**(3,198)**	**(1,130)**	**(4,328)**	**(2,487)**	**(1,045)**	**(3,532)**
Exchange rate variation	**(39)**	**15**	**(24)**	**42**	**38**	**80**
TOTAL RESERVES FOR CLAIMS CARRIED FORWARD	**7,295**	**2,124**	**9,417**	**7,019**	**2,416**	**9,435**

NOTE 26.2 IMPACT OF GROSS CLAIMS

(€million)	2003	2004	2005	2006
Estimate of the claim expense				
At end of N	4,934	4,534	4,675	4,858
At end of N+1	4,874	4,427	4,622	
At end of N+2	4,802	4,297		
At end of N+3	4,750			
Claims expense	**4,750**	**4,297**	**4,622**	**4,858**
Cumulative claims payments	**3,987**	**3,481**	**3,303**	**2,244**
Reserves for claims payable	**763**	**816**	**1,319**	**2,616**
Earned premiums	**6,377**	**6,389**	**6,512**	**6,709**
CLAIMS AND RESERVES/EARNED PREMIUM	**74.5%**	**67.3%**	**71.0%**	**72.4%**

Note 27 Impact of the discount in the actuarial reserves for annuities and change in the actuarial reserves for life insurance policies

NOTE 27.1 IMPACT OF THE DISCOUNT ON ACTUARIAL RESERVES FOR ANNUITIES

GROSS VALUES (€million)	12.31.2006	12.31.2005
Reserves for claims payable carried forward (net of recoveries)	**1,535**	**904**
Reserves for claims payable (net of recoveries) carried forward before change in discount rate	**1,585**	**861**
Reserves for claims payable carried forward (net of recoveries) excluding technical interest	2,087	1,342
Technical interest	(502)	(481)
Impact of change in discount rate	(50)	43

OUTWARDS REINSURANCE SHARE (€million)	12.31.2006	12.31.2005
Share of reinsurers in reserves for claims payable (net of recoveries) brought forward	**79**	**45**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) before change in discount rate	**81**	**42**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) ex. technical interest)	101	62
Technical interest	(20)	(20)
Impact of change in discount rate	(2)	3

The 2006 opening actuarial reserves for annuities were increased by reserves for combined entities. The amount as at 31 December 2005 totalled €662 million, solely for entities based in France, as a gross amount. The assigned portion as at 31 December 2005 totalled €45 million, of which €40 million was for France and €5 million for foreign countries.
These amounts were not shown in this table in prior years.

NOTE 27.2 IMPACT OF DISCOUNTING ON ACTUARIAL RESERVES – BY GEOGRAPHIC AREA

GROSS VALUES (€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 France	12.31.2005 Foreign	12.31.2005 Total
Reserves for claims payable carried forward (net of recoveries)	**1,529**	**6**	**1,535**	**899**	**5**	**904**
Reserves for claims payable carried forward (net of recoveries) before change in discount rate	1,579	6	1,585	856	5	861
Reserves for claims payable carried forward (net of recoveries) excluding technical interest	2,082	5	2,087	1,338	4	1,342
Technical interest	(503)	1	(502)	(482)	1	(481)
Impact of change in discount rate	(50)		(50)	43		43

OUTWARDS REINSURANCE SHARE (€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 France	12.31.2005 Foreign	12.31.2005 Total
Share of reinsurers in reserves for claims payable carried forward (net of recoveries)	**74**	**5**	**79**	**40**	**5**	**45**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) before change in discount rate	76	5	81	37	5	42
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) ex. technical interest	97	4	101	58	4	62
Technical interest	(21)	1	(20)	(21)	1	(20)
Impact of change in discount rate	(2)		(2)	3		3

NOTE 27.3 CHANGES IN ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES AND INVESTMENTS

(€million)	12.31.2006	12.31.2005
Actuarial reserves brought forward	**36,702**	**34,458**
Premiums for the year	3,588	3,488
Portfolio transfer in /changes in consolidation scope	206	
Interest credited	620	464
Profit-sharing	1,129	1,047
Policies at term	(836)	(943)
Surrenders	(1,608)	(1,570)
Annuity arrears	(371)	(344)
Death benefits	(307)	(297)
Other changes	106	399
TOTAL CLOSING ACTUARIAL RESERVES	**39,229**	**36,702**

NOTE 27.4 CHANGES IN ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES AND INVESTMENTS – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005		
(€million)	France	Foreign	Total	France	Foreign	Total
Actuarial reserves brought forward	**34,437**	**2,265**	**36,702**	**32,251**	**2,207**	**34,458**
Premiums for the year	3,216	372	3,588	3,141	347	3,488
Portfolio transfers in	16	191	207			
Interest credited	544	76	620	389	75	464
Profit-sharing	1,110	18	1,128	1,036	11	1,047
Policies at term	(709)	(127)	(836)	(829)	(114)	(943)
Surrenders	(1,363)	(246)	(1,608)	(1,350)	(220)	(1,570)
Annuity arrears	(359)	(12)	(371)	(331)	(13)	(344)
Death benefits	(302)	(5)	(307)	(297)		(297)
Other changes	150	(44)	106	427	(28)	399
TOTAL ACTUARIAL RESERVES CARRIED FORWARD	**36,741**	**2,488**	**39,229**	**34,438**	**2,265**	**36,702**

Note 28 Liabilities related to financial contracts

(€million)	12.31.2006 Total	12.31.2005 Total
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	18,509	19,220
Reserves on unit-linked contracts	52	8
Outstanding claims reserves	270	238
Profit-sharing reserves	861	697
Other technical reserves		9
TOTAL	**19,692**	**20,172**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	14	39
Reserves on unit-linked contracts	136	656
Outstanding claims reserves		1
Profit-sharing reserves		
Other technical reserves		
TOTAL	**151**	**696**
TOTAL RESERVES RELATED TO FINANCIAL CONTRACTS LIABILITIES	**19,842**	**20,868**

NOTE 28.1 LIABILITIES RELATED TO FINANCIAL CONTRACTS (EXCLUDING UNIT LINKED) – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Technical reserves before reinsurance						
Life financial contract reserves	17,897	626	18,524	18,593	666	19,259
Outstanding claims reserves	269	1	270	236	3	239
Profit sharing reserves	858	3	861	691	6	697
Other technical reserves					9	9
Total Life Insurance	**19,024**	**630**	**19,654**	**19,520**	**684**	**20,204**
Total Gross technical reserves	**19,024**	**630**	**19,654**	**19,520**	**684**	**20,204**
Share of reinsurers in technical reserves						
TOTAL LIABILITIES RELATED TO FINANCIAL CONTRACTS NET OF REINSURANCE	**19,024**	**630**	**19,654**	**19,520**	**684**	**20,204**

NOTE 28.2 BREAKDOWN OF FINANCIAL CONTRACTS – BY MAJOR CATEGORIES

(€million)	12.31.2006			12.31.2005		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Life business: single-premium contracts						
Savings business	808	14	822	798	22	820
Individual insurance	16,134	202	16,336	14,595	156	14,751
Group policies	8		8	11		11
Other						
Total reserves for single-premium contracts	**16,950**	**216**	**17,166**	**15,404**	**178**	**15,582**
Life business: periodic-premium policies						
Savings	354		354	515	1	516
Individual insurance	699	25	725	866	32	898
Group policies	520	26	546	1 016	25	1 041
Other		3	3	29	3	32
Total reserves for periodic premium contracts	**1,574**	**54**	**1,628**	**2,426**	**61**	**2,487**
Inwards reinsurance				**1,429**		**1,429**
TOTAL LIFE RESERVES	**18,524**	**270**	**18,794**	**19,259**	**239**	**19,499**

Note 29 Deferred profit sharing liability

(€million)	12.31.2006	12.31.2005
Reserve for deferred profit-sharing on insurance policies	2,128	2,235
Reserve for deferred profit-sharing on financial contracts	1,953	2,150
TOTAL DEFERRED PROFIT SHARING LIABILITY	**4,081**	**4,385**

For the principal entities, the rate for deferred profit sharing used for accounting purposes fell within a range between 63.1% and 86.6% in 2006, versus 67.2% and 87.6% in 2005.

NOTE 29.1 DEFERRED PROFIT SHARING LIABILITY – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005		
(€million)	France	Foreign	Total	France	Foreign	Total
Reserve for deferred profit-sharing on insurance policies	2,116	12	2,128	2,189	46	2,235
Reserve for deferred profit-sharing on financial contracts	1,949	4	1,953	2,145	5	2,150
TOTAL DEFERRED PROFIT SHARING LIABILITY	**4,066**	**15**	**4,081**	**4,334**	**51**	**4,385**

Note 30 Funds from banking sector operations

(€million)	12.31.2006	12.31.2005
Central banks, postal accounts		
Financial liabilities at fair value through income	734	1
Hedging derivative instruments		
Debt to credit institutions	145	713
Debt to clients	1,190	930
Debt represented by securities	120	180
Revaluation variance on rate-hedged portfolios		
TOTAL FUNDS FROM BANKING SECTOR OPERATIONS	**2,189**	**1,824**

The change in amounts is primarily due to the transfer of securities "Held to maturity" for the purposes of a transaction oriented strategy. The item "issue of certificates of deposit" appears as an offset to "issue of certificates of deposit transaction" recorded in financial liabilities at fair value through income.

Note 31 Deferred tax liabilities

NOTE 31.1 DEFERRED TAX LIABILITIES – BY GEOGRAPHIC AREA

	12.31.2006			12.31.2005
(€million)	France	Foreign	Total	Total
Deferred tax liabilities	314	47	361	248
TOTAL DEFERRED TAX LIABILITIES	314	47	361	248

NOTE 31.2 DEFERRED TAX LIABILITIES – BY BUSINESS SECTOR

	12.31.2006				12.31.2005
(€million)	Life	Non-life	Banking	Total	Total
Deferred tax liabilities	81	280		361	248
TOTAL DEFERRED TAX LIABILITIES	81	280		361	248

Note 32 Debts to unit holders of consolidated Mutual funds

	12.31.2006			12.31.2005		
(€million)	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated Mutual funds	499		499	629		629
TOTAL	499		499	629		629

Note 33 Operating debt to banking institutions

NOTE 33.1 OPERATING DEBT TO BANKING INSTITUTIONS – BY MATURITY

	12.31.2006				12.31.2005			
(€million)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating debt to banking institutions	299	35		334	144	21		165
TOTAL	299	35		334	144	21		165

NOTE 33.2 OPERATING DEBT TO BANKING INSTITUTIONS – BY CURRENCY AND RATE

	12.31.2006			
	Currencies		Rates	
(€million)	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Operating debt to banking institutions	334		334	
TOTAL	334		334	

Note 34 Liabilities from insurance or inwards reinsurance activities

(€million)	12.31.2006 <1 year	12.31.2006 1 to 5 years	12.31.2006 >5 years	12.31.2006 Total	12.31.2005 <1 year	12.31.2005 1 to 5 years	12.31.2005 >5 years	12.31.2005 Total
Liabilities from insurance or inwards reinsurance activities								
Policyholders, intermediaries and other third parties	570			570	491			491
Co-insurers	58	9		67	69	9		78
Outwards reinsurer and retrocessionnaire current accounts	29	10		39	36	12		48
Deposits received from reinsurers								
TOTAL	**657**	**19**		**676**	**596**	**21**		**617**

Note 35 Liabilities from outwards reinsurance activities

(€million)	12.31.2006 <1 year	12.31.2006 1 to 5 years	12.31.2006 >5 years	12.31.2006 Total	12.31.2005 <1 year	12.31.2005 1 to 5 years	12.31.2005 >5 years	12.31.2005 Total
Liabilities from outwards reinsurance activities								
Outwards reinsurer and retrocessionnaire current accounts	245	40		285	247	47		294
Other liabilities from reinsurance activities	62	10		72	89	11		100
TOTAL	**307**	**50**		**357**	**336**	**58**		**394**

Note 36 Current taxes payable and other tax liabilities

(€million)	12.31.2006 <1 year	12.31.2006 1 to 5 years	12.31.2006 >5 years	12.31.2006 Total	12.31.2005 <1 year	12.31.2005 1 to 5 years	12.31.2005 >5 years	12.31.2005 Total
Current taxes payable and other tax liabilities	144			144	154			154
TOTAL	**144**			**144**	**154**			**154**

Note 37 Derivative instruments liabilities

(€million)	12.31.2006 Insurance	12.31.2006 Banking	12.31.2006 Total	12.31.2005 Insurance	12.31.2005 Banking	12.31.2005 Total
Derivative instrument liabilities	15		15	45		45
TOTAL	**15**		**15**	**45**		**45**

Note 38 Other liabilities

NOTE 38.1 OTHER LIABILITIES – BY BUSINESS SECTOR

	12.31.2006			12.31.2005		
(€million)	Insurance	Banking	Total	Insurance	Banking	Total
Personnel creditors	157	10	167	147	9	156
Social security agencies	87	7	94	100	5	105
Other loans, deposits and guarantees received	1,528		1,528	1,071		1,071
Other creditors	773	8	781	958	8	966
Other liabilities	366	79	445	224	227	451
TOTAL	**2,911**	**104**	**3,015**	**2,500**	**249**	**2,749**

The item “Other loans, deposits and guarantees received” includes an amount of €490 million corresponding to drawdowns on Groupama S.A.’s credit facility.

