REGISTRATION DOCUMENT

GROUPAMA S.A.

2007

Groupama

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OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

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

The *Assurances Mutuelles Agricoles* (Agricultural Mutual Insurance Companies) were created to protect and serve the farmers who at that time represented 80% of the national wealth. In the 20th century they became the leading European agricultural insurers.

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

In 1963, the Agricultural Mutual Insurance Companies opened their business to the entire non-life insurance segment. The group then quickly became the leading insurer of municipalities in France.

In 1972, they started a life insurance business.

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

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

In 1998, at the conclusion of a privatisation procedure in which some major international groups became competitors, Groupama acquired GAN, a group with business lines complementary to those of Groupama. The new combination resulted in the creation of one of the leading French multi-line insurer.

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

In 2001 as well, the Caisse Centrale board of directors approved a structure for consolidating the regional mutuals and gave its approval to measures aimed at preparing the group for listing on the stock exchange, the authorisation for which was obtained in 2006.

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

In 2003, the regional mutuals extended a banking offer to the Groupama members. The group also obtained a non-life insurance license for China.

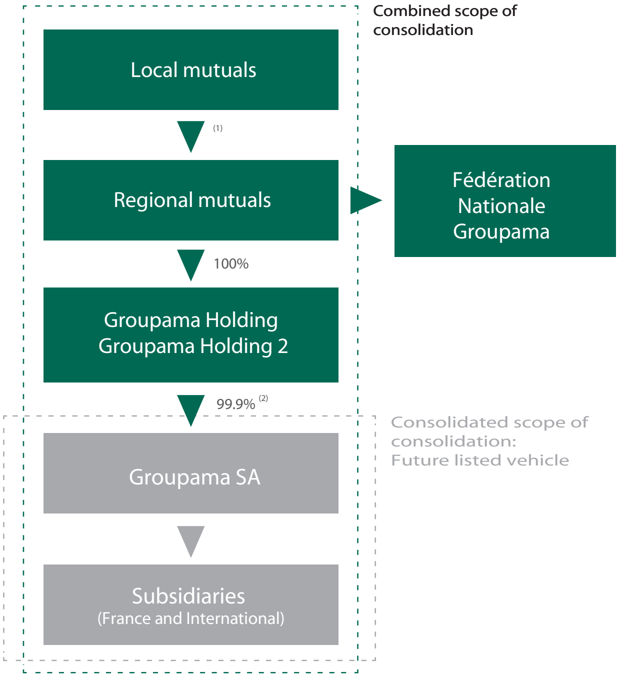
Moreover, the group's national entities were restructured to perfectly match the group's growth strategy. A *Fédération Nationale Groupama* was created and Groupama SA became the exclusive reinsurer of the Regional Mutuals following the dissolution of the *Caisse Centrale des Assurances Mutuelles Agricoles*.

In 2005, the Group acquired Clinicare in Great Britain.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, the 6th largest insurer in Turkey, as well as the British broker Carole Nash.

In 2007, the group's international development intensified with the purchase of the Nuova Tirrena insurance company, which held some 2% of the Italian non-life insurance market, strengthening the group's subsidiary in Italy. Groupama also purchased the Greek insurance company Phoenix Metrolife, two brokers in the United Kingdom (Bollington Group and the Lark Group), and the Romanian insurance company BT Asigurari.

1.2 ORGANISATION OF THE GROUP AND OF GROUPAMA SA



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

(2) 0.1% of Groupama SA is held by employees and officers.

1.2.1 General organisation

The group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at the local level (68,000 elected), and they in turn elect their representatives at the regional and national levels. The directors, who are all policyholders of the mutual insurance company, control all the Boards of directors of the Group's entities. They select the managers who handle operational activities. The elected representatives thus participate in all of the group's decision-making bodies, whether local (5,400 local mutuals), regional (15 regional mutuals) or national through the federations and the boards of directors of Groupama SA and its subsidiaries.

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

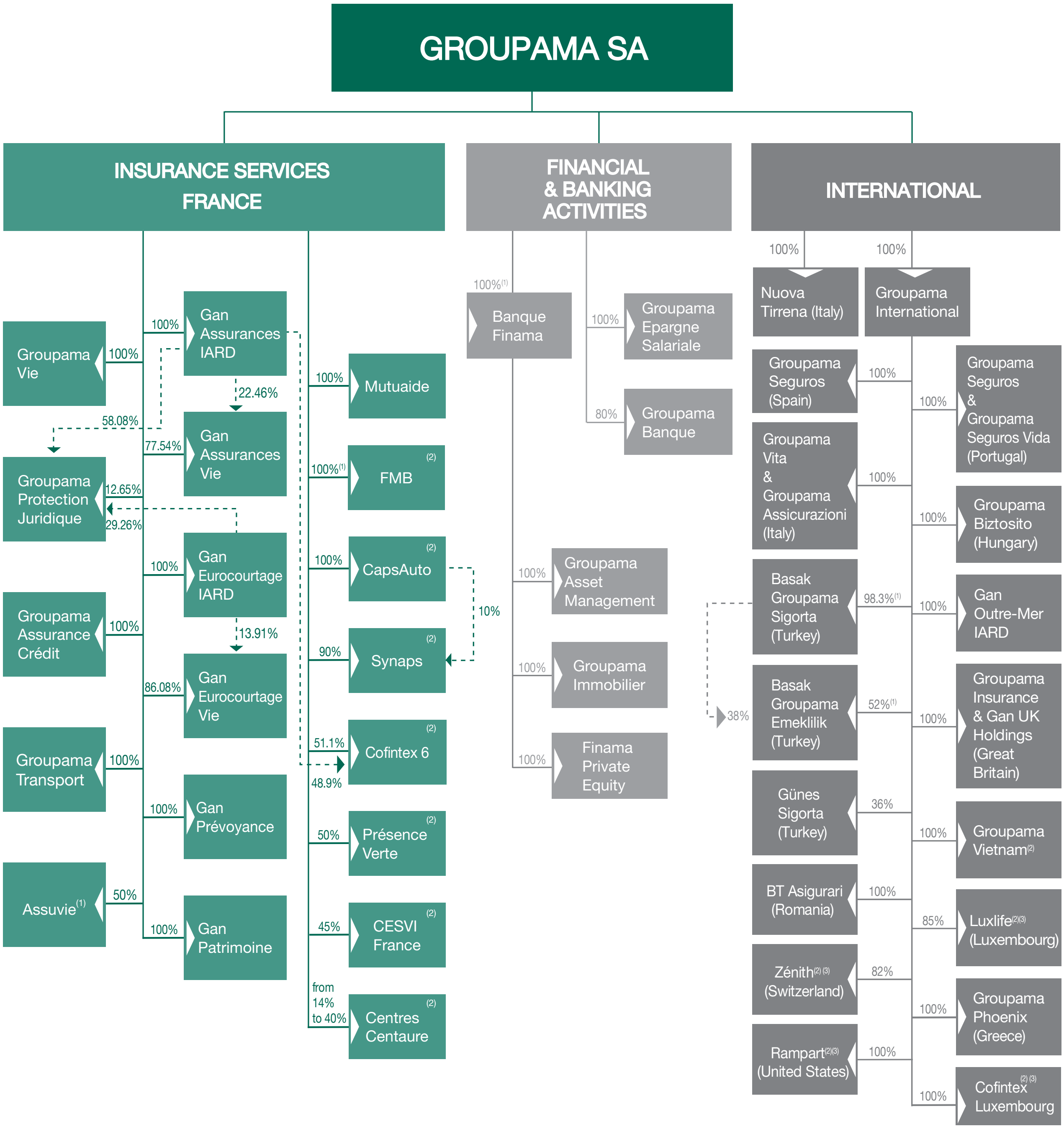
- The National Federation, comprised of the 15 Groupama regional mutuals. Its duties are to define the overall strategies of the mutual group and check their application, act as an agricultural trade organisation at national level, and promote mutualistic principles within the group.
- The role of Groupama SA, which directs the operational activities of the group and its subsidiaries, was strengthened with the responsibilities of reinsurer for the regional mutuals, a role that was previously performed by *Caisse Centrale des Assurances Mutuelles Agricoles* (CCAMA).
- Groupama Holding: the function of this intermediate structure is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

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

There are therefore two scopes within Groupama:

- the combined scope, which includes all the entities of the group and 100% of the business lines of the regional mutuals;
- the consolidated scope in which Groupama SA is the parent holding company. Its business lines include, in addition to the activity of the subsidiaries, approximately 40% of the activity of the regional mutuals, which is captured by the internal reinsurance mechanism.

1.2.2 Groupama SA



(1) Directly and indirectly
(2) Non consolidated subsidiaries due to their immaterial impact on the financial statements
(3) Discontinued activities (run-off)

Groupama S.A. is a French *Société Anonyme* nearly wholly owned, directly or indirectly, by the *Caisses Régionales d'Assurance et de Réassurance Mutuelles Agricoles* and the *caisses spécialisées* ("regional mutuals") which form the mutual division of Groupama.

Groupama SA is 99.89%-owned by the regional mutuals through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.11%) is held by the agents and former and current employees of Groupama SA.

The breakdown of share capital at 31 December, 2007 was as follows:

- 90.90% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.11% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans (FCPEs).

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

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the equity management business lines of the Groupama group. Its activities are:

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

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the control of the French Autorité de Contrôle des Assurances et des Mutuelles.

1.2.3 Ties between the various entities of the group

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

In the mutual division, they are governed [1] :

- by an internal reinsurance treaty that binds the regional mutuals to Groupama SA.
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole members of the Fédération Nationale GROUPAMA"), which was signed on 17 December 2003, effective retroactively on 1 January 2003).

1.3 KEY FIGURES

1.3.1 Groupama SA

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for the fiscal years ending 31 December 2006 and 2007. In accordance with EC Regulation No. 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements were prepared in accordance with the IFRS reference as adopted by the European Union.

(In millions of euros)	2007	2006	2005
Premium income [1]	**12,133**	**11,480**	**10,762**
France	8,951	8,826	8,507
International	2,832	2,372	2,049
Financial activities	350	282	206
Combined ratio [2] Property and liability insurance	97.5%	98.0%	104.2%
Economic operating income [3]	375	324	125
Group share of net income	793	600	394
Shareholders' equity (Group share)	5,918	5,094	4,387
Total balance sheet	88,326	78,550	74,384
Debt ratio [4]	23.3%	19.8%	23.0%
Return on equity (ROE) [5]	22.5%	20.0%	17.6%

(1) Premiums from insurance business lines and income from financial business lines
(2) See glossary in this registration document
(3) Economic operating income corresponds to current income restated to include realised capital gains and losses for the shareholders' portion, net of corporate tax. Current income is net income excluding the impact of unrealised gains and losses on financial assets posted at fair value net of profit sharing and corporate tax, extraordinary transactions excluding corporate tax, and depreciation of goodwill
(4) Excluding Silic and excluding cash of the holding companies
(5) Net profit Group share over average shareholders' equity

(1) See § 3.7. Operations with affiliates.

1.3.2 Combined scope of consolidation

The following table shows financial information and ratios from the group's combined financial statements. It provides a view of the entire scope of consolidation of the mutuals, including the Groupama SA capital ownership scope of consolidation presented above (first table).

(In millions of euros)	2007	2006	2005
Premium income [(1)]	**14,859**	**14,165**	**13,452**
France	11,677	11,511	11,197
International	2,832	2,372	2,049
Financial activities	350	282	206
Combined ratio [(2)] **Property and liability insurance**	**99.7%**	**98.9%**	**103.1%**
Economic operating income [(3)]	**398**	**351**	**157**
Net income (Group share)	**938**	**753**	**544**
Shareholders' equity (Group share)	**8,511**	**7,447**	**6,459**
Total balance sheet	**94,881**	**84,998**	**80,288**
Debt ratio [(4)]	**17.1%**	**14.4%**	**16.1%**
Return on equity (ROE) [(5)]	**16.4%**	**15.0%**	**13.5%**
Solvency margin [(6)]	**274.0%**	**311.0%**	**291.0%**
Rating			
S&P	A+	A	A
AM Best	A	A	A

(1) Premiums from insurance business lines and income from financial business lines.
(2) See glossary in this registration document
(3) Economic operating income corresponds to current income restated to include realised capital gains and losses for the shareholders' portion, net of corporate tax. Current income is net profit excluding the impact of unrealised gains and losses on financial assets posted at fair value net of profit sharing and corporate tax, extraordinary transactions excluding corporate tax, and depreciation of goodwill.
(4) Excluding Silic and excluding cash of the holding companies.
(5) Net profit (Group share) over average shareholders' equity.
(6) Pursuant to European directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group. Changes in the financial markets, specifically in the second half of 2007, combined with recent acquisitions by the group, partially explain the reduction in the margin requirement coverage rate. The inclusion of future profits in this ratio added 12 basis points to the margin coverage (comparable to 2006).

1.4 STRATEGY AND OUTLOOK

To ensure its long-term development and independence, Groupama seeks to rank amongst the top 10 European insurance companies, by:

- consolidating and expanding its positions in France
- accelerating its growth (organic and external) internationally;

... with the across-the board ambition of improving its earnings through increased efficiency.

The group applies this strategy by optimising its current major competitive advantages, especially its key assets such as its size and multiline and diversified business model, and specifically: a balanced portfolio in property and casualty insurance and Life & Health insurance, two ultra high-profile brands, a multi-channel presence, presence in all areas of the insurance business with a leading position in several areas, and lastly a large, loyal and diversified customer base. Over the next few years, the group will be faced with the challenge of optimising this model and making the most of its competitive advantages, Firstly to consolidate and strengthen Groupama's positions in France, and then improve its position internationally to rank amongst the top 10 insurers in Europe.

Groupama will continue to strengthen its size, primarily through international acquisitions, to allow the group to optimise its risk diversification, maintain a tighter grip on costs, and have a greater impact on market and industry conditions, with the ultimate aim of continuing to offer its members and clients better-performing services, while ensuring the group's soundness and long-term existence.

1.4.1 France

Groupama is the 1st insurer for personal health, farmers, and local authorities, the 2nd largest home insurer, and the 3rd largest motor, transport and business insurer, and it intends to further strengthen its position as leader in France.

Consequently, the Group wants to consolidate its positions in the strategic personal motor/home insurance markets and sharply accelerate its growth in individual and group insurance. Groupama also wants to invest more in the professional and SME/VSE markets, where it has strong competitive advantages, while strengthening its position as the 1st agricultural insurer. Lastly, the Group will continue to develop its personal banking product range in order to win new customers, and offer them value-added products.

Performance drivers: combining the group's power, capacity to innovate, and close-knit local networks

Groupama's objective is to gradually position itself as "the lead insurer" in the French market by focusing actively on several drivers:

- continual reinforcement of customer policy, with a finer segmentation of customers and their needs during their life cycle;
- product innovation and accelerated launches of new offerings;
- the development of services aimed more at positioning Groupama as a veritable "services integrator" than as an insurer/ indemnity payer;
- strengthening the group's two commercial brands.

Improving the group's performance will also require:

- improving the commercial productivity of our five distribution networks, together with the ongoing implementation of the customer relationship plan (for the regional mutuals), and the gradual withdrawal of administrative tasks from the branches to free up time for sales activities; our traditional networks (physical branches) will focus more on providing advice and selling value added services;
- gaining more urban customers in cities of over 100,000 people, by opening a hundred or more new branches and recruiting an additional 500 sales personnel, and by creating standing networks;
- developing new distribution channels to serve new clients by, first by promoting on-line sales, and second, by developing our partnerships, which accelerated in 2007 (partnership with Accor on employee savings plans, CEGID on accounting firms, etc.).

We should be able to leverage our size to continue and expand the cost cutting programmes that we have already begun. These cuts are applied in particular to IT expenses, which can be further reduced, cutting down on external charges (procurement and supplies) and streamlining our distribution methods, production management, and claims and services.

1.4.2 International

Ambitious international growth to create value

Over recent years, the Group has successfully redeployed its business lines internationally, focusing on major sites: business lines in Spain, the United Kingdom, Italy and Portugal now represent almost 80% of our international premium income. The Group is now also making advances in Hungary and Turkey, as well as in Vietnam and China in a more long-term perspective.

2007 will be remembered as a year of several international acquisitions, with the purchase of Nuova Tirrena in Italy (making Groupama Assicurazioni the 9th-largest non-life insurer in that country), BT Asigurari in Romania (No. 9 in non-life insurance and No. 12 in life), Phoenix in Greece (No. 2 in non-life insurance and No. 8 in life in 2005), and the broker Bollington in the United Kingdom. At the same time, its contribution to Group income, which was a loss of €124M in 2001, is now €151M in the black. Groupama seeks to accelerate its drive to become a global player to anticipate the emergence of a European insurance market, develop growth links, and benefit from a size effect with diversified risks. In this context, we have set ourselves two strategic objectives: strengthen Groupama's position in every country where it does business in order to improve its position in each market, and also gain a significant foothold in new countries, in particular in central and eastern Europe, which show the greatest potential.

Performance drivers: investment in distribution, synergies and new acquisitions

We have identified several key areas to leverage our expansion:

- invest in distribution for each of our subsidiaries: increase the number of branches, particularly in Spain, Italy and China; strengthen existing *bancassurance* agreements (in Portugal, Turkey, Spain, and the United Kingdom) and sign new agreements (in Spain, Italy, etc.); acquire brokerage firms (particularly in the United Kingdom), and more generally increase our subsidiaries' distribution capacity through partnerships (as in Hungary with Cora) and the use of direct sales via the Internet (Spain);
- capitalise on the Group's best practices in our international business lines: the Group's objective is to place greater emphasis on its major businesses — including agriculture, motor, health insurance, savings, etc. — so that the expertise we have developed can be beneficial for all of our subsidiaries. Economies of scale are achieved in business lines that are the most international by their nature: reinsurance, asset management, transport, etc.
- Pursue acquisitions of significant size, in accordance with specific criteria, consisting of:
  - investing in countries with high growth potential, especially countries in the Mediterranean basin and central and eastern Europe,
  - undertaking acquisitions to allow the group to position itself from the outset among the ten largest players in the market.

1.5 HUMAN RESOURCES

1.5.1 Social policy

At 31 December 2007, Groupama SA had 16,921 employees (10,661 in metropolitan France/ Overseas departments and territories and 6,260 abroad). Total workforce grew 22% (1% in metropolitan France/overseas departments and territories and 89% outside France). This growth was primarily fuelled by foreign acquisitions in 2007.

According to the Groupama SA decentralised organisation, each company manages its human resources and social policy as locally as possible, consistent with the Groupama's defined corporate action principles and guidelines.

In 2007, the companies in the scope of consolidation hired in France, 1,097 employees under indefinite-term agreements to strengthen their sales networks and customer relations platform, and to bolster their management and advisory teams (marketing, management control, actuarial, information technology, etc.): 19% of the new employees are under 26 years of age, 9% are transfers from other Group companies (104), and 11% are from the conversion of fixed-term agreements into indefinite-term agreements.

At the same time as these new hires, 1,024 employees left the group (of which 13% retired, 28% resigned, and 21% were laid off).

Training investments within the scope of consolidation totalled 6% of payroll.

These efforts covered all professional categories and constitute a major benefit for the development of business and managerial skills essential for the success of the projects undertaken by the Group.

In France, companies in the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 86% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and provident schemes, as well as the organisation and duration of work. The Group Work's Council and the European Work's Council are group-level social bodies.

Regarding the collective wage policy, profit-sharing measures have been implemented in all Group companies. To this end, in 2007, €30M was distributed to employees within the scope of consolidation. Moreover, two savings (PERE, company savings plan) and retirement (PERCO, collective plan) were created in 2007. 4,004 individuals joined the PERCO, for a total of €4M.

The group's identity is built on its action principles of responsibility, solidarity, and proximity, and consequently a player with strong convictions as an insurer, professional agricultural organisation, and employer.

It is in this spirit that the Group joined the UN Global Compact on 7 February 2007, and on 26 June 2007 the Diversity Charter (for the France scope of consolidation), and is participating in the corresponding action plans.

1.5.2 Group workforce

Change in the Groupama SA's workforce

(workforce on payroll at year-end)

The Group's scope of consolidation includes all the companies comprising it. The scope of consolidation contains 41 companies with a total workforce of 16,921 employees:

The following table corresponds to Note 51 of the notes to the consolidated financial statements for fiscal year 2007, as audited by the statutory auditors.

	2007			2006	2005
By No. of employees	**Insurance**	**Finance**	**Total**	**Total**	**Total**
France	9,599	1,062	10,661	10,574	10,460
Great Britain	1,535		1,535	1,207	767
Spain	916		916	875	764
Italy	940		940	396	397
Hungary	270		270	240	253
Greece	390		390		
Romania	1,591		1,591		
Other EU	105		105	114	108
Non-EU				530	30
Total	**15,859**	**1,062**	**16,921**	**13,936**	**12,779**

The change in workforce over the period is primarily related to the strategic development policy of acquiring international subsidiaries. The principal entities comprising the scope of consolidation in fiscal year 2007 affected workforce as follows:

- Nuova Tirrena: 540 employees
- Groupama Phoenix: 390 employees
- BT Asigurari: 1,591 employees
- English brokers: 441 employees

By number of employees	2007	2006	2005
Groupama SA	1,564	1,531	1,510
Registered offices and SAVs of subsidiaries with customer/network relations [1]	3,951	3,951	3,881
Sales forces of subsidiaries with customer/network relations [1]	2,011	2,045	2,120
Insurance / banking subsidiaries and departments in France	950	861	802
of which, Groupama Banque	*387*	*318*	*286*
Financial and real estate subsidiaries	666	629	619
Support companies (information technology, logistics)	1,519	1,557	1,528
Sub-Total France	**10,661**	**10,574**	**10,460**
International	6,260	3,362	2,319
TOTAL	**16,921**	**13,936**	**12,779**

(1) Gan Assurances IARD
Gan Assurances Vie
Gan Eurocourtage IARD
Gan Eurocourtage Vie
Gan Patrimoine
Gan Prévoyance
Groupama Transport
Gan Outre-Mer IARD

Total workforce for the France scope of consolidation was 10,661 employees at 31 December 2007, distributed as follows:

Distribution by gender	
Men	Women
48%	52%

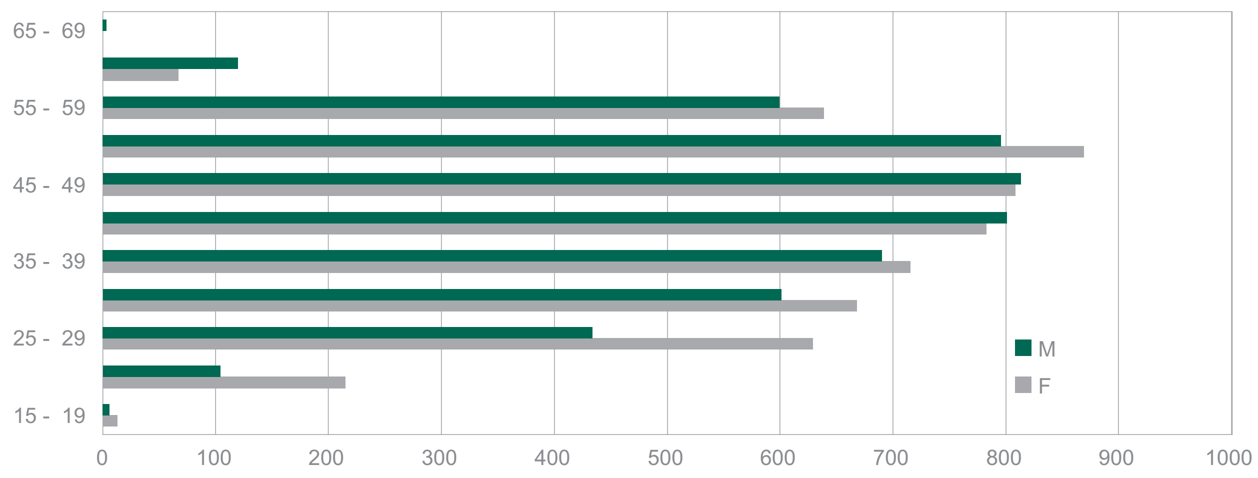
Distribution by policy type	
OEC*	FTC**
97%	3%

Distribution by type of status	
NA.	C
54%	46%

*OEC: open-end contracts
**FTC: fixed-term contracts

The age pyramid is broken down as follows:

Breakdown of workforce by age groups



1.5.3 Profit sharing and stock options

Groupama SA awarded no stock subscription or purchase options to officers or employees in fiscal year 2007. As of the date of filing of this registration document, there were no stock subscription or purchase options capable of being exercised.

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

1.5.4 Commitments to employees

1.5.4.1 PENSION SYSTEMS

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

Usually, entities in the scope of consolidation use the services of insurance companies internal to the Group: Groupama Vie, Gan Eurocourtage Vie. Reserves are then recognised in the financial statements of the scope of consolidation to cover this commitment. Sums received are invested in appropriate investments.

1.5.4.2 OTHER LONG TERM BENEFITS

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

- retirement benefits;
- seniority bonuses, and
- anniversary days.

2

THE GROUP'S BUSINESS LINES

2.1 ENVIRONMENT, MARKET TRENDS

In 2007, the entire French market experienced a slight decline, thus interrupting the strong growth trends of previous years (+12.2% in 2006 and +11.3% in 2005). Premium payments (direct business) were estimated at €195 billion, down 1.2%, a direct result of the decline in total life and health insurance premium income (−2%) and the increase in income from property and casualty insurance (+ 2%).

2.1.1 Life and health insurance

The premium income from life and health insurance (life, health, accident) totalled €151.5 billion, down 2%, after three consecutive years of double-digit growth. In life insurance and capitalisation, direct business premium payments were estimated at €136.4 billion in 2007, down 3% from the previous year. This decline results from an inversion of the yield curve (3-month rates higher than 10-year rates), thereby favouring household savings in short-term investments, and a less outflows from housing savings plans, thereby reducing transfers to life insurance. The total outstanding of these policies (total actuarial reserves and provisions for profit sharing) was €1,146.5 billion at year-end 2007, up 8% for the year.

Premiums paid for healthcare and accident policies rose to €15.1 billion in 2007, up 6%. This change is largely explained by the upward trend in all health expenses.

2.1.2 Property and casualty insurance

Premium income from property and casualty insurance continued to grow in 2007 (+ 2%), an increase slightly higher than that posted in 2006 (+ 1.9%). The change in the market for individuals (+ 1.3%) was stable compared to 2006, while the business market grew (+ 3%, compared to 2.6% in 2006). Premium income increased from professional property damage insurance (+ 2.3%), construction insurance (+ 8%), third-party liability insurance excluding motor (+ 6%), and multi-risk home policies (+ 5%). Conversely, in motor insurance, premium income slowed, given the decline in market rates. Claims expenses rose in 2007 (+ 3.5%) to a total of €31.2 billion, after a particularly mild year (– 0.8%). This change was largely due to the growth in motor insurance payments.

2.2 GROUPAMA, A MULTI-LINE AND MULTI-CHANNEL INSURANCE COMPANY

A multi-line insurance group member of a large mutual of agricultural origin, Groupama is an independent group, founded at the end of the 19th century by farmers. The expertise developed by the group through its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player in the field of insurance in France (Number 6 French multi-line insurer — Groupama estimate).

Following the acquisition of the French insurance group Gan in 1998, Groupama has dense complementary distribution networks over the entire French territory: 7,300 salaried salespersons of Groupama's regional mutuals, 1,000 multi-line insurance agents and 330 official representatives for Gan Assurances, 2,000 brokers regular partners of Gan Eurocourtage, the network of 650 Gan Patrimoine agents and the network of 1,400 Gan Prévoyance employees. Since each Group — Groupama and Gan — has its specific product and service lines, Groupama kept two separate brands on the national market — Groupama and Gan — and the group currently earns premium income under these two main brands.

Internationally, the group is present in high-potential geographic areas. It has operations mainly in Southern Europe. The Group also has operations in Central and Eastern Europe, as well as in Asia.

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

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

The Groupama network hinges on the regional and local mutuals which offer a complete range of property and health insurance to individuals, professionals, companies and local authorities and also distribute the products of some of Groupama SA's subsidiaries, namely life insurance products by Groupama Vie and banking products by Groupama Banque.

The Gan networks are structured around Gan Assurances, Gan Eurocourtage, Gan Prévoyance and Gan Patrimoine, subsidiaries of Groupama SA.

In 2007, Groupama SA reported total consolidated premium income of €12.1 billion (i.e., a + 2.2% increase from comparable data) including €11.8 billion in insurance premiums and €0.3 billion originating from asset management and other financial business lines.

Approximately 76% of Groupama SA's business is carried out in France.

The table below presents the composition of consolidated premium income:

M€	31.12.2007	31.12.2006	31.12.2005	Change 2007/2006 (1)
Property and Casualty insurance, France	3,557	3,495	3,543	+1.8%
Life and Health insurance, France	5,384	5,319	4,953	+1.2%
Sub-total France	**8,941**	**8,814**	**8,493**	**+1.4%**
Property and Casualty insurance, International	1,991	1,651	1,444	+3.5%
Life and Health insurance, International	841	690	549	–0.1%
Sub-total International	**2,832**	**2,341**	**1,993**	**+2.4%**
Discontinued activities (France and International)	10	43	70	–16.7%
Groupama Banque	46	38	39	+21.0%
Other financial business lines (2)	304	243	167	+25.1%
Total Groupama SA	**12,133**	**11,479**	**10,762**	**+2.2%**

(1) at a constant scope of consolidation, exchange rate, and accounting methodology

(2) see Chapter 2.7.

2.2.1 Network structure in France

The table below presents the structure of consolidated premium income by distribution network in France.

Million euros	31.12.2007	31.12.2006	31.12.2005	Change 2007/2006 (2)
Groupama SA	1,761	1,711	1,689	+2.9%
Groupama Vie	1,931	1,929	1,760	+0.1%
Gan Assurances	2,321	2,315	2,281	+0.3%
Gan Eurocourtage	1,472	1,407	1,358	+4.6%
Gan Prévoyance	498	476	454	+4.6%
Gan Patrimoine and its subsidiaries	591	575	573	+2.8%
Groupama Transport	278	314	300	–11.50%
Other specialised Group companies	89	87	78	+2.3%
Sub-total insurance (1)	**8,941**	**8,814**	**8,493**	**+1.4%**
Discontinued activities (3)	10	12	14	–16.70%
Groupama Banque	46	38	37	+21.0%
Other financial business lines (4)	304	243	168	+25.1%

(1) excluding discontinued business lines.

(2) at a constant scope of consolidation, exchange rate, and accounting methodology

(3) see Chapter 5.1.

(4) see Chapter 2.7.

2.2.1.1 THE GROUPAMA NETWORK

The Groupama network includes regional and local mutuals.

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

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

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

Acceptances by Groupama SA from the regional mutuals in 2007 rose to €1,731 million. The distribution by regional mutuals of life and savings-pension products (Groupama Vie) in 2007 totalled €1,795 million.

2.2.1.2 THE GAN NETWORKS

a) Gan Assurances

Backed by more than 1,000 insurance agents, 2,000 employees in insurance agencies, and 330 representatives, Gan Assurances offers a wide range of policies and services adapted to the needs of individuals, professionals and companies: motor, housing, health, provident insurance, savings, retirement, investments and professional coverage. Gan Assurances, the 5th largest network of insurance agents in France (Groupama 2006 estimate), earned premium income of €2,321 million, representing 26% of total insurance income in France, and consists of two distinct legal entities:

- Gan Assurances IARD, which specialises in property and casualty insurance business lines, with premium income of €1,061 million in 2007;
- and Gan Assurances Vie, specialising in life and health insurance, with premium income of €1,260 million as at 31 December 2007.

b) Gan Eurocourtage

Gan Eurocourtage is the third largest brokerage company in France (Groupama estimate 2006) and is developing its expertise in all areas of insurance, working in close collaboration with more than 2,000 brokers. Its product offerings address the needs of individuals, professionals, very small, and small and medium enterprises, as well as group insurance needs. Gan Eurocourtage earned premium income of €1,472 million, representing 16.5% of insurance income in France, and consists of two legal entities:

- Gan Eurocourtage IARD, which specialises in property and casualty insurance, with premium income of €833 million as at 31 December 2007;
- and Gan Eurocourtage Vie, specialising in group life and health insurance, with premium income of €639 million in 2007.

c) Gan Prévoyance

Gan Prévoyance offers provident insurance, retirement, health and savings products through a network of 1,400 salaried sales people. Gan Prévoyance posted premium income of €498 million at 31 December 2007, representing 5.6% of total insurance income in France.

d) Gan Patrimoine

Gan Patrimoine specialises in savings-life and retirement products and to a lesser extent in provident insurance; it offers its products through a network of more than 650 agents. The premium income of Gan Patrimoine and its subsidiaries (Caisse Fraternelle Vie and Caisse Fraternelle Épargne) were €591 million at 31 December 2007, representing 6.6% of total insurance income in France.

2.3 PROPERTY AND CASUALTY INSURANCE (FRANCE)

2.3.1 Motor Insurance

The group, as the 3rd largest insurer on this market in France (source: Argus de l'Assurance, 2006 data) insures 3,781,000 passenger cars excluding fleets(*). In 2007, as a result of its competitive repositioning in tariffs, Groupama SA posted a slight increase in its passenger car portfolio (excluding business cars), of 8,000 vehicles(*).

2.3.2 Multi-risk home insurance

The group is the 2nd largest insurer in this market in France (source: Argus de l'Assurance, 2006 data) with approximately 3.5 million insured homes(*). In a very competitive environment, in 2007 Groupama SA maintained its portfolio in this area.

2.3.3 Services

2.3.3.1 ASSISTANCE, REMOTE SURVEILLANCE, REMOTE ALARMS

Carried by Mutuaide Assistance, which has operations in all the assistance businesses (automobile breakdown assistance, medical repatriation, travel insurance, home help) this activity ranks the group 6th on this market in France — source: *Federation Française des Sociétés d'Assurances*, data 2006). Premium income was €31 million at 31 December 2007. The leading business line continues to be motor assistance, followed by call rerouting, home assistance, and personal travel insurance.

The remote surveillance services provided by Activeille (property security) and remote assistance provided by Présence Verte (personal security) are gradually gaining strength.

(*) Number of policies or vehicles insured directly or indirectly (through the reinsurance convention).

2.3.3.2 INDIVIDUAL SERVICE — FOURMI VERTE

The Fourmi Verte brand is the result of a partnership with MSA and *Familles Rurales*. By offering to its clients all home services included in the Borloo plan, from childcare to ironing, gardening or computer assistance, Fourmi Verte, which became operational in February 2006, continued its development in 2007.

2.3.3.3 LEGAL PROTECTION

In 2007, Groupama SA strengthened its leading position in France (source: *Federation Française des Sociétés d'Assurances*, data 2006) in the field of legal protection, a coverage managed by the regional mutuals on the one hand and Groupama Protection Juridique (a subsidiary of Groupama SA) on the other hand. Through this guarantee, Groupama provides support to insured, whether individual or professional, facing conflicting situations, by assisting them in enforcing their rights and by assuming the corresponding expenses.

The premium income of Groupama Protection Juridique has again grown significantly to €36M, i.e., + 16%, while this market grew by half that in France.

2.3.3.4 CREDIT INSURANCE

Groupama Assurance Crédit is the group's specialist in credit insurance, business litigation coverage, legal collections, and guarantees; it commercialises its products through the Groupama and Gan networks. Groupama Assurance Crédit's products are sold through the regional mutuals, Gan Assurances agents and through brokers. Its premium income totalled €25 million at 31 December 2007.

2.3.4 Agricultural insurance

The group, an undisputed leader in this market in France (source: *Fédération Française des Sociétés d'Assurances*, data 2006) saw its activity increase in 2007, specifically through the strong development of insurance covering crop weather risk (+10% in terms of premium income in 2007). The group continued to deploy its weather multi-risk offering, a unique product in the market with a very complete range.

2007 was also characterised by a turnaround in the "tractors and agricultural equipment" market.

2.3.5 Professional insurance

This category includes craftspeople, traders, professionals, and company executives. Largely dominated by multi-line insurance agents, followed by the mutuals and the brokers, this is a highly-coveted and profitable market. The group once again affirmed its positioning in the fields of food and retail trade and service business lines.

2.3.6 Insurance for local authorities

As the largest property insurer (Groupama 2006 estimate) in this market regulated by the *Code des Marchés Publics*, with a market share estimated at 24% (Groupama 2006 estimate), the group has continued to develop its partnership with the local government financing specialist, Dexia, allowing it to assist local authorities in their risk and investment issues. The Group's premium income (non-life and life insurance) is increasing.

In addition, in November 2007 the Group signed a partnership with Predict Services to assist local authorities in their flood risk management issues.

2.3.7 Commercial insurance

Although premium income from commercial property damage declined slightly (continuing down cycle), the Group strengthened its positions in motor insurance with premium income growing faster than the market. In 2007, the regional mutuals enhanced their professional conduct by technical and commercial aspects of their operation.

2.3.8 Marine and transport insurance

A benchmark player on the French marine and transport insurance market (the 3rd largest player on the French market — source: *Fédération Française des Sociétés d'Assurance*, 2006 data), Groupama Transport offers "made-to-measure" policies for all aspects of the business (transporters, logistics, ship-owners, fishing, pleasure craft, ports, inland waterways and aviation). Its premium income totalled €278 million in 2007. Marine insurance contributed a total of €206 million and aviation €72 million, through holdings in the La Réunion Aérienne and La Réunion Spatiale pools.

2.4 LIFE AND HEALTH INSURANCE (FRANCE)

2.4.1 Personal health insurance

The group strengthened its position in this market in 2007 as the number-one insurer in the field of supplementary personal health insurance in 2007 (source: *Federation Française des Sociétés d'Assurances*, 2006 data — excluding the mutuals known as "45"). Under the reform of the healthcare systems, the mandatory schemes tend to focus on heavy risks, such as hospital or long-term illnesses, transferring to the supplementary insurance schemes all outpatient reimbursements. The policies portfolio[*] increased by 1.4%,

[*] Number of policies or vehicles insured directly or indirectly (through the reinsurance convention).

i.e., a net gain of 16,000 policies(*). As at 31 December 2007, more than 1.1 million policies(*) were active.

2.4.2 Provident, retirement, personal life insurance

The Group posted an increase in its premium income of 0.8% (around €3 billion) from personal retirement savings, in a life and capitalisation market in France that experienced an overall decline of 4.0% at year-end 2007.

On the personal provident insurance market, the group continues to be the benchmark player in an increasingly competitive market. The growth in its premium income was given a boost mainly by the strong development of the non-occupational accident insurance (GAV) segment. With a net gain of 43,000 businesses(*) and 285,000 policies(*) on the inventory, the portfolio rose 18% compared to 2006.

The Group entered into a pension savings partnership with Réunica in November 2007, specifically for the creation of the joint venture Réunima, held in equal parts by Groupama SA and Réunica, and reporting to them, for Réunica Mutuelle to promote Groupama offerings through the Réunica Mutuelle group agents.

2.4.3 Group insurance

The group is a major player in the field of group insurance; it offers a broad range of health care, retirement and provident insurance products to companies and namely to very-small sized and small and medium sized companies. In the field of retirement insurance, the group in 2007 significantly outperformed the market. The development strategy of Gan Eurocourtage Vie and Groupama Vie enabled it to strengthen their major account positions. For the very-small sized company target, Gan Assurances Vie reinforced its market legitimacy and is positioned as a specialist. In addition, the regional mutuals are building up their strength in the field of group insurance. They are now based on a range of improved products that are part of a global retirement, provident and health insurance offer.

The partnership entered into with Réunica in November 2007 also applies to group health products, employee savings products, and group retirement products, through the joint creation of Réunima.

2.5 INTERNATIONAL INSURANCE

International growth today represents a major line in the group's strategy, namely for purposes of diversifying its risks and premium income.

International insurance business lines totalled €2.8 billion in 2007, an increase, excluding discontinued business lines, of +21.0% (+2.4% on a constant scope of consolidation basis).

The growth trend continued, particularly in Spain and Turkey.

2007 saw the operational integration of the insurance company Phoenix Metrolife in Greece (acquired June 2007) and the insurance company Nuova Tirrena in Italy, which joined the scope of consolidation on 1 November 2007.

Property and casualty insurance premiums totalled €1,989 million. In life and health insurance, premium income totalled €843 million.

Income (in millions of euros)	31.12.2007	31.12.2006	31.12.2005	Change 2007/2006 (3)
International insurance	**2,832**	**2,372**	**2,049**	**+2.4%**
Great Britain	597	605	504	−1.0%
Spain	870	790	707	+10.1%
Italy (1)(*)	701	543	544	+0.9%
Turkey (2)	383	157		+7.3%
Other countries	281	246	238	−12.2%
Insurance sub-total (3)	**2,832**	**2,341**	**1,993**	**+2.4%**
Discontinued business lines (4)	0	31	56	NA

(1) including Nuova Tirrena at 1 November 2007
(2) consolidated entity at 30 June 2006
(3) at a constant scope of consolidation, exchange rate, and accounting methodology
(4) see Chapter 5.1.
(5) excluding discontinued business lines

(*) Number of policies or vehicles insured directly or indirectly (through the reinsurance convention).

2.5.1 Great Britain

Groupama Insurances distributes its products through brokers and intermediaries to the individual and small and medium size business markets. Groupama Insurances is ranked 19th in the United Kingdom (Source: ABI, 2006) with premium income of €597 million at 31 December 2007.

Premium income from property and casualty insurance totalled €461 million, of which €262 million was from motor insurance and €79 million from MRH.

Life and health insurance activity totalled €136 million, primarily from group branches (€106 million).

After the acquisition of Carole Nash in 2006, Groupama Insurances continued its strategy of external growth by accelerating its distribution investments:

- in two new mid-sized brokerage firms: Bollington Group, located in southern England and specialising in small- and medium-sized business and group insurance, and Lark, based in southeast England and specialising in small- and medium-sized risks;
- in a broker in the Insured Risks line, which is now a wholly-owned Groupama company

In 2007, the subsidiary also took over the group of insurers operating under the broker Castle Cover, specialising in senior insurance (MRH, motor, travel, etc.), and the group of Uinsure partners, an online intermediary that offers brokers a complete and flexible range of multi-risk housing guarantees.

2.5.2 Spain

In a very competitive environment, premium income from Groupama Seguros totalled €870 million, up 10.1%. Groupama Seguros is thus ranked 11th in the property insurance market, and 31st in life (Source: ICEA, 2006).

In property and casualty insurance, the premium income of €693 million was up 5.2%, basically from portfolio growth (+6.3 by quantity). All segments benefited from this effect. Fiscal year 2007 was marked by the start-up of motor insurance sales by internet (Clickseguros).

Growth in life and health insurance business lines was further accelerated by an increase of 32.6% to a total of €187 million at 31 December 2007. The change was particularly significant in personal savings and personal health.

2.5.3 Italy

The subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena are active in the non-life insurance market and are growing in the savings and retirement segments of the life sector. Premium income at €701 million was posted at 31 December 2007. This amount includes the two months of activity of Nuova Tirrena, which was included in the scope of consolidation at 1 November 2007.

The acquisition of the Italian insurance company Nuova Tirrena from the Generali group in August 2007 was the largest deal undertaken by the group since 1998. It allowed it to increase its international premium income by 30% and to be ranked among the ten largest Italian non-life insurance companies. The distribution network was thus significantly expanded with a network that grew from 390 agencies at year-end 2006 to over 800 agencies at year-end 2007.

In 2007, Groupama Assicurazioni placed specific emphasis on improving its productivity by developing online services, strengthening its customer policy, enhancing its partnerships in bancassurance for life insurance, and penetrating the agricultural market.

In property and casualty insurance, premium income of €441 million increased by 2.3% thanks to growth in all segments. Motor insurance generated premium income of €338 million, commercial damage €45 million, and housing €31 million.

In life and health insurance, premium income totalled €260 million at 31 December 2007. Personal retirement savings totalled €161 million and grew 5.2%, specifically through development of the UC policies activity. The provident and personal health branches (€47 million and €10 million, respectively) also experienced favourable growth, of 3.3% and 1.2%, respectively.

Also notable was the growth of the financial subsidiary Groupama SIM, based specifically on the 21 Groupama Asset Management funds distributable in Italy.

2.5.4 Portugal

The Groupama Seguros subsidiaries in Portugal offer general insurance products distributed by networks of agents and intermediaries (bancassurance). Premium income earned in 2007 totalled €84 million, with particular strength in group health insurance.

Groupama Seguros is ranked 18th in the property market and 14th in the Portuguese life market (Source: APS, 2006).

The premium income of the Groupama Seguros de Vida life subsidiary totalled €66.1 million in a very competitive Portuguese market. To stimulate sales, in the second half the subsidiary entered into two insurance distribution agreements with new banking partners: Big, for the distribution of life policies in account and mortgage loan units, and Credifin, for the sale of personal retirement and non-life insurance products.

In non-life insurance, in a stagnant market, Groupama Seguros collected over €17.7 million in premiums, up more than 10%, thanks primarily to the labour accident, individual fire, and health sectors.

2.5.5 Greece

In a high-potential market, Groupama acquired in June 2007, Phoenix Metrolife Emporiki, which is ranked 2nd in the property market and 8th in the Greek life market (Source: Hellenic Association of Insurance Companies, 2006).

2nd half 2007 premium income totalled €72 million.

The acquisition was finalised with the appointment of a new CEO and a team of French employees, who specifically implemented a plan of voluntary departures to absorb excess headcount and streamline the organisation of the central structures. In the second half, simultaneously with the change of brand, as Phoenix Metrolife became Groupama Phoenix, it developed a new sales strategy and adapted the products accordingly.

2.5.6 Turkey

After acquiring the Basak group in May 2006, and purchasing shares from minority shareholders in the first quarter of 2007, Groupama became the holder of the number one Turkish agents network (Source: Association of Turkish Insurers and Reinsurers, 2006 data).

Groupama is the 6th-largest insurance company in the Turkish market (source Economic Foreign Relations Office, 2006 data), and is ranked 2nd in life insurance and 8th in property insurance (source Economic Foreign Relations Office, data 2006).

The activity of the Basak subsidiaries had grown +7.3% at 31 December 2007, to €383 million. Life and health insurance increased 14.9%. Growth in property and casualty insurance (+2.7%) resulted primarily from the motor accident and housing sectors.

The change of company brand that occurred in June, when Basak became Basak Groupama, was accompanied by external communications in the domestic major media, as well as by changes in signage for the administrative buildings and agencies.

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

2.5.7 Hungary

Groupama Biztosito distributes its generalist insurance products through a network of agents and brokers. Premium income of €41 million represented an increase of 2.5%. Groupama is ranked 12th in the Hungarian market, 7th in the property market and 18th in the life market (Source: MABISZ, Association of Hungarian Companies, 2007).

