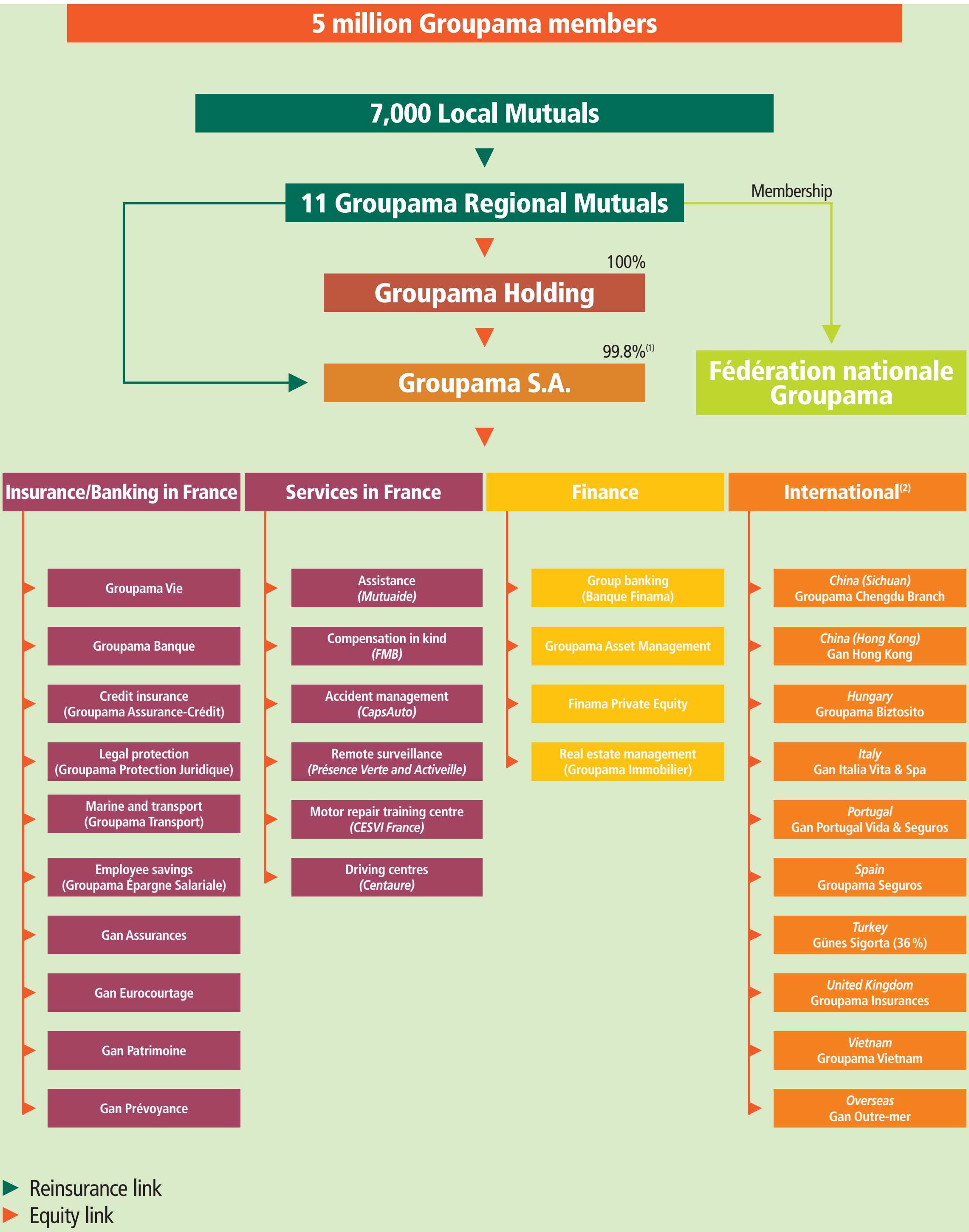
2004
ANNUAL REPORT

Groupama

€12.8 billion
Premium income in 2004

€4 billion
Net assets



(1) 0.2% of Groupama SA's equity is owned by the employees and exclusive agents.
(2) By alphabetical order.

What we are

A mutual insurance Group

Groupama is a multi-line insurance group belonging to a large agricultural mutual that was founded in the nineteenth century by and for farmers. The expertise developed by the Group throughout its history has been extended to benefit all socio-economic parties, private individuals, professionals, businesses and local authorities.

Underpinned by long term guiding principles

Groupama is managed by the elected representatives of the policyholders on the one hand, and the employees on the other hand. The structure and corporate governance remain faithful to the mutual culture and the Group's guiding principles, local presence, responsibility and solidarity. These principles represent the historic values underpinning the Group's development.

The 1st insurance mutual in France

Groupama is a major player in France's insurance industry: 1st insurance mutual, 1st non-life insurer(1), 1st agricultural insurer, 1st personal health insurer, 1st local authority insurer, 2nd marine and transport insurer, 3rd SME insurer, 5th life insurer(2).

A local presence

Groupama has dense and complementary distribution networks throughout France: 7,000 salespeople from the Groupama Regional Mutuals, 1,000 general agents and 350 Gan Assurances representatives, 1,500 regular partner brokers from Gan Eurocourtage, the network of 610 Gan Patrimoine exclusive agents and the network of 1,200 Gan Prévoyance employees.

An international presence

The Group has a presence in 8 countries, principally in Southern Europe. The Group has also taken positions in Central Europe and Asia.

(1) Property damage and liability.
(2) Life, savings, pensions, provident life insurance and bodily injury (individuals and group schemes).

Groupama

what we want

An ambitious strategy. Groupama seeks to be one of the leaders of the European insurance industry. To achieve this goal, the Group is following a long-term strategy, based on three areas of development:

- strengthen its general insurance positions on the French market;
- become a fully-fledged financial player in insurance/banking;
- grow internationally, particularly in Southern and Central Europe.

Optimum service at the lowest cost. The Group has chosen growth in order to be a leading player and be in a position to minimise costs and have significant funds for investment, which are all necessary conditions for providing an optimum service at a competitive price to its members and customers on an ongoing basis.

Anticipate and meet the needs of members and customers. The cover and services the Group offers are designed to meet their real and daily needs. In addition to financial protection, Groupama pursues actions reflecting the principle of mutual responsibility, such as risk prevention.

Ongoing profitable growth. Profitability is a necessary condition for sustainable growth. Groupama has set itself a target for ongoing return on Group equity of 8% after goodwill amortisation, or 10.5% before goodwill amortisation.

A solid base for further improvement

11.8%
Return on assets
(before goodwill amortisation)

233%
European solvency margin

33,000
Staff, including
29,300 employees

€58.8 billion
Managed assets at 31.12.2004
by Groupama Asset Management

Strengthened mutual governance

Jean-Luc Baucherel
Chairman

The board of directors has set an ambitious strategy for the Group, namely to become one of the leading insurance companies in Europe. 2004 was a year in which we strengthened our resources in order to achieve this strategy. We will succeed by remaining faithful to our values and guiding principles, which are responsibility, solidarity and local presence.

We are a decentralised mutual Group, built around Local Mutuals, Regional Mutuals, Groupama S.A. and the National Federation. This involves original and productive policies and procedures, which we use efficiently. We have clarified our organisational structure and simplified our procedures in order to ensure the successful implementation of our strategy.

2004 was the first year of working with our new central structure. Since 1 January 2004, the Group's national structure has been based on the Groupama National Federation, the institutional centre which represents the members and is responsible for setting and monitoring the Group's major strategies. The National Federation acts as an agricultural trade association and defines and promotes mutualism within the Group. Groupama S.A., a *société anonyme* (limited liability company), is responsible for the Group's operational activities. It also reinsures the Regional Mutuals and develops the subsidiaries. Groupama Holding is a holding company, wholly owned by the Regional Mutuals, which on their behalf performs the financial control function for Groupama S.A. and its subsidiaries.

At the beginning of 2005, two major changes occurred illustrating the Group's determination to strengthen its corporate governance. On 24 February 2005 the annual general meeting of Groupama S.A. approved the appointment of three outside directors to its board of directors, increasing the number of directors from 13 to 16. There were already 11 representatives from the Regional Mutuals and 2 directors elected by Groupama S.A. employees on the board. Following these appointments, the board of directors of

Groupama S.A. established three specialist committees responsible for preparing the work of the board prior to meetings: the audit and accounts committee and the agreements committee, both chaired by an outside director, and the remuneration and appointments committee, chaired by the acting chairman of the Groupama National Federation.

The Group has completed its reorganisation, which is now functioning and is tailored to its strategy of growth and its economic environment. Groupama is an independent insurance group belonging to a large mutual with agricultural origins. Its main goal is to satisfy its members and customers. We must continue to improve our performance in order to develop our strategic objective to become one of the leading insurance companies in Europe based on sustainable and profitable growth to serve our policyholders. We will achieve this with our competitive advantages, our financial strength and the know-how of our staff and elected representatives.

Jean-Luc Baucherel

Jean Azéma

Chief Executive Officer

The 2004 results are satisfactory. We set ourselves a goal in 2000 which has been met. This goal breaks down into three key objectives:

- improve the Group's profitability;
- clarify and develop the Group's corporate governance;
- create sources of growth, such as personal banking, development of services (motor insurance, health insurance) and international.

Groupama's results reflect a strategic long-term vision which seeks an ongoing balance between growth and profitability. This involves strengthening our position as a general insurance company in France, becoming both an insurance and banking company, and growing internationally, particularly in Southern Europe

Performance in line with objectives

and Central Europe. This has been the key focus of the Group during the last years.

Achievements

Strengthening the multi-line insurance positions on the French market

In 5 years, in line with our objective, Groupama has successfully integrated and commercially relaunched the distribution networks that came from Gan. All subsidiaries have made positive increasing contributions to Group results. I would like to note in particular the increase in premium income of Gan Assurances. For the last 2 years, the general agents network has increased its portfolio.

We have systematically looked for synergies in order to boost the Group's resources to develop, such as standardisation and reduction in IT costs, or optimisation of reinsurance programmes.

Our programme also involved the merger of the Regional Mutuals for two reasons: an industrial reason to streamline resources and a commercial reason to ensure complete control of customer relations, from sale to after-sales. On the target objective, set in 2001, to reduce the standard metropolitan Regional Mutuals from 18 to 9, the Group now has 11 Regional Mutuals.

During the last few years from 2001 to 2004, the Group has enjoyed regular average annual growth in France of 4.6%. Premium income increased from €9.5 billion in 2001 to €10.8 billion in 2004, on current structure.

Becoming a fully-fledged financial player

Our second objective consists of offering personal banking services to our members in addition to the insurance offer, turning it into an area of growth for the Group while helping to boost customer loyalty. Within a few months, we were the first Group to create a complete multi-line private bank, and set it up in all commercial networks of the Regional Mutuals. It is an excellent offering which has enabled us to attract 195,000 customers by year-end 2004. The operational launch has been a success.

International development

Our strategy focuses on development in high-growth potential regions, i.e. principally Southern and Central Europe; we are also looking to set up sources of growth in Asia, particularly in China. So far we have profoundly restructured the range of Group international locations, to refocus on Spain, Italy, Portugal, Hungary and Turkey, while turning around the results of the UK subsidiary. We have also integrated Plus Ultra Generales in Spain in a very short space of time. In addition to this international redeployment, we also had to sharply improve the international results, which turned from a loss of €124 million in 2001 to a profit of €71 million in 2004.

Results ahead of objectives

The Group's 2004 net profit amounted to €359 million due to the improvement in our fundamentals. The combined ratio reached 102.4 points for the year, an improvement of 7.2 points since 2001. While the 2004 results were partly due to a favourable year in terms of claims, they were also due to tight control of the portfolios, and particular attention being paid to underwriting discipline in corporate risks. This led to a sharp improvement in the return on equity, beating the objective that we had set: the Group's overall return stood at 11.8% before goodwill amortisation and 8.9% after goodwill amortisation.

Outlook

We have set four objectives for 2005 and the coming months as follows.

Consolidate our operational performance

We set ourselves the objective of 4 to 5% growth in premium income over the coming two years. To sustain this growth, we will pursue the standardisation of systems, especially those used by the various Group networks: improvement in customer relations management and back-office functions by business lines. We also want to pursue cost reductions in order to reach a combined ratio at break-even.

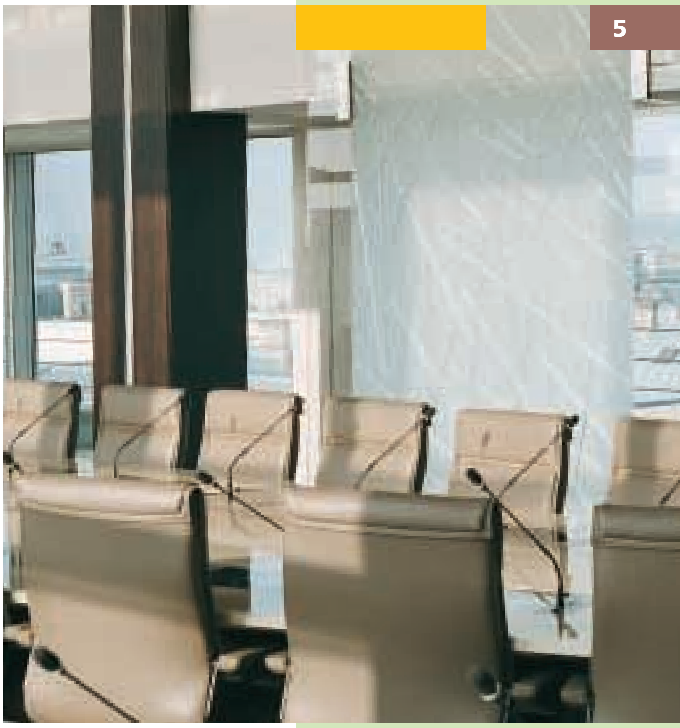
To consolidate this performance, we will pursue optimisation of external reinsurance programmes and maintain our objective for return on equity of 8% after goodwill amortisation, or 10.5% before goodwill amortisation.

Consolidate positions in France based on new offers

The Group has launched new service offers likely to boost growth, notably in health, such as Groupama Santé Active, and provident insurance. In motor insurance, the services designed to help our policyholders in their daily lives are highly developed, such as the Auto-Presto service, and we plan the same for the home offer in the coming months. In 2005 we also launched crop insurance covering 13 climatic risks.

Make the bank a fully-fledged part of the Group

The objective is to open 70,000 new bank accounts in 2005, and to roll out distribution of personal banking services to the Gan subsidiaries: in 2005, this will apply to Gan Patrimoine and, at the beginning of 2006, to Gan Assurances.



Grow internationally

This involves both organic growth and mergers and acquisitions in countries such as Spain, Italy and Portugal. Groupama is continuing to learn about the Chinese market. The Group is currently located in Sichuan marketing non-life insurance and would like to broaden its business by obtaining a licence for life insurance.

While the 2004 results are satisfactory, we must build on these results and improve further and, above all, boost our commercial performance so that we find the right balance between growth and profitability for the Group.

Jean Azéma

Our mutual and strengthened governance

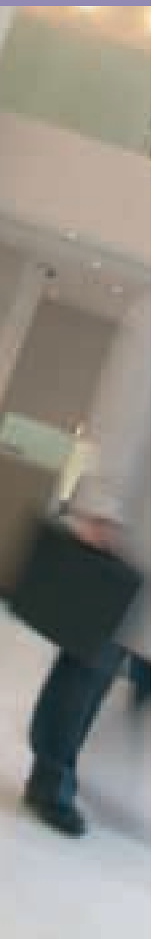
Groupama's guiding principles

• Local presence. The mutual's elected representatives and Group staff are in close contact with customers on the ground, and present throughout France, listening to the needs of members and customers. They act to find genuine solutions. **• Responsibility.** Responsibility is both individual and collective and functions at every level of the organisation. It goes beyond legal responsibility and expresses a vision of the insurance business that includes preventive actions.
• Solidarity. Assisting each other is at the heart of a mutual's mission –sharing resources to come to the aid of people who have suffered a loss or an accident. Solidarity is well thought out and combines both financial and human solidarity.

The founding principles of mutual governance

• The elective system. The members elect their local representatives, who in turn elect their regional and national representatives. The elected directors –who are therefore all mutual policyholders– make up all the boards of directors of the Group's mutual entities. They choose the managing directors, who manage the operations. The elected representatives provide a link between the members and the business.
• Collegiality. Collegiality is akin to mutualism. It is reflected in the number of debates that take place in general meetings, board meetings, commissions and working meetings. Groupama is a company of people. Every important decision is considered collectively in advance in order to reach a consensus prior to taking action.**• Reinsurance.** Meeting the need to be insured at a good price represents the very mission of the company. Every member or customer buys financial protection.
In order to guarantee the commitments undertaken and to expand underwriting capacity, each level –local, regional, national– buys financial protection in its turn from the level above. This is the system of reinsurance between the Regional Mutuals and Groupama S.A.

A mutual group, a regional organisation



A few key dates which illustrate Groupama's adaptability and capacity to anticipate

End of the 19th/beginning of the 20th century – Development of agricultural mutual insurance and Local Mutuals – the insurance mutual, No.1 insurer for farmers, changes its name to **Groupama** in 1986.

1963 – All non-life insurance risks covered; the Group rapidly becomes France's leading local authority insurer.

1972 – Launch of life insurance.

1995 – Membership opened up to all policyholders.

1998 – Acquisition of Gan, France's fourth biggest insurance company. The Group is one of the 3 leading general insurers in France. It has **5 million Groupama members and 3 million Gan customers**.

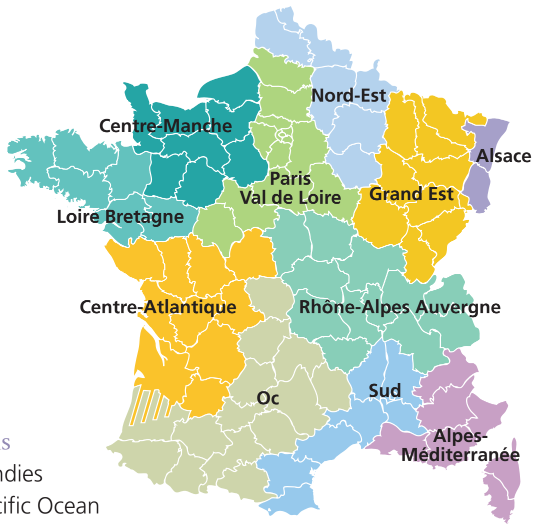
2001 – Consolidation plan drawn up to reduce the number of Regional Mutuals from 18 to 9.

2002 – Acquisition of Plus Ultra Generales in Spain and CGU Courtage in France.
– Creation of Groupama Banque.

2003 – Banking services launched.

2004 – Restructuring of the Group's central entities to reflect the growth strategy.

2004 – The first branch in China opened.



Metropolitan Mutuals: 11
Total number of Mutuals: 15

Specialised Mutuals
- Forestry
- Tobacco Producers

Overseas Mutuals
- French West Indies
- Indian and Pacific Ocean

Over 7,000 Local Mutuals, 11 metropolitan Regional Mutuals

Local Mutuals form the base of the regional organisation of the mutual system: they insure the members in their catchment areas. They are governed by a board of directors made up of members elected at the annual general meeting.

There are over 7,000 Local Mutuals throughout France. Some of them may decide to consolidate in order to stay in line with geographical and demographical trends in society while retaining a local presence.

Local directors nominate the delegates to the annual general meeting of the departmental federation, whose role is largely that of coordination and who in turn appoint the delegates to the annual general meeting of the **Regional Mutuals**, which are fully-fledged entities operating all insurance businesses backed by a commercial network of employees and exclusive agents, plus administrative services. At 31 December 2004, the national organisation was made up of 11 metropolitan Regional Mutuals (with over 3,000 branches in the field), 2 Specialist Mutuals (forestry and tobacco producers) and 2 Overseas Mutuals. The members of the Regional Mutual general assemblies elect the members of their board of directors who in turn appoint their representatives on the general assembly of the **National Federation**, which decides on the overall direction that the Group takes.

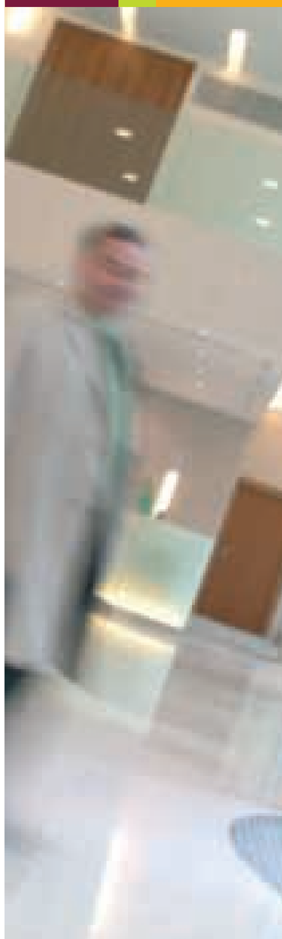
Individual and collective responsibility

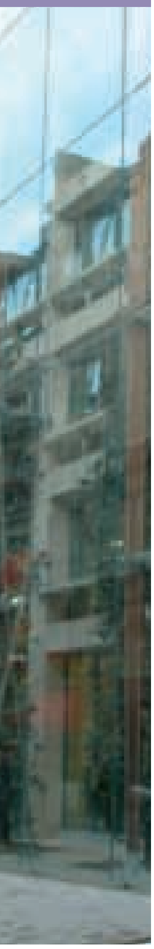
More than 400,000 members –i.e. almost 10% of the membership– take part every year in the Local Mutuals' annual general meetings, at which they vote on the financial statements and listen to presentations on new cover and services offered by Groupama as well as certain matters of topical importance –pensions, health insurance, etc. They are encouraged to put forward their own comments and suggestions and they elect from among themselves those who are to represent them on the Local Mutual board of directors. A total of 90,000 directors are elected to represent the 7,000 Local Mutuals. The Mutuals' elected representatives receive specific training organised by Groupama.

The main role of the local directors, who are all volunteers, is to listen to the needs and expectations of the members in their catchment area. In practical terms, they act as intermediaries between policyholders and the company, with a view to improving the quality of services and benefits; they act as advisers for the sales network and monitor the handling of claims in their Local Mutual's portfolio; they can assist the loss adjusters with claims assessments; and they conduct awareness and information campaigns in risk prevention.

At regional level, the elected representatives give their opinion on the general direction the Regional Mutual is taking, vote on the budget, and decide on the policies and pricing system. The actual running of the company is delegated to the managing director of the Regional Mutual.

This strong local and regional presence gives Groupama considerable leverage when it comes to mobilising resources. During the natural catastrophes that hit France in the last few years, this enabled the Group to immediately mobilise experts, directors and employees in order to organise mutual aid operations and settle several thousand claims in the shortest possible time.





Reinsurance

The internal reinsurance system is a concrete illustration of the principles of responsibility and solidarity where each level of the organisation receives financial protection from the level above.

Under this system, the Local Mutuals are reinsured by their Regional Mutual and cede the bulk of their premium income to it. The Regional Mutuals in turn are reinsured solely by the central entity, Groupama S.A.

This three-tier system of reinsurance is underpinned by internal, permanently and exclusively binding treaties that all the Mutuals are obliged to enter into. It is based on the principle of spreading part of the risk –or "mutualisation", combining solidarity between the Local and Regional Mutuals and Groupama S.A., and the operational autonomy of each level of the organisation. The aim is to guarantee the sustainability of the Regional Mutuals' activities by optimising their cost of cover and underwriting capacity.

Since 1 January 2004, all the Regional Mutuals have been reinsured with Groupama S.A. in the same way, ceding exactly the same proportion of risk irrespective of their size. The quota share cession rate for the three main classes of risk has therefore been standardised:

- for primary risks (85% of premium income): 30%;
- for atmospheric risks: 50%;
- for heavy commercial risks: 50%.

Quota share retentions are protected by occurrence or annual excess of loss reinsurance.

In addition to the Regional Mutuals, Groupama S.A. now reinsures the Group's French and international subsidiaries based on specific terms for them.

Groupama S.A. renegotiates and renews external reinsurance policies every year on behalf of the entire Group, thereby optimising the reinsurance cover.

National entities

Since 1 January 2004, the Group's national entities, whose functions are clearly defined and distinct, are based on the following structure:

• **Groupama National Federation** constitutes the institutional centre: it represents the members and is responsible for defining and controlling the Group's strategic direction, acts as an Agricultural Trade Association and looks after the development and promotion of the Group's mutualist guiding principles.

• **Groupama S.A.** runs the business operations: it is a *société anonyme* (limited liability company) responsible for steering the Group's operational activities, reinsuring the Regional Mutuals based on a reinsurance agreement, and reinsuring and developing the subsidiaries.

• **Groupama Holding** is a holding company wholly owned by the Regional Mutuals that provides financial control for Groupama S.A. and its subsidiaries on their behalf.

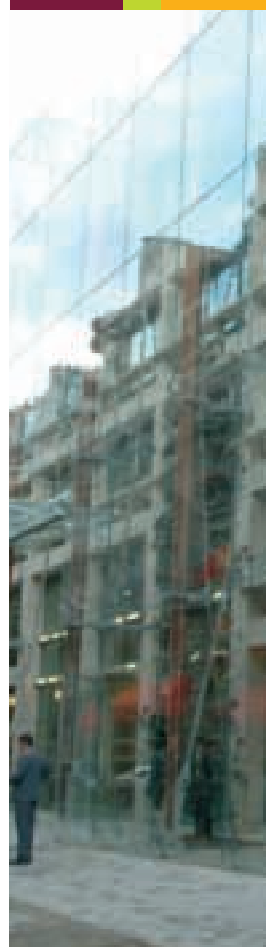
Rules of corporate governance

Non-executive and executive functions are segregated: there is a clear distinction between the functions of steering and monitoring, performed by the non-executive chairman, and the operational management, performed by general management.
The three national entities –the National Federation, Groupama S.A. and Groupama Holding– have the same chairman and the same CEO.

There were two major changes at the beginning of 2005, which illustrate the Group's desire to strengthen its corporate governance.

On 24 February 2005, the annual general meeting of Groupama S.A. approved the appointment of **three outside directors** to the board of directors of Groupama S.A., raising the total number of directors from 13 to 16.

Following these appointments, the board of directors of Groupama S.A. established three specialist committees which are charged with preparing the work of the Board:
• the **audit and accounts committee**;
• the a**greements committee**;
both chaired by an outside director, and
• the **remuneration and appointments committee**.



The Fédération nationale Groupama board of directors

Chairmen's Committee

Jean-Luc Baucherel
Chairman
Groupama Loire Bretagne
2008

Francis Aussat
Acting Chairman
Groupama d'Oc
2010

Robert Drouet
Acting Vice-Chairman
Groupama Centre-Manche
2008

Jean Baligand
Board committee member
Groupama Rhône-Alpes Auvergne
2010

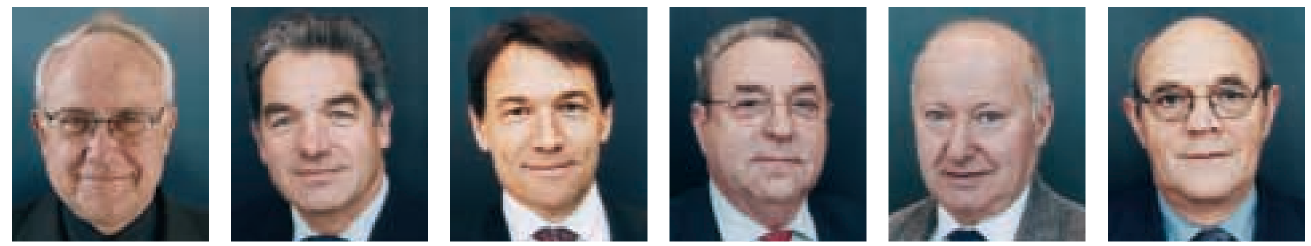
Solange Longuet
Vice-Chairman – Treasurer
Groupama Paris Val de Loire
2008

Jean-Pierre Rousseau
Vice-Chairman
Groupama Centre-Atlantique
2008

Jean-Luc Viet
Vice-Chairman – Secretary of the board
Groupama Nord-Est
2008

Jean-Luc Wibratte
Vice-Chairman
Groupama Grand Est
2006

Other Board Committee members



Annie Bocquet
Groupama Nord-Est
2006

Jean-Charles Courtois
Groupama Centre-Manche
2006

Jean-Marc Fabre
Groupama d'Oc
2008

Michel Habig
Groupama Alsace
2010

Charles Lacaze
Groupama d'Oc
2010

Marius Mul
Groupama Alpes-Méditerranée
2008

Jean-Paul Nieutin
Groupama Paris Val de Loire
2010

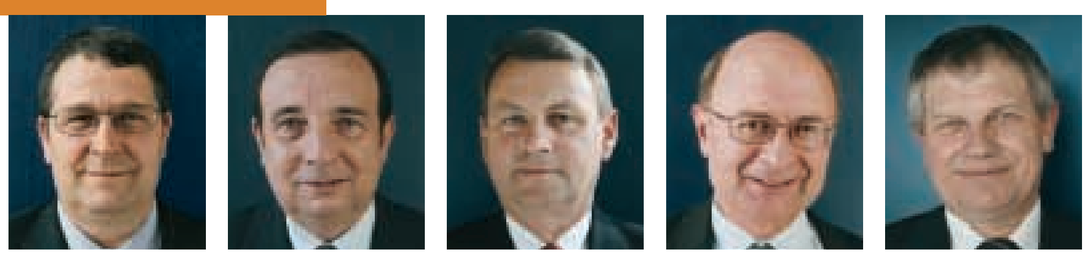
Roger Pailles
Groupama Sud
2010

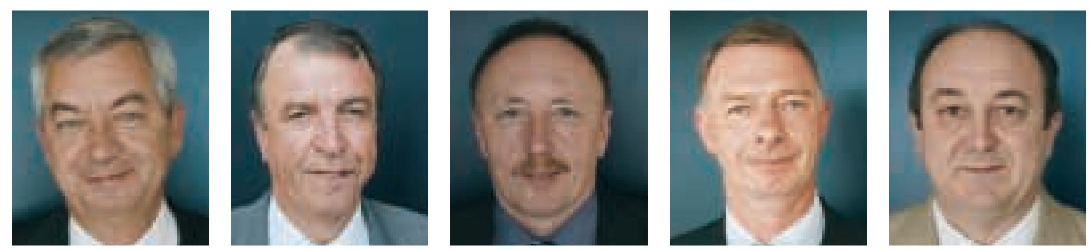
Alain Pargade
Groupama Centre-Atlantique
2006

Jean-Jacques Rozier
Groupama Rhône-Alpes Auvergne
2008

Joseph Vivant
Groupama Loire Bretagne
2010

Directors





Michel Baylet
Groupama Centre-Atlantique
2010

Régis Blondy
Groupama Centre-Atlantique
2008

Alain Brunet
Groupama Paris Val de Loire
2006

Jean-Jacques Canevet
Groupama Loire Bretagne
2010

Georges Charron
Groupama Loire Bretagne
2006

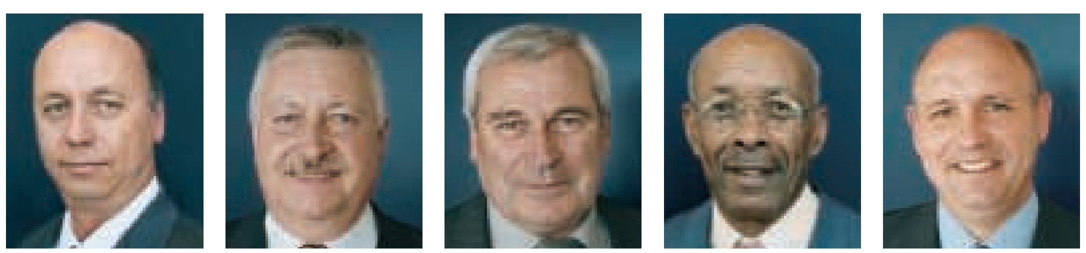
Amaury Cornut-Chauvinc
Groupama Sud
2006

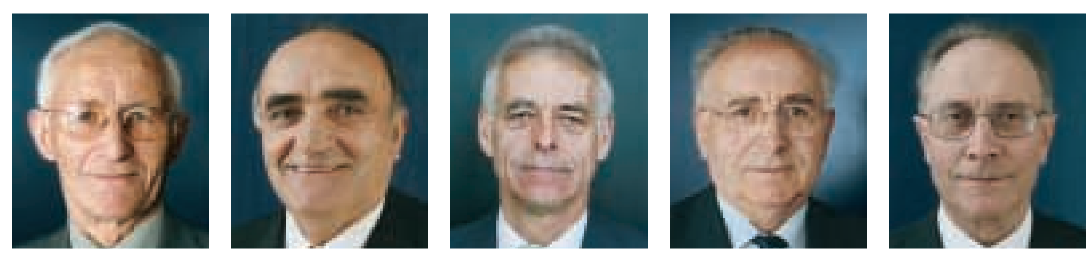
Robert Coste
Groupama Alpes-Méditerranée
2010

Jean-Yves Dagès
Groupama d'Oc
2006

Jean-Pierre Decool
Groupama Nord-Est
2008

François Desnoues
Groupama Paris Val de Loire
2010





Didier Foucque
Groupama Océan Indien et Pacifique
2008

Christian Guillaume
Groupama Grand Est
2008

Jean-Luc Henry
Groupama Sud
2006

Jean Jarnac
Groupama Antilles-Guyane
2006

Didier Laluet
Groupama d'Oc
2006

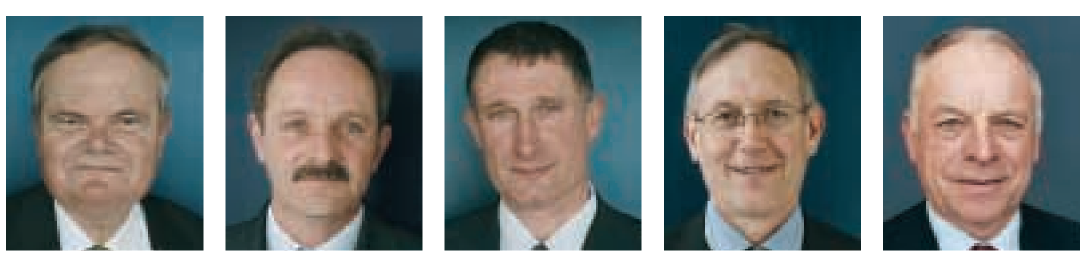
Pierre Legeard
Groupama Centre-Manche
2010

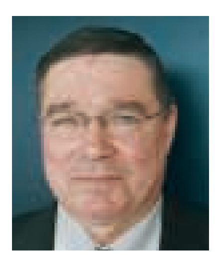
Georges Lucas
Groupama Loire Bretagne
2008

Daniel Lutrat
Groupama Nord-Est
2010

André Martin
Groupama Centre-Manche
2006

Jean Merle
Groupama Rhône-Alpes Auvergne
2006





Guy Pelletier
Groupama Centre-Manche
2008

Pascal Pommier
Groupama Paris Val de Loire
2006

Bernard Rousseaux
Groupama Nord-Est
2006

Patrick Seguin
Groupama Rhône-Alpes Auvergne
2010

Michel Teillon
Groupama Rhône-Alpes Auvergne
2006

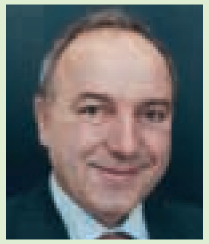
Lionel Vequaud
Groupama Centre-Atlantique
2010

Agricultural Association (Young Farmers) representatives

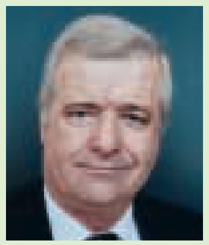
Emmanuel Lachaize
Jérôme Volle

Groupama S.A. board of directors (as of 24.02.2005)

Jean-Luc Baucherel
Chairman
Groupama Loire Bretagne



Jean-Luc Wibratte
Vice-Chairman
Groupama Grand Est

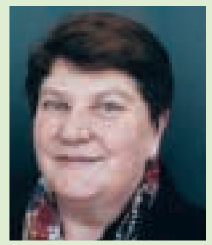


Francis Aussat
Director
Groupama d'Oc

Jean Baligand
Director
Groupama Rhône-Alpes Auvergne

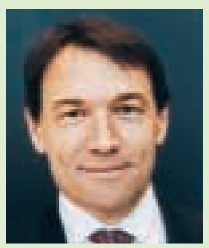
Robert Drouet
Director
Groupama Centre-Manche

Michel Habig
Director
Groupama Alsace



Solange Longuet
Director
Groupama Paris Val de Loire

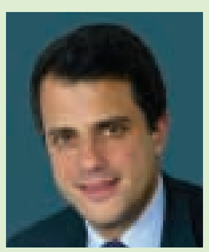
Marius Mul
Director
Groupama Alpes-Méditerranée



Roger Pailles
Director
Groupama Sud

Jean-Pierre Rousseau
Director
Groupama Centre-Atlantique

Jean-Luc Viet
Director
Groupama Nord-Est



Frédéric Lemoine
Outside director

Jean Salmon
Outside director

Philippe Vassor
Outside director

Henri Durand
Director elected by employees
Groupama S.A.

Christian Garin
Director elected by employees
Groupama S.A.

Committees of the board

Audit and accounts committee

Frédéric Lemoine
Chairman

Jean-Luc Wibratte
Roger Pailles
Philippe Vassor

Remuneration and appointments committee

Francis Aussat
Chairman

Jean-Luc Wibratte
Robert Drouet
Solange Longuet
Frédéric Lemoine

Agreements committee

Philippe Vassor
Chairman

Jean-Luc Wibratte
Jean-Luc Viet

Groupama Holding board of directors

Chairman

Jean-Luc Baucherel
Groupama Loire Bretagne

Vice-Chairman

Jean-Luc Wibratte
Groupama Grand Est

Directors

Francis Aussat
Groupama d'Oc

Jean Baligand
Groupama Rhône-Alpes Auvergne

Christophe Buso
Groupama Centre-Atlantique

Philippe Carraud
Groupama d'Oc

Patrice Chéreau
Groupama Loire Bretagne

Daniel Crédot
Groupama Paris Val De Loire

Robert Drouet
Groupama Centre-Manche

Daniel Gaboriau
Groupama Nord-Est

François Goutagneux
Groupama Rhône-Alpes Auvergne

Gérard Joalland
Groupama Grand Est

Christian Lemaire
Groupama Centre-Manche

Solange Longuet
Groupama Paris Val De Loire

Roger Pailles
Groupama Sud

Jean-Pierre Rousseau
Groupama Centre-Atlantique

Jean-Luc Viet
Groupama Nord-Est

Auditors

Annie Bocquet
Groupama Paris Val de Loire

Jean-Charles Courtois
Groupama Centre-Manche

Claude Dollé
Groupama Alsace

Yves Eveno
Groupama Alpes-Méditerranée

Jean-Marc Fabre
Groupama d'Oc

Michel Habig
Groupama Alsace

Charles Lacaze
Groupama d'Oc

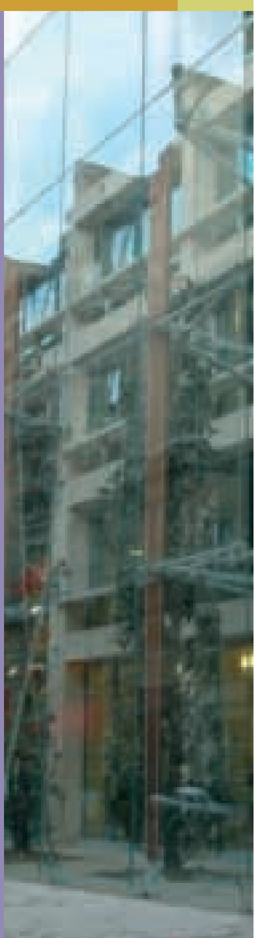
Marius Mul
Groupama Alpes-Méditerranée

Jean-Paul Nieutin
Groupama Paris Val de Loire

Alain Pargade
Groupama Centre-Atlantique

Jean-Jacques Rozier
Groupama Rhône-Alpes Auvergne

Joseph Vivant
Groupama Loire Bretagne



Groupama National Federation

Missions

The Federation is the voice of the mutual division representing the members and is an association (under the Law of 1901) to which only the Regional Mutuals belong.
Its role is threefold: • to determine and monitor the overall direction that the mutual insurance group takes, • to act as an Agricultural Trade Association, • to promote and develop the Group's mutualist principles.

The governing bodies

The **general assembly** is composed of 374 members, 40 per Regional Mutual in Metropolitan France and a total of 14 members for the overseas and specialist Mutuals.
The **board of directors** is composed of 47 directors, including 5 representatives *per* Regional Mutual in Metropolitan France and one representative for each of the two Overseas Mutuals. Two representatives of *Jeunes Agriculteurs* (an association for young farmers) sit on the board as observers.
The **board Committee** has 18 members, two per Regional Mutual in Metropolitan France. It comprises a Chairman, a first Acting Vice-Chairman and a second Acting Vice-Chairman, four Vice-Chairmen and eleven members.
The **chairmen's committee** is composed of 8 members as at 31 December 2004, who are the chairmen of the Regional Mutuals in Metropolitan France.
The members of this committee are also directors of Groupama Holding and Groupama S.A.
The chairmen's committee proposes the broad strategies; the board committee discusses and prepares the broad strategies; the board of directors debates and approves the broad strategies presented by the board committee.
The chairmen's committee held 18 meetings in 2004, the board committee 10 meetings and the board of directors 7 meetings.

Directors' remuneration

During the year ended 31 December 2004, the Federation paid the members of its board of directors a total of €226,440 (gross) in fees for time spent. Directors also have their expenses reimbursed.

The executive

The **Chief Executive Officer** of Groupama S.A. who is CEO of the Federation, is responsible for implementing the decisions of the board of directors and managing the Federation.

Groupama S.A.

Missions

Groupama S.A. is a *société anonyme* (limited liability company), indirectly almost wholly owned by the Regional Mutuals. Its function consists of:
• setting and implementing the Group's operational strategy, consistent with the general direction determined by the Groupama National Federation;
• reinsuring the Regional Mutuals (internal reinsurance) and optimising the Group's and main subsidiaries' reinsurance cover; • overseeing all subsidiaries and performing certain operations on their behalf.

Executive management

Groupama S.A. is governed by a **board of directors** whose role is to determine the broad strategies of the company's business and monitor their implementation. In 2004, Groupama S.A.'s board of directors was made up of 13 directors of whom 11 represent the controlling company, appointed by the shareholders' annual general meeting for a term of 6 years, and 2 are elected by employees of the company for a term of 4 years.
Three outside directors were appointed for a term of 6 years by the annual general meeting on 24 February 2005. Consequently, there are now 16 directors. The board of directors met on 7 occasions during 2004.

Committees of the board

• the **audit and accounts committee**'s main role is to review the interim and annual financial statements prior to submission to the board, review internal control procedures, monitor risks and ethics within the Group, review the work of internal audit and the annual report concerning internal control matters. It also selects the independent auditors.
• the **remuneration and appointments committee**'s main role is to propose the remuneration of the company's executive agents, grant and allocate directors' fees, review proposed changes among the members and organisation of the board of directors. It also evaluates the operations of the board of directors on an annual basis.
• the **agreements committee**'s main role is to analyse application of the reinsurance agreement and generally agreements between Groupama S.A., its subsidiaries and the Regional Mutuals. It also analyses direct or indirect agreements between Groupama S.A. and its executive agents, or any of its shareholders who hold voting rights equivalent to more than 10%.

Remuneration of Groupama S.A. board members

No directors fees were paid in respect of 2004. Gross remuneration including benefits in kind paid to directors, in respect of their offices of Chairman of Groupama S.A. or its subsidiaries, amounted to a total of €807,535.

The executive

General management of the company is assumed by a **Chief Executive Officer** as defined under the NRE Act[(1)], who represents the company in dealings with third parties, and has extensive powers to act in its name at all times, consistent with its corporate constitution and subject to the limits set by the board of directors.

(1) French new economic regulations act ("NRE") dated 15 May 2001.

Groupama Holding

Missions

Groupama Holding is a holding company wholly owned by the Regional Mutuals. It holds the Regional Mutuals' investment in Groupama S.A. Groupama Holding therefore represents the Regional Mutuals at the Annual General Meeting of Groupama S.A.

Remuneration of Groupama Holding board members

Fees paid to the directors and other board committee members not employed by the Group amounted to a total of €633,000.

The Group Executive Committee

① **Jean Azéma**
Chief Executive Officer Groupama S.A.

② **Christophe Buso**
Managing Director
Groupama Centre-Atlantique

③ **Philippe Carraud**
Managing Director Groupama d'Oc

④ **Patrice Chéreau**
Managing Director
Groupama Loire Bretagne

⑤ **Christian Collin**
Corporate Secretary Groupama S.A.

⑥ **Thierry Couret**
General Manager Insurance/Banking and Services in France
Groupama S.A.

⑦ **Marie-Martine Court**
Director of the Strategy Department and Group Human Resources,
Groupama S.A.

⑧ **Daniel Crédot**
Managing Director
Groupama Paris Val de Loire

⑨ **Claude Dollé**
Managing Director Groupama Alsace

Governing bodies for the Group's operational strategy: the Group Executive Committee and related bodies

The Group Executive Committee ("CEG") participates in drawing up, implementing and monitoring the Group's strategy. It implements the strategy within the Group, while ensuring operational coordination for all entities of the Group. The Group Executive Committee is made up of the Regional Mutuals' managing directors and senior Groupama S.A. managers. It is chaired by the Chief Executive Officer of Groupama S.A. It meets once a month for a day and a half. Operational committees specialised in the business lines, finance, human resources, etc. bring together the relevant managers of the Group. They provide information for the Group Executive Committee and propose action plans in accordance with the broad strategies.

⑩ **Yves Eveno**
Managing Director
Groupama Alpes-Méditerranée

⑪ **Daniel Gaboriau**
Managing Director
Groupama Nord-Est

⑫ **François Goutagneux**
Managing Director
Groupama Rhône-Alpes Auvergne

⑬ **Gérard Joalland**
Managing Director
Groupama Grand Est

⑭ **Christian Lemaire**
Managing Director
Groupama Centre-Manche

⑮ **Jean-François Lemoux**
General Manager International
Groupama S.A.

⑯ **Helman le Pas de Sécheval**
General Manager,
Chief Financial Officer
Groupama S.A.

For the operating divisions

⑰ **Patrick Courtot**
General Manager
Non-life Insurance and Services
Groupama S.A.
General Manager Gan Assurances

⑱ **Rolph Harff**
General Manager Commercial and Institutional Insurance
Groupama S.A.

⑲ **Thierry Martel**
General Manager
Life and Health Insurance
Groupama S.A.

The Groupama S.A. Steering Committee

Governing body of Groupama S.A.: Steering Committee

The Steering Committee assists the Groupama S.A. Chief Executive Officer with the management of Groupama S.A. It sets Groupama S.A.'s strategy in conjunction with the broad strategies of the Group, and directs the French and international subsidiaries. It prepares and approves operating decisions taken within Groupama S.A. It sets the key action plans of the various departments of Groupama S.A. and controls their implementation. It is made up of 14 members comprising the representatives of the major departments of Groupama S.A. reporting to the Chief Executive Officer, meeting one day every three months. A limited Steering Committee consisting of 9 members assists the Chief Executive Officer of Groupama S.A. in his management, and meets every fortnight.

Remuneration of members of the Steering Committee

The members of the Groupama S.A. Steering Committee received gross remuneration including benefits in kind of €4,746,577, of which €746,450 was variable remuneration.

1 **Pascal Alexandre**
Director, Group Human Resources

2 **Jean Azéma**
Chief Executive Officer, Groupama S.A.

3 **Christian Collin**
Corporate Secretary

4 **Thierry Couret**
General Manager, Insurance/Banking and Services in France

5 **Marie-Martine Court**
Director of the Strategy Department and Group Human Resources

6 **Patrick Courtot**
General Manager, Non-life Insurance and Services, General Manager Gan Assurances

7 **Frédérique Granado**
Director, External communications

8 **Jacques Guyot**
Director, IT Divisions

9 **Rolph Harff**
General Manager, Commercial and Institutional Insurance

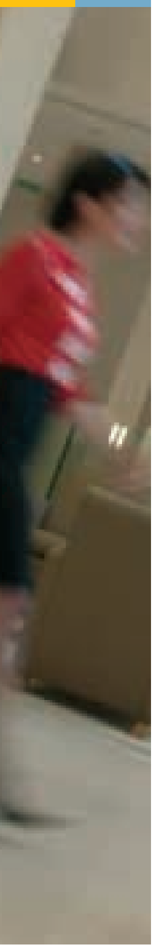
10 **Jean-François Lemoux**
General Manager, International

11 **Benoît Maes**
Director, General Auditing and Actuarial divisions

12 **Thierry Martel**
General Manager Life and Health Insurance

13 **Helman le Pas de Sécheval**
General Manager, Chief Financial Officer

14 **Bertrand Woirhaye**
Director, The Fédération Nationale Groupama



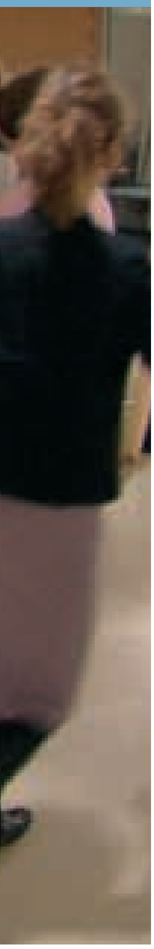
Our project: Progress serving everyone

Shared objectives for joint action

Exploiting synergies to their full within a decentralised Group is a necessity in order to boost operational efficiency and performance.

• In terms of **human resources management**, the Group sets the major strategies, coordinates actions and assists the Group's businesses depending on the specific needs of each. • With respect to **information technology**, a multi-year overall plan ("SDI") was launched at the end of 2001, in order to assist the Group's strategy of growth and streamline its IT systems, thereby reducing costs. • The **launch of EIGs (Economic Interest Groupings)** enabled resources to be shared, such as the Groupama Information System EIG launched in 2003 and the Groupama Central Logistics EIG that was set up in 2004. • The **business lines** of Groupama S.A. (grouped under the various operating divisions of property and casualty and services, personal insurances, Groupama Banque, for individuals on the one hand and for commercial and institutional insurance on the other hand) work closely with each of the Regional Mutuals and each of the subsidiaries to prepare their Strategic and Operating Plan –which consists of setting out the Group's strategy for each business– and assist in the creation and management of the products regarding their technical and marketing aspects.

Human resources at the heart of the Group's strategy



With nearly 33,000 staff, including 26,500 employees in France, and 1,800 new recruits every year, the Groupama group is one of France's most attractive employers. The Group is also evolving: consolidation of the regional businesses, development of the banking business, changes in the organisational structure and skills, etc.

In terms of human resources management, the Groupama group remains faithful to its decentralised organisation. Every business has control over its human resources and staff policies within consistent Group strategies and policies.
Groupama S.A.'s Group Strategy and Human resources department serves the businesses by helping to define these policies and strategies, and assists them in ensuring consistent development, pace and progress among the projects. It oversees actions pragmatically based on a thorough understanding of the strategy, the business lines and the reality of each business.

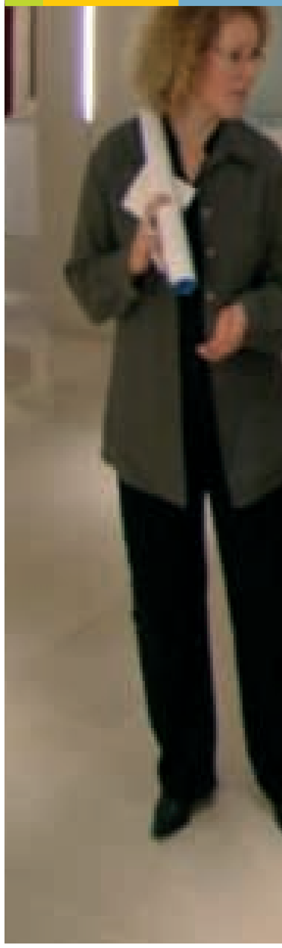
In this context, the HR departments of the Group businesses meet once a month in order to develop shared projects: monitoring projects, coordinating actions, selecting IT and administrative systems and applications, analysing trends in indicators, selecting and promoting best practices, etc.

Forward looking management

Close to the Group's businesses

Human resources are at the heart of the Group's strategy. Each business ensures it has the right number and quality of staff to perform the work in hand.
With a view to aligning the Group's business line objectives with their human resources requirements, it was decided to merge the Group Human Resources and Strategy departments of Groupama S.A. in April 2004.

Six underlying strategies will be implemented in all French and foreign businesses as follows:
- promote the development of skills to ensure the success of the Group's strategy;
- exploit the potential of all skills within the Group to the maximum;
- offer career choices to employees by encouraging functional and geographical mobility;
- increase the direct involvement of the business lines' managers in their human resources management;



• maintain and develop effective and responsible dialogue with staff;
• position ourselves as an attractive employer on the external employment market in order to attract and retain the skills required to grow the businesses.

Based on these strategies, the objective is to focus the entire Group and its business lines to operating in such a way as to achieve profitable and sustainable growth while respecting the guiding principles underlying the Group.

Group HR management systems

In conjunction with the Group human resources policy, at the end of 2002 the Group Executive Committee approved the implementation of an HR management system for the Group: the Group Human Resources Information and Management System ("SIPG RH").
The project was conducted throughout 2003 and the first phase was completed in 2004.

The men and women of Groupama

"Projects that draw us together"

Beginning in 2002, the Group was one of the first businesses in France to adopt a serious communication policy as an employer.
The slogan –"*Des projets qui nous rapprochent*" (Projects that draw us together)– is common to all companies that bear the name Groupama or Gan. It is a real mark of distinction on the market and is the driver of the Group's guiding principles.
It is distributed in the main media outlets for students and young graduates seeking an apprenticeship or their first job.
The Groupama group is a major recruiter in the banking and insurance sector. Buoyed by its experience at the job fairs launched in 2003, in 2004 the Group increased its participation at these fairs –*Topfi*, *Carrefour des carrières commerciales*, *Initialis* and *Forum Vitae*– enabling any Group company that so wishes to meet applicants directly in a shared stand under the Group's banner.

In addition to these job fairs, the Group's business lines tested and assessed various methods designed to optimise the recruitment campaigns (internet, radio, etc.).

A long-term recruitment policy

Year after year, the Group pursues an active recruitment policy to grow the business and be in a position to carry out its strategic projects.

Most of the Group's businesses hired staff in 2004. The main efforts were devoted to strengthening the sales teams, developing the banking business and launching new customer service platforms.

In 2004, 1,836 new staff, including junior and senior staff, experts and managers, joined the Groupama businesses. A large proportion of these new recruits were young graduates: 25% of the permanent recruits were people under 26 years old.

Mobility encouraged

A functional and/or geographical change of jobs is a career progression, both for the businesses and the staff. To promote it, since 2001 employees have had access to a dedicated intranet site called Mouvy. With over 1,000 internal vacancies put online in 2004, the site receives an average of 56,000 visits per month, representing the equivalent of one or two connections per month per employee.
The vacancies come from all the businesses of the Group: 50% from the Groupama Regional Mutuals and 50% from Groupama S.A. and its subsidiaries. There were over 700 internal job transfers in 2004.

Training at the heart of the action

The Group spends on average a little more than €55 million every year on training, which represents nearly 7% of the wage bill, of which 4.5% was voluntary expenditure. This investment is a major factor in the development of the staff's technical and managerial performance.

The businesses pursued and even increased training in 2004 by using the expertise of the Group training centre and by strengthening their networks of internal trainers and new technologies.

The development of distance learning represents a major benefit for the coming years. Distance learning helps to solve the problem of staff availability and geographical distance.

"E-training" solutions are now available, based on both an online training platform and CD-rom auto-training. A more substantial solution is currently being prepared for 2005.

In 2004, the Regional Mutuals invested heavily in training to promote geographical and/or functional staff mobility, arising from the businesses' restructuring (company projects, upgrading of the Regional Mutuals, organisation of customer services, etc.).

New recruits also underwent training as did sales staff to learn about new product offers (banking and packaged products).

In view of the launch of personal retirement plans in France ("PERP"s) following the Fillon reform on pensions, four pensions training modules have been designed and developed: pensions in France, farmers' pensions, personal pensions and pensions for the self-employed. Some 3,900 employees (mostly sales staff) from all Group businesses underwent a PERP training course based on these four modules.

Furthermore, a national training plan was also implemented on the new IFRS accounting policies which the Group is adopting with effect from 2005. Nearly 700 people from all Group businesses received IFRS training.

Specific training for Group managers

Two year-long part-time release courses run by the Group complete the management training courses on offer for business line managers:

- "Mission Manager", a course organised in partnership with ESCP-EAP since 1999, is designed for high-potential managers with close customer contact in Group businesses. In 2004, 20 managers attended the 6th version of the course, bringing to 119 the number of managers who have undergone this training since its launch;
- the senior management training course ("*Formation Supérieure des Managers*"), organised in partnership with ESSEC since 1998, is designed for senior high-potential Group executives. In 2004, 13 executives attended the 7th version of the course, bringing to 130 the number of managers who have undergone this training since its launch.

Better acquaintance with and better development of tomorrow's executives

The Group has put in place a number of procedures to prepare for the future management of the Group and identify and retain high-potential individuals as early as possible: career tracking, performance evaluation, pay reviews, identification and development of senior executives.
2004 marked the completion of the "Groupama Talents" programme. Launched in 2003, this programme was designed to foster listening during individual interviews. 850 senior managers or executives have taken part, expressing their vision and desires regarding their contribution to Group actions and projects. 60 internal consultants were trained in the specific features of the programme. A dedicated system entitled "*Grand Angle*" (Wide Angle) was also created for this programme to detail everyone's planned career path.

Groupama University, designed to promote dialogue and revitalise contacts between senior Group managers, continued to increase its training programme in 2004 regarding management problems under the banner "*Un soir, un jour*" (One evening, one day), and the highly effective "Focus" sessions that put the emphasis on analysis and development of particular areas of specialisation or expertise, and its programme of conferences specifically dedicated to senior managers of the Group.

Ongoing employee dialogue

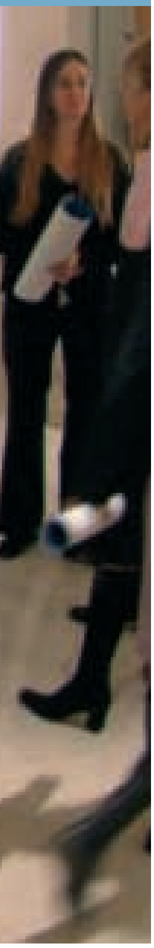
In order to implement the restructuring within the Group businesses, ongoing dialogue and negotiation was continued with staff representative bodies. The agreements reached covered not only harmonisation of employee terms and conditions in the reorganised businesses, but also broader topics such as mobility, professional equality, working hours, the organisational structure of staff representative bodies, pay, bonuses and profit sharing.

Nationally, a large number of joint meetings with the trade unions were held in 2004 for the purposes of negotiation, information and consultation, covering various levels of the Group. The Group consultative bodies and the UDSG Joint National Commissions (mutual division) met 11 times in the year.
The Group Committee (which met on 6 May 2004 and 5 October 2004 as well as a technical conference on 29 November) examined the following key matters: consolidated financial statements for 2003, consolidation of the Regional Mutuals, personal banking, the IT Group Strategy, and the project for floating part of the capital.
The European Committee met on 12 May and 8 September 2004. Following Hungary's entry to the European Union, the representatives of Groupama Biztosito became fully-fledged members having previously attended as observers. The European Committee examined the following matters: consolidated financial statements for 2003, the Group's situation in France and internationally focusing on the restructuring of the UK subsidiary following the non-renewal of the Saga contract.

GROUPAMA **UNDERTAKES**

• Groupama undertakes to employ people with disabilities: the UDSG (Groupama Social Development Unit) agreement covering employment of people with disabilities that was originally signed on 5 November 2002 was renewed at the end of 2004 for a further two years. Despite major commitments and average results only coming in at 36% of recruitment objectives, the Group wants to expand this programme. Many actions are planned in terms of hiring people with disabilities both by the businesses and on a national level. These include participation in employment forums dedicated to the recruitment of people with disabilities, partnership with various organisations such as Agefiph, Cap Emploi, APEC and Prométhée, dialogue with the association "Handiplace" and information on the association's website, which should boost Groupama's contribution to employing people with disabilities.

Key data and detailed breakdown



CHANGE IN EMPLOYEES

	2002	2003	2004
Total number of employees	**29,286**	**29,391**	**29,332**
• in France	25,782	26,203	26,539
• abroad	3,504	3,188	2,793
Distribution Networks in France (Regional Mutuals and subsidiaries)			
• sales force	8,963	9,179	9,371
• exclusive agents	3,514	2,482	2,372
• general agents	1,050	1,000	1,000

Representing **32,704 staff** (employees, exclusive agents and general agents)

BREAKDOWN BY COMPANIES, BUSINESS LINES, NETWORKS IN FRANCE

	2003	2004
Groupama S.A.	1,495	1,518
Head office and SAV[1] of the Regional Mutuals	8,160	8,167
Sales forces of the Regional Mutuals (excluding exclusive agents)	6,958	7,089
Head office and SAV[1] of the subsidiaries with overall customer/network relations[2]	3,595	3,655
Sales forces of the subsidiaries with overall customer/network relations[2]	2,221	2,283
Insurance/banking and related services subsidiaries in France	1,032	1,104
Of which Groupama Banque	*201*	*259*
Financial and real estate subsidiaries	726	692
Business line support functions (IT, logistics)	2,016	2,031

(1) After sales services.
(2) Gan Assurances, Gan Eurocourtage, Gan Patrimoine, Gan Prévoyance, Groupama Transport.

GEOGRAPHICAL BREAKDOWN

in %

	2004
Regions	65
Paris	24
Abroad	11

GENDER BREAKDOWN

in %

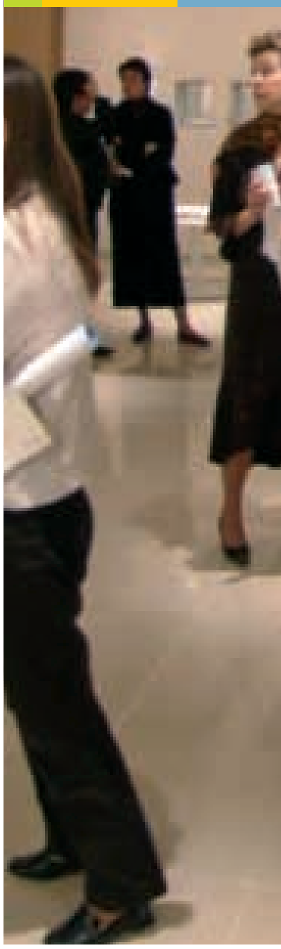
	2004
Women	57
Men	43

RECRUITMENT

	2004
Permanent external recruits	1,836
of which people under 26 years old	428

TRAINING

	2003 data
% of the wage bill relating to voluntary training (per French tax law)	4.5
Trainees (% of employees)	57.1



A commercial dynamic serving members and customers

Operational effectiveness and performance in order to provide the best service at lowest cost are at the heart of the Group's priorities.