NOTE 38.2 OTHER LIABILITIES – BY MATURITY

	12.31.2006				12.31.2005			
(€million)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Personnel creditors	158	8	1	167	148	7	1	156
Social security agencies	94			94	105			105
Other loans, deposits and guarantees received	1,420	51	57	1,528	1,033	36	2	1,071
Other creditors	691	7	83	781	808	151	7	966
Other liabilities	445			445	451			451
TOTAL	**2,808**	**66**	**141**	**3,015**	**2,545**	**194**	**10**	**2,749**

NOTE 38.3 OTHER LIABILITIES – BY CURRENCY AND RATE

	12.31.2006			
	Currencies		Rates	
(€million)	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Personnel creditors	167		167	
Social security agencies	93		93	
Other loans, deposits and guarantees received	1,524	4	715	813
Other creditors	146	636	248	534
Other liabilities	445		445	
TOTAL	**2,375**	**640**	**1,668**	**1,347**

NOTES ON THE CONSOLIDATED INCOME STATEMENT

Note 39 Analysis of premium income by major categories

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Life business: single-premium policies						
Savings business	82	138	220	62	142	204
Individual insurance	1,868	66	1,933	2,018	54	2,071
Group policies	3	32	35	3	14	18
Unit linked policies	716	3	719	321	21	342
Other	44		44	52		52
Total single-premium contracts	**2,712**	**240**	**2,952**	**2,456**	**231**	**2,687**
Life business: periodic-premium contracts						
Savings business	46	40	86	51	37	88
Individual insurance	642	85	727	640	86	726
Group policies	501	58	560	451	53	504
Unit linked policies	5	17	22	6	19	25
Other	13		13	10		10
Total periodic premium policies	**1,206**	**200**	**1,407**	**1,158**	**195**	**1,353**
Inwards reinsurance	**125**		**125**	**121**		**121**
Total life	**4,044**	**440**	**4,484**	**3,735**	**426**	**4,161**
Non-life insurance						
Motor	659	911	1,570	707	845	1 552
Bodily injury	735	77	812	685	71	757
Property damage	811	461	1,272	820	399	1 219
General third party liability	130	68	198	129	61	190
Marine, aviation, transport	265	31	297	242	27	269
Other	333	299	632	343	147	490
Inwards reinsurance	**1,925**	**7**	**1,933**	**1,917**	**2**	**1,919**
Total non-life	**4,858**	**1,855**	**6,713**	**4,843**	**1,552**	**6,395**
Total life and non-life	**8,902**	**2,295**	**11,197**	**8,578**	**1,978**	**10,556**
Banking activities						
Banking	149		149	97		97
Asset management	130		130	107		107
Other	3		3	2		2
Total banking	**282**		**282**	**206**		**206**
TOTAL	**9,184**	**2,295**	**11,479**	**8,784**	**1,978**	**10,762**

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

NOTE 39.1 ANALYSIS OF PREMIUM INCOME BY LIFE/NON-LIFE AND GEOGRAPHIC AREA

(€million)	12.31.2006					12.31.2005				
	Life	Non-life	Investment activities	Total	Share as %	Life	Non-life	Investment activities	Total	Share as %
France	**4,044**	**4,858**	**282**	**9,184**	**80**	**3,735**	**4,843**	**206**	**8,784**	**82**
EEC (ex- France)	**377**	**1,693**		**2,070**	**18**	**366**	**1,513**		**1,879**	**17**
UK		605		605	5		504		504	5
Italy	175	368		543	5	191	353		544	5
Spain	86	704		790	7	66	641		707	7
Portugal	116	16		132	1	109	15		124	1
Other countries	**63**	**163**		**226**	**2**	**60**	**39**		**99**	**1**
TOTAL	**4,485**	**6,713**	**282**	**11,480**	**100**	**4,161**	**6,395**	**206**	**10,762**	**100**

Total Insurance premium income totalled €11,198 million as at 31 December 2006 compared with €10,556 million at 31 December 2005. The growth in premium income from other countries was primarily attributable to consolidation of the Turkish companies which generated premium income of €157 million.

NOTE 39.2 ANALYSIS OF PREMIUM INCOME BY LIFE AND HEALTH INSURANCE / PROPERTY AND LIABILITY INSURANCE / BANKING / HOLDING COMPANY ACTIVITIES BY GEOGRAPHIC AREA

(€million)	12.31.2006					12.31.2005				
	Life and health insurance	Property and liability insurance	Investment activities	Total	Share as %	Life and health insurance	Property and liability insurance	Investment activities	Total	Share as %
France	**5,333**	**3,569**	**282**	**9,184**	**80**	**4,956**	**3,622**	**206**	**8,784**	**82**
EEC (ex- France)	**641**	**1,429**		**2,070**	**18**	**543**	**1,336**		**1,879**	**17**
UK	152	453		605	5	74	430		504	5
Italy	221	321		542	5	235	309		544	5
Spain	141	649		790	7	115	562		707	7
Portugal	127	6		133	1	119	5		124	1
Other countries	**78**	**148**		**226**	**2**	**60**	**39**		**99**	**1**
TOTAL	**6,052**	**5,146**	**282**	**11,480**	**100**	**5,559**	**4,997**	**206**	**10,762**	**100**

NOTE 39.3 ANALYSIS OF BANKING ACTIVITIES CONTRIBUTING TO REVENUES

(€million)	12.31.2006 Groupama Banque	12.31.2006 Other companies	12.31.2006 Total	12.31.2005 Groupama Banque	12.31.2005 Other companies	12.31.2005 Total
Interest and related income	21	55	76	16	27	43
Commissions (income)	17	163	180	13	136	149
Gains on financial instruments at fair value through income		21	21	8	5	13
Gains on financial assets available for sale						
Income from other activities		5	5		1	1
BANKING ACTIVITIES CONTRIBUTING TO REVENUES	**38**	**244**	**282**	**37**	**169**	**206**

Note 40 Investment income net of management expenses

NOTE 40.1 BY GEOGRAPHIC AREA

(€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 France	12.31.2005 Foreign	12.31.2005 Total
Investment income	**2,504**	**245**	**2,749**	**2 ,382**	**215**	**2,597**
Interest on deposits and investment income	1,932	240	2,172	1,856	205	2,061
Gains on foreign exchange transactions	10		10	20	5	25
Income on price differences on redemptions to be received (premium-discount)	187	1	188	137	1	138
Revenues from property	375	4	379	369	4	373
Other investment income						
Investment expenses	**(347)**	**(50)**	**(397)**	**(327)**	**(46)**	**(373)**
Interest received from reinsurers	(2)	(2)	(4)	(2)		(2)
Losses on foreign exchange transactions	(21)	(5)	(25)	(13)	(6)	(19)
Amortisation of price differences on redemptions (premium-discount)	(75)	(13)	(88)	(74)	(11)	(85)
Amortisation of real estate	(72)		(72)	(85)	(2)	(87)
Management expenses	(178)	(30)	(208)	(154)	(26)	(180)
Capital gains (losses) from sale of investments, net of write-backs and impairment	**718**	**58**	**777**	**886**	**63**	**949**
Held for transactions	41	2	43	58	3	61
Held for sale	630	55	685	775	57	832
Held to maturity						
Other	48	1	49	53	3	56
Change in fair value of financial instruments recognised at fair value through income	**434**	**1**	**434**	**306**	**25**	**330**
Held for transactions	55	(3)	52	155	5	161
Derivatives	100		100	(189)		(189)
Adjustments on unit-listed contracts	278	4	282	340	19	359
Change in impairment on financial instruments	**3**	**(1)**	**2**	**(4)**	**(10)**	**(14)**
Held for sale	(2)	(1)	(3)	(7)	(10)	(17)
Held to maturity						
Receivables and loans	5		5	3		3
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**3,311**	**254**	**3,565**	**3,242**	**247**	**3,489**

NOTE 40.2 BY BUSINESS SECTOR

(€million)	12.31.2006 Life	12.31.2006 Non-life	12.31.2006 Total	12.31.2005 Life	12.31.2005 Non-life	12.31.2005 Total
Investment income	**1,859**	**890**	**2,749**	**1,728**	**869**	**2,597**
Interest on deposits and investment income	1,630	542	2,172	1,547	514	2,061
Gains on foreign exchange transactions	2	8	10	5	19	25
Income from differences on redemption prices to be received (premium-discount)	168	20	188	121	17	138
Revenues from property	59	320	379	54	319	373
Other investment income						
Investment expenses	**(137)**	**(260)**	**(397)**	**(111)**	**(263)**	**(373)**
Interest received from reinsurers	(2)	(2)	(4)		(2)	(2)
Losses on foreign exchange transactions	(7)	(18)	(25)	(6)	(13)	(19)
Amortisation of differences in redemption prices (premium-discount)	(57)	(31)	(88)	(56)	(28)	(85)
Amortisation on real estate	(3)	(69)	(72)	(6)	(82)	(87)
Management expenses	(69)	(139)	(208)	(42)	(138)	(180)
Capital gains (losses) from sale of investments, net of write-backs and impairment	**541**	**236**	**777**	**662**	**287**	**949**
Held for transactions	27	16	43	39	22	61
Held for sale	483	202	685	599	233	832
Held to maturity						
Other	31	18	49	24	32	56
Change in fair value of financial instruments recognised at fair value through income	**413**	**21**	**434**	**369**	**(38)**	**330**
Held for transactions	51		52	172	(12)	161
Derivatives	80	21	100	(163)	(26)	(189)
Adjustments on unit-listed contracts	282		282	359		359
Change in impairment on financial instruments	**3**	**(1)**	**2**	**(10)**	**(5)**	**(14)**
Held for sale	(1)	(2)	(3)	(10)	(7)	(17)
Held to maturity						
Receivables and loans	4	1	5		3	3
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,678**	**886**	**3,565**	**2,638**	**851**	**3,489**

NOTE 40.3 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

(€million)	12.31.2006					12.31.2005				
	Revenue & expenses	Income from sales	Change provisions	Change in provisions	Total	Revenue & expenses	Income from sales	Change provisions	Change in provisions	Total
Property	380	50			430	374	56			430
Stocks and shares	320	542	2		864	207	359	218		784
Bonds	1,775	18	(76)		1,717	1,846	25	(207)		1,664
Equity Mutual funds	29	61	119		209	49	92	140		281
Bond Mutual funds	27	19	17		63	51	20	41		112
Interest on cash deposits	137				137	11				11
Other investment income	81	87	91	2	261	59	397	(220)	(14)	222
Investment income	**2,749**	**777**	**153**	**2**	**3,681**	**2,597**	**949**	**(28)**	**(14)**	**3,504**
Internal and external management expenses	(227)				(227)	(187)				(187)
Other investment expenses	(170)				(170)	(186)				(186)
Investment expenses	**(397)**				**(397)**	**(373)**				**(373)**
Investment income, net of expenses	**2,352**	**777**	**153**	**2**	**3,284**	**2,224**	**949**	**(28)**	**(14)**	**3,131**
Capital gains on rep. value of Unit linked policies			365		365			389		389
Capital losses on rep. value. of Unit linked policies			(83)		(83)			(30)		(30)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,352**	**777**	**435**	**2**	**3,566**	**2,224**	**949**	**331**	**(14)**	**3,490**

A new presentation of investment income net of management expenses has been adopted. It entails allocating expenses relating to minority interests in the consolidation of mutual funds with investment income net of expenses by type of asset.