In life and health insurance, premium income increased +15%. Since 1 April 2007, Groupama Biztosito has been marketing a new life product combined with a bank loan, known as Tandem. This insurance guarantees the payment of long-term loans and includes optional accident and health coverage.

In property and casualty insurance, premium income increased 2%. The development of partnerships with Renault Crédit and Erste Leasing was the source of the growth in motor accidents (+4.0%). The Hungarian subsidiary entered into a distribution agreement with one of the national leaders in the real estate sector, Duna House. This partnership covers the sale of Groupama Biztosito's new MRH product through the real estate company's network of franchises, consisting of 77 agencies distributed throughout Hungarian territory.

2.5.8 Overseas

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €84 million at 31 December 2007.

Premium income grew 10.5% in 2007, with a particularly high rate in the Pacific (+14% to €48 million), especially in life and health insurance. This region represents more than half (57%) of all premiums collected by the subsidiary. In the Antilles, premium income totalled €36 million.

2.5.9 China/Vietnam

The Group is active in Asia through a non-life branch in the Chinese province of Sichuan, and a non-life subsidiary in Vietnam. These deals currently represent marginal premium income.

After having gained a foothold in the market in 2006, the Chinese branch adjusted its product offering, reorganised its sales network, and strengthened its banking partnerships. Following the suspension of the underwriting of agricultural risks in 2007, Groupama's production was effectively reoriented toward industrial multi-risk policies for SMEs and individual health insurance.

Distribution agreements with Banque Agricole du Vietnam were reactivated and the partnership with HSBC allowed Groupama Vietnam General to post its first encouraging results.

2.6 GROUPAMA BANQUE

Groupama Banque is the group's retail banking arm, and is 80%-held by Groupama SA and 20%-held by Société Générale. It provides management for bank offerings marketed by the network of regional mutuals, Gan Assurance, and Gan Patrimoine.

Groupama Banque had 425,000 customers at the end of 2007 (+ 68,000 customers), corresponding to 276,000 accounts (+ 16%, i.e., a gain of 38,000 accounts).

Totalling €849 million, deposits outstanding increased nearly 10%. Total consumer and real estate loans outstanding practically doubled to €301 million at year-end 2007. We note the good results from remote sales, with a number of sales that practically quadrupled from the previous year.

This buoyancy was felt in the growth in premium income which was €46 million at the end of 2007 and in that of net banking income (+51.1%).

2.7 OTHER FINANCIAL SERVICES

2.7.1 Groupama Epargne Salariale

Groupama Epargne Salariale is the group subsidiary dedicated to employee savings. It designs products, manages policies and coordinates commercial activity. Its offer is predominantly distributed by the regional mutuals, Gan Assurances and Gan Eurocourtage. Total deposits increased significantly in 2007 (+71.1%) to €144 million, and the amount outstanding under management totalled €687 million at 31 December 2007.

2007 was marked by the partnership of Groupama and Accor Services to develop the Ticket Tesorus®, a novel employee savings solution for SMEs, combining simplicity, transparency, and high performance. Groupama Épargne Salariale also provides account management for the Accor group. Groupama Épargne Salariale is continuing its policy of growth in the pensions market with PERCO, the group pension scheme.

2.7.2 Groupama Asset Management

Asset management has become a business in its own right within the group. Groupama Asset Management, the subsidiary specialising in this activity, continued to grow in 2007 and was ranked the 6th-largest French management company in the AFG classification.

Groupama Asset Management premium income increased 17.1% over 2006. Its assets under management rose 11.3% to €88 billion, €12.8 billion of which were for third parties (+ 4.8%). At end-2007, bonds represented 54% of assets under management, compared to 20% for equities and 10% for diversified and alternative management, with the balance in money market instruments (16%), a sector that experienced a clear upswing.

Groupama Asset Management posted good performance in terms of management support and received several awards during the year, specifically the Lipper France Fund Awards and the 1st Eurofund European grand prize for the best management company in its class, for the second year in a row.

In 2007, Groupama Asset Management assumed operational implementation of Groupama Fund Pickers, a subsidiary specialising in multi-management, taking over from Groupama Alternative AM. Total assets under management totalled nearly €1.3 billion.

The subsidiary also contributed to the Group's growth in Europe, specifically in Italy, by bidding in tenders, and in Spain by signing distribution agreements with banks.

2.7.3 Groupama Immobilier

The core businesses of Groupama Immobilier revolve around appreciation of assets under management, the administrative and financial management of leases, and an advisory role for companies of the group and for outside clients. Groupama Immobilier generated €214 million in gross premium income in 2007. The contribution to Group Income was €29 million at year-end 2007.

At year-end 2007, Groupama Immobilier directly managed floor space of 700,000 m2, with a total value of €4.6 billion.

Groupama Immobilier ensures the security of Groupama real estate activity by firm management of all kinds of risk, and by setting high internal control standards; it obtained a renewal of its ISO 9001-2000 certification.

2.7.4 Banque Finama

Banque Finama processes all banking transactions and serves as custodian for the investment portfolios of the group. It also develops its own customer base, namely in relation to wealth management. In its desire to meet the needs of its clients, the subsidiary places the improvement of the quality of its services and of its profitability at the heart of its strategy. Its product offering is continuously enhanced for that purpose.

In 2007, Banque Finama posted sharply higher premium income (+28.9%) at €143 million, and net banking income of €36 million. This growth is largely explained by the increase in assets under management +8.9%); one of the growth drivers was the increase in the mutual fund assets under management, which rose from €10 billion in 2007 to a total of €43 billion. The increase in payment media transactions was also significant.

2.7.5 Finama Private Equity

Finama Private Equity is a Groupama subsidiary which specialises in the management of unlisted assets on behalf of third parties. It continued to grow in 2007 with the creation of 5 new funds and a net increase in assets under management in 2007, by €460 million. At year-end 2007, assets under management totalled €1.6 billion, up 42%. Premium income increased by 70%, to €13.9 million.

The Fund of Funds line — Quartilium — saw its assets under management increase by nearly 40%, to €1.2 billion. The Direct line also grew sharply, with Acto Capital doubling its assets under management with the creation of the Acto II fund and a new co-investment fund, while Acto Mezzanine saw its underwritings double during the year.

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 Board of Directors as at 31 December 2007

Chairman:

- Jean-Luc Baucherel

Vice Chairman:

- Jean-Luc Wibratte

Directors:

Representing the controlling shareholder:

- Francis Aussat
- Jean Baligand
- Claude Bartholomeis
- Michel Baylet
- Amaury Cornut Chauvinc(*)
- Robert Drouet
- Michel Habig
- Solange Longuet
- Jean-Luc Viet

Independent, outside directors:

- Frédéric Lemoine
- Jean Salmon
- Philippe Vassor

Employee representatives:

- Henri Durand
- Christian Garin

Works Council representatives:

- Eric Balfourier

Secretary of the Board:

- Christian Collin

Prior to 18 December 2003, the company was administered by a Management Board whose members were appointed by the Supervisory Board.

(*) Coopted at the 30 May 2007 Board of Directors meeting with ratification subject to approval by the 28 May 2008 shareholders' meeting.

3.1.2 Terms held by the directors

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

JEAN-LUC BAUCHEREL
Date of birth: 21 October 1951

BUSINESS ADDRESS

Groupama Loire Bretagne
23, boulevard de Solférino
CS 51209
35012 Rennes cedex

MAIN POSITION IN THE COMPANY

Jean-Luc Baucherel has been a director since 18 December 2003 and Chairman of the Board of Directors since 26 August 2004. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

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

CURRENT TERMS OF OFFICE

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

OFFICES HELD FROM 2003 TO 2007 FOR WHICH MR. BAUCHEREL IS NO LONGER THE PERMANENT OFFICER

▪ Gan Assurances Vie	Member of the Supervisory Board (end of term 27 November 2003
▪ Gan Patrimoine	Director (end of term 5 October 2004)
▪ Gan Prévoyance	Chairman of the Supervisory Board (end of term 17 September 2003)
▪ Groupama Assurances et Services	Member of the Supervisory Board (end of term 25 June 2003)
▪ Groupama Banque	Member of the Supervisory Board (end of term 1 March 2005)
▪ Groupama International	Member of the Supervisory Board (end of term 17 December 2003), then Director (end of term 11 July 2006)
▪ Groupama Plus Ultra	Director (end of term 10 December 2004)
▪ Groupama S.A.	Member of the Supervisory Board (end of term 22 October 2003), then vice-Chairman of the Supervisory Board (end of term 18 December 2003), then vice-Chairman of the Board of Directors (end of term 19 August 2004)
▪ Groupama Vie	Chairman of the Supervisory Board (end of term 26 November 2003), then Chairman of the Board of Directors (end of term 5 October 2004)
▪ Minster Insurance Company Limited	Director (end of term 13 February 2004)

JEAN-LUC WIBRATTE
Date of birth: 28 August 1952

BUSINESS ADDRESS

Groupama Grand Est
30, boulevard de Champagne
BP 97830
21078 Dijon cedex

MAIN POSITIONS IN THE COMPANY

Jean-Luc Wibratte has been a director since 18 December 2003 and Vice-Chairman of the Board of Directors since 26 August 2004. His term expires after the shareholders' meeting convened to approve the accounts for the year 2008.

He is also a member of the Audit and Accounts Committee, the Compensation and Appointments Committee and the Agreements Committee.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

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

CURRENT TERMS OF OFFICE

Banque Finama	Chairman of the Supervisory Board	Since 26 September 2001
Groupama Asset Management	Vice-Chairman of the Board of Directors	Since 13 June 2005
Groupama Banque	Chairman of the Supervisory Board	Since 27 December 2001
Groupama Holding	Vice-Chairman of the Board of Directors	Since 18 December 2003
Groupama Holding 2	Vice-Chairman of the Board of Directors	Since 18 December 2003
Groupama Immobilier	Vice-Chairman of the Board of Directors	Since 21 June 2005
Groupama Vie	Director	Since 26 November 2003
SCI du Château Cap de Fouste	Chairman of the Supervisory Board	Since 14 June 2007
SCI du Domaine de Nalys	Chairman of the Board of Directors	Since 27 April 2005

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. WIBRATTE

Gan Assurances IARD	Director (end of term 8 March 2006)
Gan Assurances Vie	Member of the Supervisory Board (end of term 27 November 2003), then Director (end of term 8 March 2006)
Groupama Asset Management	Vice-Chairman of the Supervisory Board (end of term 13 June 2005)
Groupama Assurances et Services	Member of the Supervisory Board (end of term 25 June 2003)
Groupama Holding 2	Chairman of the Board of Directors (end of term 18 December 2003)
Groupama Immobilier	Member of the Supervisory Board (end of term 27 November 2003, then Vice-Chairman of the Supervisory Board (end of term 21 June 2005)
Groupama International	Member of the Supervisory Board (end of term 17 December 2003), then Director (end of term 11 July 2006)
Groupama SA	Member of the Supervisory Board (end of term 18 December 2003)
Groupama Vie	Member of the Supervisory Board (end of term 26 November 2003)

BUSINESS
ADDRESS

Groupama d'Oc
20, boulevard Carnot
31071 Toulouse cedex

FRANCIS AUSSAT

Date of birth: 24 October 1950

MAIN POSITION IN THE COMPANY

Francis Aussat has been a director since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

He is also Chairman of the Compensation and Appointments Committee.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Chief Operating Officer Deputy of Fédération Nationale Groupama
- Chairman of Groupama d'Oc

CURRENT TERMS OF OFFICE

▪ Gan Assurances IARD	Director	Since 27 November 2003
▪ Gan Assurances Vie	Chairman of the Board of Directors	Since 27 November 2003
▪ Groupama Holding:	Director	Since 18 December 2003
▪ Groupama Holding 2	Director	Since 18 December 2003
▪ SCI du Château Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
▪ SCI du Domaine de Nalys	Director	Since 27 April 2005

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. AUSSAT

▪ Gan Assurances Vie	Chairman of the Supervisory Board (end of term 27 November 2003)
▪ Groupama Assurances et Services	Vice-Chairman of the Supervisory Board (end of term 25 June 2003)
▪ Groupama International	Member of the Supervisory Board (end of term 17 December 2003), then Director (end of term 11 July 2006)
▪ Groupama S.A.	Member of the Supervisory Board (end of term 18 December 2003)

JEAN BALIGAND
Date of birth: 7 April 1950

BUSINESS ADDRESS

Groupama Rhône-Alpes-Auvergne
50, rue de Saint Cyr
69251 Lyon cedex 9

MAIN POSITION IN THE COMPANY

Jean Baligand has been a director since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year ended 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

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

TERMS CURRENTLY HELD

Groupama Holding	Director	Since 18 December 2003
Groupama Holding 2	Director	Since 18 December 2003
Groupama Vie	Chairman of the Board of Directors	Since 5 October 2004

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. BALIGAND

Caisse Centrale de Réassurance	Director (end of term 18 August 2004)
Gan Patrimoine	Director (end of term 16 February 2005)
Groupama Assurances et Services	Chairman of the Supervisory Board (end of term 25 June 2003)
Groupama Holding	Chairman of the Board of Directors (end of term 22 September 2004)
Groupama Holding 2	Chairman of the Board of Directors (end of term 22 September 2004)
Groupama International	Chairman of the Supervisory Board (end of term 17 December 2003), then Chairman of the Board of Directors (end of term 18 August 2004), then Director (end of term le 11 July 2006)
Groupama S.A.	Chairman of the Supervisory Board (end of term 18 December 2003), then Chairman of the Board of Directors (end of term 19 August 2004)
Société Commerciale de Réassurance (SCOR)	Vice-Chairman of the Board of Directors (end of term 9 November 2004)

CLAUDE BARTHOLOMEIS

Date of birth: 15 June 1943

BUSINESS ADDRESS

Groupama Alpes Méditerranée
24, parc du Golf
BP 10359
13799 Aix en Provence cedex 3

MAIN POSITION IN THE COMPANY

Claude Bartholomeis has been a director since 15 January 2007. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Director, Member of the Executive Board [Bureau] of Fédération Nationale Groupama
- Chairman of Groupama Alpes Méditerrannée

TERMS CURRENTLY HELD

▪ Groupama Holding	Adviser	Since 14 March 2007
▪ Groupama Holding 2	Adviser	Since 14 March 2007
▪ Groupama Vie	Director	Since 7 March 2007
▪ SCI du Château Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
▪ SCI du Domaine de Nalys	Director	Since 16 February 2007
▪ Groupama Assicurazioni Spa	Director	Since 1 March 2007
▪ Groupama Vita Spa	Director	Since 1 March 2007
▪ Nuova Tirrena	Director	Since 31 October 2007

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. BARTHOLOMEIS

None

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

Groupama Centre-Altantique
2, avenue de Limoges
BP 8527
79044 Niort cedex 9

MAIN POSITIONS IN THE COMPANY

Michel Baylet has been a director since 29 June 2006. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

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

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

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

CURRENT TERMS OF OFFICE

▪ Gan Patrimoine	Director	Since 8 March 2005
▪ Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
▪ Groupama Holding	Director	Since 29 June 2006
▪ Groupama Holding 2	Director	Since 29 June 2006
▪ SCA du Château d'Agassac	Chairman of the Supervisory Board	Since 8 September 2006
▪ Centaure Centre-Altantique	Director	Since 15 June 2006

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. BAYLET

None

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

Groupama Sud
Maison de l'Agriculture
Bâtiment 2
Place Chaptal
31261 Montpellier cedex 2

MAIN POSITION IN THE COMPANY

Amaury Cornut-Chauvinc has been a director since 30 May 2007. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Sud

TERMS CURRENTLY HELD

▪ Groupama Holding:	Director	Since 17 October 2007
▪ Groupama Holding 2	Director	Since 17 October 2007
▪ Mutuaide Assistance	Chairman of the Board of Directors	Since 11 July 2007
▪ SCI du Château Cap de Fouste	Member of the Supervisory Board	Since 14 June 2007
▪ SCI du Domaine de Nalys	Director	Since 1 June 1999
▪ Groupama Insurance Company Limited	Director	Since 24 May 2005
▪ Groupama Assurance-Crédit	Permanent Representative of Groupama Sud, Director	Since 26 May 2005
▪ Cave de Tain l'Hermitage	Chairman of the Board of Directors	Since 27 February 2000
▪ Paysan du Midi	Director	Since 6 June 2007
▪ Société du Journal Midi Libre	Permanent Representative of Groupama Sud, Member of the Supervisory Board	Since 19 October 2007

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. CORNUT-CHAUVINC

▪ Groupama Transport	Director (end of term 9 October 2007)

ROBERT DROUET
Date of birth: 9 June 1944

BUSINESS ADDRESS

Groupama Centre Manche
35, quai de Juillet
BP 169
14010 Caen cedex 1

MAIN POSITIONS IN THE COMPANY

Robert Drouet has been a director since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

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

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Deputy Chief Operating Officer of la Fédération Nationale Groupama
- Chairman of Groupama Centre Manche

CURRENT TERMS OF OFFICE

Gan Patrimoine	Chairman of the Board of Directors	Since 28 November 2003
Gan Prévoyance	Director	Since 10 January 2005
Groupama Assurance-Crédit	Director	Since 20 November 2000
Groupama Holding	Director	Since 18 December 2003
Groupama Holding 2	Director	Since 18 December 2003
Groupama Transport	Director	Since 27 November 2003
	Chairman of the Board of Directors	Since 30 May 2007
SCA du Château d'Agassac	Member of the Supervisory Board	Since 13 January 2006

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. DROUET

Centaure Paris Normandie	Chairman (end of term 4 February 2005)
Gan Patrimoine	Chairman of the Supervisory Board (end of term 28 November 2003)
Gan Prévoyance	Chairman of the Board of Directors (end of term 11 July 2006)
Groupama Assurances et Services	Member of the Supervisory Board (end of term 25 June 2003)
Groupama International	Member of the Supervisory Board (end of term 17 December 2003), then Director (end of term 11 July 2006)
Groupama S.A.	Member of the Supervisory Board (end of term 18 December 2003)
Groupama Transport	Vice-Chairman of the Supervisory Board (end of term 27 November 2003)
Mutuaide Assistance	Member of the Supervisory Board (end of term 17 December 2003)
SAFER Haute Normandie	Chairman & CEO (end of term 28 April 2006)

BUSINESS
ADDRESS

Groupama Alsace
101, route de Hausbergen
BP 30014 -Schiltigheim
67012 Strasbourg cedex 1

MICHEL HABIG

Date of birth: 16 February 1947

MAIN POSITION IN THE COMPANY

Michel Habig has been a director since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Director Member of the Executive Board of Fédération Nationale Groupama
- Chairman of Groupama Alsace

TERMS CURRENTLY HELD

Gan Patrimoine	Director	Since 28 November 2003
Gan Prévoyance	Director	Since 28 November 2003
Groupama Holding	Adviser	Since 18 December 2003
Groupama Holding 2	Adviser	Since 18 December 2003
Groupama Insurance Company Limited	Director	Since 29 December 2003

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. HABIG

Gan Assurances Vie	Member of the Supervisory Board(end of term 27 November 2003)
Groupama Assurances et Services	Adviser (end of term 25 June 2003)
Groupama International	Adviser (end of term le 17 December 2003), then Director (end of term 11 July 2006)
Groupama SA	Adviser (end of term 18 December 2003)
Groupama Vie	Member of the Supervisory Board (end of term 26 November 2003)
SANEP SA	Director (end of term 25 June 2007)

FRÉDÉRIC LEMOINE
Date of birth: 27 June 1965

BUSINESS ADDRESS

AREVA
33, rue Lafayette
75009 Paris

MAIN POSITIONS IN THE COMPANY

Frédéric Lemoine has been a director since 24 February 2005. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2010.

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

MAIN POSITION OUTSIDE THE COMPANY

- Chairman of the Supervisory Board of AREVA

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Since October 2004, Senior advisor with McKinsey in France
- May 2002 to June 2004, Deputy General Secretary in the Office of the President of the French Republic responsible for financial and economic affairs
- May 2000 to May 2002, Deputy General Secretary in charge of finance, Cap Gemini Ernst and Young
- January 2000 to May 2000, Chief Financial Officer Cap Gemini

CURRENT TERMS OF OFFICE

▪ AREVA	Chairman of the Supervisory Board	Since 8 March 2005
▪ Flamel Technologies	Director	Since 27 October 2005
▪ Lemoine Conseil et Entreprise (LCE)	Manager	Since 1 October 2004
▪ Générale de Santé	Adviser	Since 4 July 2007

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. LEMOINE

▪ Générale de Santé	Member of the Supervisory Board (end of term 4 July 2007)

SOLANGE LONGUET

Date of birth: 2 June 1948

BUSINESS ADDRESS

Groupama Paris Val-de-Loire
161, avenue Paul Vaillant Courturier
94250 Gentilly

MAIN POSITIONS IN THE COMPANY

Solange Longuet has been a director since 18 December 2003. Her term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

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

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Vice-Chair/Treasurer of Fédération Nationale Groupama
- Chair of Groupama Paris Val de Loire

CURRENT TERMS OF OFFICE

Gan Assurances IARD	Chair of the Board of Directors	Since 27 November 2003
Gan Assurances Vie	Director	Since 27 November 2003
Groupama Holding	Director	Since 18 December 2003
Groupama Holding 2	Director	Since 18 December 2003
Mutuaide Assistance	Director	Since 17 December 2003
Présence Verte SA	Vice-Chair of the Supervisory Board	Since 10 December 2003

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MS. LONGUET

Gan Assurances IARD	Chair of the Supervisory Board (end of term le 27 November 2003)
Gan Eurocourtage IARD	Member of the Supervisory Board(end of term 27 November 2003)
Gan Eurocourtage Vie	Member of the Supervisory Board(end of term le 27 November 2003)
Groupama International	Member of the Supervisory Board(end of term 17 December 2003), then Director (end of term 11 July 2006)
Groupama SA	Member of the Supervisory Board(end of term 18 December 2003)
Mutuaide Assistance	Member of the Supervisory Board(end of term 17 December 2003)
Banque Finama	Permanent representative of Groupama Vie, Member of the Supervisory Board(end of term 24 November 2003)

JEAN SALMON

Date of birth: 7 November 1947

BUSINESS ADDRESS

La Ville Besnard
22550 Henanbihen

MAIN POSITION IN THE COMPANY

Jean Salmon has been a director since 24 February 2005. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2010.

MAIN POSITIONS OUTSIDE THE COMPANY

- Chairman of the Chambre d'Agriculture des Côtes d'Armor
- Chairman of the Chambre Régionale d'Agriculture de Bretagne
- Vice-Chairman of the Permanent Assembly of the Côtes d'Armor chambers of agriculture

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Since 2001, Vice-Chairman of the Permanent Assembly of the chambers of agriculture and Chairman of the Chambre d'agriculture des Côtes d'Armor
- 1995 to 2001, Deputy Secretary of the Permanent Assembly of the chambers of agriculture

CURRENT TERMS OF OFFICE

None

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. SALMON

None

PHILIPPE VASSOR

Date of birth: 11 June 1953

BUSINESS ADDRESS

61, avenue Charles de Gaulle
92200 Neuilly-sur-Seine

MAIN POSITION IN THE COMPANY

Philippe Vassor has been a director since 24 February 2005. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2010.

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

MAIN POSITION OUTSIDE THE COMPANY

- Chairman of Baignas SAS

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

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

CURRENT TERMS OF OFFICE

▪ Arkéma	Director	Since 10 May 2006
▪ Baignas SAS	Chairman	Since 1 June 2005
▪ Infovista SA	Director	Since 21 July 2005

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. VASSOR

▪ Deloitte France	Chairman & Chief Executive (end of term 9 July 2004)

JEAN-LUC VIET

Date of birth: 18 October 1947

BUSINESS ADDRESS

Groupama Nord-Est
2, rue Léon Patoux
BP 1028
51686 Reims cedex 2

MAIN POSITIONS IN THE COMPANY

Jean-Luc Viet has been a director since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

He is also a member of the Agreements Committee.

MAIN POSITION OUTSIDE THE COMPANY

- Farmer

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Vice-Chairman Secretary of Fédération Nationale Groupama
- Chairman of Groupama Nord-Est

CURRENT TERMS OF OFFICE

▪ Gan Eurocourtage IARD	Director	Since 27 November 2003
	Chairman of the Board of Directors	Since 28 June 2006
▪ Gan Eurocourtage Vie	Director	Since 27 November 2003
	Chairman of the Board of Directors	Since 28 June 2006
▪ Groupama Holding	Director	Since 18 December 2003
▪ Groupama Holding 2	Director	Since 18 December 2003
▪ Groupama Assicurazioni Spa	Director	Since 4 March 2005
▪ Groupama Insurance Company Limited	Director	Since 22 December 2004
▪ Groupama Seguros y Reaseguros SA	Director	Since 10 December 2004
▪ Groupama Vita Spa	Director	Since 4 March 2005
▪ Nuova Tirrena	Director	Since 31 October 2007

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. VIET

▪ Groupama Assurances et Services	Member of the Supervisory Board (end of term 25 June 2003)
▪ Groupama International	Member of the Supervisory Board (end of term 17 December 2003), then Chairman of the Board of Directors (end of term 11 July 2006)
▪ Groupama S.A.	Member of the Supervisory Board (end of term 18 December 2003)
▪ Groupama Vie	Member of the Supervisory Board (end of term 26 November 2003)
▪ Mutuaide Assistance	Chairman of the Supervisory Board (end of term 17 December 2003), then Chairman of the Board of Directors (end of term 14 December 2005)
▪ Groupama Protection Juridique	Permanent Representative of Caisse Fraternelle d'Épargne, Director (end of term 17 December 2003)

HENRI DURAND

Date of birth: 6 April 1955

BUSINESS ADDRESS

Gan Assurances
4-8, cours Michelet
92082 Paris la défense

MAIN POSITION IN THE COMPANY

Henri Durand has been an employee representative on the Board of Directors since 12 February 2004. He was re-elected on 16 January 2008. His term expires after the elections to be held in 2012.

MAIN POSITION OUTSIDE THE COMPANY

- None

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

TERMS CURRENTLY HELD

None

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. DURAND

None

CHRISTIAN GARIN
Date of birth: 6 April 1947

BUSINESS ADDRESS

Groupama
5-7, rue du Centre
93199 Noisy Le Grand

MAIN POSITION IN THE COMPANY

Christian Garin has been an employee representative on the Board of Directors since 12 February 2004. He was re-elected on 16 January 2008. His term expires after the elections to be held in 2012.

MAIN POSITION OUTSIDE THE COMPANY

- None

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Chairman of caisse locale des salariés de Groupama

CURRENT TERMS OF OFFICE

None

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. GARIN

None

3.1.3. Management

The company is run by a Chief Executive Officer, Jean Azéma, under the decision made by the company's Board of Directors on 18 December 2003 to separate the positions of Chairman and Chief Executive Officer under the provisions of the French law on New Economic Regulations.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the company under any and all circumstances. He shall exercise his authority within the limit of the corporate purpose and subject to the authority expressly granted to shareholders' meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see sub-section 3.2.1.4).

As far as the company is aware, the other terms of office held by the Chief Executive Officer are those listed below:

JEAN AZÉMA
Date of birth: 23 February 1953

BUSINESS
ADDRESS

Groupama SA
8-10, rue d'Astorg
75008 Paris

MAIN POSITION IN THE COMPANY

Jean Azéma has been the Chief Executive Officer since 18 December 2003. His term expires after the shareholders' meeting convened to approve the financial statements for the year 2008.

MAIN POSITION OUTSIDE THE COMPANY

- Chief Executive of la Fédération Nationale Groupama
- Chairman of the Fédération Française des Sociétés d'Assurance Mutuelle (FFSAM)
- Vice-Chairman of the Fédération Française des Sociétés d'Assurance (FFSA)

PROFESSIONAL EXPERIENCE / MANAGEMENT EXPERTISE

- Since June 2000: Chief Executive Officer of Groupama
- 1998: Chief Executive of Groupama Sud
- 1996: Chief Executive of Groupama Sud-Ouest
- 1993: Insurance Director for CCAMA
- 1990: Director of account management and consolidation at Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA)
- 1989: Director of Investments Groupama
- May 1987: Chief Financial Officer of Groupama Vie
- July 1979 to April 1987: Union Départementale de la Mutualité Agricole de l'Allier — named Chief Financial Officer on 1 February 1983
- 1978 to June 1979: Centre National d'Études Supérieures de Sécurité Sociale (CNESSS)
- 1975: Union Départementale de la Mutualité Agricole des Pyrénées Orientales
- Engineer: École Supérieure d'Agriculture de Purpan (ESAP)

CURRENT TERMS OF OFFICE		
▪ Groupama Holding	Non Director Chief Executive	Since 18 December 2003
▪ Groupama Holding 2	Non Director Chief Executive	Since 18 December 2003
▪ Groupama International	Chairman of the Board of Directors	Since 11 July 2006
▪ Société Générale	Director	Since 24 September 2003
▪ Veolia Environnement	Director	Since 30 April 2003
▪ Mediobanca	Member of the Supervisory Board	Since 27 June 2007
▪ Bolloré	Permanent Representative of Groupama SA, Director	Since 31 March 2004
▪ SCI Groupama les Massues	Representative Groupama SA, Manager	Since 11 February 2004

TERMS HELD FROM 2003 TO 2007 NO LONGER HELD BY MR. AZÉMA	
▪ Groupama S.A.	Chairman of the Management Board [directoire] (end of term 18 December 2003)
▪ Gimar Finance SCA	Permanent Representative of CCAMA (end of term 15 April 2003), then of Groupama Investissements (end of term 6 December 2004), member of the Supervisory Board
▪ SCI Groupama les massues	Representative of CCAMA, Manager (end of term 18 December 2003)
▪ Bolloré Investissement	Permanent Representative of Groupama Assurance et Services, Director (end of term 31 March 2004)
▪ Mediobanca	Director (end of term 27 June 2007)

3.1.4 The Steering Committee

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

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

The committee is made up of eleven members and meets every two weeks with the representatives of Groupama SA's major divisions and the Chief Executive.

3.1.5 The Group Executive Committee

The Group Executive Committee participates in the design and operational follow-up of the group's strategy with the support of the group's strategy division. It implements strategy in the group and ensures the operational coordination of all the entities' business lines.

The Group Executive Committee is made of the chief executives of the Regional Mutuals and the major executives of Groupama SA. It is chaired by the company's Chief Executive Officer. It meets once a month for a day and a half

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

3.1.6 Relations within the management bodies

As far as the company is aware, there are no family ties among the members of the company's Board of Directors.

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

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

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

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

3.1.7 Conflicts of interests in the management bodies

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

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

3.1.8 Lack of service agreements

As of the registration date of this registration document, there was no service agreement tying the members of the company's administrative and management bodies to any of its subsidiaries.

Sections 3.2., 3.3. and 3.4. below are the Chairman's report, drafted pursuant to article L 225-37 of the Commercial Code and article R336-1 of the Insurance Code. This report, which was reviewed by the Groupama SA Board of Directors in its 19 February 2008 meeting, is based on the information compiled under the authority of the Groupama SA General Management. It describes the Groupama SA corporate governance, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the company at the end of 2007 and the group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and Regional Mutuals).

3.2 DISCLOSURES AND REPORT ON CORPORATE GOVERNANCE

3.2.1 The Board of Directors

3.2.1.1 MEMBERSHIP

The company is administered by a Board of Directors made up of 16 members, including:

- Fourteen directors appointed by the general shareholders' meeting:
  - Eleven directors who are managing directors of Groupama metropolitan regional mutuals, representing the controlling shareholders.
  - Three independent outside directors as defined by the Afep/Medef task force and repeated in the internal rules of the Board of Directors.
- Two directors elected by the employees.

The average age of directors is 56

3.2.1.2 DURATION OF TERMS OF OFFICE

The duration of the terms of office of the 14 directors appointed by the shareholders' meeting is six years. For the directors representing the majority shareholders, their term of office expires at the 2009 annual meeting convened to approve the financial statements for the year ending 31 December 2008, and for the independent outside directors, at the 2011 annual meeting convened to approve the accounts for the year ending 31 December 2010.

The terms of the two directors elected by the company's employees, of four years, expire in the first half of 2008. Henri Durand and Christian Garin were re-elected as directors representing the employees on 16 January 2008, for a period of four years.

3.2.1.3 RESPONSIBILITIES

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

During the year 2007, its membership was affected by the following:

- resignation of Roger Pailles;
- co-opting of Amaury Cornut-Chauvinc.

In accordance with its corporate governance practices from mutualism, the Board of Directors elected to separate the duties of Chairman from those of Chief Executive. Hence, executive duties are given to a non-director Chief Executive.

3.2.1.4 AUTHORITY RESERVED FOR THE BOARD OF DIRECTORS

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

- amendments and the annual implementation of the reinsurance agreement with the Regional Mutuals and the agreement governing security and solidarity plans;
- any issues of transferable securities, irrespective of the type, liable to entail a change in the share capital;
- any significant operations liable to affect the group's strategy and its business scope.

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

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

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting any pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the company, either directly or indirectly.

The Board of Directors has set the unit amount of the said operations above which the Chief Executive must obtain prior authorisation, as shown below:

- Above €100 million:
  - taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- Above €30 million:
  - taking out any loans, excluding cash operations conducted with companies that have equity ties to Groupama SA, either directly or indirectly;
- Above €15 million:
  - acquiring or disposing of any properties, excluding the insurance investment business;
- Above €7.6 million:
  - granting pledges on corporate property.

Groupama complies with the corporate governance system in effect in France and applies, to a large extent, the recommendations of the Bouton Report.

3.2.1.5 WORK OF THE BOARD IN 2007

The Board of Directors met thirteen times in 2007. The attendance rate of the members of the Board of Directors was 93% (87% in 2006). The Secretary General of the group carried out the duties of Secretary of the Board.

In 2007, the Board deliberated specifically on the semi-annual and annual consolidated and combined financial statements, the reinsurance policy, the group's strategy and the action plans of the divisions of Groupama SA, on external growth operations and on the work of the three committees of the Board of Directors.

The 2007 financial statements were approved on 19 February 2008 by the Board of Directors, which prepares the draft management discussion and analysis attached to this report, and the text of draft resolutions to be presented to the shareholders' meeting on 28 May 2008. The 2007 financial statements were presented previously to the Audit and Accounts Committee, which examined them on 18 February 2008.

3.2.1.6 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

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

These internal regulations, which were signed by all the members of the Board, became effective on 24 February 2005.

These regulations are included in full in Chapter 7 § 7.1.4.

3.2.2 The Committees of the Board of Directors

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

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

Board of Directors in the form of minutes, proposals, information or recommendations

In accordance with article 90, paragraph 2 of the decree of 23 March 1967 on joint stock companies, the Board of Directors, in its 24 February 2005 meeting, decided to create within it an Audit and Accounts Committee, Compensation and Appointments Committee and an Agreements Committee. The Board of Directors is responsible for ensuring the proper operation of the committees.

The provisions related to the organisation and operation of each of these committees are attached to the internal regulations (Chapter 7 § 7.1.4).

3.2.2.1 THE AUDIT AND ACCOUNTS COMMITTEE:

a) Composition

The Audit and Accounts Committee is made up of four members appointed by the Board of Directors, including:

- Two directors representing the controlling shareholders: Michel Baylet and Jean-Luc Wibratte
- Two independent outside directors: Frédéric Lemoine and Philippe Vassor

The Audit and Accounts Committee is chaired by Frédéric Lemoine, an independent outside director.

It should be noted that the Chief Executive of Groupama SA does not participate in the work of the Audit and Accounts Committee except by special invitation and he is represented by the Group Chief Financial Officer assisted by his Senior Accountant, the Secretary General, who is also the Secretary of the Committee and the Director of the Group's General Auditing and Actuarial Department. The statutory auditors also participate in these meetings, where they are heard by the members of the committee in each meeting outside the presence of the company's management.

The operating methods of the Audit and Accounts Committee are in full compliance with the recommendations in terms of corporate governance.

b) Responsibilities

The main responsibilities of the Audit and Accounts Committee, which are included in the internal regulations of the Groupama SA Board of Directors, are listed below:

- examining the combined/consolidated/parent company draft midyear and annual financial statements as well as the references and scope of consolidation;
- examining the risk management policy;
- examining the performance of their engagement by the statutory auditors and the amount of the fees paid to them.

In addition, the Audit and Accounts Committee reviews plans for significant investment and financial operations subject to prior approval by the Board of Directors.

c) Activity Report by the Audit and Accounts Committee for 2007

During 2007, the Audit and Accounts Committee met twelve times. Seven exceptional meetings were devoted to reviewing external growth operations on each occasion; it presented a report on its activities to the Board of Directors. The attendance rate was 96%.

At every meeting devoted to reviewing the financial statements, the committee heard the statutory auditors outside the presence of management.

During 2007, the Audit and Accounts Committee reviewed the annual and semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the purchasing value of the Groupama SA share.

It also reviewed and informed the Board of its opinion of the management report, the solvency report and the investment policy, as well as the reinsurance report on the year 2006; it also reviewed the principles, rules and options chosen to close the financial statements as at 31 December 2007.

The committee was consulted on renewing the authority for the company to issue bonds for a total of €1.5 billion and on the plan to record a registration document.

It was informed of the work done in connection with the step taken by Groupama to obtain certification of its "Embedded Value".

As part of its responsibility for risk control, the committee reviewed the off-balance sheet commitments of Groupama SA. It also reviewed the reports on internal control, significant litigation ongoing within the group, the report on combating money laundering, and the draft audit plan for 2008. It also reviewed the reinsurance policy for 2008. In addition, the committee was briefed on the situation with regard to the introduction of internal control within the group as well as the identification and documentation of major risks.

The committee was consulted on numerous external growth projects, to which it devoted six sessions. In that context, it deliberated on the possibility of adjusting the powers of the Chief Executive and suggested to the Board that its commitment thresholds be raised to make it easier to implement external growth operations of lesser importance. In addition, it suggested a clearer definition of the Board's responsibilities in this area and that its analysis should primarily to the following:

- matching any external growth operation considered with the strategy defined by the group;
- reviewing the valuation methodology, the return on the project and its effect on the group's major financial balancing factors;
- the method of funding the acquisition.

The committee examined the budget for the fees paid to the statutory auditors. It also suggested to the Board to encourage entities in the scope of the combined financial statements with two statutory auditors to let one of their members become the Groupama SA auditors' board.

3.2.2.2 THE COMPENSATION AND APPOINTMENTS COMMITTEE:

a) Composition

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

- four directors representing the controlling shareholder: Francis Aussat (Chairman of the committee) Robert Drouet, Jean-Luc Wibratte, and Madame Solange Longuet
- 1 independent outside director: Mr. Frédéric Lemoine

The Chairman of Groupama SA does not attend committee meetings. The Secretary General of Groupama SA represents the company's management and performs the duties of Secretary of the Committee.

b) Responsibilities

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

- Submitting for approval by the Board of Directors any proposals relating to the policy for compensating the corporate officers and proposing rules for setting the variable portion of their compensation;
- assessing the operating methods of the board of directors;
- Selecting the independent directors and verifying their individual status;
- Submitting to the Board of Directors all proposals related to the distribution of directors' fees.

c) Activity Report by the Compensation and Appointments Committee for 2007

During 2007, the Compensation and Appointments Committee met four times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 95%.

During its meetings, the committee further discussed the method of compensating corporate officers based on a compensation benchmark for the senior executives of listed companies, and with regard to calculating the variable portion of the compensation paid to the Chief Executive, it proposed both quantitative and qualitative criteria (with the criteria weighted) appropriate for the business and group's organisational and operational method, which it submitted to the Board of Directors

In connection with a possible opening up of the equity of Groupama SA, it also reviewed plans for encouraging employee share ownership.

The committee also checked the independence of the outside members of the Board of Directors as regards the criteria included in the Afep-Medef report of October 2003.

Finally, the committee proposed to the Board of Directors a more thorough evaluation questionnaire, on its operating methods and those of its committees, and then analyzed the results of the evaluation, which it reported to the 14 March 2007 meeting of the Board of Directors.

3.2.2.3 THE AGREEMENTS COMMITTEE

a) Composition

The Agreements Committee is made up of three members, including:

- Two directors representing the controlling shareholder: Jean-Luc Viet and Jean-Luc Wibratte
- One independent outside director: Mr. Philippe Vassor

The Agreements Committee is chaired by an independent outside director, Philippe Vassor.

The Secretary General, who performs the duties of committee secretary, and the Group's Chief Financial Officer also participate in the work of this committee.

b) Responsibilities

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

- Analysing agreements between the Regional Mutuals and Groupama SA and its subsidiaries, and more specifically, making certain that the terms of compensation and distribution of risk among the entities of the two areas — mutualist and equity management — are in compliance with market practices;
- Analysing third party agreements;
- Analysing the terms of the reinsurance agreement.

One of the main objectives behind the creation of the Agreements Committee was to prevent any potential conflict of interest between the Regional Mutuals on the one hand and Groupama SA and its subsidiaries on the other hand liable to result from their business relationships. In this context, the committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of each of the entities concerned are respected.

c) Activity Report by the Agreements Committee for 2007

During 2007, the Agreements Committee met five times. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%.

In 2007, the Agreements Committee continued to review all the contractual links existing to date among the Regional Mutuals and Groupama SA and its subsidiaries and, more specifically, the committee ascertained that the compensation paid under the agreements entered into between the Regional Mutuals and Groupama SA and its subsidiaries are in compliance with market practices.

The committee also finalised a description of the main agreements existing between the Regional Mutuals and Groupama SA and its subsidiaries (reinsurance agreements, agreement on the security and solidarity plan, framework agreement and enforcement agreements, particularly in relation to the life insurance business and the banking business).

The committee was consulted on a plan to amend the reinsurance agreement regarding the operating expenses of Groupama SA related to the Regional Mutuals' reinsurance business.

The committee was also consulted on the financial support envisaged by Groupama SA for the group's major domestic programs for 2007 as well as management issues for 2008. These mainly concern computer convergence and the introduction of personal banking by the Regional Mutuals. It was also consulted on a plan to support a Regional Mutual in expanding the company's business in the Paris metropolitan area.

Furthermore, it reviewed the sports sponsorship system for 2008 designed to better correlate the financial effort expended by the company with the media fallout from athletic sponsorship projects funded by the Regional Mutuals.

With the endorsement of the statutory auditors, it proposed to the Board of Directors a simplification of the special report on third party agreements.

Finally, the committee was consulted on the expansion of the tax consolidation scope to the Regional Mutuals, which will go into effect on 1 January 2008.

3.2.3 Evaluation of the Board of Directors

After administering for two consecutive periods a formal evaluation on its operations using a questionnaire submitted to each director, for 2007, the evaluation was done through an interview assigned to a specialised outside firm. The interview focused on three major topics: the composition of the Board and reporting system, the operation and effectiveness of the Board and the operation of Board committees.

3.3 COMPENSATION PAID AND EQUITY INTERESTS OWNED BY MANAGEMENT

3.3.1 Compensation and benefits paid to the corporate officers of Groupama

3.3.1.1 COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

A system for paying directors' fees was authorised by the Board of Directors' meeting of 20 October 2005 and approved by the shareholders in their meeting of 29 June 2006. The system involves paying directors' fees to all the directors of Groupama SA, except for the Chairman of the Board, who is paid compensation for his duties, and the directors elected by employees. Thus ten directors representing the majority shareholder and three outside directors receive attendance fees.

An annual fixed amount of € 24,000 is paid in equal shares to each of the 13 directors mentioned above as compensation for their general responsibilities. In addition to that, they are paid a variable amount of €2,000 for their actual attendance of each session.

Participation in the Board Committees' work results in the payment of additional directors' fees solely to outside directors, whether they participate in the committees as Chairman or as a simple member. They are also paid a fixed annual amount of €5,000 per committee as compensation for their general responsibility, and a variable amount of €2,000 for their actual attendance of each session.

These directors' fees are paid quarterly.

(figures in euros)	Directors' fees received in 2006 (1)	Directors' fees received in 2007
Francis Aussat	30,000	48,000
Jean Baligand	28,000	50,000
Jean-Luc Baucherel	–	–
Claude Bartholomeis	–	36,000
Michel Baylet	8,000	50,000
Amaury Cornut-Chauvinc	–	18,000
Robert Drouet	30,000	52,000
Henri Durand (3)	–	–
Christian Garin (3)	–	–
Michel Habig	28,000	46,000
Frédéric Lemoine (2)	69,100	88,000
Solange Longuet	30,000	52,000
Marius Mul	26,000	6,000
Roger Pailles	28,000	32,000
Jean-Pierre Rousseau	18,000	–
Jean Salmon (2)	34,000	44,000
Philippe Vassor (2)	75,100	92,000
Jean-Luc Viet	30,000	52,000
Jean-Luc Wibratte	28,000	52,000
	462,200	**718,000**

(1) In 2006, only three quarters were paid by Groupama SA to those directors representing the majority shareholder
(2) Independent and outside directors appointed by the general shareholders' meeting for a period of six years
(3) Employee directors for a period of four years; they do not receive compensation for their term of office

3.3.1.2 COMPENSATION OF SOME DIRECTORS AND THE CHAIRMAN OF GROUPAMA SA

With the exception of the Chairman of Groupama SA, who receives compensation paid by Groupama SA, some directors representing the controlling shareholder receive compensation for their positions as the Managing Directors of subsidiaries, the annual amount of which is set by the Board of Directors of the subsidiary on the recommendation of its compensation committee.

In addition, the Managing Directors have retirement agreements which are vested at the rate of 27.10% of the compensation cited above.

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

- Gross annual compensation paid monthly over twelve months;
- Rights to replacement income following the discontinuance of his business representing 13.6% of his gross annual compensation;
- housing provided by the company and associated benefits reported as in-kind benefits with no financial impact for the recipient.