Listening to members and customers

For over 10 years, Groupama has systematically implemented a large-scale policy of listening to customers at both national and regional level.

Every year specific surveys are conducted following claims. For the Regional Mutuals, over 33,000 motor and home customers responded to questionnaires regarding the handling of their claims in 2004: policyholders have confirmed they are extremely satisfied with the new services like Auto-Presto, starting with reporting of an incident, via assessment and repairs, right through to payment.

As soon as a new service is launched, *ad hoc* studies are conducted to ensure the service is performed properly and to take corrective action where necessary. All certified Group businesses also have a satisfaction barometer.

Each survey establishes areas of improvement that are subsequently translated into real quality and action plans and implemented in practice.

Furthermore, for the first time in 2004, two specialised surveys were developed to assess the perception of policyholders regarding the service quality specifically for professional risks affecting farmers, small traders and service providers.

At the beginning of the year, over 10,000 agricultural members responded to the questionnaire sent to them. In addition to replying to the 70 questions asked, 36% of them added their expectations in the free text space for this purpose. Professionals are increasingly satisfied with their mutual's competitive prices and remain very attached to the local presence and quality of the advice given. 90% state that they are very satisfied with the services of their branch or their commercial consultant. The professionals wish to receive regular offers for new cover. Many of them are very satisfied with the handling of their claim and the satisfaction score for prevention advice is also very high at 91%.

At the end of the year, nearly 9,700 professional policyholders with the Regional Mutuals or Gan Assurances had responded to the questionnaires sent to them. They also acknowledged the Group's professionalism: 87% of customers declared they were satisfied with the services of their insurance company.

Gan Prévoyance conducted its annual quality survey by telephone with over 5,000 policyholders which gave an insight into the trends in customer satisfaction at key moments in their lives. 92% of its policyholders state that they are generally satisfied.

Donnons à la vie toutes ses chances.

c'est avec l'esprit libre qu'on avance

Groupama Regional Mutuals: continued to grow and roll out the banking business

The **Regional Mutuals** –including Groupama Vie which handles the Mutuals' life insurance business– **posted growth of 2.4% in 2004 at €5.9 billion**. In **non-life**, the Regional Mutuals achieved an increase in premium income of 2.5%, resulting from growth in the main branches. The **life and health insurance** business of the Regional Mutuals grew 2.3%. The increase in health insurance was 7.8% and was also significant for other insurance products such as personal accident cover (up 26.7%) or long-term care insurance (up 7.8%). Premium income for the life insurance business of the Regional Mutuals edged down to €1.6 billion (down 1.2%). Before exceptional business, however, this business posted growth of 4.4% on last year.

2004 is the first full year of operation of the **banking business**. Significant steps were taken regionally and nationally with the commercial networks of the Regional Mutuals to build up the range of products for Groupama Banque. Operationally, the start-up phase has been a success. 6,500 consultants have received training. Commercially, Groupama Banque had captured 195,000 customers by the end of 2004, just 18 months after the launch of the business. The specialist press has noticed our banking offer, emphasising the fact that it is innovative and competitive in terms of pricing.

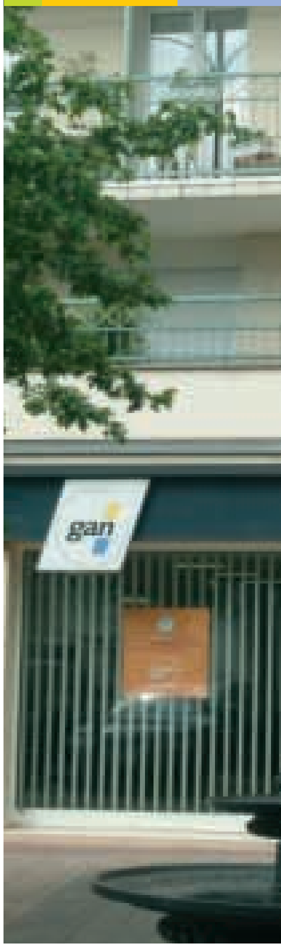
With a view to enhancing the efficiency of the Regional Mutuals' networks, standard systems and procedures such as a call centre and customer relations management continue to be deployed.

Gan Assurances: the general agents and the representatives continue to generate growth: up 3.9% in 2004 at €2.1 billion

In **non-life**: up 8.6% driven largely by a 55,000 increase in the number of private and professional policies, and business and local authorities insurance for which premium income rose 12.7%, bolstered by new policies and targeted price rises. In **life and health insurance**, premium income remained stable compared to 2003. The Gan Assurances business posted a sharp rise in health insurance premium income (up 12%). Individual life insurance was successful especially its Gan Épargne Énergie product, which represented a major step forward for the general agents and their staff.

The Enterprise Project is up and running. With widespread support from general agents (more than 85% signed the charter), the operational deployment of Gan Assurances's Enterprise Project continued in 2004. All branches can now benefit from the technical support services for the network provided by Gan Souscription. At the same time, 20% of branches and their customers take advantage of Gan Services for claims administration, and Gan Fil for diverting calls away from the branches. Over 250,000 customer calls and nearly 30,000 claims files were processed on behalf of the branches in 2004.

Another key event in 2004 for Gan Assurances was the migration of the non-life information system to Sigma, the Group software, which will continue to be rolled out in 2005.



An offering geared to customers' requirements. The Enterprise Project confirms the desire to develop an innovative product and services offering to promote a global marketing and customer loyalty approach.

The Gan Assurances network is an expert network for risks and the needs of businesses, particularly SMEs, and all professionals, small traders, self-employed professionals and farmers, for both non-life and individual or group life insurance. This priority is illustrated by Gan Assurances' renewed commitment to company founders for the MiniMAX program, the launch of a new provident/health insurance offering designed for business owners/managers and the Pensions Diagnostic programme developed during 2004 following new regulations introduced by the *Fillon* reform regarding personal and group pensions. The success of Omnipro, a professional multi-risk insurance product offering a global solution for all traders, craftsmen, self-employed professionals and farmers, is also unquestionable proof of its expertise.

For private individuals, the entire range of motor, home, health, provident and savings insurance products has been revitalised by the launch of "Rebonds 2004". Over 37,000 policies were sold by the branches in two months.

Gan Eurocourtage: stable brokerage income in 2004 of €1.4 billion

Gan Eurocourtage IARD, the non-life insurance company of Gan Eurocourtage (France's third largest non-life insurance brokerage network), recorded premium income of €800 million, up 4.7% on 2003. Alongside the price increases, a more selective risk strategy was pursued. For private individuals and professionals, the success enjoyed by the extranet e-broking tool led to growth in premiums of 2.0% and a similar number of policies in the portfolio as last year. For corporate insurance, the continuing improvement in the underwriting margin resulted in a combined ratio of 98% coupled with an increase in premium income of 3.5%.

Gan Eurocourtage intends to continue developing high added value solutions for its customers (private individuals/professionals, SMEs), making more extensive use of the extranet resource in its relations with brokers. For the second year running, Gan Eurocourtage was awarded the *Prix d'Excellence 2004* by the *Syndicat des Assureurs Conseils* for the quality of its services.

Premium income for Gan Eurocourtage Vie (Group insurance) stood at €565 million, a 5.5% reduction compared with 2003. This reduction is due to the non-renewal of exceptional single premiums earned in 2003. However, the Provident-Health lead underwriter business posted significant growth (up 9.5%) compared to 2003, boosted by sustained new business both for standard policies and tailored policies.

Gan Eurocourtage Vie launched one of the very first "PERE" in the market in 2004, namely *Dimension PEREnnité*. This group product that falls under the *Fillon* reform on pensions, enables businesses to offer their employees a defined contribution pensions scheme with the option for additional voluntary contributions from the employees.
Backed by its experience and expertise in group schemes, Gan Eurocourtage Vie intends to remain a major player in-group pensions by offering a complete and innovative range of products.

Gan Patrimoine: a good profit, sound fundamentals and a restructured network

Gan Patrimoine's premium income came in at **€542 million**, down 6.6%, due to a steep decline from policies expiring, which are usually renewed. However, there was growth in new funds and an improvement in statistical reserves.

In addition to fundamental steps taken to improve margins in line with Group objectives, Gan Patrimoine launched a three-year action plan designed to bolster the company's commercial success. This plan includes a variety of measures for the organisation, management, human resources and charges paid to the exclusive agents.

In line with the strategic plan, Gan Patrimoine began by completing the launch of Customer Relations Management ("CRM"). The company expanded the product range by developing a global pensions offering including a PERP product associated with other savings and provident insurance products.

These commercial operations were accompanied by a complete overhaul of the laptops used by the commercial network, followed by the launch and deployment of the Groupama Banque banking services. Integrated sales assistance tools are now up and running thereby facilitating the presentation of the commercial offering to customers.

These changes involving both products and resources have enabled the exclusive agents to adopt a more comprehensive approach taking account of customer requirements, thereby contributing to growth in the business.

Gan Prévoyance: strong growth in 2004

Gan Prévoyance posted growth of 8.8% with 2004 premium income amounting to €432 million, resulting from the success of pensions products (up 15.7%) and single premium policies (up 33.7%), as well as a surge in health insurance (up 57%).

Gan Prévoyance specialises in provident insurance, pensions, savings and personal health aiming to attract and develop a customer base of private individuals and the self-employed.
It hired new sales staff in 2004 increasing the total sales force to over 1,200 salaried consultants.

Gan Prévoyance celebrated its 60-year anniversary at the beginning of 2005. Backed by many years of experience in personal protection, for the last few years the company has been marketing an innovative product range in pensions and savings, and health insurance since 2001. Its offering, now comprehensive and personalised, meets demand both from private individuals and the self-employed.

Expertise of a local network. Gan Prévoyance has the advantage of a local network of branches throughout the whole of France. Consultants visit their customers at home and each of them has a laptop computer connected to the central systems. They can therefore define the needs of their customers based on their mandatory social security cover, their income and expenses, and can offer various adaptable solutions in real time to insure the family bread winner, his/her partner and children.

In 2002, a Quality Charter was created and the company is now moving towards ISO certification in 2006.

Gan Prévoyance is a dynamic company selling innovative products: Gan Avenir Enfant, a provident and savings product launched in 1999, designed to build a capital sum for children to start out in life, is currently unique on the market.

Information systems integration

The first phase of the IT Development Plan (*Schéma directeur informatique*) (2002-2007), which is managed by the Groupama IT Systems EIG, was completed at the end of 2004.

The main objectives of this phase were met in terms of cost reduction, progress of the major strategic programmes to assist the Group's growth and alignment of strategic and operational priorities among Group companies. 2004 also saw a major step forward in the development of the EIG, as all staff transferred to a single standard status. The second phase of the IT Development Plan will be largely focused on the merger and harmonisation of the Regional Mutuals towards targeted organisations and systems, and commercial development. Three other EIGs (CIRSO, IG3M, CIBAMA), which manage the IT function on behalf of certain Regional Mutuals, are participating in the implementation of the IT Development Plan.

Cost reductions

The cost reduction programme launched in 2002 within Groupama SI is bearing fruit. Continuing the trend of savings achieved in 2002 and 2003 totalling €41 million within the scope of the IT Development Plan, further savings of over €10 million were achieved in 2004. Groupama SI has continued to lower its overheads and operating costs despite a large number of new projects. At the same time, exceptional investment costs increased by nearly €50 million in 2004 relating principally to financial projects, such as the new IFRS accounting standards, the Enterprise Project of Gan Assurances (e.g. the migration of the non-life IT system to the Groupama system) and the consolidation of the Regional Mutuals. Groupama SI will continue to streamline its operations to meet Group demands in terms of profitability. This is illustrated by the €35 million savings between budget 2004 and 2005 which largely relate to operating costs and overheads. Project costs remain stable.

Streamlining and upgrading infrastructures

The streamlining of Group IT infrastructures was virtually completed in 2004. After the first stage of systems standardisation in 2002-2003, which led to cost reductions and simpler procedures, 2004 was dedicated to streamlining operations. This was achieved by the construction of a new building in Bourges, which completes the first phase of the implementation of a secure platform.

Streamlining back office functions and sales systems

The streamlining of back office functions and reorganisation of the call centre are continuing, leading to standard information systems and a reduction in the number of sales systems.

Standardisation of Health products

The Group has gone from 4 to 2 systems for Health production. In addition, the AVT software suite, chosen to manage the Group's Health services, has been deployed throughout the full range of "individual" activity of the Regional Mutuals as well as Gan Assurances and Gan Eurocourtage for the "group" activities. By the end of 2004, nearly 2 million beneficiaries were being managed through AVT.

Parallel to these developments, since February 2004 the direct payment system was incorporated in the individual offers of 10 Regional Mutuals, Gan Prévoyance Santé and the collective products of the Gan networks.

Standardisation of non-life products

Since November 2004 Gan Assurances has used the SIGMA system, a single management system for non-life insurance within Groupama. The convergence programme is one of the biggest data conversion programmes carried out by Groupama SI and concerns nearly 3 million policies.

Improvement in sales aids

The rationalisation of sales aids has continued throughout 2004, contributing to the improvement of sales productivity:
- in the field of Individual Life, using a specialised tool for pensions,
- in the field of Property & Casualty and Health, with Sonia, the second version of the new pricing and target subscription tool.

CRM: a better response to customer needs

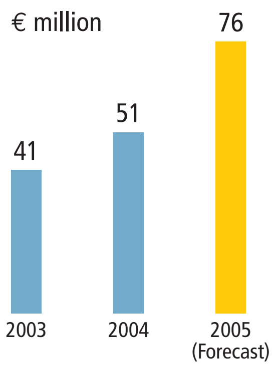
The second version of the Customer Relations Management system was deployed simultaneously throughout the Regional Mutuals and Gan Patrimoine, and by the year end in Groupama Océan Indien. Preparations have been made to instal this system at Gan Prévoyance and Gan Assurances in 2005.

Thanks to a single customer file, the 7,000 sales staff of the two brands now have a better overall knowledge of their customers, and can meet their requirements more effectively.

Consolidation of the Regional Mutuals

Since its inception, Groupama SI has accompanied the consolidation undertaken by the Regional Mutuals, setting up the target information system for the new entities.
In 2004, work was carried out for Groupama Rhône-Alpes Auvergne (consolidation of the Rhône-Alpes and Centre-Sud Regional Mutuals), Groupama d'Oc North (consolidation of the Oc and Pays Verts

Reduction in IT costs within the scope of the IT Development Plan (Groupama SI and other EIG).



Regional Mutuals) and Paris Val de Loire (consolidation of the Loire Bourgogne and Picardie Ile-de-France Regional Mutuals).

Evolutionary governance

The establishment of shared organs of governance covering all the entities and activities has made significant improvements in IT functioning possible since 2002.

The new Group organs established in 2004 consolidated the introduction of an IT dimension in the Operational Committees, responsible for working out the details of the strategic directions set by the Group Executive Committee.

The IT Operating Committee, constituted by the Group's IT managers, examines any questions concerning the architecture of IT systems, and the choice and harmonisation of infrastructures and major technologies, as well as questions of reliability and system security.

In addition, the eight domain committees composed of IT and procurement representatives are responsible for the investments made by each activity. They oversee the alignment of IT choices with the business activity priorities.

2004, year of the unification of Groupama SI's activities

The adoption of a single collective bargaining status and a shared system of pay and time management in 2004 was a turning point in the entity's management of human resources.

Grouping the activities on 4 sites is nearly completed. This has been accompanied by the *Trajectoires* programme, which has enabled nearly 400 staff relocations to be organised since January 2003, in the majority of cases leading to the professional advancement of the staff concerned.

GROUPAMA **UNDERTAKES**

• **A contribution to the environmental and social goals of sustainable development:** in the context of the planned replacement of office equipment, which involves some 15,000 work stations, Groupama SI has decided to recycle the obsolete equipment as far as possible, in collaboration with APR2, a recycling company specialising in electrical and electronic waste and equipment. The components containing re-usable ferrous and non-ferrous metals (cards and motherboards, processors, cables, metal housings etc.) will be sorted and then sold for scrap to recognised scrap metal specialists. Materials that cannot be recycled will be cleanly destroyed, some of them, such as certain plastics, being used as energy sources. 57 tonnes of miscellaneous materials have already been processed. Recycling is also a means of encouraging and assisting some twenty persons with a disability who work for APR2. And in 2004 there was a new initiative on the part of the Groupama Health Foundation, which resulted in the gift of IT equipment to charitable organisations.

Risk management for the security of the Group and its policyholders

Organisation of risk management within the Group

This is structured on three levels, corresponding to the organisational structure of the Group itself: the Regional Mutuals, Groupama S.A. and its subsidiaries, and the Group hierarchy.

The Regional Mutuals

They are autonomous legal entities which implement their own systems of internal control and assume the management of their own risks. For financial year 2004, anticipating the decree of 3 January 2005 concerning the governance of mutual insurance companies, the Chairman of the Board of Directors of each Regional Mutual produced a report on its internal controls, which was submitted for advice to the external auditors. The reinsurance of the Regional Mutuals is held by Groupama S.A., according to the standards set by the Reinsurance Agreement. For risks linked to the distribution of banking and life insurance products, the Regional Mutuals apply the risk management measures specified by Groupama Banque and Groupama Vie.

Groupama S.A. and its subsidiaries

The principal risks are managed within a structure under the direction of Groupama S.A.

- Reinsurance risks are managed by the Reinsurance and Steering Department (Group Financial Department),
- Asset risks and asset/liability management risks are managed by the Group Financial Department,
- Operational risks concerning IT and logistics are managed by the EIG structures delegated for these functions (respectively Groupama SI and Groupama Logistique),
- Legal risks are managed by the Legal Department of Groupama S.A. (money laundering, Data Protection Act etc.).

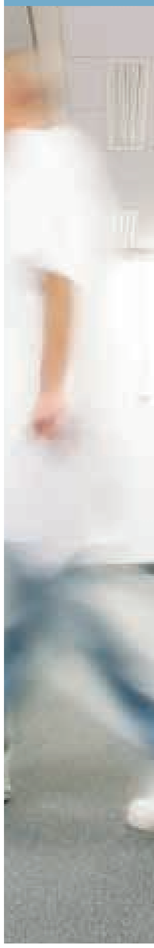
Group

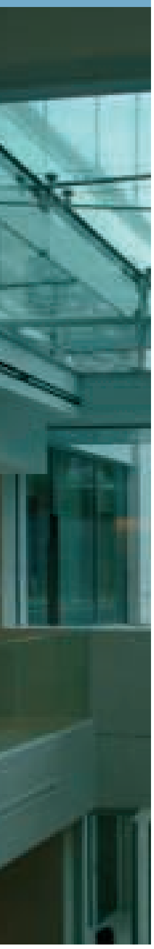
The Group Internal Audit and Actuarial team carries out a global economic and financial audit of the main Group entities every three years, in addition to the operational audits carried out by each entity.

The mission plan for the Group Internal Audit and Actuarial team is validated by the Chief Executive Officer of Groupama S.A. and will be presented in 2005 to the Audit and Accounts Committee of Groupama S.A. The operational audit plans for the Regional Mutuals and the Groupama S.A. subsidiaries are approved at the level of their respective General Managements.

An Internal Control and Group Risk Management unit was created in 2004 with responsibility for coordinating and directing risk management within the Group. It is responsible for steering the use of internal control measures in the Group companies, and for implementing cross-functional action plans concerning risk management. In 2004, it completed a map of risks common to insurance companies.

The Group Management Control function is responsible for the permanent supervision of results and the achievement of Group objectives. Each Regional Mutual and each subsidiary of Groupama S.A. likewise has a management control function.





Insurance risks

The Business Departments of Groupama S.A. ensure that the range of products is adapted to the Group's strategy. The design of Life Insurance and Non-Life products is the responsibility of the Business Departments of Groupama S.A. It depends on actuarial market research and profitability studies carried out to ensure control of margins. The Regional Mutuals and the subsidiaries of Groupama S.A. are subsequently responsible for their sale and management.

Delegations of authority for underwriting and claims are defined in all the Group companies. Risks are accepted or refused at each level of delegation on the basis of the underwriting guides which incorporate the Group's technical and commercial rules. The Business Departments of Groupama S.A. handle the most important and the most complex underwriting or claims files directly.

The reinsurance process is organised on two levels. Internal reinsurance is assumed by Groupama S.A. for all entities in the Group, and aims to optimise the retentions for each entity. External reinsurance specifies the optimal reinsurance structure for the Group and the level of risk coverage on the basis of a computer model. Rules for selection defined in the Committee for Security and Reinsurance –consisting of the External Reinsurance Department of Groupama S.A. and several of its subsidiaries– are based on the rating agencies' classifications and are designed to control the solvency risk of the reinsurers.

Accumulations due to the occurrence of natural catastrophes are controlled by Groupama S.A., at the time of underwriting (limitation of commitments by site) and on reinsurance in order to decide on the commitments ceded to reinsurers (on the basis of simulations of portfolio exposures).

Financial risks

Asset risks

Within the Group Financial Department, the Investments Department oversees the management of asset risk.

As regards risks concerning investments, risk limits are established and their observation is tracked, in addition to asset management control procedures. For equities, the limits fix the minimum liquidity levels, expressed in numbers of days necessary for the sale of a line, the maximum percentage to be held in capital assets and in liquidities, and the dispersion ratios. For bonds, weightings are fixed according to ratings, with dispersion limits and control over outstanding items.

The Group's management entity, Groupama Asset Management, has its own risk-tracking department, whose managers adopt their own measurements, steerage and tracking of risk.

As regards real estate assets, risk management has been strengthened by the creation of an Audit and Risk Control Department within Groupama Immobilier.

Risks of Asset/Liability Management

Since the middle of the 1990s, Groupama has had within the Group Financial Department a specialised department for Asset / Liability Management, which tracks balance sheet equilibrium, establishes the necessary risk analysis tools and recommends asset / liability strategies. These subjects are addressed during quarterly asset / liability committee meetings for each insurance company. There is in addition a project in progress, the aim of which is to furnish the Group with a single tool for forecast simulations, valid equally for strategic planning purposes, valuations and asset / liability management.

Compliance with regulations

The Group Financial Department provides tracking of compliance with prudential regulations, in particular as regards solvency margin cover and the commitments of each entity in Groupama S.A., and the consolidated Group solvency margin cover. It proposes and implements the most appropriate financial solutions for the optimum allocation of capital funds within the Group.

Legal risks

Fight against money laundering

The entities within Groupama carry out all their legal obligations and the recommendations of their profession concerning the fight against money laundering. The internal control measures are based on knowledge of customers, and also on a set of checks carried out prior to execution of any operation, followed *a posteriori* by database analyses.
Each entity within Groupama has a designated TRACFIN contact person.

Data Protection Act

Each Groupama entity has appointed a member of its staff to track the application of the Data Protection Act. This person is responsible for checking the conformity of identification details, computerised data management and documents sent to the customer and monitors the declarations made to the French National Data Protection Commission.

In the fight against money laundering and the application of the Data Protection Act, the Legal and Fiscal Support Department of Groupama S.A. provides permanent methodological and legal assistance for the whole Group.

Operational risk

Insurance program

An insurance programme has been established with the aim of providing liability coverage and protection of the assets of the Regional Mutuals and Groupama S.A. and its subsidiaries. The policies are shared between internal and external insurers (for the more important risks). The principal guarantees are as follows:
- staff insurance,
- third party liability for executive agents,
- professional third party liability,
- operating third party liability,
- non-life insurance for goods and property (real estate, offices, equipment, vehicle fleets etc.).

Continuity of data management activity

The Group's shared IT facilities have been extended by a second IT site to ensure continuity of service in the event of accident or failure on the first site. This second site was operational in July 2004.

Social responsibility: fifty years of prevention

Over the past fifty years Groupama has developed a very active risk prevention policy, corresponding to its vision of the role of responsible insurer: first and foremost, to anticipate risk in order to protect people and property.

To this end, Groupama innovates in the provision of advice, and technical and general information (guides, technical documents etc.) for its members and customers. These actions may be individual or collective, at all levels of the organisation, from the representatives of the Local Mutuals to teams of engineers based in the regional or national head offices. Technical partnerships have been formed with leading players in the security industry. Prevention teams are present in all the Regional Mutuals and the principal subsidiaries. Groupama sees its role of "preventer" as an important part of its business.
In the light of its agricultural origins, prevention at Groupama was initially "rural prevention", aimed at reducing the number of fires and personal accidents on farms and smallholdings during the 1950s. This original level of prevention was extended as the Group entered new markets, to cover private individuals, professionals, local authorities and businesses. The Group's prevention activities evolved to take account of changing risks and the continual need for new responses.
A few examples illustrate the depth of the Group's knowledge and expertise in this field.

A permanent commitment to road safety

This commitment is demonstrated in numerous permanent training and awareness programmes, directed particularly towards the young.

• **the Centaure network**, created jointly by Groupama, the *Caisse des Dépôts et Consignations* (a French public investment organisation) and the Association of French Motorway Operators, has established nine road safety training centres throughout France. More than 300,000 people have trained there since the creation of Centaure in 1984. In 2004, 41,500 novice and experienced drivers took courses at these centres –including 24,000 Groupama mutual members, whose courses are financed by the Group. The originality of the Centaure method is based on raising the driver's awareness of the main accident scenarii using specially devised settings and specially equiped vehicles. These training sessions, which are constantly updated, show concrete examples of the risks the driver may run and their own limits.

• **"*10 de conduite jeune*"** ('A' in driving for young people): this scheme –aimed at 16/18-year old in school– has been organised by the French police, Renault, Total, Centaure and Groupama. The aim is to raise the youngsters' awareness of the highway code and enable them to practise driving in a dual-control vehicle.

• **"*10 de conduite rurale*"** ('A' in rural driving): an operation associating the Police Nationale, Claas, Total and Groupama, with two training units that tour agricultural colleges to educate students in the safe use of tractors and farm machinery. Every year for the past 30 years, a national championship has rewarded the best.

• **"Groupama Prevention"**, created in 2001 by Groupama, offers young people a training course

in road safety that takes them from 14 to the age when they can start learning to drive on the roads.

• **You're never too old to be a good driver**. Established by Groupama in 1998 in partnership with the National Federation of Rural Seniors Clubs, this programme raises awareness and trains seniors in risk prevention so that they can continue to drive as long as possible under the best safety conditions.

• **Cesvi-France**, a car-repair research and training centre, created by Groupama and two other insurers, also contributes to road safety and energy saving by carrying out research into optimising the quality of repairs –and thus the reliability of vehicles (for example research on bumpers).

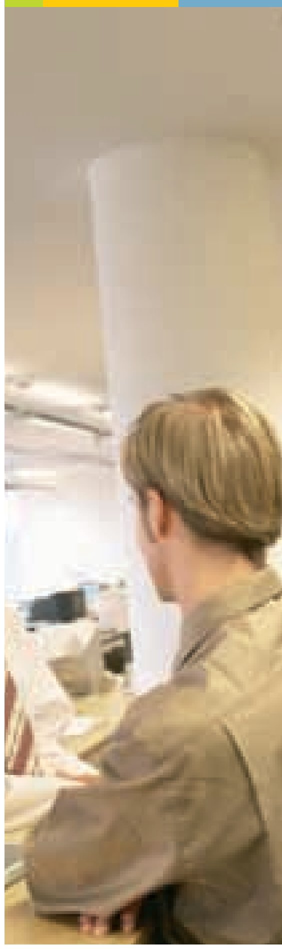
Helping farmers in preventive risk management

Helping farm workers in the preventive management of agricultural risk is a central element in the Groupama approach, with over €5 million invested each year in actions to improve safety in both professional and private environments. In the Regional Mutuals and Groupama S.A. there are over 120 engineers and technicians whose expertise is used to provide the technical and practical advice that farm workers need in order to introduce practical measures to reduce risk. Application of this expertise, supported by regional and national studies analysing the various risks in each sector of agricultural activity, is through a series of tailored approaches and concrete applications: safety audits for farms together with proposals for risk management practices, the distribution of advice on best practices concerning working conditions, the use of crop treatments, safety precautions in the management of energy sources and fluids, greater use of individual protection equipment, etc. Keeping farm workers informed is a key element, and a range of publications has been specifically designed for them: the "*Guide Attitude Prevention*" to reinforce the safety of people working on farms, technical brochures on food contamination, machine safety, the safety management of energy sources, the construction of commercial greenhouses, etc.

Partnerships developed with specialised institutes such as Arvalis (an institution specialising in the management of plant treatment products) and generally with players concerned with safety in the agricultural world have made possible the production of many technical documents that help farmers with decision making in domains as specialised as the safety of feed storage silos, or the safety of heating elements used in stock and poultry rearing.

In 2005 Groupama signed a partnership agreement with Promotelec for their joint contribution to lasting improvements in the safety and quality of electrical installations used in agricultural activities.

In the field of **nutritional safety**, Groupama, in collaboration with specialist partners, provides its customers with the amalys.com website and the Amalys news bulletin which both offer a wide range of health watch information.



Health protection: prevention and improvement in the quality of care and reduction of costs

The leading personal health insurer, Groupama offers a top of the line package with Groupama Santé Active, a complementary insurance covering care costs.

- colon cancer detection. Although detection of this cancer, which kills 15,000 people a year, has not yet been systematically implemented in France and is not reimbursed by the state, Groupama organises and reimburses a test every other year for all insured persons over 50 years old,
- treatment of influenza. The new medicine specifically aimed at the influenza virus has been commercially available since 2000 but is not reimbursed by Social Security. Groupama, which already reimburses the vaccine, has decided to reimburse the medicine as well,
- prevention of dental caries. Beside the quality of teeth brushing and of oral hygiene, sealing tooth ridges and the use of fluoride coatings contribute to the prevention of dental caries in young children. Long before these preventive actions were reimbursed by the national health regime, Groupama made them free of charge for children between 6 and 12 through all practitioners in its network.
- control of origin of prescription lenses. This procedure, established in collaboration with Groupama's optician partners, represents a guarantee of quality for the consumer.

Groupama finances the association of health promotion insurers (*Assureurs Prevention Santé –"APS"*) and participates actively in its activities: this year the APS financed a campaign for preventing child obesity in 10 towns throughout France. Note that the prevention of child obesity is one of the major objectives of public health policy.

Elsewhere, the Group financed and piloted the Groupama Health Partners project for three years with the support of *Mutualité Sociale Agricole*. This collective experiment, arising out of the statutes of 1996 and intended to explore ways and means of improving health care through better coordination between the parties concerned, brought together a voluntary grouping of a hundred general medical practitioners and 4,000 agricultural policyholders in the departments of Allier, Côtes d'Armor and Pyrénées-Atlantiques. Ending in 2002, the experiment led to the optimisation of medical practices, an improvement in the quality of treatment and a reduction in prescription costs incurred by general practitioners (approx 15% less). All those involved expressed their satisfaction. The Groupama Health Partners experiment has proved that it works and was the subject of a specific annex in the government report in 2004.

Industrial and local authority risk: a growing role for prevention advice

Businesses and local authorities have been particularly concerned by the major claims that have arisen in recent years: the storms of 1999 affected one local authority in two; floods struck several times in the south of France; the AZF disaster in Toulouse highlighted the allocation of responsibility in certain industrial practices.

In this context, Groupama has stepped up its activities as a source of prevention and advice. Fully aware that the role of a responsible insurer is not limited to the simple payment of claims, the Group has developed a relationship with businesses and local authorities aimed at their long-term security by focusing on the

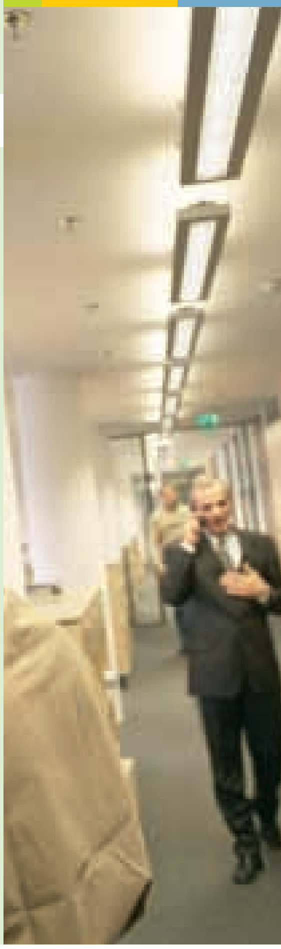
analysis and control of risk as far upstream as possible. This proactive approach was illustrated in 2002 by the creation and development of Group task forces specialising in the Environment and Control of Health risks at national level. With teams drawn from various entities within the group capitalising on their complementary know-how, these task forces put their expertise at the service of all the networks and assist them in the implementation of risk prevention procedures for their customers.
The Regional Mutuals and the subsidiaries concerned in the business markets carry out risk verification campaigns with the aid of technical specialists, inspectors and prevention consultants. Every visit is followed by a risk prevention report to the senior management specifying the measures to be taken to reduce exposure to risks (fire, explosion, flooding, pollution, etc.).

In 2004, they carried out:
- creation of a reference basis for prevention of fire risks in the agri-food industries,
- deployment throughout all networks of a tool for prevention of motor risks in business and local authority fleets,
- development of a risk analysis tool,
- a documentary database on climate risk.

As regards local authorities, the advisory-partnership dimension was demonstrated in practical terms through numerous training and information initiatives. Published in 2002 and regularly updated, the Guide Info-Maires (mayors' information pack) helps elected representatives handle increasing levels of risk and the growing complexity of municipal management activities, keeping them regularly informed about administrative regulations concerning their personal liability, with the aid of information cards and assessment forms for sensitive areas such as recreation grounds, traffic in built-up areas etc. and useful advice about risk prevention.

SOME KEY **DATES**

1955 – Creation of *Prévention Rurale*.
1960 – GROUPAMA recommends the installation of warning lights on agricultural machinery. This becomes obligatory.
1965 – At the Rehabilitation Centre at Les Massues in Lyon, GROUPAMA participates in the spread of the knowledge and experience of its Spinal Therapy unit.
1972 – Launch of "*10 de conduite rurale*" for drivers of agricultural machinery.
1984 – Creation of the first Centaure centre in partnership with the *Caisse des Dépôts* and the Association of French motorway operators.
1995 – GROUPAMA creates "*10 de conduite jeune*" for teaching school-age children to drive.
2001 – Launch of *Opération GP*, specifically aimed at young policyholders between 14 and 25.
2002 – Launch of the *Guide Info-Maires*.
2004 – Publication of the *Guide Attitude Prevention* to encourage a safety conscious attitude on farms.



Associations and prevention

The creation of insurance offers aimed at small associations has been accompanied by increased information about risk prevention –in particular those linked to sports activities. Through the network of associations, advisory leaflets have been widely distributed for activities such as hiking, climbing, canyoning, winter sports, open air sports meetings, organisation of exceptional events (marquees, fireworks) and events involving vehicles etc., and information meetings have been organised by the Regional Mutuals.

Social responsibility: the Foundations

Groupama acts and makes progress to serve everyone. Our commitments to social responsibility are directly linked to our mutualist outlook –local presence, responsibility and solidarity. This is a long-term outlook, and Groupama intends to pursue these actions and increase their scope.

The Groupama Foundation

A Corporate Foundation for Health

Since January 1, 2004, each of the Regional Mutuals, represented by its Chairman, has been a founder member of the corporate foundation "*Fondation Groupama pour la Santé*".
The Foundation helps in the fight against rare diseases –considered one of the five public health priorities by the French government– and supports the IEG (European Institute of Genetic Mutation) and the private rehabilitation hospital of Les Massues.

Helping to combat rare diseases

Since its creation in 2000, the Foundation has backed nearly 100 projects for a global total of €2.7 million, combating patient isolation, improving the circulation of information and supporting research into rare diseases. The Regional Mutuals have provided their own additional help for 27 of these projects.
Thanks to this financial, material and human support, the Foundation, alongside other players such as the associations and Orphanet, the European database on rare diseases created by the French government statistical agency INSERM, has helped to further knowledge and the recognition of rare diseases.

Circulate the information

Groupama has carried out awareness campaigns aimed at members and employees, such as its participation in the "*Marche des Maladies Rares*" sponsored walk organised on the day of the *Téléthon* charity event with the assistance of nearly 100 employees of Groupama S.A., or such as the sponsorship by Groupama Paris Val de Loire of three associations supported by the Foundation.

The Fondation Groupama pour la Santé has signed a three-year agreement with INSERM, the French government statistical agency, through Orphanet in order to continue the support provided to patients' associations in particular for the creation and development of Internet sites with the assistance of a webmaster. 108 associations use these services.
The Foundation has launched a collection of documents on rare diseases intended for the medical profession and patients.

It also sponsors high-level meetings so that information on the latest advances in treatment and research can be circulated. For example, a meeting to develop recommendations for the early preventive care of heart attacks in children and adults with Marfan's syndrome was atttended by 30 specialists. Their recommendations will be circulated to heart specialists.

The first scientific convention held by the French cystic fibrosis federation was attended by 200 medical and paramedical specialists.

Combating patient isolation

In its efforts to combat patient isolation, the *Fondation Groupama pour la Santé* has sponsored a number of very innovative projects involving children in specialised centres, integration in schools and access to new communication technologies.
For the second year running, the Foundation has sponsored 20 children to stay in a leisure facility with medical support –unique in France– run by L'Envol association.

A partnership was signed in 2005 to enable the Regional Mutuals to be associated with this sponsorship.

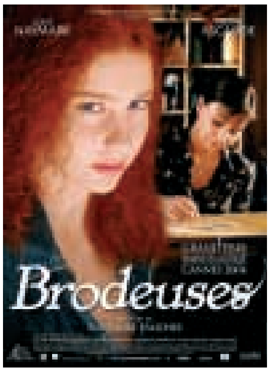
With Groupama Alpes Méditerranée, the Foundation invited two children from the association "*Petits Princes*", which helps seriously ill children to realise their dreams, to participate in the start of a multihull Grand Prix and to meet Franck Cammas. Three other children from the association also participated in launching the new trimaran Groupama at Lorient.

For the third year running, the Foundation and Groupama Loire Bretagne have renewed their support for *Rire Médecin*, an association of professional clowns, which visits children in the University Hospital at Nantes.

The Foundation, with Groupama Paris Val de Loire, also supported the association *Vivement l'École,* which provides for the primary education of a young autistic child accompanied by a specialist. "**Surrounded by a class and properly supported, the child can make real progress and progressively develop greater independence**," says the chairwoman of the association. This experiment is part of a pilot research programme in France entitled "School and the Cognitive Sciences", carried out under the guidance of Professor Jean-Louis Adrien of the Psychology Institute at the Université René Descartes (Paris V).

In order to encourage the use of new communication technologies by the sufferers, the Foundation, in conjunction with Groupama Nord-Est, has financed the installation of equipment that enables computers to be used by a simple movement of the head (trackers) or eyes (visio board).

The Internet site of the *Fondation Groupama pour la Santé* is www.fondation-groupama.com, showing details of the Foundation and its services. Launched in 2001, it has an average of 5,200 visits per month (up from 2,000 in 2003). It answers a real need and has received the accolade of the *Union des Annonceurs* (UDA).



Contributing to medical research

In 2004, the *Fondation Groupama pour la Santé* awarded €22,500 to a young researcher who, after completing a post-doctoral course abroad, wanted to return to France to continue his research.
In partnership with the *Fondation pour la Recherche Médicale*, this assistance has been extended to other young researchers finishing their theses (in 3 years, 12 awards of €15,000 have been made).
In addition, the Foundation has maintained its support for research work carried out by the IEG (European Institute of Genetic Mutation) into congenital malformations. "**This is a field in which research still has much to bring us. 2% of children are born with a malformation and in 60% of cases, we can find neither the cause nor any risk factor,**" explains Dr. Elisabeth Robert-Gnansia, the Institute's scientific director.

The rehabilitation centre of Les Massues and the IEG (European Institute of Genetic Mutation)

Prevention and treatment are at the heart of the activity of Les Massues, a concept shared by Groupama, France's leading personal health insurer. Les Massues Private Hospital enjoys a reputation for high-level expertise and has been accredited by the French healthcare accreditation and assessment agency, ANAES. It specialises in spinal surgery, the fitting of prostheses and rehabilitation for amputees, and the treatment of back pain and rehabilitation of children. The hospital has 239 beds. Extension and renovation work at the Centre have been started and will be completed in 2006.
The centre also houses the IEG, which is financed in part by the Fondation Groupama pour la Santé. The aim of the IEG is the prevention of congenital malformations, whose implementation requires three separate programmes: epidemiological studies, advice to doctors and research.
Over 100,000 births per year, or 12% of all births in France, are surveyed, giving the IEG a broad statistical coverage of the population as a whole.

The Gan Film Foundation

The Gan Film Foundation, established by Groupama S.A., is one of the principal private partners of French cinema. It is present in every facet of the industry: creation, distribution, operation and restoration.

Each year since 1987 the Gan Film Foundation has enabled five or six young film makers to direct their first full-length film, thanks to production financing of €67,600 per project. By 2005, more than 100 films had benefited from its assistance and over 24 million spectators had appreciated its choices. Among the prize winners have been *Delicatessen* by Jean-Pierre Jeunet and Marc Caro, *The Scent of Green Papaya* by Tran Ahn Hung, *Microcosmos* by Claude Nuridsany and Marie Pérennou, *The Dreamlife of Angels* by Erick Zonca, and *The Embroiderers* by Eléonore Faucher.

The Gan Film Foundation assists more than twenty film festivals in France and abroad, providing financial aid, organising special showings and awarding prizes. This year the Gan Film Foundation will present the "*Prix Un Certain Regard*", worth €30,000, to the French distributor of the winning film at the Cannes Film Festival.

Elsewhere, keen to play an important role with cinema-goers, the Gan Foundation supports films when they have been released. For the fourth year running the Foundation will support the operation *Un dimanche au cinéma* (Sunday at the movies) inviting young people outside the French capital to take their families to go and see a film for just €2. Already over 45,000 spectators and 400 studios have benefited from this operation.

Finally, thanks to the support of the Gan Foundation, numerous masterpieces of the world's cinematographic heritage have been rediscovered and many masterpieces have been restored and screened. After *Les 400 coups* by François Truffaut last year, in 2005 it will participate in the restoration of *Mon Oncle* by Jacques Tati.

Sailing sponsorship

THE GROUPAMA-**FRANCK CAMMAS PARTNERSHIP**

• **A human sports adventure**

"A committed partner who trusts me, a competent and motivated team, a pedigree boat, these are the keys to our past and future success." Franck Cammas

• By backing Franck Cammas in 1997, Groupama put its name to a long-term relationship in support of a young skipper. • After seven seasons, with a fourth world multi-hull championship title in 2004, the balance sheet is extremely positive for Groupama and its image. • On the basis of these successes and the enthusiasm generated within the Group, Groupama has extended its contract until 2011, providing fresh impulsion with the construction of a new maxi trimaran. • This project, due for completion in 2006, has an assault on the most prestigious records in its sights, and in particular the Jules Verne Round the World Trophy. • This new dimension in the ocean racing adventure with Franck Cammas and his team is a perfect illustration of the tenacity, taste for action, control over risk and sense of innovation that are part of Groupama's identity.

Results ahead of objectives

Consolidation of Groupama financial statements

Local Mutuals

▼

Regional Mutuals

▼

Groupama Holding

▼

Groupama S.A.

▼

Subsidiaries

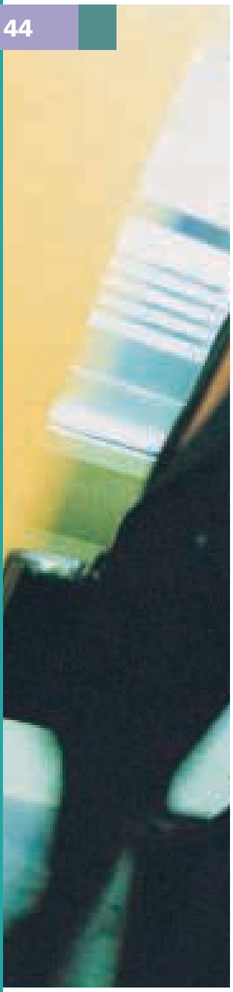
▼ Capital link ▼ Reinsurance link

Groupama Group's "combined financial statements" are comprised of all the Local Mutuals, Regional Mutuals, Groupama S.A. and subsidiaries.
The Local Mutuals cede nearly all their premium income to the Regional Mutuals which in their turn cede around 38% of their premium income to Groupama S.A. This reinsurance system is governed by internal agreements.
The Regional Mutuals are 100% shareholders of Groupama Holding which is itself a near-100% shareholder of Groupama S.A. (0.2% of Groupama S.A. capital is held by employees and exclusive agents).

KEY FIGURES

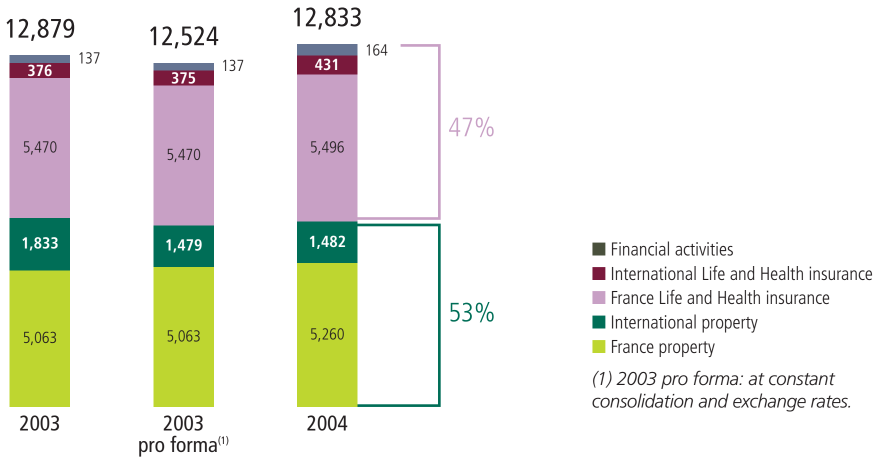
€12.8 billion

Group's combined premium income



GROWTH IN PREMIUM INCOME

€ million

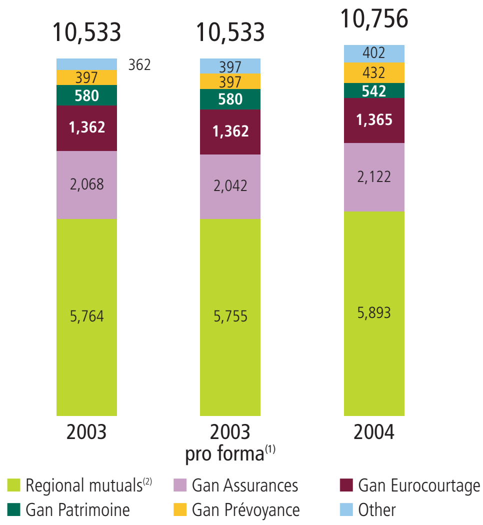


(1) 2003 pro forma: at constant consolidation and exchange rates.

The Group's combined premium income totalled **€12.8 billion, €12.7 billion of which came from insurance**. These figures were respectively 2.5% and 2.3% higher than in 2003, on a like-for-like basis. In current data, premium income was virtually stable compared with 2003.

EXPANSION OF NETWORKS FRANCE

€ million



(1) 2003 pro forma: at constant consolidation and exchange rates.
(2) Including Groupama Vie.

Premium income from insurance in France was up 2.1%.

• In **life and health insurance, business was stable**, up 0.5%. In personal accident, the Group's premium income was up 5.9% at €2.0 billion, largely due to an increase in health insurance.

• In **property and third party liability**, premium income was up 3.9%, an increase in line with market growth.

• **The Regional Mutuals (including Groupama Vie) recorded growth of 2.4%.**

• **The network of General Agents (Gan Assurances) continued to grow: +3.9%.**

• **Broking activities (Gan Eurocourtage) were stable compared with 2003.**

• **Gan Patrimoine premium income was down by 6.6%.** The company is reaching the end of a redeployment phase.

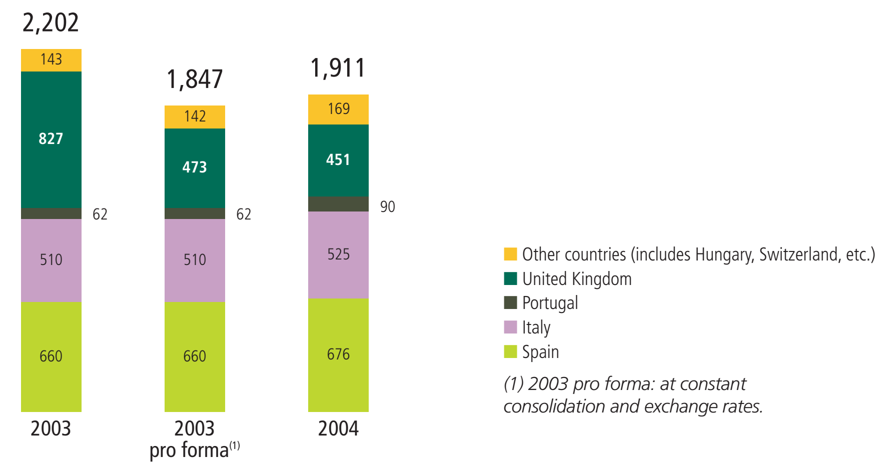
• **Gan Prévoyance posted growth of 8.8% in 2004.**

€1.9 billion

International premium income

INTERNATIONAL: PREMIUM INCOME UP WHERE SOUTHERN EUROPE REPRESENTS 2/3

€ million

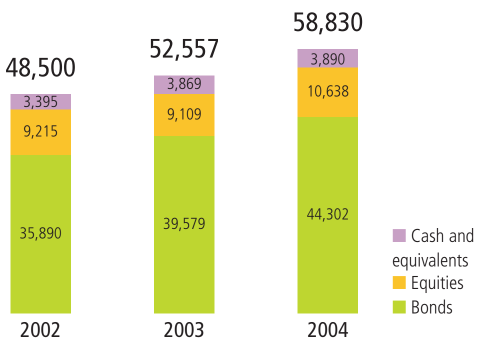


(1) 2003 pro forma: at constant consolidation and exchange rates.

International premium income came to **€1.9 billion**, up 3.5% compared with 2003. **Southern Europe**, a region central to the international development strategy representing around 70% of Groupama's international premium income, **posted growth of 4.8%** in 2004.

GROUPAMA ASSET MANAGEMENT: ASSETS UNDER MANAGEMENT

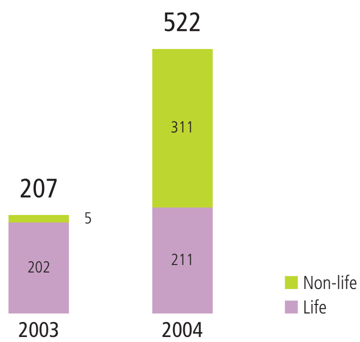
€ million



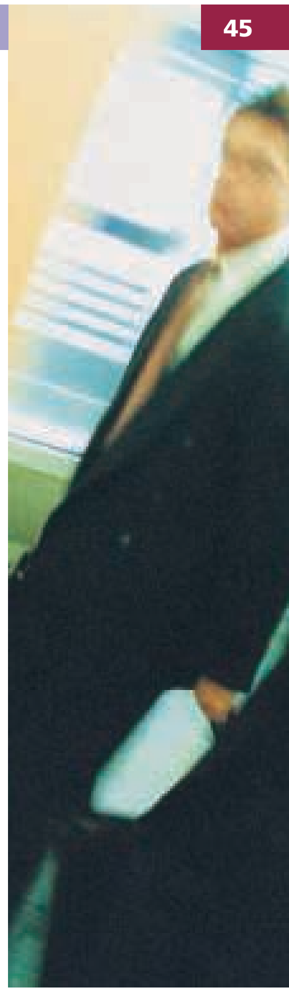
Total managed assets by class:
- 75% bonds, 99% in euro zone
- 18% equities
- 6% short-term
- 0.7% alternative management
- Managed assets were up 11.9% in 2004.
- Net deposits amounted to €1.3 billion.

SHARP TURNAROUND IN OPERATING PROFIT

€ million

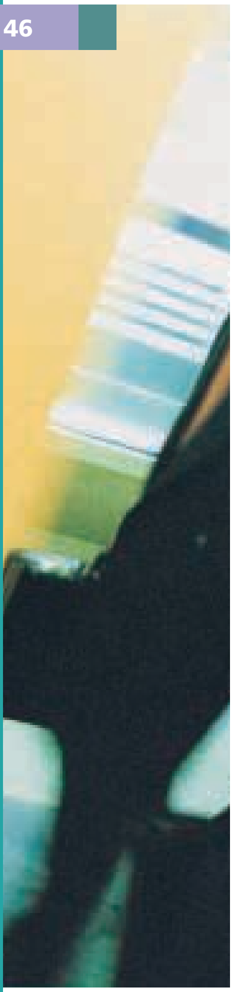


Non-life business
The significant improvement came from a reduction in claims and overheads.
Life business
Operating profit remained high.

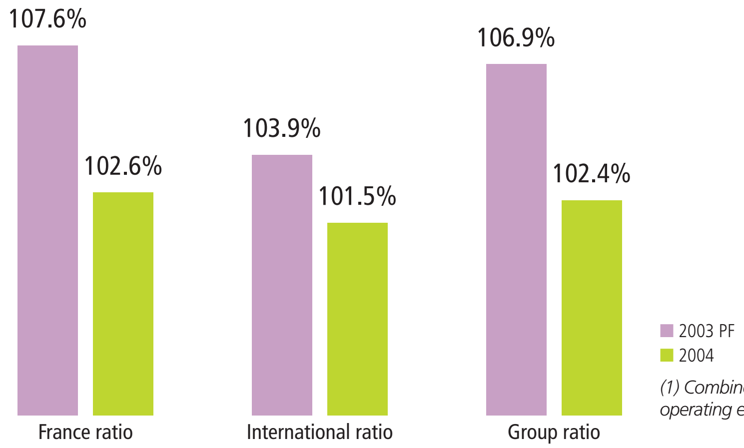


€359 million

Net profit (Group shares)



NON-LIFE OPERATING PROFIT SIGNIFICANTLY IMPROVED, REFLECTING THE RECOVERY IN THE COMBINED RATIO[1]



(1) Combined ratio = (net claims expense + operating expense) / net earned premium.

The Group's net combined ratio was 4.5 points lower than 2003 like-for-like, due to reduction in claims and operating expenses.

In France, the combined ratio was 5 points lower than in 2003 like-for-like. The downward trend of the combined ratio is largely due to a reduction in claims, which improved by 4.7 points. The operating cost ratio was stable but, like-for-like (after deduction of exceptional non-recurring costs), the 2004 ratio came to 26.5%, down from 31 December 2003.

The International combined ratio was 2.4 points lower than in 2003. This is largely due to a reduction in net claims, especially in Spain, Italy and the UK. The UK subsidiary significantly improved its cost structure.

NET PROFIT MORE THAN DOUBLED

€ million

	2003	2004	Change
Pre-tax profit	322	544	+68.9%
Net profit before amortisation of goodwill	**268**	**474**	**+76.9%**
Amortisation of goodwill	–113	–115	–
Net profit after amortisation of goodwill	**155**	**359**	**+131.6%**

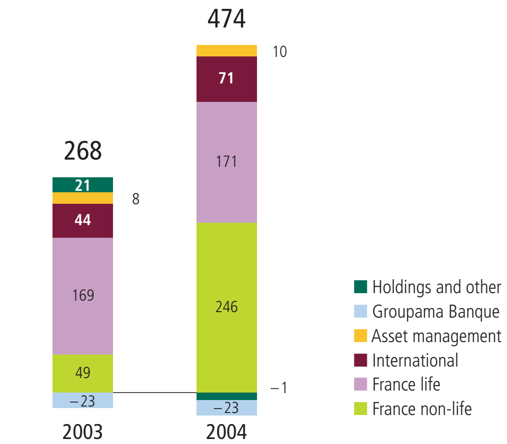
The Group's net profit showed a strong improvement. After goodwill, **net profit was more than double that for 2003** following a loss in 2002, which was adversely affected by a non-recurring impairment provision of €306 million for the strategic investment in Scor.

11.8%

Return on assets
before goodwill amortisation

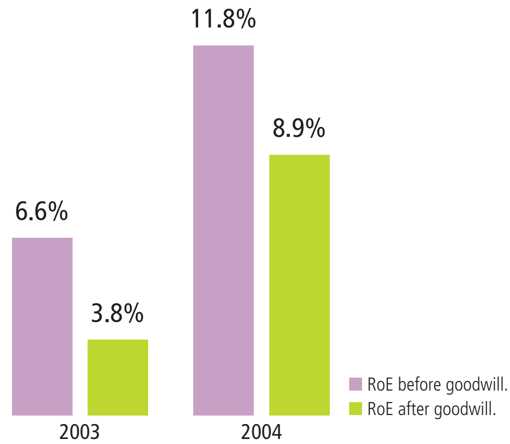
POSITIVE CONTRIBUTION OF ACTIVITES TO NET PROFIT BEFORE GOODWILL

€ million

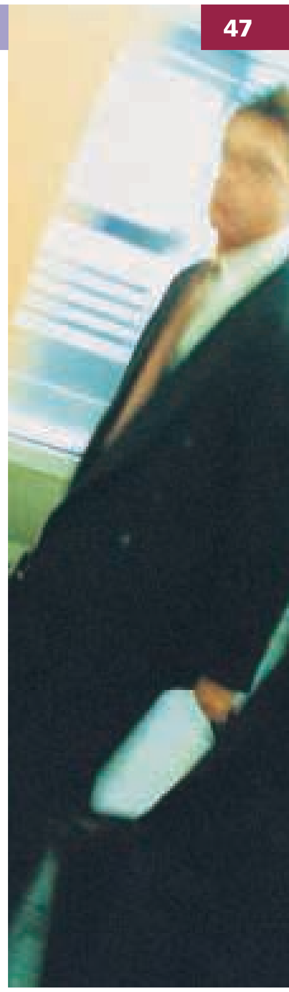


All the Group's business lines strengthened their positive contribution to Group earnings, except personal banking (Groupama Banque), which is in a start-up phase. The total contribution of the **insurance businesses in France was €417 million**, almost double that of 2003. The **international insurance** business continued the recovery already in evidence in 2003.

ROE INCREASING, ABOVE GROUP'S OBJECTIVE

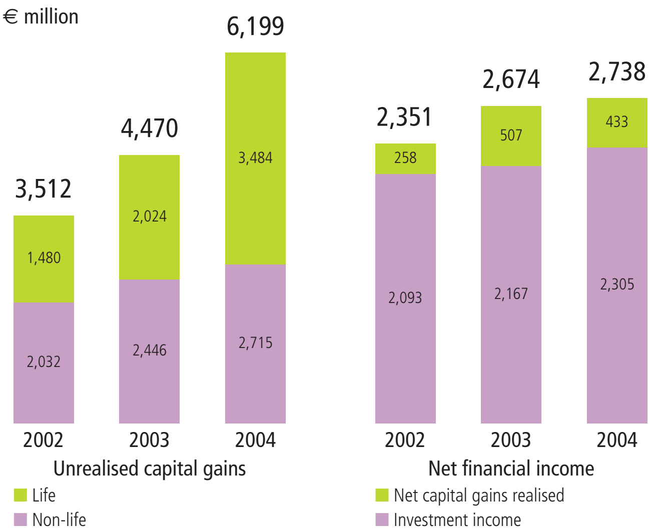


After several years' growth, in 2004 Groupama achieved a **return on equity** that was higher than the objective it had set itself.



GROWTH IN UNREALISED CAPITAL GAINS AND FINANCIAL INCOME[1]

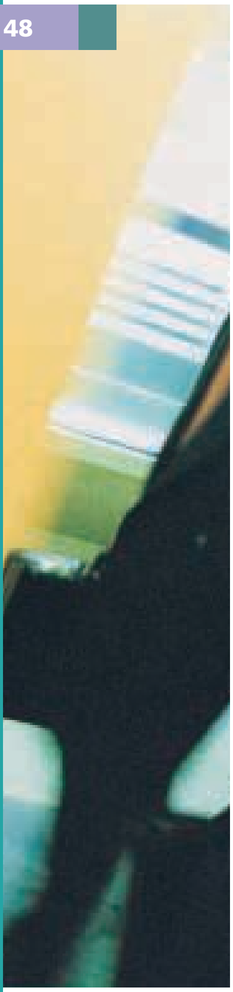
€ million



At 31 December 2004, **unrealised capital gains** represented 11.4% of the net book value of investments. This growth is largely due to the increase in unrealised capital gains on bonds, due to the decline in long-term interest rates. The capital gains realisation rate fell to 7.2% in 2004 from 9.1% in 2003. The market value of investments excluding unit-linked investments amounted to €60,654, up 8.1% on the previous year. The share of bonds represents two-thirds of total investments.

(1) 100% includes minority interests and policyholders' profit-sharing.

KEY FIGURES



€4 billion

Net assets

BALANCE SHEET AND SOLVENCY ITEMS

€ million

	2003	2004	Change
Net assets	4,037	4,024	–0.3%
Subordinated debt	750	750	–
Gross technical reserves	54,190	56,241	+3.7%
Balance sheet total	**67,316**	**69,346**	**+3.0%**
Non-life consolidated reserve ratio(1)	186.6%	186.9%	+0.3 pt
European solvency margin(2)	206.5%	232.7%	+26.2 pts
Debt ratio	29.6%	28.9%	–0.7 pt

(1) Gross technical reserves on gross issued premiums.
(2) Based on Solvency I – includes partial account taken of future life insurance profit.

• **Net assets** remained stable. This was due to the impact of a change of method regarding deferred acquisition costs for life insurance, leading to a total reduction of €373 million in net assets compensating for 2004 Group's net profit.
• The **value of gross technical reserves** for non-life insurance remains close to two years of premiums.
• **Groupama strengthened its balance sheet largely due to improved operating results and the increase in unrealised capital gains.**
• The **Group's debt ratio** is satisfactory. The **Group's insurance debt ratio** (excluding debt carried by the listed real estate subsidiary, Silic, 40%-owned by the Group) was 3.6 points lower, at 20.5%, due mainly to the continuing repayment of loans taken our to finance the acquisition of Gan.