NOTE 40.4 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (BREAKDOWN OF NON-LIFE REVENUES BY TYPE OF ASSET) – NON-LIFE

(€million)	12.31.2006					12.31.2005				
	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	321	18			339	319	29			348
Stocks and shares	72	152	1		225	51	84	218		353
Bonds	383		(8)		375	430	2	(215)		217
Equity Mutual funds	9	25	11		45	14	11	15		40
Bond Mutual funds	11	9	7		27	7	5	2		14
Interest on cash deposits	69				69	14				14
Other investment income	25	32	11	(1)	67	35	156	(57)	(4)	130
Investment income	**890**	**236**	**22**	**(1)**	**1,147**	**870**	**287**	**(37)**	**(4)**	**1,116**
Internal and external management expenses	(130)				(130)	(133)				(133)
Other investment expenses	(129)				(129)	(131)				(131)
Investment expenses	**(259)**				**(259)**	**(264)**				**(264)**
Investment income, net of expenses	**631**	**236**	**22**	**(1)**	**888**	**606**	**287**	**(37)**	**(4)**	**852**
Capital gains on rep. value of Unit linked policies										
Capital losses on rep. value of Unit linked policies										
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**631**	**236**	**22**	**(1)**	**888**	**606**	**287**	**(37)**	**(4)**	**852**

NOTE 40.5 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (BREAKDOWN OF LIFE INCOME BY TYPE OF ASSET) – LIFE

(€million)	12.31.2006					12.31.2005				
	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	59	31			90	54	27			81
Stocks and shares	248	390	2		640	157	276			433
Bonds	1,392	18	(67)		1,343	1,415	22	8		1,445
Equity Mutual funds	20	36	107		163	36	81	124		241
Bond Mutual funds	16	11	10		37	44	15	40		99
Interest on cash deposits	68				68	(3)				(3)
Other investment income	56	55	79	3	193	24	241	(163)	(10)	92
Investment income	**1,859**	**541**	**131**	**3**	**2,534**	**1,727**	**662**	**9**	**(10)**	**2,388**
Internal and external management expenses	(96)				(96)	(54)				(54)
Other investment expenses	(42)				(42)	(55)				(55)
Investment expenses	**(138)**				**(138)**	**(109)**				**(109)**
Investment income net of expenses	**1,721**	**541**	**131**	**3**	**2,396**	**1,618**	**662**	**9**	**(10)**	**2,279**
Capital gains on rep. value of Unit linked policies			365		365			389		389
Capital losses on rep. values of Unit linked policies			(83)		(83)			(30)		(30)
INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,721**	**541**	**413**	**3**	**2,678**	**1,618**	**662**	**368**	**(10)**	**2,638**

Note 41 Insurance policy benefits paid out

NOTE 41.1 INSURANCE POLICY BENEFITS PAID – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Claims						
Paid to policyholders	(6,066)	(1,691)	(7,757)	(6,074)	(1,455)	(7,528)
Change in technical reserves						
Outstanding claims reserve	(6)	(30)	(37)	(202)	35	(166)
Actuarial reserves	(670)	31	(639)	(757)	(62)	(820)
Unit-linked reserves	(256)	35	(220)	(107)	(23)	(131)
Profit-sharing	(1,812)	(63)	(1,876)	(1,683)	(10)	(1,693)
Other technical reserves	(263)	(8)	(271)	(170)	(1)	(171)
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(9,073)**	**(1,727)**	**(10,801)**	**(8,994)**	**(1,516)**	**(10,509)**

NOTE 41.2 INSURANCE POLICY BENEFITS PAID – BY BUSINESS SECTOR

(€million)	12.31.2006			12.31.2005		
	Life	Non-life	Total	Life	Non-life	Total
Claims						
Paid to policy holders	(3,362)	(4,396)	(7,757)	(3,244)	(4,284)	(7,528)
Change in technical reserves						
Outstanding claims reserve	(89)	53	(37)	(29)	(137)	(166)
Actuarial reserves	(639)		(639)	(820)		(820)
Unit-linked reserves	(220)		(220)	(131)		(131)
Profit-sharing	(1,866)	(10)	(1,876)	(1,669)	(24)	(1,693)
Other technical reserves	(234)	(38)	(271)	(147)	(23)	(171)
TOTAL INSURANCE POLICY BENEFITS PAID OUT	**(6,410)**	**(4,390)**	**(10,801)**	**(6,040)**	**(4,469)**	**(10,509)**

Note 42 Expenses and income net of reinsurance cessions

NOTE 42.1 EXPENSES AND INCOME NET OF OUTWARDS REINSURANCE – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Acquisition and administrative expenses	31	31	62	25	13	38
Claims charge	121	77	198	270	22	292
Change in technical reserves	29	3	32	6	(1)	4
Profit sharing	1		1	9		10
Change in the equalization reserve						
Income from outwards reinsurance	**182**	**111**	**293**	**310**	**34**	**344**
Premiums ceded	(573)	(133)	(706)	(539)	(68)	(607)
Expenses on outwards reinsurance	**(573)**	**(133)**	**(706)**	**(539)**	**(68)**	**(607)**
INCOME AND EXPENSES ON OUTWARDS REINSURANCE	**(391)**	**(22)**	**(413)**	**(229)**	**(34)**	**(263)**

NOTE 42.2 EXPENSES AND INCOME ON OUTWARDS REINSURANCE – BY BUSINESS SECTOR

(€million)	12.31.2006			12.31.2005		
	Life	Non-life	Total	Life	Non-life	Total
Acquisition and administrative expenses	6	57	62	5	34	38
Claims charge	14	184	197	11	281	292
Change in technical provisions	4	28	32	(3)	8	5
Profit sharing	6	(5)	2	10	(1)	9
Change in the equalisation reserve						
Income from outwards reinsurance	**30**	**264**	**293**	**23**	**321**	**344**
Premiums ceded	(32)	(674)	(706)	(28)	(579)	(607)
Expenses on outwards reinsurance	**(32)**	**(674)**	**(706)**	**(28)**	**(579)**	**(607)**
INCOME AND EXPENSES ON OUTWARDS REINSURANCE	**(3)**	**(410)**	**(413)**	**(5)**	**(258)**	**(263)**

Note 43 Operating expenses

NOTE 43.1 OPERATING EXPENSES – BY GEOGRAPHIC AREA

(€million)	12.31.2006 France	Foreign	Total	12.31.2005 France	Foreign	Total
External expenses	(677)	(163)	(840)	(638)	(97)	(735)
Taxes	(147)	(3)	(150)	(142)	(2)	(144)
Personnel expenses	(686)	(150)	(836)	(678)	(137)	(815)
Commissions	(979)	(343)	(1,322)	(967)	(298)	(1,265)
Appropriations for provisions (net of write-backs)	(116)	(17)	(133)	(118)	(11)	(129)
Other expenses	29	(13)	16	16	(6)	10
TOTAL OPERATING EXPENSES BY NATURE	**(2,576)**	**(689)**	**(3,265)**	**(2,527)**	**(551)**	**(3,078)**
Claims handling expenses	(302)	(75)	(377)	(313)	(72)	(385)
Acquisition costs	(1,037)	(403)	(1,440)	(1,003)	(327)	(1,330)
Administrative expenses	(529)	(136)	(665)	(582)	(115)	(697)
Other operating expenses	(362)	(34)	(396)	(311)	(25)	(336)
Investment management expenses	(92)	(3)	(95)	(77)	(4)	(81)
Other non-underwriting expenses	(98)	(38)	(136)	(101)	(8)	(109)
Banking operating expenses	(156)		(156)	(140)		(140)
TOTAL OPERATING EXPENSES BY FUNCTION	**(2,576)**	**(689)**	**(3,265)**	**(2,527)**	**(551)**	**(3,078)**

NOTE 43.2 OPERATING EXPENSES – BY BUSINESS SECTOR

(€million)	12.31.2006 Insurance	Banking	Total	12.31.2005 Insurance	Banking	Total
External expenses	(775)	(65)	(840)	(680)	(55)	(735)
Taxes	(144)	(6)	(150)	(139)	(5)	(144)
Personnel expenses	(751)	(85)	(836)	(738)	(77)	(815)
Commissions	(1,322)		(1,322)	(1,265)		(1,265)
Appropriations for amortisation and provisions (net of write-backs)	(124)	(9)	(133)	(118)	(11)	(129)
Other expenses	27	(10)	17	21	(11)	10
TOTAL EXPENSES BY NATURE	**(3,089)**	**(175)**	**(3,264)**	**(2,919)**	**(159)**	**(3,078)**
Claims management expenses	(377)		(377)	(385)		(385)
Acquisition costs	(1,440)		(1,440)	(1,330)		(1,330)
Administrative expenses	(665)		(665)	(697)		(697)
Other operating expenses	(396)		(396)	(336)		(336)
Investment management expenses	(94)		(94)	(81)		(81)
Other non-underwriting expenses	(117)	(19)	(136)	(90)	(19)	(109)
Banking operating expenses		(156)	(156)		(140)	(140)
TOTAL OPERATING EXPENSES BY FUNCTION	**(3,089)**	**(175)**	**(3,264)**	**(2,919)**	**(159)**	**(3,078)**

Note 44 Policy acquisition costs

NOTE 44.1 POLICY ACQUISITION COSTS – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Commissions	(659)	(322)	(981)	(618)	(261)	(879)
Change in deferred acquisition costs	1	(2)	(1)	2	(1)	
Other expenses	(377)	(81)	(458)	(385)	(66)	(451)
TOTAL ACQUISITION COSTS	**(1,035)**	**(405)**	**(1,440)**	**(1,001)**	**(328)**	**(1,330)**

NOTE 44.2 POLICY ACQUISITION COSTS – BY BUSINESS SECTOR

(€million)	12.31.2006			12.31.2005		
	Life	Non-life	Total	Life	Non-life	Total
Commissions	(168)	(813)	(981)	(147)	(732)	(879)
Change in deferred acquisition costs	(12)	11	(1)	(5)	5	
Other expenses	(153)	(305)	(458)	(148)	(303)	(451)
TOTAL ACQUISITION COSTS	**(333)**	**(1,107)**	**(1,440)**	**(300)**	**(1,030)**	**(1,330)**

Note 45 Administrative expenses

NOTE 45.1 ADMINISTRATIVE EXPENSES – BY GEOGRAPHIC AREA

(€million)	12.31.2006			12.31.2005		
	France	Foreign	Total	France	Foreign	Total
Commissions	(268)	(39)	(307)	(278)	(35)	(313)
Other expenses	(261)	(97)	(358)	(304)	(80)	(384)
TOTAL ADMINISTRATIVE EXPENSES	**(528)**	**(137)**	**(665)**	**(582)**	**(115)**	**(697)**

NOTE 45.2 ADMINISTRATIVE EXPENSES – BY BUSINESS SECTOR

(€million)	12.31.2006			12.31.2005		
	Life	Non-life	Total	Life	Non-life	Total
Commissions	(44)	(262)	(307)	(51)	(262)	(313)
Other expenses	(111)	(247)	(358)	(80)	(304)	(384)
TOTAL ADMINISTRATIVE EXPENSES	**(155)**	**(510)**	**(665)**	**(131)**	**(566)**	**(697)**

Note 46 Other income and expenses from current operations

(€million)	12.31.2006	12.31.2005
Commissions and other operating expenses, life	(86)	(125)
Other operating income, life	19	17
Transfer of operating expenses and capitalised production, life	25	26
Total other operating income and expenses, life	**(42)**	**(82)**
Non-life commissions and other operating expenses	(282)	(226)
Other Non-life operating income	121	112
Transfer of Non-life operating expenses and capitalised production	(11)	7
Total other operating income and expenses, non-life	**(172)**	**(107)**
Other non-operating expenses	(169)	(109)
Other non-operating income	41	42
Total other non-operating income and expenses	**(128)**	**(67)**
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(341)**	**(256)**

Note 47 Other extraordinary operating income and expenses

(€million)	12.31.2006	12.31.2005
Extraordinary income	69	43
Extraordinary expenses	(122)	(76)
Appropriation to the provision for goodwill	(18)	
TOTAL OTHER EXTRAORDINARY OPERATING INCOME AND EXPENSES	**(70)**	**(33)**

Note 48 Financing expenses

(€million)	12.31.2006	12.31.2005
Interest expenses on loans and debt	(89)	(68)
Interest expenses on repurchases	(21)	(17)
Interest income and expenses – Other	2	1
TOTAL FINANCING EXPENSES	**(108)**	**(84)**

Note 49 Breakdown of tax expense

NOTE 49.1 BREAKDOWN OF TAX EXPENSES – BY GEOGRAPHIC AREA

(€million)	12.31.2006 France	12.31.2006 Foreign	12.31.2006 Total	12.31.2005 Total
Current taxes	(127)	(14)	(141)	(20)
Deferred taxes	(124)		(124)	(240)
TOTAL TAX EXPENSE	**(251)**	**(14)**	**(265)**	**(260)**

NOTE 49.2 BREAKDOWN OF TAX EXPENSES – BY BUSINESS SECTOR

(€million)	12.31.2006 Life	12.31.2006 Non-life	12.31.2006 Banking	12.31.2006 Total	12.31.2005 Total
Current taxes	(63)	(60)	(18)	(141)	(20)
Deferred taxes	6	(130)	(1)	(125)	(240)
TOTAL TAX EXPENSE	**(57)**	**(190)**	**(19)**	**(265)**	**(260)**

NOTE 49.3 RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

(€million)	12.31.2006	12.31.2005
Theoretical tax expense	**(309)**	**(238)**
Impact of expenses or income defined as non-deductible or non-taxable	25	(64)
Impact of differences in tax rate	4	(2)
Tax credit and various charges		(1)
Charges of prior deficits	19	64
Losses for the year not activated	(14)	(12)
Deferred tax assets not accounted for		
Other differences	9	(7)
EFFECTIVE TAX EXPENSE	**(265)**	**(260)**

Profit taxes generated a total expense of €265 million as at 31 December 2006 compared to an expense of €260 million as at year end 2005. The consolidated income tax expense rose less than the consolidated net income before taxes primarily because of partial utilisation of the accumulated tax loss carry forwards from the UK operating subsidiary. The effective tax rate was therefore 29.6% compared to 37.6% as at year end 2005.

7

OTHER INFORMATION

Note 50 Related parties

In accordance with IAS 24, parties are considered to be related if one party can control the other party or exercise significant influence over the other party in financial or operational decision-making.
The criteria of this definition are primarily applied to the regional mutuals of the Groupama group. They indirectly hold the capital of Groupama S.A.
In 2006, Groupama S.A. primarily completed the following transactions with the network of regional mutuals.

INTERNAL REINSURANCE

The reinsurance of the regional mutuals with Groupama S.A. is intended, through internal pooling of risks, to give each mutual, within its territory, subscription capacities equivalent to those held by a single company covering the entire territory. It also limits the use of outside reinsurance to the needs that would be the same as those of such a company.