(figures in euros)	2006 Gross Compensation paid	2006 In-kind benefits (1)	2006 Total paid by Groupama SA & subsidiaries	2007 Gross compensation paid	2007 In-kind benefits (1)	2007 Total paid by Groupama SA & subsidiaries	Origin of the compensation
Francis Aussat	65,004	17,615	82,619	67,275	18,232	85,507	Gan Assurances Vie
Jean Baligand	45,000	12,195	57,195	46,575	12,622	59,197	Groupama Vie
Jean-Luc Baucherel	260,002	60,123(2)	320,125	268,120	62,453(2)	330,573	Groupama SA
Michel Baylet	22,500	6,098	28,598	46,575	12,622	59,197	Gan Prévoyance
Amaury Cornut-Chauvinc (3)	–	–	–	22,093	5,987	28,080	Mutuaide Assistance (4)
Robert Drouet	65,000	17,615	82,615	67,275	18,232	85,507	Gan Patrimoine
Solange Longuet	45,000	12,195	57,195	46,575	12,622	59,197	Gan Assurances IARD
Roger Pailles	45,000	12,195	57,195	19,406	5,259	24,665	Mutuaide Assistance
Jean-Pierre Rousseau	22,500	6,098	28,598	–	–	–	Gan Eurocourtage Vie & Gan Eurocourtage IARD
Jean-Luc Viet	22,500	6,098	28,598	–	–	–	Groupama International
	22,500	6,098	28,598	46,575	12,622	59,197	Gan Eurocourtage Vie & Gan Eurocourtage IARD
Jean-Luc Wibratte	65,000	17,615	82,615	67,275	18,232	85,507	Banque Finama

(1) In-kind benefits consisting of a housing benefit granted to the Chairman and retirement contributions to the Chairman of Groupama SA and the Managing Directors of the subsidiaries of Groupama SA

(2) Including:
- in 2006, housing 24,893 and retirement 35,230
- in 2007, housing 25,990 and retirement 36,463

(3) Assumed his positions on 30 May 2007

(4) Assumed his position on 11 July 2007 as Chairman of Mutuaide Assistance

3.3.2 Compensation and benefits paid to executive management

3.3.2.1 COMPENSATION

The Chief Executive receives fixed annual compensation paid in twelve instalments, and variable compensation paid at the beginning of the following year. The variable compensation is calculated from quantitative criteria (60%) based on the achievement of key performance indicators and qualitative criteria (40%). The amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

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

It should be noted that the Steering Committee comprised eleven members as of the end of 2007, including the Chief Executive.

(figures in euros)	2006 Gross amount paid in the year	2006 Gross amount received for the year	2007 Gross amount paid in the year	2007 Gross amount received for the year
Jean Azéma (Chief Executive)	**1,033,728**	**1,138,728**	**1,138,862**	**1,226,362**
Fixed compensation	910,000	910,000	910,000	910,000
Variable compensation (1)	120,000	225,000	225,000	312,500
In-kind benefits (2)	3,728	3,728	3,862	3,862
Members of the Steering Committee (3)	**4,907,932**		**4,836,203**	
Average number of members in the year	13		13	

(1) Variable compensation for year "n" is paid at the beginning of the following year

(2) In-kind benefits correspond to a death insurance policy

(3) The amount indicated for the members of the Steering Committee includes the fixed compensation, variable compensation, various incentive and benefit plans (company car for some members)

3.3.2.2 RETIREMENT COMMITMENTS MADE FOR EXECUTIVE MANAGEMENT

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

The benefits under this agreement were extended to the Chief Executive, corporate officer, after authorisation by the Board of Directors on 14 December 2005 and approval in the general shareholders' meeting as part of the third party agreements on 29 June 2006.

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

- Rights are calculated by referring to past years in the group in a management position and/or in a position in the General Management of Groupama SA.
- The resulting income may be neither less than 10% of the benchmark salary defined in the agreement nor more than 30% of the average gross annual compensation for the past 36 months. The additional or supplemental basic systems must not exceed 50% of the gross annual compensation of the beneficiary.

The total amount of the commitment for all the members of the Steering Committee as at 31 December 2007 comes to €12.5 million.

3.4 REPORT ON INTERNAL CONTROL

This report on internal control as well as § 3.2, on the operating methods of the administrative and management bodies and § 3.3, on the compensation of corporate officers correspond to the application of article L 225-37 of the Commercial Code while § 3.2 and § 3.4, of article R336-1 correspond to the Insurance Code.

Internal control at Groupama SA has special features due to the fact that the company is a member of Groupama group and has a specific position and role within the group.

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

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

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

  A list of the main subsidiaries and sub-subsidiaries is made and updated regularly by the Legal Department within the Administrative Division of Groupama SA. Moreover, the scope of consolidation in the books of Groupama SA is presented in the notes to the consolidated financial statements.

  Groupama SA is also the parent company of the tax consolidation established between it and the subsidiaries that are at least 95%-owned.
- In the mutual division:
  - by an internal reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by a reinsurance agreement the terms of which are updated every year;
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of the Fédération Nationale GROUPAMA").

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

Scope of this report

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

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

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

3.4.1 Control environment

3.4.1.1 INTERNAL CONTROL PRINCIPLES AND OBJECTIVES

Establishing a complete and effective internal control system for the Groupama group as a whole is a top priority:

- to meet current regulatory requirements and to anticipate subsequent requirements, related notably to the future Solvency-II system;
- and to enhance operational security and control over earnings.

In this context, the general principles, the objectives and the organisation of the group's internal control were defined by the internal control charter approved by the Groupama Executive Committee on 21 March and submitted to the Audit and Accounts Committee. This charter was distributed to the entities in the group and is a common reference to be followed in introducing internal control policies.

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

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

3.4.1.2 INTERNAL CONTROL ORGANISATION

a) At the group level

- Permanent services

  Group Internal Control and the general Group Audit Department are located in the General Audit Division and Group Actuarials are located within Groupama SA, answering directly to the Chief Executive.

  The Managers of the General Group Audit Department and the Group Actuarials Departments report periodically to the Audit and Accounts Committee on the group's position and any work in progress in terms of internal control and auditing engagements.

  - Group internal control

    The main responsibilities of the Group Internal Control staff, which comprised four members as at year end 2007 included:

    – Managing projects to streamline internal control systems in the group. It defines priorities and areas to be explored jointly, both in the Groupama SA division and in the mutual division within the Audit and Internal Control Working Group (cf. below). In 2007, a coordination function was put in place for compliance projects in the group;

    – Developing internal control standards and methodology tools for all the entities in the group;

    – Supervising the network of internal control officers appointed in each of the entities and arranging interaction and a sharing of experiences amongst the entities in the group;

    – Following up on auditing engagements conducted in the Groupama SA division by the Group General Audit Department;

    – Seeing to it that the subsidiaries and departments of Groupama SA file reports in terms of internal control, coordinating and drafting the "LSF" and "ACAM" reports by Groupama SA, managing or assisting in the completion of the "ACAM" reports of the insurance subsidiaries or regional mutuals;

    – Supervising the Technical Risk Committee and the Group Risk Committee (see below).

  - The Group General Audit Department.

    The staff consists of twelve auditors.

    The Group General Audit Department is responsible for the following:

    – engagements involving the periodic monitoring of subsidiaries;

    – inter-company projects on special topics.

    Furthermore, Groupama SA conducts an audit of every regional mutual every three years. The purpose of the audit is to verify the economic and financial balances of the regional mutuals, compliance with regulatory requirements and compliance with general reinsurance regulations.

    These engagements are decided on and planned by the General Management every year as part of an annual auditing plan. Every auditing engagement involves a review of the situation with regard to internal control in the area of the entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the General Management. The audit is followed up in the period following the end of the auditing engagement to make sure that the recommendations are being followed by the audited entity.

- Risk Committees

  Two committees are used by the General Management of Groupama SA to regularly monitor the main risks incurred at the group level. These departments come under the Group Internal Control Department.

  - Technical Risk Committee

    This Committee is made up of Groupama SA department heads appointed as "owners" of the major

risks identified (cf. 3.4.4.1); it is responsible for the following:
– Coordinating the policies of the departments concerned by the treatment of risks;
– Identifying and proposing additional policies;
– Proposing limits on risks.

- Group Risk Committee
Its composition is the same as that of the Groupama SA Steering Committee.
It is responsible for approving the risk management policy, particularly by setting limits on risks and finding ways of controlling risks. The major risks facing the company were presented to this committee over several meetings during 2007.

b) Within the mutual division

Internal control of the mutual division is organised around three systems:

- internal control of every regional mutual;
- operational auditing of every regional mutual;
- the group general auditing department attached to the Groupama SA Senior Management.

The first two systems are adapted to each regional mutual based on its organisation, its activities and its resources, and under the authority of the Senior Management.

Since 2006, in accordance with article R336-1 of the Insurance Code, every regional mutual has prepared an annual report on internal control, which it sends to the ACAM after approval by its Board of Directors.

c) Within the Groupama SA division

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

For a given entity (subsidiary or intercompany venture), its senior managers are responsible for the proper implementation of the first two control systems. This responsibility is carried out under the authority of the members of the Groupama SA Steering Committee to which these senior managers belong.

Since 2006, in accordance with article R336-1 of the Insurance Code, Groupama SA and every insurance subsidiary prepare an annual report on internal control which is submitted to the ACAM after approval by the Board. Furthermore, all the subsidiaries and the principal intercompany ventures submit an annual report to the Group Internal Control Department reporting on the status of their control environment, the contents of their risk mapping, procedures for carrying out their Business Continuity Plan and their Crisis Management Plan and finally a description of their internal control system as it relates to the preparation of the annual financial statements.

In addition to the subsidiaries and intercompany ventures, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these managers is determined by the delegations of authority approved. The management of Groupama SA submitted a report in 2007 to the Group Internal Control Department on the same subjects as the subsidiaries and the intercompany ventures (cf. above).

d) Groupama Working Groups (“WG”)

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

- WG — Internal Audit and Control
With two meetings during 2007, this WG, supervised by the Group Internal Control Department, proved to be a forum for exchanges providing the regional mutuals with the following:
  - support in implementing risk maps, business continuity plans and crisis management plans;
  - updates on the future solvency II regulations;
  - an overview of the issues and projects in the group in terms of compliance;
  - news on recent changes in ethics.

  Likewise, the internal control officers of the Groupama SA. Insurance subsidiaries met once a year.

- WG — Internal Audit and Control — Banking
Chaired by the Groupama Banking senior inspector, its members include the internal control officers of each entity selling banking services (regional mutuals, Gan Assurances [Insurance], Gan Patrimoine [Assets]), as well as a representative of the Group Internal Control Department.
The purpose of this WG is mainly (solely for the banking business):
  - Distributing information (new regulations, new internal procedures);
  - Designing or validating common internal control procedures to be introduced in the network;
  - Sharing experience and disseminating good practices in terms of internal control.

  When the agenda so requires, this WG can be divided into two separate parts, one dealing with permanent control and the other with periodic control.

- WG — Compliance with anti-money laundering regulations (banking transactions)
Chaired by the Groupama Banking compliance manager, it consists of the TRACFIN officers of every entity marketing the banking offering (cf. above), as well as a representative from the Group Internal Control Department. It has a similar purpose to that of the previous WG

- WG — Steering and Management Control
  It meets quarterly to validate the steering indicators and tools and to work together to analyse results and estimates. This unit serves as a forum for dialogue on management control issues.

- WG — Accounting, Taxes, Consolidation
  It meets quarterly and is responsible for proposing the implementation of the group's accounting, regulatory and tax principles to the representatives of the accounting and tax departments of the entities in the group.
  The entities participating in this WG are the regional mutuals, on the one hand, and the group's profit centres and operating subsidiaries on the other hand. Moreover, this WG is responsible for defining the corporate accounting standards and consolidation standards with the assistance of the representatives of the accounting finance and tax units of all the business sectors in which the group is involved.

- WG — Regional Mutuals Reinsurance
  It meets quarterly and consists of representatives of Groupama SA and the regional mutuals. Its purpose is to validate the reinsurance terms for the following year before submission for approval by the regional mutuals in a meeting of the Managing Directors of the regional mutuals and the Chief Executive of Groupama SA, and then submission for approval by the Groupama SA. Board of Directors

3.4.2 Compliance

3.4.2.1 COMPLIANCE OF BUSINESS LINES WITH THE STRATEGY

Groupama SA is the parent company of the Groupama subsidiaries division, which is consolidated under it; it is also the parent company of the Groupama regional mutuals As such, it is responsible for defining the group's strategy.

The group's strategic guidelines are determined by the group's management bodies over the medium and long term based on audits and recommendations made by the Group's Strategy Department in particular.

They are listed as short or medium term in accordance with a group process of Operational Strategic Planning ("OSP").

For business lines in France, this OSP process involves the following:

- every three years with:
  - preliminary guidelines set for strategic goals by the group's management bodies;
  - design of Specialist OSPs by the Specialist Divisions of Groupama SA and the companies of the group:
    - a detailed strategic audit for each specialist division (environment, profitability, level of growth);
    - framing strategic goals in qualitative form.
- with annual updating, consistent with the estimated finance policy governing:
  - the updating of the strategic division audit as needed;
  - business plan figures including the major performance indicators for each specialised segment as well as the results and objectives targeted;
  - the definition of operational plans (target plan, operating players concerned, execution plan by the entities concerned, the necessary investments, and execution schedule.).

Every year, an audit is performed to follow up on whether the financial targets have been met and whether the principal operational plans have been implemented. Thus the OSP plan for 2007-2009 for the companies in the group, drafted and validated during 2007, is reviewed in 2007 to ascertain the following:

- whether the operational plans managed by the Groupama SA Specialist Divisions and by the companies have been executed;
- whether or not the company has met key business objectives by business line: premium income, new business, S/C ratio, combined ratio, ... ;
- the policy income statements of the principal business lines of the companies in the group;
- the targets for the contribution by each company to the group's earnings.

An OSP was also introduced by each of the international subsidiaries over the period 2007-2009, with a sliding annual adjustment handled by International Management (cf. 3.4.4.10 b).

3.4.2.2 COMPLIANCE OF BUSINESS ACTIVITIES WITH LAWS AND REGULATIONS

a) Application of corporate law and the Commercial Code

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

b) Application of corporate regulations

- By Groupama SA
  As part of its responsibilities, the HR Department of Groupama SA carries out internal checks to make certain that corporate laws and regulations are properly enforced, i.e.:
  - guarantees the reliability and efficiency of payroll transactions and personnel administration;

- compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity charter, principle of non-discrimination, etc.), and to employment contracts, vocational training, and occupational health;
- compliance with legal and contractual obligations relating to the disclosure of statistics, legal reports, etc.

In particular, it is in charge of payroll management transactions and employment reports, thanks to a specialised software package with a fully secure interface with personnel databases. Access to the information in these databases is fully protected.

- By the entities of the group

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

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

c) Application of insurance law

The legal and tax department in the Groupama SA administrative division [corporate offices] provides information and advice to the Specialist Divisions and to the insurance subsidiaries on compliance with insurance laws in their operational activities as well as technical support.

d) Application of tax regulations

- Corporate income tax
  - Tax consolidation system

    The Group Tax Department within the Groupama SA administrative division [corporate offices] is in charge of ensuring that the tax consolidation rules are applied (article 223A *et seq*. of the General Tax Code) for the group trained in the tax plan by Groupama SA. as parent company and its 51 subsidiaries consolidated as at 31 December 2007.

    This includes calculating the scope, reviewing the calculation of the provisions for the corporate income tax of the parent company and its main consolidated subsidiaries; and supervising remote reporting procedures.
  - Interim statements / assessing the corporate income tax expense

    Based on the estimates of annual parent company statements and an estimated statement of the change from the accounting income statement to the taxable income statement, the Group Tax Department determines, with the accounting departments of the member companies of the group tax consolidation, the corporate income tax expense that can be used to calculate the actual tax rate applicable at the time the interim statements are prepared.
  - Tax on consolidated companies

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

- Documentation and computer archiving procedures in terms of computerised accounting records

  In communication with the companies and the Management of any Groupama Information Systems inter-company ventures concerned, the Group Tax Department helps to define and monitor the implementation of documentation and archiving procedures in terms of computerised accounting records, as required under tax legislation.

e) Financial Ethics

An ethics check to prevent insider trading within the Steering Committee and some divisions and departments of Groupama SA that are exposed to this risk. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the checks, and an agent at Groupama SA; Under the procedure adopted, a “Confidentiality Agreement” must be signed by the Groupama SA officials concerned and a periodic report on their activities must be filed with the Groupama SA ethics agent.

f) Anti-money laundering measures

In terms of anti-money laundering measures, the Group Administrative Division [corporate offices] (the Group Legal Department), is in charge of coordinating corporate policy with the Group Audit and Actuarial Department, and a network of officers in charge of combating money laundering in the insurance, banking and asset management subsidiaries and the regional mutuals.

Hence, the Group Legal Department:

- supervises a working group that meets twice a year; all the group’s insurance, banking and asset management companies participate in these meetings;
- sends out a newsletter entitled “Anti-money-laundering newsletter” to all the administrative divisions [corporate offices] of the companies.

In addition, anti-money laundering meetings are held:

- for banking transactions related to the WG on “Compliance with anti-money-laundering measures” (cf. 3.4.1.2);
- for life insurance transactions carried out by the regional mutuals for Groupama Life.

g) Protection of medical data

Under the Belorgey Agreement, replaced by the AERAS Agreement on 8 January 2007, appropriate steps to secure the data related to the health of the group’s customers (principals, members and policy-holders) have been taken, as required under the provisions of the Code of Good Conduct and the recommendations of the Provident, Savings and Personal Life Insurance Division ("PREVI"). In accordance with the Badinter Act, these steps are monitored in general insurance (common law).

These recommendations, in terms of the collection, processing, disclosure and archiving process of registered medical data are from the Code of Good Conduct of the Belorgey Agreement and have been applied since 2003. The different entities in the group (regional mutuals and subsidiaries) are responsible for implementing them. Investigations are conducted as necessary by the PREVI Division in the companies concerned.

In particular, the Groupama SA HRD manages the Groupama SA recruitment letters governed by the Code of Good Conduct.

The PREVI Division is in charge of training the group's physician consultants and managers in terms of the confidentiality of medical data, the selection/medical pricing of risks and the management of complex claims.

h) Application of the "IT and Freedom" Act

The Group Executive Committee ("GEC") meeting of 22 November 2006 decided to appoint an IT and Freedom ("ITF") Agent to represent the group on the National Information Technology and Freedom Commission ("ITFC"). This "ITF" Agent was appointed for Groupama SA and 44 entities in the group (regional mutuals and subsidiaries), and became effective in March 2007.

The responsibilities of the "ITF" Agent are:

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

The ITF agent is backed by a network of internal agents (one agent for each entity).

3.4.3 Managing assets and long-term financing

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

3.4.3.1 MANAGING FINANCING AND INTERESTS OWNED

In terms of strategic investments for the group, the Chief Executive reports to the Board of Directors.

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

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

  The operating subsidiaries were valued based on the following:
  - Life insurance companies: by calculating the value in forces and the new production by each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision;
  - Casualty insurance companies and other operating companies: from discounting the profits expected from future periods as demonstrated in the Business Plans of the entities; this is the method used by the Finance and Investment Department.

  For each of these points, the Finance and Investment Department can propose corrective measures under the supervision of the Group Chief Financial Officer.
- Control of the consistency of the asset valuations in internal transactions, such as restructuring transactions or share reclassifications.
- Control of the consistency of the valuations of potential targets in connection with the group's plans for external

growth transactions or disposals of subsidiaries and equity holdings.

3.4.3.2 MONITORING INVESTMENTS

a) Methods used to measure, evaluate and control investments

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

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

Within the Group Finance Division, the Finance and Investment Department is responsible for monitoring these duties (cf. 3.4.3.3 c) to make certain they are performed properly. It is also responsible for monitoring the company's cash position, investment management and the filing of reports to the Steering Committee and to the Groupama SA. Board of Directors.

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

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

The Finance and Investment Department monitors the quality of the authorised asset managers based on its own management, the performance and the reports filed by each manager as well as the reports by the rating agencies for Groupama Asset Management and Groupama Alternative Asset Management.

For Groupama Immobilier, an operating committee meeting monthly including its own representatives and those of the Group Finance Division, and a quarterly committee meeting approves the proposals in the presence of and under the authority of the Group's Chief Financial Officer. The management responsibilities (leasing and asset) of Groupama Immobilier are spelled out in two mandates. Lastly, this manager is ISO 9001-2000 certified by the AFAQ, on all the property management activities for all the assets entrusted to it by Groupama SA.

For Finama Private Equity, a quarterly operating committee includes its own representatives and those of the Group Finance Division. The management limits are spelled out in the funds memoranda (or funds of funds) signed by the Group's Chief Financial Officer.

b) Monitoring transactions on forward financial instruments (FFI)

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

This refers to the following risks:

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

These transactions are all covered under the FFI decree of 4 July 2002. As the case may be, they may be delegated to the asset managers, in accordance with the terms of the management mandates The Group Finance Division is in charge of documenting the strategies on the books.

Hedging strategies are presented to the Groupama SA Board of Directors and validated by it.

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

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

3.4.3.3 INTERNAL CONTROL OF INVESTMENT MANAGEMENT

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

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

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

b) Managing of powers to authorising officers

A list of those persons cleared to authorise transfers to the financial statements is kept updated by the Group's

Administrative Services (Corporate Offices) on the recommendation of the cost monitoring staff of the Group Accounting Department and the Group Chief Financial Officer.

The same applies to a list of those persons cleared to authorise put or call transactions upon approval by the Finance and Investment Department and the Group Chief Financial Officer.

c) Control of managing agents and managing investments

- Control of managing agents

  The management authority is formalised as an agency agreement signed by the Group Chief Financial Officer. These agreements are proof of the financial management delegation given by the entities to the management companies. They are designed to meet the desired conditions of each entity, in accordance with the regulations in force.

  They spell out the following:

  • the management objectives, the transactions authorised and the limits;

  • the management structure and the information in the mandate;

  • the obligations and responsibilities of each of the parties;

  • technical constraints:

    – liquidity ratios of the interest rate instruments and equities by defining holding limits based on the capital and/or the float, and constructing and managing "liquefaction" curves of the portfolios;

    – internal risk scatter ratios of the interest rate instruments and equities;

    – benchmark in terms of risks, duration, rates and currencies;

  • the terms for compensating the agent and the depositary;

  • management procedures: committees (role and meetings held), financial reports to the principal;

  • other practical conditions (duration of mandate, termination terms, etc.).

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

  • compliance of the portfolios with the regulations applicable to the assets representing insurance commitments;

  • compliance of the performance of the portfolios of the life insurance companies with the regulations on the rates guaranteed by life insurance policies including a redemption value, and decisions under the authority of the Group Chief Financial Officer, related to the booking of any provisions for financial contingencies.

  In terms of internal control of asset management transactions:

  • companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the interdepartmental nature of the organisation of the middle office and the back office, the security of computer systems and the protection of access codes and surveillance of atypical behaviour. They have also established their own control systems for monitoring the proper application of the mandates;

  • the principal depositary of the entities in the group, Banque Finama, as well as the depositaries outside the group, as subject to oversight by the Banking Commission. In particular, Banque Finama has its own internal control system and verifies the powers of authorising officers;

  • Groupama Immobilier has its own internal control system, which was enhanced in 2005 with the creation of an Audit and Risk Department.

- Financial management procedures

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

  • calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;

  • monitoring capital gains and losses in the securities portfolios and monitoring the need to book provisions for contingent payment risks;

  • setting monthly scorecards on the status of the assets and tracking them for achievement or estimated achievement;

  • regularly updating estimated cash flow.

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

  • setting monthly scorecards on the status of the assets and monitoring them for achievement or estimated achievement;

  • reports on financial policy to the Boards of Directors of Groupama SA and every agent company;

  • annual solvency reports by Groupama SA and by every agent company.

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

- Permanent oversight of investment management
  This oversight is done through committees in charge of monitoring, decision-making and validation:
  - The Asset Allocation Committees
    Decisions to allocate assets and record investment income/losses (capital gains programmes, etc.) are made at the quarterly meetings of the Asset Allocation Committees.
    In every French subsidiary, they meet quarterly. Participants include the Asset Allocation manager (Finance and Investment Department), the Investment Manager, the Group Chief Financial Officer and the appropriate managers from the subsidiary, for the main purpose of making Asset Allocation decisions and recording investment income/losses (capital gains programme, etc.).
    A similar procedure exists with the main foreign subsidiaries in connection with the International General Management (cf. 3.4.4.10 b).
    For Groupama SA, some financial management committees play the role of Asset Allocation Committees.
  - Securities Investment Committees
    The asset management and allocation staff meets with these committees every month. They are in charge of implementing the decisions made by the Asset Allocation Committee and of reviewing performance and management. They are assisted by operational theme-based committees on rates, equities and market administration, designed to monitor the mandates for compliance and to monitor asset managers more closely.
    They are responsible for the following:
    – thorough monitoring of funds movements for the previous month, performance and risk indicators of the principal products (sensitivity, volatility, betas, tracking errors, vacancy rate, etc.);
    – thorough monitoring of holding limits: Liquidity ratios, scatter ratios, congruency ratios, etc.
    In this context, the agent companies are monitored after the fact on a permanent basis to ensure compliance in terms of the following:
    – compliance of portfolios with the regulations applicable to the assets representing insurance commitments;
    – compliance of the portfolios' performance with the financial management targets.
    The Property Investment Committees are chaired by the Group Chief Financial Officer.
    In these meetings, the members examine reports on the economic situation, management and performance reports, updates on the estimated budget and projects under way (disposals, investments or work in progress). The committee is entitled to make decisions for any sale involving less than €2.4 million. For any sum above that amount, it drafts a proposal for approval by the Board of the company concerned. Likewise, the committee issues a preliminary approval of investment proposals that are the ultimate responsibility of the Boards of the companies.
  - The Asset-Liability Committees
    For Groupama SA and for every subsidiary concerned, these committees meet quarterly. Participants in this meeting include the chief of Asset/Liability Management, the Investment Manager, and the Technical Director or Senior Accountant of the subsidiary. Their primary responsibility is to review the results of Asset/Liability research in preparation for the next meeting of the Asset Allocation Committee.

d) Audit

As part of its responsibilities the Group General Audit Department reviews as necessary the processes introduced by the Finance and Investment Committee.

3.4.4 Monitoring of risks

3.4.4.1 GENERAL FRAMEWORK

In cooperation with the industry and the IFACI, Groupama SA helped to compile a list of the risks related to the business activities of insurance companies, which was adopted by the group; this list serves as a basis for risk mapping in the different entities. An inventory of major risks was undertaken in late 2005, aimed at identifying the main measures for controlling these risks and any improvements to be made. For every major risk, an "owner" has been appointed within Groupama SA, who is responsible for monitoring the risk and for the effectiveness of control measures. This approach is used throughout the combined scope of the group. A Technical Risk Committee, and at the level of the General Management [corporate level] a Group Risk Committee, were established to handle the monitoring and management of this system (cf. 3.4.1.2).

3.4.4.2 RISK MANAGEMENT RELATED TO THE INSURANCE SPECIALIST DIVISIONS

In connection with their oversight activities, the Insurance Specialist Divisions within Groupama SA perform the following for the entities:

- they issue alerts in their areas of expertise;
- they provide advisory services, particularly in terms of pricing and product policies;
- they keep track permanently of any legislative or regulatory trends, in cooperation with the Group Legal Department within the Administrative Division [at the corporate level] (cf. 3.4.2.2 c).

The Specialist Insurance Divisions cover all the insurance divisions of the group's insurance companies for every major customer category:

- Life Insurance:
  - individual life: The Individual Provident, Savings and Life Division (PREVI);
  - group life and provident: Group Insurance Division (DAC);
- Health Insurance:
  - individual: Individual Health Insurance Division (DASI);
  - group: Group Insurance Division (DAC);
- Non-life and Casualty Insurance:
  - individuals, professionals and associations: Individual Non-life Insurance Division (DADI);
  - businesses and local authorities: Business and Local Authorities Non-life Insurance Division (DADEC);
  - farmers: Division of Professional Agricultural Risks (DRPA).

For credit-guarantee insurance, legal cover and assistance, oversight and monitoring activities are handled by the operating entities concerned.

Some aspects, which are particularly representative in terms of controlling underwriting risks handled by the Specialist Insurance Divisions, are presented below.

- Provident, Retirement, Savings and Personal Life Insurance Risks (PREVI)

  The PREVI Specialist Division is involved in several areas, contributing to the group's internal control, particularly in monitoring the growth and premium income of the life insurance subsidiaries In addition, the Group Actuarial Department validates the return on new products before they are launched.

  In addition to the work done on funding long-term care claims (cf. 3.4.4.5), combating money laundering and medical confidentiality (cf. 3.4.2.2 g), the PREVI Division monitors trends in regulations and makes recommendations to the entities in the group thereby helping to reduce non-compliance risk: in particular, under the DDAC Act (the law setting forth various provisions for adaptation to EU law in the area of insurance), the intermediation directive and the bill on the requirement to seek beneficiaries of life insurance policies.

  The PREVI Division also contributes to projects set up at the group level on longevity risks and on combating fraud.

- Business and Local Authorities Risks

  The group's activities in this area are controlled by the DADEC using analysis procedures, operational procedures and built-in procedures related to the entities' underwriting business:

  - regular analysis of the earnings of each entity contributing to the income of Groupama SA, particularly by comparing the results among entities and with the market;
  - individualised monitoring of the most important risks, and analysis of trends in portfolio profiles (Hedging Notes file and Heavy Risks file;
  - concerning the joint underwriting business with the Regional Mutuals and Gan Assurances IARD [fire and accident insurance], monitoring is done on the basis of a dual analysis of the heaviest risks in the interest of sound decisions.

    Moreover, for the joint underwriting business with the Regional Mutuals, the built-in control is based on the control established for Internal Reinsurance (cf. 3.4.4.4 a). In addition to the built-in check, the regularity of transactions is ensured by means of regular monitoring of the rates earned and trends in the portfolio structure reflected by the contents of the computer databases, and by permanent contact with the staff and correspondents of the Regional Mutuals.

    The joint underwriting business for Gan Assurances IARD includes the same kind of internal check as for the Regional Mutuals (cf. above). The direct underwriting business for Gan Assurances IARD is subject to a built-in check through the use of its own computer system and an internal check by coordination with the corresponding staff of Gan Assurances IARD.

    Partial underwriting authority may be delegated subject to the presence of technical referral agents;
  - risk engineering activity for the Regional Mutuals, Gan Assurances IARD and Gan Eurocourtage IARD.

- Professional Agricultural Risks

  For all the risks in its scope, the, DRPA defines the underwriting terms and monitors the rates and business commitments by the Regional Mutuals and by Gan Assurances, with special monitoring of some risks:

  - multiple climate risks for crops;
  - frost on crops (grape vines, fruit, corn, seeds);
  - loss of gross margin after governmental decision to stop production in the event of an epizootic disease;
  - third-party liability for products delivered to the US and Canada;
  - fire, storm cover on forests.

  In this event, for risks for which the General Reinsurance Regulations so require, it issues the necessary hedging notes to the Regional Mutuals.

- Personal Non-life Risks

  In addition to the general role played by this Specialist Division on personal, professional and association insurance in the group, the DADI tracks and monitors the professional risks on the structure by:

  - defining the underwriting products and standards, claims management and management in the construction manual common to all the entities in the group;
  - assuming the joint underwriting of risks and the joint management of the claims from the Regional Mutuals in terms of the internal Reinsurance regulations. (cf. 3.4.4.4 a);
  - managing the construction insurance business for Gan Assurances.

- Group Insurance Risks

  The DAC handles the internal control of the services rendered for Gan Eurocourtage Vie, Gan Eurocourtage IARD, Gan Assurances Vie, Groupama Vie and the Regional Mutuals in terms of the creation and monitoring of products, pricing and profitability, inventory, modelling and systems operations research and in terms of operating the group's management systems in group insurance.

- Personal Health Risks

  The DASI operates in several areas, contributing to the internal control of the group, i.e.:

  • It is responsible for the permanent oversight of legal and regulatory trends liable to have a strong impact on the group's gross margin and return on investment, and as such, it participates in professional associations (FFSA, UNOCAM, etc.).

  • It defines the products and services the group can offer its member companies and customers.

  • Working with the entities of the group it defines and monitors pricing rules and income targets in the context of OSP (Operational Strategic Planning).

  • It defines the underwriting terms for the policies and for claims management; it also defines the parameters and changes in the group's health information systems.

  • It monitors the joint venture agreements entered into with healthcare providers (compliance with policies by partner opticians and dentists) and with the MSA (management proxies for the regional mutuals).

  The DASI also monitors the management of operational entities:

  • The SGPS (Healthcare Services Management Company), a brokerage firm that manages healthcare production and/or services for entities in the group.

    The policies managed by the Healthcare Services Management Company ("SGPS") are underwritten under the supervision of the DASI In particular, the SGPS must file a report with that department in the form of monthly scorecards;

  • The Groupama T.P.G. (*Tiers Payant Généralisé*) inter-company venture, which manages third party payer flows and exchanges with the partners.

- Other casualty risks

  The direct underwriting business of Groupama SA is conducted under the supervision of the National Policies Management Department within the DADI in the "Professionals and Associations Non-life Insurance" Department.

  These activities are secured by implementing the common core Groupama SA general procedures. Underwriting in particular is secured through a cross managerial control procedure and through built-in controls performed implicitly by the IT system.

3.4.4.3 CLAIMS MANAGEMENT

The Material Damage (GCSM) and Physical Injury (GCSC) Claims Advisory Departments and the Construction Department, for claims specific to that division, within the Individual Non-life Department, handle the controls of the following items related to claims for damages and third-party liability for the group as a whole, for every entity and for Groupama SA:

- Application of the claims funding rules. These rules are defined in the harmonised Groupama-Gan manual;
- compliance with professional standards, particularly in terms of inexcusable negligence and DIP (Direct Indemnification of Policy-holders);
- performing management actions based on information from the claims advice base, thanks mainly to the application of instruction manuals and processing incorporated into the entities' computer systems.

The Life & Health Insurance Claims Advisory Management Department within the Provident, Savings, Individual Life Division also handles the monitoring of management actions and the funding of projects.

The Group Insurance Department is in charge of management and underwriting for the entities, following the example of the operational management of the activities related to the Social Guarantee of Corporate Executives and Managers or the management of part of the Groupama Life claims in group insurance. It conducts internal checks to better understand and control the risks related to these activities and to supplement the different kinds of checks (internal check, built-in check, hierarchical check) it now performs.

For the direct underwriting activities of Groupama SA (Servicing, Management of national policies), within the Individual Non-life Insurance Department:

- following the audit on all the claims in the sector conducted as indicated in the 2006 report, no adjustment in provisions proved necessary for 2007.
- the claims settlement process is secured through an hierarchical check, with every policy event subjected to a dual check at the level of financial commitments: hence the payment commitment is not done by computer and all payment commitments are subject to a second check and require a second signature, either by the National Policies Management Department or at the same hierarchical level by the accounting staff.

3.4.4.4 REINSURANCE MANAGEMENT

a) Internal Reinsurance Management

- Monitoring the internal reinsurance of the Regional Mutuals

  Groupama SA is the reinsurer of the Groupama Regional Mutuals. The framework and the operating terms of the internal reinsurance are defined in the Reinsurance

Agreement. Internal reinsurance is monitored for proper application by:

• The Reinsurance and Management Department for policy accounting issues and investments in options;

• The Specialist Insurance Divisions for joint underwriting procedures and claims advice management. These procedures are set forth formally in Section II of the Reinsurance Agreement entitled "General Settlement of Reinsurance", the terms of which, particularly the reinsurance thresholds, are re-examined every year. Concerning the joint underwriting activities and joint claims management, the internal control procedures are presented in parts 3.4.4.2 and 3.4.4.3.

The principal control procedures put in place by the Reinsurance and Management Division are presented below.

• Built-in control

Reinsurance sales by the Regional Mutuals are calculated by a special computer application (IRIS), the database is either input or transmitted by file by the Regional Mutuals. Its operation is described in a detailed document. The setting of the annual reinsurance parameters (presented in the Groupama document updated annually, "Reinsurance Terms"), accessible in the application, is checked by the appropriate mangers from the Regional Mutuals.

Reinsured excess claims are first validated by the Regional Mutuals and by the Groupama SA Claims Advice Management Department (cf. 3.4.4.3) based on a "Notice of Claims" application interfaced with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application interfaced with the Internal Reinsurance application.

• Control tests

The Acceptance Department — (Estimates by the Internal Reinsurance Division) controls the accuracy of the calculation rules written by the Reinsurance Accounting Department of the Internal Reinsurance Division in the specialised computer application.

The reinsurance sector of every Regional Mutual also monitors the accuracy of the parameters for calculating reinsurance input by the Reinsurance Accounting Department of the Internal Reinsurance Division of Groupama SA in the specialised computer application.

The results of Internal Reinsurance transactions by every Regional Mutual are monitored:

– by the Regional Mutual concerned before the statements are signed approving the contributions and claims;

– by the Group Management Control Department by comparison with the estimates of the Regional Mutual and with the Groupama SA budget;

– by the Corporate Accounting sector of the Group Accounting Department in connection with the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

▪ Monitoring the internal reinsurance of subsidiaries

Concerning the acceptances by Groupama SA on the policies of the profit centres and subsidiaries, just as it does for all the acceptances by the group, the Reinsurance External Cessions Department ("DCER", cf. 3.4.4.4 b) records the accounts of ceding companies as they are received.

Moreover, for the profit centres and subsidiaries whose assigned reinsurance policy accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the transfer from the profit centre and the portion accepted by Groupama SA.

The profit centres and subsidiaries that manage their own assigned reinsurance policy accounting records send to the DCER the data it needs to make estimates in the nearer term. This task also dovetails with the work of preparing reconciliation statements for the consolidation.

b) Managing reinsurance cessions

▪ Principles and organisation governing the group's external reinsurance.

These principles are approved and updated every year by the Groupama SA General Management on the recommendation of the Reinsurance and Management Department within the Group Finance Division. Groupama SA holding levels and hedge ceilings and those of the group are calculated with the assistance of reinsurance brokers studying the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general transfer policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Defining the responsibilities of the Reinsurance External Cessions Department." The job of determining the Groupama SA annual reinsurance scheme and for all the Groupama SA insurance subsidiaries is managed by the Reinsurance External Cessions Department ("DCER") within the Reinsurance and Management Department. This is done in coordination with the appropriate managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Thus every year, the DCER holds at least two meetings to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the Regional Mutuals, the meetings are held with the Reinsurance and

Management Director and the person in charge of internal reinsurance.

- Supervisory Procedures

  In general, the DCER at the group level monitors the standards and procedures in terms of reinsurance cessions to make certain they are applied properly, both in the case of annual policies and optional sessions.

  The DCER is responsible for the reinsurance accounting of Groupama SA and of some French subsidiaries. In this area, it verifies the claims of reinsurance policy-holders, the premium bases as well as any specific information required by the reinsurers.

  The DCER sets in motion the following procedures, according to the risks involved:

  • for its own management transactions, on a built-in control: based on the specialised SIGRE reinsurance software, which contains oversight and alert modules, built-in procedures that are supplemented by meetings of the DCER Steering Committee between the technical and accounting units of the DCER;

  • to control the risk of storms in France, some disaster damage modelling/simulations are done using expert software by the reinsurance brokers or by specialised agencies (such as RMS). They also perform for Groupama SA studies on the earthquake risk of those subsidiaries exposed (Italy, Portugal, Hungary, Turkey, and Greece);

  • to control the management risk from entities that remain the owners of the data provided to external reinsurance, on a level 2 control implemented by it, or by and authorised third party:

    – for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policy-holder claims, the premium base and specific data required by reinsurers;

    – for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and technical data, audit of compliance with group procedures, in terms of good transfer practices and the proper application of the security rules by respecting the list of reinsurers accepted by the group security committee.

- Reporting procedures

  The staff of the DCER produces an internal report daily (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) for the department head. The department head then presents an annual renewal report to the General Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets including the request for approval by the General Management of Groupama SA of the levels of protection and general policy guidelines for external transfers to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

- Reinsurance report

  The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACAM This report presents the group's policy in terms of reinsurance cessions and the terms for implementing it (including the general procedures) as well as the report on renewing the Groupama SA reinsurance scheme for the current year.

3.4.4.5 FUNDING THIRD PARTY COMMITMENTS

As from 2006, the Group Actuarial Department defined the framework for an annual actuarial report aimed at presenting for each of the group's non-life insurance companies the terms for calculating provisions and commenting on results with specific reference to an assessment of the mathematical life expectancy for claims expenses. In this context, the Group Actuarial Department receives and analyses actuarial reports from the entities.

In life and health insurance, the Provident, Savings and Personal Life Department had a long-term care table in the event of illness and a long-term care table in the event of an accident certified by a certified independent actuary.

In group insurance, the Group Insurance Department defines for the entities concerned, depending on the specific features of the products, funding methods that comply with the rules of the profession and with the Insurance Code. It is responsible for distributing them and seeing to it that they are implemented in the group.

3.4.4.6 RISK MANAGEMENT RELATED TO LOANS, GUARANTEES AND OFF-BALANCE SHEET TRANSACTIONS

Groupama SA, in its capacity as a parent holding company, handles the clearing and monitoring of financing and guarantee transactions both internally and outside the group. The Group Finance Division, working with the Group Legal Department in the Administrative Division, handles the monitoring, and a report is prepared for the ACAM in connection with the adjusted solvency file.

3.4.4.7 MONITORING SOLVENCY AND PROFITABILITY

The Finance and Investment Department (DFI), within the Group Finance Division (D.F.G), calculates the group's adjusted solvency every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFG prepares the Groupama SA solvency report

The DFI regularly monitors the solvency of Groupama SA and of its subsidiaries, as described below:

- Solvency margins verified based on items sent by the subsidiaries;
- Hedging of regulated commitments verified (sufficient nature and description of admissible items);
- Terms and conditions for appropriating the annual earnings of the subsidiaries verified.

The DFI also closely monitors Groupama SA, especially regarding the following:

- balanced “employment and sources of funds”;
- any change in its insurance or holding activity.

The DFI also regularly monitors the return on investment of the subsidiaries of Groupama SA at the consolidated and group levels based on monthly business indicators and midyear and annual financial statements.

3.4.4.8 CONTRIBUTIONS FROM THE CALCULATION OF THE EMBEDDED VALUE

For the first time in 2006, Groupama decided to calculate the Embedded Value of the group’s different life insurance subsidiaries in France in accordance with the principles of the CFO Forum (“European Embedded Value”). Unlike the methods for calculating the traditional Embedded Value, this method, which is based on stochastic calculation models, can highlight the time values of financial options and guarantees.

These options and guarantees correspond mainly to:

- a combination in the same policy of a minimum guaranteed rate and a profit-sharing clause;
- the risk of early redemption on purchasable policies.

These calculations can better quantify the effects of the risks already identified. They make it possible for all the companies to better assign risks and problem areas.

In addition to being published in the group’s financial publications, these calculations and their implications were one of the topics of a seminar at a group management conference. They are the reason behind the launch of action plans specific to each of the entities.

These calculations were reviewed and certified for the scope mentioned by the firm of BW Deloitte.

3.4.4.9 MONITORING OPERATING RISKS

Applying internal control policies led the group to pay more attention to operating risks. In this area, some work was done to provide the entities in the group with “Business Continuity Plans” and crisis management plans, including research on scenarios for a pandemic related to bird flu.

a) Methods of marketing the company’s products

The controls carried out in this area are done in the form of internal checks by each of the group’s insurance companies. Groupama SA does not have a directly owned sales force and does not distribute insurance policies directly except marginally.

b) Human resources management

- Groupama SA

  The Groupama SA Department of Human Resources carries out all its routine operating responsibilities in accordance with the major thrusts of the Groupama SA employment and Human Resources management policy, i.e.:

  • guaranteeing adherence to the employer’s legal and contractual obligations;
  • steering and managing HR capital expenditures;
  • steering and managing personnel transfers;
  • providing support to the staff in the company in their professional and daily plans;
  • steering and promoting dialog between labour and management.

  Groupama SA is a member of the Groupama Social Development Unit (U.D.S.G.). In this regard, the personnel receives the benefit of agreements signed by this Unit and the trade union organisations at the national level.
  Since 2005, Groupama SA has also been a member of the Economic and Social Unit (U.E.S.) recognised between Groupama SA, Groupama Systèmes d’Informations, Groupama Logistique and the four profit centres under the Gan brand name. The Groupama SA HRD is in charge of employee relations: four agreements were signed in 2007.
  These provisions are supplemented by collective agreements made at the level of the Groupama SA establishment. Six agreements were signed in 2007 after collective bargaining between labour and management within the company.
  Specifically, the HRD invests in the following:

  • Managing the performance monitoring procedure: in all Groupama SA departments making annual performance reviews of each member of the staff by his or her superior automatic. Training sessions “to set operating targets and evaluate skills” were taken by all Groupama SA supervisors;
  • Developing individual and group skills by: introducing an Individual Right to Training (D.I.F.) policy; developing apprenticeship and vocational development contracts, supporting V.A.E. (Valuation Based on Background and Experience) projects and individual background assessments;
  • Involving the employees of the Human Resources Department in diversity within the company to reflect the signing by the group of the diversity charter in June 2007. A seminar designed for all the employees of the HRD began in 2007 and will continue in 2008.

In addition, the Groupama SA HRD issues an employment report on the following topics:

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

In 2007, the Groupama SA HRD invested in preventive actions such as:

• updating the Internal Regulations containing the legal provisions on prohibiting tobacco and providing a charter regulating the use of electronic messaging and the Internet in order to guarantee compliance with the laws governing electronic communications;
• updating the single risk prevention document in coordination with the Groupama SA WHSC;
• enhancing the identity of Groupama SA: by defining its responsibilities and activities and its guiding principles: Responsibility, Solidarity, Local Roots, Contractor and Expert.

- Subsidiaries and inter-company ventures.

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

The Group HRD is responsible for inter-departmental management (internal mobility, management of senior executives, HR advice to entities, internal communications, management, compensation and training).

The group's management information system installed since 2005 has gradually been incorporating the main employment data from the group's companies in France. In addition, a single system allows all the companies in the group to manage internal and external recruitment transactions using dedicated sites.

Following the example of the agreement setting forth security and solidarity systems for the agricultural reinsurance mutuals belonging to the Groupama National Federation (rider — December 2004)— Article 3 Appointing the Managing Directors of the Regional Mutuals — a group process (referring to Groupama SA, its subsidiaries, the inter-company ventures and the Regional Mutuals) has been in effect since 2006, applying to the management of the professional careers of senior executives, to talent spotting and management and the appointment of senior managers. It is based on establishing job and incubator categories. It is supervised and regulated through staff performance reviews conducted by the Managing Director of each company and, at the group level, by a technical career committee. This committee met ten times in 2007.

Starting in 2006, the secure, dedicated computer application "Groupama Talent" was installed to gather and share the necessary data.

c) Control of logistical resources

Groupama SA's logistical resources, including property, plants and equipment, are managed by the inter-company venture Groupama Logistics. This entity manages the logistics of most of Groupama SA's subsidiaries.

Groupama Logistics conducts internal checks on the missions assigned to it, under the authority of its Managing Director, who in turn answers to the Group Procurement and Resources Director. Like the other entities in the group, Groupama Logistics has done its own risk mapping to verify and if necessary improve existing control procedures.

d) Control of IT systems

The Groupama SA IT systems are managed by the inter-company venture *Groupama Systèmes d'Informations* ("GSI"), which performs this task for all its members, i.e. most of the subsidiaries of Groupama SA.