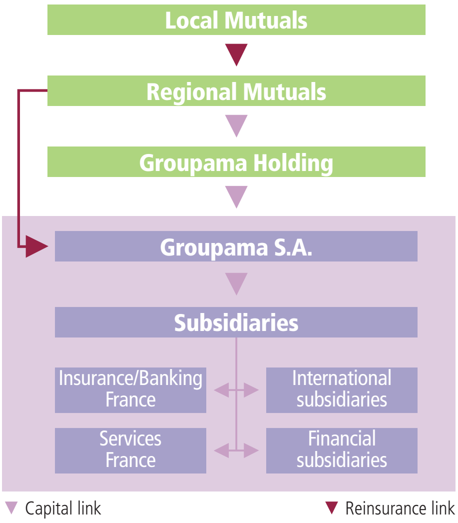
FINANCIAL RATING AGENCIES' NOTES

September 2004 – The rating agency **Standard & Poor's** confirmed its single-A rating for counterparty credit and financial strength for Groupama. The outlook associated with this rating is stable.
December 2004 – The rating agency **AM Best** gave its single-A rating for financial strength for Groupama S.A. The outlook associated with this rating is stable.

€10 billion

Groupama S.A. insurance premium income

Consolidation of Groupama S.A. consolidated financial statements

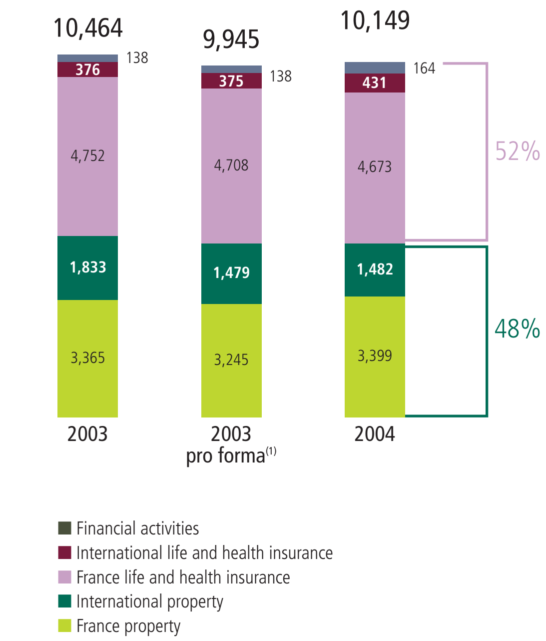


Groupama S.A.'s financial statements include reinsurance ceded by the Regional Mutuals (approximately 38% of their premium income in 2004) as well as the subsidiaries' business. Therefore, premium income retained by the Regional Mutuals is not consolidated. The difference with the figures in the combined accounts largely relates to the non-life insurance business in France. Premium income, operating income and the contribution to Groupama S.A.'s consolidated financial statements are identical to those of the combined consolidation for:

- Life insurance
- International insurance
- Financial services (banking, asset management, etc.).

INCREASE IN PREMIUM INCOME

€ million

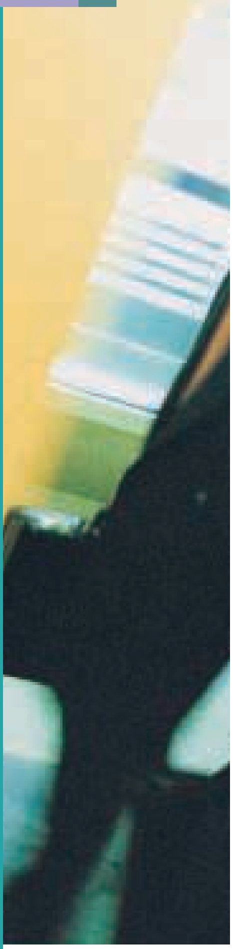


(1) 2003 pro forma: at constant consolidation and exchange rates.

Groupama S.A.'s total consolidated premium income, which accounts for nearly 80% of the Group's combined premium income, was up 2.1% compared with 31 December 2003, at constant exchange rates and consolidation. In current data, it was down 3%, mainly due to the termination of the portfolio of SAGA's affinity contracts in the UK.

Groupama S.A.'s insurance premium income totalled €10 billion, up 1.8% at constant consolidation and exchange rates compared with 2003. **In France**, Groupama SA recorded an increase of 1.5% like-for-like. **Property insurance was up 4.7%**, higher than the market average increase. **Life and health insurance was almost stable (down by 0.7%)**. It should be noted that in 2003, life business had some non recurring business that was not renewed in 2004.

International consolidated premium income represented **19% of total premium income** (15% in the case of the combined consolidation). Production was much more dynamic in life and health insurance (+14.7%) than in property insurance (+0.2%), where rates were affected by tough competition.



14 %

Return on assets
before goodwill amortisation

NET PROFIT NEARLY DOUBLED

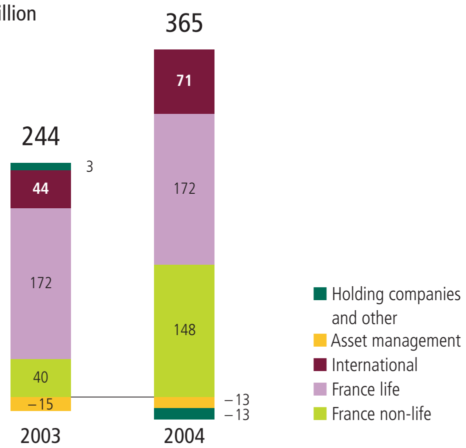
€ million

	2003	2004	Change
Pre-tax profit	297	405	+36.0%
Net profit before goodwill	**244**	**365**	**+49.6%**
Amortisation of goodwill	–106	–107	–
Net profit after goodwill	**138**	**258**	**+87.0%**

The Group's net profit virtually doubled compared with 2003.

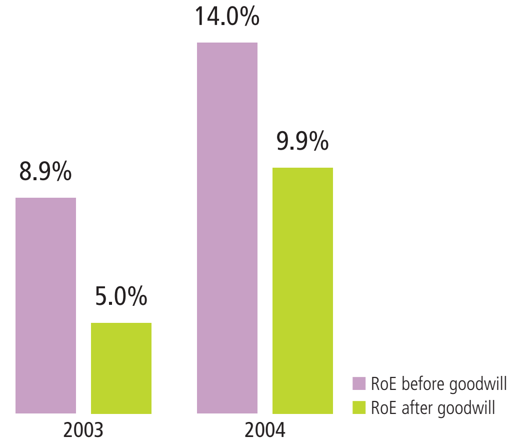
POSITIVE CONTRIBUTION BY BUSINESS LINES TO NET PROFIT BEFORE GOODWILL

€ million



The contribution of non-life insurance was €148 million in 2004 compared with €40 million in 2003, a direct result of the very marked improvement in the combined ratio. The contribution of life insurance remained stable.

ROE UP SHARPLY, ABOVE GROUP'S OBJECTIVE



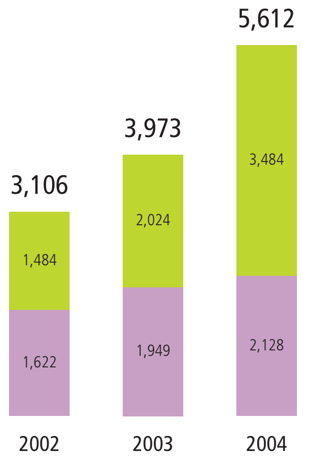
The increase in return on equity was higher than objectives.

218.5%

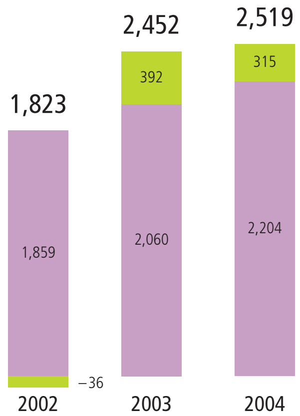
Non-life consolidated reserve ratio

UNREALISED CAPITAL GAINS AND FINANCIAL INCOME[1]

€ million



Unrealised capital gains at 31 December
- Life
- Non-life



Net financial income
- Net capital gains realised
- Investment income

Unrealised capital gains were up €1,639 million, mainly due to the bond portfolio.

Financial income were up. The market value of investments excluding unit-linked investments amounted to €55,494 million. The **share of bonds** represents nearly **70%** of total investments.

(1) 100%, includes minority interests and policyholders' profit-sharing.

FINANCIAL STRUCTURE AND SOLIDITY

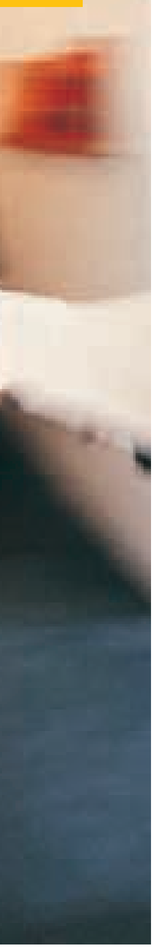
€ million

	2003	2004	Change
Net assets	2,756	2,610	–5.3%
Subordinated debts	750	750	–
Gross technical reserves	51,244	53,123	+3.7%
Balance sheet total	**62,116**	**64,030**	**+3.1%**
Non-life consolidated reserve ratio[1]	211.5%	218.5%	+7.0 pts
Debt ratio	32.3%	37.7%	+5.4 pts

(1) Gross technical reserves on gross issued premiums.

- **Net assets** were slightly down in 2004, due to the change in accounting method for deferred acquisition costs.
- **Gross technical reserves** for the non-life business amount to more than two years of premiums.
- The **debt ratio** was up but the **insurance debt ratio** (excluding debt borne by the listed real estate subsidiary Silic, 40%-owned by the Group) came to 25.7%.

INSURANCE, BANKING AND RELATED SERVICES IN FRANCE



Offers with steadily improving performance, accessible to all

2nd insurer
Motor, marine, transport

3rd insurer
SMEs

“Groupama has a strong determination to grow in France through its major businesses, in particular through the launch of new offers in health, safety, motor and crop insurance. The expansion of the Groupama Banque offer and its extension to the Gan Patrimoine subsidiaries in 2005, and Gan Assurances in 2006, are also among our priorities.”

Thierry Couret
General Manager.
Insurance, Banking and Related Services France

DISTRIBUTION

€10.8 billion
Premium income in France

STRATEGY

Development and commercial impact

Groupama's strategy is a long-term strategic choice for **sustainable and profitable growth**.

On the **French market**, the Group has chosen to develop through internal growth:

- by **strengthening its positions in its major domestic markets**, which implies **investments**, through optimisation of **synergies** within the Group and by strengthening its **commercial impact**,
- by **becoming a fully-fledged financial player**, that is to say by developing a **banking offer** for private individuals to complement its insurance offer and providing a supporting structure for growth and loyalty building.

1st insurer

Non-life, agricultural,
local authority, individual health

January 2004 – Groupama subsidiaries GIPAC and SFPJ become respectively ***Groupama Insurance-Crédit*** and ***Groupama Protection Juridique***.
• **Gan Assurances**, insurer of business founders, is the partner of the 11th Salon des Entrepreneurs.

March 2004 – *Salon de l'Agriculture 2004*: Groupama, with "four generations of agricultural experience", is a major partner to farmers in their efforts to develop financially.
• **100,000th** customer of Groupama Banque.

May 2004 – "**Everyday motoring needs**": Groupama partners its policyholders with a global package (insurance, prevention, financing and services).

September 2004 – A national and regional communication campaign was launched to promote the banking offer from Groupama Banque: "With Groupama Banque, money never sleeps". In addition, Gan begins an advertising campaign on the theme of pensions.

October 2004 – Gan Eurocourtage, a Groupama subsidiary, becomes leader of the French travel insurance market, signing an agreement with Nouvelles Frontières.

November 2004 – Groupama, the **leading local authority insurer**, presents global insurance and service solutions designed for the realities of local authority responsibilities at the *Salon des Maires et des Collectivités*.

December 2004 – Storm in the North of France: the Group entities concerned (Regional Mutuals and Gan Assurances) handle over 10,000 claims.

+5.9 %

Overall progress in insurance for health, long term care and personal accident cover in France in 2004

Personal health insurance

Groupama, the leading personal health insurer in France, has made a firm commitment in health cover to its members and customers, enabling them to benefit from best practice at lowest cost.

Groupama, a responsible player at the heart of health insurance

In 2004, France underwent a steady process of reform in health insurance. The guidelines were to clarify responsibilities and to improve the structure and healthcare of medical practitioners in order to combat abuse and waste.
Through its actions and products, Groupama has demonstrated and confirmed that solutions can be reached to achieve an optimum balance between health expenditure and healthcare quality.
Since 1999, Groupama has been anticipating the various forecast changes by implementing innovative and effective systems.

Innovative systems

The relevance of Groupama's decisions is illustrated in its successes and progress in the year:

- **Groupama Santé Active** again won an award for excellence in *Les Dossiers de l'Épargne* in 2004 and continues to grow. The features of this product are based on the needs of policyholders: a telephone call centre, a modular offer (23 options), the best compensation for optical and dental care through partnerships with professionals, reimbursement for services not paid by the obligatory national regime, especially as regards prevention (dental, vaccinations, screening), and eyesight surgery;
- widespread adoption of the payment system for health services, **AVT**, with the processing of 1.5 million monthly reimbursements on average –this payment system reduces management costs and thus keeps rates down;
- establishment of a **direct payment** system to pay members' fees in advance, in partnership with health professionals;
- development of partnerships with opticians and dentists to provide a better service overall, for example in terms of paying for sight defects and dental prevention;
- conclusions of trials by Groupama Health Partners in the preparatory report for reform of health insurance (see box).

Numerous prevention actions

Prevention is one of Groupama's key guiding principles and this has been the subject of an in-depth review for Groupama Santé Active and the Groupama Health Partners trials. The Group also finances the association "*Assureurs Prévention Santé*" and actively participates in its campaigns, such as the important issue of child obesity.

In 2004, Groupama's supplementary healthcare portfolio expanded by 1.4% with 1,073,000 policies and premium income was up 11.5% at €875 million.

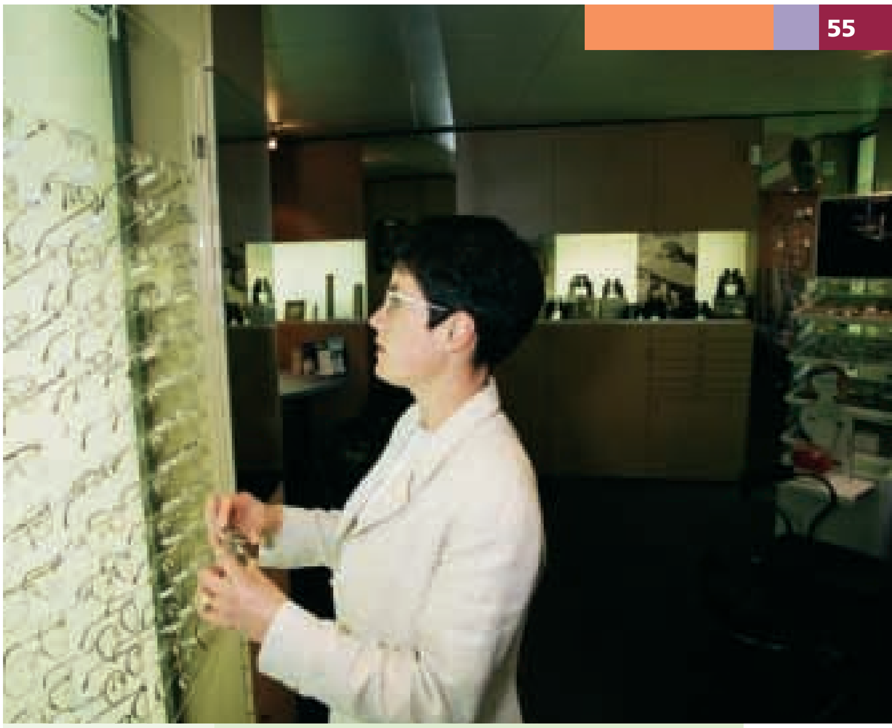
"French people's health is also a priority for Groupama. And we are proud of our capacity to develop products and innovate."

1,073,000
Number of policies
Supplementary health insurance
up 1.4%

€875 million
Premium income
Supplementary health insurance
up 11.5%

115,000
Number of policies
Groupama Santé Active
up 65%

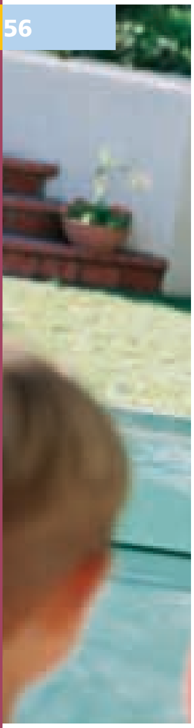
200,000
Beneficiaries
Groupama Santé Active



GROUPAMA **MAKES PROGRESS…**

• **The public authorities and particularly the body reviewing the future of healthcare in France (*Haut conseil pour l'avenir de l'assurance maladie*) recognised and stressed Groupama's contribution to the fundamental reform of health insurance undertaken in 2004 and adopted several of the principles developed by the Group. Article 13 of this reform (participation of a supplementary insurance company in a local plan to improve healthcare quality) has thus been directly inspired by the Groupama Health Partners trials conducted in 2000-2003 by Groupama in partnership with over a hundred general medical practitioners and 4,000 agricultural scheme policyholders.**

Individual provident, retirement and life insurance



Provident, retirement and savings are three closely linked lines of insurance, for which Groupama has developed products in 2004 in order to offer customers an array of products to suit all circumstances.

€2,185 million
Group premium income from savings

€407 million
Group premium income from pensions

Maintaining and developing market share

Groupama is developing all its **Provident, retirement and life insurance** products in a market dominated by rapid growth and strong competition. This context demands a firm strategy based on maintaining market share –especially in pensions and life insurance– and on very strong growth, especially in individual provident insurance for the self-employed. To implement this strategy, Groupama is focusing on more dynamic marketing campaigns and boosting its development in the family segment with unforeseen events cover (GAV), and among older persons with its range of death and funeral policies.

A constantly enhanced offer

Groupama's activity, products and services are closely allied to its customers' everyday lives and marked by changes in legislation and regulations (social security for the self-employed, the *Loi Fillon* on pensions, financial security, taxation, etc.). The Group tries to utilise these changes to innovate and enhance its coverage and services for customers.

It launched the following products in 2004:
- several promotional operations for euro-based interest-earning products: 4.5% for 2004 from Groupama Vie, and 4.2% for 2005 from Groupama Vie and Gan Patrimoine;
- enhancement of the Gan Patrimoine range, in particular with a new funeral policy, an asset-transfer version of the *Libregan* policy and the continued success of the top of the range product *Patrimoine Privilège*;

212,000
Long-term care policies
up 4% premium income

152,000
Personal accident policies
up 34% premium income

"We conduct our operations in a highly competitive market. We offer policies that meet the needs of our customers, at every stage of their life."

• extension of the *Épargne Grand Public* savings product to all Gan general agents, as part of the sale of *Gan Épargne Énergie* (lump-sum or regular payments).

Individual provident insurance was also bolstered with new policies:
• *Capital Privilège*, a new top of the range death benefit policy with cover of €1.5 million, which supplements *Capital Essentiel* and *Capital Référence*;
• the *Garantie Optimale des Emprunteurs*, for independent professionals, traders, craftsmen and farmers is a policy that covers early loan repayment in the event of the death of the borrower.

Behind the scenes, in 2004 Groupama was busy conducting an in-depth review of services, especially for the elderly.

GROUPAMA **TAKES ACTION…**

• Following the *Loi Fillon* on pensions in France, a personalised pension savings plan (PERP) was launched in 2004 by various entities of the Group: in June by Groupama Vie and Gan Assurances, in September by Gan Patrimoine, and in October by Gan Prévoyance. The offer is accompanied by a provident policy subscribed by one customer in four. The Group networks' advisory system makes it possible to use a personalised formula to propose the best solution for each customer's needs within a comprehensive pension product package. • The PERP policy *Groupama Retraite Active* won the life insurance Oscar awarded by *Gestion de Fortune*.

Group insurance and company savings schemes

Private individuals and professionals, SMEs and VSEs represent a high-potential market for Groupama, which has already acquired a leading position boosted by the achievements of 2004.

Innovative group offerings with high added value

The strategy applied in the group insurance sector is implemented by Gan Eurocourtage, Gan Assurances and the Regional Mutuals. The Group's aim is to continue to develop offers with high added value that are personalised for customers (private individuals/professionals, Small and Medium-sized Enterprises and Very Small Enterprises) and at the cutting edge of innovation. Thus, for example, **Gan Eurocourtage**, its largest specialised subsidiary, which has a local network of 1,500 partner brokers, intensified its use of the e-broking extranet with considerable commercial success.

In addition to these commercial ambitions, the Group aims for a high level of profitability.

New cover and communication systems

On 15 October 2004, demonstrating its responsiveness to the market, Groupama put itself among the leaders of the market by making the new "PERE" group pensions plan (PERE stands for *Plan d'Épargne Retraite Entreprise*) available to the Gan networks, in accordance with the recommendations of the *Loi Fillon* on pensions. Gan Assurances Vie and Gan Eurocourtage Vie then respectively launched the products Gan Retraite Entreprise and Dimension PEREnnité.

A new Provident schemes/Health offering was also introduced for business owners: this marks the completion of the total overhaul, commenced in 2002, of the products and systems dedicated to VSEs and SMEs.

In addition, in order to provide Gan subsidiaries with the resources for even sharper commercial responsiveness, the Group offers user-friendly customer database consultation systems and pension simulations.

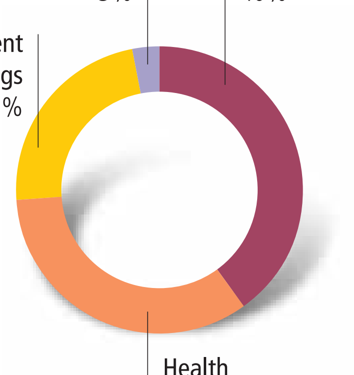
In order to meet the requirements of the authorities who are keen to expand job creation, the French social guarantee association for company heads and directors ("*GSC*") has tried to encourage employers to join the scheme for redundancy insurance. To this end, specific new policies will be marketed by the networks from 1 January 2005.

Company savings schemes show initiative

Reinforced in the public interest by the introduction, in 2004, of the *Loi Fillon* in 2003 (with the creation of the "PEE" and "PERCO" savings schemes), company savings schemes are increasingly part of the employment scene. **Groupama Épargne Salariale** has increased its dedicated cover to professionals and SMEs, both in terms of internal management and commercial prospecting. Having integrated 8,000 additional accounts following the incorporation of the portfolio of a financial group in January 2004, Groupama Épargne Salariale was awarded a renewal to its ISO 9001 certification in October. A new website has been launched, which specifically contains an "employee" section enabling online transactions. Groupama Épargne Salariale has also demonstrated its expertise and dedication by processing under the *Loi Sarkozy* 11,500 applications for €34 million of funds in two months, equivalent to fifteen months of business. In addition, its professionalism has been recognised by unions and management in the context of regional interprofessional agreements for company savings schemes signed in Paris, Rouen, Dieppe and Fécamp.

€1,281 million

Group insurance premium income



"Major accounts, SMEs and increasingly VSEs, find we offer policies specially designed for them."

€370 million

Employee savings plans funds under management

Of which:

€325 million
Groupama
Asset Management
up 11%

€64 million

Employee savings plans premium income

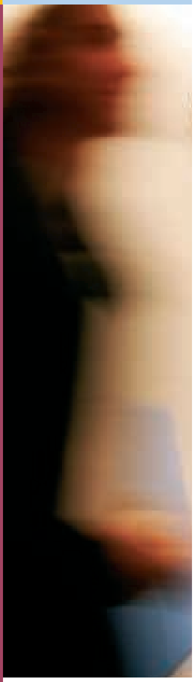
up 34%

GROUPAMA **MAKES PROGRESS…**

• As early as December 2003, Groupama Épargne Salariale was the first French company to propose the PERCO offering to its customers and accountants. • Groupama Épargne Salariale initiative won several awards in 2004, such as the Excellence label from the magazine *Les Dossiers de l'Épargne* (for the third time running) and ISO 9001 certification 2000. Groupama Asset Management's financial management has also been recognised among the best long-term management organisations.

Personal banking

Groupama Banque is in the launch phase
and in 2004 continued to develop its portfolio and deploy
its various products, especially consumer credit.



Prospection and advertising

Eighteen months after its creation, **Groupama Banque** is continuing to expand its influence. The networks of Regional Mutuals continued their commercial efforts at a steady pace in 2004, underpinned specifically by three advertising campaigns in February, June and October. The advertising and market conquest strategy was mainly conducted through a promotional campaign called "*Auto-Presto*", linking attractive credit rates with specific motor insurance benefits.

Bank accounts, loan and share accounts all expanding

The daily activity of the networks focussed particularly on opening new accounts. Accordingly, net production in terms of bank account numbers was up 23% compared with 2003 (representing 74,000 new accounts), resulting in an increase in deposits on demand (up 113%) and deposits in ASTRÉA 2 passbook accounts (up 156%). Similarly, the production of DESIRIO consumer loans increased 10% in number and total consumer credit was up 65%.

In the investment securities sector (mutual fund products and the stock market direct) and mortgage loans (*CLÉ de SOL* range), **Groupama Banque** has extended the offer to all networks of the Regional Mutuals after carrying out a series of trials at four Regional Mutuals. The number of share savings accounts opened (including personal equity plan accounts) came to over 10,500 this year, representing €48 million of assets under management.

In 2004, the Groupama Banque format was redeployed to 2 new sites, one at Montreuil incorporating the Paris branches, and the other at Amiens creating a second telephone call centre. In due course, these operations will generate substantial savings in rent. At the end of 2004, Groupama Banque had 280 employees.

In 2004, Groupama Banque and the Regional Mutuals continued the policy of installing ATM cash machines throughout France, with 60 machines in use by the end of year, the majority installed on the walls of Groupama branches.

"We have proved that a major insurance group can also be a standalone bank, a bank created in 18 months that is steadily finding its public."

195,000
Customers at the end of 2004

74,000
Accounts opened in 2004
up 23%
in net annual production

€65 million
Deposits on demand
up 113%

€367 million
ASTRÉA 2 passbook accounts
up 156%

€92 million
DESIRIO loans
up 65%

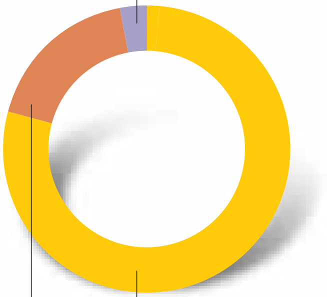
GROUPAMA **BANQUE SERVES EVERYONE…**

• Fees for Groupama banking services are among the lowest in France, according to a survey conducted by the magazine *Capital* in November 2004. *Capital*'s exclusive survey on banking rates (fees for transfer, withdrawal, bank cheques, etc.) at 130 financial establishments revealed that Groupama Banque was the second least expensive for the overall cost of an account with a Visa-type international card.

Everyday motoring needs

The need for mobility is central to modern daily life, and Groupama has built its strategy, policies and services for motor insurance on this premise. Groupama now occupies one of the foremost positions on one of the most concentrated and competitive markets in France.

€1.8 billion
Premium income
up 1.70%



A genuine partnership between Groupama and its members and customers on a daily basis

Groupama sees itself as an everyday partner to members and customers. Over the years, Groupama's range of policies and services has been enhanced with new cover, such as **Auto-Presto** (in the event of an accident, the vehicle is taken to an approved garage and a loan car is provided while the vehicle is repaired), home-start assistance, mechanical breakdown cover and car finance through banking services. This constant process of improvement meets the requirements of a market that is increasingly competitive, in which competition on prices and policy-related services are key determinants in customers' choice. These are the general considerations on which Groupama bases its decisions for the design and launch of new products.

Portfolio expands

In 2004, through its three motor insurance distribution networks (Regional Mutuals, Gan Assurances and Gan Eurocourtage), Groupama succeeded in expanding its portfolio. This was based in particular on extending the global motor offering, not only within the strict framework of cover for loss (accidents, theft, etc.), but also related services such as finance, lease-hire, home-start, replacement car, mechanical breakdown, etc.

In this respect, the direct marketing and advertising campaign "***Duos d'Auto-Presto***", shown in approved *Auto-Presto* garages, and which combined a vehicle product (*Auto-Presto* service) with a financing product (attractive vehicle credit), was a resounding success with customers. The 70,000 customers who took advantage of *Auto-Presto* service in 2004 were very satisfied appreciating the quality of the offer (95% satisfaction).

"To make life easier for its policyholders, which means being able to offer them a comprehensive and innovative range of products –that is Groupama's ambition."

In 2005, the Group plans to continue to develop its strategy as the insurer of everyday motoring needs, setting up, for example, a comprehensive replacement solution in the event of loss of the vehicle.

Prevention and road safety

With growth of over 20%, 2004 was the best year in the last five for the **Centaure** driver training circuits (a partnership between Groupama, the French motorway operators and the *Caisse des Dépôts*). Courses for the general public are expanding rapidly, especially due to Groupama's efforts in particular regions such as Centre-Atlantique, Centre Manche and Alpes Méditerranée. The tenth Centaure centre will open near Dax in 2005.

In 2004, 41,500 people took courses (up 11% on 2003), 24,000 from the general public and 17,500 through companies.

The Centaure centres are totally consistent with the objectives of the public authorities to reduce the dangers of driving.

€7.8 million
Centaure Centres premium income

41,500
Driver training participants in 2004

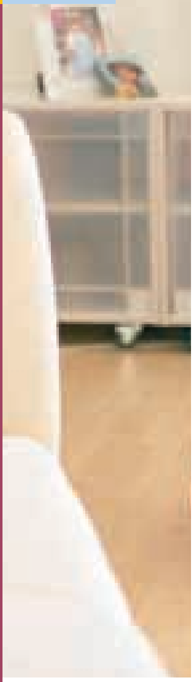
70,000
Auto-Presto customers in 2004

GROUPAMA **TAKES ACTION…**

• Groupama pays careful attention to all aspects of everyday motoring, and has developed its partnership with the car hire firm Rent a Car by promoting a rental offer at very preferential rates to its own customers. Groupama is thus demonstrating that it is not only an insurer, but above all a partner that cares about offering services in addition to simple insurance claims, to help its policyholders with their everyday motoring needs.

Everyday home insurance

Another aspect of daily life, home insurance is undoubtedly the most traditional product in the insurance world. Here too, Groupama extends its task to the triple role of prevention, cover and support, which combine to make up an original, tailor-made and comprehensive approach.



Environment strongly marked by competition

Strong competition dominates the home insurance market which includes a large number of companies and has recently seen several new players (*bancassureurs* in particular). It is in this context, which demonstrates the vitality and dynamism of this market, that Groupama follows a strategy of consolidating and gaining new market share year after year. Its comprehensive offering is all the more original for going well beyond simple cover for claims.

Prevent, cover, support

Legal information and "*Allo Travaux*" are two services included in multi-risk home insurance that have made particular progress during 2004. In addition, **PRIVATIS**, a policy that is original for its "new for old" cover which is much in demand after serious claims. In the same vein, "**in-kind replacement**" policies, covered by the Group's subsidiary, France Maintenance Bâtiment, have increased by over 30% in the year.

Groupama's activity also remains very strong in **remote surveillance** (see Services section), which meets a customer need for personal property protection, including both flats and houses.

Prevention actions to reduce the risk of domestic accidents

Groupama has taken a special interest in problems associated with the use of private swimming pools (drowning and other accidents), with the concept and production of brochures which contain specific advice as well as dedicated prevention policies. A campaign has also been conducted on the upkeep of chimneys.

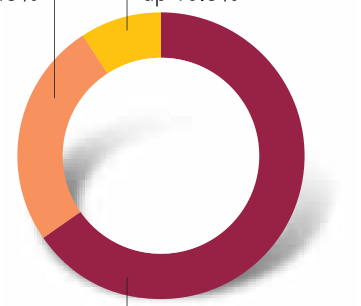
In 2005, Groupama will further strengthen its activity, aiming to develop high added-value offerings for policyholders, and in particular incorporating the banking offer.

€690.8 million

Multi-risk home insurance premium income

up 5.1%

"We intend to be ever-present for our members and customers, not only after a disaster but beforehand. Our role is not restricted to repairing damage, but also preventing it."



GROUPAMA **MAKES PROGRESS…**

- **The increasing popularity of in-kind replacement**
This "peace of mind" guarantee is becoming increasingly automatic for customers and in 2004, the Group made considerable use of the services of its dedicated subsidiary, France Maintenance Bâtiment. This led to a sharp increase in assignments (up 19%) and a parallel increase in revenues (up 25%). Groupama's offering is further enhanced with the addition of in-kind services, separately from a claim, enabling customers to benefit from the services of a skilled tradesman at any time at competitive rates.

Services

Services are now closely linked to Groupama's product offering and are an integral part of its image. For customers, services also form a testing ground for concrete ideas for innovations which represent one of the elements differentiating it from its competitors.

GROUPAMA **MAKES PROGRESS…**

A vital support, remote property surveillance

Remote property surveillance has been a vital factor in the decrease in burglaries, and Groupama made further progress in 2004 with nearly 3,000 new customers for its Activeille subsidiary. In terms of numbers, this is an increase of nearly 20% on its existing 15,000, and takes its premium income over the €10 million threshold. Companies are playing an increasing role in the portfolio, thereby demonstrating their confidence in the systems offered by Groupama.

Image of the group and testing ground for market research

Groupama's services have the special feature of relating to all the Group's businesses from home insurance to health insurance, from life insurance to motor insurance, to individuals as well as to companies. Through services, Groupama can supplement the already broad array of its customer offering, with the additional benefit of using them as a testing ground for research and market trials, since the specialised subsidiaries provide services for internal customers as well as those outside the Group.

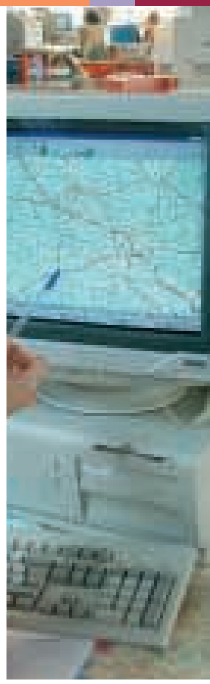
Assistance develops

Mutuaide Assistance –which was awarded ISO 9001 version 2000 certification in 2004, a concrete symbol of its quality procedures– continues to adapt its services to meet the needs of its environment: doubling of the medical team for regulation and transport, IT and phone systems have developed in line with technological advances, a review has been conducted on improving the assistance centre resources (150 staff). The capacities of the subsidiary enabled it to deal with over 10,000 calls received in the five days following the Tsunami disaster in Asia at the end of 2004. Mutuaide has broken into new markets alongside Tour operators and wholesale brokers.

256,000

Cases processed in 2004

"Assistance in all forms constitutes the backbone of the services we offer our customers. And customers appreciate our services as they need to use them on an almost daily basis. It is another way of being in close contact with them."



Présence Verte increases its subscribers

With 48,000 subscribers, 8,000 or whom are new in 2004, **Présence Verte** is confirming Groupama's lead in this fiercely competitive sector of remote assistance. This subsidiary, in partnership with *Mutualité Sociale Agricole*, now leads the market with premium income of €3.3 million, which increased by 10% between 2003 and 2004. A second call centre was opened at Nancy Ludres, to supplement the one at Bry-sur-Marne.

Legal protection continues fast development

In 2004, **Groupama Protection Juridique** launched a product enabling local authorities' elected representatives to prevent and manage disaster situations. It has also enhanced its *Vie Quotidienne* product with a legal information telephone service. New cover for succession, taxation, and legal disputes with employers has been introduced in policies offered to individuals. Companies and the self-employed now have legal protection included within the various aspects of their business lines and activities.

€37 million
Assistance premium income

€125 million
Legal protection premium income (Regional Mutuals and Groupama Protection Juridique)

48,000
Présence Verte policyholders
No. 1 in the market

18,000
Activeille policyholders
No. 2 in the market
up 18.3%

Agricultural insurance

Groupama has always been closely associated with agricultural insurance which lies at the heart of its strategy and business. Its undisputed No. 1 position in this market is due both to the comprehensive range of its dedicated products and services and to its expertise which makes it the leading partner in the worldwide market among farming organisations.

€810 million
Farmers' professional insurance premium income

Of which:

€230 million
Fire and agricultural damage

€193 million
Tractors and agricultural machinery

€106 million
Crops

€68 million
Farmers' third-party liability

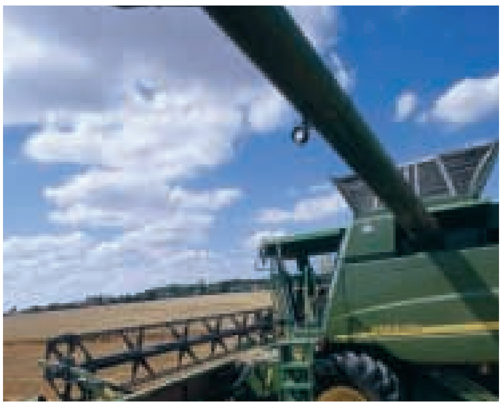
€14 million
Livestock mortality

The key strengths of leadership

Groupama's strategy regarding agricultural risks, which lie at the heart of the Group's business, is based on strengths that are also at the origin of its image as leader.

First, its **experience**, linked to its specialist skills in the agricultural world, is derived from many years in the business. Its **specialised network**, which extends across France, is composed of professionals who combine constant listening on the ground with proposing tailor-made solutions for each case. The breadth of the service and **product range** enables it to respond to –and even pre-empt– its customers' every requirement. Its **size** underpins the development of its technical base, which increases every year. And lastly, its strong **responsiveness** enables all companies to not just seize commercial opportunities, but also to address the numerous hazards of agricultural life, whether economic, technical or human.

Prevention is essential in this key sector of Groupama's activity: it is vital that prevention takes account of a range of aspects of agricultural life, whether they concern the environment, hygiene, health or safety. The sustainability of operations depends to a large part on respect for them. As a recognized expert, Groupama constantly strives for in-depth understanding, often in partnership with key players in the business and public authorities.



"It is always difficult to be innovative when you are the leader, because members are always wanting more. And that is just what we provide, year after year. In 2004, we created Climats, our new multi-risk policy."

For example, in close cooperation with ITAVI, the union for meat producers in Brittany and the French poultry-breeders association (*Confédération Française de l'Aviculture*), a practical guide to safety regulations for poultry houses was compiled in 2004.

In early 2005, Groupama also signed a partnership with the French electrical safety agency, Promotelec, in order to jointly contribute to a lasting improvement in the safety and quality of electrical facilities in agricultural businesses.

A new step in multi-risks climate insurance

In 2004, Groupama's expertise in the various sectors of the agricultural business and different aspects of them, found a new application regarding protection for farmers against climate risks. In recent years, the weather has once again demonstrated how critically it can influence agricultural life. With experience gained from many years of pilot schemes, Groupama has devised and launched **Climats**, a multi-risk insurance against bad weather (hail, frost, storms, sunscorch, flooding/excessive rain, temperature or humidity… a total of 13 hazards). This product, which is based on management of source risks, takes into account all the parameters of each operation and enables the policyholder to cover a specific crop or his entire farming operation.

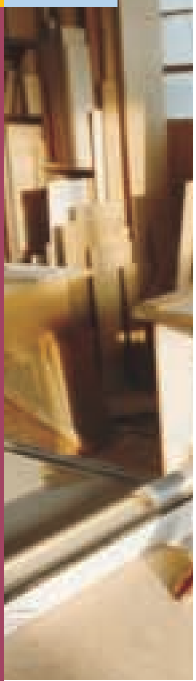
As a professional agricultural organisation and leading farmers' insurer, Groupama is actively involved in the process of developing the agricultural orientation law due to be voted on in 2005.

GROUPAMA **TAKES ACTION…**

• Innovation is more than a principle for Groupama: it is an obligation directly integrated with the reality of the agricultural world. Accordingly, in 2004, the Group developed its "Tractors and agricultural machinery" policy in order to provide cover for any equipment used by professionals –carried or drawn– including trailers, in addition to tractors, thus taking into account the most recent technological developments. Like other products, this policy is adapted to changes introduced by manufacturers following developments in road use regulations, traffic and safety.

Professional insurance

Traders, craftsmen, service providers, the self-employed, small construction firms and associations, all form an important part of the national economy. Groupama is particularly interested in independent professionals and has designed dedicated products and services for them.



2004: a year of active preparation

Some years are transitional, and this was the case for 2004 during which Groupama was preparing for 2005, "the year of professional insurance". This strategy was based on two complementary lines of action:

• first, a definition of the strategic objectives, and in particular those in common with the Group's profit centres;

• second, the launch of the **Parcours Pro** theme to enable Groupama networks to gain a better understanding of the needs and expectations of independent professionals and market the new **Groupama Accomplir** and **Groupama Construire** products that have been specially designed for them. Computerisation has made it possible to reduce costs and underwriting procedures for these two products, which have been developed with the aim of improving the quality of service to members and customers.

Groupama Accomplir is a new insurance offering to meet the specific demands of traders, craftsmen, the self employed and service providers. Because each is different, *Accomplir* proposes tailor-made cover within the legal framework, by systematically incorporating a **risk prevention** requirement that takes account of the specific features of each business.

In addition, Groupama has launched **Kit Parcours Pro**, a marketing kit to enable sales staff to provide general and specific answers to direct questions put to them by professionals.

The **Groupama Pro** charter, which is an integral part of *Parcours Pro*, has also been developed. This is an innovative general code for the self-employed, covering both facets for creators as well as signed-up individual and group members.

€15 million
Association insurance premium income

€153 million
Construction insurance premium income

The buoyant and ever-changing associations market

Associations comprise one of the leading sectors of national business (INSEE, the French statistics agency, estimates business associations to number around 1 million in France) and they represent a significant market for Groupama either directly in their own right, or via their members, volunteers and employees, who are all potential insurance policyholders.

Groupama has created two dedicated products for them:

• **Groupama Affinités** (a flat-rate policy for small associations, covering seven risks and essential services) makes the Group No. 1 in the market by number of policies and No. 2 in terms of premium income;

• **Groupama Cohésion** is for major national federations, and associations requiring more extensive cover, and is designed to cover professional or special risks through 47 separate items guaranteed.

For associations, as in other fields, Groupama lays special emphasis on **prevention**. A **Guide for associations**, a **poster on prevention**, and **meetings** all form part of a coherent set of information for association managers and members, to raise awareness of the inherent risks in the association sector. In addition, Groupama produces individual factsheets for different types of activity to underpin the marketing of *Affinités* and *Cohésion* products.

€190 million

Small business premium income
(multi-risk professional policies)

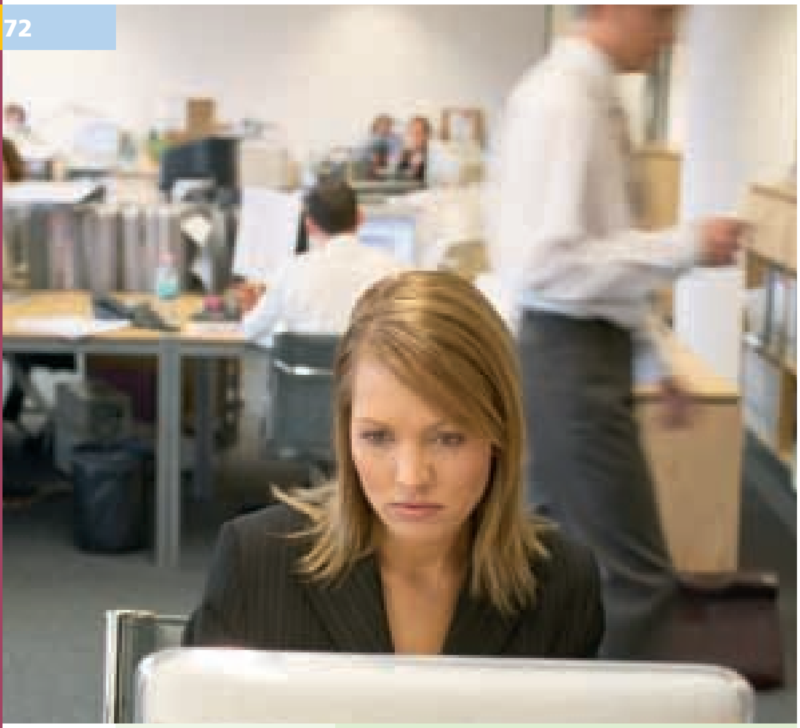
"We pay particular attention to these professionals in all kinds of businesses who, working independently, have very specific needs that are different from those of employees. Our mission of support is often essential for them."

GROUPAMA **TAKES ACTION…**

- For major associations with a rural bias, Groupama makes a special effort to establish a supportive relationship for their development. By insuring their business, people and property, and by designing individual and innovative policies, Groupama also encourages their long-term loyalty. Groupama listens carefully to members and their business partners and it organises preventive actions and information meetings for all the risks associated with their private life. Members of *Les Aînés Ruraux*, the leading organisation for pensioners in France, have been insured with Groupama since its creation in 1976. For example they were the first to benefit from cover for long-term care.

Commercial and institutional insurance

Groupama is the number one insurer in institutional and agri-food insurance and number three in SME insurance and is maintaining its lead positions in a highly competitive market after a period of raising premium rates.



GROUPAMA **SERVES EVERYONE…**

Gan Eurocourtage

• Risk prevention efforts were reinforced in 2004, especially in Fire, for which 2,000 risk prevention visits were made to factories and other insured premises. To meet this increased activity, the number of forecasting engineers was raised to 17.

• The Asian Tsunami disaster of 26 December 2004 spurred Gan Eurocourtage and Mutuaide Assistance into action from 27 December. Gan Eurocourtage is the insurer for a number of Tour Operators and it had over 500 policyholders in the area at the time. The policyholders received the necessary assistance on the spot and were repatriated.

Controlled growth

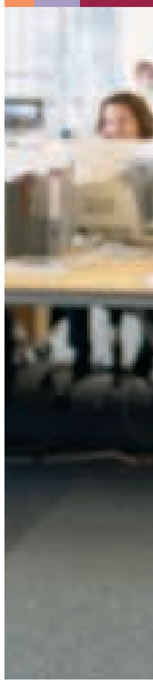
2004 was marked by a slower growth in premiums than in recent years for this market due to increasing competition. Against this backdrop, the Group intends to continue to grow, while maintaining the tightest possible control over its growth.

The Regional Mutuals have conducted an in-depth review of the portfolio, both to prevent risks as well as to cover them to best effect, tailored to each member. Cumulative experience as leader on the agri-foods market makes it possible to respond to individual requirements.
A marked increase was notable in premium income from Gan Assurances general agents (up 12%). Based both on the quality of the portfolio and on new regional sales offices, they confirmed their special relationship with SMEs and medium-sized institutions. Gan Eurocourtage, the third-largest SME insurer on the broking market, presented brokers with its growth targets, based on long-term customer relations, selection and risk prevention.

In 2004, Groupama also launched a joint think-tank for specialists from Gan Assurances, Gan Eurocourtage, Groupama Transport and the Regional Mutuals, to design new products for businesses and institutions, which will be launched in 2005.

In this market as in others, Groupama pays particular attention to **prevention** and, in 2004, it produced a fire risk prevention code specifically for the agri-foods sector, a risk analysis tool, a database on climate risks and a website dedicated to monitoring hygiene conditions, **amalys.com** (in partnership with ADRIA Normandy).

"Insuring commercial businesses and institutions is also, and perhaps above all, about giving them long-term support. And since the way to do that is to get to know them well, we consider them as partners rather than clients."



Good performance in 2004

Premium income for the Group's commercial and institutional insurance was up 5.2%, in line with growth expected under the operational strategic plan. Significant growth was seen on the institutional market (up 14%), where Groupama strengthened its lead position. On the Companies market, growth in third party liability (up 14%), car fleets (up 5%) and a decrease in industrial risks (down 2%), reflected strict management, both in monitoring and prevention. Results were very satisfactory with a combined ratio below 100% across all policies.

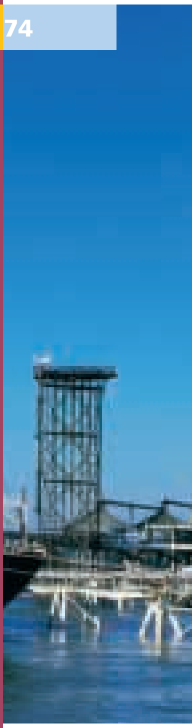
Further improvement for Credit insurance

Despite the continuing low increase in premiums (around 1%) caused by the combined influence of weak economic growth, export difficulties and an unfavourable euro/dollar exchange rate, the underwriting results for Groupama Assurance-Crédit in 2004 continued the improvement noted the previous year. In order to develop the business and the product range, in partnership with the French national timber federation (FNB), the company designed a new product called BOISELIS for sawmills that are members of this professional organisation. A new insurer-distributor model with its own distribution networks was established.

€1.05 billion
Commercial and institutional premium income
up 5.2%

€27.3 million
Groupama Assurance-Crédit premium income

Marine and Transport insurance



Ships and aircraft are essential to global freight transport. Groupama Transport's core business is to insure them and their cargo and it has gained second place in this market within a few years, which is chiefly founded on selectivity of risks and innovation.

International business based on prevention

Groupama Transport's strength is the result of a three-way partnership between policyholders, brokers and various intermediaries, and the company. Its strategic advantages are selectivity of risks, innovation in terms of products and services, and international development based on the type of business and the risks covered. Prevention is one of Groupama Transport's key strategies. It is reflected at very diverse levels, especially:

- the recruitment of specialists in the businesses operated by customers, such as merchant navy officers, road transport professionals, technical experts in deep-sea fishing etc. who speak the same language as customers and can build a close partnership with them;
- a type of risk assessment that is not limited to a technical survey but also involves, for example, checking the crew, reviewing training and ship management (ethics of the shipowners and the business), safety training, adherence to regulations, etc.

€258 million

Transport premium income

Of which:

€172 million
Marine premium income

€86 million

Aviation and space premium income

"Insuring our customers continuously means accompanying them wherever they are and wherever they are developing, in France and abroad."

Profits up, presence strengthened

In 2004, Groupama Transport significantly increased its net profit (€13.6 million up from €7.3 million in 2003) and strengthened its presence:

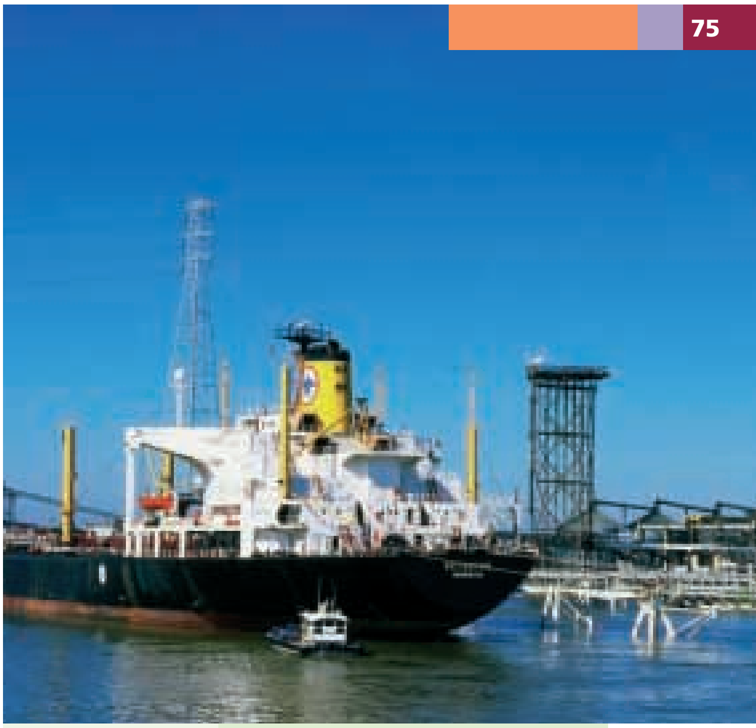
- in France, with a new base in Nantes, a port serving a rapidly developing region for transport and logistics;
- abroad, with the opening (in September 2004) of a branch in Singapore, which offers the Group very broad prospects across the whole of the South-East Asia region.

Groupama Transport is continuing to develop business with DEX Limited in the UK and through the Group's international subsidiaries in Italy, Spain, Turkey and Hungary.

In 2005, the Optiflux market system, of which Groupama was one of the principal architects, will be introduced to govern the flow of technical and financial resources under the arrangements for coinsurance of transport insurance on the French market.

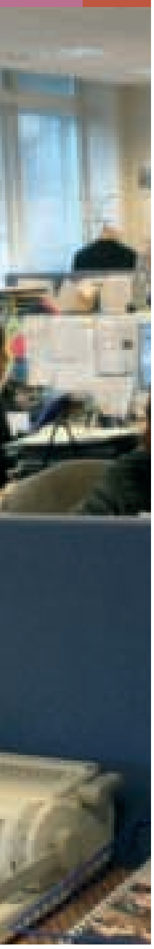
Aviation and space: Groupama Transport combines the Group's interests

Starting this year, Groupama Transport is combining all the Group's interests –including those of Groupama SA– held in the two specialised pools of *La Réunion Aérienne* (24.93%) and *La Réunion Spatiale* (25.17%). In a context of downward pressure due to the dollar exchange rate and heavier claims (in number and value), these two entities posted a decline in profits.



GROUPAMA **SERVES EVERYONE**

• Hand in hand with insurance goes protection. And it is precisely the protection of human life at sea that was the purpose of a partnership between Groupama Transport and the French lifeboat organisation, SNSM (*Société Nationale des Sauveteurs en Mer*) in 2004. SNSM has 3,500 volunteer lifeboatmen, mostly professional commercial sailors and fishermen, managed by 1,500 instructors and managers. The organisation has 230 stations spread all along the French coastline and over 550 lifeboats, inflatable dinghies and all-weather launches.



Diversification and growth

+ 4.8%

Growth in premium income in Southern Europe

"The presence of the Group in several foreign markets is a gauge of our diversification of risk. Groupama today has a network of very effective international subsidiaries and is determined to seize external growth opportunities in Southern Europe and Central Europe."

Jean-François Lemoux
General Manager. International

DISTRIBUTION

Life and health insurance
€0.4 billion

Property and casualty
€1.5 billion

€1.9 billion

Premium income from International insurance in 2004

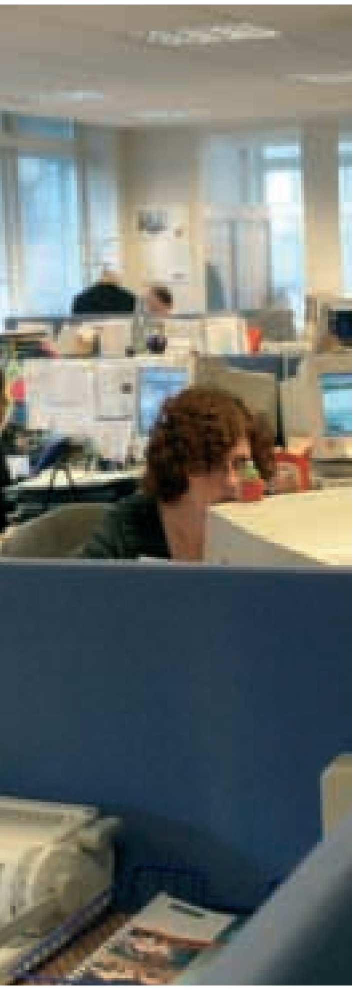
STRATEGY

International growth in zones with high potential

Internationally the Group decided to increase its presence over the short term in Southern Europe, a zone with strong potential. This development is expected to be mainly through external growth, not excluding partnerships.

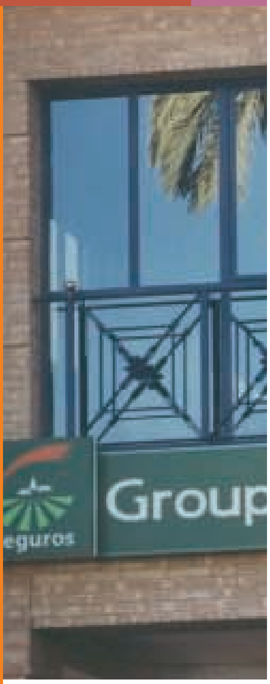
The **principles** governing the Group's international development:

- **establish in markets with strong potential**, where the available insurance products offer prospects of serious progress,
- **become a significant player** in each of these markets in order to play an active part in establishing the conditions under which the insurance business is carried out,
- **control the distribution network**,
- **capitalise on our know-how and the Group's synergies**: Groupama wants to develop in areas of business in which it has recognised expertise previously developed in France for targeted customers (private individuals, agriculture, liberal professions, SMEs).



2004 significant events – Having received authorisation to sell its non-life insurance policies in the province of Sichuan, the 3rd most populated province in China with 85 million inhabitants, the **first Groupama branch was inaugurated in Chengdu**, the provincial capital, at the end of October. • **Groupama and the Agricultural Bank of China** (ABC) agreed a strategic commercial partnership that will allow distribution of Groupama products in both urban and rural Sichuan, through the ABC's branches and agencies. • Beginning of the **Year of France in China**, continuing until July 2005. Groupama is part of the Committee of Honour, which includes the 20 major French businesses supporting the events. • The Group's **Hungarian** subsidiary, Europa Biztosito, became **Groupama Biztosito**. • With €676 million in premium income in 2004, the **Spanish operation** became the Group's leading international subsidiary.

Europe



Spain

Groupama Plus Ultra intends to maintain a key position on the Spanish insurance market. This strategy is based around four strengths: a dedicated range of products and services, highly sophisticated management techniques, a very intensive sales and marketing network, and well-knit professional teams with complementary skills.

In 2004, **Groupama Plus Ultra** carried out operations at a number of levels:

• **Life insurance**

Consolidation of **Group Financial Plus**, a grouping of the top life insurance agents, who achieved over 120% of their objectives.
The launch of two new life insurance product ranges: **Top Ahorro Futuros Plus** and **Top Inversion Plus**.

• **Non-life insurance**

Launch of four new agricultural multi-risk products together with the recruitment of specialist inspectors.
Adjustment of motor policy rates which enabled a 20% increase in sales in the second half of the year.

In addition, Groupama Plus Ultra launched specific actions to encourage new business and improve claims management, notably upgraded IT applications and the installation of new software for home insurance claims.

• **Technical and financial management**

Development of monitoring systems (web-based information management), a specific review of motor insurance terminations, establishment of an SAP accounting system, and completion of an asset-liability analysis.

In a market with overall growth of 7%, premium income at the Group's Spanish subsidiary saw contrasting fortunes: strong growth in life (up 20.3%), and stability in non-life (up 0.9%). In total, premium income was up 2.3% at €676 million.
Its contribution to the Group's consolidated net profit was €39 million.

Groupama Plus Ultra changed its name to Groupama Seguros in April 2005.

€676 million

Spain premium income

€525 million

Italy premium income

Italy

In 2004, **Gan Italia** operated on a national market that was generally characterised by good performance on the financial markets (equity markets were up nearly 18%) and a dip in growth both in life and non-life insurance.

Against this rather sluggish backdrop, Gan Italia continued and enhanced the strategy launched in 2003 –a quest for profitability and growth– structured around a three-year action plan. An increase in the value of the business is sought by enhancing its competitiveness and technical profitability. The Italian subsidiary is therefore focusing on defining and targeting a new type of client (with a high profitability profile) and constructing an offer that is technically tailored to this customer segment. The quest for growth is particularly based on developing the distribution networks (agents, bancassurance agreements) and diversifying the offering towards financial products.

Gan Italia initiated operations in various sectors:

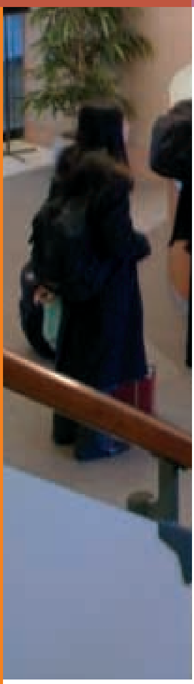
- **expansion and overhaul of the product range**: CasaGan (home) and InfortuniGan (personal accident), launch of ContoGan Vie;
- **modernisation of management and information resources**: end of the first stage of Project On Line (improved internal productivity), in-house training with additional "transmission" course for general agents about to retire;
- **risk control**: qualitative and quantitative assessment system, property and casualty reinsurance, ALM committee;
- **organic growth:** partnership with VMG 1857 and stakeholding in its specialised company for crop insurance.

All these actions together with application of the strategy at all commercial and administrative levels enabled Gan Italia to boost its premium income once again (€525 million, up 2.9%) with net profit of €20.4 million, which is an increase of nearly 50%. The Italian subsidiary's contribution to the Group's consolidated profit was up by 8.3%, at €19 million.

It should also be pointed out that, in its second year of operations, Groupama Asset Management Italia recorded significant growth in new deposits excluding management mandates (€2.7 million).

Gan Italia, which already consistently flags its connection with Groupama, will adopt the name of Groupama Assicurazioni in May 2006.

Europe



Portugal

Gan Portugal had set itself several objectives at the start of the year. In addition to growth in the pensions and individual savings sectors, the most notable of these were market share gains in the group life, health and accident insurance sector, development of the personal property and casualty sector and the introduction of agricultural insurance. For strategic leverage, Gan Portugal planned to review its entire product offering, improve its overall productivity and responsiveness (particularly by developing a new IT base), and develop partnerships with banks.

The results of this strategy can be seen in three sets of achievements:

- **new products**: a more competitive rate policy is now offered for group provident schemes; expansion of the group product range through Gan Portugal's membership of the international Swiss Life pool; presentation of a new agricultural product containing new guarantees and services (especially regarding accidents at work);
- **network and customer communication**: Gan Portugal has been particularly active in this area: restructuring customer reception, development of a cycle for processing purchases, a customer satisfaction follow-up for Multicare, development of performance indicators, online access to affiliates and customer information and specific advertising to promote the reinvestment of capital at maturity. Gan Portugal also participated in the French cinema festival sponsored by the Gan Foundation;
- Gan Portugal has launched a number of actions regarding internal audit (monitoring IT and outsourced projects), improved the management and tracking of claims services (development and migration of SIC base products…).

Results recorded by the subsidiary in 2004 reflect very significant progress, continuing directly from 2003: 50% increase in issued premiums in life (higher than the national market) and up 17.5% in non-life. Total premium income posted growth of 43.8% to €90 million.
The contribution to the Group's consolidated profit amounted to €3 million.
Gan Portugal will adopt the name Groupama Seguros in November 2005.

