

**PRESS RELEASE**

*Groupama reports growth in 2007 Embedded Value*

Paris, 29 April 2008

**Key figures 2007**

<i>Million euros</i>	<b>Groupama</b>	<b>France</b>	<b>International</b>
Adjusted net asset value (ANAV)	2,604	2,377	227
Value of in force business (VIF)	2,405	2,276	129
<b>Embedded Value (EV)</b>	<b>5,009</b>	<b>4,653</b>	<b>356</b>
<b>New Business Value (NBV <sup>(1)</sup>)</b>	<b>63</b>	<b>52</b>	<b>11</b>
NBV / APE <sup>(2)</sup>	11.8%	12.8%	8.6%
NBV / PVP <sup>(3)</sup>	1.5%	1.5%	2.0%

Group CFO Helman le Pas de Sécheval commented:

*“Our embedded value figures for 2007, based on CFO Forum guidelines, show good growth in a difficult market. They are well in line with the levels recorded by the other major Insurance groups active in the French market.”*

**Methodology and scope : CFO Forum guidelines also applied to International Business**

Values for the French Insurance and Services business have been calculated on a market consistent basis and in line with the CFO Forum guidelines.

Values for all the international subsidiaries' Life business as at 31 December 2007 have been calculated for the first time using the CFO Forum guidelines, with the exception of Turkey (calculated on a traditional basis) and the newly acquired subsidiaries Groupama Phoenix and Nuova Tirrena.

With regards to the Turkish subsidiary, values for the Life portfolio have been calculated according to the traditional approach of using financial return assumptions based on the risk-free rate as at 31 December 2007 and including a risk premium for both financial and non-financial risks in the discount rate.

The scope of EV calculation covers 91% of the technical reserves of the group's Life business.

The Health portfolio has also been included in the scope of EV calculation.

(1) NBV: New Business Value

(2) APE: Annual Premium Equivalent = 10% of single premium policies and 100% of the regular premium

(3) *PVP: Present Value of Premiums: present value at time of issue of the total premiums expected to be received over the policy term*

### **France: total return of 5% on EV and increase of 20.5% in New Business in 2007**

#### **• Value creation analysis for the French business**

<i>Million euros</i>	<b>ANAV</b>	<b>VIF</b>	<b>EV</b>
<b>Value as at 31 December 2006</b>	<b>2,528</b>	<b>1,933</b>	<b>4,461</b>
<i>Changes of scope and method</i>	5	227	232
<b>Adjusted value as at 31 December 2006</b>	<b>2,533</b>	<b>2,160</b>	<b>4,694</b>
<i>Timing difference</i>	218	(73)	145
<i>Non economic adjustments</i>	(131)	138	7
<i>Changes in non economic assumptions</i>	0	(136)	(136)
<i>New business contribution</i>	(45)	97	52
<b>Contribution from operating businesses</b>	<b>42</b>	<b>26</b>	<b>68</b>
<b>Contribution arising from the economic environment</b>	<b>75</b>	<b>90</b>	<b>164</b>
<i>Dividend pay-out on Financial Year 2006</i>	(272)	0	(272)
<b>Value as at 31 December 2007</b>	<b>2,378</b>	<b>2,276</b>	<b>4,653</b>

Total return on EV was 5% before dividend payments in 2007.

Changes of scope and method relate principally to the use of the Swap Rate (the 10-year French government bond (OAT) rate was 4.02% as at 31 December 2006, while the Swap Rate was 4.25%).

Non-economic adjustments are largely due to the following two factors:

- New mortality rates per generation and gender for some group policies have been fully applied in the 2007 accounts. The negative effect on the net asset value is largely compensated for by the positive effect on the present value of in force business.
- Exceptional costs are not included in the EV calculation model.

Changes in non-economic assumptions relate to a reappraisal of certain technical assumptions in the calculation of 2007 EV.

The impact of the economic environment on ANAV is 74.7 million euros. Approximately 50 million euros arises from using a risk-free rate in the certainty equivalent that is lower than the actual return on the portfolio and the rest is due to income tax adjustments.