Internal reinsurance procedures

In order to achieve this objective, the reinsurance of the regional mutuals is conducted within a common framework set by general regulations and not by individual reinsurance treaties. These general reinsurance regulations are based on a number of basic principles:

- exclusive reinsurance obligation with Groupama S.A.;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama S.A. and all the mutuals and they are valid for all the regional mutuals;
- general sharing among the mutuals and their internal reinsurer: all risks without exception are ceded, primarily with a portion retained;
- retrocession to the regional mutuals by Groupama S.A. of a portion of the general result of its reinsurance inwards, which reduces the group's need to cede reinsurance to third parties and involves all the mutuals in balancing the reinsurance ceded with Groupama S.A.

Classification of risks

Most of the risks insured are classified in three main families, based on the nature of the cover required, which is a function of the volatility:

- basic risks: these risks include the risks of individuals and professionals, such as motor, civil liability, personal insurance, fire, and excluding natural risks or very specific risks such as construction, buildings, etc.; these risks represent more than 83% of the premium income of the regional mutuals;
- atmospheric risks: these are the risks of storms, hail and snow on building and traditional crop insurance (hail, storms, freezing); they form only 6% of premium income;
- major risks: major risks include civil liability risks, fire, machine breakage and business operating losses and represent 3% of premium income.

All the risks classified in the same family are assigned at the same level and adapted to their shared underwriting characteristics.
The risks that do not fall within these three groups (approximately 8% of the premium income of the regional mutuals) 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.

Retrocession

Insurance ceded by the mutuals to a central reinsurer do 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 S.A.
This allows the total results of the highest risks of reinsurance inwards to be shared between Groupama S.A. and the mutuals, and lowers the thresholds for ceding risks to third party reinsurers.
The reinsurance inwards for basic risks of Groupama S.A. share is not, therefore, affected by the retrocession.

However, a significant percentage (15 to 40% depending on the risks), of the other main reinsurance inwards is retroceded, including the following:
- basic risk excess losses;
- share and excess of the annual loss for atmospheric risks and natural disasters;
- the share and excess of losses for major risks.

Amounts involved in 2006

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include reinsurance inwards, with respect to Groupama S.A., from the regional mutuals under the internal reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(€million)	12.31.2006	12.31.2005
Earned premiums, non-life	1,697	1,659
Policy servicing expenses	(985)	(1,098)
Acquisition costs	(151)	(148)
Administrative costs	(151)	(148)

As at 31 December 2006, the total result from reinsurance retroceded was €3 million.

(€million)	12.31.2006	12.31.2005
Expenses on reinsurance ceded	(65)	(58)
Income on reinsurance ceded	68	66

GROUPAMA VIE

The relations between Groupama Vie and the Regional Mutuals are governed by identical bilateral agreements. One agreement covers individual life, and another group insurance.

Individual life agreement

The purpose of this agreement is the distribution and management by the Regional Mutual of the individual life insurance products (which include the products subscribed by participation in a voluntary group policy) from Groupama Vie.

With regard to distribution, Groupama Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the PR and advertising. The Regional Mutual is responsible for the sales relation with the customer.

At the management level, the Regional Mutual is charged with covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Vie.

The Regional Mutual is required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Vie is authorized 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 Mutual attract charges on the basis of three elements: 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 underwriting result (provident products) designed to ensure the interest of the Regional Mutual in the quality of its management.

The income generated by Groupama Vie under this agreement totalled €1771.8 million in 2006. Fees earned by the Regional Mutuals amounted to €94.9 million.

Group insurance agreement

The purpose of this agreement is the distribution and management by the Regional Mutual of group insurance policies from Groupama Vie.

Groupama S.A., which provides technical support to Groupama Vie, is also a party to this agreement.

At the distribution level, Groupama S.A., through a delegation from Groupama Vie, sets the rules for marketing, subscription, and rates for the products as well as the contract documents and communications media. The Regional Mutual is responsible for the commercial relationship with the customers.

With regard to administration, the Regional Mutual is charged with performing all administrative functions for life insurance policies, including medical management, with the exception of certain actions which, because of the type or amount, are performed directly by Groupama S.A.

The administration of pension policies and life insurance benefits on these policies is outsourced to Groupama S.A.

Groupama S.A., is authorized by Groupama Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the Regional Mutual.
The Regional Mutual's distribution and management attract charges on the basis of several elements: 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 ensure the Regional Mutual monitors the quality of its management. As an incentive for the development of group insurance, the Regional Mutual benefits from a share of the profits from policies managed nationally based on type.
Groupama Vie posted revenues under this agreement of €59.4 million in 2006. The fees earned by the Regional Mutuals amounted to €6.1 million.

Note 51 Employees of the consolidated companies

(€million)	12.31.2006			12.31.2005
	Insurance	Banking	Total	Total
France	9,631	943	10,574	10,460
United Kingdom	1,207		1,207	767
Spain	875		875	764
Italy	396		396	397
Hungary	240		240	253
Other EU countries	114		114	108
Turkey	501		501	
Non-EU countries	29		29	30
TOTAL AVERAGE NUMBER OF EMPLOYEES OF THE CONSOLIDATED COMPANIES	**12,993**	**943**	**13,936**	**12,779**

This table shows the employees at year end. In previous years, the number of employees used to be presented as an average. The comparative figures for the year ended 31 December 2005 have been restated accordingly to ease comparison.

The increase in the number of employees primarily reflects the following newly consolidated companies:
- Basak Sigorta and Basak Emeklilik, with 360 and 141 employees respectively, representing a total of 501 employees;
- Carole Nash, with a total of 328 employees;
- Azur Multiramos and Azur Vida, with a total of 46 employees.

Note 52 Commitments given and received

NOTE 52.1 COMMITMENTS GIVEN AND RECEIVED – BANKING

(€million)	12.31.2006	12.31.2005
Financing commitments received		
Guarantee commitments received	22	4
Securities commitments receivable	90	105
Total banking commitments received	**112**	**109**
Commitments received on currency transactions	6	25
Other commitments received	22	3
Total of other banking commitments received	**28**	**28**
Financing commitments given	48	37
Guarantee commitments given	111	78
Commitments on securities to be delivered	10	5
Total banking commitments given	**169**	**121**
Commitments given on currency transactions	24	32
Commitments given on financial instrument transactions		46
Total of other banking commitments given	**24**	**78**

Forward currency sale transactions are now allocated to notional instruments and are no longer presented in this table.
The amounts for 2005 were €2,552 million for commitments received on currency transactions and €2,553 million for commitments given on currency transactions.

NOTE 52.2 COMMITMENTS GIVEN AND RECEIVED-INSURANCE AND REINSURANCE

(€million)	12.31.2006	12.31.2005
Endorsements, securities and guarantees received	120	119
Other commitments received	952	1,545
Total commitments received, ex. reinsurance	**1,072**	**1,664**
Reinsurance commitments received	**605**	**519**
Endorsements, securities and guarantees given	632	714
Other commitments on securities, assets or income	592	307
Other commitments given	151	255
Total commitments given, ex. reinsurance	**1,375**	**1,276**
Reinsurance commitments given	**2,524**	**2,364**
Securities belonging to provident institutions	**3**	**3**
Other assets held on behalf of third parties		

Note 53 Sensitivity notes

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

1 ORGANISATION OF INTERNAL RISK MANAGEMENT IN THE GROUP

Risk management in the Group is organised on three levels, reflecting the organisation of Groupama.

Regional mutuals

The regional mutuals are autonomous legal entities which implement their own internal control system and manage their risks. The reinsurance of the regional mutuals is carried by Groupama S.A. under the conditions defined in the Reinsurance Convention. 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 Vie.

Groupama S.A. and its subsidiaries

Risks related to the insurance activities are monitored by the business departments specialising in the area in question; reinsurance risks are managed by the reinsurance and management department (see section 2 Insurance risk). The investment department is responsible for managing the risks related to assets and asset/liability management (see section 3 Market risks).
The Board of Directors of Groupama S.A. has established an audit and accounts committee; the principal missions of this committee are to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control.

Group

The Group general audit and actuarial 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 and actuarial department is approved by the Managing Director of Groupama S.A. It is also presented annually to the audit and accounts committee of Groupama S.A.
The mission of the group internal control and risk management department is coordinate and direct risk management within the group; this department is also present within each regional mutual and each subsidiary of Groupama S.A. The internal control department is responsible for directing the deployment of internal control procedures within Group companies and for implementing Group-wide action plans to manage risks.
In addition, the Group management control department is responsible for ongoing monitoring of results and achievement of the Group's objectives. Each re gional mutual and each subsidiary of Groupama S.A. also have a management control department.

2 INSURANCE RISK

2.1 Prudential supervision

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.
At 31 December 2006, the principal insurance companies had a solvency margin on average four times over the minimum requirement, both in life and non-life.
Solvency is periodically monitored by each of the companies and by the Group's finance department.
The adjusted solvency margin, calculated at the level of the Groupama combined consolidation, stands at three times over the margin requirement.

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

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

Product design

The insurance divisions of Groupama S.A. ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are design by the business units of Groupama S.A. on behalf of the Group's companies. Product design is the result of market and profitability studies performed with actuarial tools to control margins. The work performed by the specialist insurance teams includes the development of the general conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama S.A. are then responsible for marketing and managing the products. The products are marketed and managed by the entities of the Gan and Groupama S.A. sales networks.

Underwriting and claims management

Assignment of powers for underwriting and claims are defined in all companies of the Group. 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. Finally, the specialist divisions also act to warn and advise the entities.

Valuation of reserves

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 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.

Reinsurance

Reinsurance is organised on two levels. The internal reinsurance performed by Groupama S.A. for all Group entities is design 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 S.A. on behalf of the entire Group. Moreover selection rules defined in the security and reinsurance committee, which is composed of the external reinsurance division of Groupama S.A. and several of its subsidiaries, which are based on the ratings from ratings agencies, are design to control the solvency risk from reinsurers.

These risks are controlled using internal control procedures, which are described in the report on the financial security law.

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

Breakdown of the technical reserves of non-life insurance policies by major risks

The Group offers a broad range of non-life insurance products design for individuals and businesses.

(€million)	Reserves for unearned premiums	Reserves for claims payable	12.31.2006
Motor	647	2,269	2,916
Property damage	468	1,139	1,606
Civil liability	51	1,136	1,186
Marine, aviation, transport	35	588	622
Bodily injury	55	383	438
Other risks	212	966	1,178
Acceptances	156	2,937	3,093
TOTAL GROSS RESERVES, BEFORE REINSURANCE	**1,623**	**9,418**	**11,041**
Portion reinsured	102	1,299	1,401
TOTAL RESERVES, NET OF REINSURANCE	**1,521**	**8,119**	**9,640**

The motor, personal, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include civil liability coverage.

Breakdown of technical reserves for life insurance policies by major risks

The Group offers a full line of life insurance products: this offer is intended for individuals in the form of individualised policies and for businesses in the form of group contracts.

(€million)	Provisions Life insurance reserves	Reserves for claims payable	12.31.2006
Personal insurance	9,257	158	9,416
Group contracts	6,504	194	6,697
Capitalisation	855	42	896
Other risks	2,460	21	2,481
Acceptances	1,632	59	1,691
TOTAL RESERVES, BEFORE REINSURANCE	**20,706**	**474**	**21,180**
Portion reinsured	44	10	54
TOTAL RESERVES, NET OF REINSURANCE	**20,662**	**464**	**21,126**

Les principaux contrats d'Insurance individuelle en The main personal insurance policies in euros offered to our customers are death benefit policies, mixed insurance policies, 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.

Most of the contracts in units of account offered by the Group are multi-vehicle contracts with an arbitrage clause with commercial terms.

Specific features of certain life insurance policies

- Discretionary profit-sharing clause

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. The profit-sharing, the amount of which is left to the insurer's discretion, allows policyholders to participate in the results of the financial management and the technical 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. For some products, redemption penalties are applied in the event of early redemption and allow the insurer to cover a portion of the acquisition costs incurred at the time the policy was sIgned.

2.4 Information on the sensitivity of the results and equity to changes in the variables that significantly affect them

The mortality risk and the interest rate risk are the main variables that can have a significant impact on the calculation of the technical reserves, which can generate a substantial change in income and shareholders' equity.

Mortality risk

In life insurance, the payment of benefits depends on the death or the survival of the insured. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is known through mortality tables that show the number of persons alive at each age in the human life, based on a given number of persons at birth. On the basis of statistics on mortality for men and women, different mortality tables have been constructed and are regularly revised to take demographic changes into account.
For France, the Group uses the generational mortality tables (known as TPG), or tables with annuity forecasts with age differences (TPRV), which are both forecasting tables used to define rates for annuity contracts constructed using data from the French INSEE. They take into account the observed trend in decline in mortality.

As at 31 December 2006, the amount of the actuarial reserves for annuities currently being paid was €4,384 million.

(€million)	France	International	12.31.2006
Life annuity MP	2,743	106	2,849
Non-life annuity MP	1,529	6	1,535
TOTAL	**4,272**	**112**	**4,384**

In life insurance, the percentage of immediate lifetime annuities and the percentage of immediate temporary annuities represent 99% and 1% respectively.
In the international segment, the tables used comply with legal requirements.
In the other portfolios, the mortality risk concerns the whole life and deferred capital products. However, the percentage of these products in the Group's total portfolio remains marginal.

Interest rate risk

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", the terms of which in France are set by the Insurance Code. The Code determines a maximum level by reference to the average rate for government borrowings (the T.M.E.), which is used to set rates for contracts and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of contract and the duration of the commitments.