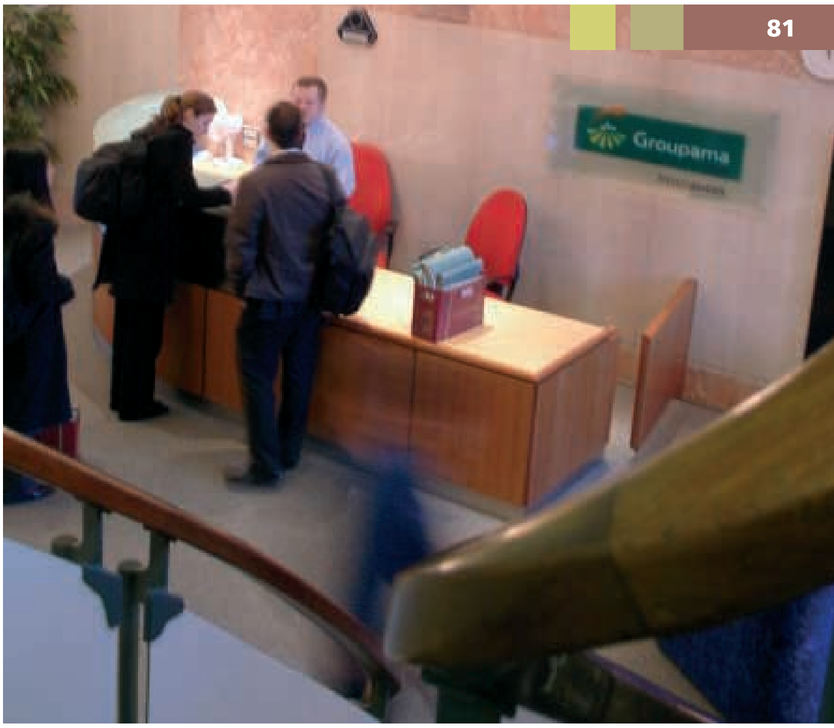
€90 million
Portugal premium income

€451.4 million

United Kingdom premium income

United Kingdom

2003 marked a return to profitability for **Groupama Insurances**, and the positive trend was confirmed in 2004, a year which also saw the completion of several major internal restructuring projects. All this was against the backdrop of a highly competitive market characterised by the arrival of new distributors, such as supermarkets.



Among the events that punctuated this year:

- **reorganisation of claims management for individuals**: this took place at the Portsmouth site, which is managed all motor and home claims policies. Personal insurance policies were transferred throughout the year with extremely satisfactory technical results;
- **restructuring of the sales force**: the intention was to give a fresh boost to the commercial network that is in direct contact with brokers, by adding some key advantages: develop the product range, improve the segmentation of brokers, strengthen the local area policy among the most significant intermediaries;
- **management of human resources**: Groupama Insurances has channelled particular effort towards HR, culminating in the award of Investor in People (IIP) certification, a highly sought-after British standard that was introduced in 1990 (it has so far been awarded to 29,000 companies around the world), which recognises good practice and the quality of a company's training.

Despite these efforts and the successful implementation of this focused strategy, the UK subsidiary's premium income showed a marked decline, largely due to the termination of the Saga contract. But this should not in any way undermine the turnaround noted since last year as, if product lines that were voluntarily withdrawn from sale are excluded, total premium income posted a rise of 0.5%, at £306.5 million (€451.4 million) which, though small, is none the less real. This reflects the efforts made by the **Groupama Insurances** subsidiary, in both competitiveness and distribution.

Earnings of £21.1 million were up compared with 2003 and the contribution to the Group's consolidated net profit amounted to £17.7 million (€26.3 million).

Europe

€54 million
Hungary premium income

Hungary

While 2002 and 2003 were primarily devoted to the development of Groupama's Hungarian subsidiary, 2004 was a year of refocus and rationalisation:

- **structure**: the subsidiary, which moved offices, changed its name to **Groupama Biztosito**. It also increased its share capital to match its rapid growth;
- **commercial network**: Groupama Biztosito repositioned its sales networks, focusing on the best performing agents and brokers. Marketing campaigns were launched in the sectors considered most profitable: multi-risk home, professional third party liability, and personal life insurance;
- **products**: the subsidiary rebalanced its non-life portfolio. The rates for motor third party liability were raised along with technical measures aimed at returning to profitability.

Efforts made throughout the year enabled Groupama Biztosito to start a recovery –premium income (€54 million) increased by 22.4% and is expected to break even in 2006.

€211 million
Turkey premium income

Turkey

Groupama is present in Turkey through its 36% equity stake in the Turkish non-life insurer **Günes Sigorta**. While inflation continued the downward trend that began the previous year to below the 10% threshold, Günes Sigorta had a very good year with growth in premium income of over 30% (€211 million) compared with 2003, which was already a good year. Its contribution to the Group's consolidated profit was €1.4 million.

Thanks to its very diversified distribution channels and the existence of a network of nearly 1,000 exclusive agents, the activity of Groupama's partner company held up very well, especially in the personal insurance market. The motor/accident and health branches were thus able to achieve growth rates of 51% and 102% respectively.

Switzerland

Groupama's presence in Switzerland is coming to an end. The withdrawal from this market, decided in 2003 for strategic reasons, is now underway and no new business has been accepted since 1 January 2005.

In 2004, life insurance constituted the major part of premium income, stable at €125 million.

Asia and French Overseas

10 offices
In China in 2005

€10 million
Hong Kong premium income

China

Sichuan

2004 was marked by the official launch of **Groupama S.A. Chengdu Branch** in the province of Sichuan. This followed operating approval being granted to Groupama by the Chinese authorities in August and the branch was inaugurated on 26 October. Within three months, Groupama had opened four offices, employing sales staff and agents (two offices in town centres and two in rural areas); these are the first links in a network that will see six more openings in 2005. The branch already employs some thirty Chinese staff. Groupama S.A. Chengdu Branch has also signed a three-year global cooperation agreement with one of the leading state banking establishments, the Agricultural Bank of China.

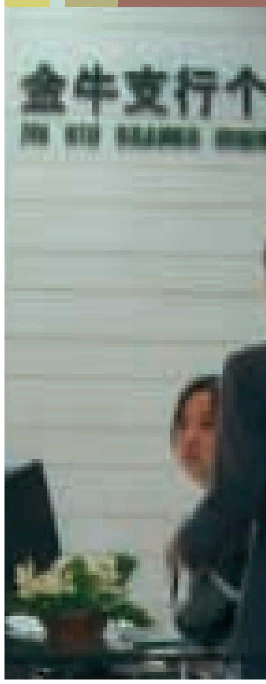
The first three products offered to Chinese customers are general: the first for farming multi-risks, the second for home multi-risks (for city-dwellers), and the third is a specific multi-risk policy (for traders and SMEs). The branch is therefore already in a position to address a broad band of customers. As the first foreign insurer to become established in this province, Groupama S.A. Chengdu Branch will contribute to making the concept of non-life insurance familiar to a population that is only just starting to open up to such systems.

Hong Kong

Groupama is present in Hong Kong through a non-life branch. Its portfolio is composed of property and casualty, motor, health and third party liability insurance, aimed at private individuals and SMEs. In 2004, it turned in premium income of €10 million, stable compared with the previous year.

€60 million

Gan Outre-mer IARD premium income



Vietnam

In 2004, **Groupama Vietnam General** prepared for the extension to its licence, obtained in January 2005.

At a structural level, the subsidiary simultaneously transferred its administrative head office from Cantho to Ho Chi Minh City, appointed a new management team, and strengthened its sales network and distribution agreements with *Banque Agricole du Vietnam*.

In strategic terms, Groupama Vietnam General, which wanted to be able to distribute both a broad range of products (until then it was limited to covering only farming risks) and extend beyond the Mekong Delta region where its marketing was limited, applied to the licensing authorities for a commercial and geographic extension. This was granted in January 2005. From the current financial year it will therefore be able to distribute policies in all non-life sectors (except for motor third party and state businesses) and to an urban and rural population. 2005 should therefore mark a new learning and development stage in this newly-emerging market.

French Overseas Departments and Territories

The year was marked by the incorporation, within a single entity, of the Gan branches in the French West Indies (Martinique and Guadeloupe) and Gan Pacifique IARD, present in New Caledonia, Polynesia and the Wallis and Futuna Islands. This new entity has adopted the name of Gan Outre-mer IARD. Its premium income amounted to €60 million (44% of which comes from the French West Indies and 56% from the Pacific region) compared with €48 million in 2003. Consolidated net profit of the company amounted to €2.8 million.

FINANCIAL SERVICES

The resources underlying our financial performance

€76.8 billion
Custody of transferable securities by the Banque Finama

€58.8 billion
investments managed by Groupama Asset Management

"The primary influences in steering and managing the Group's financial services are prudence and protection. The contribution of the financial services to the Group result progressed by 45.3% during 2004, to €10 million, thanks to our dynamic sales activities and the good performance of the financial markets."

Helman le Pas de Sécheval
Chief Financial Officer

€500 million
Investments managed by Finama Private Equity

€3.4 billion
Assets managed by Groupama Immobilier

STRATEGY

Regular, long-term performance

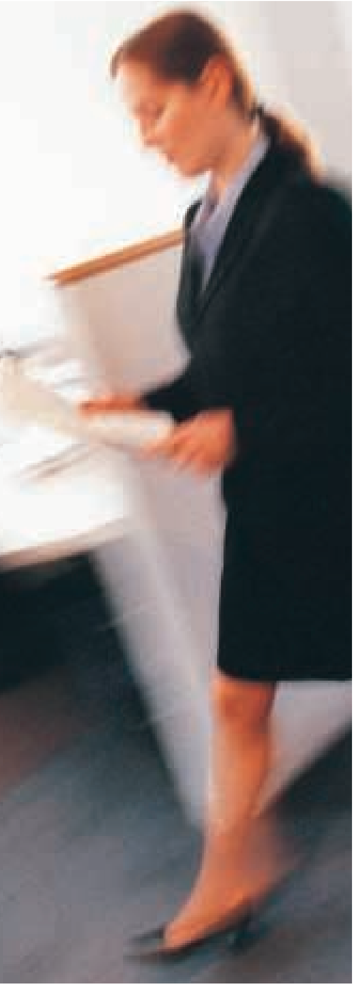
In the management of the Group's investments, the asset management companies have developed an expertise and procedures that enable them to achieve regular long-term performance:

- **Banque Finama**: Group banking;
- **Groupama Asset Management**: management of listed assets;
- **Finama Private Equity**: management of non-listed assets (capital investment);
- **Groupama Immobilier**: management of real estate.

Their performance strengthens the overall financial position of the Group and the entities of which it is composed, providing long-term reassurance for the policyholders. Our strategic objective is to capitalise on these advantages in order to develop management facilities for third parties.

€141 million

Contribution to Group income 2004



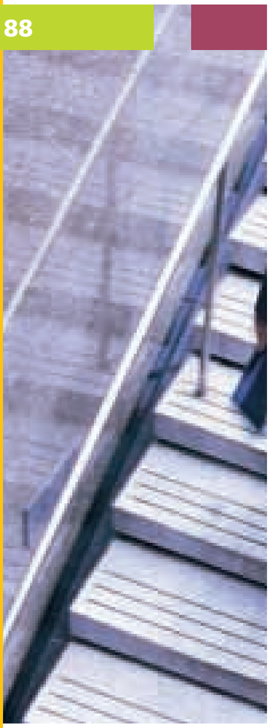
May 2004 – Groupama's know-how in long-term fund management: Groupama Asset Management receives "***Trophées du Revenu Sicav et Fonds 2004***" awards (for OEIC and fund earnings). The group wins 3 gold trophies and 1 bronze, "4 pieces of good news for pensions".

June 2004 – Pension reserve funds: Groupama Asset Management's offer is accepted together with 11 other management companies after an international invitation to tender.

September 2004 – Groupama receives 2 out of 5 of the awards that comprise the *Mieux Vivre Votre Argent* awards for 2004: the ***Corbeille Long Terme*** and the ***Corbeille Insurance***. This double, a repeat of victories in 2000, expresses the steady performances of Groupama and its capacity to manage for the long term.

Group banking

Groupama's group bank adopted the name of Banque Finama in 1999. It now demonstrates the quality of its services by covering banking operations for almost all the Group's entities. Banque Finama continuously innovates and enriches its services in order to serve its customers to best effect.



Progress in all its activities

Banque Finama has expanded all its areas of activity. In 2004:

- as the **Group bank** it increased its level of volumes and new funds;
- as a **transaction/finance bank** it maintained a fast pace. It also strengthened its capacity to do business and refined its array of management systems;
- as an **asset management bank** it developed its offering for high net worth individuals. The Bank now offers so-called "Lombard" credits, special financing which supplements asset management under mandate;
- as a **corporate and professional bank** it expanded its range of services.

At the same time, as part of the implementation at the end of 2005 of the new Basel II solvency ratio, Banque Finama strengthened all its rules and procedures during the year, thereby giving itself the means to better measure, monitor and control its operational and financial risks.

Actions are a core part of strategy

A strategy is only valid if it produces concrete results. Across all the bank's sectors, 2004 will be seen as a year of progress. For example: as a modern bank, Banque Finama has offered totally upgraded online banking since 1 July 2004, FINAMAdirect, and a service available throughout France for personalised collection of cheques. Similarly, a professional savings account was launched for professionals and companies, enabling cash to be paid to a company or farming business, while allowing farmers to benefit from the risk rebate scheme ("DPA").

With 4.7% growth in net banking income and a 5.6% reduction in overheads, Banque Finama considerably improved its margins in 2004 turning in net profit of €6.4 million.

Net banking income for 2004 came to €42.3 million boosted by increased commissions collected on securities transactions (up 20.9%) and payment transactions (up 22.4%). The asset management bank's net banking income is growing sharply.

The satisfaction survey traditionally conducted by the bank each year confirmed the quality of service in 2004. 97.2% of customers declared they were very satisfied or fairly satisfied with the quality of their dealings with their bank, while 99.4% also considered that the service had improved or been maintained in the last two years.

€76.8 billion
Investment securities in custody
up 16%

33 million
Transactions processed
up 28%

€110.2 million
Savings deposits
up 17%

€92.7 million
Loans under management
up 38%

GROUPAMA MAKES PROGRESS…

• Particular attention has been given to listening to customers and constantly improving quality, as demonstrated by the creation of "user clubs" for joint reflection on ways of improving the product range. On 15 February 2005, this also led to the award of the first ISO 9001/2000 certification for the payment resources service.

Asset management

Groupama Asset Management, the Group subsidiary dedicated to management of investment securities, holds 7th position in the French market for this business. It specialises in active management in Europe.
In Asia and the United States, it works with leading partners while retaining management responsibility.

Continuous objective: customer satisfaction and Group value

Groupama Asset Management has defined a number of objectives to achieve customer satisfaction (whether institutional investors, businesses or distribution networks) and value for the Group in general:

- first, by a management process that ensures recurring and sustainable high-quality performance;
- by focusing on the development of external customers, particularly by strengthening its position among institutional investors;
- by managing the funds used by the Gan and Groupama network offerings or for Groupama Banque or Company savings schemes;
- by contributing to the generation of ideas with the organisation of economic and political discussions;
- and by positioning itself in socially responsible investment and integrating best practices to share the same vision of its business with customers.

Sharp increase in funds received in 2004

2004 saw exceptional deposits from all customer segments, especially external customers (up 54%). The significant number of tenders for which it has asked to bid (27 in 2004) confirms the Group's good image and reputation.

Groupama Asset Management scored a significant success in winning the French national pension fund (***Fonds de Réserve pour les Retraites***) for active management in the Euro Large-Cap Equities category. Groupama's asset management company was one of 22 companies selected out of 410 candidates in what is considered to be the biggest international tender process (27 management mandates totalling €16 billion).

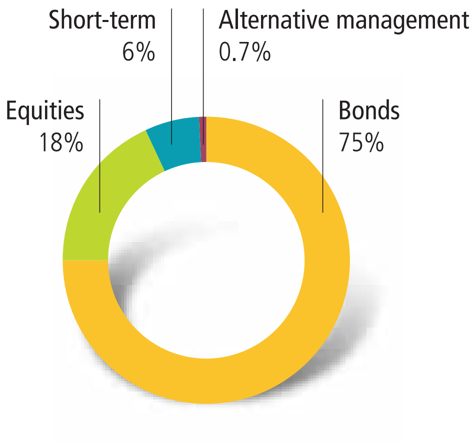
In addition, in 2004 Groupama Asset Management won a number of awards both for overall management (*Mieux Vivre Votre Argent*, and *Le Revenu* 2004) and for products (*Le Journal des Finances*, *Le Figaro*, *L'Agefi*, *La Tribune*, Lipper Fund Awards France 2004, etc.). Standard and Poor's gave star ratings to 56 funds managed by Groupama Asset Management (of which 44 funds gained more than 3 stars and 9 funds 5 stars, the maximum award).

Groupama Asset Management posted 2004 revenues of €71 million, up 25%, and net profit came in at €14.5 million (up 65%).

€58.8 billion

Assets under management

up 11.9%



€18.3 billion

Mutual funds

€1.3 billion

Net funds received

GROUPAMA **SERVES EVERYONE…**

• **Enhancing our expertise for the greater benefit of our customers**
Active management with controlled risk, credit risk management, diversified management, international equities management, dynamic cash management, alternative management… new techniques emerge every day that we have to combine with our long-developed expertise in a constant search for performance.

Private equity

Backed by Finama Private Equity, an entity dedicated to unlisted asset portfolio management, Groupama is well equipped to meet the growing need for private equity from French insurers and retirement funds. Finama Private Equity is one of the leaders in the industry.

GROUPAMA **MAKES PROGRESS…**

• In 2004, Finama Private Equity launched the first fund of funds managed by a French operator devoted to the mezzanine segment: Quartilium Mezzanine. This innovative product, which presents a particularly attractive risk-return ratio, and which complements other products in the range, will be offered to investors in 2005. What is a mezzanine fund of funds? It is a fund of funds that invests solely in funds that carry out mezzanine transactions. A mezzanine investment principally operates in an LBO (leveraged buyout) context where the financial investment lies between equity capital and senior bank debt.

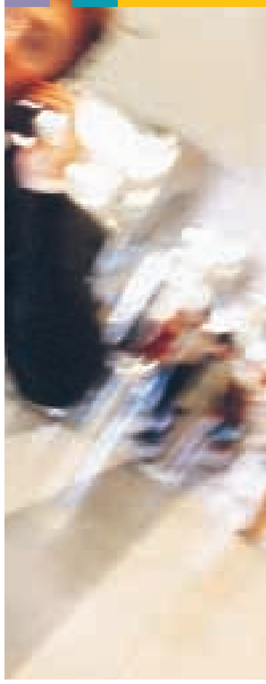
Very targeted fund management

Finama Private Equity covers all segments of private equity:

• QUARTILIUM: at the end of 2004, the fund of funds business represented around €400 million in volume of commitments under management. It is designed to provide geographical, sector and risk diversification for all private equity asset classes;

• ACTO: direct investment activity represents a volume of commitments of nearly €100 million. The ACTO team is positioned on the French medium-sized company market. The investment fund currently under management conducts capital growth and transfer operations in companies active in fast-growing and high-profile sectors in which they are leaders. By way of example, ACTO has significant holdings in CIAT, the No. 1 French campsite manager, in ODALYS, the No. 2 French tourist residence operator, in IONISOS, French leader in sterilisation of medical equipment and products, and in Pomme de Pain, the 3rd-largest French sandwich chain.

At the end of 2004, the funds managed by Finama Private Equity were mainly subscribed by Groupama S.A.'s insurance subsidiaries, around 10% by Regional Mutuals and, depending on the product, 10-35% by a customer base of third-party institutional investors.



A growing asset class

As private equity is less exposed to market volatility, it offers significant advantages and complementary benefits to other asset classes.

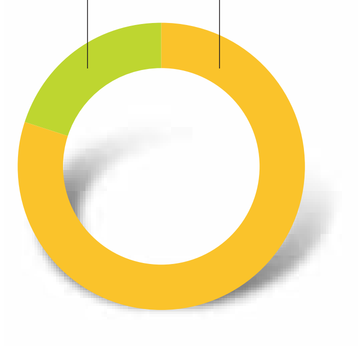
European private equity attracts the interest of institutional investors for the long term, who have in recent years pursued their policy of growth in their asset allocation by capital investment.
Capital investment, which accounted for around 2.5% in 1999, is estimated to reach 4.5% in 2005.
In France, this asset class is expected to see sustained growth from insurance companies and retirement funds in the coming years.

This significant development provides a favourable scenario for the private equity market, which was marked in 2004 by the re-emergence of venture capital as well as a significant upturn in M&A and LBO activities, in France and across Europe.

A year of continuing growth

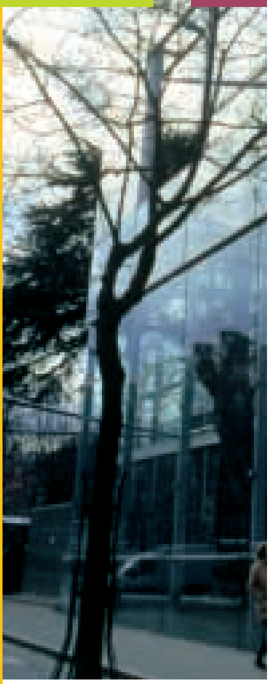
The QUARTILIUM "family" was expanded in 2004, both by a new primary fund of funds, Quartilium II, successor to Quartilium I, and on the other hand with a fund of funds devoted to the "mezzanine" segment, thus adding to the range of investment programmes covered by Quartilium.
At the same time, the ACTO portfolio of direct investment increased from €28 to 38 million, accounting for 45% of the fund's commitments.

€500 million
Assets under management



Real estate

A recognised expert in real estate management, Groupama Immobilier's mission is to manage and generate maximum value from the Group's real estate assets which underpins its financial strength.



Four key policies

The strategy of Groupama Immobilier follows four fundamental policies.
The first is generating value from real estate assets in order to maximise income for the Group's insurance companies. The second consists of controlling the risks associated with operating activities; at the end of the year, this took the form of creating two new departments –audit and risk control. The third is designed to meet the Group's need for funds by realising capital gains from the sale of assets. The fourth is contributing to Groupama's growth by seeking external management mandates as well as offering real estate products to meet the needs of customers.

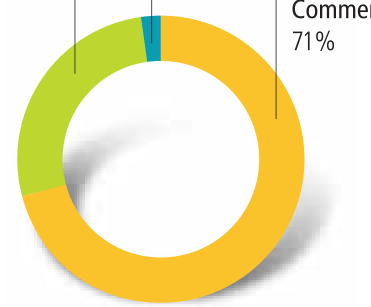
Progress at all levels

In 2004, Groupama Immobilier's business developed in different but complementary areas, which generated financial results as well as constituting technical progress:

- **financial earnings**: Groupama Immobilier thus generated capital gains of nearly €100 million by selling assets totalling €367 million, mainly housing in the Ile-de-France region. In addition, management of the Group's assets generated €213 million in rents and €140 million in net cash flow.
On a like-for-like basis, rents increased by 2.4%;
- **technical progress**: in particular, the subsidiary's diagnostics policy enabled lifts in its buildings to be upgraded to standards, ahead of the legal deadlines, and to meet legislation regarding asbestos and lead. For energy consumption, Groupama Immobilier now conducts regular reviews to improve the energy efficiency of heating systems. It also supports research on greenhouse gas emissions conducted by the French environment and energy control agency, ADEME.
Finally, regarding the restructuring work entrusted to it, Groupama Immobilier has chosen to follow the high environmental quality ("HQE") approach, the aim of which is to limit the environmental impact of buildings and renovations.

€3.4 billion
Real estate assets

710,000 square metres



€213 million

Rents collected

up 2.4% like-for-like

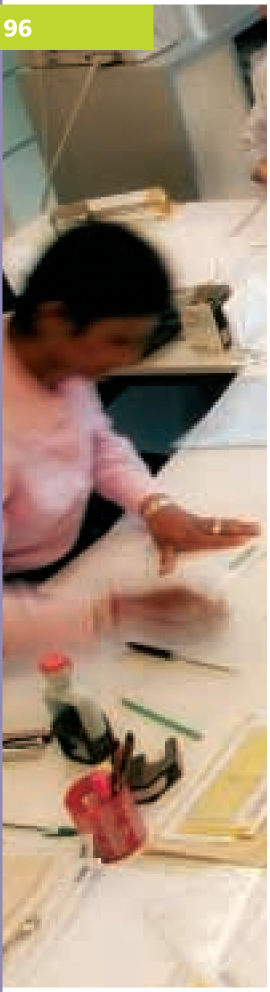
Partnership with Optimège

Optimège specialises in facility management for companies and reduction in the cost of use. Groupama Immobilier is partly responsible for valuing buildings and optimising their rental return (Asset Management and Property Management).
The association of the two entities makes it possible to structure a comprehensive service offer for investors and users, taking responsibility on their behalf for all real estate needs.
This service package has been concentrated on a product called Optama. Created in 2003, Optama enables clients to respond to tender appeals with an original bid.

GROUPAMA **MAKES PROGRESS…**

• In October 2004, Groupama Immobilier obtained ISO 9001 version 2000, a stringent certification and evaluation process for management systems, services and products for companies. This is a recognition of a major joint process involving two-thirds of the company's staff, which took twelve months of sustained effort. Groupama Immobilier monitors the obligations required by this standard on a daily basis, systematically sending customer satisfaction questionnaires to future tenants and paying special attention to any claims in properties managed by it.

Glossary



AVT (Access Vital Technology): an IT system intended as a single health services management system for personal and group health insurance for the Regional Mutuals and subsidiaries.

Claim/Premium ratio: this is principally utilised for non-life insurance and expresses the ratio of claims to premiums (subscriptions) earned in the year.

Combined ratio: this is a technical ratio comprised of the claim/premium ratio plus operating expenses (commissions and overheads) added to the numerator. A ratio below 100% signifies that the insurance activity, before taking account of financial income, is profitable and therefore that the premiums (subscriptions) received have covered both the claims and operating expenses.

COMOP (operational committees): these specialised committees –business lines, finance, human resources, etc.– are composed of managers in charge of the Group entities. They provide information to the Group Executive Committee and suggest operational measures to be taken pursuant to the strategic guidelines.

Compensation in kind and New for old cover: when compensation is paid in kind, it concerns property (building) loss and consists of discharging the policyholder from the constraints attached to finding contractors (the insurer contacts a network of approved companies), completion time (the policyholder has direct contact with the contractors to decide this with them) and a cash advance (the insurer pays the contractors direct). Reinstatement compensation concerns goods and equipment. If the goods cannot be repaired or have disappeared, the insurer undertakes to supply a new replacement.

CRM (customer relationship management): a shared resource for customer relations management using a single customer and prospects database per entity (Regional Mutuals or agencies) that can be accessed by all the commercial networks, platforms and managers in all the entities concerned.

Employed sales staff: the commercial networks of insurance companies are composed of insurance-finance advisers, customer account executives, telephone staff, sales inspectors, point of sale managers, etc.

Exclusive agents: these are independent professionals who, depending on their status, may represent either an insurance company or the interests of customers (individuals or companies) such as brokers.

General agent: general agents represent an insurance company in their geographical sector. They bind the company by selling insurance policies to its customers; receive claims forms and payment for insurance subscriptions; and pay compensation to policyholders after a claim. General agents are paid by commission.

Goodwill: the difference between the acquisition price of a company and the value of its net assets. The acquiring company records this difference in its accounts and then amortises it in its consolidated (or combined) results. Under current accounting principles, goodwill is amortised by the straight-line method over several years (generally 20 years).

GIE (*groupement d'intérêt économique*) EIG (economic interest grouping): the purpose of an EIG is to pool resources for the development and maintenance of IT systems, human resources and equipment, on behalf of member companies, in order to foster development of their economic activity, and improve and increase their earnings.

IT Strategy: within the Group's development strategy, there is a multi-annual plan (2001-2007) to create a joint IT system for the Regional Mutuals and the Gan subsidiaries –by creating, for example, single back offices by business line for the entire IT needs of both brands– and to cut costs. The objective of the plan is future savings of €150 million per annum.

PERCO (*plan d'épargne retraite collectif*) (group pension scheme): a long-term savings product for pensions. PERCOs are established under a group agreement within a company or branch (Inter-company PERCO). A PERCO may be funded simultaneously by employees (voluntary payments) and by an employer's contribution, profit-share and/or bonus.

PERE (*plan d'épargne retraite entreprise*) (company pension scheme): a group insurance product defined by the *Fillon* law, for defined contribution pensions involving obligatory membership for company employees. It allows members to make additional voluntary payments.

PERP (*plan d'épargne retraite populaire*) (personal pension plan): an insurance product for a supplementary pension, created by the *Fillon* law on pensions. It is a tax-efficient group policy which must be converted to an annuity on maturity.

Reinsurance: the practice by which a reinsurer (a specialised company or direct insurer) assumes liability in return for payment of some or all the risks underwritten by another insurer (called the ceding company).

Return on equity (RoE): profitability is traditionally measured by the ratio of net profit/shareholders' equity and indicates the company's capacity to generate a return from capital employed in its businesses.

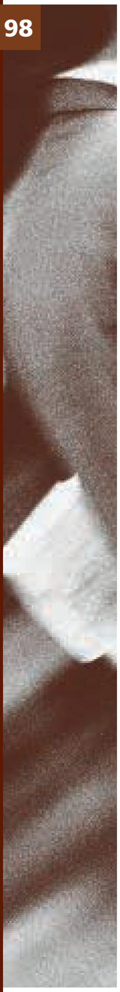
Sales Support Tools (SST): sales support tools are IT resources that help sales staff create sales offers by producing statements and diagnostics, compiling and storing rate simulations and producing quotations and contractual documents.

Shareholders' equity: shareholders' equity represents the company's funds on creation of a mutual or the capital contributed when a limited company is formed and, subsequently, earnings that have not been distributed (reserves) as rebates to members or dividends to shareholders.

SIGMA: management software chosen as the single management system for the Group's non-life insurance. Gan Assurances property-casualty system was migrated to Groupama's SIGMA system in 2004.

Solvency margin: insurance companies are required to have a prudent solvency margin defined by regulations. The elements constituting this margin mainly consist of the insurance companies' net assets and unrealised capital gains.

Strategic and Operational Plan (*PSO*): PSO is the French abbreviation for the Group's 3-year strategic and operational plan –determination of the plan, defining actions to be undertaken, and monitoring their achievement, thus improving operational performance. The PSO is based on dividing the Group's activity into strategic segments by business line. It is developed with close cooperation between the business lines and the companies. Ultimately, each company and each business segment has a set of precise objectives, both in terms of premium income and earnings, which reflect their contribution to the Group's strategy.



Financial report

2004 combined accounts

Report
Groupama combined financial statements 2004

1. ECONOMIC ENVIRONMENT

Macroeconomic environment

2003 ended with a sustained recovery of activity in the United States and China, spreading to Europe, Asia and Latin America. This situation continued at the beginning of 2004, following in the wake of the US and Chinese economies.
2004 will remain an exceptional year in global terms. It saw the strongest rise in GDP worldwide since 1988, and the largest increase in international trade since 1987. This dynamic situation was nevertheless based on destabilising factors which will very likely require future correction, especially in the United States: continuing public and current deficits, a savings deficit and a deficit in terms of competition in relation to Asian producers. A dip in growth appeared at the start of the summer with a cooling down in China, the recessive impact of raw material price increases, currencies gaining ground against the dollar, and the absence of internal stimulation in Europe, Asia and Japan.

UNITED STATES

US growth held up well in 2004. As in 2003, it was based on all aspects of domestic demand: household consumption and investment in housing, as well as productive investment, was very vigorous. Job creation was significantly up but remains imbalanced, especially in the manufacturing sector where many jobs have again been cut-back.
On an annual average, growth crossed the 4% mark, although this was at the cost of a net increase in destabilising factors:
• the current deficit continued to widen, reinforcing downward pressure on the dollar;
• the public deficit just about stabilised above 4% of GDP;
• the domestic savings rate dropped back to virtually zero.

EURO ZONE

The economic upturn was relatively weak in 2004 (less than 2% of annual average growth). This counter-performance in the Euro zone was the result , on the one hand, of the fall in price-competitiveness due to the appreciation of the euro against the dollar and, on the other hand, of the global weakness in consumer demand. Activity in Europe was once again marked by a sharp disparity in national situations. The following disparities were apparent:
• in terms of pace of growth: between Germany, Italy and the Benelux countries, on the one hand, where activity was weak, and France and Spain, on the other hand, where it was slightly higher than its medium-term potential,
• in terms of drivers of activity: exports were the sole support for Germany, whereas in France and Spain, export performance was mediocre, but was offset by the high level of consumer purchasing, especially in the residential sector (housing and household goods).

JAPAN

As deflation came to an end, the Japanese economic situation remained ambiguous. On the one hand, the Japanese micro-economy was in better shape: companies –including the banking sector– restructured their balance sheets and returned to good levels of profitability. On the other hand, macroeconomic indicators demonstrated great fragility: the budget situation remains poor, the fight against deflation is not over, and the job market remains unfocused.

EMERGING COUNTRIES

Asia

The Asian dynamic was clearly led by the vigour of Chinese growth. Faced with concerns that the economy was overheating, the Chinese authorities adopted measures to slow activity down; how effective these are will be seen in the longer term.

Latin America

2004 was very favourable from the point of view of growth, with an increase of around 5% in the main countries. The key factor was the massive increase in exports of raw materials to China.

Eastern Europe

The acceleration of growth continued in 2004 with growth rates of around 5 to 6% on average. The impact of the increase in raw materials prices seems to have been limited.

The financial markets

INTEREST RATE MARKETS

In a context of strong and slightly inflationary growth, the sustainability of which is unsure, long rates followed a downward trend for the majority of the year. The spread between US and European rates widened at the year-end. Treasuries ended 2004 at around 3.7%.
The ECB maintained the status quo of its leading rate at 2% throughout the year, while the Federal Reserve was engaged in a process of progressive monetary tightening in the second half-year. Fed Funds rates went from 1% to 2.25% at the end of 2004.
Private issues: risk premiums on issuers declined further with risk premiums of around 70 basis points above interbank rates on the euro market for BBB issues.
Overall, the bond markets performed well in 2004. Euro zone government bonds yielded around 7.5%. Convertible bonds were adversely affected by the lower volatility of the equity markets.

EQUITY MARKETS

The performance of the world's main stock market indices was weaker than in 2003. The upward trend was interrupted in February 2004, and was not resumed until the very end of the year, due, in particular, to a drop in the price of oil, which had risen to over 50 dollars a barrel in the middle of the year. Volatility remained very low throughout the year. The CAC 40 ended up 7.4% (10.1% with dividends reinvested), the S&P 500 up 9%, and the Nikkei up 7.6%.

EXCHANGE RATES

The key feature of the year concerned the performance of the dollar. However, its decline was irregular: the massive intervention by some of the Asian central banks to limit the appreciation of their currency had the consequence of excessively concentrating its force on a small number of currencies, primarily European currencies. The euro gained 7.7% on average over the year against the dollar, ending the year at €1=US$1.35.

REAL ESTATE IN FRANCE

Benefiting from the improvement in the economic environment, the real estate balance sheet for the year was positive overall: the office rental sector was up 12.8%, exceeding 1.9 million m² invested in the Ile-de-France (greater Paris area), while the investment market in France posted new records at €12.1 billion.
In residential, 2004 was also a record year in terms of increased sales (+11% in the Paris region) and increased prices (+13% in Paris, +16% in the inner suburbs, and +17% in the outer suburbs).

2. KEY EVENTS

Changes to the Group's entities

CREATION OF GROUPAMA PARIS VAL DE LOIRE

At their Annual General Meetings of 13 and 14 April 2004, the two Regional Mutuals, Groupama Loire Bourgogne and Groupama Picardie Ile-de-France, decided to merge and form a new entity: Groupama Paris Val de Loire.
The aim of this merger was primarily to give the new entity the resources for increased development across a greater range of business lines from insurance to banking. This represents a new stage in the process of merging Groupama's Regional Mutuals, which have decreased in number from 18 to 11 in two years.
Groupama Paris Val de Loire covers 14 *départements* in France and has over 300,000 members.

CREATION OF THE GENERAL INSURANCE, BANKING AND SERVICES DIVISION FRANCE

The general insurance, banking and services division France was created from 1 July 2004. The sphere of action of this division includes all the business divisions of Groupama SA, companies, profit centres and subsidiaries of the Groupama and Gan brands trading in France, and the Group's Economic Interest Group for IT systems, Groupama Systèmes d'Information. This new management structure contributes to the consistency and coordination of businesses and companies, and the coherence of actions to enhance the Group's operational performance in France.

ESTABLISHMENT OF A GROUP STRATEGY AND HUMAN RESOURCES DIVISION

The success of Groupama's strategy requires it to focus its structure on an operational organisation that fosters profitable growth while respecting the Group's action principles.
Human resources are central to this project, so that employees of all the Group's companies are motivated to work towards the realisation of the strategic objectives and so the company has appropriate staff –in terms of numbers and skills– for the missions and projects it conducts.
The creation of a "Group strategy and human resources" division at the beginning of April 2004 is a response to this imperative.

CONTINUED SIMPLIFICATION OF THE GROUP'S FINANCIAL ORGANISATION

Additional shareholding in Groupama Banque

In March 2004, Groupama SA subscribed to the capital increase of Groupama Banque. Its percentage shareholding in Groupama Banque remains unchanged at 60%.

Additional shareholding in Groupama Épargne Salariale

In March 2004, Groupama SA subscribed to the capital increase of Groupama Épargne Salariale, increasing its percentage shareholding in the company to 99.99%.

Unwinding of reciprocal shareholdings

In the context of the continued streamlining of the Group's financial structure and the reorganisation of its shareholdings in Gan Assurances IARD, Gan Assurances Vie, Gan Eurocourtage IARD, Gan Eurocourtage Vie and Gan Prévoyance, Groupama SA carried out the following operations in December 2004:

- acquisition of 29.2% of Gan Prévoyance shares held by Gan Assurances IARD and Gan Eurocourtage IARD. This acquisition benefits from deferred payment until the end of June 2005 for the amount corresponding to the capital gain on the corporate disposal by Gan Assurances IARD and Gan Eurocourtage IARD;
- acquisition from Gan Eurocourtage IARD of 15% of Gan Eurocourtage Vie shares, which will be paid in June 2005;
- acquisition from Gan Assurances IARD of 6.8% of Gan Assurances Vie shares, for which payment is also due in June 2005.

Following these operations for unwinding reciprocal shareholdings, at the end of the year, Groupama SA directly held:

- 100% of Gan Assurances IARD, Gan Eurocourtage IARD and Gan Prévoyance securities;
- 77.5% of Gan Assurances Vie securities, with the balance of 22.5% being held by Gan Assurance IARD;
- 86.1% of Gan Eurocourtage Vie securities, with the balance of 13.9%, being held by Gan Eurocourtage IARD.

It should be stated that capital gains on the disposals under these operations are neutralised on consolidation. There is therefore no impact on the combined financial statements.

Disposal of Groupama Immobilier shares

At the beginning of September 2004, Groupama SA sold its entire shareholding in Groupama Immobilier to Banque Finama.

French overseas *départements* and territories

The Gan Assurances IARD branches in Guadeloupe and Martinique were taken over by Gan Pacifique IARD which, after this transfer and integration of the local branches of New Caledonia, French Polynesia, and Wallis and Futuna, became Gan Outre-mer. This operation was effective retroactively as at 1 January 2004.

Group development

ESTABLISHMENT OF A CREDIT FACILITY

On 15 November 2004, Groupama agreed the establishment of a €750 million credit facility with the banks, Société Générale and Dresdner Kleinwort Wasserstein.

As the operation generated great interest on the market, and given the favourable conditions obtained, it was decided at the beginning of December to raise the drawdown capacity from the line of credit from €750 million to €1 billion maximum.

The aim of this operation is to strengthen the Group's financial capacity for a possible future acquisition.

OBTAINING AUTHORISATION AND INAUGURATION OF A BRANCH IN CHINA

At the beginning of September 2004, Groupama secured authorisation to market non-life insurance contracts in the province of Sichuan, the third-largest province in China by population (85 million inhabitants). This authorisation followed the granting of a licence by the CIRC –China Insurance Regulatory Commission– in June 2003.

The branch was inaugurated on 26 October 2004.

Groupama markets a range of insurance products specially designed for rural populations, and in particular it offers multi-risk insurance to farmers in Sichuan. At the same time, Groupama offers residential policies to individuals and specific contracts for craftsmen, traders and SMEs in Chengdu, the capital of Sichuan which has over 10 million inhabitants.

The next stage of development for Groupama in China will consist of filing an application for a life insurance licence.

CLIMATE RISK INSURANCE

Groupama has been able to market climate risk insurance since the end of 2004.

The «climate» range is aimed at all farmers, whatever their size and economic positioning. It forms part of a three-level system devised by the public authorities:

- for low-scale risks, encouragement to save in the tax-exempt framework of the "deduction for unforeseen events";
- for more damaging unforeseen events, private insurance. The guarantee covers the equivalent of production costs that cannot be curtailed, estimated at 65% of the farm's turnover;
- for exceptional claims, public subsidy is maintained.

The Groupama offering enriches the recommendations of the Rapport Ménard, since it ranges, at the farmer's choice, from simple protection against a "harsh spell" to management of all climate risks. The farmer can choose between two approaches:

- "by type", each production/harvest is insured separately;
- "by farm", insurance that includes compensation between productions/harvests.

Other items

STANDARD & POOR'S AND AM BEST RATINGS

On 30 September 2004, Standard & Poor's confirmed Groupama SA's single "A" rating for counterparty credit and insurer financial strength. The outlook associated with this rating is stable.

According to Standard & Poor's, Groupama's rating reflects its high solvency ratio and its strong competitive position.

In addition, at the end of December 2004, AM Best awarded Groupama SA its "A" rating. In the context of increased stringency by the rating agencies, this confirms the Group's very high solvency level.

ACTIVITIES DISCONTINUED IN LUXEMBOURG

On 15 March 2004, the Board of Directors of the Luxembourg subsidiary Luxlife decided to wind-down the policy underwriting business. The existing portfolio has been assigned to run-off.

CORBEILLES MIEUX VIVRE VOTRE ARGENT

At the end of September 2004, Groupama gained a double award from "*Corbeilles Mieux Vivre Votre Argent*":

- *Corbeille Long Terme*, which is an award for the best institution across all categories over 5 years;
- *Corbeille Assurances*, which is an award for the best insurance company over 1 year.

This is a remarkable performance since only five "*corbeilles*" were awarded in total.

"GRANDS PRIX" FOR ASSET MANAGEMENT

On 26 October 2004, Groupama Asset Management won first prize in the "eurobonds" category for its Groupama Oblig Euro Crédit LT product, at the asset management *grands prix* organised by Agefi.

Groupama Asset Management, Groupama Banque and Groupama Vie were also able to benefit from this award since Groupama Oblig Euro Crédit LT is distributed to individuals through Groupama Oblig LT.

Groupama Oblig Euro Crédit LT is designed for investors seeking active management of a long-term bond portfolio invested with private issuers in the Euro zone, who are prepared to accept a degree of capital risk.

3. CHANGE OF ACCOUNTING METHOD

With the aim of providing better financial reporting, the Group has adopted a change in accounting methods for deferred acquisition costs in life insurance.

In the absence of a precise definition for regulation CRC 2000-05 regarding deferred costs, the Group has, by convention, retained a notion of costs including fixed and variable expenses directly attributable to the production of new policies and it took into account, in the margins retained for amortisation, the margins related to renewable ancillary guarantees. In the context of the IFRS, which Groupama intends to adopt in 2005, the Group has decided to apply, to all policies, the determination rules prescribed by IAS 18 for deferred costs, in order to limit the divergences of treatment that could exist under the IFRS for policies of a similar type. The Group therefore followed the example of these standards in order to change, from 2004, the principles retained under French standards which will remain, in accordance with the IFRS 4, the applicable rule for the majority of policies in the portfolio. From now on, the assessment base for deferred costs will be composed of variable costs directly attributable to the production of a policy. In addition, future margins taken into account for deferring acquisition costs or for determining the amortisation schedule will henceforth be limited to margins resulting from contractual commitments.

The application of this new convention is part of the transition to the IFRS. Accordingly, it is considered as consecutive to an exceptional change in the Group's situation that would justify a change of accounting method aiming to achieve better financial reporting, in accordance with recommendation CNC 97-06.

The impact of this change of method has been applied retrospectively to the opening balance at the start of the financial year and amounts to €373 million , net of the tax impact of €5 million.

4. SUBSEQUENT SIGNIFICANT EVENTS

Organisation

APPOINTMENT OF OUTSIDE DIRECTORS

The Annual General Meeting of Groupama SA on 24 February 2005 approved the appointment of three outside directors to the Board of Directors of Groupama SA for a 6-year term of office. These appointments increase the number of directors from 13 to 16, i.e. 11 representatives from the Regional Mutuals that are shareholders of Groupama SA, 2 directors elected by the employees of Groupama SA, and 3 outside directors.

International

EXTENSION OF ACTIVITIES IN VIETNAM

In January 2005, the government of Vietnam authorised Groupama to extend its activities to all sectors of non-life insurance in Vietnam, throughout the country. At the Group's request, the government authorities also granted an extension of the licence which was granted in 2001, and which only concerned agricultural insurance in the south of Vietnam.

ACTIVITIES DISCONTINUED IN SWITZERLAND

The existing portfolio of the Swiss subsidiary Zénith Vie was assigned to run-off from 1 January 2005.

5. ANALYSIS OF THE FINANCIAL STATEMENTS

Scope of consolidation

The changes in the scope of consolidation since 31 December 2003, taking account of the operations outlined above, were as follows:

COMPANIES CONSOLIDATED FOR THE FIRST TIME

None.

MERGERS, REORGANISATIONS AND DECONSOLIDATIONS

Merger of Groupama Loire Bourgogne and Groupama Picardie Ile-de-France to create Groupama Paris Val de Loire.

Operations and results

COMBINED PREMIUM INCOME

At 31 December 2004, Groupama's combined premium income from insurance totalled €12.7 billion, stable at current exchange rates and scope of consolidation compared with 2003. With financial activities included, the Group's combined sales for 2004 totalled €12.8 billion, an identical amount to 2003.

At constant exchange rates and scope of consolidation, combined insurance premium income increased by 2.3% compared with fiscal 2003. Total group sales at constant exchange rates and scope of consolidation increased by 2.5%.

During 2004, insurance premium income in France rose by 2.1%. This represents 83.8% of the Group's overall activity. International earnings (14.9% of total premium income) were up 3.5%, generally buoyed-up by the strength of the markets in Southern and Central Europe. Other Group activities represented 1.3% of total premium income.

With an increase of 3.7%, Groupama's combined non-life activity (68.0% of the Group's premium income) continued the growth trend of recent years. In life insurance, there was greater contrast in performance between the networks in a fast-growing market, driven by bancassureurs. This sector corresponds to 30.7% of Groupama's combined premium income.

INSURANCE - FRANCE

(83.8% of the Group's combined premium income)

Premium income from the Group's insurance business in France increased 2.1% at 31 December 2004 compared with the previous year. In property and liability insurance (48.9% of premium income in France), the Group recorded growth of 3.9%, in line with the market as a whole, which grew by 3.5% (source FFSA). Insurance for private individuals (51.1% of premium income in France), for a total of 5.5 billion in 2004, represented lower growth (up 0.5%) compared with the market (up 13.0%) which was driven by bancassurance companies.

Life insurance business (as defined by regulations) posted a slight fall (down 2.3%). Some contrasting variations between the Group's different networks were at the origin of this trend. It should be noted that 2003 was characterised by exceptional contracts which were not renewed in 2004. After making adjustments for this phenomenon, the life insurance sector remained stable in comparison with 2003.

REGIONAL MUTUALS

The **Regional Mutuals** contributed €4,285 million to combined premium income, an increase of 3.8% compared with 2003. This increase reflects growth in particular sectors. Health insurance continued to develop with an increase of 7.8%. After several years of intrinsic growth, motor insurance saw a slight drop in its portfolio, but this was offset by moderate price increases. Atmospheric risks produced premium income up 5.3%, marked by an increase in premiums against the risk of hail and the stabilisation of the harvest portfolio (after several years' downturn). The significant increase should be noted in other personal insurance policies such as personal accident (up 26.7%) and long-term care (up 7.8%). By way of contrast, premium income related to the agricultural fire and operational losses sector was down sharply (down 6.0%), due to strong competitive pressure on the agricultural market.

GROUPAMA SA

Following the restructuring of the Group in 2003, **Groupama SA**'s premium income, excluding internal reinsurance, represented a significant decline, with a total of €22 million. The portfolio of Réunion Aérienne and Réunion Spatiale pools is now included in the Groupama Transport activity.

GROUPAMA VIE

Groupama Vie recorded combined premium income of €1,608 million, down 1.2% compared with December 2003. It should be noted that in personal life insurance, the company issued capitalisation bonds for a total of €87.1 million in 2003. Adjusted for this exceptional item, premium income would have represented growth of 4.4%. This growth was due to the increase in personal life insurance (up 5.3%), especially in euro-denominated savings policies and pension contracts. Group insurance recorded a fall in activity of 8.9%. This sector was, however, bolstered, as in 2003, by one exceptional contract.

GAN ASSURANCES

The agents' network recorded an increase in business of 3.9%:

- **Gan Assurances Vie** recorded combined premium income of €1,116 million, stable compared with 31 December 2003. However, this situation masks varying trends. The health sector saw premium income increase markedly in personal life (+17.2%), and group life (+6.2%) insurance. These increases are largely due to increased rates. In group insurance, the pensions sector and group policies declined significantly, by 4.0% and 19.0% respectively. In personal life, premium income, though stable overall, presents contrasting trends in different sectors. The savings division declined by 8.4%, with a significant fall in premiums related to Libertance products. By way of contrast, the Chromatys range held up well with major development in unit-linked products. The pensions sector saw a slight drop in business (down 1.3%). The provident insurance business posted growth of 3.8%, linked mainly to the continuing strong increase in the Généric Prévoyance product. Individual inwards reinsurance were up 8.0%, boosted by the marketing launch of commercialisation of Préfon by La Poste, and by the possibility of buying rights on this policy until the end of 2004;
- **Gan Assurances IARD** posted combined premium income of €1,006 million, up 8.6%; 2 percent of this growth was due to the change in the management system (cash premiums are now annualised whereas they were fractioned under the former management system). For direct agents (who accounted for more than 95% of Gan Assurances IARD activity), the premium income increase was primarily due to intrinsic development of the personal/professional portfolio. The number of policies was up by 55,000, of which 37,000 were in the four-wheel motor insurance portfolio and 15,000 in individual multi-risk insurance. Taking this into account, motor policies were up by 9.8%. The increase in premium income was also explained by the maintenance of higher rates on construction, which increased by 13.9%. Commercial and local authorities insurance was up 12.7%, due both to the impact of rate increases and to increased subscriptions realised on contracts won following calls for tender.

GAN EUROCOURTAGE

The brokerage network achieved combined premium income of €1,365 million, stable by comparison with 2003 (+0.2%):

- **Gan Eurocourtage Vie** recorded premium income of €565 million, down 5.5% in relation to the previous year. The trend observed nevertheless masks contrasting changes depending on the sector. Individual-subscription group contracts suffered a fall in premium income in 2004. This fall was however partially offset by very marked growth in the health sector (+20.8%). Premium income in the provident sector posted growth of 2.0%, sustained by the entity's efforts to position itself on the market for small and medium-sized enterprises. Co-insurance was down 23.4% due to sizeable run-off contracts in the portfolio;

• **Gan Eurocourtage IARD** recorded premium income of €800 million, representing an increase of 4.7% over 2003. It should be noted that the subsidiary introduced a change of recording method for premiums to be issued on portfolios in mass products, travel and company groupings. This change generated an automatic rise in premium income in 2004. With this element subtracted, growth would have been 2.5%. Changes varied by sector. Rate revaluations were carried out in 2004 in a targeted and limited manner, to adapt to market positions (a drop in third-party liability for personal injury in the motor sector, end of the cycle of substantial hikes in company rates). The personal/professional portfolio was up 2.0%, linked to rate increases in the property sector and to a lesser extent by increased production of policies for motor fleets. For companies, the increase was 3.5%, with, in particular, an increase of 28.8% in construction and 14.0% in general third-party liability. The industrial risks portfolio was down slightly (–2.3%).

GAN PRÉVOYANCE

Gan Prévoyance, for which combined premium income was €432 million, generated growth of 8.8% in 2004. This increase was achieved as a result of pension products (+15.7%) and single-premium savings contracts (+33.7%). The level of health production enabled growth in non-life to be maintained (+3.7%). The composition of the portfolio has changed since 2003, with pension products (Gan Retraite) having increasing weight by comparison with provident products (GS2000). The relative weight of single-premium and periodic-premium savings products in the portfolio was little changed.

GAN PATRIMOINE AND ITS SUBSIDIARIES

The combined premium income of **Gan Patrimoine** and subsidiaries was down by 6.6% compared with the previous year. This decline was largely explained by a lower level of reinvestment on contracts reaching maturity than in 2003. The fall in premium income was also accentuated by customers' disaffection with periodic-premium savings products (particularly in euros) but also, by a capitalisation products market that has been declining sharply in recent years. Nevertheless, the Patrimoine Privilège product confirmed the good performance levels already seen in the previous year. In provident insurance, the strong performance of Gan Obsèques funeral policies should also be noted.

GROUPAMA TRANSPORT

In 2004, the share of the Réunion Aérienne and Réunion Spatiale pools hitherto held by Groupama SA, was taken over by **Groupama Transport** which refocused the Group's holdings within the pools for subscriptions starting after 1 January 2004. Combined premium income was slightly up (+1.6%) compared with the previous year, on a like-for-like basis. Marine activity posted steady growth of 13.9% which is partly explained by the sector's continuing development, and partly by a partnership in the shipowning market. In the Réunion Aérienne pool, premium income was down 13.5%, due to marked depreciation in the parity of the dollar against the euro, and a reduction in premiums worldwide in the airline market. Given this situation, Groupama Transport premium income declined in this sector. Réunion Spatiale's pool business was up 11.8% due to an increase in insured values and the number of interests in significant launches.

OTHER SPECIALIST GROUP COMPANIES

Due to a rather inactive market with fierce competition prevalent, **Groupama Assurance-Crédit** recorded slight growth in premium income (+2.4%). The development of the business was able to absorb the rebates and adjustments on previous years due to good underwriting results.

Mutuaide Assistance produced strong growth in premiums issued compared with 2003 (+31.9%), largely due to rate increases combined with an increase in the card base as well as growth of new business.

Groupama Protection Juridique's contribution to premium income was up 16.5%, due to continued growth on contracts distributed by brokers and partners outside the Group (up 16.6% compared with 2003).

Gan Outre-mer's premium income was up compared with 2003 (+4.3%). This growth is the fruit of development efforts undertaken in recent years.

Assuvie's premium income was down 9.5%. This jointly-owned entity, a partnership between Gan and BNP, is not subscribing new business.

INTERNATIONAL INSURANCE
(14.9% of the Group's combined premium income)

The Group's combined premium income from its international insurance operations totalled €1.91 billion, an increase of 3.5% compared with 2003 (after restatements of the SAGA contract terminated in the UK). The extent of the increase varied by country and activity sector:

• in the **UK**, the subsidiary's premium income did not include SAGA contracts (motor and non-motor). The decline in premium income (–4.7% after restatement in 2003 of the SAGA contract and –45.5% in current data) can be explained by the impact of major terminations that occurred in 2003 in the property and other risks sector. The discontinued activity of this sector has been isolated from the rest of the portfolio. However, it should be specified that, after correcting for terminations, the premium income of the subsidiary would have been slightly up. In a strained market, fleets recorded a fall due to the loss of some major contracts. Health was also down compared with 2003 (–5.1%) following an aggressive policy conducted by the market leader. Premium income was nevertheless sustained by motor insurance (+2.7%), and by other activities in the property and other risks sector (+35.0%);

• the **Spanish subsidiary** recorded an increase in premium income of 2.4% compared with the previous year. Non-life activity showed modest growth (+1.1%), the result of the purging of part of the company's motor portfolio. The termination of a distribution agreement with car dealers and the termination of certain agents' portfolios were at the root of this development. Premium income in the life sector was up 20.0%, benefiting further from the synergies generated by the commercialisation of Plus Ultra Generales life products by the agents' network;

• in **Italy**, premium income was up 2.9% compared with 2003. In life insurance, growth of 5.3% was largely due to the very marked increase in single-premium policies (+22.3%). This growth is based principally on capitalisation products. However, there was a significant downturn in individual contracts with annual premiums (–6.6%). The agents' network saw premium income rise 17.6%, while bank-insurance recorded a significant fall (–28.0%). In non-life insurance, the 1.8% increase was due to good performance by the residential multi-risk and corporate/commercial products and co-ownership products. It should be noted that in the motor third-party liability sector (+1.2%), the increase in rates was slowed by comparison with 2003;

• in **Switzerland**, Zénith Vie recorded a strong increase in premium income (+16.2%) compared with 2003, due to single and periodic-premium group pension contracts. This savings product was deployed commercially in 2003 and bore fruit in 2004 as contracts were signed;

• **Portugal** saw a sharp rise in non-life premium income (+17.4%) due mainly to the motor (+19%) and health (+19%) sectors. In life insurance, the subsidiary posted an exceptional increase of 49.5% in its premium income, driven in 2004 by bancassurance agreements subscribed with top-flight banking partners. In particular, these agreements enabled the sale of savings products and individual pensions to be developed. Premium income from groups was also up (+64.1%), bolstered by exceptional payments on pension savings contracts. It should be noted that the performance of Portuguese entities, both in life and non-life, was considerably higher than that of the market (+14.4% in life and +3.5% in non-life);

• **Hungary** posted sharply increased premium income in 2004 (+24.6%), both in life (+20.2%) and non-life (+25.0%). This trend was confirmed in the principal sectors, with home multi-risk up 44.4%, motor third-party liability up 43.6% (reflecting a fast-developing portfolio due to an aggressive pricing policy), and motor insurance on fleet contracts up 25.0%.

DISCONTINUED ACTIVITIES

The Group's run-off activities have been shown separately in the presentation of premium income for the year. These activities include the Rampart subsidiaries in the United States, Minster Insurances in the UK, and Luxlife in Luxembourg. In view of the operational status of these subsidiaries, their premium income at 31 December 2004 was near-zero, as it was in 2003.

GROUPAMA BANQUE

Groupama Banque premium income totalled €23 million. The gradual transfer of the private client base from Banque Finama, the expansion of the offer, and the publicity campaign conducted in September 2004, all contributed favourably to the subsidiary's development. The consumer credit range now offered by Groupama Banque also played its part in this development. It should be remembered that premium income is the standard term used by insurance companies, and corresponds to gross banking revenue.

FINANCIAL ACTIVITIES

In 2004, **Banque Finama** posted premium income down 4.8%. This decline can be explained by the continuing fall in short-term interest rates already noted in previous reporting periods (Eonia fell from an average of 2.32% in 2003 to 2.05% in 2004). Nevertheless, among Group activities, Banque Finama continued its steady development, both in transaction streams (+28% in volume and +21% in processed capital) and in custody operations (+20% on average), in a market context that was certainly more favourable. In addition, pension transactions saw renewed growth in 2004, and outstanding customer credit outside the Group was significantly higher.

Premium income from **asset management subsidiaries** was up sharply compared with 2003 (+13.3%). This growth was due to new savings funds and the good performance of the financial markets. It was also boosted by the direct effect of the conversion to Mutual Funds of mandates hitherto in equities and bonds, on more favourable pricing terms.

Analysis of income

NON-LIFE INSURANCE PROFIT/LOSS FROM ORDINARY ACTIVITIES

The Group's non-life insurance operations (after taking account of the share of investment income assigned to the non-technical account) recorded a profit of €591 million, compared to €290 million at 31 December 2003. At operating profit level, non-life insurance recorded a profit of €311 million in 2004, compared with €5 million in 2003. This result is a substantial increase over the previous year, due in particular to improved technical ratios, especially the claims ratio.

Groupama's net combined ratio amounted to 102.4% at 31 December 2004, down 4.9 percent compared with 2003 and 4.5 percent, on a like-for-like basis (after transfer of Groupama SA's holding fees for 2003 to non-technical expenses). Holding fees (some of which are borne by the insurance entities and may therefore be assigned to the technical aggregates in the corporate income statement) are now presented as other non-technical charges in the Group's accounts. In addition, it should be emphasised that the combined ratio for 2004 has been restated for the exceptional IT migration fees of Gan Assurances IARD. Excluding this correction, the Group's combined ratio would have been 103.2%.

In France, the combined ratio net of reinsurance stood at 102.6%, a 5.5 percent improvement compared with 2003. By incorporating the exceptional IT migration fees of Gan Assurances IARD, it would have been 103.6%. This ratio was 107.6% at 31 December 2003 on a like-for-like basis after correction for holding fees in 2003 (note that the Group's combined ratio in 2003 was 108.1%). The overall increase in the combined ratio compared with 2003 is in large part due to the net claims factor which improved by 4.7 percent.

Technical ratios across the Group's divisions in France developed as follows:

• the Regional Mutuals recorded a combined ratio of 100.9% at 31 December 2004, an improvement over the previous year of 2.5 percent. This increase was due to a considerable reduction in claims for the year (–8.2 percent) compared to claims in 2003 due, mainly, to the decrease in major claims on large risks. The absence of a major climatic event also contributed to the fall in claims;

• the net combined ratio of Gan Assurances IARD (107.9%) improved by 5.2 percent, due particularly to a decrease in current claims in almost all sectors. It should be noted that the ratio for 2004 was restated for IT costs for the migration of the Group's IT resources (the introduction of the Sigma program which is the Group's preferred non-life insurance management system);

• the net combined ratio of Gan Eurocourtage IARD (102.4%) improved by 8.2 percent, largely due to the favourable situation of current claims in the corporate, professional and individuals market caused by a lower frequency of claims and a decrease in major claims in terms of both number and amount;

• the net combined ratio of the other entities (89.1%) showed the same trend (down 6.1 percent).

In international business, the net combined ratio (101.5%) also improved versus 2003 with a fall of 2.4 percent. This reflects a decrease in net claims in certain entities, especially in Spain, Italy, and in the Group's UK subsidiary where the combined ratio this year came to 101.2%.

Net operating expenses (€2.30 billion in 2004) were down compared with the previous year. The net operating expenses ratio was 27.8% (and 27.0% after deducting the above-mentioned IT migration fees), whereas it was 28.4% at 31 December 2003:

• in France the operating expenses ratio (which represented 27.5% of net acquired premiums) remained stable over the two years. On a like-for-like basis (after deduction of IT fees), the 2004 ratio stood at 26.5%, down in comparison with 31 December 2003;

• in international business, the ratio improved by 3.3 percent, largely due to a very significant improvement in the UK subsidiary's cost structure after termination of the SAGA contract.

Non-life investment income (including the share of investment income assigned to the non-technical account) was €861 million in 2004, down 3.3% compared with 31 December 2003. This decrease was mainly due to foreign exchange fluctuations, and a decline in the level of write-backs from the permanent depreciations reserve.

Non-life investment income assigned to the technical account totalled €575 million at 31 December 2004, down 3.0% compared with 31 December 2003.

LIFE INSURANCE PROFIT/LOSS FROM ORDINARY ACTIVITIES

The Group's combined life insurance operating income statement shows a profit on ordinary activities of €246 million at 31 December 2004, compared with 2003 when it was €253 million. Life insurance recorded an operating profit of €211 million after the transfer of €41 million of investment income to the non-technical account. It is worth noting that life insurance operating income was up €9 million compared with 2003. Investment income transferred to the non-technical account was down.