The impact of the economic environment on VIF is 89.6 million euros:

- Changes in economic assumptions have an impact of approximately 231 million euros on the Certainty Equivalent,
- Increase in the value and cost of options due to higher volatility in equities.

• *New Business value – France*

<i>Million euros</i>	<b>31 Dec. 2007</b>	<b>31 Dec. 2006</b>	<b>Change (euros)</b>	<b>% Change</b>
New business value without risk premium (CE)	102	83	19	23.3%
Time value of financial options	(22)	(15)	(7)	47.0%
Cost of Capital (100% of solvency margin)	(24)	(21)	(3)	16.6%
Cost of non-financial risks	(4)	(4)	0	(2.3%)
<b>New Business value (NBV)</b>	<b>52</b>	<b>43</b>	<b>9</b>	<b>20.5%</b>

The 20.5% increase in New Business from 2006 to 2007 is largely driven by the sale of higher margin products.

• *EV and New Business sensitivities – France*

<i>Million euros</i>	<b>Impact on EV</b>	<b>Impact on New Business</b>
Impact of a 100bp increase on the yield curve	12	(1)
Impact of a 100bp decrease on the yield curve	(272)	(5)
Impact of a 10% decline in equity and property values	(490)	(1)
Impact of a 25% increase in interest rate volatility	(20)	(5)
Impact of a 25% increase in equity and property values volatility	(282)	0
Administrative expenses +10%	(158)	(11)
Lapse rates -10%	29	5
Mortality (annuities) -5%	(24)	(1)
Mortality (other products) -5%	29	2
Other claim ratios -5%	126	13

**International – 2007 results**

• *EV calculation – International* <sup>(1)</sup>

<i>Million euros</i>	<b>TOTAL</b>
<b>Adjusted Net Asset Value</b>	<b>227</b>
Value of the business without risk premium (CE)	180
Time value of financial options	(35)
Cost of Capital (100% of solvency margin)	(12)
Cost of non financial risks	(4)
<b>Value in force</b>	<b>129</b>
<b>Embedded Value</b>	<b>356</b>

<sup>(1)</sup> Italy, Spain, Portugal, Turkey, UK

• **New Business value – International** <sup>(1)</sup>

<i>Million euros</i>	<b>TOTAL</b>
New business value without risk premium (CE)	14.6
Time value of financial options	(0.9)
Cost of Capital (100% of solvency margin)	(2.1)
Cost of non-financial risks	(0.5)
<b>New Business value (NBV)</b>	<b>11.2</b>

APE	130
<b>NBV / APE</b>	<b>8.6%</b>
PVNP	560
<b>NBV / PVP</b>	<b>2.0%</b>

• **EV and New Business sensitivities – International** <sup>(1)</sup>

<i>Million euros</i>	<b>Impact on EV</b>	<b>Impact on New Business</b>
Impact of a 100bp increase in the interest rate curve	(14)	1.0
Impact of a 100bp decrease in the interest rate curve	7.3	(1.7)
Impact of a 10% decline in equity and property values	(10)	0.0
Impact of a 25% increase in interest rate volatility	(3.0)	(0.3)
Impact of a 25% increase in equity and property values volatility	(3.2)	-
Administrative expenses +10%	(11.8)	0.0
Lapse rates -10%	4.5	1.1
Mortality (annuities) -5%	(0.1)	0.0
Mortality (other products) -5%	5.9	2.7
Other claim ratios -5%	19.9	4.6

<sup>(1)</sup> Italy, Spain, Portugal, Turkey, UK

**External opinion**

B&W Deloitte, consulting actuaries, have certified the Embedded Value figures prepared by Groupama as at 31 December 2007. In the course of their work, they have reviewed the methodology adopted, in particular its compliance with the CFO Forum guidelines, the assumptions used and the results of the calculations. The complete terms of their opinion are contained in the "2007 Embedded Value Presentation" article to be found on Groupama's website ([www.groupama.com](http://www.groupama.com)).