As at 31 December 2006, the breakdown of technical reserves based on fixed-rate, variable rate (i.e. tied to the market rate) or no rate commitments was as follows:

(€million)	France	International	12.31.2006
Fixed-rate guaranteed commitments	33,941	2,488	36,429
Variable-rate guaranteed commitments	4,329	6	4,335
Unit-linked and other products without rate commitment	3,512	184	3 696
TOTAL	**41,782**	**2,678**	**44,460**

9.7% of the portfolio is variable rate. This variable rate is a function of an index. In France, in most cases, the index used as the reference for life insurance policies is the A passbook rate. The T.M.E. is used for non-life insurance policies.
In France, the guaranteed fixed rates fall within a range of 2% to 4.50% for most of the actuarial reserves.

As at 31 December 2006, the amount of the discount contained in the MP for non-life annuities, before reinsurance, was €502 million. The amount of the discount contained in the provision for increasing risks on Long-term care policies, before reinsurance, was €213 million.

2.5 Concentrations of insurance risk

At the time of a claim, a major concern for the Group is the risk of facing a concentration of risks and therefore an accumulation of the indemnities to be paid.
There are two types of overlapping risks:
- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more entities of the Group 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.

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:
- a verification of overlapping geographic risks during underwriting for major risks (agricultural risks, agribusiness 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;
- statements of commitments by site for agri-business risks; in addition high-risk business sectors for which the Group insures the property and/or civil liability risks are specifically monitored by the relevant specialist insurance division;
- three-year statements of commitments for risks of storms, hail, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

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 (e.g. fire, explosion, accident involving people) and of natural origin (atmospheric 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 personal insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.
In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

3 MARKET RISKS

3.1 Interest rate risk

The sensitivity analysis covers the financial assets of Groupama S.A. and its French subsidiaries, and represents more than 90% of the total of interest rate and equity instruments.

The proportion of interest rate instruments was 66% at net book value (57% in market value), 59% of which was classified as "assets held for sale" and 7% as "assets for transaction purposes" at 31 December 2006.

Maturities

The table below shows the Group's exposure to interest rate risks. The following points should be specified:

- data are expressed at market value at 29 December 2006;
- bonds with a call that can be exercised at the issuer's initiative are assumed to mature on the date of the option (e.g. TSDI, etc.);
- convertible bonds and equity interests are considered to be "without interest rate" like all other investments (e.g. equities and real estate).

(in %)	<1 year	1-3 years	3-5 years	5-10 years	>10 years	No rate	TOTAL
Fixed-rate financial assets	–	5.7	6.9	17.2	22.5	–	52.3
Variable rate financial assets	–	2.3	0.5	0.5	2.4	–	5.6
Without interest rate	–	–	–	–	–	42.0	42,0
Derivatives	–	–	–	0.1	–	–	0.1
TOTAL	**–**	**8.0**	**7.4**	**17.7**	**24.8**	**42.0**	**100.0**

Effective interest rates

The effective interest rates for the fixed-rate and variable rate financial assets at year end 2006 were 5.0% and 1.5% respectively.

Sensitivity analysis

The fixed-rate financial assets have a sensitivity to nominal rates of 7.5 (a change of 100 basis points results in a change of 7.5% in the fair value of the fixed-rate portfolio). The variable rate financial assets have a sensitivity to real rates of 3.5 (a change of 100 basis points results in a change of 3.5% in the fair value of the variable-rate portfolio).

Interactions with the redemption risk and profit-sharing clauses

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

Insurance policy profit-sharing clauses and interest rate risk

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 provision mechanisms.
However, in a low interest rate environment, the companies benefit from the carry of the assets and the yield on the bonds held; from any appreciation in the diversification assets that can be revalued; and from reserves such as equity funds or unrealised gains. Insurance companies also benefit from the effects induced by products sold in recent years which have lower guaranteed levels.

Asset/liability management

Tracking the profile of liability flows allows bond management to be defined, taking into account the duration and convexity of these liability flows and any sensitivity of these flows to changes in interest rates.
Asset/liability simulations allow an analysis of the behaviour of the liabilities in different rate environments, particularly the ability to meet the remuneration requirements for the insured.
These simulations allow the Group to develop strategies designed to reduce the volatility of the differential between the real yield from the asset and the rate expected by the policyholder. These strategies include calibrating the durations and convexities of the bond portfolios, the portion of variable- rate bonds, the portion of diversification assets, and the features of the hedging products.
Hedging products are used to re-establish the asymmetry between liabilities profiles and those of traditional bond assets in the different rate environments considered.

Use of derivatives

The use of derivatives arises from asset/liability simulations. Derivatives are used to reduce the sensitivity of earnings to interest rate fluctuations. The derivatives used by Groupama S.A. and its subsidiaries are:

- 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 debt instrument 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.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. The programmes were completed and expanded in 2006.

(€million)	Notional amount	Fair value
Trading derivatives		
Interest-rate swaps	5,055	-22
Caps	9,460	60
Hedging derivatives		
Interest-rate swaps	–	–

The choice has been to treat these transactions as trading, i.e. as fair value through income.

Sensitivity analysis on financing debt

The financing debt has a sensitivity ratio of 6.7% on the perpetual subordinated debt placed in 2005 and 2.2% for the fixed portion of the bond issued in the form of redeemable subordinated securities.

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

The weight of equity instruments was 29% in net book value (37% in market value), 23% of which were classified as "assets available for sale" and 6% as "assets for transactions". 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 FCPR.

Breakdown by business sector

Sector	As %
Consumer goods	12.1
Industries	19.5
Commodities	5.9
Energy	8.8
Health	3.7
Services to municipalities	6.7
Consumer services	12.5
Finance	22.4
Information technology	4.2
Telecommunications	4.1
Other	-

Breakdown by geographic region

	As %
Euro zone	82.5
United States	6.5
Japan	2.4
Other (Asia ex. Japan, etc.)	8.7

The holding of shares of stock in Groupama subsidiaries is generally determined within the context of asset/liability studies in order to tolerate a market shock over a short-term period, taking into account the objectives for gains necessary to meet the objectives over the period. These studies cover the reserves available elsewhere, such as the profit-sharing funds or unrealised gains.

3.3 Liquidity risk

Nature of exposure to liquidity risk

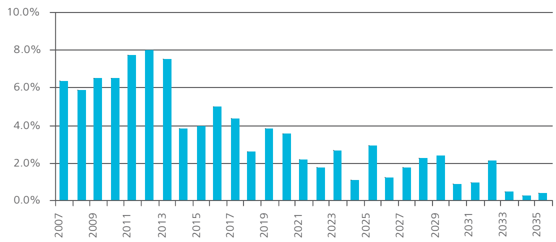
The overall liquidity risk is analysed using the asset/liability approach:

• 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 underwriting assumptions (production, claims ratio);

• definition of a reference index 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.

Maturities

The profile of the annual maturities of the bond portfolios is as follows:



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 S.A. subsidiaries have been strengthened in several directions:

• the market value of a security may not exceed:
– 3% of the capital of the company in question;
– 10% of the float of the company in question;

• all equity portfolios must individually be able to be made liquid (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 the end of December 2006, all these criteria were satisfied overall.

A regular verification of these liquidity ratios is performed during each investment committee meeting.

In summary, the equity portfolio may be liquidated:
– 90.5% within 10 days;
– 94.9% within 20 days (1 market month);
– 98.4% within 60 days (3 market months).

3.4 Exchange rate risk

The assets of the Groupama S.A. subsidiaries are subject to currency fluctuations on OPCVM denominated in foreign currencies and OPCVM denominated in euros based on securities in foreign currencies.

In practice, the portfolios are primarily exposed to the following risks:
– euro - dollar
– euro - yen

Managing foreign exchange risk

The foreign exchange risk is today hedged through forward sales of dollars and yen.
The documentation is updated each time the accounts are closed.

Currency derivatives

At 12.29.2006 (€million)	Nominal hedged (Euro equivalent - value)	Unrealised gain (euro)
Trading derivatives		
Forward sales USD	265.8	69.7
Forward sales JPY	230.2	97.7
Hedging derivatives	–	–

4 CREDIT RISK

4.1 Financial investments

Type and amount of the exposure to credit risk

The rating indicated is an average of the ratings published at year-end 2006 by the three main agencies (S&P, Moodys' and Fitch Ratings).

- Ratings as % of market value at year-end 2006

Notation	As %
AAA	53.9
AA	20.4
A	19.4
BBB	3.4
<BBB	–
NR	2.9

Concentration of credit risk

A maximum holding percentage per rating has been implemented under the management mandates of the Groupama S.A. 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 ratings agencies:

- Investment grade environment (securities with ratings at least BBB):

– AAA: regulatory ratios, which is 5% per issuer, with the exception of securities issued 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;
– the total of BBB issuers may not exceed 10% of the market value of the bond portfolio;

- 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 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 authorized for interest rate products without credit ratings and outside the euro zone and the non-investment grade securities known as "high-yield".

Managing credit risk

The following transactions are systematically covered by guarantee contracts with the banking counterparties in question:

- forward currency sales made to hedge the foreign exchange risk;
- interest 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 Risk of reinsurer insolvency

Reinsurance outward consists of ceding 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 reinsurance ceded.
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 a reinsurance cession 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.

5 OPERATIONAL, LEGAL, REGULATORY AND TAX RISKS

5.1 Operational risks

Internal management rules and operational procedures define the manner in which operations must be conducted in the performance of the activities of Groupama S.A. They are appropriate to each business and each key process. The formalization of the rules and procedures constitutes a guarantee of the permanence of the company's methods and expertise over time. The existing rules and procedures cover major operations. They are described in documentation that is regularly updated and is based on a detailed organizational chart and specific delegations of powers.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama S.A. 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;
- civil liability of corporate officers;
- professional civil liabilities;
- operating civil liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

The Group's IT department has a second IT site to ensure operational continuity in the event of losses or failure at the first site.

5.2 Legal and regulatory risks

The internal control procedures designed to ensure the conformity of all Groupama S.A. operations are based on the main mechanisms described below.

Compliance with company law and the French Commercial Code

The Group's legal department within the administrative division provides legal management for Groupama S.A. and its insurance subsidiaries and provides legal direction as needed to all the French legal entities of Groupama S.A. Within this framework, it ensures the legal protection 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.

Compliance with insurance law

The legal and tax department within the administrative division of Groupama S.A. provides information and advice to the business departments and to insurance subsidiaries on compliance with insurance laws in their operational activities or technical support.

Other areas

Special procedures are in place to meet special requirements:

- ethical control to prevent insider trading; this responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and an agent at Groupama SA;
- to prevent money laundering; the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Legal and Tax Department is responsible for monitoring Group compliance with its obligations to prevent money laundering.

5.3 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 closing the accounts.

6 MONITORING AND MANAGING BANKING RISKS

6.1 General description

This division includes three differentiated activities with very specific types of risk: the banking activity conducted by two institutions presented below, capital management for third parties, and property management. The banking sector operates under a regulatory framework organized around the risks described below. The common focus for the companies of the division is monitoring the operational risk.

The Group's two banks are Banque Finama, wholly owned by Groupama S.A., which is the Group bank and manages its holdings, and Groupama Banque, 80% held by Groupama S.A. and 20% Société Générale, which holds a limited license from the CECEI and is a bank for the personal needs of consumers and professionals.

6.2 Banking risks

Risk management is inherent in this activity. Responsibility for risk control, measurement and general supervision is assigned to a dedicated risk department.

While the primary responsibility for risks remains with the divisions and businesses that propose the risks, the task of the risk control department is to ensure that risks taken by the bank are compatible with its risk policies. The department conducts ongoing risk control, before and after transactions. It regularly transmits its principal findings to the Management Board and informs the Board of the measurement methods it has implemented to assess and control the risks.

Risk control is intended to cover all the risks generated by the banking activities and to intervene at all levels in the risk chain. Its permanent tasks consist of formulating recommendations on risk policies, analysing the credit portfolio, issuing an opinion on credit files, and setting limits for risks, guaranteeing the quality and effectiveness of the tracking procedures, defining or validating the risk measurement methods, and ensuring exhaustive and reliable identification of risks for the Management Board.

Prudential supervision (solvency)

Prudential regulations require monitoring the European solvency ratio, which is in the form of a ratio between the level of regulatory equity (Regulation 91-05 and 90-02 of the Banking and Financial Regulatory Committee) and the weighted outstanding amounts at risk (credit risk, market risk) based on defined rules. For Groupama Banque, the Secretary of the Banking Commission imposes a minimum ratio of 10% instead of the regulatory 8%, as long as the bank has not reached the financial breakeven point.

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 appears in the lending business, but also in other circumstances when the bank may be confronted with the default of its counterparty in market, investment or even settlement transactions.

Decision-making procedures

The credit decision-making process is based on a set of delegations. The delegations are classified by amount and degree of risks and the customer category. Credit proposals must comply with the principles of the general credit policy and specific policies where applicable and, in all cases, with laws and regulations in force.