Premiums earned net of cessions were slightly down year-on-year, reflecting the fall in life insurance premium income for the Group as a whole. However, this stability masks contrasting situations, especially between the countries of Southern Europe where they increased sharply, and the French entities where performance was more modest.

Technical charges were €3.71 billion at 31 December 2004 versus €3.74 billion at 31 December 2003. The ratio of technical charges to net earned premiums was 94.9% in 2004 compared with 95.1% in 2003. The 0.2 point dip in the technical charges to net earned premiums ratio in a context of a slight fall in earned premiums pushed up the subscription margin, although there was some variation between the entities (see below).

The policyholders' profit figure was also sharply up and represented 35.0% of net earned premiums in 2004 compared to 31.6% in 2003. This increase reflects the rise in investment income assigned to the non-technical account (investment income was markedly higher). The trend was even slightly reinforced due to the improvement of the operating margin factor which also contributed to some of the income in policyholders' profit.

Life insurance operating expenses were €29 million lower, i.e. 6.0% less than the previous year. As a percentage of net earned premiums, net operating expenses were also down 0.7 percent due to continuation of the operating cost rationalisation driven by the subsidiaries.

Life insurance investment income allocated to the technical account totalled €1,836 million at 31 December 2004 (the share allocated to the non-technical account was €41 million) compared with €1,733 million in 2003. Life insurance investment income in 2004 was therefore €1,877 million, up 5.2% compared with the previous year. This increase was specifically led by the increase in equity, bond and property investment income with volume growth of €46 million, €45 million and €68 million respectively. By contrast, capital gains net of provisions were down compared with 31 December 2003 (–€66 million), due both to lower realisation of capital gains on disposals and to a lower level of write-backs from the permanent depreciations reserve than in 2003.

NON-OPERATING INCOME STATEMENT

The Group's combined profit from ordinary activities at 31 December 2004 was €811 million compared with €517 million in 2003. As stated above, this growth was substantially driven by non-life insurance business, resulting from the continued improvement in the technical fundamentals as well as a decrease in operating expenses. Furthermore, it should be emphasised that the Group's combined profit on ordinary activities includes an operating loss from the banking division of €26 million. This loss is mainly attributable to Groupama Banque (–€39 million, including minority interests). This situation reflects the fact that this business is still in the start-up phase.

Financing expenses were lower than in the previous year. They decreased from €101 million at 31 December 2003 to €92 million at 31 December 2004, due to the favourable movement in interest rates between the two periods on the variable portion of redeemable subordinated notes, and the lower average debt levels compared with the previous year.

The balance of other non-operating income and expenses (including exceptional income and expenses but excluding employee profit sharing) came to –€177 million at 31 December 2004 compared with –€96 million in 2003. This decrease (–€81 million) is partly due to the assignment of non-operating expenses for overheads associated with the development of the banking network by the Regional Mutuals network, the reclassification of the costs of Groupama SA's holding activity in the sum of €44 million and exceptional provisions of €21 million. On a like-for-like basis, by reclassifying Groupama SA's holding fees for 2003 as other non-operating expenses, the difference between the two years would only have come to –€48 million.

The corporate tax charge at 31 December 2004 was €55 million, compared with a charge of €87 million at 31 December 2003. The change in the tax charge is particularly due to two exceptional items in 2003 that did not recur in 2004 (the exit tax of –€99 million recorded by Silic, and an exceptional deferred tax credit of €35 million (following the new legislation on deferred tax liabilities in France). On the other hand, the tax charge for 2004 is burdened by an exit tax of €13 million on the special reserve for long-term capital gains.

Income from companies accounted for by the equity method totalled €1.4 million at 31 December 2004: this corresponds to the contribution from the Turkish subsidiary, Günes Sigorta.

Minority interests represented a profit of €15 million at 31 December 2004, up substantially from the loss of €33 million recorded at 31 December 2003. It should be recalled that in 2003, minority interests were significantly affected by the share of Group losses on Silic due to the exit tax.

Summary of combined net profit

The Group recorded a combined net profit (Group share) of €359 million for the year, compared with €155 million in 2003. Groupama's combined net profit (Group share) before goodwill amortisation stood at €474 million (compared with €268 million in 2003). Goodwill amortisation represented an expense of €115 million at 31 December 2004.

The combined profit for the year breaks down by business line as follows:

(€ millions)	Group share 31 December 2003	Group share 31 December 2004
Insurance France	218	417
International insurance	44	71
Financial activities and Groupama Banque	–15	–13
Holding companies and other	21	–1
Net profit/loss before goodwill amortisation	**268**	**474**
Goodwill amortisation	–113	–115
COMBINED NET PROFIT/LOSS (GROUP SHARE)	**155**	**359**

INSURANCE - FRANCE

Non-life insurance in France contributed a profit of €246 million to the Group's combined net result, compared with a profit of €49 million in 2003. This increase reflects the very significant improvement in the combined ratio of non-life insurance in France which came to 102.6%, down 5.5 percent compared with December 2003 (on a like-for-like basis).

Life insurance in France contributed a profit of €171 million to the Group's combined net result, a small increase compared with the contribution of €169 million at 31 December 2003. This increase was due to a slightly higher operating margin, a sharp decrease in operating expenses and, on the other hand, increased charges for non-operating items (in particular exit tax and corporate tax), while the investment income margin net of policyholders' profit sharing (including the share of investment income assigned to the non-technical account) was down slightly.

Regional Mutuals

The contribution of the **Regional Mutuals** (including the Local Mutuals) to the Group's combined net income for 2004 was €98.5 million, compared with €15.8 million in 2003.

The net combined ratio of the Regional Mutuals at 31 December 2004 was 100.9%, an improvement over 2003. This favourable trend was due to a lower claims ratio in the year (–8.2 percent) compared with the previous year. The main changes in claims expenses for the year for the Regional Mutuals were as follows:

• for primary risks, the improved claims ratio (–3.0 percent) is largely due to the cost reduction on major claims (excluding third-party liability). In fire risk insurance, the claims rate was down by 7.5 percent. In motor insurance, the same trend was noted with a 3.2 percent drop in the ratio compared with 2003. It is interesting to note that this represents a fall of 13 percent compared with 31 December 2000. By contrast, the claims ratio for third-party liability was 7 percent worse, taking into account the increase both in the number and cost of major claims;

• for heavy commercial risks, the claims ratio improved significantly, 91.8 percent lower than at 31 December 2003, also due to the decrease in number and cost of major claims (especially in fire and operating losses);

• in health insurance, the results achieved in the previous year were confirmed with a 2.0 percent fall in the claims ratio;

• in atmospheric risks, claims improved by 23.6 percent (55.4% at 31 December 2004 versus 79.0% at 31 December 2003). This improvement is due to the absence of any significant climatic event in 2004, with the exception of the storms of 19 and 23 July, and the storm of 17 December in Northern France. By contrast with 2004, 2003 witnessed a very high level of claims;

• in natural disasters, the claims ratio was extremely low (9.1% in 2004 compared with 84.2% in 2003), again due to the absence of any major event.

The Regional Mutuals' releases from commitments of previous financial years amounted to €179 million at 31 December 2004 compared with €241 million in 2003.

In December 2004, investment income net of charges (€202.5 million) was higher than in 2003 (€196.6 million), due to greater realisation of capital gains net of permanent provisions, limited by the fall in investment income.

Groupama SA

The contribution of the **entity Groupama SA** to Groupama's combined results was €79.2 million at 31 December 2004 (compared with €10.4 million at 31 December 2003).

In technical terms, Groupama SA is the reinsurance pivot for the Regional Mutuals and profit centres. The net improvement in non-operating results is largely explained by a considerable reduction in the amount of claims accepted by the Regional Mutuals during financial year 2004, partly due to the new terms for internal reinsurance (the impact of which is estimated at €130.4 million with no impact on the accepted ratio of claims to earned premiums), and on the other hand, to the absence of any climatic event or major industrial claim.

The result of external reinsurance was an expense of –€191.4 million compared with –€176.6 million in 2003. This poorer performance was essentially due to the fall in the level of claims ceded compared with 2003, due to the absence of a major claim for climatic and industrial risks.

Accordingly, the combined ratio net of reinsurance for Groupama SA totalled 99.3% compared with 105.9% in 2003 (after deduction of holding fees).

The investment income contributed by Groupama SA amounted to €52.8 million, well down in comparison with 2003 (–€63 million). This fall is due to the reduction in the level of net capital gains on disposals, especially on Mutual Funds and negotiable debt instruments (down €35.3 million), foreign currency translation, and an increase in provisions to the permanent depreciation reserve.

In its role as holding company for the Group, Groupama SA plays a pivotal role in financing and steering the Group. This function is reflected in investment charges of €40.0 million, slightly lower than at 31 December 2003, and an increase in non-operating and exceptional charges of €42.3 million (€44.0 million of which are fees reclassified in 2004 at holding company level). On a like-for-like basis, the holding fees for 2003, which should have been reclassified, amounted to €32 million.

Finally, Groupama SA, in its top position within the tax consolidation group, benefited from an overall tax saving –current and deferred tax– of €163.9 million, which represents an additional gain of €32.4 million over the previous year. This change is largely the result of improvements in the average level of results of the consolidated subsidiaries.

Groupama Vie

Groupama Vie contributed a combined profit of €77.2 million at 31 December 2004, up €7.8 million compared with that of 2003, after inclusion of Groupama Vie's share in real estate companies:

• its technical balance was €44.5 million compared with €37.7 million at 31 December 2003. In death benefit line, it represented €39.0 million. Growth was 11.2% owing to the good performance of the death cover sector. The technical balance for group insurance (€6.0 million) was also positive, especially due to the favourable development of the death cover sector. The reinsurance balance represented a loss of €0.5 million;

• through good control of overheads and due to the volume effect of its portfolio, the administrative balance of Groupama Vie was positive and enabled it to cover the network remuneration;

• consolidated investment income net of profit-sharing represented a surplus, down €21.9 million compared with 31 December 2003. This was due to an increase of €21.2 million in net investment income that was fully absorbed by the increase in profit-sharing (€43.1 million). The growth of investment income was due to higher income from investments net of charges, while realised capital gains, net of provisions for permanent depreciation, felt due to smaller reversals from the permanent depreciations reserve in 2004 than in 2003;

• the tax charge for Groupama Vie (€41.9 million) was €9.1 million lower than at 31 December 2003.

Gan Assurances

The contribution of Gan Assurances to the Group's combined result was €32.3 million in 2004 compared with €30.0 million recorded in December 2003. Gan Assurances' results improved overall, but they remain characterised by contrasting fortunes in life and non-life insurance.

Gan Assurances Vie contributed €36.3 million to Groupama's combined result in 2004, compared with €49.7 million at 31 December 2003. This change can be explained by the following elements:

• in personal insurance, the technical margin was up by 10% compared with 2003. The margin was positive in all sectors of activity, except in retirement pensions insurance, which, as in 2003, was the subject of increased provisions, especially on L441-1 contracts;

• in group insurance, all the sectors recorded a positive operating margin, although it was 5% lower than in 2003. For work stoppage guarantees, comprehensive measures to control the claims ratio were introduced at the end of 2004 to counteract the sharp decline of recent years. Good performance in health insurance should be noted as this is a highly competitive market;

• net operating expenses were lower, taking into account the favourable effect of the change in deferred acquisition costs;

• consolidated investment income, net of expenses, was higher. This was due to the increase in investment income which concerns all categories of investment. On the other hand, the realised capital gains , net of provisions, were sharply down due to the strong decline in permanent depreciation provisions (–€80 million). A large part of this financial income is paid over to policyholders *via* the profit-share mechanism;

• the tax charge was marked this year by the exit tax assessed on the special reserve for long-term capital gains. This item had a negative impact of €9.4 million on the contribution.

Gan Assurances IARD (non-life insurance) contributed a loss of –€4.0 million to the combined result (compared to –€19.5 million in 2003). At 31 December 2004, after restatement of IT migration expenses, the ratio net of reinsurance was markedly better at 107.9% (compared with 113.1% at 31 December 2003, and also 115.0%, excluding the French overseas *départements* and territories portfolio, where the pattern of claims was better than for the metropolitan France portfolio):

• on the agents' network (excluding inwards reinsurance, branches and miscellaneous), gross claims for 2004 were lower than in 2003. This decrease is due to a 5.7 percent fall in the claims ratio for the current year (71.6% at 31 December 2004 versus 77.3% in 2003). This improvement is largely due to the natural disaster sector which had been heavily effected by the floods in South-East France in December 2003, the decrease in major claims (in number and amount), and the private/professional sector which ratio improved by nearly 1 percentage point;

• at 31 December 2004, the amount of releases from prior years (€40.6 million) was down compared to 2003 (€65.4 million);

• the operating expenses ratio had deteriorated at 31 December 2004 compared with 2003 (+1.0 percent), due mainly to IT expenditure and logistic costs (increased rents);

• investment income was up, at €148.1 million in December 2004, compared to €93.3 million in 2003. This change was largely due to the increase in net realised capital gains, especially on real estate investments and bonds;

• the exceptional result produced a loss of €12.2 million compared with a loss of €1.4 million at 31 December 2003.

Gan Eurocourtage

Gan Eurocourtage's contribution to the Group's combined net income was €65.0 million at 31 December 2004, up sharply compared with 2003, when the profit amounted to €39.3 million.

Gan Eurocourtage Vie's contribution totalled €15.3 million at 31 December 2004 compared with €24.4 million in 2003. This change was mainly the result of the entity's tax situation. This year, Gan Eurocourtage Vie absorbed all its residual tax deficits and now bears a tax charge of €11.7 million compared with a virtually nil tax charge in 2003:

• on an operational level, the technical margin fell back slightly on a like-for-like basis, due mainly to poorer results in accepted reinsurance and co-insurance, which is chiefly explained by a poorer claims ratio on the loss of time benefits. A strengthening of the technical reserves in provident insurance should be noted. This is due to the effect of the discount induced by the fall in interest rates. However, after taking into account the technical profit sharing, the "technical-financial" margin of this sector was slightly improved;

• investment income showed considerable growth (the return on assets was up from 0.35 percent to 4.96%). After deducting policyholders' profit sharing, the share to the non-technical account was just slightly higher than that of 2003;

• consolidated operating charges showed a moderate increase, mainly in logistics, IT and employee costs.

At 31 December 2004, **Gan Eurocourtage IARD** posted a contribution to the Group's combined profit of €49.7 million compared with €14.9 million in 2003:

• the combined ratio net of reinsurance continued to improve at 102.4% compared with 110.6% in 2003. This performance is chiefly explained by the downturn in current claims, down by nearly 8 percent on the previous year. On the corporate, private individual and professional market, this decrease is due partly to the improvement in the frequency of claims and partly to the decline in serious claims (both in number and amount). The construction sector suffered a severe decline following the ADP Roissy claim;

• the reinsurance balance was down due to an exceptionally low gnoss claims rate;

• the net operating expenses ratio improved slightly compared with the previous year. This was due both to the reduction in commission rates (corrected for accounting-type items linked to previously quoted premiums) and to good control of operating expenses;

• the contribution to the financial result remains similar to that in 2003.

Gan Prévoyance

Gan Prévoyance contributed €20.3 million to combined net profit, up from the previous year's figure of €12.4 million:

• the technical margin of Gan Prévoyance was nearly €10 million higher than in 2003. This increase is entirely due to the €2 million improvement in the operating margin of the non-life business on health policies, and €8 million on traditional provident policies. The life business operating margin remained stable compared with the previous year;

• overheads increased compared with 31 December 2003, due mainly to an increase in logistics and production costs;

• the entity's increased investment income was due to an increase in net income from investments and an increase in realised capital gains. This increase was, however, partly offset to a lesser extent by a provision for real estate depreciation;

• the policyholders' profit-sharing expense was higher than last year, due to the rise in investment income.

Gan Patrimoine and its subsidiaries

The contribution of **Gan Patrimoine** and its subsidiaries to the Group's combined results was €18.8 million, considerably higher than that as at 31 December 2003 (€11.8 million):

• the net operating margin, down in comparison with 31 December 2003 (–€5.2 million), can essentially be explained by the decrease in premium income, exacerbated by customers' disaffection with periodic-premium savings products. It should be noted that service expenses decreased sharply (–15.5%), mainly due to substantially fewer policies reaching maturity;

• net operating expenses were lower due to the favourable impact of deferred acquisition expenses. When adjusted for this, operating expenses remained stable;

• net consolidated investment income (excluding adjustments of unit-linked contracts) was €13.6 million higher than at 31 December 2003, boosted by higher income levels. Reversals of the permanent depreciations reserve were also a contributory factor;

• the policyholders' profit-sharing account also increased significantly. This was based on a prudent decision made possible, principally, by the high levels of investment income.

Groupama Transport

In 2004, the contribution of **Groupama Transport** to the Group's combined results (€14.2 million) was slightly less than that in 2003 (€16.9 million). Overall, Groupama Transport's net combined ratio was up 7.4 percent compared with 2003, at 94.9% at 31 December 2004.

In marine insurance, the gross claims ratio (excluding claims management expenses) was significantly lower with a ratio of 56.5% in 2004 against 63.4% in 2003. This trend was due to releases of bonuses whereas the gross claims ratio on the current year was slightly down (–1.2 point). In a context of a higher gnoss claims ratio on the aviation market worldwide, and despite a particularly bad year in space insurance, the aviation sector maintained good performance levels in its gross operating result. Considerably lower foreign exchange gains than in the previous year, and the decline in capital gains on bonds, contributed to a decline in investment income at 31 December 2004. It should also be emphasised that there was a significant increase in the tax charge (+€5 million between 2003 and 2004) as a result of the end of deferred tax deficits from previous years.

Other specialist Group companies

At 31 December 2004, the other specialist Group companies recorded an aggregate contribution to the Group's combined result of €11.9 million, slightly down from the previous year (€12.9 million). It was composed as follows:

• **Groupama Assurance-Crédit** contributed a much smaller profit (€0.3 million) than in 2003 (€2.6 million). This was due to the decline in the combined ratio which was not offset by the increase in investment income;

• **Mutuaide Assistance** recorded a stable result compared with the previous year (€3.6 million). This result was due to the growth in operating income, with investment income having fallen compared with 31 December 2003;

• **Gan Outre-mer IARD** recorded a profit of €1.6 million, down compared with 2003, largely due to a decline in its net combined ratio;

• **Groupama Protection Juridique** posted a contribution of €2.8 million, up compared with 2003, due both to improved operating income and investment income boosted by income from bonds;

• **Assuvie** recorded an increase in profits (€3.6 million) at 31 December 2004 (compared with €2.2 million in 2003) due to the change in deferred policyholders' profit sharing.

INTERNATIONAL INSURANCE

The Group's international insurance operations contributed a profit of €70.7 million to the combined result compared with a profit of €44 million in 2003. This sharp increase can be largely explained by the contribution of the UK and Spanish entities.

In 2004, **Groupama Insurance** confirmed its 2003 recovery by recording a positive contribution of €26.0 million (compared to a profit of €12.1 million at 31 December 2003).

The net combined ratio continued to fall, from 102.0% at 31 December 2003 to 101.2% at 31 December 2004. This improvement can be explained firstly by the termination in 2004 of the SAGA contract (affinity grouping), a strong contributor in terms of premium income, although its technical indicators were much less favourable than on the rest of the company's portfolio. The claims ratio improved in all the active sectors, except for motor insurance, due to lower releases on previous years than in 2003. In motor insurance, regarding the current year, the claims ratio (excluding claims management fees) increased by 5.6 percent to 61.8%.

The entity recorded a very significant reduction in operating costs following the termination of the SAGA contract but also due to a rigorous cost management policy. The commission rate on continuing business was higher due especially to the product mix in health and corporate risks.

Over and above the strong increase in the technical fundamentals, the company's results were also driven by considerably higher investment income. This was up by €13.5 million compared with 2003.

The **Italian subsidiaries** recorded a contribution to the combined results of €18.2 million, up 9.0% over 2003 (€16.7 million):

• in non-life insurance, the net combined ratio was up by 0.6 percent compared with December 2003 at 100.6%. This trend was largely due to the reduction in the claims ratio for the current year, from 72.9% to 71.1% in 2004. A stable frequency of claims, a lower average cost, and a decrease in the proportion of major claims, are the principal factors behind this improvement. Motor insurance was responsible for the majority of the ratio reduction, with a drop of 3 percent. Operating expenses increased compared with the previous year, due especially to increased fees on agents' mandates and a change to the distribution of employee costs between the life and non-life entities. Reinsurance recorded a negative balance of €11.3 million compared with a loss of €9.5 million in December 2003 due to the improved claims ratio and establishment of bonuses. Net investment income (€24.8 million in December 2004) declined by 8.9% mainly due to a reduction in realised capital gains on bonds. In this context, the net contribution (€15.5 million) was up compared with 31 December 2003 (€11.5 million);

• Gan Italia Vita posted a contribution of €2.7 million in 2004. This was the result of a combination of several factors:

- a decline in the operating margin due mainly to an increase in certain liabilities because of the fall in interest rates (impact of €5 million),
- good control of overheads which, combined with a slight decrease in commissioning rates, resulted in a fall in the ratio of operating expenses to technical reserves,
- a contribution to investment income driven by capital gains on bonds (difference of 4.7 million) but marked by restructuring operations in the investment portfolio.

These operations also had a considerable tax impact and increased the corporate tax charge by €1.6 million.

In **Spain**, Groupama Plus Ultra recorded a contribution of €39.3 million to the Group's combined result at 31 December 2004 compared with €20.0 million in 2003. The net combined ratio of the Spanish subsidiary improved (99.1% in 2004 against 102.7% in 2003). The gross claims ratio for the current year was down by 1.7 percent due particularly to an increase in SME claims. The ratio in this sector increased by more than 24.2 percent year-on-year, following a substantial increase in third-party liability provisions (+€13.3 million). Releases from previous years were up significantly (+€11.7 million) compared with 2003. However, the overheads ratio remained stable. In life insurance, the net operating margin was some €3 million higher. This increase can be explained mainly by an improvement in the reinsurance balance on provident policies. Investment income was considerably higher (+5.0%), mainly due to the realisation of capital gains. The exceptional charge this year of –€10.1 million should be underlined, as it related to allocating a provision on unrecoverable debts on reinsurers' balances prior to 2002 (on the Plus Ultra Generales portfolio).

The **other Group subsidiaries in international markets** recorded contrasting results at 31 December 2004:

• **Zénith Vie** posted a loss of –€7.9 million compared to –€2.7 million at 31 December 2003. The loss in 2004 is closely tied to the impact of readjusting technical reserves already initiated in 2003, mainly due to provisions for incapacity cover. It should also be emphasised that investment income was up following releases of capital gains on bonds;

• the **subsidiaries in Portugal** (contribution of €3.0 million at 31 December 2004 compared with €1.5 million in 2003) recorded a strong increase due mainly to investment income. In life insurance, the entity posted a €2.5 million profit, considerably higher than that of December 2003 (€1.2 million). In non-life insurance, the combined ratio remained stable between the two years (104.6% in 2004 against 104.8% in 2003);

• in **Hungary**, the subsidiary's contribution to the combined result (–€9.3 million) was down sharply compared with December 2003 when a loss of €4.9 million was recorded. The combined ratio was considerably lower at 138.7% compared with 135.2% at 31 December 2003. It should be noted that the net claims ratio was markedly down (by nearly 10 percent), reflecting a deterioration in third-party motor claims that was impacted by the constitution of provisions for personal injury claims. The ratio of operating expenses was down by 5.2 points compared with the previous year. Comprehensive action plans have been introduced to return this business to profitability;

• in **Turkey**, the Group's shareholding in Günes Sigorta resulted in a contribution of €1.4 million, down from €1.9 million in 2003.

GROUPAMA BANQUE

Groupama Banque contributed €9.1 million to net banking income at 31 December 2004. This recently launched activity for the Group requires structural costs that cannot yet be absorbed by its volume of business. Operating overheads, including the sum of allocations to amortisation, represented €44.3 million. Including the cost of risk and other items on the income statement, and after deduction of minority interests, the Group share of Groupama Banque's net result was a loss of –€23.3 million.

FINANCIAL ACTIVITIES

The Group's financial activities' contribution to the combined result was €10.9 million at 31 December 2004, a marked increase compared with 31 December 2003, when the contribution of these activities was €7.5 million.

The contribution of **Banque Finama** represented a loss of –€5.4 million. This was at a comparable level to that of 2003 (which amounted to –€5.5 million). Wealth management recorded sustained growth in net banking income. The proportion of Group banking in the overall activity also increased. At the same time, the company continued its policy of reduction of costs which were significantly cut-back.

The **asset management subsidiaries (Groupama Asset Management and its subsidiaries)** recorded a strong increase in their contribution at €15.5 million (up 22.9% compared with 2003). The increased revenue of this entity (contribution to net banking income up 23.2%) was much higher than the development of its cost structure which was up by around 10%. The result represented a marked increase in the current operating result which partially offset the increased tax charge for the year.
Finama Private Equity recorded a slight surplus.
Groupama Immobilier, the real estate management subsidiary for Group investments, made a contribution of €3.6 million at 31 December 2004, slightly lower than in 2003, when it amounted to €4.3 million.
Groupama Épargne Salariale, created to operate on the employee savings plans market, show improved performance at 31 December 2003. The result of the period was still negative, at –€3.1 million compared with –€4.3 million the previous year.

ANALYSIS OF HOLDING COMPANIES AND OTHER ACTIVITIES

The holding companies and other activities posted a loss of –€1.3 million at 31 December 2004, down considerably compared to a profit of €20.2 million in 2003.

Holding companies

Groupama International posted a loss of –€1.8 million in December 2004 compared with a profit of €16.9 million in 2003. It should be noted that 2003 was marked by exceptional income of €8.3 million from the Italian subsidiaries and Rampart as well as unrealised foreign exchange gains of €8.1 million (compared with €0.8 million in 2004).
Gan UK, the holding company which mainly accounts for the Group's internal long-term debt, recorded a loss of €14.4 million which was largely the result of financial charges.
NB: As part of the restructuring of the Group's legal framework in December 2003, two financial holding companies were created: **Groupama Holding and Groupama Holding 2**. At 31 December 2004, the contribution of Groupama Holding was €12.0 million compared with €17.0 million the previous year. The fall was mainly due to a lower level of realisation of capital gains on assets necessary to repay the medium-term loans (the balance of which was €49.9 million at 31 December 2004).
In 2004, Groupama Holding 2 broke-even, as it had done in 2003.

Other activities

The Group subsidiary, **Rampart**, which manages the run-off of Gan's former American businesses, recorded an increased contribution, with a profit of €1.8 million in 2004 compared with a loss of –€3.4 million in 2003.
The Group's run-off business in the UK, which is now held in the entity, **Minster Insurances**, broke-even in 2004 (compared with the contribution of a loss of –€7.0 million at 31 December 2003). In 2004, the scheduling of payments for technical provisions over a long cycle enabled the existing level of technical provisions to be maintained.
Following a decision taken in March 2004, **Luxlife** is now in run-off. At 31 December 2004, its contribution to the combined result was just positive (€0.7 million).

Combined balance sheet

At 31 December 2004, Groupama's combined balance sheet totalled €69.3 billion, compared with 67.3 billion at 31 December 2003, representing growth of 3.0%.

GOODWILL

The €106 million decrease in this item between 31 December 2003 (€1,588 million) and 31 December 2004 (€1,482 million) mainly reflects the €115 million depreciation allowance of the period. The remainding balance represents additional goodwill of €9 million due to the buyout of minority stakes in Silic and Groupama Asset Management.

INVESTMENTS (including unit-linked investments)

Insurance investments totalled €57.8 billion in net book value, compared with €55.0 billion in 2003, an increase of €2.8 billion (or 5.1%). Unrealised capital gains totalled €6.2 billion, up significantly (by €1.7 billion) compared with 31 December 2003, driven by the bond sector due to the fall in long-term rates. Total investments at market value amounted to €64.0 billion.
The structure of investments was as follows:

Bonds and fixed-income mutual funds	66%
Equities and variable-income mutual funds	18%
Real estate	8%
Unit-linked investments	6%
Other	2%

As regards provisions for these investments, the Group released €50 million from the permanent depreciations reserve. Consequently, the permanent depreciations reserve stood at €601 million at the end of December 2004 (excluding an exceptional provision booked in 2002 on the SCOR shareholding).

NET ASSETS

At 31 December 2004, Groupama's combined net assets totalled €4.0 billion, stable compared with 31 December 2003.
The changes since the 2003 year-end can be summarised as follows:

(€ millions)	
OPENING BALANCE 2004	**4,037**
Change in exchange adjustment	–3
Reversals from permanent depreciation reserve (NPCA 95)	6
Members' rebates	–2
Change in accounting method	–373
Net income	**359**
NET ASSETS AT 31 DECEMBER 2004	**4,024**

The change in accounting method reflects the application of the new accounting regulation for deferred acquisition costs in life insurance. It is described in part 3 (Change in accounting method) of this document. The impact of this change of method has been applied retrospectively to the opening equity and stands at €373 million, net of income tax of €5 million.

SUBORDINATED LIABILITIES AND FINANCING DEBTS

Subordinated liabilities correspond to redeemable subordinated notes of €750 million issued by Groupama SA (i.e. *la Caisse centrale des Assurances mutuelles agricoles* before its dissolution) and reassigned to Groupama and its subsidiaries. The Group's external debt represents €631 million, down by €34 million compared with 31 December 2003. The Group's net debt rate was 0.7 percent lower at 28.9% of capital and reserves (including similar equity). This reduction was caused by the continuing repayment of loans taken out at the time of the Gan acquisition, and the repayment in full of an external loan taken out by Gan prior to its acquisition by the Group. On the other hand, with the aim of financing its development, the real-estate company, Silic, benefited from very low interest rates to take out new medium-term lines of credit.

TECHNICAL RESERVES

The share of technical reserves was €56.2 billion, up by 3.7% (€2.0 billion) compared with December 2003.

PROVISIONS FOR RISKS AND CHARGES

At 31 December 2004, provisions for risks and charges amounted to €576 million, up by €36 million compared with 31 December 2003 (€540 million). These mainly concern pension commitments for employees and liability guarantee provisions granted in connection with the disposal of Sorema.

6. SOLVENCY

Groupama strengthened its financial soundness, as is illustrated by a very significant improvement in its solvency margin. Applying the provisions of the European Directive and the French Insurance Code, adjusted solvency including future profits from life insurance business yields a solvency margin in the combined financial statements of 233% in 2004, compared with 206% in 2003, according to Solvency I (compared with a published ratio of 212% in 2003 under the former regulations). It should be noted that the new legislation that came into force in 2004 (Solvency I) sets forth new provisions for margin requirements by raising the minimum thresholds. Taking future profits into account in the ratio represents 12 basis points of margin cover (equivalent to 2003).
The Group's solvency margin measured in relation to net assets after goodwill and intangible assets (excluding unrealised capital gains) was 109%, which is an improvement of nearly 11 percent compared with 2003.
This improvement in the solvency margin reflects a strong improvement in operating profit, which led to an increase in net assets after goodwill and intangible assets, and a rise in unrealised capital gains, especially on bonds. On the other hand, the margin requirement was also higher due to more stringent minimum regulatory requirements.
As previously stated, Groupama's debt-to-equity ratio (including subordinated liabilities) was 28.9%. In relation to total net assets (including minority interests), this ratio would be 27.6% (down 0.6 percent compared with 2003). It should be noted that a significant proportion of this debt is held by the Group's listed real-estate subsidiary, Silic, which took out loans in order to develop its real estate portfolio. Adjusted for this factor, the Group's insurance debt-to-equity ratio –reflecting debt incurred to further its organic growth, and including debt related to certain real estate leases– was 20.5%, down by 3.6 percentage points compared with 2003. The decrease is due to the repayment of medium-term loans that fell due during the year.

7. IFRS

Groupama took the decision to adopt the IFRS accounting principles commencing 1 January 2005. The Group has been preparing for these new regulations since the end of 2002. The IFRS project has resulted in regular meetings attended by around 60 of the Group's employees, from all business lines directly affected by the change. This enabled an in-depth analysis of the new accounting framework. As the standards were developed and established, especially the main standards affecting the insurance business (IAS 39 and IFRS 4), the Group launched an operational implementation phase (for both information systems and accounting procedures).
At the same time, some 700 employees from all the Group's entities were trained in the implications of the new standards.
To date, there remains some uncertainty on certain key standards and their interpretation, although the main aspects of the standards are now firmly fixed. The first published IFRS 2005 financial statements will include:
• a detailed presentation of the impact of the change in the accounting framework at 1 January 2005;
• restatement of 2004 for the purposes of comparison;
• reconciliation between French Gaap and IFRS at 1 January and at 31 December 2004.
The choice of accounting options and the preparation phase for the balances at 1 January 2004, within the new accounting framework, are currently being finalised. The comparative information for 2004 with the impact of the change at 1 January 2005 will be drawn up once the accounts have been prepared according to French standards. Regular reports on the progress of the project are made to the Group's Steering Committee.

8. RISK CONTROL

Risk control is covered within the report on internal audit.

9. POLICY REGARDING FINANCIAL INSTRUMENTS

The strategies implemented are designed to provide protection against the foreign exchange risk present in certain assets. These are macro-hedging strategies insofar as:
• the positions to be hedged are authorised at individual portfolio level and hedged globally;
• liabilities in foreign currency, or sums to be paid or received in foreign currency, are not hedged.
Indirect risks are not covered, such as, for example, the risk caused by the fact that the company might have a considerable part of its business in the USA, and therefore its results would be penalised by a fall in the dollar.
The objective of these hedges is to protect against the impact of exchange rate fluctuations on Mutual Funds denominated in foreign currencies and on Mutual Funds denominated in euros that include securities in foreign currencies. The hedges are based on the market value of these assets and not on their purchase price.
Hedges are currently in the form of forward sales.
The currencies hedged are the US dollar and Japanese yen. Other currencies (the pound sterling, Swiss franc and Swedish krona) are considered to be significantly less important and/or not particularly volatile against the euro.
In terms of global strategy, the assets concerned can be held indefinitely. The strategy is therefore based on a succession of different forward sales, the term of which has been fixed by the Group's finance division at 2010. One sale succeeds another either at its maturity or settlement. Sales are renewed for periods of between 1 and 7 years. This strategy is assessed and monitored by the Group on a regular basis. The cover rate (ratio between the amount hedged and actual exposure) changes over time and according to fluctuations on the equity markets. If it exceeds 100%, an adjustment is made within three months.
Apart from this global strategy for hedging currency, the Group may carry out hedging operations by using financial instruments on an *ad hoc* basis.

10. HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

In the context of the French New Economic Regulations Act, the Group has established a number of indicators to enable it to monitor key environmental data. In particular, the Group monitors energy consumption, raw materials and water. At the same time, general provisions are prescribed for greater respect for the environment and their implementation is monitored.
The Group's human resources policy is central to its strategy. The general structure of its human resources management enables forward-looking management of these resources, based on an active policy of external recruitment, preference for internal mobility, and a major onus on training all employees, especially managers.

11. OUTLOOK

In 2004, Groupama recorded net combined profits, Group's share, of €359 million. The Group thus presents a return on assets of 8.9% (higher than the target of 8% it had set itself). Before amortisation of goodwill, and in relation to the opening balance, the profitability ratio was 11.8%.
The principal financial aggregates demonstrate the Group's capacity to undertake actions to enable it to build its future development on sound and solid fundamentals:

- in France, as in 2003, the Group received positive contributions to net combined profit from all its profit centres. All the distribution networks recorded growth in profits in 2004 enabling an increase of around 200 million in the contribution from insurance in France;
- internationally, by using its expertise in restructuring corporate networks and portfolios, the Group confirmed the good results achieved in 2003 which enabled an increase of over 60% in the contribution to combined profit;
- operating results improved significantly. The 4.5 percent improvement in the Group's net combined ratio on a like-for-like basis clearly benefited from a favourable year in technical terms, but this masks the benefits of structural improvement resulting from the comprehensive subscription policy that has been in place for a number of years;
- over and above the purely technical elements, through a policy of controlling expenses, the Group has also reduced its operating costs by €56 million (on equivalent volume of business);
- an improving solvency margin, by 27 points (on a comparable basis), and a decline in insurance debt of 3.6 points add to the strength of the Group's balance sheet.

From these fundamentals, the Group intends to continue its development in France, Southern Europe and the other emerging markets on which it has decided to intensify its efforts. Its aim is to progress in all its businesses, through growth that combines respect for the mutual values, which have forged the identity and solidity of the Group, with the profitability that is the guarantee of success.

Combined financial statements

(€ millions)

Assets

		31.12.2004	31.12.2003
Goodwill	Note 1	1,482	1,588
Intangible assets	Note 2	216	223
Insurance sector investments	Note 3	54,455	51,652
Unit-linked investments	Note 5	3,378	3,358
Bankink sector investments	Note 6	673	814
Shares in companies accounted for by the equity method	Note 7	12	10
Shares of outwards reinsurers and retrocessionnaires in the technical provisions	Note 17	1,717	1,922
Receivables relating to insurance or reinsurance operations	Note 8	2,884	2,855
Receivables – banking sector customers	Note 9	326	310
Receivables – banking sector	Note 10	1,497	1,529
Other receivables	Note 11	931	894
Other assets	Note 12	163	171
Accruals	Note 13	1,612	1,990
TOTAL		**69,346**	**67,316**

Liabilities

		31.12.2004	31.12.2003
Initial capital		32	32
Consolidated reserves		3,710	3,924
Unrealised foreign exchange gains or losses		(77)	(74)
Combined net incomes		359	155
Total capital and reserves Groupama	Note 14	4,024	4,037
Minority interests	Note 15	230	231
Subordinated debt	Note 16	750	750
Gross technical reserve	Note 17	52,865	50,838
Technical reserves in respect of unit-linked policies		3,376	3,352
Provisions for risks and charges	Note 18	576	540
Debts relating to insurance or reinsurance operations	Note 19	1,596	1,451
Debts – banking sector customers	Note 20	1,009	723
Securitised debts	Note 21	613	879
Debts – banking sector	Note 22	1,171	1,319
Other debts	Note 23	2,890	2,988
Accruals	Note 24	246	208
TOTAL		**69,346**	**67,316**

Combined income statement

(€ millions)

(Note 26)		Non-life insurance	Life insurance	Banking	Total 2004	Total 2003
Premiums written	Note 27	8,722	3,947		12,669	12,742
Change in unearned premiums		124			124	(18)
Earned premiums		**8,846**	**3,947**		**12,793**	**12,724**
Banking revenues	Note 26			164	164	137
Financial earnings net of expenses	Note 28	861	2,083		2,944	2,928
Total earnings from ordinary activities		**9,707**	**6,030**	**164**	**15,901**	**15,789**
Insurance service expenses		(6,430)	(5,308)		(11,738)	(11,925)
Changes or income net of reinsurance cessions		(340)	(10)		(350)	(350)
Banking expenses				(60)	(60)	(43)
Management expenses	Note 30	(2,346)	(466)	(130)	(2,942)	(2,954)
Total operating expenses		**(9,116)**	**(5,784)**	**(190)**	**(15,090)**	**(15,272)**
PROFIT/LOSS FROM ORDINARY ACTIVITIES		**591**	**246**	**(26)**	**811**	**517**
Other net income	Note 31				(100)	(26)
Financial expenses					(92)	(101)
Exceptionak income/expense	Note 31				(77)	(70)
Corporate tax	Note 25				(55)	(87)
NET PROFIT OF GROUP COMPANIES					**487**	**233**
Share in net income of companies accounted for by the equity method	Note 7				2	2
Depreciation allowance	Note 1				(115)	(113)
COMBINED NET PROFIT					**374**	**122**
Minority interests					15	(33)
NET PROFIT (GROUP SHARES)					**359**	**155**

Notes to the combined financial statements

1. KEY EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

1.1 Key events

THE GROUP'S ORGANISATION

Creation of Groupama Paris Val de Loire

At their general meetings of 13 and 14 April 2004, the two Groupama Regional Mutuals, Loire Bourgogne and Groupama Picardie Ile-de-France resolved to merge in order to form a new Group: Groupama Paris Val de Loire.

The main aim of this merger was to provide the new entity with greater possibilities for development in a larger number of insurance and banking business lines. This represents a further stage in the regrouping process for Groupama's Regional Mutuals, which have decreased in number from 18 to 11 in two years.

Groupama Paris Val de Loire now covers 14 *départements* and has over 300,000 members.

Creation of the general insurance, banking and services division France

As from 1 July 2004, the general insurance, banking and services division France was created. The scope of action of this division covers all Groupama SA's business line divisions, the companies, profit centres and subsidiaries of the Groupama and Gan brands operating in France, and the Group's IT EIG, Groupama Systèmes d'Information. It contributes to the cohesion and coordination of both the business lines and companies, and to the coherence of initiatives to increase the Group's operational performance levels in France.

Establishment of a Group strategy and human resources division

The success of Groupama's strategy requires that its organisation be orientated towards operations which enable profitable growth to be recorded whilst complying with the values and principles of the Group's initiatives.

Human resources are the lynchpin of this project, ensuring that employees and all the Group's companies are mobilised as regards the achievement of the strategic objectives, and that the company has teams, both in terms of numbers and expertise, which are able to carry out the planned assignments and projects.

The creation, at the beginning of April 2004, of a "Group strategy and human resources" division, is in-line with these imperatives.

Continuing with measures to simplify the Group's financial organisation chart

Additional shareholding in Groupama Banque

During March 2004, Groupama SA subscribed for the capital increase by Groupama Banque. Its percentage stake in Groupama Banque remained at 60%.

Additional shareholding in Groupama Épargne Salariale

During March 2004, Groupama SA subscribed for the capital increase by Groupama Épargne Salariale, thus increasing its stake in this company to 99.99%.

Simplifying reciprocal shareholdings

Within the context of the policy of rationalising the Group's financial organisation chart, and of reorganising its shareholdings in Gan Assurances IARD, Gan Assurances Vie, Gan Eurocourtage IARD, Gan Eurocourtage Vie and Gan Prévoyance, in December 2004, Groupama SA carried out the following operations:

- acquisition of 29.2% of the securities of Gan Prévoyance, held by Gan Assurance IARD and Gan Eurocourtage IARD. This acquisition is subject to deferred payment until the end of June 2005 as regards the amount of the capital gains on the corporate sale carried out by Gan Assurances IARD and Gan Eurocourtage IARD;
- acquisition of 15% of the securities of Gan Eurocourtage Vie from Gan Eurocourtage IARD, with payment to be made in June 2005;
- acquisition of 6.8% of the securities of Gan Assurances Vie from Gan Assurances IARD, with payment also to be made in 2005.

Following these operations to simplify reciprocal shareholdings, at the end of the financial year, Groupama SA directly held:

- 100% of the securities of Gan Assurances IARD, Gan Eurocourtage IARD and Gan Prévoyance;
- 77.5% of the securities of Gan Assurances Vie, with the balance, i.e. 22.5%, being held by Gan Assurances IARD;
- 86.1% of the securities of Gan Eurocourtage Vie, with the balance, i.e. 13.9%, being held by Gan Eurocourtage IARD.

It should be stated that the capital gains on disposals relating to these operations are cancelled out upon consolidation. They therefore have no impact on the combined financial statements.

Sale of Groupama Immobilier securities

At the beginning of September 2004, Groupama SA sold all its shareholding in Groupama Immobilier to Banque Finama.

French Overseas *Départements* and Territories (DOM-TOM)
The Guadeloupe and Martinique branches of Gan Assurances IARD were taken over by Gan Pacifique IARD which, following this contribution and integration of the New Caledonia, French Polynesia and Wallis and Futuna local mutuals, became Gan Outre-mer. This operation took place retroactively as of 1 January 2004.

GROUP DEVELOPMENT

Setting-up a credit facility

On 15 November 2004, Groupama agreed a €750 million credit facility with Société Générale and Dresdner Kleinwort Wasserstein. As this operation generated much market interest, and as a result of the favourable conditions granted, at the beginning of December, it was decided to increase the credit facility's draw-down capacity from €750 million to a maximum of €1 billion.
The aim of this operation was to enable the Group to possess the financial resources for a potential acquisition.

Obtaining accreditation and the opening of a branch in China

At the beginning of September 2004, Groupama received accreditation to market its non-life insurance policies in the province of Sichuan, China's third largest province in terms of number of inhabitants (85 million). Said accreditation followed-on from the licence granted by the CIRC –China Insurance Regulatory Commission– in June 2003.
The branch was inaugurated on 26 October 2004.
Groupama markets an offer of insurance services which is adapted to rural populations and, in particular, which offers fully-comprehensive insurance policies to farmers in Sichuan. Moreover, Groupama offers household insurance contracts to individuals, as well as specific contracts for craftsmen, tradesmen and SMEs in Chengdu, the capital of Sichuan, which has over 10 million inhabitants.
The next stage of Groupama's development in China will involve the filing of an application for a life insurance licence.

Insurance for climate change

Since the end of 2004, Groupama has been able to market insurance for climate change.
The "climate change" range is proposed to all farmers, no matter what their size or economic activity may be. It comes under the scope of the three-tier system established by the public authorities:
- for insignificant variations, an incentive to save in the tax-free context of "deductions for variations";
- for more significant variations, a private insurance policy. The guarantee covers the amount of incompressible crop expenses, estimated at 65% of the farm's turnover;
- for exceptional incidents, public aid still applies.

Groupama's offer enables the recommendations of the Ménard Report to be complied with, as it ranges from simple cover against "bad luck" to management of all risks relating to the climate. Farmers are offered two options:
- "on a case-by-case basis", with each crop being insured separately;
- "for the farm", with the insurance policy providing for offsetting between crops.

OTHER ITEMS

Standard & Poor's and AM Best ratings

On 30 September 2004, Standard & Poor's confirmed its single-'A' rating for counterparty credit and insurer financial strength for Groupama SA, associated with a stable outlook.
According to Standard & Poor's, the Group's rating reflects its high levels of solvency and its strong competitive position.
In addition, at the end of December 2004, AM Best confirmed its single-'A+' rating for Groupama SA. In a context in which rating agencies are becoming increasingly stringent, this rating confirms the Group's very high levels of financial solvency.

Discontinuation of activities in Luxembourg

On 15 March 2004, the Board of Directors of the Luxembourg subsidiary, **Luxlife**, resolved to discontinue the policy subscription activity. The existing portfolio was run-off.

Corbeilles Mieux Vivre Votre Argent

At the end of September 2004, Groupama received a double award in the context of "*Corbeilles Mieux Vivre Votre Argent*":
- the *Corbeille Long Terme*, for the best establishment in all categories, over the last five years;
- the *Corbeille Assurances*, for the best insurance company over a one year period.

This is a remarkable performance as there are only five *corbeilles* awarded in total.

Grands prix for asset management

On 26 October 2004, Groupama Asset Management was awarded first place in the "euro bonds" category for its Groupama Oblig euro credit LT, in the *Grands prix* for asset management, organised by the Agefi.
In addition to Groupama Asset Management, Groupama Banque and Groupama Vie also benefit from this award as Groupama Oblig euro credit LT is offered to individuals through Groupama Oblig LT.
Groupama Oblig euro credit LT is destined for investors who are looking for active management of a long term bond portfolio which is invested in private issuers in the euro zone, and who are willing to accept a capital risk.

1.2 Change in accounting methods

With a view to being able to provide improved financial information, the Group changed its accounting method as regards accounting for deferred acquisition costs in life insurance.
In the absence of an exact definition in CRC (Accounting Regulation Committee) Regulation No.2000-05 as regards expenses which may be deferred, the Group conventionally chose the notion of costs including the fixed and variable expenses which may be deferred directly for the production of new policies and took account, within the margins provided for depreciation, of those relating to incidental guarantees which may be deferred. Within the context of the IFRS, which Groupama intends to apply in 2005, the Group decided to extend, to cover all policies, the rules for determination set forth by IAS 18 for expenses which may be deferred, so as to limit differences in processing which may exist under IFRS standards for simi-

lar types of policies. The Group therefore based itself on these standards in order to modify, as from 2004, the chosen principles as regards French standards, which shall remain, according to IFRS 4, the applicable regulations for the majority of portfolio policies. Now, the base of expenses which may be deferred consists of variable costs which may be directly posted to the production of a policy. Moreover, future margins are now limited to the margins generated by contractual undertakings.

The application of this new agreement is part of the changeover to the IFRS. In this respect, it is deemed to represent an exceptional change in the Group's position, which justifies a change in accounting method with the objective of providing improved financial information, in accordance with CNC opinion 97-06.

The impact of this change of method was applied, retroactively, to the opening capital and reserves and was, net of €5 million in taxes, €373 million.

1.3 Subsequent significant events

ORGANISATION

Appointment of outside directors

The Annual General Meeting of Groupama SA, held on 24 February 2005, approved the appointment of three outside directors to the Board of Directors of Groupama SA, for a 6-year term of office. These appointments increased the number of directors from 13 to 16, to wit, 11 representatives of the Regional Mutuals, which are shareholders in Groupama SA, 2 directors elected by the employees of Groupama, and 3 outside directors.

INTERNATIONAL

Extension of business activities in Vietnam

As from January 2005, Groupama has been authorized by the Vietnamese Government to extend its activities to cover all non-life insurance sectors in Vietnam, for the whole territory. At the Group's request, the governmental authorities also extended the licence which was issued in 2001, and which only related to agricultural insurance in the south of Vietnam.

Discontinuation of activities in Switzerland

For the Swiss subsidiary, Zénith Vie, the existing portfolio was run-off as from 1 January 2005.

2. PRINCIPLES, METHODS AND SCOPE OF CONSOLIDATION (COMBINATION)

2.1. Preliminary note

CCAMA (*Caisse centrale des assurances mutuelles agricoles*) submitted to Groupama SA all elements related to its operations including notably its business as a reinsurer of mutuals, agricultural mutuals and specialist networks on 18 December 2003 and retroactive 1 January 2003.

CCAMA notably submitted a statement of its financial assets and liabilities as standing at 31 December 2002, in application of the *Règlement Général de Réassurance* (General Reinsurance Law) as relates to Article 8 of its by-laws. Groupama in turn appropriated CCAMA's rights and undertook to discharge its commitments as standing at the date of submission, in application of the said Règlement Général de Réassurance, effective 1 January 2003.

Following subscription to Fédération Nationale Groupama, which was created on 18 December 2003, Regional Mutuals subject to sections of Article L 771-1 of the Rural Code and to Articles L 322-26-4 and L 322-27 of the French Insurance Code, undertook to reinsure their operations solely with Groupama SA and as such to respect regulations designed to ensure judicious management and balanced operations.

THE PURPOSE OF LOCAL MUTUALS

To conduct non-life insurance business activities as provided for by sections of Articles L322-27 and R322-120 of the French Insurance Code.

THE PURPOSE OF REGIONAL MUTUALS

- Reinsure Local Mutuals.
- Represent Local Mutuals in setting up the guarantees required by insurance regulations and in discharging the liabilities assumed.
- Reinsure regional mutual insurance companies that subscribe to the bylaws of the Regional Mutuals.
- Retrocede to Groupama SA all or part of risks assumed that can be reinsured.
- Reinsuring risks stemming from retrocessions from Groupama SA, irrespective of the situation of these risks.
- Facilitate the operations of affiliated Mutuals and regional member Mutual companies by representing them and providing technical back-up.
- Conduct any other operation or transaction within the limits set by the legislation applicable to agricultural mutual insurance funds.

THE PURPOSE OF GROUPAMA SA

- Offer a comprehensive insurance and coinsurance service with the exception of life insurance and capitalisation operations.
- Reinsure the Regional or *Département* Mutuals of agricultural reinsurance mutuals in accordance with Article R332-120 4° of the French Insurance Code.
- Step in for the Regional or *Département* Mutuals of reinsured agricultural reinsurance mutuals exempt from licensing in setting up the guarantees required by insurance regulations and discharging liabilities assumed by mutuals, in accordance with sections of Article R332-132 of French Insurance Code.
- Reinsure any insurance or reinsurance company governed by the French Insurance Code, regardless of its form, set up by any mutual or provident institution governed by the French Social Security or Rural Code.
- Acquire holdings in France and abroad, notably in insurance, reinsurance, banking and financial service institutions and related activities.

• And generally, to conduct all types of financial, commercial, industrial and civil operations, those involving tangible and intangible assets and directly or indirectly linked to its commercial or similar/related objectives.

2.2 Overview of combined financial statements

The combined financial statements comply with the following sections:

• regulation No.99-02 of the Accounting Regulation Committee relating to the consolidated accounts of commercial companies;

• regulation No.99-07 of the Accounting Regulation Committee relating to the consolidation of companies coming under the committee for banking and financial regulation;

• regulation No.00-05 of the Accounting Regulation Committee relating to rules for the consolidation and combination of companies governed by the French Insurance Code and provident institutions governed by the French Social Security Code or the Rural Code.

2.2.1 SCOPE AND METHOD OF CONSOLIDATION (COMBINATION)

2.2.1.1 Scope of consolidation (combination)

In accordance with Regulation No.00-05 of the Accounting Regulation Committee governed by the French Insurance Code and provident institutions governed by the Social Security Code or the Rural Code, Groupama's scope of consolidation comprises all the companies that are either combined with one another or consolidated by one or more of the combined companies.

Combined companies

In accordance with Articles L345-2 and R345-1-1 of the French Insurance Code, a group of insurance companies whose cohesion does not result from capital ties is required to publish combined financial statements when these companies fall into one of the following situations:

• they have, by virtue of a mutual agreement, either joint management or common services sufficiently extensive to engender joint commercial, technical or financial activity;

• they have mutually important and long-standing reinsurance links by virtue of contractual, statutory or regulatory provisions.

Local Mutuals, Regional Mutuals and Groupama SA form a group of this nature due to the Group's management functions exercised by the Groupama SA *via* the bylaws and the existence of common services and important and long-standing reinsurance ties between the Mutuals arising from statutory and regulatory provisions (Article R322-120 4° of the French Insurance Code) and the reinsurance convention existing between Groupama SA and the Regional Mutuals.

Consolidated companies

Companies consolidated by one or more of the companies included in the scope of consolidation for one of the following reasons:

• companies subject to exclusive control;

• companies subject to joint control;

• companies subject to significant influence.

Companies subject to exclusive control

Exclusive control, denoted by the power to direct the financial and operational policies of a company for the purpose of deriving advantage from its activities, results from any of the following:

• direct or indirect possession of the majority of rights in another company;

• designation over two consecutive financial years by the majority of members of the administrative, managerial and supervisory bodies of another company; the parent company is presumed to have made this designation where it held during this period, directly or indirectly, more than forty percent of voting rights and where no other partner or shareholder held, directly or indirectly a greater proportion than its own;

• the right to wield great influence on a company by virtue of a contractual agreement or statutory clauses, where entitled to do so and where the dominant company is a shareholder or partner of this company. Dominant influence exists whenever, under the aforementioned conditions, the parent company is able to use or to direct the utilisation of assets in the same way as it controls its own assets.

Companies subject to joint control

Joint control is the sharing of control over a company operated in common by a limited number of partners or shareholders, such that the financial and operational policies are the result of their agreement.

Two factors are essential to the existence of joint control:

• restricted number of partners or shareholders sharing control; the sharing of control presumes that no one partner or shareholder is likely alone to be able to exercise exclusive control by imposing his decisions on the others; the existence of joint control does not rule out the presence of partners or minority shareholders not participating in the joint control;

• a contractual agreement:

- providing for the exercise of joint control over the economic activity of the company operated in common,

- establishing the decisions that are essential to achieving the objectives of the company operated in common and requiring the assent of all the partners or shareholders participating in the joint control.

Companies subject to significant influence

Significant influence is denoted by the power to participate in the financial and operational policies of a company without possessing control of it. Significant influence may in particular result from representation on the managerial and supervisory representation on the managerial and supervisory bodies, participation in strategic decisions, existence of material inter-company transactions, exchange of managerial personnel, links of technical dependence.

Significant influence over the financial and operational policies of a company is presumed where the parent company holds, directly or indirectly, at least 20% of the voting rights of this company.

Determination of control and significant influence

Exclusive and joint control, as well as significant influence, is taken to mean, in all cases, direct or indirect control. Accordingly, for the assessment of voting rights held by a company at general meetings of another company, the overall voting rights attached to shares held by the parent company and by all the companies that it exclusively controls are to be aggregated, including voting rights attached to investments matching unit-linked contracts

Calculation of proportion of voting rights held

To calculate the proportion of voting rights held, account is to be taken of shares with double voting rights, certificates of voting rights created at the time of issue of investment certificates and, if necessary, securities subject to firm commitments or to warehousing held on behalf of the parent company.

Particular case of special purpose entities

A special purpose entity is a separate legal structure, created specifically to manage an operation or group of similar operations on behalf of a company. The special purpose entity is structured or organised in a way such that its activity is in fact only conducted on behalf of this company, by making assets available or by supplying goods, services or capital.
A special purpose entity is to be included in the scope of combination whenever one or more controlled companies have in substance, by virtue of contractual agreements or statutory clauses, control of the entity, to the exclusion of the entities referred to in subsection 1011 of Regulation 2000-05.
In order to determine the existence of this type of control, it is necessary to assess the overall economic balance of the operation in which the special purpose entity participates, and to examine the characteristics of relations between the latter and the consolidating entity.
To this end, the following criteria are taken into account:
- the company in reality holds the powers of decision, including, or not including, management decisions over the special purpose entity or the assets which make it up, even if these powers are not actually exercised. It has for example the capacity to wind up the entity, change its articles of incorporation or association, or on the contrary, formally oppose their amendment;
- *de facto*, the company has the capacity to benefit from the majority of the entity's economic benefits, whether in the form of cash flows or entitlement to a share of net assets, entitlement to dispose of one or more assets, entitlement to the majority of residual assets in the event of liquidation;
- the company bears the majority of risks relating to the entity, such as in the case of external investors benefiting from a guarantee, on behalf of the entity or company, enabling them to limit significantly their risk-taking.

The existence of a automatic steering mechanism (predetermination of the business activities of a special purpose entity) does not prejudge the actual control of this entity by another given party. The limits imposed on the business activities of the special purpose entity are intended to both serve and uphold the interests of the stakeholders without any of them being able to take exclusive control of the entity. The criteria set forth above therefore needs to be examined in order to establish the existence of control leading to consolidation. In particular, when such a mechanism dictates decisions in the interest of one of the parties, the latter is deemed to be exercising *de facto* control.
The first criterion relating to decision-making powers is predominant. The second or third criteria are also taken into account. Consequently, a special purpose entity is consolidated if the conditions of the first and second criteria, or the first and third criteria, are met.
Moreover, if the second and third criteria are met, the special purpose entity is also consolidated, as it is deemed to be controlled.
As an example, the determination of control by examining the above-mentioned criteria applies to entities created within the context of benefit plans subsequent to employment, or benefit plans remunerated in shareholders' equity instruments.
As regards the special purpose entities created by assignment of receivables transactions, on the basis of their nature, purpose (acquisition of a portfolio of receivables), and their legal and regulatory context, the loss of decision-making powers is a determining factor in electing to exclude these entities from the scope of consolidation, or, indeed, for their inclusion in said scope; this criterion is both implemented and assessed, in substance, with it being notably specified that the conservation of the majority of economic risks and benefits relating to the assigned receivables represents an assumption of the conservation of a significant amount of actual decision-making powers.
These provisions relate:
- to the private-debt funds in accordance with the provisions of Chapter IV of the 1st Section of Book II of the French Financial and Monetary Code;
- foreign organisations, having the sole purpose of issuing, with a view to purchasing receivables, within the framework of specific local legislation or regulations which offer the same guarantees as those in force in France, securities for which repayment is provided by that of the acquired receivables.

Whatever their nature may be, the guarantees provided, either directly or indirectly, by the assignor for the benefit of the holders of shares or holders of securities issued by the private-debt fund or the foreign organisation referred to hereinabove, are valued as from the assignment and at each cut-off date, and provisions are made whenever they present an established risk.

Parent company

In a convention signed between the Regional Mutuals and Groupama SA permitting the combining of accounts, Groupama SA undertook to prepare and publish the consolidated accounts of the companies comprising the Group, in application of Article R345-1-2 of the French Insurance Code.
In application of paragraph 611 of the Appendix to the Accounting Regulation Committee No.2000-05 dated 7 December 2000 and

relating to the consolidation or combination of companies subject to the French Insurance Code and to provident institutions governed by the Social Security or Rural Code, the Regional Mutuals and Groupama SA have agreed:
• to transmit all information essential to the preparation of consolidated financial statements to Groupama SA within the specified timeframe;
• to guarantee that sufficient time is given to the agreements or conventions to ensure the effective consolidation of accounts from one FY to another, in respect of the applicable laws defined by CRC Regulation No.2000-05 of 7 December 2000.

2.2.1.2 Methods of consolidation (combination)

Combination is an aggregation of the accounts restated to the standards of the Group, of the companies included in the scope of combination.
The consolidation (combination) methods adopted in the preparation of Groupama's combined accounts are as follows:
• aggregation for entities as defined in 2.2.1.1, 2nd paragraph;
• global integration for companies subject to exclusive control;
• proportional integration for companies subject to joint control;
• equity method of accounting for companies, subject to significant influence.

Aggregation

Aggregation comprises:
• aggregation of the assets and earnings of the combined companies, after restatements if any;
• elimination of transactions and accounts between the aggregated company and the other consolidated (combined) companies.

Global consolidation

Global consolidation comprises:
• consolidation into the parent company accounts of the components of the accounts of the consolidated companies, after restatements, if any;
• distribution of capital and reserves and profit or loss between parent company interests and those of other shareholders or partners known as "minority interests";
• elimination of transactions and accounts between the globally consolidated company and other consolidated companies.

Proportional consolidation

Proportional consolidation comprises:
• consolidation into the parent company accounts of its proportionate interest in the consolidated company accounts, after restatements, if any, with no minority interest accordingly recognised;
• elimination of transactions and accounts between the company consolidated proportionally and the other consolidated companies.

Equity method of accounting

The equity method of accounting comprises:
• substitution of the ownership share of capital and reserves for the book value of shares held, including profit or loss for the fiscal year determined in accordance with consolidation rules;
• elimination of transactions and accounts between the company accounted for by use of the equity method and the other consolidated companies.

Securities representing unit-linked commitments

Although securities representing unit-linked commitments are taken into account in determining the percentage of control, they are not eliminated and are not taken into account in calculating the group percentage of interest. The corresponding interests are treated separately.

2.2.1.3 Treatment of Local Mutuals

Groupama aggregated the balance sheets and profit and loss statements of all Local Mutuals. Group accounts therefore record all items for all group entities as required by Articles L341-1 and L 345-2 of the French Insurance Code.