Upstream, the strategic management, organisation and overall IT budgets, and by customer, operational relations between GSI and its customers and the quality of services are monitored regularly by the group's control units:

- for quality of service — the customer relations committees;
- for projects, the area committees.

GSI carried out an internal control of IT services and resources in connection with the missions assigned to it, under the authority of its Managing Director, who in turn is under the authority of the Group Chief Financial Officer.

The inter-company venture is managed by the Group IT Steering Committee made up of the Managing Director and his managers and backed by the special committees dealing across departments with issues related to finances, procurement, security, logistics, city planning policy and human resources and methods.

In each of these areas, GSI handles its own monitoring and risk control procedures both for its own account and for its customers, e.g.:

- running the IT system;
- managing glitches and the "Help Desk";
- monitoring the implementation of projects;
- monitoring the availability of production services;
- monitoring the security of production transactions;
- tests on data accessibility and recovery plans;
- managing the continuity plan;
- controlling the procurement process;
- budget control.

The sites hosting the machine rooms are audited twice a year:

- with one executed by the security staff of Groupama Logistics;
- and the other by an outside company.

In addition, the people in charge of these sites conduct an annual evaluation on the level of security of the sites through a methodology developed by CLUSIF, an association of major French companies sharing best practices in terms of security.

Operating risks are listed in a risk map, of which version no. 3 was published in 2007.

Major computer risks from this map are reviewed monthly by the security committee, they include:

- evaluates the relevance of existing systems;
- and monitors plans for improvement.

The RSSI (Chief of Security and Information Systems) under the authority of the Managing Director, defines and implements the GSI security policy.

A specific internal control report is prepared for every fiscal year and presented to the GSI Board of Directors.

e) Control of overhead, trade payables and outsourced activities

- Control of the management of overhead by Groupama SA and its subsidiaries

  Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.4.10.

  The overhead expenses of Groupama SA departments are accounted for in the annual budgets discussed by General Management; those budgets are re-estimated once a year, in July.

  The expenses, as well as the budgets, of the Groupama SA departments are consolidated with those of the main subsidiaries and are subject to periodic monitoring implemented and coordinated by the Group Management Control Department, in particular through key indicators, overhead reports and financial reports.

  Concerning more specifically the monitoring and control of the expenses incurred by the divisions of Groupama SA, the following should also be noted:

  • A three-year budget forecast is drafted by the departments every year;

  • Since 2006, an automatic work flow defined in accordance with precise internal control rules has been applied to the order/procurement process: this system makes it possible to separate the tasks among the requester, the approval body and the payer, and to automate budgetary control and to account for expenses automatically as soon as a commitment is made.

- Internal control of the Groupama SA procurement process

  After approval by the Steering Committee and after its Works Committee gave the go-ahead, Groupama SA attached to its Internal Regulations a procurement ethics charter on 29 March 2006.

  As described in the foregoing section, management of the order/purchase process has applied since 2006 to nearly all the purchases made by Groupama SA and Groupama Vie, not including costs, which are directly input into the accounting management system, SAP.

  This system is used:

  • to control supplier management;

  • to account for costs as soon as the commitment is made, using a built-in feature of SAP;

  • to secure the separation of tasks amongst the principals, the approval-giving bodies and the accounting department;

  • to automate budgetary control and the cost distribution process;

  • to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;

  • to secure supplier payments as related to actual deliveries in keeping with orders;

  • to clear all invoices with the cost monitoring unit within the Group Accounting Department.

- Control of outsourced activities

  Pursuant to the stipulations of the group's internal control charter:

  • the internal control systems authorised within the group (Groupama Systèmes d'Informations, Groupama Logistique and asset managers) by Groupama SA are the responsibility of the proxy;

  • for those activities outsourced outside the group, Groupama SA has established appropriate sub-contracting agreements setting forth the terms and conditions for the control and monitoring of this service, in particular the possibility of a technical audit at the provider's place of business.

3.4.4.10 MONITORING OF SUBSIDIARIES

a) General system

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

- The Group Finance Division for the financial subsidiaries;
- The General Division of Insurance, Banking and Services France for the French operating subsidiaries;
- The International General Management for foreign or overseas subsidiaries;
- The Group HR Strategy Administrative Division for the resources for inter-company resource and purchase ventures.

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

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

In each of these phases, reports by legal entities are prepared by the companies concerned, in accordance with a common presentation and formats. The reporting media are now standardised for all the entities in the group and are collected through the consolidation application.

b) Strategic Management of International Subsidiaries

The Managing Directors of the subsidiaries of Groupama International act in accordance with the authority delegated to them by the Boards of Directors of the companies they run, which for the most part consist of representatives of the group (elected representatives and Managing Directors of Regional Mutuals) and the International Managing Director.

In addition to the control exerted through these Boards of Directors, the International General Management ("D.G.I."), which itself applies internal checks and hierarchical checks common to Groupama SA, has established the special level 2 management and control procedures described below:

- Strategy and Planning
  Every year, in agreement with the International Managing Director, every subsidiary prepares its budget for the coming year and its strategy for the next three years.
  This planning must be part of the strategic and operational plan laid out for all the entities in the group
  In 2007, three business reviews were held:
  - the first one in March for a briefing on the year ended and to validate the objectives for 2007 in light of the initial results for the year;
  - the second one in July to examine the financial statements as at 30 June and progress on the action plans;
  - the last one in November to validate the estimated year-end income and do a briefing on the status of the main projects under way.
- Reporting by the subsidiaries
  Periodic feedback according to a common format is organised to monitor each company:
  - every company prepares a quarterly income statement and on that basis, formulates a new estimate of annual income;
  - a monthly report is required showing trends in the activity and the proportion of claims by business sector as well as trends in financial income and overhead.

  Every month a committee in the D.G.I., factoring in the information disclosed, determines the coordinated actions or decisions to be undertaken with the managers of the subsidiaries in order to define any recovery measures necessary.
  Furthermore, in terms of combating money laundering (cf. 3.4.2.2. f), the quarterly reports by the subsidiaries are coordinated by a staff member of the D.G.I. (Groupama International agent) in contact with the "anti-money laundering" officers of the subsidiaries.
- General Control
  Whenever necessary, a general or specific audit is done by a member of the international management (D.G.I.) staff at the request of the International Managing Director.
  In 2007, the staff made two trips — one to Portugal and the other to Turkey to assess the underwriting rules.
- Control of the asset management of the subsidiaries (in contact with the Group Finance Division (DFG)
  The D.G.I. has introduced systematic meetings for all finance committees, to be held at least three times a year (in the case of the largest subsidiaries).
  These finance committees, whose role is to ensure that assets are managed as effectively as possible:
  - monitor and analyse the transactions previously conducted;
  - propose to the Board of directors of the subsidiary the strategic allocation of assets, based on the Asset/Liability management tools;
  - analyse the financial performance of the subsidiary's manager;
  - decide on the tactical allocation of assets (timetable to reach the target allocation).
- Control of the valuation of life insurance portfolios
  All the life insurance subsidiaries use the same software and the same methodology to calculate their "embedded value" under the supervision of the Group Actuarials department.
  Likewise the Group Actuarial department validates the return on new life insurance products before they are launched.

- Control of the Asset/Liability management of the subsidiaries

  Every subsidiary manages its own Assets/Liabilities using appropriate software and methods under the coordinated supervision of the international management (DGI) and the Group Finance Division (DFG), which is exerted notably in the finance committee meetings (cf. above).

  Eventually all the subsidiaries will use the same group software under the coordination and supervision of the Group Finance Division.

- Securing acquisition transactions

  The Chief Executive of Groupama SA and/or the Managing Director concerned select the appropriate investment opportunities that correspond to the strategic guidelines defined by the group. Potential acquisitions are studied under the authority of the General Management in coordination with the Group Finance Division, the Administrative Division (Strategy — Legal — Tax) and the Group Actuarial department.

  After validation by the General Management and the Group Executive Committee, the Chief Executive of Groupama SA proposes the acquisition decision to the Groupama SA Board of Directors.

3.4.5 The Reliability of financial data

The Group Accounting Department within the Group Finance Division is responsible for preparing the financial statements and the notes to the shareholders, oversight agencies and tax authorities.

3.4.5.1 PARENT COMPANY FINANCIAL STATEMENTS

The parent company statements are prepared with an ongoing concern for identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The kinds of internal checks performed for that purpose are listed below:

- security procedures and internal checks: every area manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;

- built-in control and control tests: this refers to all transactions guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions;
  - the other actions and tests of a non-computer nature targeting mainly the consistency checks by random sampling done on large-volume transactions, with very low unit amount (e.g.: balancing of policyholder balances, tax statements);

- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - Within current management:
    - separation of the functions of commitment to and payment of expenses:

      Spending of a technical, general or financial nature are in principle ordered by persons outside the Group Accounting Department who are authorised up to a certain ceiling based on the type of expense, payment of such expense is initiated by the Group Accounting Department only after a double signature different from that of the authorising officer.
    - monitoring of banking authorities:

      Banking signature authority delegated to some employees is subject to administrative monitoring and regular updating. This system consists of three levels: single signature limited to the Chief Executive; first signature, second signature. The principle of the double signature referred to above requires a signature by each level (first and second).
  - Within inventory management and preparation of the financial statements:
    - regular review points between the Group Accounting Department and the other Departments designed to provide an overview of all the flows for the year and anticipate incorporating them into the accounting records;
    - measuring the consistency between the parent company statements and the estimated statements in collaboration with Group Management Control;
    - building up a collection of backup documentation for the financial statements of the year under the supervision of the reviewer's direct superior, then the department head;
    - review of parent company and group tax income/expense with the Group Tax Department;
    - internal meetings within the Group Finance Division (DFG) to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements;
    - validation of the financial statements by General Management

In addition, the Group Accounting Department regularly updates the modelling of its accounting procedures under a dedicated application in order to comply with the regulatory requirements in terms of audit trails and documentation of accounting standards.

Accounting done for other entities in the Groupama SA Division.

In accordance with its position as the parent company of the group, Groupama SA keeps the books for a certain number of subsidiaries without their own accounting staff (operating SCIs [real estate investment companies], the intercompany venture GIE-Logistique, holding companies and other subsidiaries); it also handles the investment accounting for the profit centres.

The Group Accounting Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial taxable income/expense (securities and real estate) and drafts the statutory financial statements to be sent to the ACAM.

The tools and procedures used to keep investments auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own accounting departments comply with the same internal control criteria as those described previously for the Groupama SA parent company statements (cf. above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

3.4.5.2 CONSOLIDATED FINANCIAL STATEMENTS

The internal control procedures used to establish the reliability of the consolidation financial information for the shareholders of Groupama SA are based on five basic principles: checking the appropriateness of skills (internal check), built-in check, parallel control tests, hierarchical supervision, and group benchmark.

- Security and internal checking procedures: They are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (cf. above).

- Built-in control: the group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this base with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:
  - the first verification level entails checking the consistency of data standard (all the group's data is presented in a format that follows a single standard);
  - at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly concern the overall accuracy and consistency of the items entered. In fact, depending on the types of control, this either causes the data input to be blocked automatically (which can only be cancelled if the precise data is input), or else it restores glitches to be corrected. The central level has the audit trail of these controls. The computer system allows a fairly high level of automatic control through the development of interfaces with the upstream systems;
  - at the central level, additional controls are done. These mainly involve the consistency of the data among the different entities in the group (such as for example for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

  The system has an audit trail that can run any cross-checks desired to identify and monitor any data and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

- Control tests: includes a set of verification and control tests put in place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:
  - checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the group's most sensitive accounting standards and methods are properly applied;
  - verification of central processing: accuracy checks are done to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

  Control tests are clearly outlined in a formal review manual.

- Hierarchical control is aimed at ensuring that the principal items affecting the fairness and accuracy of the financial data as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders are clearly understood in the data presented. This control involves the use of several procedures:
  - checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
  - meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
  - approval meetings with the statutory auditors of the consolidated financial statements;
  - meetings with the Steering Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

- The group standard of reference

  The accounting standards for the consolidated financial statements are the IFRS standards. They are distributed at the group level and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

  • IFRS reference text and a summary of the standard;

  • the area of application and possible options selected by the group wherever the IFRS standards leave the possibility of applying options;

  • application methods.

  The consolidation manual is available on a website. It can be accessed by all the entities in the group (French and English versions). It is updated regularly based on any changes in the IFRS standard.

  This consolidation manual is accompanied by instructions issued during every financial statement approval process to all the entities in the group. The instructions emphasise the specific items applicable to each approval process.

  Training in both methodology and operations is given regularly to all the players involved in the group so that the requirements introduced by the IRFS standards are properly understood and incorporated into the financial statements.

- Pre-closing procedure

  In 2007, the Groupama SA General Management introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the group. This so-called “pre-closing” methodology is based on the data from the fourth 2007 estimate and helps to apprehend the profit or loss to be contributed by each entity for the year 2007 at its most probable level. This system involves the following:

  • a systematic and critical review of the principal aggregates making up the interim management balances;

  • identification and discussion of the main problem areas specific to each entity in connection with final approval of the financial statements (instances of some particular transactions requiring a management decision by the group’s General Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the General Management).

  This gives the General Management an across-the-board picture of 2007 earnings. In order to make the process more effective, analyses of post-closing differences are generally done. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.5.3 COMBINED FINANCIAL STATEMENTS

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.5.4 SUPERVISION OF INTRA-GROUP ACCOUNTING TRANSACTIONS

Transactions amongst subsidiaries and Groupama SA (internal loans, subsidiary restructurings, capital increases, dividend pay-outs, etc.) are subject to decisions validated by the Groupama SA General Management, and to technical and operational control by the Group Accounting Department. These supervisions are done by auditing the consolidated financial statements, i.e.: by reconciling intra-group transactions, monitoring any changes in shareholders’ equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.6 Outlook for Groupama’s internal control

At the end of 2007, all the entities in the group, Regional Mutuals, subsidiaries and Groupama SA are given an internal auditing unit related both to its mandate to monitor activities and its on-going mandate to identify and monitor risks.

The Groupama SA General Management itself monitors any risks considered major for the group, thanks notably to the risk committees, which gather analyses and evaluations from the “owners” of the risks.

The principal entities have prepared their Business Continuity Plans or will do so in 2008.

In 2007, the Group Audit and Actuarial Department within Group Internal Control was given the added function of coordinating compliance actions within the group. In the next few years, this should lead to a significant improvement in oversight measures aimed at detecting risks of non-compliance, whether or not they are regulator in nature, matters of internal fraud or more generally whether or not they involve internal procedures within the group or its entities.

The group has been preparing very actively to apply the Solvency II reform. In 2007, the Group Internal Control began to help the entities to bring their internal control and risk management systems in line with the provisions set forth in Pillar 2. It will continue this project over the next few months as its support for risk mapping has already been contributing to this effort for a few years.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

Report by the statutory auditors prepared pursuant to article L. 225-235 of the Commercial Code, and on the report by the Chairman of the Board of Directors concerning the internal control procedures related to the preparation and treatment of the accounting and financial information.

Year Ended 31 December 2007

PricewaterhouseCoopers Audit	Mazars & Guérard
63, rue de Villiers	Tour Exaltis
92208 Neuilly-sur-Seine	61, avenue Henri Régnault
	92075 La Défense Cedex

Dear Shareholders;

In our capacity as the statutory auditor for Groupama SA and pursuant to the provisions of article L. 225-235 of the Commercial Code for the year ended 31 December 2007.

It is the responsibility of the Chairman to describe in his report the conditions for preparing and organising the work of the Board of Directors and the internal control procedures established within the company.

It is our responsibility to report to you any observations that we may have regarding the data given in the Chairman's report concerning the internal control procedures related to the preparation and treatment of the accounting and financial information.

We conducted our audit in accordance with the professional practices applicable in France. This requires due and proper care to assess the fairness of the information given in the Chairman's report concerning the internal control procedures related to the preparation and treatment of the accounting and financial information. This consists of the following:

- reviewing the internal control objectives and overall organisation as well as any internal control procedures related to the preparation and treatment of the accounting and financial information presented in the Chairman's report;
- reviewing the work underlying the information thus given in the report.

Based on this audit, we have no comment to make on the information given concerning the company's internal control procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of article L. 225-37 of the Commercial Code.

Executed in Neuilly-sur-Seine and Courbevoie, 1 March 2008

The Auditors

PricewaterhouseCoopers Audit		Mazars & Guérard	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

3.6 FEES OF THE STATUTORY AUDITORS

In 2007, the other engagements, which involve audits in connection with M&A transactions, were down. They amounted to €686.1 thousand compared with €3,087.0 thousand in 2006.

Auditors who are not members of the group's joint auditors' group generally work as joint auditors on some subsidiaries of the group, particularly in real estate.

Overview of Auditors' Fees

	2007			
(In thousands of euros excluding tax)	Pricewaterhouse Coopers	Mazars	Other	Total
1. Legal auditing engagement				
1.1. Auditing	2,794.1	2,190.4	458.9	5,443.4
Groupama SA	507.4	426.5	0.0	933.9
French subsidiaries	1,665.1	1,169.8	336.6	3,171.5
International subsidiaries	621.6	594.1	122.3	1,338.0
1.2. Other engagements and audits directly related to the services by the auditors	561.3	106.9	17.9	686.1
Groupama SA	85.0	85.0	0.0	170.0
Other subsidiaries	476.3	21.9	17.9	516.1
Sub-total consolidated financial statements (1.1 + 1.2)	3,355.4	2,297.3	476.8	6,129.5
2. Other engagements (technical, accounting and regulatory consulting)	10.0	0.0	11.0	21.0
Total consolidated financial statements	3,365.4	2,297.3	487.8	6,150.5

Overview of Auditors' Fees

	2006			
(In thousands of euros excluding tax)	Pricewaterhouse Coopers	Mazars	Other	Total
1. Legal auditing engagement				
1.1. Auditing	2,694.9	1,787.0	439.1	4,921.0
Groupama SA	416.8	365.5	0.0	782.3
French subsidiaries	1,713.7	1,068.9	389.9	3,172.5
International subsidiaries	564.4	352.6	49.2	966.2
1.2. Other engagements and audits directly related to the services by the auditors	2,993.6	93.4	0.0	3,087.0
Groupama SA	2,368.7	0.0	0.0	2,368.7
Other subsidiaries	624.9	93.4	0.0	718.3
Sub-total consolidated financial statements (1.1 + 1.2)	5,688.5	1,880.4	439.1	8,008.0
2. Other engagements (technical, accounting and regulatory consulting)	56.3	0.0	0.0	56.3
Total consolidated financial statements	5,744.8	1,880.4	439.1	8,064.3

3.7 TRANSACTIONS WITH AFFILIATES

This section corresponds to Note 50 of the Notes to the Financial Statements for fiscal year 2007, audited by the statutory auditors.

3.7.1 General presentation

Groupama SA and its subsidiaries, which make up the equity management division of the Groupama group, maintain major lasting relationships with their controlling shareholders, the Groupama Regional Mutuals, which make up the Groupama group's mutual insurance division. These relationships focus mainly on the reinsurance of the Regional Mutuals by Groupama SA, and, to a lesser degree, on business relationship amongst the subsidiaries of Groupama SA and the Regional Mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the Regional Mutuals network involves mainly Groupama SA and Groupama Vie. Based on these two entities, the contribution by the network of Regional Mutuals to consolidated premium income accounts for more than 30% of total consolidated premium income for 2007.

The resulting financial inter-dependence led the group's two major divisions to enter into agreements to protect the security of the entity as a whole.

3.7.1.1 REINSURANCE

The Regional Mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement, which is a regulatory basis, is set forth in the bylaws of the Regional Mutuals. This reinsurance exclusivity entails financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the Regional Mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing of fate" between the Regional Mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that in the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determines the financial return for the whole.

Thus, Groupama SA helps to draft the technical terms and conditions, particularly regarding rates that apply to direct insurance, or else it drafts those conditions itself depending on the nature of the risks reinsured.

In addition, Groupama SA may participate in the management of any claims file and jointly manage any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a certain number of mechanisms can be used to quickly re-establish any imbalances.

In accordance with the fate sharing introduced between the Regional Mutuals and Groupama SA, Groupama SA may contribute to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the group's strategy and have the potential to be replicated throughout the Regional Mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to hold true over the long term, and the reinsurance agreement between Groupama SA and the Regional Mutuals has a life equal to that of Groupama SA, which, unless extended, will end in 2086. Any amendments to the agreement must be added in accordance with a decision-making process based on consensus, which grants the authority for final approval to the Groupama SA Board of Directors.

This reinsurance relationship has led to a powerful community of interests between the Regional Mutuals and Groupama SA. On the one hand, the Regional Mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the Mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail above (cf. § 3.7.2.1.)

3.7.1.2 BUSINESS RELATIONSHIPS BETWEEN THE SUBSIDIARIES OF GROUPAMA SA AND THE REGIONAL MUTUALS IN THE AREAS OF INSURANCE, BANKING AND SERVICES

Groupama SA and the Regional Mutuals enjoy business relationships through various subsidiaries of Groupama SA. Those subsidiaries are engaged in the business either of offering products or services designed for members and customers in the areas of insurance, banking or services, or providing financial resources to the entities of the group.

These business relationships are governed by a principle of preference for the group up to and including exclusivity, which is based on the interest of the Regional Mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the 14 December 2005 meeting of the Groupama SA Board of Directors.

Under that agreement, the respective commitments of Groupama SA and the Regional Mutuals are described below:

- Groupama SA shall see to it that the subsidiaries offer products or services meeting the needs of the market (i.e., products or services designed for members or customers) or to the needs of the entities of the group (i.e., the financial services designed for the entities of the group) and that are competitive compared to the products offered by competing companies in terms of price and quality of service.
- The Regional Mutuals agree to the following:
  - Concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute under any circumstances competing products or services offered by third parties;
    - to distribute the products or services of the life insurance, personal banking and employee savings subsidiaries;
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them;
    - to engage in the transport insurance business only in an auxiliary manner, under the aegis of Groupama SA, in coordination with Groupama Transport.
  - Concerning subsidiaries offering financial services designed for the entities of the group:
    - to give preference to those subsidiaries in terms of pricing and equal quality of service.

This agreement has a life of ten years from 1st January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the group is in response to the need for the Regional Mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the Groupama Vie life insurance services, the personal banking services offered by Groupama Banque, Groupama Épargne Salariale and a certain number of services subsidiaries (Mutuaide, Capsauto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- Owing to their intrinsic return going forward.
- Owing to the community of interests between it and the Regional Mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the Regional Mutuals in the non-life insurance market, it is therefore in its direct interest for the Regional Mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general life insurance companies active in the market or with bank insurance companies.
- The investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of personal banking, employee savings, insurance-related services, etc.

3.7.1.3 SECURITY SYSTEMS

a) The Groupama brand

The Groupama brand is the exclusive property of Groupama SA, which grants the operating license thereof to the Regional Mutuals and the subsidiaries. Groupama SA is thus the guarantor of the brand's control and the protection of the group's critical asset.

b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the Regional Mutuals signed an agreement for a security and solidarity system aimed at guaranteeing the security and the financial equilibrium of all the Regional Mutuals and Groupama SA and to arrange for solidarity.

This is a three-part agreement:

- Audit

  Once every three years, Groupama SA conducts an audit of all the transactions of the Regional Mutuals in order to verify the current and future economic and financial balances of each Regional Mutual, compliance with regulatory requirements and with the reinsurance agreement.

  In addition, an audit is performed in the event of a loss recorded by a Regional Mutual, which, depending on the nature, if repeated over three fiscal years, would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business.

  The level of shareholders' equity and necessary assets is set in accordance with a decision-making process based on consensus, which grants to the Groupama SA Board of Director the authority for final approval.

  This level was set substantially above the regulatory requirements in terms of solvency.

  In the event the Regional Mutual concerned disagrees with the recovery measures recommended by an audit, a reconciliation procedure is used after which the Groupama SA Board of Directors may decide by a two-thirds majority to ask for the resignation of the Board

of Directors of the Regional Mutual and/or the dismissal of the Managing Director.
In the event of refusal, the Groupama SA Board of Directors may decide by a two-thirds majority to propose to the Groupama National Federation to exclude the Regional Mutual from the Groupama National Federation, which would mean excluding the Regional Mutual from the group.

- Solidarity fund
The Regional Mutuals and Groupama SA participate in a solidarity fund in order to assist the Regional Mutuals if their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.
The Regional Mutuals contribute to this fund in proportion to the insurance contributions retained by them; the fund also receives an annual allocation to reserves until the total allocations by the Regional Mutual reach 3% of the contributions retained.
Groupama SA does not have such a reserve but has made a commitment to provide assistance from the solidarity fund, calculated according to the same method as the allocations by the Mutuals.
Funding support is possible provided two conditions are met:
• The Regional Mutual has suffered a loss which if repeated three times would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business, calculated as mentioned above;
• The Regional Mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.
The funding assistance decision is made by the Groupama SA Board of Directors by a two-thirds majority.

- Appointing the Managing Directors of the Regional Mutuals
The Managing Directors of the Regional Mutuals are appointed by their Board of Directors after advice by a senior executive careers committee made up of Groupama SA Managing Directors and those of the Regional Mutuals and Chairmen of Regional Mutuals.

c) The Agreements Committee

The Agreements Committee, a research committee of the Groupama SA Board of Directors, is chaired by an independent director.

In particular, this committee is responsible for reviewing the terms for the annual application of the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the Regional Mutuals, seeing to it that the said agreements are legally sound and that they comply with the interests of the employees of each of the entities concerned.

3.7.2 Agreements between Groupama SA and its subsidiaries and the Regional Mutuals

3.7.2.1 THE REINSURANCE AGREEMENT

The need for reinsurance is behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the Mutuals, which at the time was limited to one or two French *départements*, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal insurance system grew up amongst the Regional Insurance Mutuals, and a Central Mutual whose reinsurance function is now performed by Groupama SA.

The reinsurance of the regional mutuals with Groupama SA is intended, through internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to the potential needs of such a company.

In order to achieve this objective, the Regional Mutuals are insured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

a) Permanent principles and adjustments to the reinsurance agreement

The Permanent principles are listed below:
- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are ceded particularly as quota share cessions, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well known ventures (multi-risk insurance, crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its reinsurance acceptances, which reduces the need for reinsurance outside the group and involves all the mutuals in balancing the reinsurance cessions made by them to Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto must be made in the form of a rider in writing, approved by the Groupama SA Regional Mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the Regional Mutuals;
- they are then subject to approval by the Regional Mutuals in a meeting of the Managing Directors of the Regional Mutuals and the Chief Executive of Groupama SA;
- lastly, they are presented by the Groupama SA Chief Executive for approval by the Groupama SA Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee

The adjustments made in the reinsurance agreement in the past two decades were caused by two factors:

- either by changes in the structure of the Mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the Mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the Regional Mutuals. It is designed to take into account both the overall balance amongst them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

b) Classification of reinsured risks

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

- basic risks: they include professional and personal risks like motor, general third-party liability, life and health, personal health and fire, not including natural risks or highly specific risks like construction, long-term care, etc; those risks are characterised by rather low volatility, which requires essentially a cover for claims exceeding a certain threshold;
- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events,
- major risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even catastrophic claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

All the risks classified in the same family are assigned at the same level and adapted to their shared underwriting characteristics.

The risks that do not fall within these three groups because they are new or because of their specific features are handled appropriately, based if possible on the principles applicable to the risk family which they most resemble. These involve mainly natural disasters (legal system with State reinsurance), construction insurance (ten-year risk), long-term care insurance (recent and very long-term risk), terrorist attack risks (market pool), and climate multi-risk insurance (new risk). These risks are classified under the heading "other risks".

c) Basic risks

All basic risks are subject to a 30% quota share transfer (40% for overseas mutuals), which represented premium income of €1,235.6 million for Groupama SA in 2007.

Thus the Regional Mutuals keep a high percentage, which is the best guarantee of the balance of their cession to Groupama SA, since these risks account for more than 80% of their premium income, specific regulations are provided, however, for the unlikely case where a Regional Mutual would transfer a total of two consecutive years of a loss to Groupama SA under this quota share reinsurance.

This mandatory quota share reinsurance provides Groupama SA with the wherewithal, the margin and the territory enabling it to be a financially sound reinsurer, providing the Mutuals with the appropriate risk cover for high-volatility risks classified in other families, which, on the contrary, have a limited premium pool.

Through this quota share, Groupama SA participates directly in the growth of and the return on the core business of the Regional Mutuals.

Custody by the Mutuals is protected by a claims excess with the same threshold for all the Regional Mutuals in metropolitan France and is indexed annually. This excess is set at a high level; to limit the scope of this coverage to a share calculated in such a way that the overall amount covered does not exceed (for Groupama SA) an average of 3% of the total basic risk claims recorded by all the Regional Mutuals. The Mutuals retain an interest in the excess portion, which is therefore not completely transferred, which gives them a stake in the total cost of these claims.

d) Atmospheric risks

All atmospheric risks are subject to the transfer of a 50% share (65% for overseas Mutuals), which represented premium income of €163.9 million for Groupama SA in 2007.

This custody is very significant but this important factor in the empowerment of the Mutuals is supplemented by a system allowing a modulation of the contribution base of the contributions transferred based on the history of the claims reports observed over a long period.

This allows Groupama SA to automatically correct the rate charged (set by the Mutuals), which determines this base, when the rate does not correspond to the risk balance over time, factoring in specifically the external reinsurance costs, which are substantial in these areas.

Custody by each Mutual is protected by an annual stop loss, separately for the storm unit and for the hail unit; thus the total annual claims in a given area are cut back if they exceed a high threshold (higher than the premium income).

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the premium income of the Mutual adjusted for its claims history.

Nor is the excess portion completely transferred, and the Mutuals retain an interest in the annual claims total with no limitation as to amount.

The portion of the claims paid by the annual stop loss represents an average over a long period of 45% of the claims under custody after reinsurance of the mandatory portion for the storm unit and 10% for hail coverage. These averages cover some substantial differences depending on the number of claims for the fiscal years (an expense most often zero in storm coverage, not including major events).

From its acceptances, Groupama SA of course benefited from the coverage underwritten in external reinsurance, the cost of which it includes in the contributions requested from the Regional Mutuals (this is also valid in the other risk families).

e) Major risks

All major risks are subject to a 50% quota share transfer (65% for overseas Mutuals), which represents premium income of €70.3 million for Groupama SA in 2007.

Custody by the Mutuals is thus very significant; and it was recently bolstered, which greatly helped in cleaning up the portfolio.

It is protected by a stop loss above a certain threshold, beyond which, like in the other two risk families, the Mutuals retain a portion of the total cost of the claim.

The claim expense paid by this coverage represents an average of 15% of the total cost of the claims under custody with the Mutuals after reinsurance of the mandatory portion.

In this area with a low premium base, modulation mechanisms comparable to those applied to atmospheric risks would not be significant; on the contrary, the reinsurance agreement enables Groupama SA, which has a central team of specialised underwriters, to participate directly in setting the insurance terms and rates in underwriting major risks and in settling claims

f) Major other risks ("other risks")

In natural disasters, the Mutuals transfer a 70% quota share (the minimum transfer to the CCR being 50%), and the claims under their custody are protected by an annual stop loss.

Construction reinsurance is comparable to basic risks insurance with a quota share transfer of 30% and a stop loss on custody; however, because of its ten-year balancing and accounting principles, it cannot be classified in that family

Long-term care is reinsured solely in quota share at the rate of 50%.

Corporate takeover risks are transferred at 100% because they are then completely retroceded to the Gareat market pool.

With regard to a new and as yet experimental business, multi-risk climate insurance is transferred by each Regional Mutual at the rate of 100% to Groupama SA, but the insurance terms and rates are set by Groupama SA and 50% of them national profit/loss is then retroceded to the Mutuals.

In all these cessions accounted for premium income of €262.5 million for Groupama SA in 2007.

g) Retrocession

Insurance ceded by the mutuals to a central reinsurer do not deplete the capacities for pooling and retention within the group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the Mutuals part of the profit/loss from its total acceptances, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA's quota share acceptances for basic risks is not, therefore, affected by the retrocession.

However, a significant percentage (15 to 40% depending on the risks), of the other main reinsurance acceptances is retroceded, including the following:

- basic risk stop loss;
- quota share and annual stop loss for atmospheric risks and natural disasters;
- quota share and stop loss for major risks.

Transactions retroceded are spread out amongst the Regional Mutuals in proportion to the gross contributions retained by each of them after the quota share transfer to Groupama SA, including basic, atmospheric and major risks.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of the different cessions made by them to Groupama SA, and as such constitutes an additional regulatory factor.

h) 2007 amounts concerned

To be noted that the items: non-life premiums earned, contract obligation charges, acquisition costs and administrative costs include acceptance flows at the level of Groupama SA resulting from regional mutuals under the internal reinsurance treaty.

The accepted amounts of these various flows are broken down as follows:

In millions of euros	31.12.2007	31.12.2006
Non-life premiums acquired	1,729	1,697
Contract obligation charges	(1,068)	(985)
Acquisition costs	(152)	(151)
Administration costs	(152)	(151)

At 31 December 2007, the global retrocession result is 2 million euros.

In millions of euros	31.12.2007	31.12.2006
Reinsurance cession charges	(70)	(65)
Reinsurance cession income	72	68

This entire explanation can be summed up as follows:

- The reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (cf. above);
- The internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- The ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Regional Mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the Regional Mutuals amounted to a total of €1,732.3 million in 2007.

3.7.2.2 GROUPAMA VIE

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

a) Individual life agreement

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

With regard to distribution, Groupama Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the PR and advertising. The Regional Mutuals are responsible for sales relationships with customers.

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

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

Groupama Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

The distribution and management of the Regional Mutuals are compensated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (provident products) designed to involve the Regional Mutual in the quality of its management.

Groupama Vie posted premium income under this agreement of €1,749.5 million in 2007. The fees earned by the Regional Mutuals amounted to €98.2 million.

b) Group insurance agreement

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

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

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

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

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

Groupama SA, is authorised by Groupama Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the Regional Mutuals.

The Regional Mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks, which is designed to involve the Regional Mutual in the quality of its management. As an incentive for the development of group insurance, the Regional Mutuals receive a share of the profits from policies managed nationally based on type.

Groupama Vie posted premium income under this agreement of €45.3 million in 2007. The fees earned by the Regional Mutuals amounted to €4.1 million.

3.7.2.3 GROUPAMA BANQUE:

The relationships between Groupama Banque and the Regional Mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

a) A general marketing and management agreement

The general agreement defines the respective roles of the bank and the Regional Mutual. The Mutual is assigned by Groupama Banque the job of distributing its product offering under an intermediary banking transactions mandate defining on a limited basis the authorised transactions that the Mutual is authorised to carry out. Authorised transactions are transactions to prepare for or support banking transactions; as Groupama Banque is authorised solely to conduct its banking transactions.

The Regional Mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed annually

b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the Regional Mutual, compensation, quality objectives, etc.

The Regional Mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €28.2 million in 2007. The fees earned by the Regional Mutuals amounted to €4.8 million.

3.7.2.4 OTHER AGREEMENTS

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the Regional Mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3.7.3 Financing of major programmes

Groupama SA participates in the financing of major community programmes by paying subsidies to the Regional Mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the group's decentralised structure and from the role played in it by Groupama SA, which manages the group and reinsures the Regional Mutuals.

3.7.3.1 OPERATIONAL STRUCTURE OF A DECENTRALISED ORGANISATION

In a so-called decentralised organisation, the central body proceeds from the regional level; its role is to embody the collective will and steer the policies resulting therefrom, but from a legal standpoint, it does not have the power to impose those policies on a regional level. Financing is one lever that can facilitate the implementation of the group policies.

Moreover, the programmes stemming from these policies are most often the ones to generate high costs in the beginning with regard to the financial coverage of the Regional Mutual, with no immediate counterparty and to involve a business risk making return on investment random. At the level of a Regional Mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the Regional Mutuals the national size effect that would exist if this combination were not legally divided into thirteen regional mutuals.

3.7.3.2 INTEREST OF THE CENTRAL REINSURER IN EXPANDING THE BUSINESS OF THE REGIONAL MUTUALS

As indicated above (cf. § 3.7.1.1), the reinsurance relationship between Groupama SA and the Regional Mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the Regional Mutuals.

3.7.3.3 A RATIONAL, EFFICIENT SYSTEM

To qualify for financing by Groupama SA, a programme must meet several conditions:

- It must be part of the strategy defined by the group;
- It must represent for most of the Regional Mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- It must have the potential to be replicated in all the Regional Mutuals.

The financing ceases once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental personal health insurance product launched on an experimental basis in three Regional Mutuals, then expanded gradually to the other Regional Mutuals. This new offering entitled “Groupama Active Health” now gives the Regional Mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading company in the French supplementary health insurance market;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the Regional Mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in nearly all the Regional Mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research initiated several years ago, the community computer expenses programme involves 100% financing for exceptional projects, accounts closing and health convergence processes and 50% payment of the cost of the Regional Mutuals’ merging — migrating costs and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2007, Groupama SA contributed for €10.2 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the Regional Mutuals. This business requires a major effort on the part of the Regional Mutuals, especially in terms of sales force training and management. The subsidies related to sales objectives are designed to end when the retail banking business reaches a financial breakeven point forecast for 2010. For the year 2007, the amount of financial support devoted to deploying the banking business came to a total of €2.3 million, net of corporate income tax.

Lastly, Groupama SA has participated since 2007 in funding the effort to support and promote more widely the Groupama brand name spearheaded by the Regional Mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. During the 2006-2007 season, this funding amounted to €0.5 million.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA. Board of Directors.

4

RISK FACTORS

This chapter corresponds to Note 53 of the Notes to the financial statements for fiscal year 2007, audited by the statutory auditors.

4.1 RISK MANAGEMENT

As a multi-line insurer, Groupama is subject to various types of insurance risks, with equally variable time horizons. These risks are specifically related to the competitive and cyclical nature of its business lines and to its exposure to weather or extraordinary events. The Group is also exposed to market risks because of its financial investment activities, particularly the risks linked to interest rates, equity markets, the liquidity of its assets, and foreign exchange risks. Lastly, the Group is subject to operational, regulatory, legal and tax risks like all companies in other business sectors.

4.1.1 Organisation of internal risk control within the group

The risk control organisation within the group is described in the report from the chairman of the board of directors on the board's working conditions as well as on the internal control procedures for fiscal year 2007 (see § 3.4 of this document).

The Group general audit and actuarial department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities. The audit plan of the Group general audit and actuarial department is approved by the Managing Director of Groupama SA. It is also presented annually to the audit and accounts committee of Groupama SA.

The mission of the group internal control and risk management department is to coordinate and direct risk management within the group; this function is also present within each regional mutual and each subsidiary of Groupama SA. The internal control department is responsible for directing the deployment of internal control procedures within Group companies and for implementing Group-wide action plans to manage risks.

In addition, the Group risk management department is responsible for the ongoing monitoring of results and achievement of the Group's objectives. Each regional mutual and each subsidiary of Groupama SA also have a risk management department.

4.1.1.1 GROUPAMA S.A. AND ITS SUBSIDIARIES

Risks related to the insurance business lines are monitored by the business departments specialising in the area in question; reinsurance risks are managed by the reinsurance and management department (see section 4.2 Insurance risks). The Finance and Investment Division is responsible for managing the risks related to assets and asset/liability management (see section 4.3 Market Risks).

The Board of Directors of Groupama SA has established an audit and accounts committee; the principal duties of this committee are to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control.

4.1.1.2 REGIONAL MUTUALS

The regional mutuals are autonomous legal entities which implement their own internal control system and manage their risks. Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement (refer to 3.7.2.1 of the Reinsurance Agreement). For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Vie.

4.2 INSURANCE RISKS

4.2.1 Prudential oversight

Pursuant to European directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

At 31 December 2007, the principal insurance companies had a solvency margin on average three to four times over the minimum requirement, both in life and non-life.

Solvency is periodically monitored by each of the companies and by the Group's finance department.

Pursuant to the European Directive, the adjusted solvency margin is determined on the basis of the combined financial statements. Within this scope of consolidation, the adjusted solvency margin was 2.7 times the minimum requirement, compared to 3.1 times at 31 December 2006.

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

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

4.2.2.1 PRODUCT DESIGN

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore its earnings. The insurance divisions of Groupama S.A. ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA on behalf of the Group's companies. It is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with Group actuarial management. The work performed by the specialist insurance teams includes the drafting of the general terms and conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama SA are then responsible for marketing and managing the products. The products are marketed and managed by the entities of the Gan and Groupama S.A. sales networks.

4.2.2.2 UNDERWRITING AND CLAIMS MANAGEMENT

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist divisions and the entities concerned. In addition, the specialist divisions also act to warn and advise the entities.

4.2.2.3 VALUATION OF RESERVES

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama records technical reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the insurance divisions in guidelines that are harmonised for all Group entities. Reserves are valued by the claims managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "technical interest rate". In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the T.M.E.), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

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

The breakdown of non-life technical reserves at 31 December 2007, compared to 31 December 2006, is the following:

In millions of euros	Reserves for premiums not acquired	Reserves for claims payable	31.12.2007	31.12.2006
Motor insurance	852	3,159	4,011	2,916
Property damage	531	1,198	1,729	1,606
General civil liability	65	1,215	1,280	1,186
Marine, aviation, transport	27	565	592	622
Bodily injury	72	481	553	438
Other risks	253	1,126	1,379	1,178
Acceptances	152	2,968	3,120	3,093
Total gross reinsurance reserves	**1,953**	**10,712**	**12,665**	**11,041**
Reinsured share	87	1,300	1,387	1,401
Total reserves net of reinsurance	**1,866**	**9,412**	**11,278**	**9,640**

The change in technical reserves may be primarily explained by additions to the scope of consolidation occurring this year following acquisitions that were made.

b) Breakdown of technical reserves for life insurance policies by major risks

The breakdown of life technical reserves at 31 December 2007 compared to 31 December 2006 is as follows:

In millions of euros	Life insurance reserves	Reserves for claims payable	31.12.2007	31.12.2006
Individual insurance	11,162	204	11,366	9,416
Group policies	6,841	198	7,039	6,697
Capitalisation	676	47	723	896
Other risks	2,506	23	2,529	2,481
Acceptances	1,739	43	1,782	1,691
Total gross reinsurance reserves	**22,924**	**514**	**23,438**	**21,180**
Reinsured share	47	20	67	54
Total net reinsurance reserves	**22,877**	**494**	**23,371**	**21,126**

The change in total commitments may be explained by inclusions within the scope of consolidation occurring this year following acquisitions made, as well as organic growth in the insurance business line.

c) Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments

In millions of euros	France	International	31.12.2007	31.12.2006
Commitments guaranteed at fixed rate	36,531	2,625	39,156	36,429
Commitments guaranteed at variable rate	4,568	485	5,053	4,335
UC and other products without rate commitment	3,491	312	3,803	3,696
Total	**44,590**	**3,422**	**48,012**	**44,460**

10.5% of the portfolio is variable rate. This variable rate is a function of an index. In France, in most cases, the index used as the reference for life insurance policies is the A savings account rate. The T.M.E. is used for non-life insurance policies.

4.2.2.4 REINSURANCE

Reinsurance is organised on two levels. The internal reinsurance performed by Groupama S.A. for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama S.A.

on behalf of the entire Group. Moreover, selection rules defined in the security and reinsurance committee, which is composed of representation of the external reinsurance division of Groupama S.A. and several of its subsidiaries, based on the ratings from ratings agencies, are designed to monitor the solvency risk from reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long claims development.

4.2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows

4.2.3.1 GENERAL DESCRIPTION

The Group offers a broad range of non-life insurance products designed for individuals and businesses. The motor, personal, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

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

The main personal insurance contracts in euros offered to our clients are savings policies, temporary death policies, mixed insurance contracts, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The group contracts offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

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

a) Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made catastrophes, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in indemnity claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate and natural catastrophe events in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of catastrophes or other events affecting its technical results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- aging of the population (health, long-term care);
- increasing awareness of the effects of pollution;
- strengthened legal structure (liability — indemnification for bodily injury).

b) Specific features of certain life insurance policies

- Discretionary profit-sharing clause
  Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit-sharing must at least correspond to the regulatory and/or contractual constraints. Commercial pressure may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policyholders to participate in financial management results and the technical results of the insurance company.
- Early redemption options
  Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. This phenomenon may be intensified in the event of a sharp and lasting increase in interest rates. For some products, redemption penalties are applied in the event of early redemption and allow the insurer to cover a portion of the acquisition costs incurred at the time the policy was signed.
- Specific features of unit-linked policies
  Most unit-linked contracts sold by Groupama do not generally provide for contractual compensation. Under these conditions, the insured alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of

the death of the insured. The insurance company recognises reserves for this risk.

c) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the insured. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is known through mortality tables that show the number of persons alive at each age in the human life, based on a given number of persons at birth. On the basis of statistics on mortality for men and women, different mortality tables have been constructed and are regularly revised to take demographic changes into account. In general, these tables correspond to national statistical tables published by the national statistical bodies.

For France, the Group uses the generational and gender mortality tables (known as TGH and TGF), or tables with annuity forecasts with age differences (TPRV), which are both forecasting tables used to define rates for annuity contracts constructed using data from INSEE, the French statistics institute. They take into account the observed trend in decline in mortality.

As of 31 December 2007, the amount of the actuarial reserves for annuities currently being paid was €4,875 million, compared to €4,384 million at 31 December 2006.

In millions of euros	France	International	31.12.2007	31.12.2006
Actuarial reserves for life income	3,001	26	3,027	2,849
Actual reserves for non-life income	1,840	8	1,848	1,535
Total	**4,841**	**34**	**4,875**	**4,384**

In life insurance, the share of immediate annuity income outweighs that of immediate temporary income.

In the international segment, the tables used comply with local legal requirements.

In the other portfolios, the mortality risk concerns the whole life and deferred capital products.

4.2.4 Information on concentrations of insurance risk

At the time of a claim, a major concern for the Group is the risk of facing a concentration of risks and therefore an accumulation of the indemnities to be paid.

There are two types of accumulating risks:

- the risk of underwriting accumulations in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim accumulations in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

4.2.4.1 IDENTIFICATION

Accumulating risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying accumulations during underwriting is assumed by the Group, through risk inspections, verification of the absence of accumulating co-insurance or inter-network insurance lines, identification of accumulating commitments by site.

In addition, the underwriting procedures for certain risk categories help to control accumulating risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of accumulating geographic risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These directives are defined in internal procedural guidelines.

The procedures in force for managing accumulating portfolio risks cover:

- identification of the inter-network co-insurance accumulating risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property and/or civil liability risks are specifically monitored by the relevant specialist insurance division;
- three-year statements of commitments for risks of storms, hail, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

4.2.4.2 PROTECTION

Protection consists of implementing reinsurance coverage which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event such as storm, hail, etc.).