For Banque Finama, a credit committee chaired by the Chairman of the Management Board or the Managing Director and, as the final resort, the Management Board, are the ultimate decision-making bodies of the bank for credit and counterparty risks. For Groupama Banque, consumer loans are made using scoring rules from which only the directors may deviate based on the powers delegated by the Management Board; consumer real estate loans are made by different organizational levels based on the amount of the loan, with the possibility of granting exceptions to the rules in force for the Director of risks and two members of the Management Board, who are the responsible officers recognized by the CECEI.

Oversight procedures

An oversight and reporting mechanism is in place and is based on the control teams, whose responsibility is to ensure permanent conformity with decisions, the reliability of reporting data, and the quality of risk monitoring.

Impairment procedures

For Banque Finama, all loans made to customers in default are periodically reviewed by the provisions committee to determine any reduction in value that should be applied, based on the terms and conditions for application of the accounting rules used. The proposals of this committee must be validated by the Management Board. Impairment is established on the basis of the discounted valuation of the probable net recoverable amount, taking into account the liquidation of the securities held.

For Groupama Banque, doubtful receivables on consumer loans are accrued on a general basis at a rate of 40% and doubtful loans at 60%. For revolving consumer credits, the rates are 60% and 70% respectively. Certain loans are subject to special review. As collections are made, the profits or losses are recognized in terms of the amounts accrued.

Total limits

At Banque Finama, the commitment limits per market are defined by the bank's Management Board. As at 31 December 2006, the limits and outstanding amounts are shown in the table below. This exposure to credit risk is determined without taking into account the effect of the securities received and is equal to the book value of the financial assets recorded on the balance sheet, net of all impairments made.

MARKET (Banque Finama only) (€million)	Limits	Outstanding amounts 12.31.2006	12.31.2005
Institutions and Group	200	72	67
Businesses/local authorities	150	91	69
Individuals	150	109	112
SME	40	23	24
Professional real estate	Not applicable (*)	17	21
Mutual funds	2,500	2,193	1,483
Corporate	700	625	365
Banks	4,500	3,956	2,118
Sovereign States	1,000	227	327
* Run off activity			

The commitments of Groupama Banque are presented in the table below. Receivables owing from credit institutions consist of cash investments, and the off-balance sheet commitments are for general hedging transactions performed to manage assets and liabilities. Trade receivables essentially consist of cash loans (€144 million) and housing loans (€11 million); the off-balance sheet commitments represent offers for consumer loans issued, unused revolving credit reserves, and offers of housing loans. This exposure to the credit risk is equal to the book value of the financial assets recorded on and off the balance sheet, net of any impairment taken.

MARKET (Groupama Banque only) (€million)	Outstanding amounts 12.31.2006	12.31.2005
Credit institutions		
Receivables recorded	670	567
Off-balance sheet commitments	193	326
Individuals		
Receivables	155	125
Off-balance sheet commitments	22	5

Risk division rules

Prudential supervision (Regulation 93-05 of the Banking and Financial Committee) limits the concentration of commitments by counterparty. This limit is expressed by two components (i) no outstanding amount may be greater than 25% of the regulatory net assets on one group of beneficiaries, and (ii) the aggregate on counterparties exceeding 10% of the regulatory net assets must be less than eight times the regulatory equity. The outstanding amounts taken into account are weighted under codified rules. Groups, as defined by Regulation 93-05, are considered to be a single counterparty. This is the case for the entities of the Groupama Group.

As at 31 December 2006, eight counterparties presented outstanding amounts greater than 10% of the regulatory net assets, while none of them exceeded the 25% ceiling, for an aggregate amount of €161 million.

At Groupama Banque, the only two counterparties concerned are Société Générale and Banque Finama for the replacement of the surplus of deposits over loans.

Monitoring market risks

Only Banque Finama is involved in monitoring these risks since it holds a general authorization from the CECEI.
Groupama Banque has no market activity and does not take proprietary positions. In the context of managing assets and liabilities, it may, however, use interest rate instruments to conduct transactions to hedge interest rate risk.

This is based on the risk-taking procedures, which are framed by:

- the definition of a set of limits;
- risk tracking on the basis of:

– daily calculation of the sensitivity and results of the trading positions;
– daily monitoring of compliance with the limits notified to each activity, with any overrun being submitted for decision;
– regular and independent controls of valuations, and the establishment of reconciliations between the results of the trading room and the accounting results;
– control of compliance with the internal rules for endorsing transactions;
– stress-scenario simulations.

Interest-rate risk

This covers any change in value of a fixed-rate financial instrument due to changes in market interest rates as well as any elements of the future results of a variable-rate financial instrument.
The following limits have been defined for the outstanding amounts in the transaction and investment portfolios, as well as for the associated stop loss. In addition, a stress scenario calculation is performed.
Based on the level of outstanding amounts, only Banque Finama, within the Group's banking division, is subject to prudential supervision of market transactions.

Banque Finama	Limit	12.31.2006
Long securities transaction portfolio	100 Bund contracts	
Short securities transaction portfolio	50 Euribor contracts	- 4
Portfolio available for sale*	280 Euribor contracts	13
Scenario for a change of 40 bp in the portfolios above		€34,000
Scenario for change of 200 bp in the portfolios above		€171,900
Stop loss	from €250,000 to €500,000 depending on portfolio	Never reached

It should be noted that, within the banking division, Groupama Banque has no market activity and does not take a proprietary position.

Risks related to the change in title deeds
The division does not operate in this type of market.

Counterparty settlement risk
Schedule IV of Regulation 95-02 requires supervision of counterparty settlement events for all transactions relating to the trading portfolio and for transactions initiated by Bank customers for which it is a "del credere" agent. In this respect, no event was recorded in 2006.

Exchange rate risks
This is the risk that the value of an instrument or of one of the elements of its future results will fluctuate because of changes in foreign currency rates.
The division does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of currency risk.

Risk on base product
The division does not operate in this type of market.

- Supervision of liquidity

Transactions on financial instruments generate a liquidity risk, expressing the difficulties the Group could have in collecting the funds needed to honour the commitments related to these financial instruments. Given the balance sheet structure of the Group, it is not very sensitive to this risk. It is therefore primarily monitored within the framework of the regulatory obligations that require monthly measurements of liquidity based on codified rules (Regulation 88-01 of the French Banking Regulatory Committee). The monitoring ratio must always be greater than 100%. Over 2006, the lowest level was 179%.
For Groupama Banque, the liquidity position is monitored through the liquidity gap and through changes in the regulatory liquidity ratio, and currently does not require more detailed monitoring. As in previous years, Groupama Banque continues to have a strong cash surplus.

- Effective interest rate (ALM)

At Banque Finama, the interest rate risk related to commercial transactions is monitored by the asset/liability department and is centrally managed by the Treasury and Capital Markets department. The interest-rate risk related to equity and investments is generally managed in the same way.
Position measurements are presented to the monthly Asset/Liability committee meeting by inventory/maturity class/rate category. A "break even" rate for resources is determined and simulations are performed.

In the context of managing assets-liabilities, it may however use rate instruments to conduct transactions to hedge interest rate risks. The liquidity and interest rate positions of Groupama Banque are managed in compliance with banking regulations and within limits that have been set by the shareholders and attached to the ALM charter. These limits are periodically reviewed, at least once a year, based on changes in the bank's activity and balance sheet. At year-end 2006, the sensitivity of the bank to a change of 1% in the rate curve was €1.2 million, which is less than its authorized limit of €1.5 million.

- Business continuity plan

Each entity in the division has prepared a Business Continuity Plan (BCP) organized around three mechanisms:
– activating the crisis cell;
– back-up of information and IT systems;
– the availability of a backup site.
The BCPs are updated annually. Technical and user installation tests are conducted for the backup sites with the same frequency.

6.3 Operational risks
For the Group's two banks in 2006, the implementation of an operational risk management policy based primarily on the provisions of the standard method of the «Basel II» accords was continued with the installation of an ad hoc software application. The approach is being gradually deployed in the non-banking subsidiaries, which have each begun to map their operational risks.

Note 54 LIST OF CONSOLIDATED ENTITIES

			12.31.2006			12.31.2005		
	Sector	Country	% control	% interest	Method	% control	% interest	Method
GIE GROUPAMA SI	EIG	France	88.38	88.34	FC	88.42	88.36	FC
GIE LOGISTIQUE	EIG	France	100.00	99.99	FC	100.00	99.99	FC
GROUPAMA S.A.	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INTERNATIONAL	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES 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'ÉPARGNE	Insurance	France	99.94	99.94	FC	99.93	99.93	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.72	99.72	FC	99.72	99.72	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN EUROCOURTAGE VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PRÉVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE-CRÉDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
SCEPAR	Equity invest.	France	-	-	-	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE IARD	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX LUXEMBOURG	Reinsurance	Luxembourg	100.00	100.00	FC	100.00	100.00	FC
RAMPART	Reinsurance	United States	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ITALIA VITA	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
LUXLIFE	Insurance	Luxembourg	85.00	85.00	FC	85.00	85.00	FC
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
ZÉNITH VIE	Insurance	Switzerland	82.00	82.00	FC	82.00	82.00	FC
GÜNES SFCORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	MEE
BASAK SFCORTA ANONIM SIRKETI	Insurance	Turkey	56.67	56.67	FC	-	-	
EMEKLILIK SFCORTA ANONIM SIRKETI	Insurance	Turkey	79.00	75.10	FC	-	-	
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	-	-	
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC	100.00	100.00	FC
GAN UK HOLDING LTD	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCE CY LTD	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	12.31.2006 % control	% interest	Method	12.31.2005 % control	% interest	Method
CAROLE NASH	Insurance	UK	100.00	100.00	FC	-	-	
CLINICARE	Insurance	UK	100.00	100.00	FC	100.00	100.00	FC
MINSTER INSURANCE CY LTD	Insurance	UK	-	-	-	100.00	100.00	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portfolio. mgt	France	99.98	99.98	FC	99.98	99.98	FC
GROUPAMA ALTERNATIVE ASSET MANAGEMENT	Portfolio. mgt	France	100.00	99.98	FC	100.00	99.98	FC
FINAMA PRIVATE EQUITY	Portfolio. mgt	France	100.00	100.00	FC	100.00	100.00	FC
BANQUE FINAMA	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE	Banking	France	80.00	80.00	FC	60.00	60.00	FC
GROUPAMA ÉPARGNE SALARIALE	Portfolio. mgt	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SILIC	Real estate	France	39.69	39.69	FC	39.91	39.91	FC
SEPAC	Real estate	France	100.00	39.69	FC	100.00	40.02	FC
COMPAGNIE FONCIÈRE PARISIENNE	Real estate	France	95.59	95.29	FC	95.29	95.29	FC
SCIMA	Real estate	France	-	-	-	100.00	95.29	FC
SCIMA 2	Real estate	France	-	-	-	100.00	95.29	FC
SCI DÉFENSE ASTORG	Real estate	France	100.00	95.29	FC	100.00	95.29	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ÉLYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
33 MONTAFCNE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCIFMA	Real estate	France	78.93	78.93	FC	78.93	78.93	FC
SCI TOUR GAN	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN SAINT LAZARE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	99.00	FC	100.00	99.00	FC
ACTIPAR SA	Real estate	France	100.00	95.29	FC	100.00	95.29	FC
SAFRAGAN	Real estate	France	90,00	85.76	FC	90,00	85.76	FC
261 RASPAIL	Real estate	France	100.00	95.29	FC	100.00	95.29	FC
SOCOMIE	Real estate	France	100.00	39.69	EM	100.00	40.02	EM
IMMOPREF	Real estate	France	100.00	100.00	FC	-	-	-
19 GÉNÉRAL MANGIN	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
28 COURS ALBERT 1er	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