2.2.2 CHANGES IN SCOPE OF CONSOLIDATION (COMBINATION); CHANGES OF COMPANY NAME

The following main changes have taken place in Groupama's scope of consolidation:
• mergers of Regional Mutuals:
- merger of Groupama Picardie Ile de France and Groupama Loire-Bourgogne,
- the absorbing entity Groupama Loire-Bourgogne is renamed Groupama Paris Val de Loire;
• other changes of scope: no change of scope needs to be mentioned for the 2004 financial year;
• change of corporate name:
- Gan Europa Biztosito has changed its name to Groupama Biztosito,
- Gan Pacifique IARD has changed its name to Gan Outre-mer IARD,
- Société Française de Protection Juridique has changed its name to Groupama Protection Juridique.

2.2.3 CLOSING DATE

The financial statements of Groupama's consolidated companies are closed at 31 December. Companies that close their books on another date prepare an interim statement on 31 December.

2.2.4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

Balance sheet items are translated into euros at the official closing exchange rate except for capital and reserves, excluding profit, which are translated at historical rates. The Group's share of the resulting foreign exchange gains or losses are booked under "Unrealised foreign exchange gains/losses". The balance is booked under "Minority interests".
Income statement transactions are translated at the average rate. The Group's share of the difference between earnings translated at the average rate and earnings converted at the closing rate is booked under "Unrealised foreign exchange gains/losses". The balance is booked under "Minority interests".

2.2.5 CONSOLIDATED GOODWILL

Positive consolidated goodwill

Consolidated goodwill is entered in fixed assets and amortised over a period that reflects, as reasonably as possible, the assumptions adopted and objectives established and documented at the time of acquisition.

Unfavourable material changes arising in the components used for determining the amortisation schedule lead to extraordinary depreciation or to modification of the amortisation schedule, not to a provision for diminution in value. If favourable material changes occur, they lead to modification of the future amortisation schedule to the exclusion of any amortisation written back.

Consolidated badwill

Any negative consolidated goodwill is taken to profit or loss over a term that reflects assumptions adopted and objectives established at the time of acquisition.

2.2.6 INTERNAL TRANSACTIONS BETWEEN CONSOLIDATED (COMBINED) GROUP COMPANIES

2.2.6.1 Elimination of transactions between companies combined by global consolidation

Transactions eliminated

All intra-group transactions are eliminated.

Where these transactions affect combined profit or loss, elimination of profits and losses, as well as capital gains and losses, is applied 100%, then allocated between the interests of the parent company and minority interests in the company having realised the profit or loss. In the event of elimination of losses, the Group ensures that the value of the asset disposed of has not changed on a long-term basis, within the meaning of the generally accepted accounting principles applicable in France to insurance companies. Elimination of the effects of internal transactions relating to assets results in restating them to their entry value in the consolidated balance sheet (consolidated historical cost).

Income tax, as well as contract beneficiary profit participation, is adjusted for the effect of elimination of internal profits or losses.

Accordingly, internal transactions relating, in particular, to the following are eliminated:

- reciprocal debts receivable and payable, as well as reciprocal income and charges;
- bills receivable and payable are reciprocally eliminated but, where a bill receivable is remitted for discount, the bank advance granted to the Group is substituted for the bill payable;
- transactions affecting the statement of commitments received and entered;
- inwards reinsurance, reinsurance inward and outward;
- co-insurance and co-reinsurance transactions as well as pool management;
- broking or intermediation transactions;
- contractual sharing of profits or losses from collective agreements;
- appropriations to accounts for provisions diminution in value of long-term equity interests constituted by the company holding the securities and, as applicable, appropriations to provisions for liabilities and charges constituted as a result of losses incurred by companies subject to exclusive control;
- transactions on forward financial instruments are likewise eliminated.

Particular cases

Capital gains or losses on internal transactions in insurance investments

In application of the above-defined principle, capital gains or losses on internal transactions in insurance investments are eliminated in full. Where such operations have generated rights due for the benefit of contract beneficiaries, they are cancelled in the consolidated profit and loss account and the consolidated balance sheet by recognition of "Contract beneficiary deferred profit participation".

Where the rights generated cannot be reliably identified, they are not cancelled.

Capital losses are retained in full where they meet criteria for diminution in value of an enduring nature.

Intra-group dividends

Intra-group dividends are also eliminated, including dividends relating to profits or losses prior to initial consolidation. Rights due to contract beneficiaries, attached to these dividends, are retained in charges for the fiscal year.

2.2.6.2 Elimination of transactions between a company consolidated proportionally and a company consolidated globally

Reciprocal debts receivable and payable, as well as reciprocal income and charges are eliminated to the extent of the percentage of integration of the jointly controlled company. The difference between the amount eliminated in this way and the amount of debts payable and receivable is classed as a debt payable or receivable with regard to companies external to the Group.

In instances of disposal by a company consolidated globally to a company consolidated proportionally, elimination is restricted to the percentage of consolidation of the jointly controlled company. The same applies in the event of a disposal by a company consolidated proportionally to a company consolidated globally.

Appropriations to provisions for diminution in value of long-term equity interests established by the company holding the securities, in respect of losses incurred by the companies consolidated proportionally, are eliminated in full.

2.2.6.3 Elimination of transactions between two proportionally consolidated companies

In the event of a transaction effected between two proportionally consolidated companies, elimination is restricted to the smaller percentage of the two participating interests.

2.2.7 ALIGNING ACCOUNTS

General principles

Groupama's combined financial statements are intended to provide a consistent representation of the Group formed by the companies included in the scope of consolidation, taking into account characteristics specific to consolidation and objectives for financial reporting specific to combined accounts (predominance of substance over form, matching charges with income, elimination of the effect of accounting entries carried out solely for the application of tax legislation).

The combined financial statements are drawn up in accordance with methods established by the Group for its consolidation and comply with:

- generally accepted accounting principles applicable to insurance companies in France;
- and the valuation methods specified in this section.

Restatements carried out for the purpose of consistency have been undertaken only to the extent that they are material in character.

The transactions of each legal entity are understood as being independent, other than in exceptional cases duly justified in the notes to the financial statements.

Preferential methods

The Group applies some methods considered as preferential in the combined financial statements, as follows:

- costs of retirement and comparable benefits (e.g. severance payments, supplementary retirement allowances, medical cover, sickness and provident benefits), paid on the date of retirement or subsequently, to personnel, chargeable to the company, are subject to provisioning and systematically taken into account in profit or loss over the period of activity of the employees;
- finance leases are accounted for:

- by the leaseholder: in the balance sheet in the form of a tangible fixed asset and a corresponding loan; in the profit and loss account in the form of an appropriation for depreciation and a financial expense; in addition, capital gains on sale and leaseback transactions are spread over the term of the contractual agreement, where the item is once more leased, directly or through an intermediary within the context of a financial leasing transaction,
- by the owner: in the form of loans, in a manner symmetrical to the recording by the lessee;

- bonded debt issue costs, redemption premiums and issue premiums are spread systematically over the term of the loan;
- currency translation differences related to monetary assets and liabilities denominated in foreign currencies are recorded in profit or loss during the period to which they relate.

The Group has opted not to apply the preferential method under which the mathematical reserves for life insurance are calculated on the basis of discount rates, at most equal to the expected rates of return, prudently estimated, on the assets earmarked to represent them. The non-application of this method is not detrimental to the true and fair view provided by the combined accounts, as its application would lead to the calculation of mathematical reserves similar to those recorded in the financial statements.

Activity and geographic market sector

Consistent rules for accounting and valuation in combined accounts are applied whenever a situation presents itself in a similar way in more than one consolidated company, regardless of the countries concerned.

Where a company belonging to a sector different from the principal activity sector of the Group applies accounting rules that are particular to that sector, taking into account legislation or the types of rights generated by contractual agreements specific to that activity, these accounting rules are retained in the combined accounts, to the extent that they are consistent with general accounting principles.

Effect of revaluations carried out in individual accounts

When a consolidated company is induced to carry out in its individual company accounts a general law revaluation (for example, in accordance with Article 12 of the Commercial Code applicable to French companies) or an optional revaluation (total or in part) if permitted by the national legislation of the country in which the company is located, this revaluation is eliminated in the combined accounts.

There has been no revaluation of the consolidated group of companies.

Other revaluations entered in the profit and loss account of insurance companies included in the scope of consolidation have been eliminated.

Effect on the accounts of accounting entries recorded solely for the application of tax legislation

So as not to distort the view given by the combined accounts, steps have been taken to eliminate the effect of accounting entries made solely for the application of tax legislation of the country in which the consolidated company is located and in particular:

- recognition or write back of depreciation by way of derogation where a company applies a declining balance method of depreciation provided for by tax legislation, while judging it necessary to retain straight-line depreciation for accounting purposes;
- establishment or writing back of tax-regulated provisions;
- writing back of investment grants to profits or losses;
- recording as charges certain ancillary costs arising from the acquisition of fixed assets;
- accounting for the impact of changes in methods in profits or losses.

2.2.8 CONTRIBUTION OF COMBINED ENTITIES TO GROUP CAPITAL AND RESERVES

Group capital and reserves are not broken down by individual entities in view of the enduring reinsurance ties between the Groupama SA and the Regional Mutuals, which establish a specific relationship of financial solidarity between them.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 Intangible assets

Intangible assets primarily include software, whether purchased externally or developed in-house, acquisition expenses of fixed assets and goodwill. They are amortised according to the straight-line method over a period ranging from one to five years, except for goodwill, which is amortised over a maximum period of 20 years and for which, moreover, there may be a depreciation allowance.

3.2 Investments

For French companies, investments and any depreciation are valued according to the French Insurance Code. For foreign companies, any material valuation differences that may arise with respect to prevailing local accounting principles are restated in order to bring the financial statements of the said companies into line with those of the Group.

3.2.1 VALUATION

Land and real estate holdings in SCIs (unlisted real estate investment companies)

Land and real estate are carried at acquisition cost.
Real estate is depreciated over a period extending from 33 to 100 years, depending on its estimated useful life.
Fixed assets held through companies whose primary purpose is to set up and manage real estate assets are depreciated according to the same principle.
Holdings in and shares of SCIs are carried at acquisition cost, reduced when applicable by a provision for depreciation.
The market value of real estate and holdings in, or shares of, SCIs is determined on the basis of a five-year valuation carried out by an expert approved by the *Commission de contrôle des assurances* (insurance control commission) in France. During each five-year period, an annual estimation of the asset is carried out and certified by the expert.

Fixed-income securities

Securities governed by Article R332-19 are recorded at acquisition price less accrued interests. Differences between redemption value and acquisition price are allocated according to actuarial principles as charges (premium) or income (discount) over the residual life of the securities. When there are several redemption dates, residual life is determined as of the date of the latest reimbursement.
The difference to be amortised between the purchase price of an inflation-indexed bond and its redemption value is calculated by taking the initial redemption value of the security and multiplying it by the difference between the base price index on the date of acquisition and the same index on the date of issue.
At each closing date, the index-linked gain or loss since the last closing date –or since the purchase date if this is more recent– is recorded under income and charges.
The estimated fair value of fixed-income securities corresponds to their quoted price on the last trading day of the fiscal year or their market value.
Unrealised capital losses resulting from the comparison between book value and market value do not usually give rise to a provision for depreciation. Nevertheless, a provision for impairment of value is recorded in the event the debtor defaults.

Variable-income securities

Shares and stakes in companies governed by Article R332-20 are recorded at acquisition price or cost of sale.
Non-consolidated ownership interests are recorded at their acquisition cost.
Investments matching unit-linked policies (mutual fund units, and so forth) are subject to revaluation aimed at offsetting the correlated movement in technical reserves. Data relative to such policies are presented on a specific line of the balance sheet and profit and loss statement.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost and depreciated according to the straight-line method over their estimated useful life.

Repo operations

In conformity with the regulations, repurchase agreements, with the exception of repurchase agreements with a margin call, are not booked as an off-balance sheet commitment, given or received. They are recorded on the asset side of the balance sheet.

Forward financial instruments (derivatives)

Forward financial instruments are utilised in accordance with Decree No.2002-970 of 4 July 2002.
The provisions of Regulation No.2002-19 of the *Comité de la réglementation comptable* relating to the reporting of these instruments were applied effective 1 January 2003.
Groupama has hedged its currency-based assets against exchanges risks. These assets include mutual funds quoted in euros and comprising portfolios of yen and dollar-based assets. Based on interpretation of this regulation's criteria, these hedging operations are classified as disinvestment cover. Consequently, exchange gains and losses on restated hedging operations are booked under the profit and loss account. Exchange gains and losses on renewal are entered in a suspense account under the balance sheet until the hedging policy has come to term.

3.2.2 PROVISIONS

Permanent depreciations

Regarding investments governed by Article R332-20, a provision for line-by-line depreciation can be recognised only if there are grounds to suggest that the depreciation is of a durable nature.

In application of Note No.2002-F of the *comité d'urgence of the Conseil national de la comptabilité*, permanence may be presumed in the following cases:

• If a permanent depreciation provision had been set aside for an investment in the previous financial statements;

• If, for non-real estate investments, the investment has been in a situation of significant unrealised capital loss with relation to its book value over a period of six consecutive months preceding the closing date;

• If there is objective evidence of permanent depreciation.

The reference value or recoverable value is determined by means of a range of criteria, in accordance with the character of the assets and the investment strategy.

Provisions for contingent payment risk

In accordance with Regulation 2004-10 of 23 November 2004, provisions for contingent payment risk is eliminated from the combined financial statements. This restatement is carried out at the same time as the correlative adjustments as regards deferred taxes and, possibly, deferred profit-sharing, provided variations in the provisions for contingent payment risk in the corporate financial statements are taken into account so as to determine such profit-sharing.

3.2.3 DISPOSALS

Capital gains and losses on the disposal of investments are determined according to the FIFO method. They are booked in the profit and loss statement on the date of realisation.

3.3 Technical insurance operations

3.3.1 NON-LIFE INSURANCE

Premiums

Written premiums correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates, of the change in premiums yet to be written and the change in premiums to be cancelled.

Reserves for unearned premiums

Technical provisions for unearned premiums correspond to the share of premiums relating to the period between inventory date and the next renewal date of the policy. They are calculated on a *pro rata* basis.

Deferred acquisition costs

In non-life insurance, acquisition costs relating to unearned premiums are deferred and booked under assets in the balance sheet.

Reserves for unexpired risks

Reserves for unexpired risks are aimed at covering the share of loss experience and related administrative costs that exceed the fraction of deferred premiums net of deferred acquisition costs.

Claims and related expenses paid

Claims and related expenses paid correspond to claims paid net of loss recovery received during the fiscal year, and to annuities payments recorded. They include costs and expenses related to claims handling and settlement.

Outstanding claims reserves

Outstanding claims reserves represent the estimated value of the cost of all claims, net of loss recovery to be received, as of the end of the fiscal year, regardless of whether they have been reported or not. They include a claims handling provision determined on the basis of real cost rates.

In construction risk, excluding reserves for claims to be paid (reported or not yet reported), a provision is set aside for claims not yet reported, calculated according to the method set out by Article A331-21 of the French Insurance Code –separately for ten-year guarantees for general liability and ten-year guarantees for property damages.

Some reserves are assessed according to the specific nature of the risks covered, notably farm and weather-related risks.

Other technical reserves

Reserve for equalisation

The reserve for equalisation is aimed at covering future risks and events characterised by their infrequency and their high unit cost (e.g. atomic, macroeconomic, natural or pollution risks, etc.).

Mathematical reserves for disability and incapacity annuities and technical reserves in group insurance

In group insurance, reserves for disability and incapacity annuities are calculated according to the regulations set out by the decrees of 28 March and 20 December 1996 (Articles A331-10 and A331-22 of the French Insurance Code).

In non-life insurance, reserves for disability and incapacity annuities are calculated according to a method based on the TPRV (prospective life annuity table), a more prudent method than that defined by French insurance regulations.

Reserve for increasing risks

A reserve for increasing risks is set aside in order to cover foreseeable charges when risks rise in line with the policy holder's age and are covered by constant instalment premiums.

3.3.2 LIFE INSURANCE

Premiums

Written premiums correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates, of the change in premiums yet to be written, and of the change in premiums to be cancelled.

Deferred acquisition costs

Variable costs that may be directly allocated to the acquisition of life-insurance policies are booked under assets in the combined financial statements. Under no circumstances can these amounts exceed the current value of future profits from the policies.
These costs are amortised over the average life of policies according to the pace at which future margins appear for each generation of policies, with future margins, resulting from contractual provisions, being determined on the basis of economic assumptions (profit sharing rate, future return on assets and lapse ratio). As the deferred asset value approach is now applied to acquisition costs, mathematical reserves in the balance sheet are not presented according to the Zillmer method.
Each year, by homogeneous product family, the likely current value of future margins is compared with total deferred acquisition costs net of amortisations already booked. If this value is lower, a reserve is recognised as a charge.

Life insurance reserves

Mathematical reserves correspond to the difference between the present value of the liabilities assumed by the insurer and policyholders respectively, taking into account the probability that these commitments will be realised.
Mathematical reserves are booked in the balance sheets as liabilities at their gross technical value before any zillmerisation effect.
With regard to individual and collective annuity for life policies in France, the reserves are calculated on the basis of the "generation tables" (TPRV or TPG).
With regard to policies governed by Article L441-1 of the French Insurance Code, the latter require that a special technical reserve be booked under the conditions set out in Article R441-7 of the Code. It should be noted that this reserve must cover fully the theoretical mathematical reserve of the annuities concerned, calculated on the basis of the tables and the statutory actualisation rates. The latter include a gradual transition to the tables TV88-90 then TPG, and the eventual curbing of the actualisation rate at 60% of the TME (arithmetic mean of the average monthly yields on fixed-rate government bonds with maturities of more than 7 years recorded during the year preceding payment of coupon), with a maximum rate of 3.5%.

Technical reserves for unit-linked policies

"Technical reserves for unit-linked policies" include all the reserves relative to unit-linked policies, including the reserves for profit sharing expressed in units as well as additional reserves to cover commitments in euros at maturity.
Technical reserves in respect of unit-linked policies are valued at the market value of the unit at inventory date.

Reserve for profit sharing

The reserve for profit sharing comprises a reserve for profit participation due and, if necessary, a reserve for deferred profit participation.
The reserve for profit participation due comprises the identifiable sums, arising from regulatory obligations, due to policyholders or beneficiaries in the form of profit-sharing and rebates, insofar as such amounts have not been credited to the insured's account or included under 'Life insurance reserves'.
For sums in excess of the minimum regulatory and contractual commitment, policy beneficiaries' profit sharing is recorded in the intermediary financial statements on the basis of the estimated ratio for the current fiscal year and taking account of decisions taken or alternatively it is recorded at the previous closing date, between policy beneficiaries' profit sharing and net investment income for the year.
The reserve for deferred profit participation comprises the provision for unconditional profit participation that is recorded whenever a difference is noted between the bases for calculating future rights in the individual accounts and the combined accounts, and the provision for conditional profit participation, in which case the manner of recording the difference in rights noted between the individual accounts and the combined accounts depends on a management decision or the occurrence of an event.
In the particular case of the restatement of the capitalisation reserve in the combined accounts, a provision for deferred profit sharing is made when the assets and liabilities management assumptions show a likely and sustained recovery in the capitalisation reserve stock.

Other technical reserves

Reserve for financial contingencies

The reserve for financial contingencies is cancelled when the mathematical reserves have been calculated on the basis of discount rates, at most equal to the expected rate of return, and prudently estimated, on assets earmarked to represent them.

Overall management reserve

The overall management reserve is set aside when, for similar product families, the future margins used for purposes of calculating deferred acquisition costs are negative.

3.3.3 COLLECTIVE INSURANCE

As regards group, or "collective insurance", technical earnings are approved on the basis of actual items, which are supplemented according to annual forecasts, by nevertheless including the key events which are specific to the interim period.

3.4 Reinsurance operation

INWARDS REINSURANCE

Inwards reinsurance are booked treaty by treaty without any time lag on the basis of an assessment of business accepted. In the absence of sufficient information from the primary insurer, additional estimates are carried out.

CESSIONS

In reinsurance, cessions are booked in compliance with the terms of the various treaties. Securities of reinsurers (be they accepting offices or retroceding offices) delivered as cover are entered in the table of commitments given and received.

3.5 Operating costs by ultimate use

Management costs and commissions related to insurance operations are classified according to their ultimate use, by applying allocation coefficients according to the structure and organisation of each insurance entity.
Operating costs are classified by purpose and divided into the following six classifications:
- acquisition costs;
- administrative costs;
- claims administration costs;
- investment expenses;
- other underwriting expenses;
- non-operating expenses.

3.6 Provisions for risks and charges

In addition to the usual provisions, provisions are set aside for general risks related to the Group's business.

RETIREMENT INDEMNITIES AND COMMITMENTS

Retirement indemnities and commitments are entered under the item "Reserves for risks and charges".
Rights held by staff working in France with regard to retirement indemnities and commitments undertaken in relation to employees who have retired are provisioned at their present value.

3.7 Deferred tax

3.7.1 BASIS

Tax on profits or losses combine all taxes based on profit or loss, whether due for payment or deferred. When tax is due or receivable and its settlement is not contingent on the realisation of future transactions, it is to be termed payable, even if settlement is spread over several fiscal years. It is shown, as appropriate, in balance sheet liabilities or assets.

Transactions carried out by the Group may have positive or negative tax consequences other than those taken into consideration to calculate tax payable. The resulting tax assets or liabilities are termed deferred.
This occurs, in particular, when, as a result of transactions already realised, whether accounted for in individual company accounts or only in the combined accounts as restatements and eliminations of internal profits or losses, future differences are likely to arise between company taxable profit or loss and accounting profit or loss, for example where transactions realised during one fiscal year are taxable only in respect of the following fiscal year. Such differences are termed temporary.
All deferred tax liabilities must be recognised. Conversely, deferred tax assets are posted on the assets side of the balance sheet only if their recovery is likely.

3.7.2 RECOGNITION OF ASSETS AND LIABILITIES IN THE BALANCE SHEET

All deferred tax liabilities, as defined in paragraph 3.7.1 above, must be recognised. Conversely, deferred tax assets are posted on the assets side of the balance sheet only if their recovery is likely.
Deferred tax assets are taken into account only if:
- their recovery does not depend on future earnings in such a situation, they are booked to the amount of deferred tax liabilities already reported that will mature in the period during which such assets become or remain recoverable. In this event, it is possible to draw on tax options aimed at extending the period between the date on which a tax asset becomes recoverable and that on which it loses its status;
- or, if the company will probably be able to recover these assets, as a taxable profit is expected during this period. It is assumed that such a profit will not exist when the company has suffered losses during the two previous fiscal years unless it can provide convincing arguments to the contrary. For instance, it would have to show that said losses resulted from exceptional circumstances that are unlikely to occur again in the foreseeable future, or if extraordinary profits are expected.

4. NOTES TO GROUPAMA FINANCIAL STATEMENTS (financial data in € millions)

Note 1 - Goodwill

(€ millions)	31.12.2004	31.12.2003
Opening net amount	**1,588**	**1,664**
Change in scope of consolidation	**9**	**37**
Groupama SA	1	21
Groupama Asset Management	2	
Gan Eurocourtage IARD		18
Silic	6	
Groupama Ultra Plus		(4)
Groupama Biztosito		2
Deconsolidation		
Depreciation	**(115)**	**(113)**
YEAR-END NET AMOUNT	**1,482**	**1,588**

Analysis of goodwill by company

(€ millions) Companies	31.12.2004 Gross goodwill	Cumulative amortisation	Net goodwill	31.12.2003 Net
Groupama SA	36	(19)	17	24
Gan	1,673	(557)	1,116	1,199
Groupama Transport	23	(6)	17	18
Silic	37	(30)	7	3
Gan Eurocourtage IARD	143	(21)	122	129
Groupama Plus Ultra	229	(26)	203	215
Groupama Biztosito	2	(2)	0	
Groupama Asset Management	2	(2)	0	
Banque Finama	5	(5)	0	
Socomie	3	(3)	0	
Cie Foncière Parisienne	3	(3)	0	
TOTAL	**2,156**	**(674)**	**1,482**	**1,588**

Note 2 - Intangible assets

(€ millions)	31.12.2004			31.12.2003
	Gross	Amortisation	Net	Net
Initial capital and development expenses	2		2	3
Business goodwill purchased	29	(21)	8	6
Other	655	(449)	206	214
TOTAL	**686**	**(470)**	**216**	**223**

Goodwill is amortised over a period not to exceed 20 years.
Other intangible assets mainly comprise expenditure relating to information technology projects under way at the Group's various insurance companies.

Note 3 - Insurance sector investments

Breakdown of investments

(€ millions)	31.12.2004			31.12.2003		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Real estate investments	4,394	7,052	2,658	4,588	6,995	2,407
Equities and other variable-income securities excluding units in mutual funds	3,909	4,333	424	4,697	4,957	260
Units in mutual funds holding exclusively fixed-income securities	3,248	3,446	198	3,190	3,347	157
Units in other mutual funds	7,122	7,226	104	4,832	4,736	(96)
Bonds and others fixed-income securities	34,730	37,545	2,815	33,324	35,066	1,742
Loans	287	287		321	321	
Deposits	765	765		700	700	
TOTAL	**54,455**	**60,654**	**6,199**	**51,652**	**56,122**	**4,470**

The valuation of permanent depreciations provisions was carried out in accordance with the principle outlined in paragraph 3.2.2. On this basis, the provision for 2004 totalled €50 million. As at 31 December 2004 this reserve had a total balance of €845 million.

Estimation of listed and unlisted investments

(€ millions) Listed investments	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments						
Equities and other variable-income securities excluding units in mutual funds	3,805	4,199	394	4,557	4,750	193
Units in mutual funds holding exclusively fixed-income securities	3,248	3,446	198	3,190	3,347	157
Units in other mutual funds	7,122	7,226	104	4,832	4,736	(96)
Bonds and other fixed-income securities	34,570	37,383	2,813	32,877	34,612	1,735
Loans						
Deposits						
TOTAL	**48,745**	**52,254**	**3,509**	**45,456**	**47,445**	**1,989**

(€ millions) Unlisted investments	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	4,394	7,052	2,658	4,588	6,995	2,407
Equities and other variable-income securities excluding units in mutual funds	104	134	30	140	207	67
Units in mutual funds holding exclusively fixed-income securities						
Units in other mutual funds						
Bonds and other fixed-income securities	160	162	2	447	454	7
Loans	287	287		321	321	
Deposits	765	765		700	700	
TOTAL	**5,710**	**8,400**	**2,690**	**6,196**	**8,677**	**2,481**

The realisation of capital gains would give rise to rights due to policyholders and minority shareholders as well as taxation.

Estimation of insurance investements by business and geographical zone

(€ millions) Life business - France	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	1,390	1,975	585	1,670	2,225	555
Equities and other variable-income securities excluding units in mutual funds	2,380	2,759	379	3,156	3,179	23
Units in mutual funds holding exclusively fixed-income securities	2,083	2,229	146	2,154	2,273	119
Units in other mutual funds	4,209	4,252	43	2,510	2,462	(48)
Bonds and other fixed-income securities	24,117	26,380	2,263	22,768	24,108	1,340
Loans	173	173		197	197	
Deposits	185	185		179	179	
TOTAL	**34,537**	**37,953**	**3,416**	**32,634**	**34,623**	**1,989**

(€ millions) Non-life business - France	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	2,870	4,835	1,965	2,783	4,543	1,760
Equities and other variable-income securities excluding units in mutual funds	1,311	1,337	26	1,360	1,600	240
Units in mutual funds holding exclusively fixed-income securities	1,165	1,217	52	1,036	1,074	38
Units in other mutual funds	2,716	2,780	64	2,171	2,129	(42)
Bonds and other fixed-income securities	6,584	6,998	414	6,623	6,951	328
Loans	74	74		81	81	
Deposits	227	227		211	211	
TOTAL	**14,947**	**17,468**	**2,521**	**14,265**	**16,589**	**2,324**

For entities operating in both sectors, investments have been allocated to the life and non-life businesses on a pro rata basis, based on the technical reserves.

(€ millions) International life and non-life business	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	134	242	108	135	227	92
Equities and other variable-income securities excluding units in mutual funds	218	237	19	181	178	(3)
Units in mutual funds holding exclusively fixed-income securities						
Units in other mutual funds	197	194	(3)	151	145	(6)
Bonds and other fixed-income securities	4,029	4,167	138	3,933	4,007	74
Loans	40	40		43	43	
Deposits	353	353		310	310	
TOTAL	**4,971**	**5,233**	**262**	**4,753**	**4,910**	**157**

The realisation of capital gains would give rise to rights due to policyholders and minority shareholders as well as taxation.

Note 4 - Significant investments in non-consolidated companies

(€ millions)	31.12.2004 % stake	Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value
Scor	18.95%	337	216	(121)	202
Bolloré Investissement	4.62%	59	63	4	55
Société Générale	2.96%	773	981	208	771
Lagardère	1.77%	94	132	38	93
Veolia Environnement	5.76%	564	623	59	549
French companies		**1,827**	**2,015**	**188**	**1,670**
Mediobanca	4.97%	471	461	(10)	471
International companies		**471**	**461**	**(10)**	**471**
TOTAL		**2,298**	**2,476**	**178**	**2,141**

Market share value correponds to:
- to share price at December 31st for listed companies;
- or is determined by the application of multi-criteria method for the shares of unlisted companies.

No provision for permanent decline in value was made during 2004 so as to cover the unrealised capital loss of €121 million on Scor securities. This decision was taken on the basis of information provided to the financial market by Scor concerning the recovery strategy implemented and the intentions as regards long-term holdings as confirmed by Groupama.

Note 5 - Unit-linked investments

(€ millions)	31.12.2004	31.12.2003
Real estate investments	94	100
Variable-income securities and similar investments		
Bonds	762	905
Units in mutual funds holding equities	1,960	1,856
Units in mutual funds holding bonds and other investments	562	497
TOTAL	**3,378**	**3,358**

Note 6 - Banking sector investments

(€ millions)	31.12.2004			31.12.2003		
International life and non-life business	**Net book value**	**Market value**	**Unrealised capital gains/losses**	**Net book value**	**Market value**	**Unrealised capital gains/losses**
Investments in affiliates and similar companies	1	1				
Government bonds and similar securities	40	42	2	9	11	2
Bonds and other fixed-income securities	602	633	31	763	763	
Equities and other variable-income securities	30	30		42	42	
TOTAL	**673**	**706**	**33**	**814**	**816**	**2**

Breakdown of securities portfolio

(€ millions)	Trading account securities		Securities available for sale		Debt securities held to maturity		Equity securities available for sale in the medium term		Total
	Listed securities	**Unlisted securities**	**Listed securities**	**Unlisted securities**	**Listed securities**	**Unlisted securities**	**Listed securities**	**Unlisted securities**	
Investments in affiliates and similar companies			1						1
Government bonds and similar securities					40				40
Bonds and other fixed-income securities			11		29	562			602
Equities and other variable-income securities	2	1	20	7					30
TOTAL 31.12.2004	**2**	**1**	**32**	**7**	**69**	**562**			**673**
TOTAL 31.12.2003	**1**		**42**	**10**	**30**	**731**			**814**

Note 7 - Shares in companies accounted for by the equity method

(€ millions)	31.12.2004		31.12.2003	
	Equivalent value	Share of profit/loss	Equivalent value	Share of profit/loss
Günes Sigorta	11	1	9	2
Socomie	1	1	1	
TOTAL	**12**	**2**	**10**	**2**

Value of shares in companies accounted for by the equity method: changes during the fiscal year

(€ millions)	2004	2003
Opening balance	**10**	**11**
Share of profit/loss	2	2
Dividends		(1)
Change in exchange adjustment		
Capital increase		
Consolidation changes		(2)
YEAR-END BALANCE	**12**	**10**

Significant data at December 31st

(€ millions)	31.12.2004			
	Premium income	Net profit	Total assets	Capital and reserves
Günes Sigorta	211	4	153	49
Socomie	12	1	8	1

Note 8 - Receivables relating to insurance and reinsurance transactions

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Premiums earned but not written	679		679	688
Co-insurers and other third parties	1,199	(93)	1,106	1,373
Reinsurer and retrocessrionary accounts	716	(27)	689	274
Cedant and retrocedant accounts	411	(1)	410	520
TOTAL	**3,005**	**(121)**	**2,884**	**2,855**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Premiums earned but not written	679			679
Co-insurers and other third parties	1,042	62	2	1,106
Reinsurer and retrocessionary accounts	684	5		689
Cedant and retrocedant accounts	349	59	2	410
TOTAL 31.12.2004	**2,754**	**126**	**4**	**2,884**
TOTAL 31.12.2003	**2,683**	**172**		**2,855**

Note 9 - Receivables – Banking sector customers

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Trade receivable				
Other loans and overdrafts	253	(21)	232	153
Ordinary accounts receivable	96	(2)	94	157
TOTAL	**349**	**(23)**	**326**	**310**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade receivable				
Other loans and overdrafts	94	112	26	232
Ordinary accounts receivable	94			94
TOTAL 31.12.2004	**188**	**112**	**26**	**326**
TOTAL 31.12.2003	**208**	**82**	**20**	**310**

Note 10 - Receivables – Banking sector

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Settlement accounts relating to securities transactions	301		301	281
Interbank transactions	613		613	554
Cash at bank, insurance companies	583		583	694
TOTAL	**1,497**		**1,497**	**1,529**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Settlement accounts relating to securities transactions	301			301
Interbank	613			613
Cash at bank, insurance companies	581	1	1	583
TOTAL 31.12.2004	**1,495**	**1**	**1**	**1,497**
TOTAL 31.12.2003	**1,521**	**7**	**1**	**1,529**

Note 11 - Other receivables

(€ millions)	31.12.2004					31.12.2003
	Gross	Provision	Net	Of which insurance	Of which banking	Net
Personnel	14		14	14		16
Social security	4		4	4		14
State	182		182	182		186
Deferred tax assets (note 25)	4		4	4		3
Miscellaneous debtors	750	(23)	727	691	36	675
TOTAL	**954**	**(23)**	**931**	**895**	**36**	**894**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Personnel	14			14
Social security	4			4
State	156	24	2	182
Deferred tax assets		3	1	4
Miscellaneous debtors	701	17	9	727
TOTAL 31.12.2004	**875**	**44**	**12**	**931**
TOTAL 31.12.2003	**860**	**34**		**894**

Note 12 - Other assets

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Non-life insurance	389	(255)	134	135
Life insurance	119	(96)	23	27
Banking	17	(11)	6	9
TOTAL	**525**	**(362)**	**163**	**171**

Other assets consist primarily of tangible fixed assets.

Note 13 - Accruals

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Deferred life insurance acquisition expenses	296		296	665
Deferred non-life insurance acquisition expenses	261		261	294
Accrued interest not yet due	818		818	823
Other accruals	196	41	237	208
TOTAL	**1,571**	**41**	**1,612**	**1,990**

With effect from 1 January 2004, the impact of the change of method for determining the deferred acquisition costs in life insurance reduced the opening inventory by €379 million. The thinking behind this change of method is set forth in the key events section, in paragraph 1.2.
As indicated in the new method presented in note 3.3.2, deferred acquisition costs in life insurance are now based on a "deferred asset value" approach and are not limited to the zillmerisation difference, as is the case in the parent company accounts.
The effect of the "deferred asset" approach represents a sum of €84 million over and above the zillmerisation difference. In the consolidated income statement, the application of this procedure is reflected by €3 million of revenue in the combined financial statements for the period, compared with a charge of €26 million as at 31 December 2003, using the previous method.
In application of regulation 2000-05, unrealised foreign exchange gains and losses are now accounted for in the income statement and bond redemption differences are included under investments.

Note 14 - Analysis of change in capital and reserves (Group share)

(€ millions)	Initial capital	Consolidated reserves	Net income	Unrealised foreign exchange gains/losses	Total capital and reserves
Capital and reserves at 31.12.2002	**35**	**4,082**	**(154)**	**(37)**	**3,926**
Allocation of profit at 31.12.2002		(154)	154		
Members dividends		(5)			(5)
Unrealised foreign exchange gains/losses				(37)	(37)
Permanent depreciations reserve		7			7
Change in accounting methods		(8)			(8)
Change in capital	(3)	3			
Change in scope of consolidation		(1)			(1)
Net income			155		155
Total movements during the year	**(3)**	**(158)**	**309**	**(37)**	**111**
CAPITAL AND RESERVES AT 31.12.2003	**32**	**3,924**	**155**	**(74)**	**4,037**
Allocation of profit at 31.12.2003		155	(155)		
Members dividends		(2)			(2)
Unrealised foreign exchange gains/losses				(3)	(3)
Permanent depreciations reserve		6			6
Change in accounting methods		(373)			(373)
Change in capital					
Change in scope of consolidation					
Net income			359		359
Total movements during the year		**(214)**	**204**	**(3)**	**(13)**
CAPITAL AND RESERVES AT 31.12.2004	**32**	**3,710**	**359**	**(77)**	**4,024**
Of which capitalisation reserve		**1,062**			

The change in unrealised foreign exchange gains/losses arises mainly from exchange differences on loans made to Group subsidiaries. These loans are regarded as an integral part of the investment in these subsidiaries. Therefore, in application of the rules outlined in Paragraph 322 of Regulation 2000-05, "Exchange differences relating to a monetary item which is in substance an integral part of the net investment of an enterprise in a foreign consolidated enterprise are to be entered in consolidated capital and reserves."

Movements entered under item "Change in accounting methods" correspond to the application of the new principle for determining the deferred acquisition costs in life insurance, the thinking behind which is set forth in paragraph 1.2 of the note on key events. The impact of this change in accounting methods on opening capital and reserves, net of €5 million in taxes, was €373 million.

Note 15 - Analysis of change in minority interests

(€ millions)	Total minority interests
Minority interests at 31.12.2002	**284**
Dividends	(22)
Change in exchange adjustment	
Permanent depreciations reserve	
Consolidation changes	2
Net income	(33)
Total movements during the year	**(53)**
Minority interests at 31.12.2003	**231**
Dividends	(31)
Change in exchange adjustment	
Permanent depreciations reserve	
Change in capital	20
Consolidation changes	(5)
Net income	15
Total movements during the year	**(1)**
MINORITY INTERESTS AT 31.12.2004	**230**

Note 16 - Subordinated debt

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Insurance			750	750
Banking				
TOTAL 31.12.2004			**750**	**750**
TOTAL 31.12.2003			**750**	**750**

The item "Subordinated debt" corresponds to a bond loan issued by the *Caisse centrale des assurances agricoles* in July 1999 in the form of 30-year callable securities which are redeemable before their due date with effect from the 10th year after issue, which was taken over by Groupama SA during the contribution operations carried out on 1 January 2003.
This issue represents a total sum of €750 million.

Note 17 - Technical insurance reserves

(€ millions)	31.12.2004			31.12.2003		
	France	International	Total	France	International	Total
Technical reserves gross of reinsurance						
Life insurance technical reserves	32,234	2,205	34,439	30,369	2,023	32,392
Reserves for claims reported but not yet paid	570	31	601	611	26	637
Reserves for profit sharing	1,415	29	1,444	1,402	30	1,432
Other technical reserves	75	4	79	21	1	22
Total life insurance	**34,294**	**2,269**	**36,563**	**32,403**	**2,080**	**34,483**
Reserves for unearned premiums	860	621	1,481	830	788	1,618
Reserves for claims reported but not yet paid	9,071	2,355	11,426	8,925	2,423	11,348
Reserves for equalisation	286	32	318	333	29	362
Other technical reserves	3,024	53	3,077	2,964	63	3,027
Total non-life insurance	**13,241**	**3,061**	**16,302**	**13,052**	**3,303**	**16,355**
Total technical reserves	**47,535**	**5,330**	**52,865**	**45,455**	**5,383**	**50,838**
Share of reinsurers in technical reserves						
Life insurance technical reserves	13	15	28	12	21	33
Reserves for claims reported but not yet paid	12	3	15	22	2	24
Reserves for profit sharing	13		13	20		20
Other technical reserves						
Total life insurance	**38**	**18**	**56**	**54**	**23**	**77**
Reserves for unearned premiums	51	18	69	54	22	76
Reserves for claims reported but not yet paid	962	510	1,472	962	603	1,565
Reserves for equalisation	1		1	1		1
Other technical reserves	118	1	119	202	1	203
Total non-life insurance	**1,132**	**529**	**1,661**	**1,219**	**626**	**1,845**
Total share of reinsurers in technical reserves	**1,170**	**547**	**1,717**	**1,273**	**649**	**1,922**
TOTAL	**46,365**	**4,783**	**51,148**	**44,182**	**4,734**	**48,916**

In application of the provisions of CRC Regulation No.00-05, technical reserves relating to immediate or deferred life annuity policies are determined in accordance with the latest current tables which reflect the risk to which the Group is exposed with regard to its policyholders. In compliance with the regulations, there was no need to set aside a provision for financial risk in the life insurance subsidiaries.
In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Breakdown by insurance category

(€ millions)	31.12.2004 Technical reserves	31.12.2004 Reserves for claims reported but not yet paid	31.12.2004 Total	31.12.2003 Technical reserves	31.12.2003 Reserves for claims reported but not yet paid	31.12.2003 Total
Life insurance: single premiums						
Capitalisation	1,513	56	1,569	1,621	57	1,678
Personal life	15,532	132	15,664	13,932	188	14,120
Group policies	172	9	181	190	15	205
Others	1,561		1,561	1,481		1,481
Total provisions single premiums	**18,778**	**197**	**18,975**	**17,224**	**260**	**17,484**
Life insurance: regular premiums						
Capitalisation	626	6	632	610	5	615
Personal life	6,611	121	6,732	6,462	103	6,565
Group policies	6,388	184	6,572	6,086	211	6,297
Others	708	49	757	769	23	792
Total provisions regular premiums	**14,333**	**360**	**14,693**	**13,927**	**342**	**14,269**
Life insurance: inwards reinsurance	**1,328**	**44**	**1,372**	**1,241**	**35**	**1,276**
TOTAL LIFE INSURANCE RESERVES	**34,439**	**601**	**35,040**	**32,392**	**637**	**33,029**

(€ millions)	31.12.2004 Reserves for unearned premiums	31.12.2004 Reserves for claims reported but not yet paid	31.12.2004 Total	31.12.2003 Reserves for unearned premiums	31.12.2003 Reserves for claims reported but not yet paid	31.12.2003 Total
Non-life insurance						
Motor vehicule	631	3,799	4,430	814	3,715	4,529
Bodily injury	105	881	986	120	995	1,115
Property	507	2,387	2,894	467	2,309	2,776
General liability	48	1,200	1,248	46	1,153	1,199
Marine, aviation, transport	36	714	750	28	700	728
Others	128	1,773	1,901	110	1,807	1,917
Non-life insurance: inwards reinsurance	**26**	**672**	**698**	**33**	**669**	**702**
TOTAL NON-LIFE INSURANCE RESERVES	**1,481**	**11,426**	**12,907**	**1,618**	**11,348**	**12,966**

In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Note 18 - Provisions for risks and charges

(€ millions)	31.12.2004	31.12.2003
Provision for deffered income tax liabilities (note 25)	(5)	3
Provision for pensions and similar obligations	211	196
Negative goodwill		
Other provisions for risks and charges(1)	370	341
TOTAL	**576**	**540**

(1) Details concerning this item have not been disclosed as they could negatively impact on the Group as a result of ongoing litigation.

Note 19 - Debts relating to insurance or reinsurance operations

(€ millions)	31.12.2004	31.12.2003
Insured intermediaries and other third parties	543	683
Co-insurers	98	109
Reinsurers and retrocessionary accounts	743	442
Cedant and retrocedant accounts	98	104
Others debts/reinsurance operations	22	20
Deposits from reinsurers	92	93
DEBTS	**1,596**	**1,451**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Insured intermediaries and other third parties	543			543
Co-insurers	94	4		98
Reinsurers and retrocessionary accounts	682	61		743
Cedant and retrocedant accounts	56	42		98
Others debts/reinsurance operations	22			22
Deposits from reinsurers	89	3		92
TOTAL 31.12.2004	**1,486**	**110**		**1,596**
TOTAL 31.12.2003	**1,328**	**123**		**1,451**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Insured intermediaries and other third parties	436	107	489	54
Co-insurers	98		98	
Reinsurers and retrocessionary accounts	731	12	740	3
Cedant and retrocedant accounts	92	6	98	
Others debts/reinsurance operations	11	11	13	9
Deposits from reinsurers	66	26	64	28
TOTAL 31.12.2004	**1,434**	**162**	**1,502**	**94**
TOTAL 31.12.2003	**1,327**	**124**	**1,350**	**101**

Note 20 - Debts – Banking sector customers

(€ millions)	31.12.2004			31.12.2003
	Demand deposit	Term deposit	Total	Total
Special savings accounts	413	2	415	202
Ordinary accounts payable	301		301	234
Other trade accounts payable	3	290	293	287
TOTAL	**717**	**292**	**1,009**	**723**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Special savings accounts	413	2		415
Ordinary accounts payable	301			301
Other trade accounts payable	293			293
TOTAL 31.12.2004	**1,007**	**2**		**1,009**
TOTAL 31.12.2003	**722**	**1**		**723**

Note 21 - Securitised debts

(€ millions)	31.12.2004	31.12.2003
Cash certificates		
Interbank and negotiable debt securities	613	879
Bonded debts		
Other debts represented by securities		
TOTAL	**613**	**879**
Of which insurance		
Of which banking	**613**	**879**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Cash certificates				
Interbank and negotiable debt securities	585	28		613
Bonded debts				
Other debts represented by securities				
TOTAL 31.12.2004	**585**	**28**		**613**
TOTAL 31.12.2003	**848**	**31**		**879**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Cash certificates				
Interbank and negotiable debt securities	613		80	533
Bonded debts				
Other debts represented by securities				
TOTAL 31.12.2004	**613**		**80**	**533**
TOTAL 31.12.2003	**879**		**212**	**667**

Note 22 - Debts – Banking sector

(€ millions)	31.12.2004	31.12.2003
Financing debts	631	665
Bank loans and overdrafts	467	604
Insurance operations	**1,098**	**1,269**
Debts to credit institutions	73	50
Banking operations	**73**	**50**
TOTAL	**1,171**	**1,319**

In 2004, financing debts corresponded to the long-term indebtedness of SILIC, in the amount of €403 million, and €228 million in respect of the insurance companies and the Group's other entities.

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Financing debts	87	120	424	631
Bank loans and overdrafts	436	31		467
Banking sector operations debts to credit institutions	73			73
TOTAL 31.12.2004	**596**	**151**	**424**	**1,171**
TOTAL 31.12.2003	**844**	**209**	**266**	**1,319**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Financing debts	631		452	179
Bank loans and overdrafts	467		458	9
Banking sector operations debts to credit institutions	33	40	29	44
TOTAL 31.12.2004	**1,131**	**40**	**939**	**232**
TOTAL 31.12.2003	**1,290**	**29**	**1,049**	**270**

Note 23 - Other debts

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Amount owed to employees	197	7	204	181
Social security	135	5	140	125
State	211	8	219	206
Other loans, deposits and guarantees received	1,258		1,258	1,276
Miscellaneous creditors	1,019	50	1,069	1,200
TOTAL	**2,820**	**70**	**2,890**	**2,988**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Amount owed to employees	198	6		204
Social security	140			140
State	194	25		219
Other loans, deposits and guarantees received	1,167	25	66	1,258
Miscellaneous creditors	954	106	9	1,069
TOTAL 31.12.2004	**2,653**	**162**	**75**	**2,890**
TOTAL 31.12.2003	**2,711**	**201**	**76**	**2,988**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Amount owed to employees	204		204	
Social security	140		140	
State	218	1	219	
Other loans, deposits and guarantees received	1,258		675	583
Miscellaneous creditors	989	80	1,069	
TOTAL 31.12.2004	**2,809**	**81**	**2,307**	**583**
TOTAL 31.12.2003	**2,922**	**66**	**2,320**	**668**

Note 24 - Accruals

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Deferred acquisition expenses (share of outwards reinsurers and retrocessionnaires)				
Reinsurance technical valuations				
Unrealised exchange loss				
Other accruals	203	43	246	208
TOTAL	**203**	**43**	**246**	**208**

Note 25 - Corporate tax

Breakdown of tax charge

(€ millions)	31.12.2004				31.12.2003
	Life	Non-life	Banking	Total	Total
Current corporate tax	(17)	(41)		(58)	(128)
Deferred corporate tax	4	(1)		3	41
TOTAL	**(13)**	**(42)**		**(55)**	**(87)**

Analysis of main components of deferred tax charge

(€ millions)		31.12.2004	31.12.2003
Deferred tax arising from temporary differences			
Deferred acquisition expenses		(87)	(113)
Pension funds		22	3
Tax deferral surpluses		(17)	(1)
Valuation differential on mutual funds		(6)	(34)
Tax differencies on technical reserves		244	24
Return to original cost for internal assignments		18	(20)
Other differences		234	197
Sub-total: deferred tax arising from temporary differences		**408**	**56**
Application of prior deficit			
Deferred tax assets not accounted to temporary differences		**(399)**	**(62)**
Contributions to differed tax			**6**
DEFFERED TAX RECORDED ON THE BALANCE SHEET		**9**	**0**
Comprising			
• Assets (Other receivables)	Note 11	4	3
• Liabilities (Provisions for risks and charges)	Note 18	(5)	3

The other temporary differences mainly comprise tax/accounting timing differences relating to the technical reserves.
The Group also has significant non-recorded net assets in its international subsidiaries and in the Groupama SA divisional tax Group in France. These total €415 million.
Although it might be possible to recover non-recorded tax assets due to expected taxable profits, the Group adopted a prudent attitude at December 31 2004 and did not record said tax assets.

Reconciliation of effective tax charge and theoretical tax charge

(€ millions)	31.12.2004	31.12.2003
THEORETICAL TAX CHARGE	**(143)**	**(70)**
Impact of non-deductible charges or income	**(59)**	**88**
Impact of tax rate differences	**21**	**(93)**
Tax credit and miscellaneous allocations	4	11
Additional contributions	(6)	27
Application of prior deficits	295	75
Non-activated deficits from the fiscal year	(133)	(56)
De-activation of prior deficits	0	(26)
Impact of miscellaneous tax charges	**160**	**31**
Tax on companies accounted for by the equity method	**0**	**1**
Non-recorded deferred tax assets	**(49)**	**(64)**
Other differences	**15**	**20**
EFFECTIVE TAX CHARGE	**(55)**	**(87)**

Note 26 - Operating income statements by business line

Life insurance, life operating income statement

(€ millions)		2004			2003
		Gross	Cession	Net	Net
Premiums	Note 27	**3,947**	**(38)**	**3,909**	**3,927**
Share of operating account in net investment income	Notes 28 & 29	**1,836**		**1,836**	**1,733**
Adjustment to unit-linked contracts (capital gains)	Note 28	**347**		**347**	**425**
Other operating income	Note 30	**32**		**32**	**16**
Benefits and related expenses paid		(3,133)	27	(3,106)	(2,981)
Charges for claims reserves		(68)	(8)	(76)	(60)
Claims		**(3,201)**	**19**	**(3,182)**	**(3,041)**
Life insurance reserves		(776)		(776)	(700)
Reserves in respect of unit-linked contracts		41		41	(249)
Other technical reserves					
Charges for other technical reserves		**(735)**		**(735)**	**(949)**
Profit-sharing		**(1,372)**	**3**	**(1,369)**	**(1,239)**
Acquisition expenses		(224)	1	(223)	(236)
Administrative expenses		(90)		(90)	(94)
Commissions received from reinsurers			5	5	3
Acquisition and administrative expenses	Note 30	**(314)**	**6**	**(308)**	**(327)**
Adjustment to unit-linked contracts (capital losses)	Note 28	**(141)**		**(141)**	**(171)**
Other operating charges	Note 30	**(178)**		**(178)**	**(172)**
LIFE INSURANCE OPERATING PROFIT/LOSS		**221**	**(10)**	**211**	**202**
Employee profit-sharing	Note 30	(6)		(6)	
Net investment income excluding share of operating account	Notes 28 & 29	41		41	51
PROFIT/LOSS ON ORDINARY ACTIVITIES		**256**	**(10)**	**246**	**253**

Non-life insurance, non-life operating income statement

(€ millions)		2004			2003
		Gross	Cession	Net	Net
Premiums	Note 27	8,722	(562)	8,160	8,111
Change in unearned premiums		124	(3)	121	(44)
Earned premiums		**8,846**	**(565)**	**8,281**	**8,067**
Share of operating account in net investment income	Notes 28 & 29	**575**		**575**	**593**
Other operating income	Note 30	**26**		**26**	**39**
Claims and expenses paid		(6,271)	321	(5,950)	(6,073)
Charges for claims reserves		(161)	(140)	(301)	(369)
Claims		**(6,432)**	**181**	**(6,251)**	**(6,442)**
Charges for other technical reserves		**(12)**	**5**	**(7)**	**14**
Profit-sharing					
Acquisition expenses		(1,554)		(1,554)	(1,527)
Administrative expenses		(579)		(579)	(513)
Commissions received from resinsurers			39	39	(22)
Acquisition and administrative expenses	Note 30	**(2,133)**	**39**	**(2,094)**	**(2,062)**
Other operating charges	Note 30	**(233)**		**(233)**	**(267)**
Change in reserve for equalisation		**14**		**14**	**63**
NON-LIFE INSURANCE OPERATING PROFIT/LOSS		**651**	**(340)**	**311**	**5**
Employee profit-sharing	Note 30	(6)		(6)	(12)
Net investment income excluding share of operating account	Notes 28 & 29	286		286	297
PROFIT/LOSS ON ORDINARY ACTIVITIES		**931**	**(340)**	**591**	**290**

Banking, banking sector operating income statement

(€ millions)		2004	2003
Interest and similar income		33	33
Interest and similar charges		(44)	(40)
Income from variable-yield securities			
Commission income		122	101
Commission charges		(32)	(26)
Profit or losses on transactions in trading portfolios		2	2
Profit or losses on investment operations		1	
Other operating income		1	1
Other operating charges		27	18
Net banking income		**110**	**89**
General operating charges	Note 30	(121)	(113)
Appropriations to depreciation and provisions for tangible and intangible fixed assets	Note 30	(9)	(7)
GROSS OPERATING PROFIT/LOSS		**(20)**	**(31)**
Cost of bad and boubtful debts		(6)	5
Gains or losses on long-term equity investments and shares in affiliated companies (including long-term investment securities portfolio)			
PROFIT/LOSS ORDINARY ACTIVITIES		**(26)**	**(26)**

Note 27 - Analysis of premium income

Breakdown by geographical zone

(€ millions)	31.12.2004				31.12.2003			
	Life	Non-life	Total	Share %	Life	Non-life	Total	Share %
France	**3,516**	**7,239**	**10,755**	**84%**	**3,601**	**6,932**	**10,533**	**82%**
EU (excluding France)	**311**	**1,433**	**1,744**	**14%**	**273**	**1,793**	**2,066**	**16%**
United Kingdom	0	452	452	4%		827	827	6%
Italy	179	346	525	4%	170	340	510	4%
Spain	54	622	676	5%	45	615	660	5%
Portugal	77	13	90	1%	51	11	62	1%
Luxembourg	1	0	1		7		7	
Other countries	**120**	**50**	**170**	**1%**	**103**	**40**	**143**	**1%**
Sub-total – insurance	**3,947**	**8,722**	**12,669**	**99%**	**3,977**	**8,765**	**12,742**	**99%**
Banking	**0**	**164**	**164**	**1%**		**137**	**137**	**1%**
TOTAL	**3,947**	**8,886**	**12,833**	**100%**	**3,977**	**8,902**	**12,879**	**100%**

Breakdown by main line of business

(€ millions)	31.12.2004			31.12.2003		
	France	International	Total	France	International	Total
Life business: single premiums						
Capitalisation	74	101	175	165	86	251
Personal life	1,908	60	1,968	1,892	48	1,940
Group policies	3	63	66	3	38	41
Unit-linked policies	193	12	205	166	21	187
Others	54		54	49		49
Total single premiums	**2,232**	**236**	**2,468**	**2,275**	**193**	**2,468**
Life business: regular premiums						
Capitalisation	57	37	94	64	35	99
Personal life	633	92	725	624	96	720
Group policies	432	46	478	499	33	532
Unit-linked policies	6	20	26	5	19	24
Others	3		3	4		4
Total regular premiums	**1,131**	**195**	**1,326**	**1,196**	**183**	**1,379**
Inwards reinsurance	**153**		**153**	**130**		**130**
Total life	**3,516**	**431**	**3,947**	**3,601**	**376**	**3,977**
Non-life business						
Motor vehicle	2,033	823	2,856	1,963	1,159	3,122
Bodily injuries	1,844	69	1,913	1,730	104	1,834
Property	2,163	364	2,527	2,075	342	2,417
General liability	151	61	212	135	55	190
Marine, aviation, transport	215	25	240	199	23	222
Other	586	137	723	547	147	694
Inwards reinsurance	**247**	**4**	**251**	**283**	**3**	**286**
Total non-life	**7,239**	**1,483**	**8,722**	**6,932**	**1,833**	**8,765**
TOTAL LIFE AND NON-LIFE INSURANCE	**10,755**	**1,914**	**12,669**	**10,533**	**2,209**	**12,742**
TOTAL BANKING	**164**		**164**	**137**		**137**
TOTAL	**10,919**	**1,914**	**12,833**	**10,670**	**2,209**	**12,879**

In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Note 28 - Net investment income

(€ millions)	31.12.2004				31.12.2003			
	Income/ Charges	Gains/losses on realisation		Total	Income/ Charges	Gains/losses on realisation		Total
		Gains	Losses			Gains	Losses	
Real estate	503	88	(8)	583	404	110	(4)	510
Equities	129	213	(254)	88	116	227	(277)	66
Bonds	1,762	332	(196)	1,898	1,792	145	(90)	1,847
Equity mutuals funds	78	157	(68)	167	42	88	(51)	79
Bond mutual funds	90	94	(3)	181	39	193	(1)	231
Interest on cash deposits	9			9	5			5
Other investment income	39	358	(9)	388	55	392	(4)	443
Gross income	**2,610**	**1,242**	**(538)**	**3,314**	**2,453**	**1,155**	**(427)**	**3,181**
Internal and external administrative charges	(214)			(214)	(204)			(204)
Other investment charges	(91)		(271)	(362)	(82)		(221)	(303)
Investment expenses	**(305)**		**(271)**	**(576)**	**(286)**		**(221)**	**(507)**
NET INVESTMENTS INCOME	**2,305**	**1,242**	**(809)**	**2,738**	**2,167**	**1,155**	**(648)**	**2,674**
Adjustments to unit-linked contracts (capital gains)		347		347		425		425
Adjustments to unit-linked contracts (capital losses)			(141)	(141)			(171)	(171)
NET INVESTMENT INCOME AFTER ADJUSTMENTS TO UNIT-LINKED CONTRACTS	**2,305**	**1,589**	**(950)**	**2,944**	**2,167**	**1,580**	**(819)**	**2,928**

Recovery of provisions for depreciation of holdings during FY 2004 stood at €50 million, compared with €145 million in 2003.

Investment income and capital gains/loss – Non life

(€ millions)	31.12.2004 Income/ Charges	Gains/losses on realisation Gains	Losses	Total	31.12.2003 Income/ Charges	Gains/losses on realisation Gains	Losses	Total
Real estate	341	62	(6)	397	310	67	(4)	373
Equities	34	96	(115)	15	36	57	(97)	(4)
Bonds	443	128	(50)	521	476	61	(61)	476
Equity mutuals funds	22	88	(21)	89	17	76	(24)	69
Bond mutual funds	25	23	(3)	45	16	72		88
Interest on cash deposits	9			9	6			6
Other investment income	26	159	(3)	182	40	202	(4)	238
Gross income	**900**	**556**	**(198)**	**1,258**	**901**	**535**	**(190)**	**1,246**
Internal and external administrative charges	(170)			(170)	(152)			(152)
Other investment charges	(99)		(128)	(227)	(97)		(107)	(204)
Investment expenses	**(269)**		**(128)**	**(397)**	**(249)**		**(107)**	**(356)**
NET INVESTMENTS INCOME	**631**	**556**	**(326)**	**861**	**652**	**535**	**(297)**	**890**

Investment income and capital gains/loss – Life

(€ millions)	31.12.2004 Income/ Charges	Gains/losses on realisation Gains	Losses	Total	31.12.2003 Income/ Charges	Gains/losses on realisation Gains	Losses	Total
Real estate	162	26	(2)	186	94	43		137
Equities	95	117	(139)	73	80	170	(180)	70
Bonds	1,319	204	(146)	1,377	1,316	84	(29)	1,371
Equity mutuals funds	56	69	(47)	78	25	12	(27)	10
Bond mutual funds	65	71		136	23	121	(1)	143
Interest on cash deposits					(1)			(1)
Other investment income	13	199	(6)	206	15	190		205
Gross income	**1,710**	**686**	**(340)**	**2,056**	**1,552**	**620**	**(237)**	**1,935**
Internal and external administrative charges	(44)			(44)	(52)			(52)
Other investment charges	8		(143)	(135)	15		(114)	(99)
Gross income	**(36)**		**(143)**	**(179)**	**(37)**		**(114)**	**(151)**
NET INVESTMENT INCOME	**1,674**	**686**	**(483)**	**1,877**	**1,515**	**620**	**(351)**	**1,784**
Adjustments to unit-linked contracts (capital gains)		347		347		425		425
Adjustments to unit-linked contracts (capital losses)			(141)	(141)			(171)	(171)
NET INVESTMENT INCOME AFTER ADJUSTMENTS TO UNIT-LINKED CONTRACTS	**1,674**	**1,033**	**(624)**	**2,083**	**1,515**	**1,045**	**(522)**	**2,038**

Note 29 - Breakdown of investment income betwenn operating and non-operating

(€ millions)	2004							2003
	Life			Non-life			Total	Total
	Income	Capital gains/ losses	Total	Income	Capital gains/ losses	Total		
Net investment income	1,674	203	1,877	631	230	861	2,738	2,674
Allocation to operating income	1,637	199	1,836	421	154	575	2,411	2,326
Allocation to non-operating income	37	4	41	210	76	286	327	348

Note 30 - Management expenses

(€ millions)	2004				2003			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Commissions	(99)	(660)		(759)	(88)	(741)		(829)
Change in deferred acquisition expenses	10	(12)		(2)	(20)	(34)		(54)
Other charges	(135)	(882)		(1,017)	(128)	(820)		(948)
Total acquisition costs	**(224)**	**(1,554)**		**(1,778)**	**(236)**	**(1,595)**		**(1,831)**
Commissions	(26)	(128)		(154)	(22)	(131)		(153)
Other charges	(64)	(451)	(121)	(636)	(72)	(382)	(113)	(567)
Total administration exchanges	**(90)**	**(579)**	**(121)**	**(790)**	**(94)**	**(513)**	**(113)**	**(720)**
Acquisition and administration expenses	**(314)**	**(2,133)**	**(121)**	**(2,568)**	**(330)**	**(2,108)**	**(113)**	**(2,551)**
Allocations to/recovery of provision and depreciation			(9)	(9)			(7)	(7)
Other charges and income	(146)	(207)		(353)	(156)	(228)		(384)
Other operating expenses	**(146)**	**(207)**	**(9)**	**(362)**	**(156)**	**(228)**	**(7)**	**(391)**
Employee profit sharing	**(6)**	**(6)**		**(12)**		**(12)**		**(12)**
GROSS MANAGEMENT CHARGES	**(466)**	**(2,346)**	**(130)**	**(2,942)**	**(486)**	**(2,348)**	**(120)**	**(2,954)**
CESSIONS	**6**	**39**		**45**	**3**	**46**		**49**
NET MANAGEMENT CHARGES	**(460)**	**(2,307)**	**(130)**	**(2,897)**	**(483)**	**(2,302)**	**(120)**	**(2,905)**

Note 31 - Other non-operating income and charges, exceptional income and charges

(€ millions)	2004	2003
Other non-operating income	49	43
Other non-operating charges	(149)	(69)
Total non-operating income and charges	**(100)**	**(26)**
Recovery of provisions for exceptional charges	23	23
Recovery of provisions for exceptional depreciation	4	1
Other exceptional income	33	63
Total exceptional income	**60**	**87**
Allocations to provisions for exceptional charges	(67)	(51)
Allocations to provisions for exceptional depreciation		
Other exceptional charges (excluding profit sharing)	(70)	(106)
Total exceptional charges	**(137)**	**(157)**
Total exceptional income	**(77)**	**(70)**
NET TOTAL	**(177)**	**(96)**

Note 32 - Average workforce of consolidated companies[1]

	2004			2003
	Insurance	Banking	Total	Total
France	22,529	672	23,201	23,762
United Kingdom	897		897	998
Spain	758		758	825
Italy	436		436	436
Other EU	301		301	100
Non EU	165		165	324
TOTAL	**25,086**	**672**	**25,758**	**26,445**

(1) The workforces of companies consolidated proportionally are included on a pro rata basis.
It should be noted that the fall in staffing levels in France is essentially due to the transfer of insurance company employees to the logistics EIG. The Group also employs 1,495 employees in the IT and logistics EIGs, which are not included in the scope of consolidation (1,118 employees in 2003, just for the IT EIG).