In the case of a human risk that affects either a risk accumulation insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and updated every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.3 MARKET RISKS

There are three categories of different market risks which Groupama might be subject to:

- Interest rate risk;
- Risk of variation in the price of equity instruments (stocks);
- Foreign exchange risk.

4.3.1 Interest rate risk

4.3.1.1 TYPE OF AND EXPOSURE TO INTEREST RATE RISK

During a period of interest rate volatility, the group's financial margins might be affected. Specifically, a drop in interest rates would affect the profitability of assets invested to cover yields for life insurance products. Net financial profits might be affected specifically on debt products that show a change in value inversely proportional to the change in interest rates. Thus, in the event of a drop in interest rates, the group's financial performance might be limited because of a decline in the spread between interest rates awarded to holders of insurance policies, and the return on the Group's investment portfolio.

Conversely, in the event of a sharp increase in rates, the Group may have to face a rash of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions (externalisation of capital losses).

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

4.3.1.2 RISK MANAGEMENT BY THE GROUP

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

a) Asset/liability management

Tracking the profile of liability flows allows bond policy to be defined, taking into account the duration and convexity of these liability flows and any sensitivity of these flows to changes in interest rates.

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different rate environments, particularly the ability to meet the remuneration requirements for the insured.

These simulations allow the Group to develop strategies designed to reduce the volatility of the differential between the real yield from the asset and the rate expected by the policyholder. These strategies include calibrating the durations and convexities of the bond portfolios, the portion of variable-rate bonds, the portion of diversification assets, and the features of the hedging products.

Hedging products are used to re-establish the asymmetry between liabilities profiles and those of traditional bond assets in the different rate environments considered.

b) Interactions between the redemption risk and profit-sharing clauses

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

However, in addition to the fact that liabilities that can be redeemed do not represent all commitments, the sensitivity of redemptions to changes in interest rates can vary depending on the product and policyholders' expectations. The objective of asset/liabilities management is to reduce the volatility of redemption rates, using strategies that take into account the various reserves available and bond management strategies coupled with hedging products. These are used to adjust the yield profile for the assets in the different potential interest rate environments in order to ensure policyholder satisfaction.

c) Interest rate risk related to the existence of guaranteed rates

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints.

These risks are handled at the regulatory level through prudential reserve mechanisms.

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

d) Rate hedges

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

This strategy is implemented by purchasing interest rate options ("caps") on the one hand, and by converting fixed rate bonds to variable rate bonds ("payer swaps") on the other.

- Purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option;
- Interest rate swap: the hedging strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or to synthetically create a variable rate bond for new investments.

The options generate an additional return in the event of rate rises, and the variable rate is an asset that allows liquidation of part of the portfolio by limiting capital losses, in addition to providing additional returns. The strategy thus aims to provide additional returns in the event of interest rate increases, which should allow the Group to anticipate expected surrenders and also to limit the impact of such surrenders if they occur.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. The programmes were subsequently completed and expanded. They do not meet the definition of hedge accounting according to IFRS standards.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

4.3.1.3 PRINCIPAL FEATURES OF THE BOND PORTFOLIO

The proportion of interest-rate instruments was 67% of total financial investments net of unit-linked assets marked to market, 61% of which was classified as "available-for-sale assets" and 6% as "assets for transaction purposes" at 31 December 2007.

The table below shows the Group's exposure to interest rate risks at the close of each fiscal year. The following points should be specified:

- the data is expressed at market value at the close of each fiscal year;
- bonds with a call that can be exercised at the issuer's initiative are assumed to mature on the date of the option (subordinated debt, ...);
- the convertible bonds and equity interests are considered to be "without interest rate" like all the other investments (shares, real estate).

	31.12.2007			31.12.2006		
	Rate			Rate		
(In millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
available for sale	37,257	2,639	39,896	36,303	1,771	38,074
for trading	163	10	173	23	0	23
voluntarily classified as for trading	1,359	165	1,523	1,686	107	1,793
Unlisted bonds						
available for sale	15	34	49	7	0	7
for trading	8	0	8	0	0	0
voluntarily classified as for trading	0	7	7	11	0	11
Total bond portfolio	**38,801**	**2,855**	**41,656**	**38,030**	**1,878**	**39,908**

The distribution of the bond portfolio thus shows that the types of investments favoured by the group are primarily long-term bonds (over 5 years) with fixed rates.

4.3.1.4 ANALYSIS OF SENSITIVITY TO INTEREST RATE RISK

Pursuant to IFRS Regulation 7, an analysis of accounting sensitivity was carried out at 31 December 2007 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financing debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on shareholders' equity and income are shown net of profit-sharing and corporate tax.

a) Analysis of the sensitivity of technical insurance liabilities

- Non-life insurance

  Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, i.e., portfolios of current annuities and temporary payments (individual and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

  As at 31 December 2007, the amount of the discount contained in the actuarial reserves for non-life annuities, before reinsurance, was €608 million. The amount of the discount contained in the reserve for increasing risks on long-term care, before reinsurance, was €242 million.

The result of the analyses of sensitivity to interest rates shows that the group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/−100 basis points, calculated net of tax, is shown in the following table:

	31.12.2007		31.12.2006	
(In millions of euros)	**Interest rates − 1%**	**Interest rates + 1%**	**Interest rates − 1%**	**Interest rates + 1%**
Income impact (net of tax)	(53)	44	(59)	52
Equity impact (net of income)	0	0	0	0

- Life insurance and financial contracts

  The analysis was limited to life commitments with accounts sensitive to changes in interest rates, representing some 5% of all life technical reserves. Most of the group's technical commitments are discounted at fixed rates, which limits the sensitivity of reserves to interest rates. In France, the discounted rates used fall within a range of 2% to 4.5% for most of the actuarial reserves.

  Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for unit-linked policies, since the risk of change in the index is assumed by the insured rather than by the Group.

The impact of sensitivity to changes in interest rates of +/−100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2007		31.12.2006	
(In millions of euros)	**Interest rates − 1%**	**Interest rates + 1%**	**Interest rates − 1%**	**Interest rates + 1%**
Income impact (net of taxes)	(51)	47	(36)	33
Equity impact (net of income)	0	0	0	0

b) Analysis of the sensitivity of financial investments

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/−1%) in interest rates.

The impacts are shown after taking into account the following factors:

- the rate of profit-sharing in the entity holding the securities;
- the current tax rate.

In fiscal year 2007, the profit-sharing rates used by entities holding life-insurance commitments were within a range of 68.7 to 85.6%.

(In millions of euros)	31.12.2007 Rate risks + 1%	31.12.2007 Rate risks −1%	31.12.2006 Rate risks + 1%	31.12.2006 Rate risks −1%
Impacts on the revaluation reserve	**−595**	**668**	**–544**	**604**
Equities				
Equity mutual funds				
Bonds	−588	661	−539	599
Bond mutual funds	−7	7	−5	6
Derivatives and incorporated derivatives				
Impact on net income	**26**	**−11**	**0**	**−1**
Equities				
Equity mutual funds				
Bonds	−7	7	−8	9
Bond mutual funds	−14	15	−15	16
Derivatives and incorporated derivatives	47	−33	24	−26
Total financial investments net of unit-linked	**66,685**		**59,350**	

We note that the change in fair value of the derivatives and incorporated derivatives, which primarily correspond to hedge derivatives, passes through the income statement. By contrast, the change in fair value of hedge instruments is posted to shareholders' equity, in the absence of the application of hedge accounting.

c) Sensitivity analysis on financing debt

The financing debt shown in the Group's liabilities is of two different kinds:

- financial and debt instruments;
- financial equity instruments.

In fiscal year 2007, the group issued perpetual bonds consisting of super-subordinated securities (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21.3 — Group shareholders' equity). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in Note 24 — Financing Debt.

The following table shows the impacts net of a regulatory tax rate of 34.43%.

(In millions of euros)		Rate change + 1% on income	Rate change + 1% on net equity	Rate change − 1% on income	Rate change − 1% on net equity
2007	Fixed portion	18		−20	
	Variable portion				
2006	Fixed portion	24		−25	
	Variable portion				

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

4.3.2.1 TYPE OF AND EXPOSURE TO EQUITY RISK

Fluctuations in the financial markets (particularly the equity and debt markets) could have a favourable or unfavourable impact on the sales of Groupama's individual retirement, pension, and life insurance products, and on its asset management activity. The Group's ability to earn profits on insurance and investment products depends in part on the return on assets invested in exchange for commitments taken on the products in question. The value of certain specific investments is likely to fluctuate as a function of financial market conditions. For example, any decrease/ increase in stock prices would have a direct impact on unrealised capital gains associated with securities in the Group's investment portfolio.

The weight of equity instruments was 25% in net book value (37% in market value), 20% of which were classified as "assets available for sale" and 5% as "assets for transactions". Equity instruments include:

- Equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within Mutual Funds (FCP and SICAV);

- Shares in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- Equities in French and foreign companies that are not listed. They may be held directly or in the form of FCPR.

4.3.2.2 GROUP RISK MANAGEMENT

Equity portfolios held by the Group subsidiaries are generally determined within the context of asset/liability studies to ensure capacity to withstand a market shock over a short-term period, taking into account the objectives for gains required to meet the objectives for the period. These studies cover the reserves available elsewhere, such as the profit-sharing funds or unrealised gains.

Equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. They therefore comply with the limits set by financial management, i.e.:

- 3% of the company's capital;
- 10% of the company's float;
- an amount that must not represent more than 5% of the equity portfolio;
- the portfolio's liquidity must be greater than a minimum liquidity curve.

These management measures, specifically performance, as well as compliance with the defined limits, are monitored at the management company's monthly committee meetings for reporting to financial management.

4.3.2.3 DISTRIBUTION OF THE EQUITY PORTFOLIO BY BUSINESS LINE

The investment policy is aimed at diversifying the Group's investments by business sector to avoid any concentration of risks. At 31 December 2007, for most of the companies in the scope of consolidation, the distribution of the equity portfolio by business sector was the following:

Sector	31. 12. 2007	31. 12. 2006
Consumer goods	15.9%	12.1%
Manufacturing	15.4%	19.5%
Basic materials	6.3%	5.9%
Energy	11.6%	8.8%
Health	2.9%	3.7%
Municipal services	10.1%	6.7%
Consumer services	8.7%	12.5%
Finance	15.0%	22.4%
Information technology	6.5%	4.2%
Telecommunications	7.5%	4.1%

4.3.2.4 ANALYSIS OF THE SENSITIVITY OF FINANCIAL INVESTMENTS TO EQUITY RISK

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into account:

- the rate of profit-sharing of the entity holding the securities;
- the current tax rate.

In fiscal year 2007, the rate of profit-sharing used by entities holding life insurance commitments corresponded to a range of 68.7% to 85.6%.

	31. 12. 2007 Equity risks		31. 12. 2006 Equity risks	
(In millions of euros)	**+ 10%**	**−10%**	**+ 10%**	**−10%**
Impacts on the revaluation reserve	**350**	**−350**	**374**	**−374**
Equities	296	−296	330	−330
Equity mutual funds	53	−53	44	−44
Bonds				
Bond mutual funds				
Derivatives and incorporated derivatives				
Impact on net income	**16**	**−16**	**20**	**−20**
Equities	7	−7	5	−5
Equity mutual funds	14	−14	15	−15
Bonds				
Bond mutual funds				
Derivatives and incorporated derivatives	−5	5		
Total financial investments net of unit linked	**66,685**		**59,350**	

4.3.3 Foreign exchange risks

4.3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the euro zone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar and the yen.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the Pound Sterling, the Turkish Pound, the Hungarian Forint, and the Romanian Leu. These impacts are posted in shareholders' equity, under conversion adjustment.

4.3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars and yen. The documentation is updated each time the accounts are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS regulations.

4.3.3.3 BREAKDOWN OF FINANCIAL INVESTMENTS BY CURRENCY

	31. 12. 2007					
(In millions of euros)	Euros (€)	Dollars ($)	Pounds (£)	Yen (¥)	Other	Total
Available-for-sale ssets	**52,131**	**158**	**749**	**48**	**311**	**53,395**
Equities	10,522	74	19	33	70	10,719
Bonds	38,924	66	729		226	39,945
Mutual funds	2,578	6		14	15	2,613
Other investments	106	12	0			118
Assets held for trading	**12,218**	**2**	**24**	**0**	**0**	**12,243**
Equities held for trading						
Equities — voluntary classification as held for trading	7	2	24			32
Bonds held for trading	181					181
Bonds — voluntary classification as held for trading	1,530					1,530
Mutual funds held for trading	6,488					6,488
Mutual funds — voluntary classification as held for trading	3,982					3,982
Other investments held for trading						
Other investments — voluntary classification as held for trading	29					29
Other financial assets	**587**	**16**	**64**	**0**	**4**	**671**
Loans	123	15	63			202
Deposits	174	1	1		3	179
Other investments	290				1	291
Total financial investments (excluding derivatives and ULs)	**64,936**	**175**	**837**	**48**	**315**	**66,310**

	31. 12. 2006					
(In millions of euros)	Euros (€)	Dollars ($)	Pounds (£)	Yen (¥)	Other	Total
Available-for-sale assets	**49,953**	**590**	**903**	**45**	**339**	**51,830**
Equities	11,004	150	37	41	45	11,278
Bonds	36,614	400	866		201	38,081
Mutual funds	2,239	36		4	4	2,283
Other investments	96	4	0		88	189
Assets held for trading	**6,637**	**41**	**25**	**0**	**11**	**6,714**
Equities held for trading						
Equities — voluntary classification as held for trading	11	2	25		0	38
Bonds held for trading	23					23
Bonds — voluntary classification as held for trading	1,771	22			11	1,804
Mutual funds held for trading	1,004	9				1,013
Mutual funds — voluntary classification as held for trading	3,826	8				3,834
Other investments held for trading						
Other investments — voluntary classification as held for trading	2					2
Other financial assets	**504**	**9**	**174**	**0**	**12**	**699**
Loans	71	0	173		10	254
Deposits	232	9	1		1	243
Other investments	201				1	202
Total financial investments (net of derivatives and ULs)	**57,095**	**640**	**1,102**	**45**	**362**	**59,244**

4.3.3.4 ANALYSIS OF EXCHANGE RATE SENSITIVITY

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

In fiscal year 2007, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 68.7 to 85.6%.

	31. 12. 2007 Foreign currency risks		31. 12. 2006 Foreign currency risks	
(In millions of euros)	+ 10%	−10%	+ 10%	−10%
Impacts on the revaluation reserve	**−5**	**5**	**−10**	**10**
Equities				
Equity mutual funds	−2	2	−7	7
Bonds	−3	3	−3	3
Bond mutual funds				
Derivatives and incorporated derivatives				
Impact on net income	**2**	**−2**	**7**	**−7**
Equities				
Equity mutual funds	−2	2	−3	3
Bonds				
Bond mutual funds				
Derivatives and incorporated derivatives	4	−4	10	−10
Total financial investments net of ULs	**66,685**		**59,350**	

4.3.4 Summary of sensitivity analyses to market risks

The following table shows all the sensitivity analyses to market risks for fiscal years 2007 and 2006, broken down by shareholders' equity and income, excluding profit sharing and taxes.

	31. 12. 2007				31. 12. 2006			
	Increase in the criteria		Decrease in the criteria		Increase in the criteria		Decrease in the criteria	
(In millions of euros)	Net equity	Income	Net equity	Income	Net equity	Income	Net equity	Income
Interest rate risk	**−595**	**135**	**668**	**−135**	**−544**	**109**	**604**	**−121**
Technical insurance liabilities		91		−104		85		−95
Financial investments	−595	26	668	−11	−544		604	1
Financing debt		18		−20		24		−25
Equity risk	**350**	**16**	**−350**	**−16**	**374**	**20**	**−374**	**−20**
Financial investments	350	16	−350	−16	374	20	−374	−20
Foreign exchange risk	**−5**	**2**	**5**	**0**	**−10**	**7**	**10**	**−7**
Financial investments	−5	2	5		−10	7	10	−7
Cumulative impacts	**−250**	**153**	**323**	**−151**	**−180**	**136**	**240**	**−148**

We note that the sensitivity criteria applied were the following:

- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for stock risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

The group has no exposure to the US subprime and it has a very limited commitment to the various credit exposures: variable rate private debt and securitisation.

4.4 LIQUIDITY RISK

4.4.1 Nature of exposure to liquidity risk

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

- identification of a structural cash requirement, which is the level of cash to be held as an asset, based on the liquidity requirements imposed by liabilities, using:
  - technical cash flow projections in a central scenario;
  - sensitivity scenarios on technical assumptions (production, claims ratio);
- definition of a benchmark for bond management, the results of which support the duration and convexity profile of the liabilities. This approach is based on validated assumptions of liability outflows and takes new business written into consideration.

4.4.2 Risk management

In addition to the asset/liability approach, the outlines of which have been described above, the liquidity ratios in the equity mandates of the Groupama S.A. subsidiaries were reinforced in several ways:

- the market value of a security may not exceed:
  - 3% of the capital of the company in question;
  - 10% of the float of the company in question;
- individually, it must be possible to convert all equity portfolios into liquid assets (liquidation assumption: 25% of the average daily volume traded on the market during the last three months) under the following rules:
  - 50% in less than two market weeks;
  - 75% in less than one month (20 market days);
  - 95% in less than three months (60 market days).

At the end of December 2007, all these criteria had been satisfied overall.

A regular check of these liquidity ratios is performed at each investment committee meeting.

4.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios, including consolidated mutual funds, is as follows:

	31. 12. 2007				31. 12. 2006			
	Maturity				Maturity			
(In millions of euros)	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Listed bonds								
available for sale	2,430	9,635	27,831	39,896	2,690	10,823	24,561	38,074
held for trading	161	5	8	174	20	0	4	23
classified voluntarily as held for trading	147	367	1,009	1,523	180	439	1,174	1,793
Bonds not listed								
available for sale	23	2	24	49	1	2	3	7
held for trading	6	1	0	8	0	0	0	0
classified voluntarily as held for trading	0	0	7	7	11	0	0	11
Total bond portfolio	**2,766**	**10,010**	**28,880**	**41,656**	**2,901**	**11,265**	**25,742**	**39,908**

Moreover, the equity portfolio in France may be liquidated at the following rates:

- 90.5% with a 10 day horizon;
- 94.9% with a 20 day horizon (1 trading month);
- 98.4% with a 60 days horizon (3 trading months).

4.4.4 Technical insurance liabilities and liabilities corresponding to financial contracts, by maturity

The profile of annual maturities of technical insurance liabilities is the following:

	31. 12. 2007				31. 12. 2006			
(In millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	5,358	4,155	5,395	14,908	4,784	3,800	4,741	13,325
Life technical reserves — insurance policies excluding UCs	1,399	3,328	19,744	24,471	1,566	2,914	17,662	22,142
Technical liabilities relative to financial contracts with discretionary profit-sharing	1,860	2,843	15,771	20,474	1,754	2,805	15,080	19,639
Technical liabilities relative to financial contracts without discretionary profit-sharing	11	1	155	167	8	1	5	14
Reserve for deferred liability profit-sharing	420	397	2,126	2,943	539	541	3,001	4,081
Total technical insurance liabilities and liabilities relative to financial contracts	**9,048**	**10,724**	**43,191**	**62,963**	**8,651**	**10,061**	**40,489**	**59,201**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The following table provides an economic overview of the liquidation of technical insurance liabilities.

4.4.5 Financing debt by maturity

The principal features of financing debts, as well as its breakdown by maturity, are provided in Note 24 to this document — Financing Debt.

4.5 CREDIT RISK

4.5.1 Financial investments

4.5.1.1 TYPE AND AMOUNT OF THE EXPOSURE TO CREDIT RISK

The rating indicated is an average of the ratings published at year-end 2007 by the three main agencies (S&P, Moody's and Fitch Ratings).

	31. 12. 2007						
(In millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Listed bonds							
available for sale	21,345	7,811	9,225	1,277	77	162	39,896
held for trading	5	5	164	0	0	0	174
classified voluntarily as held for trading	131	395	797	153	0	48	1,523
Bonds not listed							
available for sale	2	0	0	0	23	24	49
held for trading	0	0	0	0	0	8	8
classified voluntarily as held for trading	2	0	4	0	0	1	7
Total bond portfolio	**21,485**	**8,210**	**10,189**	**1,430**	**99**	**243**	**41,656**

	31. 12. 2006						
(In millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Listed bonds							
available for sale	20,485	7,470	8,493	1,271	–2	356	38,074
held for trading	22	2	0	0	0	0	23
classified voluntarily as held for trading	165	551	862	161	2	53	1,793
Bonds not listed							
available for sale	2	0	0	0	0	5	7
held for trading	0	0	0	0	0	0	0
classified voluntarily as held for trading	0	0	0	11	0	0	11
Total bond portfolio	**20,673**	**8,023**	**9,355**	**1,443**	**0**	**414**	**39,908**

4.5.1.2 TYPE AND QUALITY OF BOND ISSUERS

	31. 12. 2007	31. 12. 2006
(In millions of euros)	Net amounts	Net amounts
Bonds issued by EU countries	22,051	20,744
Bonds issued by countries outside the EU	97	158
Public sector and semi-public sector bonds	3,564	3,612
Private sector bonds	15,533	15,222
Other bonds (including bond funds)	411	173
Total bond investments	**41,656**	**39,908**

4.5.1.3 CONCENTRATION OF CREDIT RISK

A maximum holding percentage per rating has been implemented under the management mandates of the Groupama S.A. subsidiaries. These constraints are monitored monthly by the various investment committees.

The ratios defined for bonds held are calculated on the market value of the total bond assets of each company (or isolated assets) based on the official rating given by at least two rating agencies:

- Investment grade environment (securities with at least BBB ratings):
  - AAA: regulatory ratios, which is 5% per issuer, with the exception of the securities written or guaranteed by a member State of the OECD and CADES securities;
  - AA: 3% maximum per issuer;
  - A: 1% maximum per issuer;
  - BBB: 0.5% maximum per issuer;
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- Unrated euro zone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by a member State of the OECD; in this case the prudential ratio of that State applies;
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- Non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for rate products without ratings and outside the euro zone and the non-investment grade securities known as “high-yield”.

4.5.1.4 MANAGING CREDIT RISK

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

- forward currency sales realised to hedge the foreign exchange risk;
- rate swaps (rate risk);
- cap purchases (rate risk).

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

4.5.2 Risk of reinsurer insolvency

Outward reinsurance operations consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Group security committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for a reinsurance cession outside Groupama must first be on the list of the Group security committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run off.

Outward insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31. 12. 2007						
(In millions of euros)	**AAA**	**AA**	**A**	**BBB**	**< BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves	244	454	224	1	4	583	1,511
Share of reinsurers in life insurance reserves	1	16	25	1		48	91
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing clause							
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing clause						1	1
Recoverables from reinsurance activities	4	18	14	2	1	80	118
Total reinsurance recoverables	**249**	**488**	**263**	**3**	**4**	**712**	**1,721**

	31. 12. 2006						
(In millions of euros)	**AAA**	**AA**	**A**	**BBB**	**< BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves	176	419	264	4	2	662	1,527
Share of reinsurers in non-life insurance reserves	1	15	17		1	44	77
Share of reinsurers in reserves for financial contracts with discretionary profit-sharing clause							
Share of reinsurers in reserves for financial contracts without discretionary profit-sharing clause						1	1
Recoverables from reinsurance activities	0	31	10	4		77	121
Total reinsurance recoverables	**177**	**465**	**290**	**8**	**3**	**784**	**1,728**

The total share of unrated reinsurers corresponds primarily to cessions to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

4.6 RISKS LINKED TO THE BANKING BUSINESS LINE

4.6.1 General presentation

This division includes three differentiated activities with very specific types of risk: banking, asset management for third parties and real estate management. The banking sector operates under a regulatory framework organised around the risks described below. The common focus for the companies of the division is risk management.

4.6.2 Bank risks

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

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

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

4.6.2.1 PRUDENTIAL SUPERVISION (SOLVENCY)

Prudential regulations require monitoring the European solvency ratio, which is in the form of a ratio between the level of regulatory equity (Regulation 91-05 and 90-02 of the Banking and Financial Regulatory Committee) and the weighted outstanding amounts at risk (credit risk, market risk) based on defined rules. At 31 December 2007, Banque Finama's consolidated RSE was 18.3%; the Groupama Banque RSE was 15.8%.

4.6.2.2 CREDIT RISK

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as when the bank faces counterparty default in market transactions.

a) Decision-making procedures

The credit decision-making process is based on a set of delegations. The delegations are classified by amount and degree of risks and according to the customer category. Credit proposals must comply with the principles of the general credit policy and specific policies where applicable and, in all cases, with laws and regulations in force. Ad hoc bodies, after receiving the opinion of risk management, are the final decision-making bodies in terms of taking credit and counterparty risk.

b) Oversight procedures

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

c) Impairment procedures

All the loans granted to clients in default are periodically reviewed, depending on the institution, by the reserves committee or the risk department to determine any reduction in value that should be applied, based on the terms and conditions for application of the accounting rules used. Depending on the loan type, reductions in value may be applied using a statistical approach. The proposals of this committee must be validated by the Management Board. Impairment is established on the basis of the discounted valuation of the probable net recoverable amount, taking into account the liquidation of the securities held.

d) Total limits

At Banque Finama, the commitment limits per market are defined by the bank's Management Board. The limits and outstanding amounts at 31 December 2007 are shown in the table below. This exposure to credit risk is determined without taking into account the effect of the securities received and is equal to the carrying amount of the financial assets recorded on the balance sheet, net of all writedowns made.

Market (Banque Finama only)

(In millions of euros)	Limits	Outstandings 31. 12. 2007	31. 12. 2006
Institutional	200	71	82
Businesses / local authorities	150	113	111
Individuals	150	127	121
Small and medium-sized enterprises	40	20	20
Mutual funds	(balance sheet) 125	117	192
Mutual funds	(off-bal. sheet) 3,600	2,624	2,482
Corporates	400	179	308
Banks	(balance sheet) 1,500	1,383	1,486
Banks	(off-bal. sheet) 5,000	3,859	3,401
Sovereign states	1,000	103	154

The commitments of Groupama Banque are presented in the table below. Recoverables from credit institutions consist of cash investments, and the off-balance sheet commitments are for general hedging transactions realised for asset/liability management purposes. Trade recoverables essentially consist of cash loans (€233 million) and housing loans (€67 million); the off-balance sheet commitments represent offers for consumer loans written, unused revolving credit reserves, and offers of housing loans. This exposure to credit risk is equal to the carrying amount of the financial assets recorded on and off the balance sheet, net of any writedowns made.

Market (Groupama Banque only)	Outstandings	
(In millions of euros)	31. 12. 2007	31. 12. 2006
Credit establishments		
Recoverables posted to the balance sheet	616	670
Off-balance sheet commitments	175	193
Individuals		
Recoverables posted to the balance sheet	303	155
Off-balance sheet commitments	70	22

e) Risk division rules

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

At 31 December 2007, eight counterparties of Banque Finama presented outstanding amounts greater than 10% of the regulatory net assets, while none of them exceeded the 25% ceiling, for an aggregate amount of €180.8 million. Groupama Banque has no eligible outstanding amounts.

4.6.2.3. MARKET RISKS

Based on the level of its activity and its assets under management, only Banque Finama, within the Group's banking division, is subject to prudential supervision of market transactions.

Based on the limits set for each type of risk, the monitoring of market risk is based on:

- daily calculation of the sensitivity and results of the trading positions;
- daily monitoring of compliance with the limits notified to each business line, with notification of any overrun;
- regular and independent controls of valuations, and the establishment of reconciliations between the results of the trading floor and the accounting results;
- control of compliance with the internal rules for endorsing transactions;
- stress-scenario simulations.

a) Interest rate risk

This covers any change in value of a fixed-rate financial instrument due to changes in market interest rates as well as any elements of the future results of a variable-rate financial instrument.

The following limits have been defined for transaction and investment portfolios under management, as well as for the associated stop loss. In addition, a stress scenario calculation is performed.

It should be noted that, within the Group's banking division, Groupama Banque has no market activity and does not take a proprietary position. In the context of managing assets and liabilities, it may, however, use interest rate instruments to conduct transactions to hedge interest rate risk. The liquidity and interest rate positions of Groupama Banque are managed in compliance with banking regulations and within limits that have been set by the Management Board. These limits are periodically reviewed, at least once a year, based on changes in the bank's activity and balance sheet.

Risk of sensitivy	Limit	31. 12. 2007
Long-term rate trading portfolio	100 Bund contracts	0
Fixed-rate trading portfolio	5.000 K€	738
Variable rate trading portfolio	1.250 K€	–1,144
Short-term swaps portfolio	200 M€	25
Scenario of 100-bp change in the above portfolios	/	–205.7
Stop loss (excluding counter-party risk)	From €125K à €500K depending on the portfolio	Not exceeded

b) Settlement risk

Schedule IV of Regulation 95-02 requires supervision of counterparty settlement events for all transactions relating to the trading portfolio and for transactions initiated by Bank customers for which it is a "*del credere*" agent. In this respect, no event was recorded in 2007.

c) Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The division does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

d) Liquidity risk

Transactions on financial instruments generate a liquidity risk, expressing the difficulties the Group may face in collecting the funds needed to honour the commitments related to these financial instruments or commitments to clients. Given its balance sheet structure, the Group is hardly sensitive to this risk. Liquidity risk is therefore primarily monitored within the framework of the regulatory obligations that require monthly measurements of liquidity based on codified rules (Regulation 88-01 of the French Banking Regulatory Committee). The monitoring ratio must always be greater than 100%. Over fiscal year 2007, the lowest level was 149% for Banque Finama, 152% for Groupama Banque.

e) The interest-rate risk (ALM)

The rate risk related to commercial transactions is driven by the ALM unit and managed in a centralised way by the Treasury and Capital Markets department. The interest-rate risk related to equity and investments is generally managed in the same way. Position measurements are presented to the monthly ALM committee meeting by inventory/maturity class/ rate category. A "break even" rate for resources is determined and simulations are performed. At year-end 2007, the sensitivity of Banque Finama to a change of 1% in the yield curve was €-2.8 million, which is less than its authorised limit of €6 million.

f) Risks related to the change in title deeds

The division does not operate in this type of market.

g) Commodity risk

The division does not operate in this type of market.

4.6.3 Operational risks

In 2007, the Group continued the implementation of an operational risk management policy broadly based on the provisions of the standard method of the "Basel II" agreements. The approach is being gradually deployed in the non-banking subsidiaries, which have each begun to map their operational risks.

4.6.3.1 BUSINESS CONTINUITY PLAN

Each entity in the division has prepared a Business Continuity Plan (BCP) organised around three mechanisms:

- activating the crisis cell,
- back-up of information and IT systems,
- the availability of a disaster recovery site.

The BCPs are updated annually. Disaster recovery sites are subject to technical and user tests.

4.7 OPERATIONAL, LEGAL, REGULATORY AND TAX RISKS

4.7.1 Operational risks

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

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The contracts are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance,
- third-party liability of corporate officers,
- professional third-party liabilities,
- operating third-party liability,
- property damage insurance (property, offices, equipment, car fleets, etc.).

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

4.7.2 Legal and regulatory risks

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

None of the legal procedures applicable to Groupama SA and its subsidiaries on 31 December 2007 should have any significant impact on the financial situation or the results of the group.

4.7.2.1 COMPLIANCE WITH COMPANY LAW AND THE FRENCH COMMERCIAL CODE

The Group's legal department within the administrative division provides legal management for Groupama S.A. and its insurance subsidiaries and provides legal direction as needed to all the French legal entities of Groupama S.A. Within this framework, it ensures the legal safety of its operations and its directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

4.7.2.2 COMPLIANCE WITH INSURANCE LAW

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

4.7.2.3 OTHER AREAS

Special procedures have been set up to meet special requirements:

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

4.7.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements.

None of the tax disputes applicable to Groupama SA and its subsidiaries on 31 December 2007 should have any significant impact on the financial situation or the results of the group.

5

EARNINGS AND FINANCIAL POSITION

5.1 BOARD OF DIRECTORS' REPORT

We have called you together in an ordinary and extraordinary combined general shareholders' meeting, in accordance with the law and the bylaws, to report to you on your company's activities during fiscal year 2007 and to submit the financial statements for that fiscal year for your evaluation and approval.

All relevant corporate documents, financial statements, reports or other documents and information have been sent to you or have been made available to you under the conditions and timeframes set by the legal, regulatory, and statutory provisions.

5.1.1 Environment

5.1.1.1 MACROECONOMIC ENVIRONMENT

The end of 2006 very clearly marked a cyclical high for the global economy. The end-of-cycle recovery announced for 2007 took place in two stages: the first half, when worldwide growth still remained high, and a second half severely disrupted by the US mortgage financing crisis.

Wary of the bottoming of the US economy, the Federal Reserve has been applying an easy-money policy since early in the second half of 2007, reducing the prime rate three times, to 4.25% at year-end 2007, compared to the 5.25% that prevailed during the first half. This policy was applied in what was seen as an increasingly inflationary context: price levels are projected to rise 2.8% in 2007 (compared to 2.5% in 2006), specifically a result of rising commodity prices and the weak dollar.

In line with the strategy followed in 2006, the ECB continued its tight-money policy during the first half of 2007 by raising its prime rate from 3.50% to 4.00%. The second half saw this rate remain stable in an inflationary environment slightly less favourable than in 2006: it was estimated at 2% for 2007, compared to 1.8% in 2006.

In February, the central bank of Japan confirmed it was abandoning it's zero-rate monetary policy and raised its prime rate by an additional quarter of a point, to 0.50% at year end 2007.

a) United States

The combined effects of the real estate crisis — crystallised by ongoing reports of mortgage defaults by households referred to as "sub-prime" risks — tougher credit conditions, and higher energy prices in 2007, threatened consumption spending by US households, which have nevertheless continued to hold out due to stable employment and wages. Moreover, exports, sustained by the weak dollar and the upward trend in business investment, have offset the slowdown in US growth, which is estimated at approximately 2%, compared to 3.3% in 2006.

b) Euro zone

In 2007, the euro zone confirmed the overall improvement in its own economic situation. The fundamentals — trade balance nearly in equilibrium and public deficits under control — remained healthy and the zone benefited from the growth in world demand, especially from emerging economies, and household consumption supported by a sharp rebound in employment and by the fiscal policies recently implemented in Spain, Germany and France. However, the cumulative effect of monetary tightening, rising commodity prices, and the high euro against foreign currencies has made the end of the cycle fragile. For 2007, growth is at 2.5%, compared to 2.7% in 2006.

c) Emerging economies

Emerging economies have retained their role as the engine of the world economy, with growth in Asia excluding Japan at 9.2% in 2007, compared to 8.6% in 2006. China has again proven the strength of its growth rate, at nearly 11% in 2007, compared to 10.5% in 2006.

5.1.1.2 FINANCIAL MARKETS

a) Interest-rate markets

Interest-rate markets went through two distinct phases during 2007: the first quarter was in line with 2006 and saw a continuation of the global increase in rates, with the 10-year OAT culminating at over 4.70% in early July. During the second half, the spread of the US mortgage financing crisis caused government rates and credit rates to diverge. The overall increase in risk premiums was accompanied by a trend of flight to quality, and therefore a decline in the yields of sovereign bonds. The 10-year OAT thus stood at 4.42% at year-end 2007, compared to 3.98% at year-end 2006. At the same time, the rate curve recovered: the slope of the 2-10-year swap rate, which was at 8 centimes at year-end 2006, stood at 19 centimes at year-end 2007.

Finally, the spread of the US real estate crisis through securitisation vehicles caused a major crisis in the money markets: after the summer, 3-month Euribor rates rose above 4.60%, despite massive injections of liquidity by the central banks.

b) Equity markets

Equity markets also experienced two contrasting half-year periods: within a "real cycle" context in which the performance of the equity markets was essentially guided by prospects of business profits, the good news of the first half allowed the global rise in world stock markets to continue (The CAC 40 index was above 6,100 points at the beginning of July 2007, compared to 5,542 points at year-end 2006). After the second half, with the effects of slower growth and financial difficulties, prospects for business profits were revised downward and world stock markets largely underwent a correction in August without finding any true direction in the last four months of the year.

In 2007, the performances of the major world indices in local currencies, excluding dividends, were as follows:

- US market: increase of 3.6% in the S&P 500;
- Euro zone market: decline of 0.4% in the Eurostoxx 50 index;
- increase of 1.3% in the CAC 40 index;
- Japanese market: sharp decline of 11.1% in the Nikkei 225 index.

c) Foreign exchange markets

Central bank policies largely contributed to the foreign exchange movements noted in 2007. Overall, the euro appreciated 10.6% in 2007 against the dollar, and 3.9% against the yen.

5.1.2 Significant events

5.1.2.1 GROUP ORGANISATION

a) Sale of 15.35% of SCOR

On 21 January 2007, Groupama SA sold a block of 15.35% of SCOR's share capital. This transaction, which was executed as part of the strategy to optimise Groupama's financial management and the allocation of its equity, resulted in a capital gain, net of taxes and profit-sharing, of approximately €144.5 million in the 2007 consolidated statements. The sale consisted of a private placement with the banks HSBC and UBS. Groupama's residual equity stake in SCOR is 0.67%.

b) Sale of the Tour Gan building

The Tour Gan building was sold on 2 July 2007 to the Foncière des Régions group for a total of €486 million.

This sale resulted in a strengthening of insureds' capital in favour of the three proprietary entities (Gan Assurances Vie, Gan Prévoyance and Gan Eurocourtage Vie) and a net consolidated capital gain, after profit-sharing and taxes, of €159 million.

5.1.2.2 DEVELOPMENT OF THE GROUP

a) Acquisition of the Italian insurance company Nuova Tirrena

To strengthen its strategic positioning in Italy, on 2 August 2007 Groupama acquired 100% of the shares of the Italian insurance company Nuova Tirrena for a total of €1.26 billion. This deal covered all the current activities of Nuova Tirrena, a specialist in non-life insurance in Italy, with a market share of approximately 1.9%. The deal was completed on 31 October 2007, the date the Group definitively took over this company.

Nuova Tirrena earned premium income of €821.9 million in 2007 on a full-year basis. Property and casualty insurance represents 77.9% of the premium income of the subsidiary, which employs 577 people and has a network of 423 agents distributed throughout the Italian peninsula. With this acquisition, Groupama becomes the 15th-largest insurance company in the Italian insurance market, and the 3rd-largest motor insurer, with an overall market share of 1.3%.

b) Acquisition of the Greek insurance company Phoenix Metrolife

Groupama SA acquired 100% of the Greek insurance company Phoenix Metrolife from Emporiki Bank, a subsidiary of the Crédit Agricole SA group, for a total of €96 million. The final agreement was signed on 29 June 2007.

Phoenix is one of the largest Greek insurance companies: in 2005, it was ranked second in terms of non-life insurance with a market share of 7.8% and 8th in terms of life insurance and savings with a market share of 3.8% (source: In 2007, premiums issued totalled €189 million.

c) Acquisition of brokers in the United Kingdom

At the start of June 2007, Gan UK acquired control of the British brokerage Bollington Group, a specialist in motor insurance and life and health insurance. On a full-year basis, insurance premiums placed on the market by this broker represented business volume of €87.3 million

In early September 2007, Groupama Insurances also acquired a majority stake in the Lark group, one of the 50 largest insurance brokers in the United Kingdom. Lark specialises in life and health insurance and SMEs. This broker's activity volume represents €106.6 million in premiums on a full-year basis.

Finally, this year the group also took over the insurance firms Halvor and Greystone. Since their business volumes are more modest, the variances of these two entities from the initial consolidation were posted to expenses.

d) Growth in Turkey

The memoranda of understanding signed with the agricultural cooperatives that were minority shareholders of Basak Sigorta, to purchase their 41.7% interests in the insurer's stock, were fulfilled in the first quarter of 2007. The group now holds 98.34% of Basak Sigorta.

At the same time, an agreement to purchase the minority interests in Basak Groupama Emeklilik (10% tranche) was signed in early January 2007, allowing Groupama to increase its ownership percentage in its subsidiary to 90%.

e) Acquisition in Romania

On 21 December 2007, Groupama acquired 100% of the Romanian insurance company BT Asigurari. The deal was split between Banca Transilvania, on the one hand, which owned 90%, and an individual, on the other hand, for the remaining 10%. BT Asigurari is the 9th-largest non-life insurance company and the 12th-largest life insurance company in the Romanian market, with a market share of

4% and premium income around €72 million, estimated on a full-year basis for 2007.

The deal was accompanied by the signing of an exclusive bancassurance agreement for non-life products with Banca Transilvania, the country's 5th-largest bank.

f) Partnership between Groupama and Réunica

On 27 November 2007, Groupama and Réunica entered into a partnership based on three axes of development, providing for the following:

- in the area of group provident health insurance, the Gan Assurances network's distribution of Réunica Prévoyance products, within the framework of business startups and standard policies for companies with fewer than 50 employees;
- in terms of long-term care, the distribution of an individual long-term care product under the Réunica Mutuelle brand, provided and managed by Groupama;
- in retirement savings, the offering to Réunica member companies and their employees of seven group products and four individual products. This product line is offered through a joint venture, Réunima, which is held in equal proportions by Groupama SA and Réunica Prévoyance, to companies through the Réunica and Gan Assurances networks.

g) Agreement between Groupama and the Cegid Group

On 19 December 2007, Groupama SA and the Cegid Group signed an industrial partnership agreement, aimed at jointly developing innovative and collaborative services and products in favour of 2.5 million VSE-SMEs and advisory professionals.

To permanently consolidate this industrial partnership, Groupama took a 17.23% interest in the share capital and 15.85% in the voting rights of the Cegid Group for a total of €87.5 million.

5.1.2.3 OTHER FACTORS

a) Standard & Poor's rating

On 11 October 2007 Standard & Poor's raised Groupama's long-term counterparty rating to A+ with stable prospects. The agency explained its decision by the prospects of improvement in the group's operational performance, essentially in accident insurance, as well as by its solid and increasingly diversified competitive position and strong capitalisation. The higher rating also reflects the efforts to streamline the group's structure and its international presence, as well as ongoing implementation of its strategy.

b) Issuance by Groupama of a perpetual super-subordinated bond

On 10 October 2007, Groupama issued a tranche of super-subordinated, euro-denominated debt for a total of €1 billion. This indeterminate-duration debt, issued at a fixed rate of 6.298% for the first ten years, and then at the variable rate of the 3-month Euribor plus a margin of 2.60%, may be redeemed in its entirety on an accelerated basis after 22 October 2017. According to the future Solvency II European regulation, because of these bonds' features, they are considered "Tier One" equity for adjusted solvency purposes.

This deal helped to bolster the group's financial strength and will thus allow implementation of its sustainable and profitable growth strategy.

c) Publication of the 2006 embedded value of the Groupama SA life activity

For the first time, Groupama has published the results of its embedded value, calculated in accordance with the principles defined by the CFO Forum.

The methodology applied, the assumptions used, and the results of the calculations made by Groupama to determine "European embedded value" in the France scope of consolidation, and "traditional embedded value" for international subsidiaries, were reviewed by an independent actuary.

5.1.3 Post-balance sheet events

5.1.3.1 IMPLEMENTATION OF HURRICANE REINSURANCE COVERAGE

Groupama underwrote a reinsurance policy with Swiss Re that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as of 1 January 2008.

This coverage, with a duration of 3 years, covers claims exceeding €1.7 billion with a potential ceiling of €20 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance to become the Group's responsibility). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that protects the reinsurer against defaulting: the guarantee is rated AAA.

5.1.3.2 BANCASSURANCE PARTNERSHIP IN CENTRAL AND EASTERN EUROPE WITH OTP AND PURCHASE OF THE HUNGARIAN INSURANCE COMPANY OTP GARANCIA

On 11 February 2008, Groupama signed a strategic partnership with OTP Bank, a leader in the Hungarian banking market, with very strong positions in numerous countries of central and eastern Europe (Bulgaria, Ukraine, Romania, etc.). This agreement is the result of long-term bancassurance and assurbanque distribution agreements in the nine countries in which OTP Bank operates (Hungary, Bulgaria, Romania, Slovakia, Ukraine, Russia, Croatia, Serbia, and Montenegro), and allows access to ten million customers.

Within the framework of this agreement, Groupama also acquired the insurance activities of OTP (OTP Garancia), a leading company in Hungary, as well as its insurance subsidiaries in Bulgaria, Romania, and Slovakia.

Groupama is also seeking to acquire a strategic interest in OTP Bank. This interest may range up to 8% (an initial tranche of 5% being provided by OTP Bank at the close of the transaction to acquire OTP Garancia, and a second tranche of up to an additional 3% to be purchased on the market within twelve months after this close).

The value attached to the acquisition and to the distribution partnership is 164 billion Hungarian forint (i.e., €617 million).

The close of this deal is subject to approval by the oversight authorities.

5.1.3.3 ACQUISITION OF 100% OF THE ROMANIAN INSURANCE COMPANY ASIBAN SA(*)

On 9 April 2008, Groupama signed an agreement with Banca Comercială Română S.A. (BCR), BRD-Groupe Société Générale SA (BRD), Banca Transilvania SA (BT), Casa de Economii şi Consemnaţiuni CEC SA (CEC) for the acquisition of the entire share capital of Asiban SA (Asiban) by Groupama International.

Created in 1996 by 4 of the largest Romanian banks, Asiban ranks among the leaders of life and non-life insurance companies in Romania (3rd in 2007 with 8% market share). The company has a diversified national distribution platform, consisting mainly of brokers, agents and a direct distribution network. In 2007, premiums totalled €185.8 million, or a 39% growth as compared to the previous year and an outperformance of almost 7 points as compared to the insurance market in Romania.

5.1.4 Analysis of the consolidated financial statements

5.1.4.1 SCOPE OF CONSOLIDATION

In comparison with 31 December 2006 and taking into account the transactions presented above, the main changes in consolidation are as follows:

a) Newly consolidated entities:

Additional acquisition in Turkey of shares of Basak Groupama Sigorta totalling 41.7% of its share capital, and of Basak Groupama Emeklilik totalling 10% of its share capital.

Strengthening of its market position in the United Kingdom by acquiring four brokerage firms in fiscal year 2007:

- Bollington Group Ltd;
- Lark Insurance Broking Group;
- Halvor;
- Greystone.

Acquisition of Phoenix Metrolife in Greece, Nuova Tirrena in Italy, and BT Asigurari in Romania

b) Mergers, reorganisations and deconsolidated entities

Luxlife, Zénith, Rampart and Cofintex Luxembourg were excluded from the scope of consolidation. These entities were de-consolidated because they are in the process of run-off, no longer underwriting new business, and are below the materiality threshold. Shares held in these firms will now be reclassified under available-for-sale assets, and posted at fair value.