	Secteur d'activité	Pays	12.31.2006 % contrôle	% intérêt	Méthode	12.31.2005 % contrôle	% intérêt	Méthode
5/7 PERCIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
ATLANTIS	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FORGAN	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
174 PRÈS SAINT GERMAIN	Real estate	France	21.85	21.85	EM	21.85	21.81	EM
10 PORT ROYAL	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
14 MADELEINE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
204 PÉREIRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
38 LE PELETIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
43 CAUMARTIN	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
60 CLAUDE BERNARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 REINE BLANCHE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
9 VICTOIRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CÉLESTE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIÈRES EUROPE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHASSENEUIL	Real estate	France	-	-	-	50.00	50,00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	FC	60.57	69.10	FC
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
GOUBET PETIT	Real estate	France	66.66	66.66	FC	66.66	8.33	FC
GROUPAMA LES MASSUES	Real estate	France	75.07	75.07	FC	75.07	75.07	FC
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	FC	61.31	61.31	FC
DOMAINE CAP DE FOUSTE (SARL)	Real estate	France	59.74	59.74	FC	59.74	59.74	FC
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
HAUSSMANN LAFFITTE Real estate	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	FC	64.52	64.52	FC
LES FRÈRES LUMIÈRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
6 MESSINE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIÈRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	12.31.2006 % control	% interest	Method	12.31.2005 % control	% interest	Method
LES GÉMEAUX	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
VILLA DES PINS	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
FRANCE-GAN SI.	Mutual Funds	France	92.75	92.1	FC	92.50	92.50	FC
HAVRE OBLFCATIONS FCP	Mutual Funds	France	100.00	99.85	FC	99.95	99.95	FC
FRANCE-GAN SI D	Mutual Funds	France	92.75	88.94	FC	92.50	92.50	FC
FRANCE-GAN SI C	Mutual Funds	France	71.36	71.36	FC	-	-	-
HAVRE OBLFCATIONS FCP	Mutual Funds	France	100.00	100.00	FC	99.95	99.95	FC
GROUPAMA OBLFCATIONS MONDE LT I	Mutual Funds	France	77.55	77.55	FC	78.17	78.17	FC
GROUPAMA CONVERTIBLES FCP I	Mutual Funds	France	86.05	86,04	FC	78,24	78,24	FC
GROUPAMA JAPAN STOCK I	Mutual Funds	France	93,76	93.76	FC	85.29	85.29	FC
GROUPAMA ÉTAT CT D	Mutual Funds	France	84.00	84.00	FC	82.47	82.47	FC
GROUPAMA AAEXA FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ACTIONS INTERNATIONALES	Mutual Funds	France	97.76	97.76	FC	87.87	87.87	FC
GROUPAMA OBLFCATIONS EURO CR. MT I D	Mutual Funds	France	95.86	95.86	FC	95.39	95.39	FC
GROUPAMA OBLFCATIONS EURO CR. MT I C	Mutual Funds	France	48.46	48.46	EM	45.96	45.96	EM
GROUPAMA EURO STOCK	Mutual Funds	France	84.50	84.50	FC	64.91	64.91	FC
GROUPAMA INDEX INFLATION LT I D	Mutual Funds	France	100.00	100.00	FC	99.88	99.88	FC
GROUPAMA INDEX INFLATION LT I C	Mutual Funds	France	36.25	36.25	EM	37.14	37.14	EM
ASTORG EURO SPREAD FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual Funds	France	99.93	99.93	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	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	100.00	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual Funds	France	83.33	83.33	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual Funds	France	83.33	83.33	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual Funds	France	83.33	83.33	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual Funds	France	83.33	83.33	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 1 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHING.ACT.EUROPEXEURO. FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	12.31.2006 % control	% interest	Method	12.31.2005 % control	% interest	Methode
WASHINGTON EURO NOURRI 12 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual Funds	France	100.00	99.98	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual Funds	France	100.00	99,98	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual Funds	France	100.00	99.99	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual Funds	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual Funds	France	100.00	100.00	FC			
WASHINGTON EURO NOURRI 20 FCP	Mutual Funds	France	100.00	100.00	FC			
WASHINGTON EURO NOURRI 21 FCP	Mutual Funds	France	100.00	100.00	FC			
WASHINGTON EURO NOURRI 22 FCP	Mutual Funds	France	100.00	100.00	FC			

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 line “Income from property“. The net book value of the units in question amounted to 19 million as at 31 December 2006.

A: Aggregation FC: Full consolidation EM: Equity method

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended 31 December 2006)

"This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information 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 oustide 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."

To the Shareholders,
GROUPAMA SA
8-10 rue d'Astorg
75008 PARIS

Dear Shareholders,

In the performance of the mission assigned to us by your Shareholders' Meeting, we audited the consolidated financial statements of GROUPAMA S.A. for the year ended 31 December 2006, as attached to this report.

The consolidated financial statements were approved by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I - OPINION ON THE CONSOLIDATED 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 that the consolidated financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in these statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that our audits provide a reasonable basis for the opinion expressed below.
We certify that the consolidated financial statements are, from the viewpoint of the IFRS as adopted in the European Union, accurate and present fairly in all material respects the holdings, financial position and the results of the entity comprised of the persons and entities included in the consolidation.

II - JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the Commercial Code governing the justification of our assessments, we are informing you of the following items:

• Certain technical items related to insurance and reinsurance in the assets and liabilities of the consolidated financial statements of your company are estimated on statistical and actuarial bases, particularly the technical reserves, the deferred acquisition costs and the method of amortising such costs. The conditions for determining these elements are described in notes 3.1.2, 3.1.3 and 3.1.4 to the consolidated financial statements.
We are convinced of the reasonable nature of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment, and the consistency of all these assumptions.

• The financial assets are classified in various categories on the basis of the criteria described in note 3.2.1 to the consolidated statements and in note 6.1 to the consolidated balance sheet, and are valued under the rules applicable to each category described in note 3.2.1 to the consolidated financial statements.
We are convinced of the appropriate nature of the impairment tests performed on the basis of the position of the investments and the volatility of the financial markets, and we consider that the provisions made are of a reasonable nature.

• At each closing, the Group systematically conducts a goodwill impairment test according to the methods described in note 2.4 to the consolidated financial statements.
We have reviewed the procedures for performing this impairment test and the projections of cash flows and we have verified the consistency of all assumptions used.

• Deferred tax assets are recognised in accordance with the methods described in note 3.12 to the consolidated financial statements.
We are convinced that the assumptions used are consistent with the fiscal projections resulting from forecasts made by the Group.

The assessments made were part of our audit of the consolidated financial statements, considered overall, and therefore contributed to the formation of our opinion as expressed in the first part of this report.

III - SPECIFIC VERIFICATION

We also verified, in accordance with generally accepted accounting principles in France, the information provided in the management report for the group. We have no comment to make concerning the fair presentation and the consistency of that information with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 15 March 2007

The Auditors

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Michel Laforce Bénédicte Vignon

Mazars & Guérard
Tour Exaltis
61, avenue Henry Régnault
92075 La Défense Cedex

Nicolas Robert

EMPLOYEE INFORMATION

This table shows information covering **Groupama S.A., its subsidiaries and the supporting EIGs** (Information Technology and Logistics).

Categories	Comments
Total compensation and benefits of all types paid to each senior manager during the year	See the report of the Board of Directors on Groupama S.A.'s 2006 consolidated and company financial statements, page 17
Total compensation and benefits of all types received by these managers during the year on behalf of controlled companies as defined in Art. L. 233-16	See the report of the Board of Directors on Groupama S.A.'s 2006 consolidated and company financial statements, page 17
List of all managers and the duties performed by each of these managers for any company during the year	See the report of the Board of Directors on Groupama S.A.'s 2006 consolidated and company financial statements, page 18
Total employees	On a consolidated basis, there were 13,936 employees as of 31 December: - 10,574 in France; - and 3,362 in International subsidiaries. These employees were broken down into the following categories: - 49% men and 51% women; - 55% non-managers 45% managers.
New recruits hired under open-ended and fixed-term contracts	The number of recruits in France totalled 1,060 under open-ended contracts, of whom 368 were salespeople. As of 31 December 2006, there were also 335 fixed term contracts in place (covering 3.2% of French employees).
Departures of employees with open-ended contracts	There were approximately 970 departures, representing 9.2% of French employees. 8% of these represented retirements and 27% were resignations.
Overtime	There were 8,963 overtime hours in France during 2006.
Outsourcing	In 2006, outsourcing totalled 77,609 man hours
Organisation and working hours for full time employees.	Organisation and working hours are negotiated at each business level. The average workweek in France was between 32.85 and 35 hours. In International, legislation regarding working hours varies from country to country. Some allow businesses to regulate the organisation of the working day (hours, lunch break, part time arrangement, etc.). Consequently, the work week varied between 35 and 40 hours in the U.K., Spanish, Italian, Portuguese and Hungarian subsidiaries.
Part time employees	737 employees elected to work on a part time basis (7% of all employees) in France.

Categories	Comments
Employees savings schemes	These plans include all the profit sharing and participation systems within the businesses in France. A total of €25,600,000 was paid out in 2006. 8,167 individuals received profit sharing and 6,688 benefited from participation.
Professional relations and collective bargaining agreements	**En France**, there was a high level of collective bargaining. Various topics were addressed: changes to employee regulations, ARTT, functions of personnel representative boards, CET, supplementary provident savings and retirement plans, profit sharing, paid leaves of absence, employee solidarity day, annual salary negotiations, etc. During 2006, negotiations on the training agreement were completed, covering the entire professional career of Groupama employees included in the UDSG (l'Union de Développement Social Groupama). Complementing existing legislation and collective bargaining agreements, this agreement is directed specifically at companies involved in reforming their professional training programs with a view to improving the results of their training investments; it also seeks to provide incentives for implementing systems that encourage rewards for professional achievements. **In Europe**, Groupama Seguros Spain and Groupama Assicurazioni have collective agreements (on: additional provident savings, health and accident insurance, salaries and bonuses, reimbursement of business expenses, loans to employees, working hours, part time work, leaves of absence (e.g. for family reasons, unpaid, for training), pension plans, and the professional / personal life balance. In dealings with employee representative bodies, conditions vary among European subsidiaries. At the national level in the UK, a Consultation Committee, composed of representatives elected by employees (from all employee categories) meets twice a year with Management. A works council committee was elected at Groupama Seguros and Groupama Biztosito; union representatives were named at Groupama Seguros, Groupama Assicurazioni and Groupama Seguros Portugal; personnel representatives were elected at Groupama Seguros. Groupama Insurances, Groupama Seguros and Groupama Assicurazioni also have CHSCT type representatives. **Significant event in employee dialogue in France late 2006** To provide an advance response to personnel retirement issues, negotiations were conducted that resulted in the implementation of a Group Retirement Savings Program and Collective Retirement Savings Program for companies within the UDSG. Starting in December 2006, the Retirement Savings Program has allowed employees to make individual and collective payments in addition to the mandatory contributions in a supplementary collective retirement plan. The Collective Retirement Savings Plan took effect in January 2007, and an employer contribution is pending. It opens the possibility of providing benefits to all the Group's companies through membership and is the first agreement concerning all Group employees.

Categories	Comments
Management and Communication with employees	In the French companies and the U.K., Italian, Hungarian, and Chinese subsidiaries, management techniques and procedures for integrating new employees were implemented (covering induction, and annual or biannual individual reviews, etc.) Most of the companies have communication systems, such as in-house websites and company publications. At the Group level, the in-house website Le Kiosque is designed for all employees and is now accessible to employees of foreign subsidiaries. Employees also receive the monthly magazine *Odyssée*. *Odyssée International*, a magazine focused primarily on the activities of our international subsidiaries, was launched in January 2007.
Training	**In France**, 5.5% of total salaries (paid as part of mandatory training expenditure) was invested in training. 28,767 employees attended training courses. 77.2% of employees spent an average of 6.2 days in training, representing a total of 349,235 hours in 2005 (based on 2,483 declarations made in 2006 in respect of 2005). **The European subsidiaries** committed between 1% and 2.3% of their total salaries to employee training.
Social and cultural activities	Each of the Group's businesses decides on the amount of its contribution to social and cultural activities.
Patronage	In France, the companies each determine their various sponsorship activities (e.g. partnerships with business schools, work assistance centres, etc.). At the national level, many initiatives are taken by the *Fondation Groupama pour la Santé* (Groupama Health Foundation) and the *Fondation Groupama Gan pour le cinéma* (Groupama Cinema Foundation). Seeking to strengthen its school/company relationships beyond the partnership with INA Paris Grignon, the Group took part as a founding member in the *Fondation du Risque* (Risk Foundation) with Université Paris-Dauphine, the Ecole Polytechnique, ENSAE (*Ecole Nationale de la Statistique et de l'Administration Economique*/National School for Statistics and Business Administration) and the CEA (*Centre d'Etudes Actuarielles*/Actuarial Studies Centre). Through this commitment, Groupama seeks to encourage by means of research and teaching a more thorough understanding of the attitudes, behaviour and reactions of business confronting risk and the development of techniques to evaluate and control such risk.

ENVIRONMENTAL INFORMATION

This table covers the premises managed by **GIE Groupama Logistique** (buildings in Paris and the surrounding region, including Tour Gan and Tour Eurocourtage in La Défense, Morangis, Marne-la-Vallée – and the Bordeaux-Lac premises), the premises managed by **Groupama Immobilier**, and the premises managed by the **Group's principal international subsidiaries** in Spain, Portugal, Italy, the United Kingdom, and Turkey, representing 95% of the Group's revenues earned outside of France.

Categories	Comments
Water consumption	**GIE Groupama Logistique:** *Paris sites:* 13,479 cubic metres. *Marne sites:* 25,563 cubic metres. *Tour Gan:* Drinking water: 60,437 cubic metres, Consumption for air conditioning: 8,869 MWh. *Tour Eurocourtage:* City water: 16,333 cubic metres, Chilled water air conditioning: 2,627 MWh, Hot water air conditioning: 2,310 MWh. *Morangis site:* 706 cubic metres. *Bordeaux site:* 8,523 cubic metres. **Groupama Seguros (Spain):** 10,200 cubic metres, down 7.7% after adjusting for the total number of employees. **Groupama Seguros (Portugal):** 29,000 cubic metres. **Groupama Assicurazioni (Italy):** 7,000 cubic metres. **Groupama Insurance (United Kingdom):** 7,167 cubic metres. Note: all the buildings are rented; some buildings are not billed directly for their water consumption: the costs are then included in rental charges. The significant decrease compared to 2005 is due to the termination of leases on several buildings. **Basak Groupama (Turkey):** 573 cubic metres.
Consumption of raw materials (paper)	**GIE Groupama Logistique:** *Paris sites:* - *Marne sites:* 28,000 reams in A4. *Tour Gan:* 58,800 reams in A4 - 1,440 in A3. *Tour Eurocourtage:* 3,143 reams in A4 - 34 in A3. *Bordeaux site:* 42,000 reams of paper. *Morangis site:* 1,270 reams in A4. **Groupama Seguros (Spain):** 51,000 reams, down 2.1% (paper/employees) compared to the prior year. **Groupama Seguros (Spain):** 4,000 reams. **Groupama Assicurazioni (Italy):** 13,000 reams. **Basak Groupama (Turkey):** 5,950 reams. **Groupama Immobilier:** 5,237 reams.