Note 33 – Group's holding company activity

This table sets forth the Group's holding company activities as at 31 December 2004 and 31 December 2003 (pro-forma data). The relevant entities are:

- Groupama SA (company's holding company activity);
- Groupama holding;
- Groupama holding 2;
- Groupama International;
- Gan UK.

(€ millions)	2004	2003
Financial revenue, net of charges	(6)	13
Other net revenue(1)	(64)	(49)
Financing expenses	(45)	(51)
Extraordinary income	(40)	(36)
Corporate tax	162	130
TOTAL	**7**	**7**

(1) Overheads for Groupama SA's holding company activity, totalling €44 million for 2004, compared with €32 million in 2003 (pro-forma data), have been posted to the "Other net revenue" item.

Note 34 - Breakdown of commitments given and received

Insurance

(€ millions)	31.12.2004	31.12.2003
Endorsments, sureties and guarantees received	178	340
Other commitments received	3,689	1,761
Total commitments received excluding reinsurance	**3,867**	**2,101**
Resinsurance commitments received	**370**	**472**
Endorsments, sureties and guarantees given	1,542	631
Other commitments relating to securities, assets or revenues	262	1,019
Other commitments given	2,063	971
Total commitments given excluding reinsurance	**3,867**	**2,621**
Reinsurance commitments given	**12**	**212**
Sureties belonging to health and provident institutions	**3**	**3**
Other sureties held for third parties		

At the end of December 2004, the Group finalised the setting-up of an €1 billion facility, for a five-year term, at the financial year-end. As at 31 December 2004, no draw-down had been made and all this amount is posted to "commitments received".
In addition, in-line with its long-term financing strategy, SILIC extended its exchange risk hedging operations, in respect of the launch of the real estate transaction at Nanterre Prefecture, so as to secure its future cash-flow.

Banking

(€ millions)	31.12.2004	31.12.2003
Financing commitments received		
Guarantee commitments received	3	
Commitments relating to securities pending receipt	120	
Total commitments received, banking operations	**123**	
Currency transaction commitments received	1,358	798
Other commitments received		
Total other commitments received, banking operations	**1,358**	**798**
Financing commitments given	22	41
Guarantee commitments given	174	201
Commitments relating to securities pending delivery	2	
Total commitments given, banking operations	**198**	**242**
Currency transaction commitments received	1,358	798
Other commitments received	634	298
Total other commitments given, banking operations	**1,992**	**1,096**

Note 35 - Group subsidiaries

	Business	Country	31.12.2004 % control	31.12.2004 % ownership	31.12.2004 Consolidation(1)	31.12.2003 % control	31.12.2003 % ownership	31.12.2003 Consolidation(1)
Caisses régionales d'assurances mutuelles agricoles	Insurance	France	–	–	A	–	–	A
Caisses locales d'assurances mutuelles agricoles	Insurance	France	–	–	A	–	–	A
Groupama SA	Holding	France	99.85	99.82	GC	99.82	99.80	GC
Groupama Holding	Holding	France	99.97	99.97	GC	99.96	99.96	GC
Groupama Holding 2	Holding	France	100.00	100.00	GC	100.00	100.00	GC
Groupama International	Holding	France	100.00	99.82	GC	100.00	99.80	GC
Gan Assurances Vie	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Gan Patrimoine	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Caisse Fraternelle d'Épargne	Insurance	France	99.93	99.75	GC	99.92	99.72	GC
Caisse Fraternelle Vie	Insurance	France	99.72	99.54	GC	99.72	99.52	GC
Assuvie	Insurance	France	50.00	49.91	GC	50.00	49.90	GC
Gan Eurocourtage Vie	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Gan Prévoyance	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Vie	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Assurance-Crédit	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Transport	Insurance	France	100.00	99.82	GC	99.91	99.71	GC
Scepar	Investments	France	100.00	99.82	GC	100.00	99.80	GC
Mutuaide Assistance	Insurance	France	100.00	99.82	GC	99.97	99.77	GC
Gan Assurances Iard	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Gan Outre-mer Iard	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Protection Juridique	Insurance	France	99.99	99.82	GC	99.67	99.47	GC
Gan Eurocourtage Iard	Insurance	France	100.00	99.82	GC	100.00	99.80	GC
Cofintex Luxembourg	Reinsurance	Luxembourg	100.00	99.82	GC	100.00	99.80	GC
Rampart	Reinsurance	United States	100.00	99.82	GC	100.00	99.80	GC
Gan Italia Vita	Insurance	Italy	100.00	99.82	GC	100.00	99.80	GC
Luxlife	Insurance	Luxembourg	85.00	84.85	GC	85.00	84.83	GC
Gan Portugal Vida	Insurance	Portugal	100.00	99.82	GC	100.00	99.80	GC
Zénith Vie	Insurance	Switzerland	82.00	81.85	GC	82.00	81.84	GC
Günes Sigorta	Insurance	Turkey	36.00	35.94	EM	36.00	35.93	EM

(1) A: aggregate method; GC: global consolidation; EM: equity method.

	Business	Country	31.12.2004 % control	31.12.2004 % ownership	31.12.2004 Consolidation[1]	31.12.2003 % control	31.12.2003 % ownership	31.12.2003 Consolidation[1]
Groupama Biztosito	Insurance	Hungary	100.00	99.82	GC	100.00	99.80	GC
Groupama Plus Ultra	Insurance	Spain	100.00	99.82	GC	100.00	99.80	GC
Gan Uk PLC	Holding	United Kingdom	100.00	99.82	GC	100.00	99.80	GC
Groupama General Insurances CL	Insurance	United Kingdom	100.00	99.82	GC	100.00	99.80	GC
Minster Insurances CL	Insurance	United Kingdom	100.00	99.82	GC	100.00	99.80	GC
Gan Italia Spa	Insurance	Italy	100.00	99.82	GC	100.00	99.80	GC
Gan Portugal Seguros	Insurance	Portugal	100.00	99.82	GC	100.00	99.80	GC
Groupama Gestion	Asset Management	France	100.00	99.82	GC	100.00	97.75	GC
Groupama Asset Management	Asset Management	France	100.00	99.82	GC	97.95	97.75	GC
Groupama Alternative Asset Management	Asset Management	France	100.00	99.82	GC	100.00	97.75	GC
Finama Private Equity	Asset Management	France	100.00	99.82	GC	99.98	99.78	GC
Banque Finama	Banking	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Banque	Banking	France	60.00	59.89	GC	60.00	59.88	GC
Groupama Épargne Salariale	Asset Management	France	100.00	99.82	GC	100.00	99.80	GC
Groupama Immobilier	Real estate	France	100.00	99.82	GC	100.00	99.80	GC
Silic	Real estate	France	41.95	41.88	GC	41.47	41.39	GC
Sepac	Real estate	France	100.00	41.88	GC	100.00	41.39	GC
Compagnie Foncière Parisienne	Real estate	France	99.94	99.77	GC	99.72	99.53	GC
Scima	Real estate	France	100.00	99.77	GC	100.00	99.53	GC
Scima 2	Real estate	France	100.00	99.77	GC	100.00	99.53	GC
Sci Defense Astorg	Real estate	France	100.00	99.77	GC	100.00	99.53	GC
Scifma	Real estate	France	100.00	99.86	GC	100.00	99.84	GC
Actipar Sa	Real estate	France	100.00	99.77	GC	100.00	99.53	GC
Safragan	Real estate	France	90.00	89.80	GC	90.00	89.58	GC
261 Raspail	Real estate	France	100.00	99.77	GC	100.00	99.53	GC
Socomie	Real estate	France	100.00	41.88	EM	100.00	41.39	EM

(1) A: aggregate method; GC: global consolidation; EM: equity method.

Report of the statutory auditors on the combined financial statements

Fiscal year ending 31 december 2004

"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 combined 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 combined financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the combined financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

Groupama SA
8-10 rue d'Astorg
75008 Paris

Dear Shareholders,

As appointed at your Annual General Meeting, we have audited Groupama's combined financial statements for the fiscal year ending 31 December 2004, as enclosed herewith.

The combined financial statements have been approved by the Board of Directors of Groupama SA. Our responsibility is to state an opinion on these financial statements.

I - Opinion on the combined financial statements

We have conducted our audit in accordance with generally accepted auditing standards in France. These standards require that we plan and perform an audit to obtain reasonable certainty that the combined financial statements are free of material misstatement. An audit includes examining, on the basis of sampling, evidence confirming the amounts and disclosures in the financial statements. An audit also consists of assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We consider that the checks we have performed provide a reasonable basis for the following opinion.

We certify that the combined financial statements, in accordance with generally accepted accounting principles in France, represent fairly, in all material aspects, the assets and financial position of the Group formed by the consolidated companies.

Without contradicting the opinion set forth hereinabove, we draw your attention to note 1.2 of the notes to the financial statements relating to the change in accounting method as regards accounting for deferred costs in life insurance.

II - Substantiation of our assessments

In application of the provisions of Article L225-235 of the French Commercial Code relating to the substantiation of assessments, we would draw your attention to the following:
• in the context of our assessment of the rules and accounting principles followed by your company, we have assured ourselves of the validity of the changes in accounting methods relating to deferred acquisition costs in life insurance as mentioned hereinabove, and of the presentation of these changes;
• some technical items relating to insurance and reinsurance, and to assets and liabilities in your company's combined financial statements, are estimated on statistical and actuarial bases, in particular the technical reserves, deferred acquisition costs and methods for amortising the latter. The methods used for determining these items are described in notes 3.3 and 3.4 of the notes to the financial statements.
We have assured ourselves of the reasonable character of the hypotheses underlying the calculation models used, particularly with respect to the Group's experience, its regulatory and economic environment, and the overall consistency of these hypotheses;
• goodwill entered under assets on the balance sheet is amortised according to the methods described in note 2.2.5 of the notes to the financial statements.
We have assured ourselves that the hypotheses used to determine the amortisation period for this goodwill are in line with forecasts in strategic plans drawn up by the Group and that no significant item has called into question their net values in the balance sheet;
• the permanent depreciations provision for the securities portfolio is determined according to the methods outlined in note 3.2.2. of the notes to the financial statements.
We have assured ourselves that the valuation of these provisions is in line with the Group's confirmed intention to retain these securities and with the Group's capacity to retain these securities over a period corresponding to its intention.

These assessments were formed in the context of our procedures for auditing the combined financial statements and have therefore contributed to forming our opinion, as expressed in the first section of this report.

III - Specific verification

We have also verified the information given in the Group management report. We have no comment to make regarding its accuracy and consistency with the combined financial statements.

Paris, 23 March 2005

The Statutory Auditors

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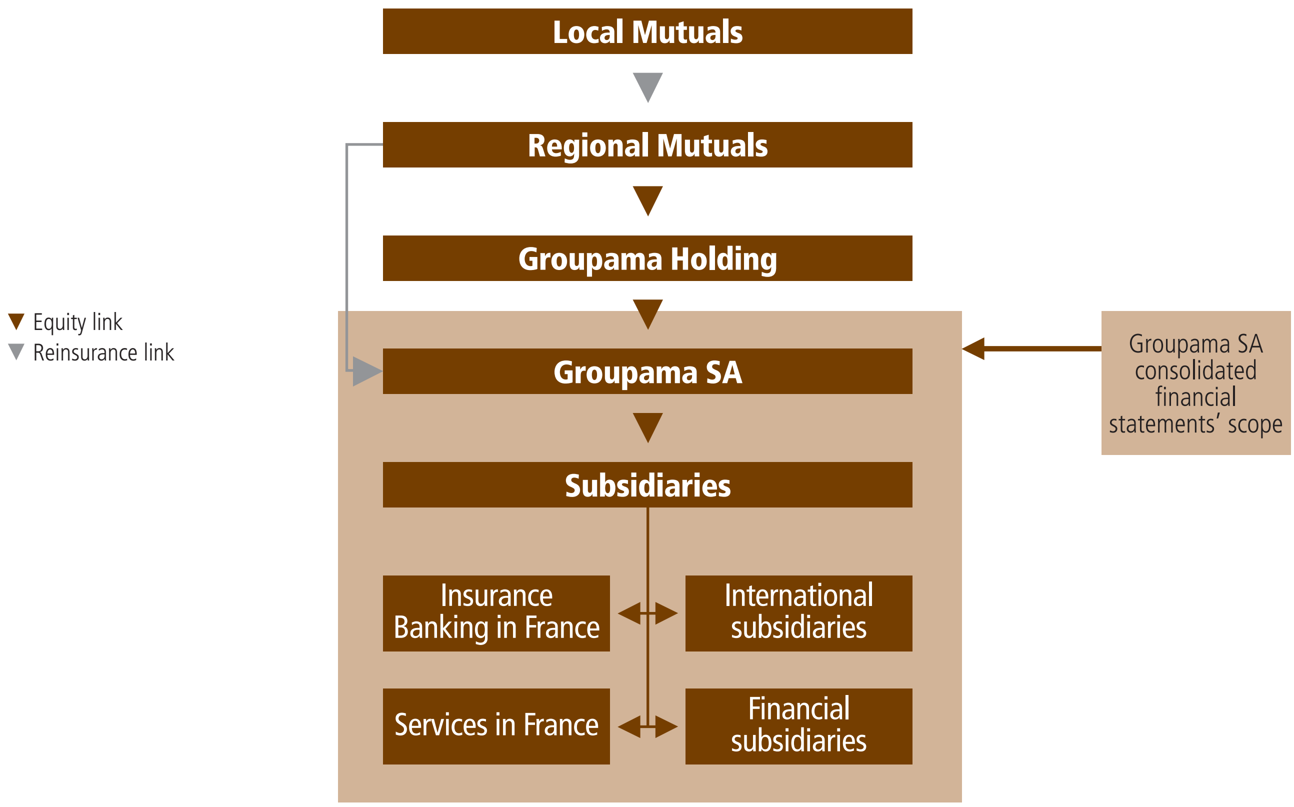
2004 consolidated accounts



The consolidated financial statements of Groupama SA include the reinsurance activity assigned by the Regional Mutuals (approximately 38% of the premium income in 2004) and the subsidiaries' activity.

The remaining premium income recorded by the Regional Mutuals is therefore not consolidated within this scope. Consequently, the difference compared with the previously-mentioned figures (the figures in the combined financial statements) mostly relates to the non-life insurance activity in France.

The premium income, the operating income, and Groupama SA's contribution to consolidated earnings are the same as those within the combined scope for:

- life insurance;
- international insurance;
- financial services (banking, asset management…).

Consolidated financial statements

(€ millions)

Assets

		31.12.2004	31.12.2003
Goodwill	Note 1	1,465	1,565
Intangible assets	Note 2	151	166
Insurance sector investments	Note 3	49,882	47,241
Unit-linked investments	Note 5	3,378	3,358
Banking sector investments	Note 6	674	814
Shares in companies accounted for by the equity method	Note 7	12	10
Shares of outwards reinsurers and retrocessionnaires in the technical provisions	Note 17	1,873	2,082
Receivables relating to insurance or reinsurance operations	Note 8	2,608	2,533
Receivables – banking sector customers	Note 9	326	312
Receivables – banking sector	Note 10	1,344	1,350
Other receivables	Note 11	741	705
Other assets	Note 12	56	79
Accruals	Note 13	1,520	1,901
TOTAL		**64,030**	**62,116**

Liabilities

		31.12.2004	31.12.2003
Share capital or equivalent funds		1,187	1,187
Consolidated reserves		1,218	1,481
Unrealised foreign exchange gain or losses		(53)	(50)
Consolidated net income		258	138
Total capital and reserves	Note 14	**2,610**	**2,756**
Minority interests	Note 15	268	268
Subordinated debt	Note 16	750	750
Gross technical reserves	Note 17	49,747	47,891
Technnical reserves in respect of unit-linked policies		3,376	3,353
Provision for risks and charges	Note 18	503	469
Debts relating to insurance or reinsurance operations	Note 19	1,553	1,410
Debts – banking sector customers	Note 20	1,009	723
Securitised debts	Note 21	613	879
Debts – banking sector	Note 22	856	721
Other debts	Note 23	2,502	2,691
Accruals	Note 24	243	205
TOTAL		**64,030**	**62,116**

Consolidated income statement

(€ millions)

		Non-life insurance	Life insurance	Banking	Total 2004	Total 2003
Premiums written	Note 27	6,033	3,952		9,985	10,326
Change in unearned premiums		147			147	
Earned premiums		**6,180**	**3,952**		**10,132**	**10,326**
Banking revenues	Note 26			164	164	138
Financial earnings net of expenses	Note 28	641	2,084		2,725	2,706
Total earnings from ordinary activities		**6,821**	**6,036**	**164**	**13,021**	**13,170**
Insurance services expenses		(4,343)	(5,313)		(9,656)	(9,968)
Charges or income net of reinsurance cessions		(339)	(10)		(349)	(327)
Banking expenses				(61)	(61)	(44)
Management expenses	Note 30	(1,744)	(466)	(130)	(2,340)	(2,394)
Total operating expenses		**(6,426)**	**(5,789)**	**(191)**	**(12,406)**	**(12,733)**
PROFIT/LOSS FROM ORDINARY ACTIVITIES		**395**	**247**	**(27)**	**615**	**437**
Other net income	Note 31				(49)	(1)
Financial expenses					(81)	(86)
Exceptional income/expense	Note 31				(82)	(55)
Corporate tax	Note 25				(24)	(87)
NET PROFIT OF GROUP COMPANIES					**379**	**208**
Share in net income of companies accounted for by the equity method	Note 7				2	2
Depreciation allowance	Note 1				(107)	(106)
CONSOLIDATED NET PROFIT					**274**	**104**
Minority interests					16	(34)
NET PROFIT (GROUP SHARE)					**258**	**138**

Notes to the consolidated financial statements

1. KEY EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

1.1 Key events

THE GROUP'S ORGANISATION

Creation of the general insurance, banking and services division France

As from 1 July 2004, the general insurance, banking and services division France was created. The scope of action of this division covers all Groupama SA's business line divisions, the companies, profit centres and subsidiaries of the Groupama and Gan brands operating in France, and the Group's IT EIG, Groupama Systèmes d'Information. It contributes to the cohesion and coordination of both the business lines and companies, and to the coherence of initiatives to increase the Group's operational performance levels in France.

Establishment of a Group strategy and human resources division

The success of Groupama's strategy requires that its organisation be orientated towards operations which enable profitable growth to be recorded whilst complying with the values and principles of the Group's initiatives.
Human resources are the lynchpin of this project, ensuring that employees and all the Group's companies are mobilised as regards the achievement of the strategic objectives, and that the company has teams, both in terms of numbers and expertise, which are able to carry out the planned assignments and projects.
The creation, at the beginning of April 2004, of a "Group strategy and human resources" division, is in-line with these imperatives.

Continuing with measures to simplify the Group's financial organisation chart

Additional shareholding in Groupama Banque

During March 2004, Groupama SA subscribed for the capital increase by Groupama Banque. Its percentage stake in Groupama Banque remained at 60%.

Additional shareholding in Groupama Épargne Salariale

During March 2004, Groupama SA subscribed for the capital increase by Groupama Épargne Salariale, thus increasing its stake in this company to 99.99%.

Simplifying reciprocal shareholdings

Within the context of the policy of rationalising the Group's financial organisation chart, and of reorganising its shareholdings in Gan Assurances IARD, Gan Assurances Vie, Gan Eurocourtage IARD, Gan Eurocourtage Vie and Gan Prévoyance, in December 2004, Groupama SA carried out the following operations:

- acquisition of 29.2% of the securities of Gan Prévoyance, held by Gan Assurance IARD and Gan Eurocourtage IARD. This acquisition is subject to deferred payment until the end of June 2005 as regards the amount of the capital gains on the corporate sale carried out by Gan Assurances IARD and Gan Eurocourtage IARD;
- acquisition of 15% of the securities of Gan Eurocourtage Vie from Gan Eurocourtage IARD, with payment to be made in June 2005;
- acquisition of 6.8% of the securities of Gan Assurances Vie from Gan Assurances IARD, with payment also to be made in June 2005.

Following these operations to simplify reciprocal shareholdings, at the end of the financial year, Groupama SA directly held:

- 100% of the securities of Gan Assurances IARD, Gan Eurocourtage IARD and Gan Prévoyance;
- 77.5% of the securities of Gan Assurances Vie, with the balance, i.e. 22.5%, being held by Gan Assurances IARD;
- 86.1% of the securities of Gan Eurocourtage Vie, with the balance, i.e. 13.9%, being held by Gan Eurocourtage IARD.

It should be stated that the capital gains on disposals relating to these operations are cancelled out upon consolidation. They therefore have no impact on the consolidated financial statements.

Sale of Groupama Immobilier securities

At the beginning of September 2004, Groupama SA sold all its shareholding in Groupama Immobilier to Banque Finama.

French Overseas *Départements* and Territories (DOM-TOM)

The Guadeloupe and Martinique branches of Gan Assurances IARD were taken over by Gan Pacifique IARD which, following this contribution and integration of the New Caledonia, French Polynesia and Wallis and Futuna local mutuals, became Gan Outre-mer. This operation took place retroactively as of 1 January 2004.

GROUP DEVELOPMENT

Setting-up a credit facility

On 15 November 2004, Groupama agreed a €750 million credit facility with Société Générale and Dresdner Kleinwort Wasserstein.

As this operation generated much market interest, and as a result of the favourable conditions granted, at the beginning of December, it was decided to increase the credit facility's draw-down capacity from €750 million to a maximum of €1 billion.
The aim of this operation was to enable the Group to possess the financial resources for a potential acquisition.

Obtaining accreditation and the opening of a branch in China

At the beginning of September 2004, Groupama received accreditation to market its non-life insurance policies in the province of Sichuan, China's third largest province in terms of number of inhabitants (85 million). Said accreditation followed-on from the licence granted by the CIRC –China Insurance Regulatory Commission– in June 2003.
The branch was inaugurated on 26 October 2004.
Groupama markets an offer of insurance services which is adapted to rural populations and, in particular, which offers fully-comprehensive insurance policies to farmers in Sichuan. Moreover, Groupama offers household insurance contracts to individuals, as well as specific contracts for craftsmen, tradesmen and SMEs in Chengdu, the capital of Sichuan, which has over 10 million inhabitants.
The next stage of Groupama's development in China will involve the filing of an application for a life insurance licence.

Insurance for climate change

Since the end of 2004, Groupama has been able to market insurance for climate change.
The "climate change" range is proposed to all farmers, no matter what their size or economic activity may be. It comes under the scope of the three-tier system established by the public authorities:
- for insignificant variations, an incentive to save in the tax-free context of "deductions for variations";
- for more significant variations, a private insurance policy. The guarantee covers the amount of incompressible crop expenses, estimated at 65% of the farm's turnover;
- for exceptional incidents, public aid still applies.

Groupama's offer enables the recommendations of the Ménard Report to be complied with, as it ranges from simple cover against "bad luck" to management of all risks relating to the climate. Farmers are offered two options:
- "on a case-by-case basis", with each crop being insured separately;
- "for the farm", with the insurance policy providing for offsetting between crops.

OTHER ITEMS

Standard & Poor's and AM Best ratings

On 30 September 2004, Standard & Poor's confirmed its single-'A' rating for counterparty credit and insurer financial strength for Groupama SA, associated with a stable outlook.
According to Standard & Poor's, the Group's rating reflects its high levels of solvency and its strong competitive position.
In addition, at the end of December 2004, AM Best confirmed its single-'A' rating for Groupama SA. In a context in which rating agencies are becoming increasingly stringent, this rating confirms the Group's very high levels of financial solvency.

Discontinuation of activities in Luxembourg

On 15 March 2004, the Board of Directors of the Luxembourg subsidiary, Luxlife, resolved to discontinue the policy subscription activity. The existing portfolio was run-off.

Corbeilles Mieux Vivre Votre Argent

At the end of September 2004, Groupama received a double award in the context of "*Corbeilles Mieux Vivre Votre Argent*":
- the *Corbeille Long Terme*, for the best establishment in all categories, over the last five years;
- the *Corbeille Assurances*, for the best insurance company over a one year period.

This is a remarkable performance as there are only five *corbeilles* awarded in total.

Grands prix for asset management

On 26 October 2004, Groupama Asset Management was awarded first place in the "euro bonds" category for its Groupama Oblig euro credit LT, in the *grands prix* for asset management, organised by the Agefi.
In addition to Groupama Asset Management, Groupama Banque and Groupama Vie also benefit from this award as Groupama Oblig euro credit LT is offered to individuals through Groupama Oblig LT.
Groupama Oblig euro credit LT is destined for investors who are looking for active management of a long term bond portfolio which is invested in private issuers in the euro zone, and who are willing to accept a capital risk.

1.2 Change in accounting methods

With a view to being able to provide improved financial information, the Group changed its accounting method as regards accounting for deferred acquisition costs in life insurance.
In the absence of an exact definition in CRC (Accounting Regulation Committee) Regulation No.2000-05 as regards expenses which may be deferred, the Group conventionally chose the notion of costs including the fixed and variable expenses which may be deferred directly for the production of new policies and took account, within the margins provided for depreciation, of those relating to incidental guarantees which may be deferred. Within the context of the IFRS, which Groupama intends to apply in 2005, the Group decided to extend, to cover all policies, the rules for determination set forth by IAS 18 for expenses which may be deferred, so as to limit differences in processing which may exist under IFRS standards for similar types of policies. The Group therefore based itself on these standards in order to modify, as from 2004, the chosen principles as regards French standards, which shall remain, according to IFRS 4, the applicable regulations for the majority of portfolio policies. Now, the base of expenses which may be deferred consists of variable costs which may be directly posted to the production of a policy. Moreover, future margins are now limited to the margins generated by contractual undertakings.

The application of this new agreement is part of the changeover to the IFRS. In this respect, it is deemed to represent an exceptional change in the Group's position, which justifies a change in accounting method with the objective of providing improved financial information, in accordance with CNC opinion 97-06.
The impact of this change of method was applied, retroactively, to the opening capital and reserves and was, net of €5 million in taxes, €374 million.

1.3 Subsequent significant events

ORGANISATION

Appointment of outside directors

The Annual General Meeting of Groupama SA, held on 24 February 2005, approved the appointment of three outside directors to the Board of Directors of Groupama SA, for a 6-year term of office. These appointments increased the number of directors from 13 to 16, to wit, 11 representatives of the Regional Mutuals, which are shareholders in Groupama SA, 2 directors elected by the employees of Groupama, and 3 outside directors.

INTERNATIONAL

Extension of business activities in Vietnam

As from January 2005, Groupama has been authorized by the Vietnamese Government to extend its activities to cover all non-life insurance sectors in Vietnam, for the whole territory. At the Group's request, the governmental authorities also extended the licence which was issued in 2001, and which only related to agricultural insurance in the south of Vietnam.

Discontinuation of activities in Switzerland

For the Swiss subsidiary, Zénith Vie, the existing portfolio was run-off as from 1 January 2005.

2. PRINCIPLES, METHODS AND SCOPE OF CONSOLIDATION (COMBINATION)

2.1 Overview of consolidated financial statements

The consolidated financial statements comply with the following sections:
- Regulation No.99-02 of the Accounting Regulation Committee relating to the consolidated accounts of commercial companies;
- Regulation No.99-07 of the Accounting Regulation Committee relating to the consolidation of companies coming under the committee for banking and financial regulation;
- Regulation No.00-05 of the Accounting Regulation Committee relating to rules for the consolidation and combination of companies governed by the French Insurance Code and provident institutions governed by the French Social Security Code or the Rural Code.

2.2 Scope and method of consolidation

2.2.1 SCOPE OF CONSOLIDATION

All the companies controlled by Groupama SA (exclusive or joint control), or under the significant influence of Groupama SA, are consolidated.
The companies to be taken into account for the drawing up of the consolidated financial statements are the consolidating company and:
- companies subject to exclusive control;
- companies subject to joint control;
- companies subject to significant influence.

A company is included in the scope of consolidation provided its consolidation, or that of the sub-group which it is at the head of, has, alone or with other companies able to be consolidated, significance as regards the consolidated financial statements of all the companies included within the scope of consolidation.
The notes set forth the criteria established by the Group so as to define the scope of consolidation.

The consolidating company

The consolidating company is the company which exclusively, or jointly, controls other companies, no matter what their form may be, and which exercises significant influence over them.

Companies subject to exclusive control

Exclusive control, denoted by the power to direct the financial and operational policies of a company for the purpose of deriving advantage from its activities, results from any of the following:
- direct or indirect possession of the majority of rights in another company;
- designation over two consecutive financial years by the majority of members of the administrative, managerial and supervisory bodies of another company; the parent company is presumed to have made this designation where it held during this period, directly or indirectly, more than forty percent of voting rights and where no other partner or shareholder held, directly or indirectly a greater proportion than its own;
- the right to wield great influence on a company by virtue of a contractual agreement or statutory clauses, where entitled to do so.

Dominant influence exists whenever, under the aforementioned conditions, the parent company is able to use or to direct the utilisation of assets in the same way as it controls its own assets.

Companies subject to joint control

Joint control is the sharing of control over a company operated in common by a limited number of partners or shareholders, such that the financial and operational policies are the result of their agreement.
Two factors are essential to the existence of joint control:
- restricted number of partners or shareholders sharing control; the sharing of control presumes that no one partner or shareholder is likely alone to be able to exercise exclusive control by imposing his decisions on the others; the existence of joint control does not rule out the presence of partners or minority shareholders not participating in the joint control;

• a contractual agreement:
- providing for the exercise of joint control over the economic activity of the company operated in common;
- establishing the decisions that are essential to achieving the objectives of the company operated in common and requiring the assent of all the partners or shareholders participating in the joint control.

Companies subject to significant influence

Significant influence is denoted by the power to participate in the financial and operational policies of a company without possessing control of it. Significant influence may in particular result from representation on the managerial and supervisory representation on the managerial and supervisory bodies, participation in strategic decisions, existence of material inter-company transactions, exchange of managerial personnel, links of technical dependence.
Significant influence over the financial and operational policies of a company is presumed where the parent company holds, directly or indirectly, at least 20% of the voting rights of this company.

Determination of control and significant influence

Exclusive and joint control, as well as significant influence, is taken to mean, in all cases, direct or indirect control. Accordingly, for the assessment of voting rights held by a company at general meetings of another company, the overall voting rights attached to shares held by the parent company and by all the companies that it exclusively controls are to be aggregated, including voting rights attached to investments matching unit-linked contracts.

Calculation of proportion of voting rights held

To calculate the proportion of voting rights held, account is to be taken of shares with double voting rights, certificates of voting rights created at the time of issue of investment certificates and, if necessary, securities subject to firm commitments or to warehousing held on behalf of the parent company.

Particular case of special purpose entities

A special purpose entity is a separate legal structure, created specifically to manage an operation or group of similar operations on behalf of a company. The special purpose entity is structured or organised in a way such that its activity is in fact only conducted on behalf of this company, by making assets available or by supplying goods, services or capital.
A special purpose entity is to be included in the scope of consolidation whenever one or more controlled companies have in substance, by virtue of contractual agreements or statutory clauses, control of the entity, to the exclusion of the entities referred to in subsection 1011 of Regulation 2000-05.

In order to determine the existence of this type of control, it is necessary to assess the overall economic balance of the operation in which the special purpose entity participates, and to examine the characteristics of relations between the latter and the consolidating entity.
To this end, the following criteria are taken into account:
• the company in reality holds the powers of decision, including, or not including, management decisions over the special purpose entity or the assets which make it up, even if these powers are not actually exercised. It has for example the capacity to wind up the entity, change its articles of incorporation or association, or on the contrary, formally oppose their amendment;
• *de facto,* the company has the capacity to benefit from the majority of the entity's economic benefits, whether in the form of cash flows or entitlement to a share of net assets, entitlement to dispose of one or more assets, entitlement to the majority of residual assets in the event of liquidation;
• the company bears the majority of risks relating to the entity, such as in the case of external investors benefiting from a guarantee, on behalf of the entity or company, enabling them to limit significantly their risk-taking.
The existence of a automatic steering mechanism (predetermination of the business activities of a special purpose entity) does not prejudge the actual control of this entity by another given party. The limits imposed on the business activities of the special purpose entity are intended to both serve and uphold the interests of the stakeholders without any of them being able to take exclusive control of the entity. The criteria set forth above therefore needs to be examined in order to establish the existence of control leading to consolidation. In particular, when such a mechanism dictates decisions in the interest of one of the parties, the latter is deemed to be exercising de facto control.
The first criterion relating to decision-making powers is predominant. The second or third criteria are also taken into account. Consequently, a special purpose entity is consolidated if the conditions of the first and second criteria, or the first and third criteria, are met.
Moreover, if the second and third criteria are met, the special purpose entity is also consolidated, as it is deemed to be controlled.
As an example, the determination of control by examining the abovementioned criteria applies to entities created within the context of benefit plans subsequent to employment, or benefit plans remunerated in shareholders' equity instruments.
As regards the special purpose entities created by assignment of receivables transactions, on the basis of their nature, purpose (acquisition of a portfolio of receivables), and their legal and regulatory context, the loss of decision-making powers is a determining factor in electing to exclude these entities from the scope of consolidation, or, indeed, for their inclusion in said scope; this criterion is both implemented and assessed, in substance, with it being notably specified that the conservation of the majority of economic risks and benefits relating to the assigned receivables represents an assumption of the conservation of a significant amount of actual decision-making powers.

These provisions relate:

• to the private-debt funds in accordance with the provisions of Chapter IV of the 1st Section of Book II of the French Financial and Monetary Code;

• foreign organisations, having the sole purpose of issuing, with a view to purchasing receivables, within the framework of specific local legislation or regulations which offer the same guarantees as those in force in France, securities for which repayment is provided by that of the acquired receivables.

Whatever their nature may be, the guarantees provided, either directly or indirectly, by the assignor for the benefit of the holders of shares or holders of securities issued by the private-debt fund or the foreign organisation referred to hereinabove, are valued as from the assignment and at each cut-off date, and provisions are made whenever they present an established risk.

2.2.2 METHODS OF CONSOLIDATION

The consolidation methods adopted in the preparation of GROUPAMA SA's consolidated accounts are as follows:

• global integration for companies subject to exclusive control;

• proportional integration for companies subject to joint control;

• equity method of accounting for companies, subject to significant influence.

Global consolidation

Global consolidation comprises:

• consolidation into the parent company accounts of the components of the accounts of the consolidated companies, after restatements, if any;

• distribution of capital and reserves and profit or loss between parent company interests and those of other shareholders or partners known as "minority interests";

• elimination of transactions and accounts between the globally consolidated company and other consolidated companies.

Proportional consolidation

Proportional consolidation comprises:

• consolidation into the parent company accounts of its proportionate interest in the consolidated company accounts, after restatements, if any, with no minority interest accordingly recognised;

• elimination of transactions and accounts between the company consolidated proportionally and the other consolidated companies.

Equity method of accounting

The equity method of accounting comprises:

• substitution of the ownership share of capital and reserves for the book value of shares held, including profit or loss for the fiscal year determined in accordance with consolidation rules;

• elimination of transactions and accounts between the company accounted for by use of the equity method and the other consolidated companies.

Direct consolidation

The consolidation of GROUPAMA SA is carried out on the basis of the individual financial statements of the companies included in the scope of consolidation, once the prior restatements and eliminations have been made. This is carried out directly by GROUPAMA SA.

Securities representing unit-linked commitments

Although securities representing unit-linked commitments are taken into account in determining the percentage of control, they are not eliminated and are not taken into account in calculating the group percentage of interest. The corresponding interests are treated separately.

2.2.3 CHANGES IN SCOPE OF CONSOLIDATION; CHANGES OF COMPANY NAME

The following main changes have taken place in Groupama SA's scope of consolidation:

• there was no change of scope during 2004.

Change of corporate name

• Gan Europa Biztosito has changed its name to Groupama Biztosito.

• Gan Pacifique IARD has changed its name to Gan Outre-mer IARD.

• Société Française de Protection Juridique has changed its name to Groupama Protection Juridique.

2.2.4 CLOSING DATE

The financial statements of Groupama's consolidated companies are closed at 31 December. Companies that close their books on another date prepare an interim statement on 31 December.

2.2.5 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

Balance sheet items are translated into euros at the official closing exchange rate except for capital and reserves, excluding profit, which are translated at historical rates.

The Group's share of the resulting foreign exchange gains or losses are booked under "Unrealised foreign exchange gains/losses". The balance is booked under "Minority interests".

Income statement transactions are translated at the average rate. The Group's share of the difference between earnings translated at the average rate and earnings converted at the closing rate is booked under "Unrealised foreign exchange gains/losses". The balance is booked under "Minority interests".

2.2.6 CONSOLIDATED GOODWILL

Consolidated goodwill

Consolidated goodwill is entered in fixed assets and amortised over a period that reflects, as reasonably as possible, the assumptions adopted and objectives established and documented at the time of acquisition.

Unfavourable material changes arising in the components used for determining the amortisation schedule lead to extraordinary depreciation or to modification of the amortisation schedule, not to a provision for diminution in value. If favourable material changes occur, they lead to modification of the future amortisation schedule to the exclusion of any amortisation written back.

Consolidated badwill

Any negative consolidated goodwill is taken to profit or loss over a term that reflects assumptions adopted and objectives established at the time of acquisition.

2.2.7 INTERNAL TRANSACTIONS BETWEEN CONSOLIDATED GROUP COMPANIES

2.2.7.1 Elimination of transactions between companies consolidated by global consolidation

Transactions eliminated

All intra-group transactions are eliminated.

Where these transactions affect combined profit or loss, elimination of profits and losses, as well as capital gains and losses, is applied 100%, then allocated between the interests of the parent company and minority interests in the company having realised the profit or loss. In the event of elimination of losses, the Group ensures that the value of the asset disposed of has not changed on a long-term basis, within the meaning of the generally accepted accounting principles applicable in France to insurance companies. Elimination of the effects of internal transactions relating to assets results in restating them to their entry value in the consolidated balance sheet (consolidated historical cost).

Income tax, as well as contract beneficiary profit participation, is adjusted for the effect of elimination of internal profits or losses.

Accordingly, internal transactions relating, in particular, to the following are eliminated:

- reciprocal debts receivable and payable, as well as reciprocal income and charges;
- bills receivable and payable are reciprocally eliminated but, where a bill receivable is remitted for discount, the bank advance granted to the group is substituted for the bill payable;
- transactions affecting the statement of commitments received and entered;
- reinsurance acceptances, reinsurance inward and outward;
- co-insurance and co-reinsurance transactions as well as pool management;
- broking or intermediation transactions;
- contractual sharing of profits or losses from collective agreements;
- appropriations to accounts for provisions diminution in value of long-term equity interests constituted by the company holding the securities and, as applicable, appropriations to provisions for liabilities and charges constituted as a result of losses incurred by companies subject to exclusive control;
- transactions on forward financial instruments are likewise eliminated.

Particular cases

Capital gains or losses on internal transactions in insurance investments

In application of the above-defined principle, capital gains or losses on internal transactions in insurance investments are eliminated in full. Where such operations have generated rights due for the benefit of contract beneficiaries, they are cancelled in the consolidated profit and loss account and the consolidated balance sheet by recognition of "Contract beneficiary deferred profit participation".

Where the rights generated cannot be reliably identified, they are not cancelled.

Capital losses are retained in full where they meet criteria for diminution in value of an enduring nature.

Intra-group dividends

Intra-group dividends are also eliminated, including dividends relating to profits or losses prior to initial consolidation. Rights due to contract beneficiaries, attached to these dividends, are retained in charges for the fiscal year.

2.2.7.2 Elimination of transactions between a company consolidated proportionally and a company consolidated globally

Reciprocal debts receivable and payable, as well as reciprocal income and charges are eliminated to the extent of the percentage of integration of the jointly controlled company. The difference between the amount eliminated in this way and the amount of debts payable and receivable is classed as a debt payable or receivable with regard to companies external to the Group.

In instances of disposal by a company consolidated globally to a company consolidated proportionally, elimination is restricted to the percentage of consolidation of the jointly controlled company. The same applies in the event of a disposal by a company consolidated proportionally to a company consolidated globally.

Appropriations to provisions for diminution in value of long-term equity interests established by the company holding the securities, in respect of losses incurred by the companies consolidated proportionally, are eliminated in full.

2.2.7.3 Elimination of transactions between two proportionally consolidated companies

In the event of a transaction effected between two proportionally consolidated companies, elimination is restricted to the smaller percentage of the two participating interests.

2.2.8 ALIGNING ACCOUNTS

General principles

GROUPAMA SA's consolidated financial statements are intended to provide a consistent representation of the Group formed by the companies included in the scope of consolidation, taking into account characteristics specific to consolidation and objectives for financial reporting specific to combined accounts (predominance of substance over form, matching charges with income, elimination of the effect of accounting entries carried out solely for the application of tax legislation).

The consolidated financial statements are drawn up in accordance with methods established by the Group for its consolidation and comply with:

- generally accepted accounting principles applicable to insurance companies in France;
- and the valuation methods specified in this section.

Restatements carried out for the purpose of consistency have been undertaken only to the extent that they are material in character.

The transactions of each legal entity are understood as being independent, other than in exceptional cases duly justified in the notes to the financial statements.

Preferential methods

The Group applies some methods considered as preferential in the consolidated financial statements, as follows:

• costs of retirement and comparable benefits (e.g. severance payments, supplementary retirement allowances, medical cover, sickness and provident benefits), paid on the date of retirement or subsequently, to personnel, chargeable to the company, are subject to provisioning and systematically taken into account in profit or loss over the period of activity of the employees;

• finance leases are accounted for:

- by the leaseholder: in the balance sheet in the form of a tangible fixed asset and a corresponding loan; in the profit and loss account in the form of an appropriation for depreciation and a financial expense; in addition, capital gains on sale and leaseback transactions are spread over the term of the contractual agreement, where the item is once more leased, directly or through an intermediary within the context of a financial leasing transaction,

- by the owner: in the form of loans, in a manner symmetrical to the recording by the lessee;

• bonded debt issue costs, redemption premiums and issue premiums are spread systematically over the term of the loan;

• currency translation differences related to monetary assets and liabilities denominated in foreign currencies are recorded in profit or loss during the period to which they relate.

The Group has opted not to apply the preferential method under which the mathematical reserves for life insurance are calculated on the basis of discount rates, at most equal to the expected return, prudently estimated, on the assets earmarked to represent them. The non-application of this method is not detrimental to the true and fair view provided by the consolidated accounts, as its application would lead to the calculation of mathematical reserves similar to those recorded in the financial statements.

Activity and geographic market sector

Consistent rules for accounting and valuation in combined accounts are applied whenever a situation presents itself in a similar way in more than one consolidated company, regardless of the countries concerned.

Where a company belonging to a sector different from the principal activity sector of the Group applies accounting rules that are particular to that sector, taking into account legislation or the types of rights generated by contractual agreements specific to that activity, these accounting rules are retained in the combined accounts, to the extent that they are consistent with general accounting principles.

Effect of revaluations carried out in individual accounts

When a consolidated company is induced to carry out in its individual company accounts a general law revaluation (for example, in accordance with Article 12 of the Commercial Code applicable to French companies) or an optional revaluation (total or in part) if permitted by the national legislation of the country in which the company is located, this revaluation is eliminated in the combined accounts.

There has been no revaluation of the consolidated group of companies.

Other revaluations entered in the profit and loss account of insurance companies included in the scope of consolidation have been eliminated.

Effect on the accounts of accounting entries recorded solely for the application of tax legislation

So as not to distort the view given by the combined accounts, steps have been taken to eliminate the effect of accounting entries made solely for the application of tax legislation of the country in which the consolidated company is located and in particular:

• recognition or write back of depreciation by way of derogation where a company applies a declining balance method of depreciation provided for by tax legislation, while judging it necessary to retain straight-line depreciation for accounting purposes;

• establishment or writing back of tax-regulated provisions;

• writing back of investment grants to profits or losses;

• recording as charges certain ancillary costs arising from the acquisition of fixed assets;

• accounting for the impact of changes in methods in profits or losses.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 Intangible assets

Intangible assets primarily include software, whether purchased externally or developed in-house, acquisition expenses of fixed assets and goodwill. They are amortised according to the straight-line method over a period ranging from one to five years, except for goodwill, which is amortised over a maximum period of 20 years and for which, moreover, there may be a depreciation allowance.

3.2 Investments

For French companies, investments and any depreciation are valued according to the French Insurance Code. For foreign companies, any material valuation differences that may arise with respect to prevailing local accounting principles are restated in order to bring the financial statements of the said companies into line with those of the Group.

3.2.1 VALUATION

Land and real estate holdings in SCIs (unlisted real estate investment companies)

Land and real estate are carried at acquisition cost.

Real estate is depreciated over a period extending from 33 to 100 years, depending on its estimated useful life.

Fixed assets held through companies whose primary purpose is to set up and manage real estate assets are depreciated according to the same principle.

Holdings in and shares of SCIs are carried at acquisition cost, reduced when applicable by a provision for depreciation.
The market value of real estate and holdings in, or shares of, SCIs is determined on the basis of a five-year valuation carried out by an expert approved by the *Commission de contrôle des assurances* (insurance control commission) in France. During each five-year period, an annual estimation of the asset is carried out and certified by the expert.

Fixed-income securities

Securities governed by Article R332-19 are recorded at acquisition price less accrued interests. Differences between redemption value and acquisition price are allocated according to actuarial principles as charges (premium) or income (discount) over the residual life of the securities. When there are several redemption dates, residual life is determined as of the date of the latest reimbursement.
The difference to be amortised between the purchase price of an inflation-indexed bond and its redemption value is calculated by taking the initial redemption value of the security and multiplying it by the difference between the base price index on the date of acquisition and the same index on the date of issue.
At each closing date, the index-linked gain or loss since the last closing date –or since the purchase date if this is more recent– is recorded under income and charges.
The estimated fair value of fixed-income securities corresponds to their quoted price on the last trading day of the fiscal year or their market value.
Unrealised capital losses resulting from the comparison between book value and market value do not usually give rise to a provision for depreciation. Nevertheless, a provision for impairment of value is recorded in the event the debtor defaults.

Variable-income securities

Shares and stakes in companies governed by Article R332-20 are recorded at acquisition price or cost of sale.
Non-consolidated ownership interests are recorded at their acquisition cost.
Investments matching unit-linked policies (mutual fund units, and so forth) are subject to revaluation aimed at offsetting the correlated movement in technical reserves. Data relative to such policies are presented on a specific line of the balance sheet and profit and loss statement.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost and depreciated according to the straight-line method over their estimated useful life.

Repo operations

In conformity with the regulations, repurchase agreements, with the exception of repurchase agreements with a margin call, are not booked as an off-balance sheet commitment, given or received. They are recorded on the asset side of the balance sheet.

Forward financial instruments (derivatives)

Forward financial instruments are utilised in accordance with Decree No.2002-970 of 4 July 2002.
The provisions of Regulation No.2002-09 of the *Comité de la réglementation comptable* relating to the reporting of these instruments were applied effective 1 January 2003.
Groupama has hedged its currency-based assets against exchanges risks. These assets include mutual funds quoted in euros and comprising portfolios of yen and dollar-based assets. Based on interpretation of this regulation's criteria, these hedging operations are classified as disinvestment cover. Consequently, exchange gains and losses on restated hedging operations are booked under the profit and loss account. Exchange gains and losses on renewal are entered in a suspense account under the balance sheet until the hedging policy has come to term.

3.2.2 PROVISIONS

Permanent depreciations

Regarding investments governed by Article R332-20, a provision for line-by-line depreciation can be recognised only if there are grounds to suggest that the depreciation is of a durable nature.
In application of Note No.2002-F of the *comité d'urgence of the Conseil national de la comptabilité*, permanence may be presumed in the following cases:

- if a permanent depreciation provision had been set aside for an investment in the previous financial statements;
- if, for non-real estate investments, the investment has been in a situation of significant unrealised capital loss with relation to its book value over a period of six consecutive months preceding the closing date;
- if there is objective evidence of permanent depreciation.

The reference value or recoverable value is determined by means of a range of criteria, in accordance with the character of the assets and the investment strategy.

Provisions for contingent payment risk

In accordance with Regulation 2004-10 of 23 November 2004, provisions for contingent payment risk is eliminated from the combined financial statements. This restatement is carried out at the same time as the correlative adjustments as regards deferred taxes and, possibly, deferred profit-sharing, provided variations in the provisions for contingent payment risk in the corporate financial statements are taken into account so as to determine such profit-sharing.

3.2.3 DISPOSALS

Capital gains and losses on the disposal of investments are determined according to the FIFO method. They are booked in the profit and loss statement on the date of realisation.

3.3 Technical insurance operations

3.3.1 NON-LIFE INSURANCE

Premiums

Written premiums correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates, of the change in premiums yet to be written and the change in premiums to be cancelled.

Reserves for unearned premiums

Technical provisions for unearned premiums correspond to the share of premiums relating to the period between inventory date and the next renewal date of the policy. They are calculated on a pro rata basis.

Deferred acquisition costs

In non-life insurance, acquisition costs relating to unearned premiums are deferred and booked under assets in the balance sheet.

Reserves for unexpired risks

Reserves for unexpired risks are aimed at covering the share of loss experience and related administrative costs that exceed the fraction of deferred premiums net of deferred acquisition costs.

Claims and related expenses paid

Claims and related expenses paid correspond to claims paid net of loss recovery received during the fiscal year, and to annuities payments recorded. They include costs and expenses related to claims handling and settlement.

Outstanding claims reserves

Outstanding claims reserves represent the estimated value of the cost of all claims, net of loss recovery to be received, as of the end of the fiscal year, regardless of whether they have been reported or not. They include a claims handling provision determined on the basis of real cost rates.

In construction risk, excluding reserves for claims to be paid (reported or not yet reported), a provision is set aside for claims not yet reported, calculated according to the method set out by Article A331-21 of the French Insurance Code –separately for ten-year guarantees for general liability and ten-year guarantees for property damages.

Some reserves are assessed according to the specific nature of the risks covered, notably farm and weather-related risks.

Other technical reserves

Reserve for equalisation

The reserve for equalisation is aimed at covering future risks and events characterised by their infrequency and their high unit cost (e.g. atomic, macroeconomic, natural or pollution risks, etc.).

Mathematical reserves for disability and incapacity annuities and technical reserves in group insurance

In group insurance, reserves for disability and incapacity annuities are calculated according to the regulations set out by the decrees of 28 March and 20 December 1996 (Articles A331-10 and A331-22 of the French Insurance Code).

In non-life insurance, reserves for disability and incapacity annuities are calculated according to a method based on the TPRV (prospective life annuity table), a more prudent method than that defined by French insurance regulations.

Reserve for increasing risks

A reserve for increasing risks is set aside in order to cover foreseeable charges when risks rise in line with the policy holder’s age and are covered by constant instalment premiums.

3.3.2 LIFE INSURANCE

Premiums

Written premiums correspond to underwritings gross of reinsurance excluding taxes, net of cancellations, discounts and rebates, of the change in premiums yet to be written, and of the change in premiums to be cancelled.

Deferred acquisition costs

Variable costs that may be directly allocated to the acquisition of life-insurance policies are booked under assets in the consolidated financial statements. Under no circumstances can these amounts exceed the current value of future profits from the policies.

These costs are amortised over the average life of policies according to the pace at which future margins appear for each generation of policies, with future margins, resulting from contractual provisions, being determined on the basis of economic assumptions (profit sharing rate, future return on assets and lapse ratio). As the deferred asset value approach is now applied to acquisition costs, mathematical reserves in the balance sheet are not presented according to the Zillmer method.

Each year, by homogeneous product family, the likely current value of future margins is compared with total deferred acquisition costs net of amortisations already booked. If this value is lower, a reserve is recognised as a charge.

Life insurance reserves

Mathematical reserves correspond to the difference between the present value of the liabilities assumed by the insurer and policyholders respectively, taking into account the probability that these commitments will be realised.

Mathematical reserves are booked in the balance sheets as liabilities at their gross technical value before any zillmerisation effect.

With regard to individual and collective annuity for life policies in France, the reserves are calculated on the basis of the "generation tables" (TPRV or TPG).

With regard to policies governed by Article L441-1 of the French Insurance Code, the latter require that a special technical reserve be booked under the conditions set out in Article R441-7 of the Code. It should be noted that this reserve must cover fully the theoretical mathematical reserve of the annuities concerned, calculated on the basis of the tables and the statutory actualisation rates. The latter include a gradual transition to the tables TV88-90 then TPG, and the eventual curbing of the actualisation rate at 60% of the TME (arithmetic mean of the average monthly yields on fixed-rate government bonds with maturities of more than 7 years recorded during the year preceding payment of coupon), with a maximum rate of 3.5%.

Technical reserves for unit-linked policies

"Technical reserves for unit-linked policies" include all the reserves relative to unit-linked policies, including the reserves for profit sharing expressed in units as well as additional reserves to cover commitments in euros at maturity.

Technical reserves in respect of unit-linked policies are valued at the market value of the unit at inventory date.

Reserve for profit sharing

The reserve for profit sharing comprises a reserve for profit participation due and, if necessary, a reserve for deferred profit participation.

The reserve for profit participation due comprises the identifiable sums, arising from regulatory obligations, due to policyholders or beneficiaries in the form of profit-sharing and rebates, insofar as such amounts have not been credited to the insured's account or included under 'Life insurance reserves'.

For sums in excess of the minimum regulatory and contractual commitment, policy beneficiaries' profit sharing is recorded in the intermediary financial statements on the basis of the estimated ratio for the current fiscal year and taking account of decisions taken or alternatively it is recorded at the previous closing date, between policy beneficiaries' profit sharing and net investment income for the year.

The reserve for deferred profit participation comprises the provision for unconditional profit participation that is recorded whenever a difference is noted between the bases for calculating future rights in the individual accounts and the combined accounts, and the provision for conditional profit participation, in which case the manner of recording the difference in rights noted between the individual accounts and the combined accounts depends on a management decision or the occurrence of an event.

In the particular case of the restatement of the capitalisation reserve in the combined accounts, a provision for deferred profit sharing is made when the assets and liabilities management assumptions show a likely and sustained recovery in the capitalisation reserve stock.

Other technical reserves

Reserve for financial contingencies

The reserve for financial contingencies is cancelled when the mathematical reserves have been calculated on the basis of discount rates, at most equal to the expected rate of return, and prudently estimated, on assets earmarked to represent them.

Overall management reserve

The overall management reserve is set aside when, for similar product families, the future margins used for purposes of calculating deferred acquisition costs are negative.

3.3.3 COLLECTIVE INSURANCE

As regards group, or "collective insurance", technical earnings are approved on the basis of actual items, which are supplemented according to annual forecasts, by nevertheless including the key events which are specific to the interim period.

3.4 Reinsurance operation

INWARDS REINSURANCE

Inwards reinsurance are booked treaty by treaty without any time lag on the basis of an assessment of business accepted. In the absence of sufficient information from the primary insurer, additional estimates are carried out.

CESSIONS

In reinsurance, cessions are booked in compliance with the terms of the various treaties. Securities of reinsurers (be they accepting offices or retroceding offices) delivered as cover are entered in the table of commitments given and received.

3.5 Operating costs by ultimate use

Management costs and commissions related to insurance operations are classified according to their ultimate use, by applying allocation coefficients according to the structure and organisation of each insurance entity.

Operating costs are classified by purpose and divided into the following six classifications:

- acquisition costs;
- administrative costs;
- claims administration costs;
- investment expenses;
- other underwriting expenses;
- non-operating expenses.

3.6 Provisions for risks and charges

In addition to the usual provisions, provisions are set aside for general risks related to the Group's business.

RETIREMENT INDEMNITIES AND COMMITMENTS

Retirement indemnities and commitments are entered under the item "Reserves for risks and charges".
Rights held by staff working in France with regard to retirement indemnities and commitments undertaken in relation to employees who have retired are provisioned at their present value.

3.7 Deferred tax

3.7.1 BASIS

Tax on profits or losses combine all taxes based on profit or loss, whether due for payment or deferred.
When tax is due or receivable and its settlement is not contingent on the realisation of future transactions, it is to be termed payable, even if settlement is spread over several fiscal years. It is shown, as appropriate, in balance sheet liabilities or assets.
Transactions carried out by the Group may have positive or negative tax consequences other than those taken into consideration to calculate tax payable. The resulting tax assets or liabilities are termed deferred.
This occurs, in particular, when, as a result of transactions already realised, whether accounted for in individual company accounts or only in the combined accounts as restatements and eliminations of internal profits or losses, future differences are likely to arise between company taxable profit or loss and accounting profit or loss, for example where transactions realised during one fiscal year are taxable only in respect of the following fiscal year. Such differences are termed temporary.

3.7.2 RECOGNITION OF ASSETS AND LIABILITIES IN THE BALANCE SHEET

All deferred tax liabilities, as defined in paragraph 3.7.1 above, must be recognised. Conversely, deferred tax assets are posted on the assets side of the balance sheet only if their recovery is likely.
Deferred tax assets are taken into account only if:

- their recovery does not depend on future earnings in such a situation, they are booked to the amount of deferred tax liabilities already reported that will mature in the period during which such assets become or remain recoverable. In this event, it is possible to draw on tax options aimed at extending the period between the date on which a tax asset becomes recoverable and that on which it loses its status;
- or, if the company will probably be able to recover these assets, as a taxable profit is expected during this period. It is assumed that such a profit will not exist when the company has suffered losses during the two previous fiscal years unless it can provide convincing arguments to the contrary. For instance, it would have to show that said losses resulted from exceptional circumstances that are unlikely to occur again in the foreseeable future, or if extraordinary profits are expected.

4. NOTES TO GROUPAMA FINANCIAL STATEMENTS (financial data in € millions)

Note 1 - Goodwill

(€ millions)	31.12.2004	31.12.2003
Opening net amount	**1,565**	**1,655**
Change in scope of consolidation ans posting negative goodwill	**7**	**18**
Groupama Asset Management	2	
Cie Foncière Parisienne	1	2
Gan Eurocourtage IARD		18
Silic	4	
Groupama Biztosito		2
Groupama Plus Ultra		(4)
Deconsolidation		
Depreciation	**(107)**	**(108)**
YEAR-END NET AMOUNT	**1,465**	**1,565**

Analysis of goodwill by company

(€ millions)	31.12.2004			31.12.2003
Companies	**Gross goodwill amortisation**	**Cumulative goodwill**	**Net goodwill**	**Net**
Groupama SA	6	4	2	4
Gan	1,673	557	1,116	1,199
Groupama Transport	23	6	17	18
Gan Eurocourtage IARD	143	21	122	129
Groupama Plus Ultra	229	26	203	215
Groupama Biztosito	2	2	0	
Groupama Asset Management	2	2	0	
Other	23	18	5	
TOTAL	**2,101**	**636**	**1,465**	**1,565**

Note 2 - Intangible assets

(€ millions)	31.12.2004			31.12.2003
	Gross	Amortisation	Net	Net
Initial capital and development expenses	2		2	2
Business goodwill purchased	51	(50)	1	0
Other	430	(282)	148	164
TOTAL	**483**	**(332)**	**151**	**166**

Goodwill is amortised over a period not to exceed 20 years.
Other intangible assets mainly comprise expenditure relating to information technology projects under way at the Group's various insurance companies.

Note 3 - Insurance sector investments

Breakdown of investments

(€ millions)	31.12.2004			31.12.2003		
	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Real estate investments	3,641	5,999	2,358	3,806	5,933	2,127
Equities and other variable-income securities excluding units in mutual funds	3,454	3,795	341	4,244	4,441	197
Units in mutual funds holding exclusively fixed-income securities	2,543	2,690	147	2,708	2,823	115
Units in other mutual funds	5,933	5,968	35	3,750	3,614	(136)
Bonds and others fixed-income securities	33,305	36,036	2,731	31,764	33,434	1,670
Loans	261	261		290	290	
Deposits	745	745		679	679	
TOTAL	**49,882**	**55,494**	**5,612**	**47,241**	**51,214**	**3,973**

The valuation of permanent depreciations provisions was carried out in accordance with the principle outlined in paragraph 3.2.2. On this basis, the provision for 2004 totalled €38 million. As at 31 December 2004 this reserve had a total balance of €759 million.