5.1.4.2 ACTIVITY AND RESULTS

a) Consolidated revenues

As at 31 December 2007, the consolidated premium income of Groupama's Insurance business totalled €11.8 billion, up 5.2% compared to 31 December 2006 (5.5% excluding discontinued business lines). When investment activities are included, the Group's consolidated premium income rose 5.7% to €12.1 billion (up 6.0% excluding discontinued business lines).

At constant exchange rates and scope of consolidation, the growth in the combined insurance premium income was up 1.7% from the level of 31 December 2006. The Group's total turnover based on constant exchange rates and scope of consolidation increased 2.2%.

As at 31 December 2007, France insurance premium income had grown 1.4%, representing 73.8% of the group's total activity during the period. International business (23.3% of total premium income) was up 21.0% in actual terms and 2.4% on a like-for-like basis. The Group's other business lines accounted for 2.9% of total revenues.

The Group posted a significant increase in life and health insurance premium income, which was up 3.6% in actual terms and 1.0% on a like-for-like basis. In France, life and health insurance rose 1.2% in a declining market. Life and health insurance premium income in the International sector posted a 21.9% increase in actual terms and 0.1% on a like-for-like basis.

In the areas of property and casualty insurance, premium income rose 7.8% in actual terms and 2.4% on a like-for-like basis. Activity in France was up by 1.8%, while the International segment posted premium income up 20.6% in actual terms and up 3.5% on a like-for-like basis.

(*) Subsequent to the Groupama SA Board of Directors' meeting on 19 February 2008, which prepared the year-end financial statements.

- Insurance in France (73.8% of the group's premium income)

As at 31 December 2007, insurance premium income in France had risen 1.4% over 31 December 2006, to a total of €8,941 million.

The increase in the group's property and casualty insurance (39.8% of France premium income) was 1.8%, while the market increased by 2% (source FFSA at end-December 2007). Activity growth consisted primarily of individual and professional property insurance (+3.4%) and other individual and professional accident insurance (6.9%). In a very competitive market environment, motor and travel premium income fell 1.2% as a result of a decline in average premiums, while the portfolio itself experienced an up-trend. Premium income from companies and local authorities rose 2.2% in 2007.

Life & health insurance premium income (60.2% of France premium income) grew 1.2%.

The life and capitalisation market in France experienced a global decline of 3.0% as at end-December 2007 (gross income not adjusted for the PEL (French housing savings plan) effect at 31 December 2006). In a context of pre-electoral anticipation by savers, a compressing of the effect of the transfer of old PELs and the success of liquid savings products at year end, the Group's life and capitalisation premium income was up 0.6% as at 31 December 2007. In individual savings / retirement, the group's premium income rose 0.8% at 31 December 2007: +1.2% on euro products and −0.7% on Unit-linked products. Savings/ retirement in group insurance rose 8.6%, consisting primarily of US products.

The group recycled a total of €293 million under the conditions of the Fourgous measure (compared to €102 million in 2006). From a purely accounting standpoint, these factors cannot be analysed like premium income. However, if that were the case, growth in net life and capitalisation activity would have been at 5.2%.

In France, the illness and bodily injury insurance market rose 6%, with the group's premium income increasing 3.3% at end-December 2007. The individual and group health sectors rose 6.5% and 7.9%, respectively, due to portfolio growth and higher fees. This performance was, however, offset by the decline in the provident health sector.

Net savings / retirement revenues in France as at 31 December 2007 were €1,041 million, compared to €991 million the previous year, i.e., up 5.1% (including 4.6% in personal insurance), compared to a market decline of 18.0%.

- Groupama SA

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

  Groupama SA's premium income totalled €1,761 million as at 31 December 2007, up 2.9% over the previous year. This change incorporates the effects of premium adjustments on treaties in surpluses of base risk claims. Adjusted for this item, growth in total premium income during the period was 2.1%. Life and health insurance activity grew 4.0% to €465 million, strengthened by the increase in health policies accepted by regional mutuals, for which prices were up 5.0% during the period. Premium income from the accident and long-term care life segments rose 19.6% and 2.2%, respectively, as at 31 December 2007.

  In property and casualty insurance, premium income rose 2.5% (+1.4% adjusted) to €1,296 million as at 31 December 2007. The advances noted in weather-related and sundry risks (construction, assistance, and weather multi-risk) were the basis for this growth. Quotes accepted in base risks were up slightly as at 31 December 2007 (+0.4%). Motor insurance saw a decline of 1.1% in accepted quotes from regional mutuals, linked to a decline in average premiums, with the insured base (including fleets) increasing 0.6% during the period, while other base risks (fire, civil liability, etc.) were up 1.7%.

- Groupama Vie

  Groupama Vie provides management of the life insurance policies marketed by the regional mutual network.

  Groupama Vie posted premium income of €1,931 million at 31 December 2007, up 0.1% over 31 December 2006. The growth realised at 31 December corresponded to the positive effect of group insurance, premiums which increased by 18.2% during the period, largely as a result of the payment applied to the EDF policy (€100 million in 2007, compared to €82.5 million in 2006). In personal insurance (some 93% of total activity), premium income fell 0.9% as at 31 December 2007, following the downward trend in euro savings. This change resulted from the decline in the savings sector (−1.6%) which can be explained by several factors. Growth in the Groupama Modulation product, through the sales programmes implemented in January, did not offset the erosion in other products marketed. Premium income from UC savings policies rose 0.5%, compared to a decline of 2.5% in euro savings policies. Retirement posted growth of 12.0%, which is primarily accounted for by the profits realised in 2007, while a liquidation loss was posted at 31 December 2006. Premium income from personal provident insurance rose 2.3% at

31 December 2007, due to the marketing of the Groupama funeral, reference principal, and essential principal policies.

- Gan Assurances

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

– Gan Assurances IARD, which is dedicated to property and casualty insurance;

– Gan Assurances Vie which is dedicated to life and health insurance.

The network of general agents posted growth in activity of 0.3% as at 31 December 2007. Premium income totalled €2,321 million at 31 December 2007:

– Gan Assurances Vie posted premium income of €1,260 million in 2007, down 0.5% from 2006. Personal insurance (€805 million), up 2.4% in premiums issued, showed contrasting growth, depending upon the segment. In savings, premium income was up 2.1% during the period. Premium income from the Chromatis product (€291 million) rose 4.8% in fiscal year 2007. The 28.0% increase in free payments during the period, partially offset by a decline in single premiums, largely explains the growth noted in this product. Activity growth continues in health, with a premium increase of 11.3% due to portfolio expansion. The stagnation in retirement segment premium income (−0.5%) may be explained by a slight drop in the amount of new business. In group insurance (€455 million), activity is down 3.8%. The provident insurance (€189 million) and retirement (€110 million) segments declined 9.0% and 5.7%, respectively, offset by the signing of a new reinsurance treaty with AG2R for acceptances.

– Gan Assurances IARD posted premium income of €1,061 million as at 31 December 2007, up 1.1% over the premium income realised 31 December 2006. Premiums issued within the agents' scope of consolidation (97% of Gan Assurances premium income) were up 1.5% as at 31 December 2007. Motor activity (€355 million) was down 1.1% during the period, specifically because of a decline in the 4-wheel portfolio. The housing segment (€204 million) saw its premiums rise 4.9% as at 31 December 2007 under the effect of portfolio growth and tariff increases for unoccupied housing. Professional / self-employed risk (€73 million) was up 6.2% for the period, due primarily to growth in the trade segment. Among other risks contributing to the growth in premium income at 31 December 2007, the agricultural (especially hail and greenhouses) and natural catastrophe segments grew 15.2% and 3.5%, respectively. By contrast, the construction segment posted a decline in activity for the year, of 12.4%.

- Gan Eurocourtage

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

– Gan Eurocourtage IARD, specialising in property and casualty insurance business;

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

The broker network posted premium income of €1,472 million as at 31 December 2007, up 4.6% compared with 31 December 2006:

– Gan Eurocourtage Vie posted premium income of €639 million as at 31 December 2007, up some 2.1% over 31 December 2006. This increase was due to the provident insurance (€133 million) and health (€134 million) segments, where premiums rose 2.8% and 19.1%, respectively. This good performance was offset by a decline in premium income in the retirement/ group life (−7.3% to €93 million) and co-insurance segments (−4.8% to €56 million).

– Gan Eurocourtage IARD earned premium income of €833 million at 31 December 2007, up 6.7% over 31 December 2006. All segments, with the exception of motor, contributed to the sustained growth in the personal and professional market (up 9.5% to €395 million) as at 31 December 2007: motor (−0.9%), bulk products, travel, and monetary losses (+23.4%), housing (+5.8%), buildings (+15.2%), and trade (+1.1%). The development of consolidated groups largely explains these favourable results. In the companies market (€405 million), premium surpluses in previous fiscal years allowed for an upward trend in premium income (+5.0%) at 31 December 2007. In the current year, global growth in certain segments is based upon a wide range of originating events, while rate pressures are weighing down other segments: industrial risks (−5.3%), general third-party liability (+1.5%), float (+4.4%), construction (+38.8%), and specialty items (+10.2%).

- Gan Prévoyance

Gan Prévoyance offers provident insurance, retirement, health and savings products through a network of 1,400 salaried sales people.

Gan Prévoyance posted premium income of €498 million at 31 December 2007, up 4.6% over 31 December 2006. This growth is explained largely by the 6.7% increase in retirement premiums (€198 million), 12.8% in savings (€87 million), and 19.5% in health (€16 million). *A contrario*, the provident insurance segment (€198 million) showed premium income drop by 1.4% at 31 December 2007.

- Gan Patrimoine and its subsidiaries
  Gan Patrimoine relies on its more than 650 agents to market savings, retirement, and provident insurance products.
  The premium income of Gan Patrimoine and its subsidiaries rose 2.8% to €591 million as at 31 December 2007. Excluding capitalisation activity (currently being run off but continuing to generate periodic premiums), the activities of this profit centre increased by 5.9% at 31 December 2007, due to strong mobilisation of the commercial network. The development of single premiums on euro policies (€487 million) continued, with an increase of 8.0% in premium income at 31 December 2007, while contracts in accounting units (€27 million) declined 7.3% during the period. The negative impact of periodic premiums (−14.6%) will attenuate the growth in premium income from life.

- Groupama Transport
  Groupama Transport, the second-largest French marine and transportation insurer, offers "made-to-measure" contracts for all aspects of the business (transporters, logistics, ship-owners, fishing, pleasure craft, ports, rivers, and aviation).
  Groupama Transport premium income declined by 11.5% as at 31 December 2007, to 278 million euros. This decline primarily corresponded to the Aerospace segment (−26.8% at €72 million) because of the drop in premium rates for renewals in the 2007 underwriting year. In marine, premiums fell 4.8% to €206 million, primarily in the market for ship hulls and measures related to a commitment reduction policy. These two activities were also unfavourably affected by the foreign exchange impact.

- Other specialist Group companies
  - Groupama Assurance-Crédit is the Group's specialist in credit insurance, commercial litigation coverage, bad debt recovery, and guarantees. Groupama Assurance Crédit's products are sold through the regional mutuals, Gan Assurances agents and through brokers. Groupama Assurance Crédit posted an increase of 0.7% in its premium income at 31 December 2007, essentially related to its positive growth during the period.
  - Mutuaide Assistance operates in all areas of assistance for the Group (motor repair, health repatriation, travel insurance and home care). Mutuaide Assistance posted a decline of 10.7% in premiums issued as at 31 December 2007, specifically under the effect of the decline in premiums accepted on a reinsurance treaty.
  - Groupama Protection Juridique is the Group subsidiary dedicated to the legal protection of policyholders. The subsidiary's premium income rose 16.0% at 31 December 2007, due to the sustained growth in partnerships.

- International insurance (23.3% of the group's premium income)

In International business, the group's consolidated premium income totalled €2,832 million as at 31 December 2007, up 2.4% over 31 December 2006. The results differed by country and by business line.

- Groupama Insurances distributes its products through brokers and intermediaries to the individual and small and medium size business markets. The subsidiary's premium income declined slightly by 1.0% to €597 million as at 31 December 2007. The life and health insurance activity (€136 million) dropped 9.9% as at end-December 2007. Retirement results corresponded primarily to the group segments (€106 million), where premiums issued fell 12.3% (including 18.8% in provident insurance and 7.4% in health). In property and casualty insurance (€461 million), growth in premium income of 2.0% was due to strong performance in motor (+4.9% to €262 million), housing (+3.0% to 79 million), and companies (+10.6% to €91 million). These results, however, were offset by the loss of large numbers of polices in the other-risk segment, where premiums declined 31.5% (€30 million) as at 31 December 2007.

- The Spanish subsidiary Groupama Seguros diversified its range of products and services in property and casualty insurance and in life and health insurance. The subsidiary benefited significantly from its management techniques and relied on a dense sales network well adapted to development in the individual market. The activity of the Spanish subsidiary Groupama Seguros totalled €870 million at 31 December 2007, up 10.1% over 31 December 2006. Clickseguros, which started business in the second quarter of 2007, is not yet significant.

  Life and health insurance (€187 million) grew 32.6%, largely due to strong development in life during the year (+43.0%). The individual savings segment (€96 million), with an increase of 48.6% in issuances during the period, benefited fully from the momentum in sales activity and the payment of two single premiums in accounting units. The health segment also saw its premiums increase (+26.6%). In property and casualty insurance (€683 million), growth of 5.2% in premiums issued was due essentially to development of the portfolio (+6.3% by number). The premium income of all segments benefited from this effect, but to different degrees: motor (up 6.3%), property (up 8.0%) and businesses (up 8.1%).

- In Italy, the subsidiaries Groupama Assicurazioni, Groupama Vita and Nuova Tirrena are active in the non-life insurance market and are growing in the savings and retirement segment of the life sector. The premium income of the Italian subsidiaries rose 0.9% (using comparable proforma data) to €701 million at 31 December 2007. This includes two months of activity of Nuova Tirrena, which was incorporated into the scope of consolidation on 1 November 2007. Life and health insurance (€260 million) posted a drop (−1.5%) at end-December 2007. In a declining market, individual savings/ retirement (€161 million) grew 5.2%, due specifically to growth in the Unit-linked policies business. The provident and individual health segments (€47 million and €10 million, respectively) also experienced favourable growth, of 3.3% and 1.2%, respectively. By contrast, the group segment (€44 million) dropped off sharply during the period (−21.5%) because of significant payments posted to retirement as at 31 December 2006 and not renewed in 2007. In property and casualty insurance (€441 million), the 2.3% increase in premium income for the period was supported by growth in all segments: motor (+0.3% to €338 million), housing (+6.4% to €31 million), and business accidents (+2.9% to €45 million). The increase in the portfolio explains the growth in the motor segment.

• The Turkish subsidiaries grew primarily in the markets for individual property and casualty insurance and in individual provident insurance. The Turkish Gasak Groupama subsidiaries posted an increase of 7.3% in their activity as at 31 December 2007, to total premium income of €383 million. Life and health insurance increased 14.9% (€154 million), due to the life activity (€121 million) of Basak Emeklikik, where premiums increased 17.5% during the period. The Basak Sigorta health segment grew 7.3% as at 31 December 2007.

In property and casualty insurance (€229 million), Basak Sigorta posted an increase in its premium income of 2.7%, masking a range of varying results: motor (+6.7% to €144 million), commercial risks (−20.1% to €32 million), housing (+10.8% to 11 million), and agriculture (+37.0% to 13 million). The latter segment also included €9 million in premiums contributed by the TARSIM pool (hail and frost risks).

• The Groupama Seguros subsidiaries in Portugal offer a range of general insurance products distributed through traditional networks of agents and intermediaries (bancassurance) with particular strength in group health insurance. The entity's premium income declined 36.4% as at 31 December 2007, to €84 million. In a life market in decline, the life entity is significantly affected by the sharp drop in individual savings / retirement. The drop in production by the banking networks largely explains these unfavourable results (−72.0%). The premium income of property and casualty insurance rose 6.1%.

• In Hungary, Groupama Biztosito distributes its generalist insurance products through a network of agents and brokers. The subsidiary posted premium income of €41 million as at 31 December 2007, up 2.5%. The decline in tariffs earned as of year-end 2006 explains the drop in motor third-party liability. The development of partnerships with leasing companies was the source of the growth in motor accidents (4.0%). We also note significant growth in the housing segment (+11.0%) due to the launch of a new product.

• The premium income of Groupama Phoenix in the 2nd half of 2007 totalled €72 million, i.e., a current decline of 12.5% (brought to zero in the proforma data). This situation resulted from a particularly difficult sales environment. The commercial reorganisation plan defined by the new management team in the second half of 2007 was intended to arrest the loss of activity posted during the period, and to revitalise the sales network.

• Gan Outre-Mer's 2007 premium income rose 10.5% to €84 million. Growth in the activity continued at a rapid pace in the Pacific (+14.0% to €48 million), particularly in life and health insurance. Growth was slower in the Antilles (+8.0% to €36 million). This change may be explained by the small increase in the motor segment (+1.8%), in both Guadeloupe and in Martinique, which suffered a worsening of market conditions caused primarily by the arrival of bancassurance providers. The increase in the fire and third-party liability risk activities offset this unfavourable trend.

- Discontinued business lines

  Discontinued business lines at the Assuvie subsidiary totalled €10 million at 31 December 2007 (compared to €12 million at 31 December 2006).

- Groupama Banque and Groupama Épargne Salariale

• Premium income at Groupama Banque, up 20.6%, totalled €46 million at 31 December 2007. Net banking income totalled €29 million at 31 December, 2007, a sharp increase (+51.1%) at 31 December 2006. The increase in the interest margin (+73.4%) and net fees (+28.6%) explains the significant increase in net banking revenues during the period. Net new deposit accounts totalled 38,000 as at 31 December 2007 for a total of 276,000 accounts as at 31 December 2007 (424,800 customers, up 68,000 in 2007).

• At 31 December 2007, Banque Finama generated strong premium income growth (up 28.9%) to €143 million, Net banking income totalled €36 million at 31 December 2007, up 0.9% over 31 December 2006. The growth in trading and cash investment activity largely explains this increase.

• The premium income of the asset management subsidiaries surged 21.7% to €157 million as at 31 December 2007. This growth was due largely to the

Groupama Asset Management activity, up 17.1% at end-December 2007. Assets under management by Groupama Asset Management and its subsidiaries totalled €87.9 billion at 31 December 2007, up 11.0% over 31 December 2006.

• The revenues of Groupama Epargne Salariale totalled €4 million, up 51.7% as at 31 December 2007, largely due to the increase in management fees resulting from an increase in assets under management.

It should be noted that the notion of premium income retained for preparing the consolidated financial statements differ from the indicator retained by the banking entities in their own accounts, which corresponds to banking income before refinancing expense. Net banking income is therefore also cited under this heading.

b) Breakdown of earnings

The net profit (group share) totalled €793 million as at 31 December 2007, compared to €600 million in 2006, i.e., an increase of 32.2%.

Fiscal year 2007 was marked by numerous weather events that had a significant negative impact on the group's financial statements. In France, the net reinsurance cost of these events, after taxes, was 31 million dollars (Hurricanes Dean and Gamède, earthquake in the Antilles, etc.). In England, the storm as well as the floods burdened the Group's earnings by some €15 million net of taxes. By contrast, the sale of Scor shares as well as the sale of the Tour Gan building improved the Group's results by €144 million (after taxes) and €159 million (after taxes and profit sharing), respectively. The capital gain on the Tour Gan building must basically be considered a recurring financial element to the extent that it largely replaces realisation of the scheduled capital gains of the life entities holding that property.

The net profit (Group share) fell by business line as follows:

In millions of euros	Group 2006	Group 2007	%
Property & casualty insurance	443	393	−11.30 %
Life & health insurance	247	358	44.90 %
Financial and banking activities	−1	11	NS
Holding company activities	−89	31	NS
Net income (Group share)	**600**	**793**	**32.20 %**

Economic operating income totalled €375 million in 2007, compared to €324 million as at 31 December 2006, i.e., up 15.7%. This indicator is based on net profit by adjusting net realised capital gains and losses (share accruing to shareholders), underlying gains and losses on financial assets posted at fair value (share accruing to shareholders), extraordinary and non-recurring items, depreciation of goodwill, and amortisation and impairment of intangible assets (the value of customer relations, value in force, etc.) acquired within the framework of business consolidations.

Extraordinary items specifically consisted of the following:

- a non-recurring activation of deferrable deficits on the English subsidiary in 2006 (€27 million in property and casualty insurance);
- the loss from the sale of Minster for €7 million in 2006, corresponding to the holding company activity;
- costs subject to reserves this year relating to the early retirement plan in Greece for €23 million, distributed among the property and casualty insurance activity, and health & life insurance;
- an extraordinary share in 2007 of €30 million to assist a regional mutual in the context of its commercial development in the Paris region.

It may be broken down by activity as follows:

In millions of euros	Life & Health insurance		Property and liability insurance		Financial and banking activities		Holding Company activities		Total	
	12.06	12.07	12.06	12.07	12.06	12.07	12.06	12.07	12.06	12.07
Economic operating income	110	129	296	340	−1	11	−81	−105	324	375
Capital gains realised [(1)]	119	234	111	113	–	–	13	137	244	484
Depreciation of goodwill and amortisation and impairment of intangible assets	−6	−17	−1	−6	–	–	−11	−1	−18	-24
Extraordinary items	–	−19	27	−35	–	–	−12	−2	15	-56
Fair value effect(1)	23	31	10	−19	–	–	2	2	35	14
Group share of income	**247**	**358**	**443**	**393**	**−1**	**11**	**−89**	**31**	**600**	**793**

(1) Share corresponding to shareholders (net of profit sharing and corporate taxes)

- Net profit from property and casualty insurance

Net profit from the casualty insurance in 2007 totalled €393 million, compared to €443 million in 2006. Weather events had an unfavourable impact on the Group's net profit, in the amount of €46 million. The Group's net combined ratio was 97.5% in 2007, down 0.5 points from fiscal year 2006. Although a portion of the weather events were protected by reinsurance treaties, these items alone contributed to worsening the net claims ratio by 1.4 points over a total of 1.0 points (68.3% in 2007). On the other hand, the measures taken to control costs resulted in an improvement in the operating expenses ratio, of 1.5 points (to 29.2% in 2007).

In France, the net combined ratio was 98.9% in 2007, compared to 99.4% in 2006. The source of this change was an increase in the net claims ratio by 1.1 points (69.2% in 2007), essentially combined with the occurrence during the period of storms and natural catastrophes. The net operating expense ratio improved 1.6 points to 29.7% in 2007. Internationally, the net combined ratio was 94.9% in 2007, compared to 95.2% in 2006. This decline of 0.3 points resulted from a decrease in the net operating expense ratio of 1.0 points (28.3% in 2007), while the claims ratio, up 0.7 points, was affected unfavourably by floods in the United Kingdom, in the amount of 1.2 points.

Net financial revenues from property and casualty insurance declined 3.7% in 2007. This drop was largely due to the change in fair value of the derivative instruments. Realised capital gains and losses rose.

Financing expenses increased €14 million due to the implementation of external financing for the development of the publicly-traded property management firm Silic.

In 2007, the tax charge totalled €178.7 million, which was stable compared to 2006. However, the 2006 tax charge included revenue related to the recognition of Groupama Insurances deficits under assets. Adjusted for that item, the tax charge is in line with changes in earnings.

- Net profit from life and health insurance

Net profit from life and health insurance was up 44.9% to €358 million in 2007, compared to €247 million in 2006. The underwriting margin net of operating expenses improved €78 million. In life insurance and capitalisation, the underwriting margin increased €145 million. For information purposes, in 2006, a charge of €95 million affected the margin because of a replenishment of technical reserves in the individual retirement segment, the application of new life insurance tables in France, and a prudential replenishment of life reserves on guaranteed rate policies in Spain. In 2007, the accepted reinsurance and borrowers segments posted good technical results. By contrast, the health and other bodily injuries segment saw its combined ratio drop by 4.6 points, to 105.2% in 2007. Operating expenses were up 6.9% due to the investments made in rationalising the back-office platforms and the non-recurring impact of the change in the compensation conditions of certain commercial networks.

Financial revenues improved 19.1% to €3,168 million, due to an increase in realised capital gains and losses (impact of the sale of the Tour Gan building) as well as the effect of an increase in income relative to changes in the fair value of derivative instruments. The share of income rose 26.0%, and is primarily explained by higher revenues from the profit-sharing funds and by higher returns on the principal life insurance policies. All these items resulted, *in fine*, in a stable financial margin at €743 million.

Financing expenses fell €23 million compared to 31 December 2006 following a change in the method of presenting expenses on stocks applied to pensions (€21 million in 2006), which are still included in other financial expenses. Adjusted for this item, financing expenses were almost stable.

The tax expense totalled €– 103.2 million in 2007, compared to €– 137.2 million in 2006. Income from the sale of the Tour Gan building, taxed at the special rate of 17.04%, sharply reduced the effective tax rate for the period.

- Net profit from financial and banking activities

In 2007, for the first time, the Group's net profit from financial and banking activities was positive, at €11 million, compared to a loss of €1 million in 2006. Indeed, it posted a loss of €25 million, sharply below that of the year 2006. Despite a difficult financial environment in the second half of 2007, the group's asset management activities held up well and posted stable income for the period. Net banking income before cost of risk improved by €32 million, to €198 million.

- Net earnings of holding companies

  The holding business line which covers the costs of the Group's support functions and provides for internal and external financing, posted net profit of €31 million in 2007, compared to a loss of €89 million in 2006. The capital gain from the sale of Scor shares, totalling €142 million (after taxes), improved income for the period. Adjusted for this item, this business line posted a loss of €111 million in 2007, specifically due to the increase in financing expenses and costs incurred within the framework of the Group's external growth.

- Insurance and Services France

  In 2007, the Insurance and Services France Division, which does not include the operational activities of the Groupama SA entity, posted earnings of €503 million, compared to €368 million in 2006, i.e., up 36.7%.

  - Groupama Vie

    Groupama Vie contributed €105.5 million to the Group's 2007 consolidated net profit, up 15.6% compared to 2006.

    The underwriting margin net of expenses increased €20.4 million in fiscal year 2007. This growth may be explained by a scissors effect related to an increase in fees on assets under management and premiums that was higher than the growth in general expenses. This phenomenon attests to the good level of operating expense control, despite significant investments intended to streamline the back office. The underwriting margin was also supported by the satisfactory dissemination of the Groupama Valorisation policies of July 1999, and more generally, by maintenance of the technical fundamentals in the provident insurance segment.

    Although it posted increasing financial revenue (+17.6%) due to higher fair values on derivative instruments, financial margin declined by – 6.2%. This change was due to a replenishment of the profit-sharing fund, both current and deferred.

    Income tax expense was €41.2 million in 2007, compared with €39.6 million in 2006.

  - Gan Assurances

    Gan Assurances posted consolidated 2007 net profit of €101 million up from €87 million in 2006.

    Gan Assurances Vie posted earnings of €80.9 million in 2007, up from €61.2 million as at 31 December 2006. Non-recurring expenses in 2006 put downward pressure on the operating margin for individual life. 2007 saw a gain due to the sale of the Tour Gan building in the amount of €86.3 million net of profit sharing and taxes. Within the framework of asset-liability management, this gain was included in the recurring programme to externalise the capital gains of Gan Assurances Vie.

    The underwriting margin rose 9.6%, primarily due to:

    – an increase in the personal insurance underwriting margin of €33 million, due in part to the application in 2006 of an adjustment in retirement underwriting reserves for the L441 regime of the RIP policy, totalling €58 million. In 2007, a replenishment of reserves burdened the personal retirement margin by €16 million. Adjusted for all extraordinary items, the underwriting margin in individual insurance rose slightly from 31 December 2006: the decline in the retirement segment (down €16 million) was offset by the savings and health segments, which posted results that were up €10.3 million and €6.7 million, respectively.

    – a stagnation in the group insurance underwriting margin: the increase in the retirement segment offset the decline in provident insurance and in health. The claims ratio is worsening, in fact, both in work stoppages and in health.

    Net operating expenses totalled €231 million as at 31 December 2007, compared to €217 million at 31 December 2006.

    Financial revenues net of expenses increased by over 12%, with an increase in net capital gains realised (including on the sale of the Tour Gan building) and an increase in revenues net of expenses (increase in bond and mutual fund revenues). However, the increased compensation to insureds led to higher profit-sharing funds and a financial margin down 14% from 2006.

    Other non-technical and extraordinary revenues and expenses represented a net expense of €14.8 million, compared to €8.1 million as at 31 December 2006. These net expenses are related primarily to the implementation of the new agreement for offsetting operating expenses.

    Gan Assurances Vie's consolidated tax consisted of revenue of €37.5 million in the 31 December 2007 financial statements, compared to a loss of €18.2 million in 2006. This was due to the current and deferred tax impact of the sale of the Tour Gan building.

    The contribution of Gan Assurances IARD to Group income totalled €20.1 million at 31 December 2007, compared to €26.1 million in fiscal year 2006. This decline was primarily related to costs corresponding to the launch of the banking line, as well as reserves for non-recurring litigation, which burdened non-technical income for the period by a total of €4.5 million and 6.8 million, respectively.

    The underwriting margin increased by €16.8 million, primarily due to an improvement in the net claims level, by 2 points. The net combined ratio totalled 107.1%, compared to 109.0% in 2006, as a result of the favourable effect of reinsurance hedges. The current claims ratio worsened, in effect, by 1.3 points due to a drop in the businesses and groups market, with an increase in serious claims in motor fleets and industrial risks. This decline was absorbed by reinsurance hedges. A net improvement in the current claims ratio of the private motor segment (down 3 points) was noted nevertheless. Reversals of reserves for previous years were stable at €70.8 million.

The ongoing policy of controlling general expenses resulted in a stable net operating expense ratio, at 29.4%.

Financial income (including real estate reallocation) fell by €15.6 million as a result of the unfavourable impact of the change in fair value on derivatives.

The change in the tax expense was in line with the change in earnings.

- Gan Eurocourtage

Gan Eurocourtage posted consolidated 2007 net profit of €184 million up from €124 million in 2006.

The profit contribution of Gan Eurocourtage Vie was €79.1 million in 2007, compared to €35.2 million in 2006. The sale of the Tour Gan building favourably affected the entity's income contribution (€31.2 million net of profit sharing and taxes).

These positive results were a consequence of the net increase in the underwriting margin (up €72.7 million over 31 December 2006). This was due to positive performance in the accepted reinsurance segment, following favourable settlements of premiums and claims. The borrowers segment also contributed to improving the entity's results.

Operating expenses were stable due to good general expense control.

Financial margin (including the reallocation of real estate) fell by €26.3 million. The application of new rules for calculating minimum regulatory profit sharing affected the financial margin by a total of €34 million in the provident insurance and retirement segments. The entity also strengthened its profit-sharing in favour of insureds. All these factors had the effect of absorbing the sharp growth in financial revenues of 45.5% resulting from the increase in realised capital gains (impact of the sale of the Tour Gan building) and an increase in net revenues.

The 2007 global tax expense was €14.5 million, compared to €15.1 million in 2006. This apparent stability is related to the impact of the sale of the Tour Gan building.

Gan Eurocourtage IARD posted consolidated net profit of €105.1 million at 31 December 2007 compared to the €89.3 million in 2006 principally due to an improvement in technical results.

The net combined ratio in property and casualty insurance was down 2 points from 2006, to 96.3% in 2007. This improvement was due to an increase in liquidation profits (up €50.8 million). However, the year saw a worsening of the current claims levels due to serious occurrences during the year (specifically in the fleet segment) and a poor underwriting year in the monetary losses segment. The reinsurance balance declined slightly. The net operating expense ratio was 32.5% in 2007, versus 32.9% in 2006.

Financial profits (including real estate reallocation) improved 6.7%, basically due to capital gains and losses realised on sales.

Total income tax expense was €39.4 million in 2007 versus €33.8 million in 2006, in line with the increase in net profit.

- Gan Prévoyance

Gan Prévoyance's contribution to Group income increased sharply, to a total of €57.8 million, compared to €19.5 million as at 31 December 2006. The sale of the Tour Gan building had a favourable impact on the entity's contributed profit (€33.6 million net of profit sharing and taxes).

The net underwriting margin from life and health insurance was up 10.3%, primarily due to the retirement savings segment and to a lesser extent the provident insurance segment.

The application of the change in the method of calculating fees corresponding to the management of customers in portfolio, as well as expenses incurred in streamlining the back office platform, largely explain the 14.9% increase in operating expenses.

Financial revenue rose sharply (up €49.7%) specifically due to the impact of the sale of the Tour Gan building. With the profit-sharing rate stable, the financial margin increased significantly by €28.6 million.

Other non-technical and extraordinary revenues and expenses improved by €6.0 million. By comparison, fiscal year 2006 was burdened by extraordinary non-recurring litigation expenses.

Tax revenue totalling €3 million was posted to the accounts as at 31 December 2007 (compared to an expense of €6.6 million), due to the sale of the Tour Gan building, which had a favourable impact on taxable income.

- Gan Patrimoine and its subsidiaries

The contribution of Gan Patrimoine and its subsidiaries rose by 33.5% to a total of €29.5 million at 31 December 2007.

The net underwriting margin improved 4.4%, due to an increase in fees for assets under management. However, in 2006 the financial statements from the profit centre were affected by a non-recurring expense related to the application of new mortality tables for life annuities. The policy of monitoring general expenses resulted in a decline in operating expenses by 4.9%. This decline occurred in an environment of high investments incurred to modernise the technical platform.

The 5.9% increase in financial revenue is primarily due to an increase in capital gains realised in 2007. At the same time, the profit-sharing charge rose by 9.1%, resulting in an increase in the funds allocated to insureds. Given these factors, the financial margin was stable at €74.7 million.

Other non-technical and extraordinary revenues and expenses improved in 2007, by €1.5 million.

The tax expense totalled €10.0 million in 2007, compared to €11.6 million in 2006.

- Groupama Transport

  Groupama Transport contributed €13.1 million to consolidated group net profits in 2007, compared to €10.2 million in 2006. The net combined ratio totalled 97.1%, up 2.7 points over 31 December 2006. Net claims were almost stable, although the current year was marked by major occurrences in both marine and aerospace. Significant profits, combined with a net improvement in the reinsurance balance, offset this decline. The net operating expenses ratio declined 2.6 points, primarily due to the increase in the commissioning rate for marine activities due to international competitive pressure. Financial earnings increased €1.9 million due to an improvement in financial income net of expenses. Finally, the effective tax rate declined due to the realisation of tax losses from foreign institutions.

- Other specialist Group companies

  As at 31 December 2007, the other specialist companies of the Group posted total consolidated net profit of €8.8 million, down from the prior year (€10.0 million). Groupama Assurance Crédit contributed some €1.7 million to group net profit, compared to €2.5 million in 2006. This change was due to the worsening of the combined ratio by 4.9 points, to 96.3%, because of the increased frequency of claims in the lending segment, and financial net profit, which fell €0.5 million due to fewer capital gains from sales.

  Mutuaide Assistance's contribution to the Group's consolidated profit totalled €3.1 million, down €0.6 million from 2006. The 1.9-point drop in net claims primarily explains the change in profits.

  The contribution of Groupama Protection Juridique was €4.0 million in 2007, compared to €3.8 million in 2006. This was despite a slight fall in the net combined ratio, of 0.8 points (87.1%), due to the increased frequency of occurrences, as well as increased operating expenses (due to increased commissions).

- Discontinued business lines in France

  Assuvie posted €4.0 million in consolidated net profit in 2007, compared with €3.0 million in 2006.

- International insurance

  International insurance (which now includes international holding companies) contributed a total of €151 million to 2007 consolidated net profit, compared to €131 million in 2006, up 15.3%. International holding companies posted a loss of €5 million, compared to a loss of €26 million in 2006.

  The Groupama Insurances contribution consisted of profit of €37.7 million in 2007, compared to €76.6 million in 2006. Non-recurring tax income of €26.6 million, related to the partial realisation of previous years' tax losses, had a very favourable impact on profit for fiscal year 2006. The net combined ratio in property and casualty insurance was 97.0% at 31 December 2007, compared to 95.3% in 2006 (up 1.7 points, broken down into +4.7 points for net claims activity, and −3 points for operating expenses). The hurricane and floods that hit the United Kingdom in the first half of 2007 affected the combined ratio by a total of 5.0 points (the total cost of weather events was €21.0 million net of reinsurance). Financial profit was down 8.9%, with this decline corresponding to both lower investment revenues and lower capital gains from sales net of reversals of provisions.

  The brokerage subsidiaries (Carole Nash, Bollington and Lark) contributed a slight loss (€1.2 million). These results were consistent with the business plan for these entities. They consisted of €8.7 million in expenses for the impairment of portfolio securities allocated to the opening balance sheet for these structures.

  The Italian subsidiaries posted 2007 consolidated net profit of €26.0 million, compared with €19.3 million in 2006. Profit contributed by Groupama Assicurazioni totalled €9.7 million in 2007, compared to €10.8 million in 2006. The subsidiary's global net combined ratio was 102.2% in 2007, stable in comparison with the previous fiscal year. In property and casualty insurance, the combined ratio improved 1.1 points to 100.5%, while that of life and health insurance dropped 7.3 points to 113.5%, specifically due to higher claims expenses in the individual and group provident segments (increase in average cost).

  The operating expense ratio is down 1.4 points. In 2006, expenses related to the subsidiary's name change, as well as the operating cost of communications related to its 125th anniversary, constituted a burden on operating expenses.

  The financial margin was stable at €28.4 million. The decline in capital gains realised from sales was offset by the increase in investment revenues, due specifically to higher rates.

  Groupama Italia Vita contributed €7.9 million in 2007, compared to €8.5 million in 2006. The drop of €1.8 million in net operating margin was offset by an increase of €2.1 million in financial margin. The latter improved primarily due to a decline in profit sharing to policyholders.

Nuova Tirrena's contribution to the Group's profit was €8.5 million at 31 December 2007. It represents two months of activity. The global net combined ratio totalled 100.6%, 79.0% of which corresponded to net claims and 21.6% to net operating expenses.

In Spain Groupama Seguros contribution to the Group's profit totalled €96.6 million at 31 December 2007, up 66.4% over fiscal year 2006.
The underwriting margin net of operating expenses in the area of property and casualty insurance declined by €3.4 million. This was due primarily to the increase in operating expenses (+2.3 points), which had an unfavourable impact on the property and casualty insurance combined ratio (+0.8 points to 88.4%). This increase in expenses was due, on the one hand, to costs incurred to develop Clickseguros (the new Internet distribution channel) and, on the other hand, to expenses relating to more intensive advertising campaigns. The improvement in the net claims ratio of 1.5 points corresponded to a drop in the current claims ratio of 0.6 points. The motor segment (53.2% of the portfolio), in particular, saw its current claims ratio decline by 6.3 points due to a drop in the frequency of severe incidents. In the VSE/SME segment (21.8% of the portfolio), current claims worsened 12.9 points due to an increase in large claims. Liquidation profits from previous years were up 5.4%, to €130.2 million.
The underwriting margin net of operating expenses for life and health insurance improved by €15.7 million. Fiscal year 2006 saw an increase in actuarial reserves for certain products (€20 million). This increase, intended to cover high guarantee rates on its old portfolio closed to marketing, continued in 2007 in the amount of €9.6 million. Adjusted for these items, the margin improved by €2.6 million in 2007.
The financial margin increased by 4.2% to €48.1 million, due primarily to improved revenues net of investment expenses.
Other non-underwriting revenues and expenses saw a net improvement. Fiscal year 2006 was marked by non-recurring charges of €11.5 million related to the inclusion of the newly acquired Azur Vida and Azur Multiramos portfolios.
The effective tax rate totalled 21.5% in 2007, compared to 36.1% previously. In 2007, the subsidiary had completely consumed its stock of deferrable losses, allowing it to thus allocate the tax credits on previous equity revenues in the form of a carry-back.

The Turkish subsidiaries posted a contribution to consolidated earnings of €16.9 million in 2007, against a loss of €8.87 million in 2006. Significantly, Basak Groupama Sigorta and Basak Groupama Emeklilik were not included in 2006 until the second half.

Net income contributed by Basak Groupama Sigorta totalled €8.6 million as at 31 December 2007, compared to a loss of €9.7 million in 2006. The underwriting margin net of operating expenses in property and casualty insurance improved by €23.5 million compared to the last six months of 2006. The combined ratio fell by 38.9 points to 99.2%. Fiscal year 2006 was affected by significant claims events. The underwriting margin net of operating expenses in life and health insurance declined slightly due to a deterioration in the combined ratio, to 102.0%. Financial profits increased to a total of €15.1 million.
Basak Emeklilik's contribution to the Group's profits improved to €7.2 million as at 31 December 2007, compared to break-even in 2006. The underwriting margin net of operating expenses in life and health insurance totalled €5.2 million in 2007. The financial margin net of profit sharing showed a positive balance of €26.5 million. Other non-underwriting revenue and expenses yielded a loss of €21.5 million, corresponding primarily to the impairment charge for intangible fixed assets (value in force and values of the distribution and customer relations network), realised on the opening balance sheet.
It should be noted that the consolidated financial statements also include €1.3 million in the Group's share of earnings of Günes Sigorta.
Groupama Phoenix, the Group's Greek subsidiary, posted a loss of €25.0 million for the second half of 2006. This loss included a non-recurring reserve for reorganisation expenses totalling €23 million.

The Group's other foreign subsidiaries posted the following results in 2007:

• The Portuguese subsidiaries posted a global contribution of €1.3 million in 2007, compared to €2.7 million in 2006. In life insurance, the contribution was down €1.9 million. In non-life insurance, the contribution to net income was €0.8 million higher than in 2006, due to the effect of the combined ratio, which improved 7.3 points.

• In Hungary, the subsidiary's contribution broke even for the first time. This result was due primarily to an improvement in the combined ratio for property and casualty insurance of 2.8 points, to 105.8%. Although the net operating expenses ratio remains high, it had improved compared to the levels of 31 December 2007 (3.6 points).

• As at 31 December 2007, Gan Outre-Mer had posted a contribution to consolidated net income of €3.2 million, versus €12.3 million in 2006. This decline was due in part to Hurricane Dean, which affected the Antilles. It unfavourably affected the entity's combined ratio by 4.4 points. Moreover, the entity's net combined ratio in 2007 was affected by the cost of reinsurance (excluding Dean) following an increase in the prices of coverage and a decline in serious claims. The drop of €4.0 million in the financial margin was due primarily to the change in fair value of financial instruments.

• The contribution of Gan UK (joint holding company for the brokerage firms in the United Kingdom) was a loss of €2.1 million in 2007, compared to a loss of €27.0 million in 2006. This improvement resulted, on the one hand, from the capital loss on the sale of Minster for €7.2 million posted in 2006, and on the other hand, from a structural reduction in financing expenses.

• The contribution by Groupama Bosphorus (joint holding company for the Turkish subsidiaries) was a loss of €3.1 million in 2007.

In 2007, discontinued business lines (Zénith Vie, Rampart, Luxlife) abroad were removed from the scope of consolidation, given their now insignificant nature. Their contribution was captured by classifying them as available-for-sale securities. They showed a contribution of €-2.7 million in 2006. The impact of these companies on 2007 net income was zero.

- Finance and banking business lines

Net income from financial and banking activities is now positive at €11 million, compared to a slight loss of €1 million in 2006.

• Groupama Banque's contribution showed a loss of €24.9 million in 2007, compared to one of €34.7 million as at 31 December 2006. Net banking revenues before cost of risk almost doubled in fiscal year 2007. This very clear turnaround during the period was due, on the one hand, to the increase in the intermediation margin related to the growth in consumer loans outstanding, and on the other hand, to the increase in net fees on the client portfolio. Operating expenses also rose 2.6%.

• Groupama Épargne Salariale's results were stable, but nevertheless showed a loss of €0.8 million.

• Banque Finama contributed a loss of €1.8 million as at 31 December 2007, compared to a profit of €0.2 million in 2006. The posting to 2007 net income of an unrealised loss on the trading portfolio (€5 million) was the source of this decline. Adjusted for this item, net banking revenues before cost of risk increased by 15.1 %.

• The asset management subsidiaries (Groupama Asset Management and its subsidiaries) posted a stable contribution compared to the previous fiscal year, at €30.3 million, despite an unfavourable financial environment in the second half of 2007. Net banking revenues before cost of risk rose 13.5% over 31 December 2006. The increase in workforce to accompany the growth in this business line, which the group is seeking to develop, largely explains the more than 25% increase in operating expenses.

• Finama Private Equity posted a profit of €1.6 million in 2007, compared to €0.9 million at 31 December 2006, due to the sharp increase in assets under management caused by growth in its business.

• The contribution of Groupama Immobilier, the subsidiary responsible for managing the Group's investment property assets, rose by €2.8 million to €6.1 million in 2007, specifically due to the increase in asset fees related to appraisals and the return on certain extraordinary transactions.

- Analysis of Groupama SA and holding companies

Groupama SA (including its operational activity) and holding companies posted positive income of €128 million in 2007, compared to a profit of €102 million in 2006.

• Groupama SA

It serves as holding company, owning (directly or indirectly) all the French and international subsidiaries of the Group. As part of its role, Groupama SA provides operational direction for the consolidated group and is the focal point for internal and external financing. It also plays a central role from an underwriting standpoint, as reinsurer of the regional mutuals through an internal reinsurance agreement and as a centraliser and manager of the group's external reinsurance protection measures.

Groupama SA's contribution to Groupama's consolidated results totalled €145.1 million in 2007, compared to 115.5 million as at 31 December 2006. The sale of the Scor shares, which were largely held by Groupama SA, accounted for some €141.6 million of its contribution as of 31 December 2007.

The net combined ratio in Groupama's property and casualty insurance totalled 94.7% in 2007, up 2.2 points over 2006. These results can be explained by the 6.3 points decline in the net claims ratio. The claims levels for the current period shrank 3.2 points due to the weather events that occurred in 2007. The net reinsurance cost of Hurricane Dean in the Antilles totalled €37.5 million. Fiscal year 2007 was also marked by a decline in the changes from previous years. Due to a slight drop in life and health insurance margins, underwriting results fell slightly compared to 2006.

The reinsurance balance improved by over €30 million due to a combination of external protective measures (natural catastrophes and other weather coverage). The net operating expense ratio declined 2.1 points due to the general expense control policy.

Financial revenues contributed by Groupama SA in 2007 totalled €304.4 million, sharply higher (47.1%) than 2006. As noted above, 2007 financial profits included €141.6 million in capital gains from the sale of Scor shares. Adjusted for this non-recurring item, the financial margin declined 21.3% compared to 31 December

2006. This change resulted from the decline in revenues following the reallocation of a portion of the stock and bond envelopes applied within the framework of the group acquisition policy, amplified by a drop in the change in fair value on derivative instruments.