Categories	Comments
Energy consumption	**GIE Groupama Logistique:** *Paris sites:* CPCU: 3,789 tonnes; electricity: 4,019,291 kWh; gas: 239,437 kWh; climespace: 1,237 MWh – 110,060 cubic metres; fuel oil: 1,243 litres. *Marne sites:* electricity: 11,355,400 kWh; gas: 3,486,651 kWh. *Tour Gan:* electricity: 14,824 MWh; gas: 10,642 MWh; fuel: non quantifiable: van exclusively for emergency electricity generation. *Tour Eurocourtage:* electricity and gas: 2 628 762 kWh; fuel: non quantifiable: van exclusively for emergency electricity generation. *Bordeaux site:* electricity: 5,130,162 kWh; gas: 1,014,695 kWh. *Morangis site:* electricity: 778,596 kWh; gas: 3,032,126 kWh. **Groupama Immobilier** (concerns only shared areas): buildings managed by Groupama Immobilier, excluding major services sites, properties under operational management and single occupancy: electricity: 3,755 megawatts. **Groupama Seguros (Spain):** 3,400,000 kilowatts, down 19.5% (based on consumption/site). **Groupama Seguros (Portugal):** 445,000 kWh. **Groupama Assicurazioni (Italy):** electricity 1,655,000 kWh; gas 47,000 cubic metres. **Groupama Insurance (United Kingdom):** 3,229,916 kWh in electricity (for all buildings; also, air conditioning installed in most buildings, resulting in additional electricity consumption costs); gas 1,450,114 cubic metres. **Basak Groupama (Turkey):** electricity in kWh: 1,278,970, natural gas in cubic metres: 39,860. **Groupama Immobilier:** 3,230 megawatts.
Measures taken to improve energy efficiency	**GIE Groupama Logistique:** *Paris sites:* Changing to more economical lighting when possible. GTC: optimising functioning of CVC installations and lighting. Restaurant: utilisation of an RSW optimiser for cooking equipment power requirements. Electrical modifications to control lighting by sunlight capture devices and motion detectors. *Marne sites:* • 5/7 rue du Centre software installed: STAR: electric energy management. SICOTRONIC: management of cooking equipment using micro power interruptions to control consumption. GTB Visionik Insight: software for technical management of buildings. • 126 Piazza Mont d'Est software installed: ENERDIS: management of electricity and water metres . GTB DESIGO: technical management software for buildings. • 8/14 avenue des Frères Lumière software installed: GTB Visionik Insight: technical software management for buildings.

Categories	Comments
Measures taken to improve energy efficiency	*Tour Gan:* GTB: control of air conditioning, start up/shut down of air conditioning, lighting demand, low-level lighting, and CTA replacement on the ground floor. *Tour Eurocourtage:* GTB: control of air-conditioning, start-up/shut down of air-conditioning, and lighting demand. **Groupama Immobilier:** Following a study conducted in 2005 on cost savings based on the 2004 financial statements, analyses of buildings where consumption rates are relatively high were performed. On-site reviews to recommend action. Energy control agreements for shared heating that include incentives for energy savings. Systematic studies have been conducted when heating systems are replaced to improve energy efficiency. When these agreements were established (late 2002 and during 2003), savings of 10 % were expected on the overall €1,742,000 cost of energy, which was subsequently confirmed by actual results in 2004. In 2005 and 2006 the agreements continued to result in reductions: supplementary agreements regarding energy reduction goals were signed with operators. **Groupama Seguros (Spain):** Preventive maintenance of installations and equipment, renovation of installations, energy saving equipment, implementation of systems minimising consumption, programmers, and others. **Groupama Assicurazioni (Italy):** Energy consumption is constantly monitored by software. When interiors are redesigned, we use energy saving lighting. **Groupama Insurance (United Kingdom):** In 2007, we plan to begin a program to evaluate the impact of carbon emissions from our air conditioning systems on the environment.
Measures taken toward adoption of renewable energy sources	No use of renewable energy.
Measures taken to improve conditions of ground use	For all sites: not significant in view of the type of activities carried out.

Categories	Comments
Measures taken to reduce air, water and ground emissions affecting the environment	**GIE Groupama Logistique:** *Paris sites:* Restaurant: biological treatment of cooking exhausts and cyclonic exchanger to degrease and deodorise air emissions. Air conditioning towers: treatments, and supervision of plant. Waste oil tank: to recover hydrocarbon in car parks. Grease filter tank: storage, biological treatment of restaurant waste water, removal of grease by a specialised company, and sewer disposal of treated water. *Marne sites:* Use of grease filter tank: storage, biological treatment of restaurant waste water, removal of grease by a specialised company, and sewer disposal of treated water. *Tour Gan:* Separation of greasy kitchen waste water. The operation of cooling towers is preceded, 5 days a year, by chlorinated treatments and regulatory analyses. *Tour Eurocourtage:* Separation of greasy kitchen waste water. CTA all fresh air *Morangis site:* Two underground tanks to recover hydrocarbons from rain water runoff; Two underground tanks with cut-off gates to prevent release of foam fire extinguisher into rain water run-off if fire prevention system is activated. **Groupama Immobilier:** Property management: Observation of regulatory obligations, grease filter tank for restaurant waste water; waste oil tanks in car parks. Annual operation of cooling towers subject to regular inspections. **Groupama Seguros (Spain):** Monitoring removal of obsolete computer hardware and worn furniture. **Basak Groupama (Turkey):** Rental of 10 diesel vehicles and 30 vehicles using unleaded fuel.
Measures to reduce sound and odour emissions	**GIE Groupama Logistique:** *Paris sites:* Restaurant: Biological treatment of cooking exhausts to degrease and deodorise emissions into the air. Restaurant: cyclonic exchanger to degrease and deodorise emissions into the air. Daily closing of noisy exterior plant at 10:00 P.M., and on weekends and public holidays (GTC program). Cooling towers equipped with sound traps. Cooling installations and car park ventilation systems equipped with sound traps. *Marne sites:* Replacement of sound traps for electricity generating installations. *Tour Eurocourtage:* Study currently underway with owner. **Groupama Immobilier:** application of DTU and NFS 31010 standards (noise control devices on air-conditioning systems). **Groupama Seguros (Spain):** Regular monitoring of filter, pipes and equipment. Installation of noise reduction devices for some computer equipment.

Categories	Comments
Measures to reduce waste	**GIE Groupama Logistique:** *Paris sites:* Contract for the collection and treatment (recycling) of office and restaurant rubbish. Agreement on the collection and recycling of ink cartridges. Selection of photocopier providers managed by AUTAMA. The purchasing department selects suppliers of office supplies. *Marne sites:* Treatment of waste performed by a specialised company. *Tour Gan:* Recovery of ink cartridges by a specialised company. Daily removal of kitchen waste. Recovery of bulbs, strip lights and batteries by a specialised company *Tour Eurocourtage:* Recovery of ink cartridges by a specialised company Recovery of batteries, bulbs and strip lights. Daily removal of kitchen waste. Compactor for other waste. *Morangis site:* Recovery by a specialised company for paper recycling. Recovery of bulbs and strip lights by a specialised company. *Bordeaux site:* Paper recycling, rental of a bin to collect paper, which is then recycled by the company Onyx. Recycling of ink cartridges from office printers by the association Atmosph'Airre; photocopier cartridges are recycled by Xerox. **Groupama Immobilier:** Cartridges are collected, treated and recycled by a specialised service provider. **Groupama Seguros (Spain):** Agreements established for recycling paper, used printer and photocopier toner. Fax machines have been replaced by multifunctional equipment. **Groupama Seguros (Portugal):** Contracts with specialised companies which recycle computer equipment and paper. **Groupama Assicurazioni (Italy):** We comply with current standards for emissions of polluting waste. **Groupama Insurance (United Kingdom):** Paper recycling in all offices with weekly collection (104,279 kg of paper recycled in 2006). Recycling of ink cartridges, batteries, strip lights and plastic glasses in all offices (246,000 glasses recycled in 2006).
Recycling of ink cartridges, batteries, strip lighting and plastic cups. Measures to limit impact on biological balance	See point immediately above.

Categories	Comments
Company valuations and certifications on environmental matters	**GIE Groupama Logistique:** Printed material: The company La Couronne was cited for its purchase of NF envelopes. *Tour Gan:* The company Cegelec included the site in its 14000 quality progress listing. The rubbish collection companies specialise in recycling. *Tour Eurocourtage:* The company Dalkia included the site in its 9001 quality progress listing. Printed material: Selection criteria for printers during tender calls (Imprim'Vert reference). **Groupama Insurance (United Kingdom):** Certification for paper recycling.
Measures taken, as appropriate, to assure that the company's activities are in compliance with applicable legal and regulatory provisions	**GIE Groupama Logistique:** *Paris sites:* person responsible: F. Rajaud. *Marne sites:* person responsible: F. Rajaud. Various audit departments and specialised companies participate (audit of air-conditioning towers, asbestos assessment, air and water analyses, etc.). *Tour Gan, Tour Eurocourtage, and the Morangis site:* Advisory and audit services, person responsible: P. Herbecq Management of owner-occupied buildings: D. Plaisant **Groupama Immobilier:** Building management. The Optimisation and Quality group, operating within the Real Estate Management Department, is responsible for tracking regulatory changes and implementing adjustments as part of its ongoing management procedures. Similarly, for major installations (elevators, boilers, etc.) the technical group within the Investment Department has the same responsibilities. **Groupama Seguros (Spain):** Buildings Department. This Department is part of the General Resources Division, which is responsible for compliance with legislation and regulations. **Groupama Seguros (Portugal):** The Assets Department is part of the Financial Division and is responsible for compliance and technical management of buildings. **Groupama Assicurazioni (Italy):** Buildings department, whose building service manager is responsible for compliance and technical management of buildings. **Groupama Insurance (United Kingdom):** All appropriate measures are taken to assure compliance with legal provisions. The department responsible for owner-occupied buildings is Premises and Facilities Management, and the person responsible is John Hauxwell.
Expenditures undertaken to prevent negative consequences of the company's activities on the environment	**GIE Groupama Logistique:** *Paris sites:* €13,918 inc. VAT. *Marne sites:* Anti-Legionnaires disease treatment and analyses, supervision of cooling towers, maintenance of cooling towers, including a multi-technical contract (covering treatments and bacteriological analyses). *Tour Gan:* Not significant in view of the type of activities carried out *Tour Eurocourtage:* Owner's responsibility. *Morangis site:* Not significant in view of the type of activities carried out. **Groupama Immobilier:** Commitment of Groupama Immobilier to High Quality Environmental (HQE) standards, whose goal is to minimise the environmental impact of building construction and renovation projects in the future. In addition to Legionnaires disease measures and analysis of moist cooling towers (in compliance with regulations), there are contracts for regular replacement of filters with appropriate frequency to prevent spread of disease.

Categories	Comments
Expenditures undertaken to prevent negative consequences of the company's activities on the environment	In 2005, a study was carried out on the administrative compliance of new regulated facilities for the cooling system. **Groupama Insurance (United Kingdom):** Legionnaires bacteria treatment and analysis; supervision of all air-conditioning towers.
Existence of environmental management in the company's internal services	-
Training and information on environmental protection for employees	**Groupama Seguros (Spain):** Various information and training materials on environmental protection have been made available to employees via internet. **GIE Groupama Logistique:** *Paris sites:* Training on Legionnaires disease risks. *Marne sites:* Legionnaires disease training for Buildings Department personnel. Information meetings on topics including asbestos, regulatory compliance, lead risks, etc. *Tours Gan and Eurocourtage, and the Morangis site:* Advisory and audit services; person responsible: P. Herbecq **Groupama Insurance (United Kingdom):** Each new company employee receives general training during which we explain our values; there is also a module covering our efforts to promote recycling. We have emphasised to all our employees, both in meetings and via various communications methods, how important this topic is to us. We have also announced that we will issue a Citizenship Charter for the company in the first half of 2007. **Groupama Immobilier:** There was no specific training in 2006, but training is planned in 2007 on a full range of mandatory diagnostic measures / Information on Decrees: • Decree 2006-1114 of 5 September 2006 concerning building technical diagnostics, modifying the Building and Residence Code and the Public Health Code. • Decree 2006-1147 of 14 September 2006 concerning diagnostics on energy performance and the condition of gas installations in certain buildings.
Resources dedicated to reducing environmental risk	-
Organisation in place to address polluting accidents affecting businesses not directly associated with the company	**Groupama Seguros (Portugal):** The company subscribed to a multi-risk insurance policy for this purpose.
Amount of provisions and cover for environmental risks	**Groupama Seguros (Portugal):** Guaranteed share capital of €12,000,000.
Amount of damages paid during the year following a court order pertaining to the environment	-
Information on goals assigned to foreign subsidiaries	-

NOTES

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Design and publishing: Publicis Consultants

Photos: Pixland / Banastock / Photodisc / Groupama – Labat Jean-François

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Réf. 212294-june 2007