Estimation of listed and unlisted investments

(€ millions) Listed investments	31.12.2004 Net book value	31.12.2004 Market value	31.12.2004 Unrealised capital gains/losses	31.12.2003 Net book value	31.12.2003 Market value	31.12.2003 Unrealised capital gains/losses
Real estate investments						
Equities and other variable-income securities excluding units in mutual funds	3,394	3,717	323	4,163	4,305	142
Units in mutual funds holding exclusively fixed-income securities	2,543	2,690	147	2,708	2,823	115
Units in other mutual funds	5,933	5,968	35	3,750	3,614	(136)
Bonds and other fixed-income securities	33,192	35,923	2,731	31,464	33,131	1,667
Loans						
Deposits						
TOTAL	**45,062**	**48,298**	**3,236**	**42,085**	**43,873**	**1,788**

(€ millions) Unlisted investments	31.12.2004 Net book value	31.12.2004 Market value	31.12.2004 Unrealised capital gains/losses	31.12.2003 Net book value	31.12.2003 Market value	31.12.2003 Unrealised capital gains/losses
Real estate investments	3,641	5,999	2,358	3,806	5,933	2,127
Equities and other variable-income securities excluding units in mutual funds	60	78	18	81	136	55
Units in mutual funds holding exclusively fixed-income securities						
Units in other mutual funds						
Bonds and other fixed-income securities	113	113		300	303	3
Loans	261	261		290	290	
Deposits	745	745		679	679	
TOTAL	**4,820**	**7,196**	**2,376**	**5,156**	**7,341**	**2,185**

The realisation of capital gains would give rise to rights due to policyholders and minority shareholders as well as taxation.

Estimation of insurance investements by business and geographical zone

(€ millions) Life business - France	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	1,390	1,975	585	1,670	2,225	555
Equities and other variable-income securities excluding units in mutual funds	2,380	2,759	379	3,156	3,179	23
Units in mutual funds holding exclusively fixed-income securities	2,083	2,229	146	2,154	2,273	119
Units in other mutual funds	4,209	4,252	43	2,510	2,462	(48)
Bonds and other fixed-income securities	24,117	26,380	2,263	22,768	24,108	1,340
Loans	173	173		197	197	
Deposits	185	185		179	179	
TOTAL	**34,537**	**37,953**	**3,416**	**32,634**	**34,623**	**1,989**

(€ millions) Non-life business - France	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	2,118	3,783	1,665	2,001	3,481	1,480
Equities and other variable-income securities excluding units in mutual funds	856	799	(57)	907	1,085	178
Units in mutual funds holding exclusively fixed-income securities	460	461	1	554	550	(4)
Units in other mutual funds	1,527	1,522	(5)	1,089	1,007	(82)
Bonds and other fixed-income securities	5,159	5,489	330	5,064	5,319	255
Loans	48	48		50	50	
Deposits	207	207		190	190	
TOTAL	**10,375**	**12,309**	**1,934**	**9,855**	**11,682**	**1,827**

For entities operating in both sectors, investments have been allocated to the life and non-life businesses on a pro rata basis, based on the tehcnical reserves.

(€ millions) International life and non-life business	31.12.2004 Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value	Market value	Unrealised capital gains/losses
Real estate investments	133	241	108	135	227	92
Equities and other variable-income securities excluding units in mutual funds	218	237	19	181	177	(4)
Units in mutual funds holding exclusively fixed-income securities						
Units in other mutual funds	197	194	(3)	151	145	(6)
Bonds and other fixed-income securities	4,029	4,167	138	3,932	4,007	75
Loans	40	40		43	43	
Deposits	353	353		310	310	
TOTAL	**4,970**	**5,232**	**262**	**4,752**	**4,909**	**157**

The realisation of capital gains would give rise to rights due to policyholders and minority shareholders as well as taxation.

Note 4 - Significant investments in non-consolidated companies

(€ millions)	31.12.2004 % stake	Net book value	Market value	Unrealised capital gains/losses	31.12.2003 Net book value
Scor	18.79	335	214	(121)	200
Bolloré Investissement	4.62	59	63	4	55
Société Générale	2.90	762	960	198	760
Lagardère	1.73	92	129	37	91
Veolia Environnement	5.69	556	616	60	542
French companies		**1,804**	**1,982**	**178**	**1,648**
Mediobanca	4.93	471	461	(10)	471
International companies		**471**	**461**	**(10)**	**471**
TOTAL		**2,275**	**2,443**	**168**	**2,119**

Market share value correponds to:
- to share price at December 31st for listed companies;
- or is determined by the application of multi-criteria method for the shares of unlisted companies.

No provision for permanent decline in value was made during 2004 so as to cover the unrealised capital loss of €121 million on Scor securities. This decision was taken on the basis of information provided to the financial market by Scor concerning the recovery strategy implemented and the intentions as regards long-term holdings as confirmed by Groupama.

Note 5 - Unit-linked investments

(€ millions)	31.12.2004	31.12.2003
Real estate investments	94	100
Variable-income securities and similar investments		
Bonds	762	905
Units in mutual funds holding equities	1,960	1,856
Units in mutual funds holding bonds and other investments	562	497
TOTAL	**3,378**	**3,358**

Note 6 - Banking sector investments

(€ millions)	31.12.2004			31.12.2003		
International life and non-life business	Net book value	Market value	Unrealised capital gains/losses	Net book value	Market value	Unrealised capital gains/losses
Investments in affiliates and similar companies	1	1				
Government bonds and similar securities	40	42	2	9	12	3
Bonds and other fixed-income securities	603	633	30	763	763	
Equities and other variable-income securities	30	30		42	42	
TOTAL	**674**	**706**	**32**	**814**	**817**	**3**

Breakdown of securities portfolio

(€ millions)	Trading account securities		Securities available for sale		Debt securities held to maturity		Equity securities available for sale in the medium term		Total
	Listed securities	Unlisted securities	Listed securities	Unlisted securities	Listed securities	Unlisted securities	Listed securities	Unlisted securities	
Investments in affiliates and similar companies			1						1
Government bonds and similar securities					40				40
Bonds and other fixed-income securities			11		30	562			603
Equities and other variable-income securities	2	1	20	7					30
TOTAL	**2**	**1**	**32**	**7**	**70**	**562**			**674**

Note 7 - Shares in companies accounted for by the equity method

(€ millions)	31.12.2004 Equivalent value	31.12.2004 Share of profit/loss	31.12.2003 Equivalent value	31.12.2003 Share of profit/loss
Günes Sigorta	11	1	9	2
Socomie	1	1	1	
TOTAL	**12**	**2**	**10**	**2**

Value of shares in companies accounted for by the equity method: changes during the fiscal year

(en millions d'euros)	2004	2003
Opening balance	**10**	**13**
Share of profit/loss	2	2
Dividends		(2)
Change in exchange adjustment		
Capital increase		
Consolidation changes		(3)
YEAR-END BALANCE	**12**	**10**

Significant data at 31 December

(€ millions)	31.12.2004 Premium income	Net profit	Total assets	Capital and reserves
Günes Sigorta	211	4	153	49
Socomie	12	1	8	1

Note 8 - Receivables relating to insurance and reinsurance transactions

(€ millions)	31.12.2004 Gross	31.12.2004 Provision	31.12.2004 Net	31.12.2003 Net
Premiums earned but not written	657		657	656
Co-insurers and other third parties	906	(86)	820	1,116
Reinsurer and retrocessrionary accounts	715	(27)	688	278
Cedant and retrocedant accounts	445	(2)	443	483
TOTAL	**2,723**	**(115)**	**2,608**	**2,533**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Premiums earned but not written	656	1		657
Co-insurers and other thierd parties	763	57		820
Reinsurer and retrocessionary accounts	683	5		688
Cedant and retrocedant accounts	385	58		443
TOTAL 31.12.2004	**2,487**	**121**		**2,608**
TOTAL 31.12.2003	**2,364**	**169**		**2,533**

Note 9 - Receivables – Banking sector customers

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Trade receivable				
Other loans and overdrafts	253	(21)	232	154
Ordinary accounts receivable	96	(2)	94	158
TOTAL	**349**	**(23)**	**326**	**312**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade receivable				
Other loans and overdrafts	94	112	26	232
Ordinary accounts receivable	94			94
TOTAL 31.12.2004	**188**	**112**	**26**	**326**
TOTAL 31.12.2003	**207**	**83**	**22**	**312**

Note 10 - Receivables – Banking sector

(€ millions)	31.12.2004			31.12.2003
	Gross	Provision	Net	Net
Settlement accounts relating to securities transactions	301		301	281
Interbank transactions	613		613	555
Cash at bank, insurance companies	430		430	514
TOTAL	**1,344**		**1,344**	**1,350**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Settlement accounts relating to securities transactions	301			301
Interbank transactions	613			613
Cash at bank, insurance companies	429	1		430
TOTAL 31.12.2004	**1,343**	**1**		**1,344**
TOTAL 31.12.2003	**1,343**	**7**		**1,350**

Note 11 - Other receivables

(€ millions)	31.12.2004					31.12.2003
	Gross	Provision	Net	Of which insurance	Of which banking	Net
Personnel	13		13	13		14
Social security	2		2	2		2
State	137		137	136	1	126
Deferred tax assets (note 25)	4		4	4		4
Miscellaneous debtors	605	(20)	585	550	35	559
TOTAL	**761**	**(20)**	**741**	**705**	**36**	**705**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Personnel	12	1		13
Social security	2			2
State	134	1	2	137
Deferred tax assets		3	1	4
Miscellaneous debtors	580	1	4	585
TOTAL 31.12.2004	**728**	**6**	**7**	**741**
TOTAL 31.12.2003	**686**	**18**	**1**	**705**

Note 12 - Other assets

(€ millions)	31.12.2004			31.12.2003
	Gross	Amortisation	Net	Net
Non-life insurance	114	(87)	27	43
Life insurance	119	(96)	23	27
Banking	17	(11)	6	9
TOTAL	**250**	**(194)**	**56**	**79**

Other assets consist primarily of tangible fixed assets.

Note 13 - Accruals

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Deferred life insurance acquisition expenses	296		296	665
Deferred non-life insurance acquisition expenses	208		208	242
Accrued interest not yet due	790		790	790
Other accruals	184	42	226	204
TOTAL	**1,478**	**42**	**1,520**	**1,901**

With effect from 1 January 2004, the impact of the change of method for determining the deferred acquisition costs in life insurance reduced the opening inventory by €379 million. The thinking behind this change of method is set forth in the key events section, in paragraph 1.2.
As indicated in the new method presented in note 3.3.2, deferred acquisition costs in life insurance are now based on a "deferred asset value" approach and are not limited to the zillmerisation difference, as is the case in the parent company accounts.
The effect of the "deferred asset" approach represents a sum of €84 million over and above the zillmerisation difference. In the consolidated income statement, the application of this procedure is reflected by €3 million of revenue in the consolidated financial statements for the period, compared with a charge of €26 million as at 31 December 2003, using the previous method.
In application of regulation 2000-05, unrealised foreign exchange gains and losses are now accounted for in the income statement and bond redemption differences are included under investments.

Note 14 - Analysis of change in capital and reserves (Group share)

(€ millions)	Initial capital	Consolidated reserves	Net income	Unrealised foreign exchange gains/losses	Total capital and reserves
Capital and reserves at 31.12.2002	**1,240**	**1,862**	**(221)**	**(13)**	**2,868**
Allocation of profit at 31.12.2002		(221)	221		
Unrealised foreign exchange gains/losses				(37)	(37)
Permanent depreciations reserve		6			6
Change in accounting methods		(5)			(5)
Capital increase	(53)	113			60
Change in scope of consolidation		(274)			(274)
Net income			138		138
Total movements during the year	**(53)**	**(381)**	**359**	**(37)**	**(112)**
CAPITAL AND RESERVES AT 31.12.2003	**1,187**	**1,481**	**138**	**(50)**	**2,756**
Allocation of profit at 31.12.2003		138	(138)		
Members dividends		(26)			(26)
Unrealised foreign exchange gains/losses				(3)	(3)
Permanent depreciations reserve		4			4
Change in accounting methods		(374)			(374)
Change in scope of consolidation		(5)			(5)
Net income			258		258
Total movements during the year		**(263)**	**120**	**(3)**	**(146)**
CAPITAL AND RESERVES AT 31.12.2004	**1,187**	**1,218**	**258**	**(53)**	**2,610**
Of which capitalisation reserve		**838**			

The change in unrealised foreign exchange gains/losses arises mainly from exchange differences on loans made to Group subsidiaries. These loans are regarded as an integral part of the investment in these subsidiaries. Therefore, in application of the rules outlined in Paragraph 3.2.2 of Regulation 2005-05, "Exchange differences relating to a monetary item which is in substance an integral part of the net investment of an entreprise in a foreign consolidated entreprise are to be entered in consolidated capital and reserves…"
Movements entered under item "Change in accounting methods" correspond to the application of the new principle for determining the deferred acquisition costs in life insurance, the thinking behind which is set forth in paragraph 1.2 of the note on key events. The impact of this change in accounting methods on opening capital and reserves, net of €5 million in taxes, was €374 million.

Note 15 - Analysis of change in minority interests

(€ millions)	Total minority interests
Minority interests at 31.12.2002	**325**
Dividends	(24)
Change in exchange adjustment	
Permanent depreciations reserve	
Consolidation changes	1
Net income	(34)
Total movements during the year	**(57)**
Minority interests at 31.12.2003	**268**
Dividends	(33)
Change in exchange adjustment	
Permanent depreciations reserve	
Change in capital	20
Consolidation changes	(3)
Net income	16
Total movements during the year	
MINORITY INTERESTS AT 31.12.2004	**268**

Note 16 - Subordinated debt

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Insurance			750	750
Banking				
TOTAL 31.12.2004			**750**	**750**
TOTAL 31.12.2003			**750**	**750**

The item "Subordinated debt" corresponds to a bond loan issued by the *Caisse centrale des assurances mutuelles agricoles* in July 1999 in the form of 30-year callable securities which are redeemable before their due date with effect from the 10th year after issue, which was taken over by Groupama SA during the contribution operations carried out on 1 January 2003.
This issue represents a total sum of €750 million.

Note 17 - Technical insurance reserves

(€ millions)	31.12.2004			31.12.2003		
	France	International	Total	France	International	Total
Technical reserves gross of reinsurance						
Life insurance technical reserves	32,234	2,205	34,439	30,369	2,023	32,391
Reserves for claims reported but not yet paid	570	31	601	611	26	638
Reserves for profit sharing	1,415	29	1,444	1,402	30	1,432
Other technical reserves	75	4	79	21	1	22
Total life insurance	**34,294**	**2,269**	**36,563**	**32,403**	**2,080**	**34,483**
Reserves for unearned premiums	620	621	1,241	613	788	1,401
Reserves for claims reported but not yet paid	7,221	2,355	9,576	7,198	2,423	9,621
Reserves for equalisation	125	32	157	163	29	192
Other technical reserves	2,157	53	2,210	2,132	62	2,194
Total non-life insurance	**10,123**	**3,061**	**13,184**	**10,106**	**3,302**	**13,408**
Total technical reserves	**44,417**	**5,330**	**49,747**	**42,509**	**5,382**	**47,891**
Share of reinsurers in technical reserves						
Life insurance technical reserves	13	15	28	12	21	33
Reserves for claims reported but not yet paid	12	3	15	21	3	24
Reserves for profit sharing	13	0	13	20		20
Other technical reserves	0	0	0			0
Total life insurance	**38**	**18**	**56**	**53**	**24**	**77**
Reserves for unearned premiums	51	19	70	65	22	87
Reserves for claims reported but not yet paid	1,129	510	1,639	1,195	603	1,798
Reserves for equalisation	1	0	1	1		1
Other technical reserves	106	1	107	118	1	119
Total non-life insurance	**1,287**	**530**	**1,817**	**1,379**	**626**	**2,005**
Total share of reinsurers in technical reserves	**1,325**	**548**	**1,873**	**1,432**	**650**	**2,082**
NET GENERAL TOTAL	**43,092**	**4,782**	**47,874**	**41,077**	**4,732**	**45,809**

In application of the provisions of CRC Regulation No.00-05, technical reserves relating to immediate or deferred life annuity policies are determined in accordance with the latest current tables which reflect the risk to which the Group is exposed with regard to its policyholders. In compliance with the regulations, there was no need to set aside a provision for financial risk in the life insurance subsidiaries.
In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Breakdown by insurance category

(€ millions)	31.12.2004 Technical reserves	31.12.2004 Reserves for claims reported but not yet paid	31.12.2004 Total	31.12.2003 Technical reserves	31.12.2003 Reserves for claims reported but not yet paid	31.12.2003 Total
Life insurance: single premiums						
Capitalisation	1,513	56	1,569	1,621	57	1,678
Personal life	15,532	132	15,664	13,931	188	14,119
Group policies	172	9	181	190	15	205
Others	1,561		1,561	1,481		1,481
Total provisions single premiums	**18,778**	**197**	**18,975**	**17,223**	**260**	**17,483**
Life insurance: regular premiums						
Capitalisation	626	6	632	610	5	615
Personal life	6,611	121	6,732	6,462	103	6,565
Group policies	6,388	184	6,572	6,086	212	6,298
Others	708	49	757	769	23	792
Total provisions regular premiums	**14,333**	**360**	**14,693**	**13,927**	**343**	**14,270**
Inwards reinsurance	**1,328**	**44**	**1,372**	**1,241**	**35**	**1,276**
TOTAL LIFE INSURANCE RESERVES	**34,439**	**601**	**35,040**	**32,391**	**638**	**33,029**

(€ millions)	31.12.2004 Reserves for unearned premiums	31.12.2004 Reserves for claims reported but not yet paid	31.12.2004 Total	31.12.2003 Reserves for unearned premiums	31.12.2003 Reserves for claims reported but not yet paid	31.12.2003 Total
Non-life insurance						
Motor vehicule	464	2,162	2,626	651	2,096	2,747
Bodily injury	52	378	430	76	469	545
Property	397	1,080	1,477	360	1,053	1,413
General liability	45	1,172	1,217	42	1,129	1,171
Marine, aviation, transport	35	696	731	24	691	715
Others	104	1,121	1,225	87	1,184	1,271
Inwards reinsurance	**144**	**2,967**	**3,111**	**161**	**2,999**	**3,160**
TOTAL NON-LIFE INSURANCE RESERVES	**1,241**	**9,576**	**10,817**	**1,401**	**9,621**	**11,022**

In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Note 18 - Provisions for risks and charges

(€ millions)	31.12.2004	31.12.2003
Provision for deffered income tax liabilities	(5)	
Provision for pensions and similar obligations	169	166
Negative goodwill		
Other provisions for risks and charges[1]	339	303
TOTAL	**503**	**469**

(1) Details concerning this item have not been disclosed as they could negatively impact on the Group as a result of ongoing litigation.

Note 19 - Debts relating to insurance or reinsurance operations

(€ millions)	31.12.2004	31.12.2003
Insured intermediaries and other third parties	469	618
Co-insurers	105	117
Reinsurers and retrocessionary accounts	739	420
Cedant and retrocedant accounts	84	98
Others debts/reinsurance operations	64	64
Deposits from reinsurers	92	93
DEBTS	**1,553**	**1,410**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Insured intermediaries and other third parties	469			469
Co-insurers	101	4		105
Reinsurers and retrocessionary accounts	678	61		739
Cedant and retrocedant accounts	82	2		84
Others debts/reinsurance operations	64			64
Deposits from reinsurers	92			92
TOTAL 31.12.2004	**1,486**	**67**		**1,553**
TOTAL 31.12.2003	**1,310**	**100**		**1,410**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Insured intermediaries and other third parties	362	107	415	54
Co-insurers	105		105	
Reinsurers and retrocessionary accounts	727	12	737	2
Cedant and retrocedant accounts	77	7	84	
Others debts/reinsurance operations	53	11	55	9
Deposits from reinsurers	66	26	64	28
TOTAL 31.12.2004	**1,390**	**163**	**1,460**	**93**
TOTAL 31.12.2003	**1,286**	**124**	**1,308**	**102**

Note 20 - Debts – Banking sector customers

(€ millions)	31.12.2004			31.12.2003
	Demand deposits	Term deposits	Total	Total
Special savings accounts	413	2	415	202
Ordinary accounts payable	301		301	234
Other trade accounts payable	3	290	293	287
TOTAL	**717**	**292**	**1,009**	**723**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Special savings accounts	413	2		415
Ordinary accounts payable	301			301
Other trade accounts payable	293			293
TOTAL 31.12.2004	**1,007**	**2**		**1,009**
TOTAL 31.12.2003	**722**		**1**	**723**

Note 21 - Securitised debts

(€ millions)	31.12.2004	31.12.2003
Cash certificates		
Interbank and negotiable debt securities	613	879
Bonded debts		
Other debts represented by securities		
TOTAL	**613**	**879**
Of which insurance		
Of which banking	**613**	**879**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Cash certificates				
Interbank and negotiable debt securities	585	28		613
Bonded debts				
Other debts represented by securities				
TOTAL 31.12.2004	**585**	**28**		**613**
TOTAL 31.12.2003	**848**	**31**		**879**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Cash certificates				
Interbank and negotiable debt securities	613		80	533
Bonded debts				
Other debts represented by securities				
TOTAL 31.12.2004	**613**		**80**	**533**
TOTAL 31.12.2003	**879**		**212**	**667**

Note 22 - Debts – banking sector

(€ millions)	31.12.2004	31.12.2003
Financing debts	535	382
Bank loans and overdrafts	249	290
Insurance operations	**784**	**672**
Debts to credit institutions	72	49
Banking operations	**72**	**49**
TOTAL	**856**	**721**

In 2004, financing debts corresponded to the long-term indebtedness of SILIC, in the amount of €403 million, and €132 million in respect of the insurance companies and the Group's other entities.

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Financing debts	2	111	422	535
Bank loans and overdrafts	218	31		249
Insurance operations	**220**	**142**	**422**	**784**
Debts to credit institutions	72			72
Banking operations	**72**			**72**
TOTAL 31.12.2004	**292**	**142**	**422**	**856**
TOTAL 31.12.2003	**332**	**123**	**266**	**721**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Financing debts	535		355	180
Bank loans and overdrafts	249		241	8
Banking sector operations debts to credit institutions	33	39	28	44
TOTAL 31.12.2004	**817**	**39**	**624**	**232**
TOTAL 31.12.2003	**693**	**28**	**462**	**259**

Note 23 - Other debts

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Amount owed to employees	118	7	125	110
Social security	84	5	89	75
State	161	8	169	167
Other loans, deposits and guarantees received	1,141		1,141	1,231
Miscellaneous creditors	928	50	978	1,108
TOTAL	**2,432**	**70**	**2,502**	**2,691**

Breakdown by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Amount owed to employees	119	6		125
Social security	89			89
State	144	25		169
Other loans, deposits and guarantees received	1,102	23	16	1,141
Miscellaneous creditors	866	104	8	978
TOTAL 31.12.2004	**2,320**	**158**	**24**	**2,502**
TOTAL 31.12.2003	**2,458**	**187**	**46**	**2,691**

Breakdown by currency and interest rate

(€ millions)	Currency		Interest rate	
	Euro zone	Other	Fixed rate	Variable rate
Amount owed to employees	125		125	
Social security	89		89	
State	167	2	169	
Other loans, deposits and guarantees received	1,141		615	526
Miscellaneous creditors	899	79	978	
TOTAL 31.12.2004	**2,421**	**81**	**1,976**	**526**
TOTAL 31.12.2003	**2,626**	**65**	**2,038**	**653**

Note 24 - Accruals

(€ millions)	31.12.2004			31.12.2003
	Insurance	Banking	Total	Total
Deferred acquisition expenses (share of outwards reinsurers and retrocessionnaires)				
Other accruals	199	44	243	205
TOTAL	**199**	**44**	**243**	**205**

Note 25 - Corporate tax

Breakdown of tax charge

(€ millions)	31.12.2004				31.12.2003
	Life	Non-life	Banking	Total	Total
Current corporate tax	(17)	(7)		(24)	(126)
Deferred corporate tax	5	(5)		0	39
TOTAL	**(12)**	**(12)**		**(24)**	**(87)**

Analysis of main components of deferred tax charge

(€ millions)	31.12.2004	31.12.2003
Deferred tax arising from temporary differences		
Deferres acquisition expenses	(70)	(109)
Pension funds	19	2
Tax deferral surpluses	(10)	
Valuation differential on mutual funds	(33)	(33)
Tax differences on tehcnical reserves	211	23
Return to original cost for internal assignments	11	(20)
Other differences	224	197
Sub-total: deferred tax arising from temporary differences	**352**	**60**
Application of prior deficit		
Contributions to differed tax	**6**	
Deferred tax assets not accounted to temporary differences	**(343)**	**(62)**
DEFFERED TAX RECORDED ON THE BALANCE SHEET	**9**	**4**
Comprising		
• Assets (other receivables) (note 11)	4	4
• Liabilities (provisions for risks and charges) (note 18)	(5)	

The other temporary differences mainly comprise tax/accounting timing differences relating to the non-deductible reserves.
The Group also has significant non-recorded net assets in its international subsidiaries and in the Groupama SA divisional tax group in France. These total €391 million.
Although it might be possible to recover non-recorded tax assets due to expected taxable profits, the Group adopted a prudent attitude at 31 December 2004 and did not record said tax assets.

Reconciliation of effective tax charge and theoretical tax charge

(€ millions)	31.12.2004	31.12.2003
THEORETICAL TAX CHARGE	**(99)**	**(64)**
Impact of non-deductible or non-taxable charges or income	**(58)**	**69**
Impact of tax rate differences	**15**	**(95)**
Tax credits and miscellaneous allocations	1	4
Additional contributions	(4)	27
Application of prior deficits	265	59
Non-activated deficits from the fiscal year	(139)	(34)
De-activation of prior deficits	0	(19)
Impact of miscellaneous tax charges	**123**	**37**
Tax on companies accounted for by the equity method	**0**	**1**
Non-recorded deferred tax assets	**(15)**	**(46)**
Other differences	**10**	**11**
EFFECTIVE TAX CHARGE	**(24)**	**(87)**

Note 26 - Operating income statements by business line

Life insurance, life operating income statement

(€ millions)	2004			2003
	Gross	Cession	Net	Net
Premiums	**3,952**	**(38)**	**3,914**	**3,936**
Share of operating account in net investment income	**1,836**		**1,836**	**1,733**
Adjustment to unit-linked contracts (capital gains)	**347**		**347**	**425**
Other operating income	**32**		**32**	**16**
Benefits and related expenses paid	(3,138)	27	(3,111)	(2,986)
Charges for claims reserves	(68)	(8)	(76)	(60)
Claims	**(3,206)**	**19**	**(3,187)**	**(3,046)**
Life insurance reserves	(776)		(776)	(700)
Reserves in respect of unit-linked contracts	41		41	(249)
Other technical reserves				
Charges for other technical reserves	**(735)**		**(735)**	**(949)**
Profit-sharing	**(1,372)**	**3**	**(1,369)**	**(1,239)**
Acquisition expenses	(297)	1	(296)	(301)
Administrative expenses	(105)		(105)	(107)
Commissions received from reinsurers		5	5	3
Acquisition and administrative expenses	**(402)**	**6**	**(396)**	**(405)**
Adjustment to unit-linked contracts (capital losses)	**(141)**		**(141)**	**(171)**
Other operating charges	**(90)**		**(90)**	**(98)**
LIFE INSURANCE OPERATING PROFIT/LOSS	**221**	**(10)**	**211**	**202**
Employee profit-sharing	(6)		(6)	
Net investment income excluding share of operating account	42		42	51
PROFIT/LOSS ON ORDINARY ACTIVITIES	**257**	**(10)**	**247**	**253**

Non-life insurance, non-life operating income statement

(€ millions)	2004			2003
	Gross	Cession	Net	Net
Premiums	6,033	(611)	5,422	5,623
Change in unearned premiums	147	(14)	133	(26)
Earned premiums	**6,180**	**(625)**	**5,555**	**5,597**
Share of operating account in net investment income	**434**		**434**	**459**
Other operating income	**17**		**17**	**19**
Claims and expenses paid	(4,330)	367	(3,963)	(4,166)
Charges for claims reserves	(43)	(133)	(176)	(218)
Claims	**(4,373)**	**234**	**(4,139)**	**(4,384)**
Charges for other technical reserves	**18**	**5**	**23**	**27**
Profit-sharing				
Acquisition expenses	(1,036)		(1,036)	(1,088)
Administrative expenses	(607)		(607)	(553)
Commissions received from resinsurers		47	47	56
Acquisition and administrative expenses	**(1,643)**	**47**	**(1,596)**	**(1,585)**
Other operating charges	**(114)**		**(114)**	**(151)**
Change in reserve for equalisation	**12**		**12**	**30**
NON-LIFE INSURANCE OPERATING PROFIT/LOSS	**531**	**(339)**	**192**	**12**
Employee profit-sharing	(4)		(4)	(11)
Net investment income excluding share of operating account	207		207	209
PROFIT/LOSS ON ORDINARY ACTIVITIES	**734**	**(339)**	**395**	**210**

Banking, banking sector operating income statement

(€ millions)	2004	2003
Interest and similar income	32	33
Interest and similar charges	(44)	(40)
Income from variable-yield securities		
Commission income	123	101
Commission charges	(32)	(27)
Profit or losses on transactions in trading portfolios	2	2
Profit or losses on investment operations	1	
Other operating income	1	2
Other operating charges	26	18
Net banking income	**109**	**89**
General operating charges	(121)	(113)
Appropriations to depreciation and provisions for tangible and intangible fixed assets	(9)	(7)
GROSS OPERATING PROFIT/LOSS	**(21)**	**(31)**
Cost of bad and boubtful debts	(6)	5
Gains or losses on long-term equity investments and shares in affiliated companies (including long-term investment securities portfolio)		
PROFIT/LOSS ORDINARY ACTIVITIES	**(27)**	**(26)**

Note 27 - Analysis of premium income

Breakdown by geographical zone

(€ millions)	31.12.2004				31.12.2003			
	Life	Non-life	Total	Share %	Life	Non-life	Total	Share %
France	**3,521**	**4,550**	**8,071**	**79%**	**3,610**	**4,507**	**8,117**	**78%**
EU (excluding France)	**311**	**1,433**	**1,744**	**17%**	**273**	**1,793**	**2,066**	**20%**
United Kingdom	0	452	452	4%		827	827	8%
Italy	179	346	525	5%	170	340	510	5%
Spain	54	622	676	7%	45	615	660	6%
Portugal	77	13	90	1%	51	11	62	1%
Luxembourg	1	0	1	0%	7		7	
Other countries	**120**	**50**	**170**	**2%**	**103**	**40**	**143**	**1%**
Sub-total – insurance	**3,952**	**6,033**	**9,985**	**98%**	**3,986**	**6,340**	**10,326**	**99%**
Banking	**0**	**164**	**164**	**2%**		**138**	**138**	**1%**
TOTAL	**3,952**	**6,197**	**10,149**	**100%**	**3,986**	**6,478**	**10,464**	**100%**

Breakdown by main line of business

(€ millions)	2004			2003		
	France	International	Total	France	International	Total
Life business: single premiums						
Capitalisation	74	101	175	165	86	251
Personal life	1,908	60	1,968	1,892	48	1,940
Group policies	3	63	66	3	38	41
Unit-linked policies	193	12	205	166	21	187
Others	54		54	49		49
Total single premiums	**2,232**	**236**	**2,468**	**2,275**	**193**	**2,468**
Life business: regular premiums						
Capitalisation	57	37	94	64	35	99
Personal life	633	92	725	624	96	720
Group policies	432	46	478	499	33	532
Unit-linked policies	6	20	26	5	19	24
Others	3		3	4		4
Total regular premiums	**1,131**	**195**	**1,326**	**1,196**	**183**	**1,379**
Inwards reinsurance	**158**		**158**	**139**		**139**
Total life	**3,521**	**431**	**3,952**	**3,610**	**376**	**3,986**
Non-life business						
Motor vehicle	618	823	1,441	565	1,159	1,724
Bodily injury	630	69	699	595	104	699
Property	854	364	1,218	805	342	1,147
General liability	129	61	190	113	55	168
Marine, aviation, transport	201	25	226	185	23	208
Other	277	137	414	251	147	398
Inwards reinsurance	**1,841**	**4**	**1,845**	**1,993**	**3**	**1,996**
Total non-life	**4,550**	**1,483**	**6,033**	**4,507**	**1,833**	**6,340**
TOTAL LIFE AND NON-LIFE INSURANCE	**8,071**	**1,914**	**9,985**	**8,117**	**2,209**	**10,326**
TOTAL BANKING	**164**		**164**	**138**		**138**
TOTAL	**8,235**	**1,914**	**10,149**	**8,255**	**2,209**	**10,464**

In 2004, inwards reinsurance were no longer broken down into categories. 2003 data was subject to a pro-forma so as to make it comparable with 2004 data.

Note 28 - Net investment income

(€ millions)	31.12.2004 Income/ Charges	31.12.2004 Gains/losses on realisation Gains	31.12.2004 Gains/losses on realisation Losses	31.12.2004 Total	31.12.2003 Income/ Charges	31.12.2003 Gains/losses on realisation Gains	31.12.2003 Gains/losses on realisation Losses	31.12.2003 Total
Real estate investments	446	66	(3)	509	349	97	(1)	445
Equities	118	161	(182)	97	105	222	(258)	69
Bonds	1,689	302	(190)	1,801	1,713	121	(83)	1,751
Equity mutuals funds	73	92	(57)	108	37	22	(39)	20
Bond mutual funds	86	72	(2)	156	35	172	(1)	206
Interest on cash deposits	9			9	5	–	–	5
Other investment income	35	314	(7)	342	47	339	(2)	384
Gross income	**2,456**	**1,007**	**(441)**	**3,022**	**2,291**	**973**	**(384)**	**2,880**
Internal and external administrative charges	(181)			(181)	(170)			(170)
Other investment charges	(71)		(251)	(322)	(61)		(197)	(258)
Investment charges	**(252)**		**(251)**	**(503)**	**(231)**		**(197)**	**(428)**
NET INVESTMENTS INCOME	**2,204**	**1,007**	**(692)**	**2,519**	**2,060**	**973**	**(581)**	**2,452**
Adjustments to unit-linked contracts (capital gains)		347		347		425		425
Adjustments to unit-linked contracts (capital losses)			(141)	(141)			(171)	(171)
NET INVESTMENT INCOME AFTER ADJUSTMENTS TO UNIT-LINKED CONTRACTS	**2,204**	**1,354**	**(833)**	**2,725**	**2,060**	**1,398**	**(752)**	**2,706**

Recovery of provisions for depreciation of holdings during FY 2004 stood at €38 million, compared with €126 million in 2003.

Investment income and capital gains/loss – Non life

(€ millions)	31.12.2004				31.12.2003			
	Income/ Charges	Gains/losses on realisation		Total	Income/ Charges	Gains/losses on realisation		Total
		Gains	Losses			Gains	Losses	
Real estate investments	284	40	(1)	323	256	55	(1)	310
Equities	23	44	(43)	24	25	52	(78)	(1)
Bonds	370	98	(44)	424	396	37	(54)	379
Equity mutuals funds	17	23	(10)	30	12	9	(13)	8
Bond mutual funds	21	1	(2)	20	12	50	(1)	61
Interest on cash deposits	9			9	5	–	–	5
Other investment income	22	115	(1)	136	33	149		182
Gross income	**746**	**321**	**(101)**	**966**	**739**	**352**	**(147)**	**944**
Internal and external administrative charges	(137)			(137)	(118)			(118)
Other investment charges	(79)		(109)	(188)	(75)		(83)	(158)
Investment charges	**(216)**		**(109)**	**(325)**	**(193)**		**(83)**	**(276)**
NET INVESTMENTS INCOME	**530**	**321**	**(210)**	**641**	**546**	**352**	**(230)**	**668**

Investment income and capital gains/loss – Life

(€ millions)	31.12.2004				31.12.2003			
	Income/ Charges	Gains/losses on realisation		Total	Income/ Charges	Gains/losses on realisation		Total
		Gains	Losses			Gains	Losses	
Real estate investments	162	26	(2)	186	93	42	–	135
Equities	95	117	(139)	73	80	170	(180)	70
Bonds	1,319	204	(146)	1,377	1,317	84	(29)	1,372
Equity mutuals funds	56	69	(47)	78	25	13	(26)	12
Bond mutual funds	65	71		136	23	122		145
Interest on cash deposits								
Other investment income	13	199	(6)	206	14	190	(2)	202
Gross income	**1,710**	**686**	**(340)**	**2,056**	**1,552**	**621**	**(237)**	**1,936**
Internal and external administrative charges	(44)			(44)	(52)			(52)
Other investment charges	8		(142)	(134)	14		(114)	(100)
Investment charges	**(36)**		**(142)**	**(178)**	**(38)**		**(114)**	**(152)**
NET INVESTMENT INCOME	**1,674**	**686**	**(482)**	**1,878**	**1,514**	**621**	**(351)**	**1,784**
Adjustments to unit-linked contracts (capital gains)		347		347		425		425
Adjustments to unit-linked contracts (capital losses)			(141)	(141)			(171)	(171)
NET INVESTMENT INCOME AFTER ADJUSTMENTS TO UNIT-LINKED CONTRACTS	**1,674**	**1,033**	**(623)**	**2,084**	**1,514**	**1,046**	**(522)**	**2,038**

Note 29 - Breakdown of investment income between operating and non-operating

(€ millions)	2004							2003
	Life			Non-life			Total	Total
	Income	Capital gains/ losses	Total	Income	Capital gains/ losses	Total		
Net investment income	1,674	204	1,878	530	111	641	2,519	2,452
Allocation to operating income	1,637	199	1,836	359	75	434	2,270	2,192
Allocation to non-operating income	37	5	42	171	36	207	249	260

Note 30 - Management expenses

(€ millions)	2004				2003			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Commissions	(171)	(757)		(928)	(153)	(849)	–	(1,002)
Change in deferred acquisition expenses	9	16		25	(20)	(4)	–	(24)
Other charges	(135)	(295)		(430)	(128)	(235)	–	(363)
Total acquisition costs	**(297)**	**(1,036)**		**(1,333)**	**(301)**	**(1,088)**	**–**	**(1,389)**
Commissions	(40)	(252)		(292)	(35)	(260)	–	(295)
Other charges	(65)	(355)	(121)	(541)	(72)	(293)	(113)	(478)
Total administration expenses	**(105)**	**(607)**	**(121)**	**(833)**	**(107)**	**(553)**	**(113)**	**(773)**
Acquisition and administration expenses	**(402)**	**(1,643)**	**(121)**	**(2,166)**	**(408)**	**(1,641)**	**(113)**	**(2,162)**
Allocations to/recovery of provision and depreciation			(9)	(9)	–	–	(7)	(7)
Other charges and income	(58)	(97)		(155)	(82)	(132)	–	(214)
Other operating expenses	**(58)**	**(97)**	**(9)**	**(164)**	**(82)**	**(132)**	**(7)**	**(221)**
Employee profit sharing	**(6)**	**(4)**		**(10)**		**(11)**		**(11)**
GROSS MANAGEMENT CHARGES	**(466)**	**(1,744)**	**(130)**	**(2,340)**	**(490)**	**(1,784)**	**(120)**	**(2,394)**
CESSIONS	**6**	**47**		**53**	**3**	**56**	**–**	**59**
NET MANAGEMENT CHARGES	**(460)**	**(1,697)**	**(130)**	**(2,287)**	**(487)**	**(1,728)**	**(120)**	**(2,335)**

Note 31 - Other non-operating income and charges, exceptional income and charges

(€ millions)	2004	2003
Other non-operating income	41	39
Other non-operating charges	(90)	(40)
Total non-operating income and charges	**(49)**	**(1)**
Recovery of provisions for exceptional charges	16	18
Recovery of provisions for exceptional depreciation	4	
Other exceptional income	26	44
Total exceptional income	**46**	**62**
Allocations to provisions for exceptional charges	(61)	(41)
Allocations to provisions for exceptional depreciation		
Other exceptional charges (excluding profit sharing)	(67)	(76)
Total exceptional charges	**(128)**	**(117)**
Total exceptional income	**(82)**	**(55)**
NET TOTAL	**(131)**	**(56)**

Note 32 - Average workforce of consolidated companies [1]

	2004			2003
	Insurance	Banking	Total	Total
France	7,689	672	8,361	8,723
United Kingdom	897		897	998
Spain	758		758	825
Italy	436		436	436
Other EU	301		301	100
Non EU	165		165	324
TOTAL	**10,246**	**672**	**10,918**	**11,406**

(1) The workforces of companies consolidated proportionally are included on a pro rata basis.
It should be noted that the fall in staffing levels in France is essentially due to the transfer of insurance company employees to the logistics EIG. The Group also employs 1,495 employees in the IT and logistics EIGs, which are not included in the scope of consolidation (1,118 employees in 2003, just for the IT EIG).

Note 33 – Group's holding company activity

This table sets forth the Group's holding company activities as at 31 December 2004 and 31 December 2003 (pro-forma data). The relevant entities are:

- Groupama SA (company's holding company activity);
- Groupama International;
- Gan UK.

(€ millions)	2004	2003
Financial revenue, net of charges	(24)	(14)
Other net revenue [(1)]	(64)	(49)
Financing expenses	(41)	(44)
Extraordinary income	(40)	(34)
Corporate tax	164	133
TOTAL	**(5)**	**(8)**

(1) Overheads for Groupama SA's holding company activity, totalling €44 million for 2004, compared with €32 million in 2003 (pro-forma data), have been posted to the "Other net revenue" item.

Note 34 - Breakdown of commitments given and received

Insurance

(€ millions)	31.12.2004	31.12.2003
Endorsements, sureties and guarantees received	176	1,087
Other commitments received	3,564	1,635
Total commitments received excluding reinsurance	**3,740**	**2,722**
Resinsurance commitments received	**530**	**539**
Endorsements, sureties and guarantees given	715	495
Other commitments relating to securities, assets or revenues	251	985
Other commitments given	1,952	867
Total commitments given excluding reinsurance	**2,918**	**2,347**
Reinsurance commitments given	**2,094**	**2,230**
Sureties belonging to health and provident institutions	**3**	**3**
Other sureties held for third parties		

At the end of December 2004, the Group finalised the setting-up of an €1 billion facility, for a five-year term, at the financial year-end. As at 31 December 2004, no draw-down had been made and all this amount is posted to "commitments received".
In addition, in-line with its long-term financing strategy, SILIC extended its exchange risk hedging operations, in respect of the launch of the real estate transaction at Nanterre Prefecture, so as to secure its future cash-flow.

Banking

(€ millions)	31.12.2004	31.12.2003
Financing commitments received		
Guarantee commitments received	4	
Commitments relating to securities pending receipt	120	
Total commitments received, banking operations	**124**	
Currency transaction commitments received	1,358	798
Other commitments received	30	
Total other commitments received, banking operations	**1,388**	**798**
Financing commitments given	31	41
Guarantee commitments given	175	202
Commitments relating to securities pending delivery	2	
Total commitments given, banking operations	**208**	**243**
Currency transaction commitments given	1,358	798
Commitments given on financial instrument transactions	634	298
Total other commitments given, banking operations	**1,992**	**1,096**

Note 35 - Group subsidiaries

	Business	Country	31.12.2004			31.12.2003		
			% control	% ownership	Consolidation [1]	% control	% ownership	Consolidation [1]
Groupama SA	Holding	France	100.00	100.00	GC	100.00	100.00	GC
Groupama International	Holding	France	100.00	100.00	GC	100.00	100.00	GC
Gan Assurances Vie	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Gan Patrimoine	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Caisse Fraternelle d'Épargne	Insurance	France	99.93	99.93	GC	99.92	99.92	GC
Caisse Fraternelle Vie	Insurance	France	99.72	99.71	GC	99.72	99.72	GC
Assuvie	Insurance	France	50.00	50.00	GC	50.00	50.00	GC
Gan Eurocourtage Vie	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Gan Prévoyance	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Groupama Vie	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Groupama Insurance-Crédit	Insurance	France	100.00	100.00	GC	99.99	99.99	GC
Groupama Transport	Insurance	France	100.00	100.00	GC	99.91	99.91	GC
Scepar	Investments	France	100.00	100.00	GC	100.00	100.00	GC
Mutuaide Assistance	Insurance	France	100.00	100.00	GC	99.97	99.97	GC
Gan Assurances Iard	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Gan Outre-mer Iard	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Groupama Protection Juridique	Insurance	France	99.99	99.99	GC	99.67	99.66	GC
Gan Eurocourtage Iard	Insurance	France	100.00	100.00	GC	100.00	100.00	GC
Cofintex Luxembourg	Reinsurance	Luxembourg	100.00	100.00	GC	100.00	100.00	GC
Rampart	Reinsurance	United States	100.00	100.00	GC	100.00	100.00	GC
Gan Italia Vita	Insurance	Italy	100.00	100.00	GC	100.00	100.00	GC
Luxlife	Insurance	Luxembourg	85.00	85.00	GC	85.00	85.00	GC
Gan Portugal Vida	Insurance	Portugal	100.00	100.00	GC	100.00	100.00	GC
Zénith Vie	Insurance	Switzerland	82.00	82.00	GC	82.00	82.00	GC
Günes Sigorta	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
Groupama Biztosito	Insurance	Hongrie	100.00	100.00	GC	100.00	100.00	GC
Groupama Plus Ultra	Insurance	Espagne	100.00	100.00	GC	100.00	100.00	GC
Gan Uk PLC	Holding	United Kingdom	100.00	100.00	GC	100.00	100.00	GC
Groupama General Insurances CL	Insurance	United Kingdom	100.00	100.00	GC	100.00	100.00	GC
Minster Insurances	Insurance	United Kingdom	100.00	100.00	GC	100.00	100.00	GC

(1) GC: global consolidation; EM: equity method.

	Business	Country	31.12.2004 % control	31.12.2004 % ownership	31.12.2004 Consolidation [1]	31.12.2003 % control	31.12.2003 % ownership	31.12.2003 Consolidation [1]
Gan Italia Spa	Insurance	Italy	100.00	100.00	GC	100.00	100.00	GC
Gan Portugal Seguros	Insurance	Portugal	100.00	100.00	GC	100.00	100.00	GC
Groupama Gestion	Asset Management	France	100.00	100.00	GC	100.00	97.95	GC
Groupama Asset Management	Asset Management	France	100.00	100.00	GC	97.95	97.95	GC
Groupama Alternative Asset Management	Asset Management	France	100.00	100.00	GC	100.00	97.95	GC
Finama Private Equity	Asset Management	France	100.00	100.00	GC	99.98	99.98	GC
Banque Finama	Banking	France	100.00	100.00	GC	100.00	100.00	GC
Groupama Banque	Banking	France	60.00	60.00	GC	60.00	60.00	GC
Groupama Épargne Salariale	Asset Management	France	100.00	100.00	GC	100.00	100.00	GC
Groupama Immobilier	Real estate	France	100.00	100.00	GC	100.00	100.00	GC
Silic	Real estate	France	40.15	40.15	GC	39.56	39.56	GC
Sepac	Real estate	France	100.00	40.15	GC	100.00	39.56	GC
Compagnie Foncière Parisienne	Real estate	France	95.29	95.29	GC	95.06	95.06	GC
Scima	Real estate	France	100.00	95.29	GC	100.00	95.06	GC
Scima 2	Real estate	France	100.00	95.29	GC	100.00	95.06	GC
Sci Défense Astorg	Real estate	France	100.00	95.29	GC	100.00	95.06	GC
Scifma	Real estate	France	78.93	78.93	GC	78.93	78.93	GC
Actipar Sa	Real estate	France	100.00	95.29	GC	100.00	95.06	GC
Safragan	Real estate	France	90.00	85.76	GC	90.00	85.56	GC
261 Raspail	Real estate	France	100.00	95.29	GC	100.00	95.06	GC
Socomie	Real estate	France	100.00	40.15	EM	100.00	39.56	EM

(1) GC: global consolidation; EM: equity method.

Report of the statutory auditors on the consolidated financial statements

Fiscal year ending 31 December 2004

"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 outside of the consolidated financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

Groupama SA
8-10 rue d'Astorg
75008 Paris

Dear Shareholders,

As appointed at your Annual General Meeting, we have audited Groupama's consolidated financial statements for the fiscal year ending 31 December 2004, as enclosed herewith.

The consolidated financial statements have been approved by the Board of Directors of Groupama SA. Our responsibility is to state an opinion on these financial statements.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with generally accepted auditing standards in France. These standards require that we plan and perform an audit to obtain reasonable certainty that the consolidated financial statements are free of material misstatement. An audit includes examining, on the basis of sampling, evidence confirming the amounts and disclosures in the financial statements. An audit also consists of assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We consider that the checks we have performed provide a reasonable basis for the following opinion.

We certify that the consolidated financial statements, in accordance with generally accepted accounting principles in France, represent fairly, in all material aspects, the assets and financial position of the Group formed by the consolidated companies.

Without contradicting the opinion set forth hereinabove, we draw your attention to note 1.2 of the notes to the financial statements relating to the change in accounting method as regards accounting for deferred costs in life insurance.

II - Substantiation of our assessments

In application of the provisions of Article L225-235 of the French Commercial Code relating to the substantiation of assessments, we would draw your attention to the following:

- in the context of our assessment of the rules and accounting principles followed by your company, we have assured ourselves of the validity of the changes in accounting methods relating to deferred acquisition costs in life insurance as mentioned hereinabove, and of the presentation of these changes;
- some technical items relating to insurance and reinsurance, and to assets and liabilities in your company's consolidated financial statements, are estimated on statistical and actuarial bases, in particular the technical reserves, deferred acquisition costs and methods for amortising the latter. The methods used for determining these items are described in notes 3.3 and 3.4 of the notes to the financial statements.
We have assured ourselves of the reasonable character of the hypotheses underlying the calculation models used, particularly with respect to the Group's experience, its regulatory and economic environment, and the overall consistency of these hypotheses;
- goodwill entered under assets on the balance sheet is amortised according to the methods described in note 2.2.5 of the notes to the financial statements.
We have assured ourselves that the hypotheses used to determine the amortisation period for this goodwill are in line with forecasts in strategic plans drawn up by the Group and that no significant item has called into question their net values in the balance sheet;
- the permanent depreciations provision for the securities portfolio is determined according to the methods outlined in note 3.2.2. of the notes to the financial statements.
We have assured ourselves that the valuation of these provisions is in line with the Group's confirmed intention to retain these securities and with the Group's capacity to retain these securities over a period corresponding to its intention.

These assessments were formed in the context of our procedures for auditing the consolidated financial statements and have therefore contributed to forming our opinion, as expressed in the first section of this report.

III - Specific verification

We have also verified the information given in the Group management report. We have no comment to make regarding its accuracy and consistency with the consolidated financial statements.

Paris, 23 March 2005

The Statutory Auditors

Mazars & Guérard	PricewaterhouseCoopers Audit
Mazars	32 rue Guersant
Le Vinci - 4 allée de l'Arche	75017 Paris
92075 La Défense Cedex	

Nicolas Robert   Patrick de Cambourg   Éric Dupont

Employee information

This table concerns the consolidated Group, which includes the **Regional Mutuals**, **Groupama S.A.** and subsidiaries, and the **supporting EIGs** (IT and Logistics).

Reference to the NRE	Notes
Total workforce	At the end of 2004, the Groupama group had 29,332 employees, 26,539 of whom were in France and the French overseas territories and 2,793 in foreign subsidiaries. These staff were composed as follows: • 43% men and 57% women; • 35% managerial and 65% non-managerial.
New recruits, open-ended and fixed-term contracts	The Group recruited 3,158 new staff in 2004, of whom 1,979 were employees on open-ended contracts and 1,179 employees on fixed term contracts. In France, the number of new recruits was 2,969, of whom 1,836 were on open-ended contracts and 1,133 on fixed-term contracts.
Redundancies and reasons for them	Across the Group there were 547 redundancies in 2004 for a variety of reasons. There were 290 redundancies in the foreign subsidiaries (the UK and Spain) following restructuring (merger with Plus Ultra in Spain and termination of the Saga contract in the UK).
Overtime	A total of 56,394 hours of overtime were worked.
Outsourcing	Outsourcing: 677 temporary appointments were made.
Organisation of working time, hours worked for full-time employees	The organisation of working time is a matter for each company. It ranges between 32.2 hours and 35 hours in France and between 35 hours and 40 hours in foreign subsidiaries.
Part-time employees	2,408 employees opted for part-time work, corresponding to 8.2% of the Group's staff. In France, 2,341 employees, i.e. 8.9% of staff, opted to work part-time. This percentage varies by company and ranges between 5% and 19%.
Professional relations and collective agreements	See the section entitled "Human resources at the heart of the Group's strategy".
Training	See the section entitled "Human resources at the heart of the Group's strategy".
Employment and integration of people with disabilities	See the section entitled "Human resources at the heart of the Group's strategy". The Group conducts numerous actions to encourage the professional integration of people with disabilities, within individual companies and nationally. 16 employees with disabilities were recruited in 2004.
Social and cultural activities	Each company in the Group is responsible for determining the amount it contributes to social and cultural activities.

Environmental information

This table concerns premises managed by the **Regional Mutuals**, **GIE Groupama Logistique** (buildings in Paris and surrounding region –including the Tour Gan and Tour Eurocourtage at La Défense, Morangis, Marne-la-Vallée– and premises at Bordeaux-Lac), premises managed by **Groupama Immobilier**, and premises managed by the **Group's principal international subsidiaries** (in Spain, Italy and the UK, representing 86% of the Group's premium income outside France).

Reference to the NRE	Notes
1. Water consumption	**Regional Mutuals:** 201,529 sq. metres. **GIE Groupama Logistique:** *Paris:* 8,000 sq. metres. *Marne-la-Vallée:* 36,178 sq. metres. *La Défense:* 88,812 sq. metres. *Morangis:* 1,634 sq. metres. *Bordeaux-Lac:* 8,378 sq. metres. **Groupama Seguros (Spain):** 13,300 sq. metres. **Gan Italia:** 7,200 sq. metres. **Groupama Insurances/Minster/Mastercover (UK):** 9,131 sq. metres.
2. Raw materials consumption (paper)	**Regional Mutuals:** 280,097 reams. **GIE Groupama Logistique:** *Paris:* 21,725 reams. *Marne-la-Vallée:* 34,000 reams. *La Défense:* 42,755 reams. *Morangis:* 1,350 reams. *Bordeaux-Lac:* 41,700 reams. **Groupama Immobilier:** 5,000 reams. **Groupama Seguros (Spain):** 40,900 reams (plain paper and paper for printing). **Gan Italia:** 10,275 reams. **Groupama Insurances/Minster/Mastercover (UK):** 19,600 reams.
3. Energy consumption	**Regional Mutuals:** electricity: 35,889,514 kwh; gas: 18,553,123 kwh. **GIE Groupama Logistique:** *Paris:* electricity: 2,948,216 kwh; gas: 300,000 kwh. *Marne-la-Vallée: electricity:* 2,412,382 kwh; gas: 2,641 kwh. *La Défense:* 18,668,162 kwh; gas (Tour Gan): 16,258,000 kwh. *Morangis:* 1,237,320 kwh /year. *Bordeaux-Lac:* 5,244,841 kwh; gas: 124,526.32 Kwh. **Groupama Immobilier** (only the shared areas): research in process to define an electricity savings strategy (assess consumption for comparative analysis). Buildings managed by Groupama Immobilier excluding major service sector sites, for delegated operational management and single occupancy: electricity: 4,558,000 kwh, software to manage consumption. **Groupama Seguros (Spain):** 3,600,000 kwh a year. **Gan Italia:** electricity: 1,005,000 kwh; gas: 27,000 cubic metres. **Groupama Insurances/Minster/Mastercover (UK):** electricity: 954,884 kwh, gas: 64,436 cubic metres.

Reference to the NRE	Notes
4. Measures taken to improve energy efficiency	**Regional Mutuals** (some examples): *Alpes-Méditerranée:* improvement of electrical facilities with low-voltage lighting. *Centre-Atlantique:* centralised technical management (CTM) system. *Grand-Est:* complete overhaul of thermal insulation, at all sites; technical building management (TBM) system at head office. *Loire Bretagne:* TBM or CTM depending on site. *Oc:* time-switches, programmed heating and air conditioning. *Sud:* CTM at the main sites. **GIE Groupama Logistique:** *Paris:* TBM in air conditioning at 21 Bd Malesherbes. *Marne-la-Vallée:* TBM for air conditioning and electricity. *La Défense:* TBM for air conditioning temperature. *Morangis:* replace oil-fired boilers with gas boilers. **Groupama Immobilier** (only concerns shared areas): energy control contracts for central heating including bonus for energy savings. Systematic research underway when heating systems replaced to improve energy efficiency. When contracts set up (end of 2002 and in 2003) expected savings were 10% on overall cost of energy of €1,742,000; the assessment made in 2004 confirmed the projected savings. **Groupama Seguros (Spain):** preventive maintenance of facilities, teams, renovation of facilities, use of building and equipment to minimise consumption, timing and other systems. **Gan Italia:** software program to constantly manage consumption and use of high-yield low-consumption light bulbs.
5. Measures taken towards adoption of renewable energy sources	–
6. Measures taken to improve conditions of ground use	Given the nature of its business, this does not apply to Groupama.
7. Measures taken to reduce air, water and ground emissions which have an environmental impact	**Regional Mutuals:** air conditioning systems controlled using cooling towers. **GIE Groupama Logistique:** *Paris:* CPCU (Paris urban network) heating, grease filter tank for restaurant waste water, waste oil tank in car parks. *Marne-la-Vallée:* grease filter tank for restaurant waste water, waste oil tank in car parks. *La Défense:* separation of greasy kitchen water; annual operation of cooling towers preceded by chlorine treatment and analysis. *Morangis:* underground oil tanks, installation of two cut-off gates to prevent mousse from entering the rainwater run-off system in the event of the fire control system being activated. **Groupama Immobilier:** statutory regulations respected; grease filter tank for restaurant waste water, waste oil tank in car parks; annual operation of cooling towers preceded by chlorine treatment and analysis periodic checks of air conditioning of facilities. **Groupama Seguros (Spain):** controlled disposal of halon gas and obsolete photocopiers.

Reference to the NRE	Notes
8. Measures taken to reduce noise or odour emissions	**Regional Mutuals** (example): *Centre-Atlantique:* reinforced sound insulation iced water units; sound insulation panels in restaurant. **GIE Groupama Logistique:** *Paris:* noise absorbers for air conditioning, restaurant waste odour filter at 21 Bd Malesherbes. *Marne-la-Vallée:* air conditioning sound trap. **Groupama Immobilier:** application of DTA and NFS 31010 standards (air conditioning sound traps etc.).
9. Measures taken to reduce waste	**Regional Mutuals:** at most Regional Mutuals, paper and other waste is collected, processed, and recycled by a specialist. The same applies to ink cartridges (printers, fax machines, photocopiers) and batteries. **GIE Groupama Logistique:** *Paris:* paper sorting contract by professional company, recovery of bulbs and strip lights by specialist company. *Marne-la-Vallée:* selective sorting at each premises, collection of batteries and cartridges. *La Défense:* cartridges recycled, daily collection of kitchen waste, recovery of bulbs and strip lights. *Morangis:* recycling of old archive paper (some 135 tonnes), recycling of lamps and strip lights. *Bordeaux-Lac:* paper collected and recycled, ink cartridges from photocopiers and printers recycled by the association Atmosph'AIRRE. **Groupama Immobilier:** cartridges are collected, processed and recycled by specialist company. **Groupama Seguros (Spain):** recycling contracts for waste paper and photocopier cartridges. Re-usable office equipment. **Gan Italia:** standards observed for disposal of polluting waste. **Groupama Insurances/Minster/Mastercover (UK):** recycling contracts for waste paper at some premises (especially in printing and reproduction departments), ink cartridges for printers and photocopiers recycled, recycling of batteries and strip lights.
10. Measures taken to limit impact on biological balance	Same as point 9. **Regional Mutuals** (example): *Centre-Manche:* a Swedish office furniture supplier has been selected because of its commitment to recycle old furniture at the end of its life.
11. Company evaluation or certification systems in environmental matters	**Regional Mutuals** (example): *Loire Bretagne:* tenders include a request for a certification reference, especially regarding cleaning services (use of toxic products). **GIE Groupama Logistique:** *La Défense:* the Cegelec companies (Tour Gan) and Dalkia (Tour Gan Eurocourtage) have incorporated their premises in the 14000 and 9001 quality procedures.
12. Measures taken, where appropriate, to ensure compliance that the company's activities comply with applicable statutory and regulatory environmental provisions	**Regional Mutuals:** in most cases, the property and logistics departments at each Regional Mutual are responsible for monitoring regulations and their implementation. **GIE Groupama Logistique:** *La Défense and Morangis:* existence of an advisory and audit department. **Groupama Immobilier:** as part of daily management, the "Optimisation and Quality" department in the Property Management division is responsible for monitoring changes to regulations and their implementation. At the same time, the technical department in the Investment division is similarly responsible for major items of equipment (e.g. lifts, boilers). **Groupama Seguros (Spain):** this is one of the responsibilities of the Premises and Facilities Management department in the General Resources division. **Gan Italia:** under internal audit procedures, the Property department is responsible for compliance.

Reference to the NRE	Notes
	Groupama Insurances/Minster/Mastercover (UK): the Premises and Facilities Management department takes a comprehensive approach to ensure compliance with statutory provisions.
13. Expenditure committed to prevent damage to the environment caused by the company's activity	**GIE Groupama Logistique:** *Paris and Marne-la-Vallée:* treatment and analysis to prevent legionnaires in the cooling towers. **Groupama Immobilier:** Groupama Immobilier has signed up to the high environmental quality standard ("HQE") which is designed to limit the effects of construction/renovation of buildings on the environment. In addition to treatment and analysis to prevent legionnaires in the cooling towers (in accordance with legislation), contracts include the systematic replacement of filters at regular intervals to prevent spreading disease.
14. The existence of internal environmental management departments within the company	–
15. Training and provision of information to employees on environmental protection	**Regional Mutuals:** example: *Oc:* training on the environmental consequences of fire. *GIE Groupama Logistique:* in professional training, 3 types of training (which the GIE employees are signed up to under the 2005 plan) relate to environmental issues: • implementation of regulations regarding termites, lead, legionnaires and asbestos; • design, production and maintenance regulations for water distribution networks (especially respect for water limits and quality references); • regulations for service sector property that mainly concern health protection (asbestos, legionnaires etc.) and energy and environmental protection. **Groupama Immobilier:** training in asbestos, lead, termites, radon, aerobiocontamination for technicians in 2002; fire safety course in 2003, continued in 2005; building site safety courses (2005 plan); sub-contractor training (2005 plan); training on causes of illness (plan 2005). **Groupama Insurances/Minster/Mastercover (UK):** every new recruit to the company is given generic training in which the values are explained as well as a section on efforts to promote recycling.
16. Resources devoted to reducing environmental risks	Given the nature of its activity, points 16 to 19 do not concern Groupama.
17. Structure in place to deal with pollution accidents that have consequences beyond the company's locations	See point 16.
18. The amount of provisions and guarantees for risks concerning the environment	See point 16.
19. The amount of compensation paid during the year following a court order concerning the environment	See point 16.
20. Information on objectives assigned to foreign subsidiaries	See points above concerning Groupama Seguros (Spain), Gan Italia and Groupama Insurances/Minster/Mastercover (UK).

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