An extraordinary share of €30 million, intended to assist a regional mutual in its commercial development in the Paris region, was posted for fiscal year 2007.

Finally, Groupama SA posted a global tax charge (current tax due and deferred tax) of €−3.6 million in 2007, compared to €−39.1 million as at 31 December 2006. This was a result of the tax exemption of the net capital gain on the Scor shares under the equity interests' law.

From an analytic standpoint, Groupama SA's net profit can be broken down into operating profit (with a positive contribution of €93.9 million) and net income from its holding company activities, with a positive contribution of €51.2 million.

- Groupama International

  Groupama International's activity consists of holding the shares of the group's foreign subsidiaries. In 2007 it contributed a net loss of €−15.6 million, compared to €−17.9 million in 2006. This loss basically included financial expenses incurred by the Group's internal refinancing activities.

c) Comments on the balance sheet

As at 31 December 2007, Groupama's total consolidated balance sheet stood at €88.3 billion, versus €78.5 billion as at 31 December 2005, up €9.8 billion. This growth was primarily driven by:

- acquisitions completed during the course of the year (Nuova Tirrena: +€3.4 billion; Groupama Phoenix: +€0.8 billion; BT Asigurari: +€0.2 billion), the latter being partly financed by the issuance of a perpetual loan consisting of €1 billion in super-subordinated instruments;
- the increase in pension allocations of investment securities (€5.7 billion as at 31 December 2007) within the framework of a policy aimed at optimising financial returns.

- Goodwill and intangible assets

  Goodwill totalled €2.6 billion as at 31 December 2007, compared to €1.4 billion as at 31 December 2006. Goodwill realised by the acquisitions of the Groupama Phoenix, Nuova Tirrena, and BT Asigurari subsidiaries explain most of the change during the year.

  The acquisition of Carole Nash on 15 December 2006 yielded in 2007, the recognition of a value for the distribution and customer relation networks in non-life insurance of €17 million, with €5 million for software and computer assets. Moreover, the deferred acquisition expenses of Groupama Phoenix, in the amount of €2.4 million, are now posted to intangible assets.

  Other intangible assets, totalling €320 million in 2007 (compared to €239 million in 2006), consist primarily of software. Their growth is primarily related to investments incurred for back office business lines.

- Investments (including unit-linked investments)

  Insurance investments totalled €74.1 billion versus €66.7 billion at year-end 2006, an increase of €7.4 billion or 11.1%. This change was due to the recent acquisitions, the Group's business growth, and the implementation of a policy aimed at optimising financial yields.

  The Group's unrealised capital gains (including real estate) totalled €7.5 billion as at 31 December 2007, down €1.9 billion (20.2%) versus 31 December 2006. The increase in bond interest rates (0.44 basis points on the 10-year OAT) resulted in a decline in unrealised capital gains on bonds of €1.7 billion, which was not offset by the unrealised capital gains on equities (down €0.7 billion), despite an increase of 1.3% in the CAC 40 index.

  However, the positive performance of the real estate markets mitigated the decline in unrealised capital gains. The sale of the Tour Gan building, as well as that of the Scor shares, also contributed to the decline in these capital gains.

  The share of these unrealised capital gains accruing to shareholders totalled €3.0 billion in 2007, versus €3.5 billion in 2006.

  The structure of these investments at market value is the following:

  - Bonds and units of fixed income mutual funds 56%
  - Equities and units of variable income mutual funds 21%
  - Real estate 10%
  - Unit-linked Investments 5%
  - Other (of which, 6% of debt products corresponding to pension-related applications) 8%

- Shareholders' equity

  As at 31 December 2007, the Group's consolidated shareholders' equity totalled €5.9 billion, a strong 16.2% increase compared to 31 December 2006.

  This growth can be summarised as follows:

In million of euros	
Shareholders' equity at the start of 2007	**5,094**
Change in the revaluation reserve: fair value of AFS assets	−2,536
Change in the revaluation reserve: accounting effect	1,572
Change in the revaluation reserve: deferred tax	136
Issuance of super-subordinated instruments	1,000
Dividends	−142
Other	1
Net income	**793**
Shareholders' equity at 31 December 2007	**5,918**

Since fluctuations in the financial markets have an impact on the revaluation reserves of securities classified as "available for sale", the issuance of a perpetual bond consisting of super-subordinated instruments for €1 billion, as well as the Group net income earned in 2007, are the source of the change in shareholders' equity. Given the characteristics of the issuance, the super-subordinated instruments are considered under IFRS standards as shareholders' equity.

- Subordinated liabilities and borrowings

  Total subordinated liabilities as at 31 December 2007 was €1.25 billion, the same amount as the preceding year. The Group's external debt totalled €941 million, up €115 million compared to 31 December 2006. This increase is primarily due to financing the growth of the real estate company Silic.
- Underwriting reserves

  Gross underwriting reserves (including deferred profit sharing) totalled €66.8 billion as of 31 December 2007 up 6.2% from €62.9 billion as of 31 December 2006. As noted above, additions to the scope of consolidation largely explain this result (up €2.7 billion), with the remainder resulting from growth in activity.
- Provisions for risks and charges

  Provisions for risks and charges rose €30 million over the year to €583 million at 31 December 2007. This change was primarily driven by the recognition of additional liabilities to employees and similar commitments, related particularly to acquisitions.

5.1.5 Solvency

Adjusted solvency, including future earnings from life activities, is valued in accordance with regulatory provisions at the scale of the combined scope of consolidation. Within this scope, the solvency margin of the accounts was 274 % in 2007, compared to 311 % in 2006. Fluctuations in the financial markets, particularly in the second half of 2007, combined with the Group's recent acquisitions, partially explain the decline in the coverage rate of the margin requirement. The inclusion of future profits in this ratio added 12 basis points to the margin coverage (comparable to 2006).

Groupama SA's debt to equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 51.1 % in 2007, compared to 44.3% in 2006, an increase of 6.8 points on 2006. The perpetual bond issue of super-subordinated securities totalling €1 billion is included in the total subordinated liabilities. A significant part of this debt is attributable to the listed real estate subsidiary Silic, which borrowed to finance growth in its real estate portfolio. Adjusting for this borrowing, the Group's Insurance-related debt ratio, which was incurred to finance external growth (including debt related to various real estate leases) stood at 40.0 %, up 31.3 % in 2006, for an increase of 8.7 points.

5.1.6 Risk management

Risk management is addressed in the internal control report.

5.1.7 Policy on financial instruments

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

5.1.7.1 INTEREST-RATE RISK

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

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

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

5.1.7.2 EXCHANGE RATE RISK AND OTHER MARKET RISKS

Ownership of international shares entails dollar and yen foreign exchange risk, which is systematically hedged through forward sales. These sales have been consistently renewed upon their maturity since they were first implemented in 2001.

As with interest rate risk, all over the counter transactions are secured by a "collateralisation" system with Groupama SA's top tier banking counterparties.

The Group is also constantly monitoring the exposure of its insurance subsidiaries to market risks (equities), credit risk (private debt), and counterparty risk, and may decide, if necessary, to hedge them using forward financial instruments. In 2007, a macro-hedge was implemented to reduce the sensitivity of a portion of the portfolio to volatility in the equities market.

5.1.8 Analysis of the corporate financial statements for the fiscal year

5.1.8.1 INCOME STATEMENT

a) Underwriting results

Earned premiums totalled €1,880.3 million, up 3.5 % compared to 2006, when they were €1,816.4 million. They came primarily from contributions received from the regional mutuals (€1,731.3 million) and contributions from the Group's profit centres and subsidiaries (€124.4 million).

Claims expenses (including claims management expenses), annuities, and other underwriting reserves totalled €1,159.2 million, up 15.3% over 2006. This result was due to an increase in the claims rate for the period, relating specifically to the occurrence of extraordinary weather events (particularly Hurricane Dean in the Antilles) and small disbursements for previous years.

The balance of cessions and retrocessions yielded an expense of €211.9 million, down €34.1 million from 2006, due to the ceding of natural catastrophe claims.

After taking into account reinsurance commissions received totalling €329.6 million, the net operating margin was €179.7 million, 9.6% of earned premiums received, down €57.4 million compared to 2006 (€237.1 million).

Groupama SA's total operating expenses were €204.5 million, compared to 210.4 million in 2006.

After taking into account income allocated to technical reserves (€201.0 million or 48.7% of the year's investment income), Groupama SA's 2007 underwriting result was a profit of €176.2 million (9.4% of earned premiums).

b) Non-underwriting results

Investment income totalled €413.1 million, compared to €221.2 million in 2006. It consisted primarily of dividends from subsidiaries and equity investments: €371.2 million, up €141.2 million.

Exceptional items represented a net expense of €49.4 million versus €12.1 million in 2006.

The "Taxes" item represents income of €45.9 million, which includes tax savings realised by the Group from the tax consolidation that benefited Groupama SA as the Group's parent company.

Net profit for the year totalled €379.0 million, compared to €318.6 million in 2006.

5.1.8.2 BALANCE SHEET

The Groupama SA 2007 balance sheet totalled €9,997.0 million, up 827.3 million over 2006. This sharp increase was related to the 22 October 2007 issuance of super-subordinated securities totalling €1 billion.

Shareholders' equity totalled €2,795.0 million as of 31 December 2007, versus €2,550.2 million as of 31 December 2006. The increase in shareholders' equity is largely attributable to the net profit for the year (up €379.0 million) and the distribution of dividends payable for the 2006 financial year (€−134.3 million).

A proposal will be made to the ordinary general shareholders' meeting approving the Groupama SA financial statements for 31 December 2007 to pay a dividend of €155.1 million, up 15.7 over the dividend of 31 December 2006.

Gross technical reserves, after deduction of the regional mutuals' share exempt from the agreement, totalled €3,257.8 million, up 101.0 million, or 3.2%, compared to 31 December 2006. They represent 173.3% of earned premiums during the year. Underwriting reserves ceded and retroceded totalled €566.8 million, up €26.9 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net carrying amount was €8,815 million (including differences between bond repayments and loans to subsidiaries and affiliates). Strategic assets represented 74% of total assets and include equity investments (€5,631 million) and intra-group loans (€923 million).

In terms of net asset value, Groupama SA's investments total €14,227 million, consisting of an unrealised capital gain of €5,412 million deriving primarily from intra-group strategic equity interests (€4,314 million), shares and investments in listed companies €552 million) and real estate (€560 million).

5.1.8.3 INCOME FOR THE YEAR AND PROPOSED ALLOCATION

Earnings for the year totalled €379,012,201.03, which we propose allocating as follows:

- as shareholder dividend €155,114,894.56
- balance carried forward €223,897,306.47

5.1.9 Disclosures on share capital

5.1.9.1 SHAREHOLDERS

In compliance with Article L 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L 233-7 and L 233-12 of said code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds or nineteen twentieths of the Company's share capital or voting rights at the shareholders' meetings:

- Groupama Holding: 90.90%
- Groupama Holding 2: 9.99%

5.1.9.2 EMPLOYEE SHAREHOLDERS

Pursuant to Article L 225-102 of the French Commercial Code, employees, former employees, and directors of the Company held 0.11% of Groupama SA's share capital as at 31 December 2007.

5.1.10 Disclosures on corporate directors and officers

5.1.10.1 COMPENSATION OF DIRECTORS

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the total compensation and benefits of any kind paid to each director during the financial year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Trade Code. During the year, payments were as follows:

- Mr. Jean-Luc Baucherel: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €330,573, (of which: gross annual compensation of €268,120, retirement benefit of €36,463, and housing allowance of €25,990);
- Mr. Francis Aussat: gross annual compensation (including benefits in kind) paid by Gan Assurances-Vie to him in his capacity as Chairman of the Board of Directors: €85,507 (of which, gross annual compensation of €67,275 and retirement benefit of €18,232), and directors' fees paid by Groupama SA: €48,000;
- Mr. Jean Baligand: gross annual compensation (including benefits in kind) paid by Groupama Vie to him in his capacity as Chairman of the Board of Directors: €59,197 (of which, gross annual compensation of €46,575 and retirement benefit of €12,622) and directors' fees paid by Groupama SA: €50,000;
- Mr. Claude Bartholomeis: directors' fees paid by Groupama SA: €36,000;
- Mr. Michel Baylet: gross annual compensation (including benefits in kind) paid by Gan Prévoyance to him in his capacity as Chairman of the Board of Directors: €59,197 (of which, gross annual compensation of €46,575 and retirement benefit of €12,622) and directors' fees paid by Groupama SA: €50,000;
- Mr. Amaury Cornut-Chauvinc: gross annual compensation (including benefits in kind) paid by the company Mutuaide Assistance to him in his capacity as Chairman of the Board of Directors as from 11 July 2007: €28,080 (of which, gross annual compensation of €22,093 and retirement benefit of €5,987) and directors' fees paid by Groupama SA: €18,000;
- Mr. Robert Drouet: gross annual compensation (including benefits in kind) paid by Gan Patrimoine to him in his capacity as Chairman of the Board of Directors: €85,507 (of which, gross annual compensation of €67,275 and retirement benefit of €18,232) and directors' fees paid by Groupama SA: €52,000;
- Mr. Michel Habig: directors' fees paid by Groupama SA: €46,000;
- Mr. Frédéric Lemoine, outside director: directors' fees paid by Groupama SA: €88,000;
- Mrs. Solange Longuet: gross annual compensation (including benefits in kind) paid by Gan Assurances IARD to her in her capacity as Chair of the Board of Directors: €59,197 (of which, gross annual compensation of €46,575 and retirement benefit €12,622) and directors' fees paid by Groupama SA: €52,000;
- Mr. Marius Mul: directors' fees paid by Groupama SA: €6,000;
- Mr. Roger Paillès: gross annual compensation (including benefits in kind) paid by Mutuaide Assistance to him in his capacity as Chairman of the Board of Directors until 31 May 2007: €24,665 (of which, gross annual compensation of €19,406 and retirement benefit of €5,259) and directors' fees paid by Groupama SA: €32,000;
- Mr. Jean Salmon, outside director: directors' fees paid by Groupama SA: €44,000;
- Mr. Philippe Vassor, outside director: directors' fees paid by Groupama SA: €92,000;
- Mr. Jean-Luc Viet: gross annual compensation (including benefits in kind) paid by Gan Eurocourtage IARD and GAN Eurocourtage Vie to him in his capacity as Chairman of the Board of Directors of these companies: €59,197 total (of which, gross annual compensation of €46,575 and retirement benefit of €12,622) and directors' fees paid by Groupama SA: €52,000;
- Mr. Jean-Luc Wibratte: gross annual compensation (including benefits in kind) paid by Banque Finama to him in his capacity as Chairman of the Supervisory Board: €85,507 (of which, gross annual compensation of €67,275 and retirement benefit of €18,232) and directors' fees paid by Groupama SA: €52,000;
- Mr. Jean Azéma, Chief Executive Officer: gross annual compensation (including benefits in kind) received for his duties within the Group: €1,138,862 (of which €910,000 was gross annual compensation, €225,000 was a bonus, and €3,862 was a provident savings-death benefit), and policies covering provident savings, medical care and retirement for the benefit of members of Groupama SA's General Management.

Lastly, the cumulative gross annual compensation (including benefits in kind) for members of the General Management Committee of Groupama SA totalled €4,836,203. The total liability for retirement contracts as of 31 December 2007 was €12,465,570.

5.1.10.2 TERMS OF OFFICE AND DUTIES PERFORMED BY DIRECTORS

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the directors and the Chief Executive Officer appears in paragraph 3.1.2 and 3.1.3.

5.1.10.3 RATIFICATION OF APPOINTMENT

We propose that you ratify the appointment of Mr. Amaury Cornut-Chauvinc in his capacity as director, which occurred at the Board of Directors' meeting of 31 May 2007, to replace Mr. Roger Paillès, who resigned, for the remaining duration of the latter's term of office, i.e., until the ordinary general shareholders' meeting convened in 2009 to approve the financial statements for the fiscal year ending 31 December 2008.

5.1.11 Human resources and sustainable development

The social and environmental consequences of the activity, covered by Article L. 225-102, part 4 of the Trade Code, as well as the information contained in Articles D. 148-2 and D. 148-3, are discussed in the 2007 Groupama SA annual report.

5.1.12 Amendments to the bylaws

We propose amending the article of the bylaws relative to participation by shareholders in the general shareholders' meetings, to bring it into compliance with Decree No. 2006-1566 of 11 December 2006, amending Articles R225-85 and R225-86 of the Commercial Code. Within this context, two amendments are presented to you, one for immediate enactment, the other which will only enter into force when Groupama SA shares are listed for trading on a regulated market.

5.1.13 Financial authorisations

Attached to this report, pursuant to Article L. 225-100, part 7 of the Commercial Code, is a summary table of the delegation of competence and authority granted by the shareholders' meeting to the board of directors to increase the share capital pursuant to Articles L 22 — 129-1 and L 225-129-2 of said Code.

We also propose that you renew in advance the financial authorisations previously approved by the general shareholders' meeting of 29 June 2006 and 30 May 2007, which fall within the jurisdiction of the extraordinary general shareholders' meeting. These authorisations generally have a duration of 26 months and are intended to give a maximum of flexibility to the board of directors to use the market depending on circumstances and financial market conditions. For certain authorisations, the reports of the company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

Within this context, we propose that you grant the following authority to the board of directors:

- to increase share capital by issuing shares and/or investment securities, with or without preferential share rights, as these delegations of authority are the most traditional and may be used alone or simultaneously with other types of delegation of authority. They may be realised up to the nominal maximum amount of €1.1 billion, which also constitutes the global ceiling for capital increases likely to be made under other delegations of authority subject to your approval within the framework of this shareholders' meeting, with the exception of capital increases through the capitalisation of benefits, premiums or reserves covered under Resolution Twenty-One. To these ceilings would be added any par value of shares to be issued within the framework of new financial transactions, to preserve the rights of equity investors. The deal may also be carried out with or without preferential share rights. We note in this regard that preferential share rights are offered to existing shareholders at the time of the transaction, to allow them to avoid suffering from a "dilutive" effect after the transaction is completed.

  This delegation of authority will be granted for a period of 26 months after this date, and will replace the one awarded by the general shareholders' meeting of 30 May 2007.

  Since the purpose of the listing of Groupama SA shares for trading on a regulated market is primarily to allow third parties to acquire equity interests, the preferential share right would in principle be cancelled. Moreover, the cancellation of the preferential share right would allow more freedom to react to market fluctuations. In the event of rights issue on an international markets, the cancellation of the preferential share right is also inevitable. The issuance price of shares issued directly, subsequent to admission for trading and at the first trade of the Company's shares on the Eurolist of Euronext, would be at least equal to the minimum stipulated by the regulatory provisions applicable on the issuance date, after any necessary adjustment of this average in the event of a discrepancy between the dividend dates; until the admission for trading and the first trade of the Company's shares on the Eurolist of Euronext Paris and for rights issues made at that time, the issuance price of shares issued directly will be at least equal to the proportion of equity per share, as calculated on the last balance sheet approved on the issuance date;

- to increase the share capital by capitalisation of profits, premiums or reserves, realised either through raising the par value of the shares, or scrip issue, or the combined use of these two procedures. The authorisation would be given for a maximum par value of €400 million, with this authorisation being the only one not subject to the global ceiling. This delegation of authority will be granted for a period of

26 months after this date and will replace the one awarded by the general shareholders' meeting of 29 June 2006;

- to increase the number of shares to be issued in case of a capital increase with or without preferential share right. This delegation of authority is primarily intended to implement the option of over-allocation of shares up to a maximum of 15% of the initial issuance, specifically when market demand for the shares is very high. The duration of the delegation of authority will also be 26 months as of this date and will replace the one awarded by the general shareholders' meeting of 29 June 2006;

- to increase the capital stock by issuing shares and/or investment securities giving access to the company's share capital reserved for Groupama Holding and/or Groupama Holding 2 and/or certain investors. This delegation of authority is important to the extent that it may be used by Groupama SA on the occasion:
  - of the financing of a major external growth deal, to the extent that this capital increase will be reserved to Groupama Holding;
  - of the refinancing of this transaction by Groupama SA on the market. In this case, the capital increase within the framework of initial public offering might be to the benefit specifically of defined investor categories. Thus the following categories may be defined: (i) credit institutions and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups, (ii) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals.

  The delegation of authority will be granted for a period of 18 months after this date, up to a maximum par value of €1.1 billion; it will replace the delegation of authority awarded by the general shareholders' meeting of 30 May 2007.

- to increase the share capital, by issuing shares and/or equity instruments of the company reserved for members of savings plans, cancelling their preferential share right. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months after this date, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the general shareholders' meeting of 29 June 2006.

By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The subscription price of shares will be set under the conditions stipulated in Article L. 443-5 of the French Labour Code and will be equal to at least 80% of the Benchmark Price or 70% of the Benchmark Price when the vesting period provided for by the plan under Article L. 443-6 of the Labour Code equals or exceeds ten years. The Benchmark Price designates (i) if the capital increase occurs subsequent to the listing for trading and the first trade of the Company's shares on the Eurolist of Euronext, the average trading price during the twenty trading days prior to the date of the decision setting the subscription opening date, (ii) if the capital increase occurs simultaneously with the listing for trading and upon the first trade of the Company's shares on the Eurolist of Euronext, the subscription price is set by reference to the market listing price, provided that the decision of the Board of Directors or its delegates, as applicable, occurs no later than ten trading days after the date of the first trade, or (iii) if the capital increase occurs prior to the listing for trading and upon the first trade of the Company's shares on the Eurolist of Euronext, the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case, the net accounting position, profitability, and the company's business outlook with the provisions of Article L. 443-5 of the Labour Code;

We note that most of the companies whose shares are traded on a regulated market propose a rights issue reserved for their employees, to the extent that such a measure constitutes a true opportunity to rally all employees around a strategic plan, give a significant boost to their motivation, and increase their sense of belonging and allow them to share in the group's medium-term development;

- to freely allocate existing shares, or to issue them in favour of categories of the group's salaried employees, or of some of them, up to the legally defined limit of 10% of the share capital on the date of the allocation decision. In principle, such a delegation of authority is not used at the time of the initial public offering, but in subsequent years. The duration of this delegation of authority will also be 26 months as of this day and will replace the one granted by the general shareholders' meeting of 29 June 2006;

- to reduce the share capital by retiring treasury shares pursuant to Article L225-209 of the Commercial Code; in effect, when the company purchases its shares on the market with a view to stabilising its stock price and does not use them within one year, either by reselling them on the market, or by allocating them to employees, or by using them as payment in the context of a swap, spin off or merger, it must then retire them, which involves a reduction in its share capital. The maximum number of shares that may be retired in a 24-month period may not exceed 10% of the company's capital. This delegation of authority will be granted for a 24-month period and will replace the delegation granted by the general shareholders' meeting of 29 June 2006. Treasury shares also do not benefit from voting rights;

- to increase the share capital, by issuing shares and/or investment securities without preferential share rights as compensation for contributions in kind involving equity interests or investment securities, primarily in the case of strategic partnerships which may lead a partner to contribute the shares of one or more companies of its group to Groupama SA, which would then issue shares for the partner as valuable consideration for the contribution. This delegation of authority will be awarded for a period of 26 months after this date, up to a maximum of 10% of the company's capital; it will replace the delegation of authority granted by the general shareholders' meeting of 29 June 2006.

We also propose that you extend, for a new period of eighteen months, under the condition precedent of the listing for trading and the first trade of the company's shares on the Eurolist of Euronext, the authorisation granted to the Board of Directors to purchase the company's shares under certain specific terms and conditions; this authorisation, which is the responsibility of the ordinary general shareholders' meeting, will replace the one granted by the general shareholders' meeting of 30 May 2007.

5.1.14 Regulatory agreements

We also request that you approve the agreements cited in Article L. 225-38 of the Trade Code and R 322-7 of the Insurance Code referred to in the special report prepared by the Statutory Auditors.

5.1.15 Outlook

Thanks to the quality of its earnings and its robust balance sheet structure, Groupama is fully committed to implementing its profitable and sustainable growth strategy. In order to rank amongst the "top ten" European insurance companies, the Group's operational approach is based on the following three action principles:

- consolidate and expand the Group's positions in France;
- accelerate organic growth and acquisitions on international markets;
- improve profitability through even greater levels of efficiency.

In France, the Group seeks to become the "benchmark insurance company". Groupama will therefore strengthen its customer policy while revitalising its signature and brand, by offering a packaged and innovative product line retaining the loyalty of existing clients. The group is positioned as a service integrator, rather than as an insurer-indemnifier. It is open to new areas of conquest:

- by establishing itself in the urban market through the opening of some one hundred new agencies in cities of 100,000 inhabitants and more, and recruiting 500 additional sales reps;
- by developing new distribution channels through the use of the Internet, on the one hand, and accelerated development of partnerships, on the other.

Groupama is also engaged in a vast process of streamlining its operational processes. This is aimed at amplifying its cost-reduction programme and improving the commercial productivity of its five networks (by pursuing the deployment of its client relations structure and lightening the administrative tasks of agencies).

Internationally, the group seeks to continue its value creating expansion. It seeks to strengthen its positions in each country of location in order to further strengthen its position in each market. It may also develop a significant foothold in new countries, primarily in the high growth-potential regions of central and eastern Europe:

- the acquisition at the end of December 2007 of the company BT Asigurari in Romania, and the signing of the bancassurance partnership in central and eastern Europe with OTP Bank in February 2008, is a clear manifestation of this approach;
- the Group seeks to harness the synergies that will result from economies of scale and capitalisation of the Group's best practices in exercising its business lines. It seeks to transform each subsidiary into a performance unit;
- Groupama continues to reinforce its close-knit commercial grid (strengthening of agency establishments, deployment of bancassurance agreements) and is diversifying its distribution channels in countries where it is present (through partnerships, brokerage, and Internet sales);

Thus, despite the general financial environment and uncertain future, Groupama is confident in the implementation of its strategy thanks to its financial assets and the strength of its high-calibre teams, equipped with an optimised efficient distribution tool and high-performing and rational business line platforms.

5.2 EMBEDDED VALUE

Groupama calculates Embedded Value (EV) on the basis of Groupama SA's "Life and Health Insurance" in France and internationally, in keeping with CFO Forum guidelines over most of its territory.

EV includes the following two components:

- ANAV
  Adjusted net asset value corresponds, under CFO guidelines, to the market value of assets representing net assets and other reserves belonging to Groupama shareholders. As at 31 December 2007, ANAV includes net assets, certain reserve provisions, unrealised capital gains from net assets, the share of unrealised capital gains representing uncalculated non-participating policies net of holding costs. These correspond to the present value of that part of Groupama SA's holding expenses attributable to the group's Life business.
- Portfolio value
  This corresponds to the present value of projected future profits for the life of the policies in the portfolio, net of the cost of options and financial guarantees, of capital costs and non-financial risks.

  The value in force includes the following:
  - The value in force without risk premium, the certainty equivalent (CE) corresponding to the present value of future profits generated by current policies on the valuation date and calculated using the following method:
    - Use of non-economic best estimate assumptions for most of the statistical studies done on Groupama policy portfolios;
    - Determination of the projected rates of return without consideration of any risk premium on assets;
    - Discounting all future cash flows on the basis of the swap rate curve as at 31 December 2007.
  - The time value of options and financial guarantees corresponding to the "risk cost" of financial deviation compared to the scenario used to calculate the intrinsic value, calculated by the difference between:
    - the stochastic value of future policy profits ("Portfolio Market Value"), and
    - the Certainty Equivalent or value in force without risk premiums (CE)
  - Cost of capital
    Groupama has kept its cost of capital at 100% of the minimum solvency margin required by European regulations currently in force (solvency I). This capital requirement entails a friction cost for the shareholders to the degree that this cost of capital may require the enterprise to pay financial management costs and corporate taxes.
  - Cost of non-financial risks
    Under operational risks, a supplemental risk premium has been included in the cost of capital of the solvency margin.
    In addition, policy portfolios carrying technical risks are also exposed to risk factors not taken into account elsewhere. These risk factors consist of, among other things, assumptions of adverse changes in claims (mortality, morbidity, longevity, ...). An additional risk premium has thus been added to the total of these policies.
    The total of these two risk premiums (for operational technical risks and technical risks) make up the complementary risk premium included in the cost of capital and used to evaluate the cost of non-financial risks.

5.2.1 Scope included in the calculation of the Value in Force (VIF)

Groupama calculates EV on its "Life and Health Insurance" activities in France and abroad (including its Health business) according to the CFO Forum guidelines and a "market consistent" methodology.

France

The scope calculated represents 91% of the technical reserves of the French Life business.

The "Health" portfolio has also been included, as it was last year, in the scope of the EV calculation.

International

The values for all the international subsidiaries' Life business have been calculated using the CFO Forum guidelines, with the exception of Turkey (calculated the traditional way) and the newly acquired subsidiaries Groupama Phoenix and Nuova Tirrena (not calculated).

With regards to the Turkish subsidiary, values for the Life portfolio have been calculated with 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 the EV calculation covers 91% of the technical reserves of the Life business abroad, and excludes the subsidiaries Groupama Phoenix and Nuova Tirrena.

In 2007, the whole "Health" portfolio (collective and individual) abroad was also calculated (except for Groupama Phoenix and Nuova Tirrena).

5.2.2 Principal changes compared to the 2006 EV

Assumptions

In accounting doctrine regarding the risk-free rate, the swap rate curve has replaced the French government bond rate curve.

Scope

Increase in the scope of EV calculation (see previous paragraph).

Additional calculations

In terms of sensitivity, two additional calculations have been made: +25% in interest rate volatility and +25% in equity and property values volatility.

5.2.3 Consolidated Results (France and International)

In millions of euros	France	International	Total
Adjusted Net Asset Value	**2,377.5**	**226.2**	**2,603.7**
Value in Force without risk premium (CE)	3,260.6	180.8	3,441.4
Time value of financial options	−494.5	−36.1	−530.6
Cost of Capital (100% of solvency margin)	−397.1	−11.6	−408.7
Cost of non-financial risks	−93.1	−3.7	−96.8
Portfolio value	**2,275.9**	**129.3**	**2,405.2**
Embedded Value	**4,653.4**	**355.6**	**5,009.0**

In millions of euros	France	International	Total
New business value without risk premium (CE)	102.0	14.6	116.6
Time value of financial options	−22.2	−0.9	−23.1
Cost of Capital (100% of solvency margin)	−23.9	−2.1	−26.0
Cost of non-financial risks	−4.2	−0.5	−4.7
New Business value (NBV)	**51.7**	**11.2**	**62.9**
APE	403.1	129.8	532.9
NBV / APE	**12.8%**	**8.6%**	**11.8%**
PVNBP	3,519.6	560.4	4,080.0
NBV/PVNBP	**1.5%**	**2.0%**	**1.5%**

APE premiums: 10% of single premiums and 100% of the regular premiums
APE Ratio: New business value divided by APE premiums. This is the currently used profitability indicator for new businesses.
PVNBP: NBV premiums correspond to the present value of future premiums generated by new business.

5.2.4 Results for France

- ***Value creation analysis for the French business***

In millions of euros	ANAV	Portfolio value	EV
Value as at 31 Dec. 2006	**2,528.2**	**1,933.3**	**4,461.5**
Changes of scope and method	4.9	227.2	232.1
Adjusted value as at 31 Dec. 2006	**2,533.2**	**2,160.4**	**4,693.6**
Timing difference (1 year)	218.3	(73.0)	145.4
Non-economic adjustments	(131.0)	138.1	7.1
Changes in non-economic assumptions	0.0	(136.4)	(136.4)
New business contributions	(45.2)	96.9	51.7
Contribution from operating businesses	**42.1**	**25.6**	**67.7**
Contribution arising from the economic environment	**74.7**	**89.6**	**164.3**
Dividend pay-out for Financial Year 2006	(272.4)	0.0	(272.4)
Value as at 31 Dec. 2007	**2,377.5**	**2,275.9**	**4,653.4**

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

Changes of scope and method relate essentially to the use of the Swap Rate (on 31 Dec. 2006): the 10-year French government bond (OAT) of 4.02%, the 10-year Swap Rate of 4.25%).

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

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

A project to overhaul the various management tools used in Life group is currently in progress. This project will incur costs of implementation and transfer of portfolios over the course of the next few years that will be compensated for by productivity gains for each of the entities.

Since CFO Forum guidelines do not allow one to take into account productivity gains, we are taking the approach of not taking into account either the costs related to this project nor the productivity gains resulting from its implementation.

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 of the portfolio, and the balance is due to income tax adjustments.

The impact of the economic environment on the value of the policy portfolio is 89.6 million euros:

- Changes in economic assumptions have an impact of approximately 231 million euros on the Certainty Equivalent.
- However, an increase in equity volatility led to an increase in the cost of options.

- ***Embedded Value — France***

In millions of euros	31.12.2007	31.12.2006	Change (euros)	% Change
Adjusted Net Asset Value	**2,377.5**	**2,528.3**	**−150.8**	**−6.0%**
Value in Force without risk premium (CE)	3,260.6	2,791.3	469.3	16.8%
Time value of financial options	−494.5	−415.7	−78.8	19.0%
Cost of Capital (100% of solvency margin)	−397.1	−343.6	−53.5	15.6%
Cost of non-financial risks	−93.1	−98.8	5.7	−5.8%
Portfolio value	**2,275.9**	**1,933.3**	**342.6**	**17.7%**
Embedded Value	**4,653.4**	**4,461.6**	**191.8**	**4.3%**

The EV grew from 4,461.6 million euro to 4,653.4 million euro between 31 December 2006, and 31 December 2007.

ANAV decreased by 6%. This change is explained by the payment of the 2006 dividend and the decrease in unrealised bond capital gains (following an increase in interest rates).

The value in force increased by 342.6 million euro (+17.7%) between 2006 and 2007:

- The certainty equivalent increased by 16.8% resulting essentially from the change in accounting doctrine use of risk-free rate and the increase in the interest rates;
- the cost of capital solvency margin, corresponding to tax changes, increased by 15.6% following the interest rate increase;
- the cost of options increased by 19%, essentially following the increase in equity volatility observed in the markets.

- ***New Business value — France***

In millions of euros	31.12.2007	31.12.2006	Change (M€)	% Change
New business value without risk premium (CE)	102.0	82.7	19.3	23.3%
Time value of financial options	−22.2	−15.1	−7.1	47.0%
Cost of Capital (100% of solvency margin)	−23.9	−20.5	−3.4	16.6%
Cost of non-financial risks	−4.2	−4.3	0.1	−2.3%
New Business value (NBV)	**51.7**	**42.9**	**8.8**	**20.5%**
APE	403.1	417.4	−14.3	−3.4%
NBV / APE	**12.8%**	**10.3%**	**2.5 points**	
PVNBP	3,519.6	3,631.3	−111.7	−3.1%
NBV/PVNBP	**1.5%**	**1.2%**	**0.3 point**	

New business value increased by 20.5% between 2006 and 2007 essentially following a change to higher margin products.

- ***Sensitivities EV & New Business Value (NBV) — France***

In millions of euros	Impact on EV	Impact on New Business
Impact of a 100bp increase in the interest rate curve	12	−1
Impact of a 100bp decrease in the interest rate 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

A decline of interest rates creates a decline in the EV of the holdings. An increase in unrealised bond gains on assets in net assets is not compensated by a decline in margins with the reduction of equity yield.

An increase in interest rates has little impact on the value, the decrease in unrealised bond gains in the ANAV compensates for the increase in margins.

The sensitivity to the equity market level (yield and volatility) shows Groupama's exposure to the equity markets.

Desensitizing policies for the equity portfolio were carried out in 2007 to reduce this exposure.

ANAV sensitivity to different market shocks studied arises from the sensitivity of the equity unrealised capital gains regarding net assets.

New Business Value declines noticeably with the lowering of interest rates (decrease in margins on policies in euros) and slightly with the increasing of interest rates (increase in margins on euro policies but decrease in margins on unit linked policies with a bond component).

5.2.5 International Results

▪ ***Embedded Value — International*** [(1)]

In millions of euros	Total
Adjusted Net Asset Value	**226.2**
Value of the portfolio without risk premium (CE)	180.8
Time value of financial options	–36.1
Cost of Capital (100% of solvency margin)	–11.6
Cost of non-financial risks	–3.7
Portfolio value	**129.3**
Embedded Value	**355.6**

▪ ***New Business value — International*** [(1)]

In millions of euros	Total
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
New Business value (NBV)	**11.2**
APE	129.8
NBV / APE	**8.6%**
PVNBP	560.4
NBV/PVNBP	**2.0%**

▪ ***Sensitivities Embedded Value & New Business Value — International*** [(1)]

In millions of euros	Impact on EV	Impact on New Business
Impact of a 100bp increase in the interest rate curve	–14.0	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	0.0
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	–2.4
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

(1) Italy, Spain, Portugal, Turkey, UK

5.2.6 EV Adjustment / consolidated net equity

The table below restates the value in force to establish the additional value not entered on the books in consolidated capital and reserves.

	2007			2006	2006/2007 spread
In millions of euros	International	France	TOTAL	TOTAL	
Portfolio value	134	2,276	2,410	2,029	381
AFA	–6	–37	–43	–50	7
Unrealised capital gains entered in consolidated net assets	–6	–1,061	–1,067	–1,390	323
Unrealised capital gains entered in ANAV	19	373	392	401	–9
VOBA	–27		–27	–33	6
Other adjustments	7	346	353	26	327
Holding costs		–161	–161	–105	–56
Additional value not taken into account in the IFRS net assets	**121**	**1,736**	**1,857**	**878**	**979**

Except for unrealised property value gains (besides real estate partnerships classified as AFS), the share income of unrealised capital gains returning to the shareholder is entered in consolidated net assets and in the value in force. Thus the unrealised gains entered on the books in the net consolidated PB/IS accounts are cancelled out.

The share income of unrealised gains in equity is entered in the ANAV and not in the value in force. The latter must therefore be included in the adjustments.

Other adjustments arise from differences between the net book value of the company (EV view) and the consolidated net book value, specifically in the class of property assets.

The difference between the additional value in 2006 and 2007 is explained by the differences between the company un-recovered costs and the consolidated un-recovered costs of property assets that had not been identified during 2006, by the increase in the value in force and the decrease of the unrealised bond gains created by the increase in interest rates.

5.2.7 B&W Deloitte Opinion

"B&W Deloitte has certified the Embedded Value figures of Groupama as at 31 December 2007. In the course of our work, we have reviewed the value in force of Groupama policies as at 31 December 2007, as calculated internally according to management directives and under its responsibility. Our review has included the methodology adopted, the assumptions made and the calculations carried out.

Our review was carried out in accordance with generally accepted practices and actuarial procedures. We have relied especially on the information provided by Groupama without attempting to check it thoroughly.

In light of the preceding remarks, we consider that the methodology adopted is in keeping with market practices and CFO Forum guidelines (with the exception of the Turkish subsidiary for which a traditional calculation of Embedded Value was carried out), that the assumptions made by Groupama management are by and large reasonable and coherent, and that the results of the Embedded Value calculations are in keeping with the methodology adopted by Groupama management and the assumptions made.

The calculations of Embedded Value are based on numerous assumptions relating to the state of the financial markets, operations management, tax implications, and other factors most of which are not directly under Groupama's control. Although the assumptions made are estimates that Groupama and B&W Deloitte deem reasonable, one usually notes a deviation between these projected assumptions and their realisation in the future. Such deviations can significantly change the value."

5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 Dividends paid over the past three fiscal years

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2006	€134,278,565.44	€12,227,039.74	€122,051,525.70
2005	€ 87,975,611.84	€ 108,748.40	€ 87,866,863.44
2004	€ 46,302,953.60	€ 66,806.40	€ 46,236,147.20

5.3.2 Distribution policy

Since 2004, Groupama SA has applied a policy of steady growth in its dividend distribution rate.

In fiscal year 2007, a proposal will be made to the general shareholders' meeting of 28 May 2008 to pay a dividend of €0.67 per share corresponding to a total distribution of €155.1 million, representing 19.6% of consolidated net income.

	2005	2006	2007
Dividend	€ 88 million	€134.3 million	€155.1 million
Consolidated net income	€394 million	€ 600 million	€ 793 million
Distribution rate	22%	22%	19.6%

5.3.3 Statute of limitations

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations. They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.4 CASH AND GROUP FINANCING

5.4.1 Cash

Cash and cash equivalents totalled €713 million at 31 December 2007, up from €271 million at 31 December 2006.

The distribution of cash flows for fiscal year 2007 among the various business lines is as follows:

- Insurance business line cash flow +€ 261 million
- Banking business line cash flow +€ 36 million
- Silic cash flow –€ 26 million

Total +€271 million

5.4.2 Issuer's financing structure

Groupama SA debt totalled €2.2 billion as at year-end 2007.

Total subordinated debt as at 31 December 2007 was €1.25 billion, the same amount as the preceding year.

The Group's external debt totalled €941 million, up €115 million compared to 31 December 2006. This increase is primarily due to financing the growth of the real estate company Silic.

Financing debts to banking sector entities are basically related to Silic's financing transactions (€857 million), of which Groupama SA consolidated holds 42.1% and which is fully consolidated.

With the exception of Silic, Groupama SA financing agreements do not involve a bank financing agreement.

The debt to equity ratio net of revaluation reserves (including subordinated liabilities and minority interests) totalled 35.1% at year-end 2007. A significant portion of the Group debt (excluding subordinated liabilities) is carried by the Silic, the listed real estate subsidiary, which makes regular use of loans to develop its real estate portfolio.

Adjusting for this item, the Group's debt ratio, which was contracted due to its organic growth (including debt related to various real estate leases) stood at 23.3%, at year-end 2007, corresponding primarily to subordinated loans issued for the amount of €1,245 million.

In millions of euros	31.12.2007 1 to 5 years	>5 years	Total	31.12.2006 1 to 5 years	>5 years	Total
Subordinated debt		1,245	1245		1,245	1,245
Financing debt with banking-sector companies	273	669	942	199	628	827
Total financing debt	**273**	**1,914**	**2,187**	**199**	**1,874**	**2,072**

The subordinated debt corresponds to:

- a bond issue in July 1999 in the form of redeemable subordinated bonds (RSB) by *Caisse Centrale des Assurances Mutuelles Agricoles* in two tranches (one variable rate tranche for €500 million, the other a fixed-rate tranche for €250 million) that was taken over by Groupama SA during the spin-off completed on 1 January 2003.

  This thirty-year bond offers the issuer the option of early redemption as from the tenth year. The total amount of these RSBs was €750 million and their listings at 31 December 2007 were 100.1% for the variable portion and 101.9% for the fixed portion;
- perpetual subordinated bonds (TSDI) issued at a fixed rate by Groupama SA in July 2005 for a par value of €500 million. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. As at 31 December 2007, these perpetual bonds were trading at 94.1%.

In October 2007, the group took advantage of the favourable conditions offered by the market to issue perpetual super-subordinated bonds (TSSDI) for a total of €1 billion. These instruments have strengthened the Group's financial flexibility. They were issued at a fixed rate of 6.298% for the first ten years, and then at a variable rate equal to the Euribor 3-month rate plus a margin of 2.60%. They may be redeemed in their entirety early as of 22 October 2017.

Under IFRS standards, these securities are considered as equity instruments.

In addition, to enable, as needed, the financing or refinancing of major external growth transactions, the regional mutuals, gathered at a general meeting in February 2006, approved in principle a public offering of the capital of Groupama SA, provided that the latter would preserve at least 50.01% of the capital.

5.4.3. Financing equilibrium

In 2007, the principal financing equilibriums at the group level were the following:

In funding:

- Net profit (group share) (excluding Scor): € 618 million
- Sale of SCOR shares: € 346 million
- Use of TSDI cash: € 270 million
- TSSDI issuance: € 1 billion

Total funding: €2,234 million

Funds employed:

- International acquisitions: € 1,556 million
- Investments in existing subsidiaries: € 51 million
- Repayment of credit facility: € 490 million
- Dividends paid: € 134 million

Total funds employed: €2,231 million

5.5 PROPERTY, PLANT AND EQUIPMENT

The Registered Office of the Company is located at 8-10, rue d'Astorg — 75008 Paris. As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, consisting of total floor space of approximately 700,000 m^2 for a value of some €4.6 billion. These assets, primarily located in Paris and its suburbs, consist of 70% offices, 28% housing, and 2% forests.

5.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the company has not been subject to any administrative, judicial, or arbitration procedure that might have had, or has recently had, significant effects on its financial situation or profitability, or that of the Group.

6

FINANCIAL STATEMENTS

Pursuant to article 28 of the Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is included by reference in this registration document:

- consolidated statements for the fiscal year closed at 31 December 2006 and the related statutory auditors' report appearing on pages 115 to 244, and 469 and 470, respectively, of the registration document registered with the AMF on 8 June 2007 under number R.07-094;
- consolidated statements for the fiscal year closed at 31 December 2005, the related statutory auditors' report and the group's management report appearing on pages 245 to 345, and 471 and 472, respectively, of the registration document registered with the AMF on 8 June 2007 under number R.07-094;

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED BALANCE SHEET (in millions of euros)

ASSETS		31.12.2007	31.12.2006
Goodwill	Note 2	2,601	1,394
Other intangible assets	Note 3	320	239
Intangible assets		**2,921**	**1,632**
Investment properties, excluding unit-linked investments	Note 4	3,358	3,244
Owner-occupied properties	Note 5	273	368
Financial investments, excluding unit-linked investments	Note 6	66,310	59,244
Financial investments in unit-linked investments	Note 8	3,729	3,618
Derivatives and embedded derivatives treated separately		455	241
Insurance activities investments		**74,126**	**66,715**
Assets used in the banking sector and investments of other activities	**Note 9**	**2,656**	**2,410**
Investments in related companies	**Note 10**	**29**	**25**
Share of outward reinsurers and retrocessionnaires in insurance and financial contract liabilities	**Note 11**	**1,603**	**1,606**
Other tangible assets	Note 12	158	150
Deferred acquisition costs	Note 13	576	517
Deferred profit-sharing asset	Note 14	11	64
Deferred tax assets	Note 15	572	472
Receivables from insurance and inward reinsurance	Note 16	2,338	2,226
Receivables from outward reinsurance activities	Note 17	118	122
Current tax receivables and other tax receivables	Note 18	150	106
Other receivables	Note 19	2,132	1,767
Other assets		**6,055**	**5,425**
Assets held for sale and discontinued business lines			
Cash and cash equivalents	**Note 20**	**935**	**737**
TOTAL		**88,326**	**78,550**

CONSOLIDATED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2007	31.12.2006
Capital	Note 21	1,187	1,187
Revaluation reserves	Note 21	1,191	2,007
Other reserves	Note 21	2,746	1,275
Translation adjustments	Note 21	1	25
Consolidated profit	Note 21	793	600
Shareholder's equity (Group share)		5,918	5,094
Minority interests	Note 21	262	343
Total shareholders' equity		**6,180**	**5,437**
Provisions for risks and charges	Note 22	**583**	**553**
Financing Debt	Note 24	**2,187**	**2,072**
Liabilities related to insurance policies:	Note 25	**42,590**	**38,570**
Operating liabilities related to financial contracts	Note 28	**21,232**	**20,247**
Deferred profit-sharing liabilities	Note 29	**2,943**	**4,081**
Resources for banking sector activities	Note 30	**2,415**	**2,189**
Deferred tax liabilities	Note 31	386	361
Debts to unit holders of consolidated mutual fund units	Note 32	483	499
Operating debt to banking institutions	Note 33	298	334
Liabilities from insurance or inward reinsurance	Note 34	722	676
Liabilities from outward reinsurance transactions	Note 35	386	357
Current taxes payable and other tax liabilities	Note 36	174	144
Derivative instrument liabilities	Note 37	22	15
Other liabilities	Note 38	7,725	3,015
Other liabilities		**10,196**	**5,401**
Liabilities for business lines held for sale or discontinued business lines			
TOTAL		**88,326**	**78,550**

CONSOLIDATED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2007	31.12.2006
Premiums written	Note 39	11,781	11,197
Change in unearned premiums		(38)	(41)
Earned premiums		**11,743**	**11,156**
Net banking income, net of cost of risk	**Note 1**	**198**	**168**
Investment income	Note 40	3,080	2,749
Investment expenses	Note 40	(659)	(397)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	Note 40	1,254	777
Change in fair value of financial instruments recorded at fair value through income	Note 40	277	434
Change in impairment on investments	Note 40	(9)	2
Investment income net of expenses		**3,942**	**3,565**
Total income from ordinary operations		**15,884**	**14,890**
Insurance policy servicing expenses	Note 41	(11,503)	(10,801)
Income from reinsurance cession	Note 42	388	293
Expenses on reinsurance cession	Note 42	(724)	(706)
Net income and expenses from reinsurance cessions		**(11,839)**	**(11,214)**
Banking operating expenses	Note 1	(178)	(156)
Policy marketing costs	Note 44	(1,488)	(1,440)
Administrative costs	Note 45	(851)	(665)
Other income and expenses from current operations	Note 46	(242)	(341)
Total other current income and expenses		**(14,600)**	**(13,816)**
CURRENT OPERATING PROFIT		**1,284**	**1,074**
Other operating income and expenses	Note 47	(118)	(70)
OPERATING PROFIT		**1,165**	**1,004**
Financing expenses	Note 48	(107)	(108)
Share in income of related companies	Note 10	3	1
Corporate income tax	Note 49	(232)	(265)
NET INCOME TOTAL		**829**	**632**
of which minority interests	Note 21	36	32
NET PROFIT (GROUP SHARE)		**793**	**600**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Capital	Income (loss)	Super subordinated securities	Consolidated reserve	Revaluation reserves	Translation adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31 Dec. 2005	**1,187**	**394**		**977**	**1,816**	**13**	**4,387**	**252**	**4,639**
Appropriation of 2005 profit (loss)		(394)		394					
Dividends				(88)			(88)	(41)	(129)
Changes in equity								8	8
Business combinations								77	77
Effects of transactions with shareholders		**(394)**		**306**			**(88)**	**44**	**(44)**
Translation adjustment						14	14	6	20
Available-for-sale assets					(624)		(624)	(12)	(636)
Shadow accounting					469		469	10	479
Deferred taxes				(3)	339		336	1	337
Actuarial gains (losses) on post-employment benefits				7			7		7
Other				(12)	7	(2)	(7)	10	3
Net profit (loss) for the year		600					600	32	632
Total income and expenses recognised for the year		**600**		**(8)**	**191**	**12**	**795**	**47**	**842**
Total changes for the year		**206**		**298**	**191**	**12**	**707**	**91**	**798**
Shareholders' equity as at 31 Dec. 2006	**1,187**	**600**		**1,275**	**2,007**	**25**	**5,094**	**343**	**5,437**
Appropriation of 2006 profit (loss)		(600)		600					
Dividends				(142)			(142)	(45)	(187)
Change in capital								4	4
Business combinations								(79)	(79)
Other			1,000				1,000		1,000
Effects of transactions with shareholders		**(600)**	**1,000**	**458**			**858**	**(120)**	**738**
Translation adjustment						(24)	(24)	(4)	(28)
Available-for-sale assets					(2,536)		(2,536)	(15)	(2,551)
Shadow accounting					1,572		1,572	12	1,584
Deferred taxes				(5)	141		136	1	137
Actuarial gains (losses) on post-employment benefits				3			3		3
Other				15	7		22	9	31
Net profit (loss) for the year		793					793	36	829
Total income and expenses recognised for the year		**793**		**13**	**(816)**	**(24)**	**(34)**	**39**	**5**
Total changes for the year		**193**	**1,000**	**471**	**(816)**	**(24)**	**824**	**(81)**	**743**
Shareholders' equity as at 31 Dec. 2007	**1,187**	**793**	**1,000**	**1,746**	**1,191**	**1**	**5,918**	**262**	**6,180**

The Statement of Recognised Income and Expenses (SORIE), which forms an integral part of the financial statements, is given under note 21.2 of the notes to the financial statements.

STATEMENT OF CASH FLOWS (in millions of euros)

STATEMENT OF CASH FLOWS	31.12.2007	31.12.2006
Operating profit before taxes	1,165	1,004
Gains (losses) on sale of investments	(807)	(689)
Net depreciation charges	(15)	51
Change in deferred acquisition costs	(37)	(25)
Changes in impairment	(501)	(82)
Net increases in technical reserves related to insurance policies and financial contracts	3,355	3,102
Net increases to other provisions	(16)	(47)
Change in fair value of investments and financial instruments at fair value through income (excluding cash and equivalents)	(226)	(152)
Other non-cash items included in operating profit		
Adjustment for items included in Operating Profit that differ from cash flows and reclassified cash flow from financing and investment.	**1,753**	**2,158**
Change in operating receivables and payables	(212)	200
Change in operating receivables and payables for the banking business	5	(274)
Change in securities repurchase agreements	5,045	32
Cash flows from other assets and liabilities	(54)	211
Net taxes paid	(202)	(157)
Net cash flows from operating activities	**7,500**	**3,174**
Acquisitions/Disposals of subsidiaries and joint ventures, net of cash acquired	(1,353)	(362)
Acquisitions/disposals of interests in related companies		
Cash flows from changes in scope of consolidation	**(1,353)**	**(362)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(6,844)	(2,510)
Net acquisitions of investment properties	(112)	(166)
Net acquisitions and/or issues of investments and derivatives from other activities		32
Other non-cash items	(37)	24
Cash flow from acquisitions and issues of investments	**(6,993)**	**(2,620)**
Net acquisitions of tangible and intangible assets and non-current operating assets	303	44
Cash flows from acquisitions and disposals of tangible and intangible assets	**303**	**44**
Net cash flows from investing activities	**(8,043)**	**(2,937)**
Dues		
Equity instruments issued	1,004	8
Equity instruments redeemed		
Transactions on treasury shares		3
Dividends paid	(187)	(131)
Cash flows from transactions with shareholders and members	**817**	**(120)**
Cash allocated to financing debt	105	110
Interest paid on financing debt	(107)	(108)
Cash flows related to Group financing	**(2)**	**2**
Net cash flows from financing activities	**815**	**(118)**
Cash and cash equivalents as at 1 January	**442**	**313**
Net cash flows from operating activities	7,500	3,174
Net cash flows from investing activities	(8,043)	(2,937)
Net cash flows from financing activities	815	(118)
Effect of foreign exchange fluctuations on cash	(1)	10
Cash and cash equivalents as at 31 December	**713**	**442**
Cash and cash equivalents	736	
Mutual, central bank and postal bank	40	
Operating debt to banking institutions	(334)	
Cash and cash equivalents as at 1 January 2007	**442**	
Cash and cash equivalents	935	
Mutual, central bank and postal bank	76	
Operating debt to banking institutions	(298)	
Cash and cash equivalents as at 31 Dec. 2007	**713**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant and post-balance sheet events

1.1 SIGNIFICANT EVENTS

1.1.1 ASSET SALES

a) Sale of 15.35% of SCOR

On 21 January 2007, Groupama SA sold a block of 15.35% of SCOR's share capital. This transaction, which was executed as part of the strategy to optimise Groupama's financial management and the allocation of its equity, resulted in a capital gain, net of taxes and profit-sharing, of approximately €144.5 million in the 2007 consolidated financial statements. The sale consisted of a private placement with HSBC and UBS. Groupama's residual equity stake in SCOR is 0.67%.

b) Sale of the Tour Gan building

The Tour Gan building was sold on 2 July 2007 to the Foncière des Régions group for a total of €486 million.

This sale resulted in a strengthening of policyholders' capital in favour of the three proprietary entities (Gan Assurances Vie, Gan Prévoyance and Gan Eurocourtage Vie) and a net consolidated capital gain, after profit-sharing and taxes, of €159 million.

1.1.2 DEVELOPMENT OF THE GROUP

a) Acquisition of the Italian insurance company Nuova Tirrena

To strengthen its strategic positioning in Italy, on 2 August 2007 Groupama acquired 100% of the shares of the Italian insurance company Nuova Tirrena for a total of €1.26 billion. This deal covered all the current activities of Nuova Tirrena, a specialist in non-life insurance in Italy, with a market share of approximately 1.9%. The deal was completed on 31 October 2007, the date the Group definitively took over this company.

Nuova Tirrena posted premium income of €821.9 million for the full year 2007. The company's property and casualty insurance business accounted for 77.9% of its total premium income. It has 577 employees and 423 sales agents throughout the Italian peninsular. Following this acquisition, Groupama becomes the 15th largest insurance company in Italy and the 3rd largest car insurer with a total market share of 1.3%.

b) Acquisition of the Greek insurance company Phoenix Metrolife

Groupama SA acquired 100% of the Greek insurance company Phoenix Metrolife from Emporiki Bank, a subsidiary of the Crédit Agricole SA group, for a total of €96 million. The final agreement was signed on 29 June 2007.

Phoenix is one of the largest Greek insurance companies: in 2005, it was ranked second in terms of non-life insurance with a market share of 7.8% and eighth in terms of life insurance and savings with a market share of 3.8% (source: In 2007, premiums issued totalled €189 million.

c) Acquisition of brokers in the United Kingdom

At the start of June 2007, Gan UK purchased a 60% controlling interest in the British brokerage Bollington Group, a specialist in motor insurance and life and health insurance. On a full-year basis, insurance premiums placed on the market by this broker represented business volume of €87.3 million

In early September 2007, Groupama Insurances also acquired a majority stake in the Lark group, one of the 50 largest insurance brokers in the United Kingdom. Lark specialises in life and health insurance and SMEs. This broker's activity volume represents €106.6 million in premiums on a full-year basis.

Finally, this year the group also took over the insurance firms Halvor and Greystone. Since their business volumes are more modest, the variances of these two entities from the initial consolidation were posted to expenses.

d) Growth in Turkey

The memoranda of understanding signed with the agricultural cooperatives that were minority shareholders of Basak Sigorta, to purchase their 41.7% interests in the insurer's stock, were fulfilled in the first quarter of 2007. The group now holds 98.34% of Basak Sigorta.

At the same time, an agreement to purchase the minority interests in Basak Groupama Emeklilik (10% tranche) was signed in early January 2007, allowing Groupama to increase its ownership percentage in its subsidiary to 90%.

e) Acquisition in Romania

On 21 December 2007, Groupama acquired 100% of the Romanian insurance company BT Asigurari. The deal was split between Banca Transilvania, on the one hand, which owned 90%, and an individual, on the other hand, for the remaining 10%. BT Asigurari is the 9th-largest non-life insurance company and the 12th-largest life insurance company in the Romanian market, with a market share of 4% and premium income on the order of €72 million, estimated on a full-year basis for 2007.

The deal was accompanied by the signing of an exclusive bancassurance agreement for non-life products with Banca Transilvania, the country's 5th-largest bank.

f) Partnership between Groupama and Réunica

On 27 November 2007, Groupama and Réunica entered into a partnership based on three axes of development, providing for the following:

- in the area of group provident health insurance, the Gan Assurances network's distribution of Réunica Prévoyance products, within the framework of the creation of standard policies for companies with fewer than 50 employees;
- in terms of long-term care, the distribution of an individual long-term care product under the Réunica Mutuelle brand, provided and managed by Groupama;
- in retirement savings, the offering to Réunica member companies and their employees of seven group products and four individual products. This product line is offered through a joint venture, Réunima, which is held in equal proportions by Groupama SA and Réunica Prévoyance, to companies through the Réunica and Gan Assurances networks.

g) Agreement between Groupama and the Cegid Group

On 19 December 2007, Groupama SA and the Cegid Group signed an industrial partnership agreement, aimed at jointly developing innovative and collaborative services and products in favour of 2.5 million VSE-SMEs and advisory professionals.

To permanently consolidate this industrial partnership, Groupama took a 17.23% interest in the share capital and 15.85% in the voting rights of the Cegid Group for a total of €87.5 million euros.

1.1.3 OTHER FACTORS

a) Standard & Poor's rating

On 11 October 2007 Standard & Poor's raised Groupama's long-term counterparty rating to A+ with stable outlook. The agency explained its decision by the prospects of improvement in the group's operational performance, essentially in non-life insurance, as well as by its solid and increasingly diversified competitive position and strong capitalisation. The higher rating also reflects the efforts to streamline the group's structure and its international presence, as well as ongoing implementation of its strategy.

b) Issuance by Groupama of a perpetual super-subordinated bond

On 10 October 2007, Groupama issued a tranche of super-subordinated, euro-denominated debt for a total of €1 billion. This indeterminate-duration debt, issued at a fixed rate of 6.298% for the first ten years, and then at the variable rate of the 3-month Euribor plus a margin of 2.60%, may be redeemed in its entirety on an accelerated basis after 22 October 2017. According to the future Solvency II European regulation, because of these bonds' features, they are considered "Tier One" equity for adjusted solvency purposes.

This deal contributed to strengthening the group's financial soundness and will thus allow implementation of its sustainable and profitable growth strategy.

c) Publication of the 2006 embedded value of the Groupama SA life activity

For the first time, Groupama has published the results of its embedded value, calculated in accordance with the principles defined by the CFO Forum.

The methodology applied, the assumptions used, and the results of the calculations made by Groupama to determine "European embedded value" in the France scope of consolidation, and "traditional embedded value" for international subsidiaries, were reviewed by an independent actuary.

1.2 POST BALANCE SHEET EVENTS

a) Implementation of hurricane reinsurance coverage

Groupama underwrote a reinsurance policy with Swiss Re that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as of 1 January 2008.

This coverage, with a duration of 3 years, covers claims exceeding €1.7 billion with a potential ceiling of €2 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance to be borne by the Group). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that insures against bankruptcy on the part of the reinsurer: the guarantee is rated AAA.

b) Bancassurance alliance in European emerging markets and acquisition of OTP Bank's insurance business.

On 11 February 2008, Groupama signed a strategic partnership with OTP Bank, a leader in the Hungarian banking market, with very strong positions in numerous countries of central and eastern Europe (Bulgaria, Ukraine, Romania, etc.). This agreement is the result of long-term bancassurance and assurbanque distribution agreements in the nine countries in which OTP Bank operates (Hungary, Bulgaria, Romania, Slovakia, Ukraine, Russia, Croatia, Serbia, and Montenegro), and allows access to ten million customers.

Within the framework of this agreement, Groupama also acquired the insurance activities of OTP (OTP Garancia), a leading company in Hungary, as well as its insurance subsidiaries in Bulgaria, Romania, and Slovakia.

Groupama is also seeking to acquire a strategic interest in OTP Bank. This interest may range up to 8% (an initial tranche of 5% being provided by OTP Bank at the close of the transaction to acquire OTP Garancia, and a second tranche of up to an additional 3% to be purchased on the market within twelve months after this close).

The value attached to the acquisition and to the distribution partnership is 165 billion Hungarian forints (i.e., €617 million).

The close of this deal is subject to approval by the oversight authorities.

2. Consolidation principles, methods and scope

2.1 EXPLANATORY NOTE

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

The breakdown of share capital at 31 December, 2007 was as follows:

- 90.90% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.11% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans (FCPEs).

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

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the equity management business lines of the Groupama group. Its activities are:

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

The consolidated financial statements of Groupama S.A. include the reinsurance ceded by the regional mutuals and the business of the subsidiaries.

The combined financial statements relate to the Groupama group, which is composed of all the local mutuals, the regional mutuals, Groupama S.A. and its subsidiaries.

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the control of the French *Autorité de Contrôle des Assurances et des Mutuelles*.

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

- Within the Groupama S.A. division by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control;
- In the mutual division:
  - by an internal reinsurance treaty that binds the regional mutuals to Groupama S.A. This treaty, signed in December 2003 in connection with the businesses acquired by Groupama S.A. at the time of the contribution of the regional mutual reinsurance business granted by the C.C.A.M.A. backdated to 1 January 2003, replaced the general reinsurance regulations that had previously governed the internal reinsurance ties between the regional mutuals and the C.C.A.M.A;
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the *Caisses de Réassurance Mutuelle Agricoles* that are members of the Fédération Nationale GROUPAMA"), which was signed on 17 December 2003).

2.2 GENERAL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the purposes of preparing the consolidated financial statements, the accounts of each consolidated entity are prepared in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2007 as approved by the European Union (European Regulation 1606/2002 of 19 July 2002), the principal applications of which are applied by GROUPAMA SA as described below.

The following mandatory interpretations that apply to financial years beginning 1 January 2007 have been adopted in advance:

- IFRIC 7 — Practical procedures for financial statements adjustments under IAS 29
- IFRIC 8 — Scope of IFRS 2
- IFRIC 9 — Review of embedded derivatives
- IFRIC 11 — Treasury shares and intercompany transactions

Accounting standards and interpretations that the company has not applied in advance are not deemed to be material on the Group consolidated financial statements, and break down as follows:

- IFRS 8 — Operating segments
- IFRIC 13 — Customer loyalty programmes
- IFRIC 14 — Defined benefit schemes and minimum financing obligations

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

The consolidated subsidiaries, joint ventures and affiliates are consolidated in accordance with IAS 27, IAS 28 and IAS 31.

The Group adopted IFRS for the first time in the financial statements for 2005.

In the notes, all amounts are stated in millions of euros unless specified otherwise.

The preparation of the Group's financial statements in accordance with IFRS requires management to make assumptions and estimates which have an impact on the value of the assets, liabilities, income, expenses and notes thereto.

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

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

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

- Initial valuation and impairment tests performed on intangible assets, particularly goodwill (notes 2.4 and 3.4);
- Evaluation of technical reserves (note 3.1.2);
- the estimate of certain fair values on unlisted assets or property assets (notes 3.2.1 and 3.2.2).
- Capitalisation of profit sharing (note 3.1.2) and deferred tax assets (note 3.12);
- Calculation of the provisions for risks and charges, particularly valuation of employee benefits (note 3.10);

2.3 PRINCIPLES OF CONSOLIDATION

2.3.1 CONSOLIDATION SCOPE AND POLICIES

A company is included in the consolidation once it, or the sub-group which it heads, on a stand-alone basis or with other consolidated businesses, is material in relation to the consolidated financial statements of all companies included in the consolidation. It is assumed that an insurance or banking operational entity must be consolidated once the equity, balance sheet, or earned premiums of this entity represent €30 million of the consolidated equity, or €50 million of the consolidated balance sheet total, or €10 million of the Group's earned premiums.

Mutual funds and property companies are consolidated. Minority interests pertaining to the Mutual funds are disclosed separately as a special financial liability item in the IFRS balance sheet. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The reverse entry to any change in this liability is taken to the income statement.

- Consolidating company

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

- Exclusively controlled entities

  Companies exclusively controlled by the Group, whatever their structure, are fully consolidated. These entities are consolidated once they are controlled. Control is the power to direct the financial and operational policies of the entity in order to obtain the benefits of its activities.
  An entity is no longer fully consolidated once the Group no longer exerts effective control over the entity.
  Full consolidation consists of:
  - integrating in the consolidating company's accounts the items in the accounts of the consolidated companies, after any restatements;
  - eliminating transactions and accounts between the fully consolidated company and the other consolidated companies.
  - allocating the capital and reserves and the income between the interests of the consolidating company and the interests of the other shareholders or affiliates known as "minority interests";

- Joint ventures

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

- De-facto control

  If the Group considers it has de-facto control over an entity, it may consolidate said entity under the full consolidation method even if it holds an equity stake under 50%.
  De-facto control may be presumed if some of the following criteria are met:
  - the group is the largest shareholder in the company;
  - the other shareholders do not hold direct or indirect interests, in equity shares or voting rights, which exceed the Group's interest;
  - the Group exerts significant influence over the company;
  - the Group has the authority to influence the company's financial and operational policies;
  - the Group has the power to appoint or arrange the appointment of directors of the company.

- Deconsolidation

  When an entity is in run-off (i.e. it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, except in exceptional circumstances, the limits of 0.5% of issued premiums, employees, earnings, 1% of consolidated shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

  The shares of this entity are then stated at the equivalent book value under 'Investments available for sale' at the time of deconsolidation. Future changes in value are accounted for in accordance with the policy established for this category of investment.

- Related companies

  Companies over which the Group exerts a significant influence are accounted for using the equity method. When the consolidating entity holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

  The equity method consists of:

  • replacing the carrying amount of the shares held, the Group share of capital and reserves including the earnings for the year in accordance with consolidation rules;

  • eliminating the transactions and accounts between the equity affiliate and the other consolidated companies.

2.3.2 CHANGE IN SCOPE OF CONSOLIDATION

In comparison with m1 December 2006 and taking into account the transactions presented above, the main changes in the scope of consolidation are as follows:

a) Newly consolidated companies, acquisitions, formations

- Turkey

  Additional acquisition in Turkey of shares of Basak Groupama Sigorta totalling 41.7% of its share capital, and of Basak Groupama Emeklilik totalling 10% of its share capital.
- United Kingdom

  Strengthening of its market position in the United Kingdom by acquiring four brokerage firms in fiscal year 2007:

  • Bollington Group Ltd;

  • Lark Insurance Broking Group;

  • The Halvor;

  • Greystone.
- Greece

  Acquisition of Phoenix Metrolife
- Italy

  Acquisition of Nuova Tirrena
- Romania

  Acquisition of BT Asigurari

b) Deconsolidations

Luxlife (Luxembourg), Zénith (Switzerland), Cofintex Luxembourg (Luxembourg) and Rampart (USA) were excluded from the scope of consolidation. These entities were not included in the consolidation because they are in run-off mode, do not take on any new business and their key financial totals do not exceed any of the materiality limits defined under paragraph 2.3.1. The investments held are stated under assets available for sale at fair value as at the most recent balance sheet date, 31 December 2007. No impairment was charged against this investment as at 31 December 2007.

2.3.3 CONSISTENCY OF ACCOUNTING PRINCIPLES

The Groupama consolidated financial statements are presented consistently for the entity formed by the companies included within the scope of consolidation, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (predominance of substance over form, matching of expenses to income, elimination of local tax accounting entries). The consolidated financial statements are prepared using the consolidation methods defined by the Group and comply with:

- International Financial Reporting Standards and interpretations applicable as at 31 December 2007 as approved by the European Union;
- and the valuation methods specified hereinafter.

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

2.3.4 TRANSLATION OF THE STATEMENTS OF FOREIGN COMPANIES

Balance sheet items are translated to euros at the official exchange rate on the balance sheet date, with the exception of capital and reserves, excluding income, which are translated at historic rates. The Group share of the resulting unrealised foreign exchange gains or losses is recorded under "Foreign exchange gains or losses" and the remaining balance is included in "Minority interests".

Transactions on the income statements are converted at the average rate. The Group share of the difference between earnings converted at the average rate and earnings converted at the closing rate is booked as "Translation adjustment" and as "Minority interests" for the balance.

2.3.5 TRANSACTIONS BETWEEN COMPANIES CONSOLIDATED BY GROUPAMA SA

Eliminated transactions

All intercompany transactions are eliminated.

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

Thus, intercompany transactions on the following must be eliminated:

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

2.4 GOODWILL

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

Goodwill represents the excess of the price paid over the IFRS consolidated net assets as at the acquisition date after adjustment for any intangible assets required under IFRS 3 (fair value of assets and liabilities acquired).

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

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

However, in the event of management units, management tools, geographical regions or major business divisions, this approach may be applied to similar entities throughout the Group.

Goodwill resulting from the acquisition of a foreign entity outside the euro zone is recorded in the local currency of the acquired entity and translated to euros at the closing rate.

For entities acquired during the year, the Group has a twelve month period from the acquisition date to attribute a final value to the assets and liabilities acquired.

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

The recoverable value, less selling costs, is computed based on the recommendations of IAS 36 (§25 to 27) as follows:

- The sales price per the final sales agreement;
- The market value less selling costs if there is an active market;
- Otherwise, the best information available in relation to comparable transactions or the value in use.

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

An impairment of goodwill recognised during a previous year may not be subsequently written back.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and contingent liabilities and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised as income.

If an entity is taken over, a sales option may be granted to the minority interests. However, recognition of this option as a liability depends n the specific clauses in the agreement. If the option involves an unconditional commitment that can be exercised by the holder of the option, it is accounted for as a liability in accordance with IAS 32.

The reverse entry for this liability is an addition to goodwill equal to the option price (value of the Group share), an impact on minority interests is thus recorded as an addition recognised in goodwill.

3. Accounting principles and valuation methods used

3.1 UNDERWRITING

3.1.1 CLASSIFICATION

There are two categories of insurance policies:

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

a) Insurance policies

An insurance policy is a contract under which one party, the insurer, accepts a significant insurance risk from another party, the policyholder, agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, negatively affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices, during the IFRS transition, for insurance policies are maintained, with the exception of the equalisation reserves (see notes 3.1.2.a and 3.1.2.b), provided that the reserves established meet the adequacy tests stipulated by international standards (see note 3.1.2.c).

b) Financial contracts

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

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

The accounting methods for financial contracts with discretionary profit-sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit-sharing are treated using the valuation procedures described in Note 3.1.3.

If there is a financial component and an insurance component in the same policy, the financial part is accounted for separately in accordance with IAS 39 if it can be valued separately and if accounting policies do not require that the rights and obligations of the deposit component be accounted for together pursuant to IFRS 4. Otherwise, the entire contract is treated as an insurance policy.

3.1.2 INSURANCE POLICIES SUBJECT TO IFRS 4

a) Non-life insurance policies

- Premiums

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

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

- Insurance policy servicing expenses

  Non-life insurance policy servicing expenses essentially include the services and related expenses paid and the change in reserves for claims and other technical reserves. The services and related expenses relate to the claims settled net of claims receivable collected for the year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

- Liabilities related to non-life insurance policies
  - Reserves for unearned premiums

    The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.
  - Reserves for outstanding risks

    The reserves for outstanding risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.
  - Outstanding claims reserve

    The reserves for outstanding claims represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates. For construction risks, in addition to the reserves for outstanding claims (declared or not yet declared), separate reserves for claims that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

Reserves are assessed on the basis of the type of specific risks covered, particularly agricultural and climate risks, and the risks that are highly seasonal in nature.

- Other technical reserves
  - Actuarial reserves for annuities
    The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.
  - Reserve for increasing risks
    This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.
  - Equalisation reserve
    No provision is recorded for future risks characterised by low frequency and high unit cost on policies not yet subscribed on the closing date.

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

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

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

- Insurance policy servicing expenses
  The service expenses on life insurance policies and financial contracts with discretionary profit-sharing include:
  - all claims once they have been paid to the beneficiary;
  - technical interest and profit-sharing that may be included in those claims;
  - all costs incurred by the insurance company for the management and payment of claims.

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

- Liabilities related to life insurance policies and financial contracts with discretionary profit-sharing
  - Actuarial reserves
    Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the policyholder respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities at their gross underwriting value before zillmerisation effect.
  - Profit-sharing reserve
    The profit-sharing reserve consists of a reserve for profit-sharing owed and potentially as a reserve for deferred profit-sharing. This reserve covers both life insurance policies and financial contracts, as well as discretionary and non-discretionary profit-sharing.
    The reserve for profit-sharing payable includes the identifiable amounts resulting from regulatory obligations intended for the insurer or the beneficiaries of policies with profit sharing and rebates, to the extent that these amounts have not been credited to the policyholder's account or included in life technical reserves.
    The reserve for deferred profit-sharing includes:
    – the reserve for unconditional profit-sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the statutory financial statements and the consolidated financial statements;
    – the reserve for conditional profit-sharing, which relates to the difference in liabilities between the statutory financial statements and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.
    In the specific case of adjustments to the capitalisation reserve in the consolidated financial statements, a reserve for deferred profit-sharing is determined when the asset/ liabilities management assumptions show a probable and sustained recovery in the balance of the capitalisation reserve. The Group has not accrued for profit-sharing commitments when adjusting the capitalisation reserve.
  - Application of shadow accounting
    For profit sharing contracts, the Group has decided to apply shadow accounting, which is intended to allocate the value of insurance liabilities to deferred acquisition costs and intangible assets related to insurance policies, and unrealised gains and losses on financial assets valued at fair value. The resulting deferred profit-sharing is booked as a reverse entry to the revaluation reserve or in the income statement, depending on whether these gains and losses have been recognised in this reserve or in the income statement.
    Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit-sharing as applied in the last three years.
    If the entity's total portfolio has unrealised capital losses, the group must record deferred profit sharing limited to the entities' ability to allocate future or potential profit sharing.
  - Other technical reserves
    - Reserve for financial contingencies
      No reserve for financial contingencies is recorded when the actuarial reserves have been funded on the basis of discount rates at most equal to the forecast yield rates, prudently estimated, of the assets assigned to represent them.
    - Overall management reserve
      The management reserve is constituted when the future margins determined for the purpose of calculating deferred acquisition costs for a homogeneous family of products are negative.
    - Equalisation reserve

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

- Deferred acquisition costs

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

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

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

  The Group has applied the standard governing shadow accounting for deferred acquisition costs.

c) Liabilities sufficiency test

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

If there is an insufficiency, the potential losses are recognised in full as a contra entry under income.

This test is performed at each balance sheet date at each consolidated entity.

The liability adequacy tests as at 31 December 2007 were satisfactory and did not lead to any additional technical expense.

d) Unit-linked policies

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

3.1.3 INSURANCE POLICIES GOVERNED BY IAS 39

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

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

3.1.4 REINSURANCE TRANSACTIONS

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

a) Inward reinsurance

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These transactions are classified using the same rules as described for insurance policies or financial contracts in Note 3.1.1 Classification. Estimates are made in the absence of sufficient information from the ceding company.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

Securities given as collateral are recorded in the statement of commitments given and received.

b) Outward reinsurance

Outward reinsurance is recognised in accordance with the terms of the different treaties. A liabilities deposit is recorded for the amount of the corresponding asset received from cessionaires and retrocessionaires.

Securities from reinsurers (cessionaires or retrocessionnaires) remitted as collateral are recorded in the statement of commitments given and received.

3.1.5 EMBEDDED DERIVATIVES

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

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

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

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

3.2 INSURANCE-SECTOR INVESTMENTS

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

3.2.1 FINANCIAL ASSETS

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

a) Classification

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

- There are two types of assets stated at fair value via the income statement:
  - assets held for transaction purposes (trading) are investments which are held to earn short-term profits. If there have been short-term sales in the past, such assets may also be classified in this category.
  - financial assets held for trading purposes, provided they comply with the following criteria:
    - asset / liability matching to avoid any accounting misstatements;
    - hybrid instruments including one or more embedded derivatives;
    - group of financial assets and/or liabilities that are managed and the results of which is stated at fair value.
- Assets held until maturity include fixed-term investments that the company expressly intends, and is able, to retain until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- The category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- Available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

b) Initial recognition

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

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

Financial assets are initially recorded at fair value plus; in the case of an asset that is not at fair value in the income statement, the transaction costs directly chargeable to the acquisition. However, the transaction costs are not included in the acquisition cost of the financial assets when they are immaterial.

Repurchase transactions are maintained as assets on the balance sheet.

c) Determination of fair value

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

For available for sale assets and assets held for trading, the fair value is the listed value on the last listing date of the period or the value estimated using reliable valuation techniques. If the fair value cannot be reliably determined, the investment is recorded at historic cost minus long-term impairment reserves, if any.

For loans and receivables, the fair value is the amortised cost.

d) Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading are recorded at fair value at the price as of the balance sheet date in the income statement.

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

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

For inflation-indexed bonds, the indexing to the general level of prices recorded during the period since the acquisition date or since the end of the previous period is recorded as income or expense for the period, with the balance sheet contra entry in a sub-account attached to the principal account of the bond.

Assets held for sale are valued at fair value and the unrealised gains or losses are recorded in a separate item under capital and reserves.

Investments representing unit-linked policies may be stated at fair value via the income statement.

e) Provisions for impairment

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

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

The criteria for impairment are based on the volatility of the financial markets on the balance sheet date. In addition, certain securities may be reviewed in relation to a potential need for a specific provision.

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

For investments classified as assets held for sale, the amount of the loss is equal to the difference between the acquisition cost and the fair value for the year, minus any loss of value on this asset previously recognised in net profit or loss. When impairment occurs, the loss of value recorded under capital and reserves is transferred to income or loss.

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

f) Capitalisation reserve

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

g) De-recognition

Financial assets are eliminated when the contract rights expire or the Group sells the financial assets. The gains or losses on the sale of financial investments are determined using the FIFO method, with the exception of the securities carried by the Mutual funds. The method used for mutual funds is the weighted average cost method.

The gains and losses from sales are recorded on the income statement on the transaction date and represent the difference between the sale price and the net book value of the asset.

3.2.2 INVESTMENT PROPERTY

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

a) Initial recognition

Lands and buildings appear on the balance sheet at their acquisition cost. The value of the property includes significant transaction costs directly tied to the transaction.

When a real estate asset includes a portion held to produce rental income and another part used for production or administrative purposes, the asset is treated as an investment property only if the latter is not significant.

At the time of the initial accounting, the real estate is subdivided by components and recorded separately.

The depreciation periods for the components held by the Group depend on the nature of the property under consideration and are as follows:

- Building shell (depreciation period between 30 and 120 years);
- wind and water tight facilities (depreciation period between 30 and 35 years);
- heavy equipment (depreciation period between 20 and 25 years);
- secondary equipment, fixtures and fittings (depreciation period between 10 and 15 years);
- maintenance (depreciation period: 5 years).

b) Valuation

The amortised cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus cumulative depreciation and corrected for any provisions for impairment. The acquisition cost of the real estate is the result either of a outright purchase of the property, or an acquisition of the company holding the real estate. In the latter case, the amortised cost of the real estate is the fair value as at the acquisition date of the holding company.

Each component is identified by its duration and depreciation rate:

The residual value of the shell component cannot be measured with sufficient reliability, particularly given the uncertainties about the holding horizon; thus this component is amortised on the basis of the acquisition cost.

Rent payments are recorded using the straight line method over the term of the lease agreement.

The realisable value of investment property is determined on the basis of an independent appraisal conducted at least every five-years in France by an expert approved by the

Autorité de Contrôle des Assurances et des Mutuelles. During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

c) Subsequent expenses

Subsequent expenses must be added to the carrying amount of the real estate:

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

d) Provisions for impairment

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

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

e) De-recognition

Gains or losses from the sale of real estate investments are booked in the income statement on the transaction date and represent the difference between the net sale price and the net carrying amount of the asset.

3.3 DERIVATIVES

3.3.1 GENERAL

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

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

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

3.3.2 HEDGING DERIVATIVES

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

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

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

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

3.3.3 EMBEDDED DERIVATIVES

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

3.4 INTANGIBLE ASSETS

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.5 PROPERTY, PLANT AND EQUIPMENT

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

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

The depreciation methods reflect the method of economic consumption.

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

3.6 INVESTMENTS IN RELATED COMPANIES

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recognised at the acquisition cost and its net carrying amount is subsequently raised or reduced to take into account the Group share of profits or losses.

3.7 OPERATING RECEIVABLES AND PAYABLES, OTHER ASSETS AND OTHER LIABILITIES

Operating receivables and other assets are recognised at face value, taking into account any transaction costs.

Operating payables and other liabilities are recorded at the fair value of the consideration received in exchange at the origin of the contract, net of transaction costs.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in other liabilities and offset against minority interests and recognised in goodwill. Moreover, the minority interests on the consolidation of Mutual funds are included in other liabilities.

3.8 CASH AND CASH EQUIVALENTS

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

3.9 SHAREHOLDERS' EQUITY

a) Revaluation reserves

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

- the effects of the revaluation of derivatives assigned to hedge cash flows and net investments in currencies pursuant to the provisions of IAS 21. These are unrealised gains and losses;
- the effects of the revaluation of financial assets available for sale in accordance with the provisions of IAS 39. These are unrealised gains and losses;
- the cumulative impact of the gain or loss from shadow accounting.
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above;

b) Other reserves

Other reserves consist of the following elements:

- retained earnings;
- Group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods.
- equity instruments akin to 'TSS' (super-subordinated securities) the terms of which allow accounting under equity.

c) Translation adjustment

Translation adjustment results from the consolidation process because of the conversion of the statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

d) Minority interests

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

3.10 PROVISIONS FOR RISKS AND CHARGES

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

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

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

a) Employees benefits

Pension commitments

The companies of the Group have different pension schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and measured on the basis of periodic actuarial calculations. The Group has defined benefit schemes and defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to contribute additional amounts to the scheme in the event the assets are not sufficient to pay all employees the benefits owed for the services rendered during the current and previous years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined benefit pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

The actuarial gains and losses resulting from experience-based adjustments and modifications in actuarial assumptions are booked directly to equity in accordance with the SORIE option.

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

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

3.11 FINANCING DEBT

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

a) Initial recognition

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

b) Valuation rules

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

c) De-recognition

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

3.12 TAXATION

Corporate income tax includes all current and deferred taxes. When a tax is payable or receivable and payment is not subject to the execution of future transactions, such tax is classified as current, even if the payment is spread over several years. It appears as an asset or liability on the balance sheet as applicable.

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

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

However, all deferred tax liabilities must be recognised; deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.

All deferred tax liabilities are recognised. Deferred tax assets on the other hand are recognised only if their recovery is deemed “more probable than improbable”, i.e. if it is probable that there will be sufficient taxable income in the future to offset the deductible timing differences. As a general rule, a 3 year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

Deferred tax assets and liabilities are computed based on the tax rates (and tax regulations) adopted as the balance sheet date.

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

3.13 SEGMENT REPORTING

A segment is a distinct component of a company that is engaged either in supplying a product or service (a life/non-life/banking segment. or a health and life insurance/property damage and third party liability/banking/holding company segment) or in supplying products or services in a specific economic environment (a France/foreign geographic segment), and is exposed to risks and profitability that are different from the risks and profitability of the other segments.

A segment is defined as such once most of the income from sales to external clients and once the income, results or assets represents at least 10% of all segments. Segment reporting is presented at two levels. The first level is organised by geographic segment. The second level is based on the business sector.

The geographical segments identified are as follows:

- France insurance;
- International insurance.

Secondary segment information is broken down between 2 sectors. For purposes of compliance with common practice on European financial markets, the Group has changed the presentation of its business segment information: since 1 January 2006 a new analysis replaces the traditional Life Insurance / Non-life Insurance breakdown as stipulated by French regulators to date, for which the

Group nevertheless considers it is important to continue to provide information given its significant position on the French market.

Consequently, the new segments used since 1 January 2006 are as follows:

- Life and health insurance covers the traditional life insurance business and personal injury (largely health risks, disability and long-term care);
- Property and casualty insurance. The property and casualty insurance business covers all the Group's other insurance activities;
- Banking and finance. The banking and finance business relates to distribution of banking products including fund management activities, real estate management, private equity and employee savings;
- Holding company activity. This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA. consolidation.

3.14 FUNCTIONAL BREAKDOWN OF EXPENSES

Management fees and commissions related to insurance business are classified on the basis of their function by applying allocation keys defined as a function of the structure and organisation of each of the insurance entities.

Expenses are classified in the following six categories:

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

Note 1 — Segment reporting

NOTE 1.1 — SEGMENT REPORTING BY GEOGRAPHIC AREA

NOTE 1.1.1 — SEGMENT REPORTING BY GEOGRAPHIC AREA — BALANCE SHEET

(In millions of euros)	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Intangible assets	1,076	1,846	2,922	1,038	595	1,633
Insurance activities investments	66,477	7,649	74,126	61,088	5,627	66,715
Assets used in the banking sector and investments of other activities	2,656		2,656	2,410		2,410
Investments in related companies	2	27	29	1	24	25
Share of ceding and retroceding companies in insurance and financial contract liabilities	1,238	366	1,603	1,241	366	1,606
Other assets	4,765	1,291	6,056	3,725	1,700	5,425
Assets held for sale and discontinued activities						
Cash and cash equivalents	292	643	935	360	376	736
Total consolidated assets	**76,505**	**11,821**	**86,326**	**69,863**	**8,687**	**78,550**
Provisions for risks and charges	449	134	583	457	97	553
Financing debts	2,162	25	2,187	2,072		2,072
Underwriting liabilities related to insurance policies:	35,552	7,038	42,590	33,469	5,102	38,571
Underwriting liabilities related to financial contracts	20,205	1,027	21,232	19,549	698	20,247
Deferred profit sharing liability	2,946	(3)	2,943	4,066	15	4,081
Resources for banking sector activities	2,415		2,415	2,189		2,189
Other liabilities	9,501	695	10,196	4,946	454	5,400
Liabilities for activities held for sale or discontinued activities						
Total consolidated liabilities excluding equity	**73,231**	**8,916**	**82,147**	**66,747**	**6,366**	**73,113**

NOTE 1.1.2 — SEGMENT REPORTING BY GEOGRAPHIC AREA — INCOME STATEMENT

(In millions of euros)	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Earned premiums	9,084	2,659	11,743	8,914	2,243	11,156
Net banking income, net of cost of risk	199		199	168		168
Investment income	2,774	306	3,079	2,504	245	2,749
Investment expenses	(616)	(43)	(659)	(347)	(50)	(397)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	1,226	28	1,254	718	58	777
Change in fair value of financial instruments recorded at fair value through income	277		277	434	1	434
Change in impairment on investments	(8)	(2)	(9)	3	(1)	2
Total income from ordinary operations	**12,936**	**2,947**	**15,883**	**12,393**	**2,496**	**14,890**
Insurance policy servicing expenses	(9,587)	(1,917)	(11,504)	(9,073)	(1,727)	(10,801)
Income from reinsurance cessions	302	85	388	183	110	293
Expenses on reinsurance cessions	(548)	(176)	(724)	(574)	(133)	(706)
Banking operating expenses	(178)		(178)	(156)		(156)
Policy marketing costs	(982)	(506)	(1,488)	(1,035)	(405)	(1,440)
Administrative costs	(676)	(176)	(852)	(528)	(137)	(665)
Other income and expenses from current operations	(229)	(14)	(243)	(288)	(53)	(341)
CURRENT OPERATING PROFIT	**1,039**	**244**	**1,283**	**921**	**152**	**1,074**
Other operating income and expenses	(66)	(52)	(118)	(43)	(27)	(70)
OPERATING PROFIT	**973**	**192**	**1,165**	**878**	**126**	**1,004**
Financing expenses	(108)		(108)	(108)		(108)
Share in income of related companies	2	1	3	1		1
Corporate income tax	(186)	(46)	(232)	(251)	(14)	(265)
Net income of consolidated entity	**681**	**147**	**829**	**520**	**112**	**632**
of which minority interests	35	1	36	38	(7)	32
NET PROFIT (GROUP SHARE)	**647**	**146**	**793**	**481**	**118**	**600**

NOTE 1.2 — SEGMENT REPORTING BY BUSINESS SECTOR

NOTE 1.2.1 — SEGMENT REPORTING BY BUSINESS SECTOR — BALANCE SHEET

In millions of euros	31.12.2007					31.12.2006				
	Life	Non-life	Banking	Intersector eliminations	Total	Life	Non-life	Banking	Intersector eliminations	Total
Goodwill	735	1,846	21		2,602	740	633	21		1,394
Other intangible assets	156	159	5		320	146	85	8		239
Insurance activities investments	58,433	17,467		(1,775)	74,126	54,176	14,712	–	(2,174)	66,715
Assets used in the banking sector and investments of other activities			3,062	(405)	2,656			2,720	(310)	2,410
Investments in related companies		29			29	–	25	–		25
Share of ceding and retroceding companies in insurance and financial contract liabilities	270	1,538		(205)	1,603	271	1,472		(137)	1,606
Other assets	3,318	3,142	196	(600)	6,056	3,220	2,825	184	(804)	5,425
Assets held for sale and discontinued activities										
Cash and cash equivalents	219	716	18	(18)	935	167	570	16	(16)	736
Total consolidated assets	**63,131**	**24,897**	**3,301**	**(3,003)**	**86,326**	**58,720**	**20,321**	**2,949**	**(3,440)**	**78,550**
Provisions for risks and charges	168	406	9		583	172	372	7		553
Financing debt	25	2,203	27	(68)	2,187	102	2,167	27	(224)	2,072
Liabilities related to insurance policies:	29,669	13,123		(202)	42,590	28,154	10,552		(136)	38,570
Operating liabilities related to financial contracts	20,970	262			21,232	20,247				20,247
Deferred profit-sharing liabilities	2,943				2,943	4,081				4,081
Resources for banking sector activities			2,838	(423)	2,415			2,514	(325)	2,189
Other liabilities	6,156	6,212	138	(2,310)	10,196	2,406	5,613	136	(2,755)	5,400
Liabilities for activities held for sale or discontinued activities										
Total consolidated liabilities	**59,932**	**22,205**	**3,013**	**(3,003)**	**82,147**	**55,163**	**18,704**	**2,686**	**(3,440)**	**73,113**

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

NOTE 1.2.2 — SEGMENT REPORTING BY BUSINESS SECTOR — LIFE/NON-LIFE — INCOME STATEMENT

(In millions of euros)	31.12.2007				31.12.2006			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Earned premiums	4,597	7,146		11,743	4,484	6,672		11,156
Net banking income, net of cost of risk			199	199			168	168
Investment income	2,100	979		3,079	1,859	890		2,749
Investment expenses	(289)	(370)		(659)	(137)	(260)		(397)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	875	379		1,254	541	236		777
Change in fair value of financial instruments recognised at fair value through income	301	(24)		277	413	21		434
Change in impairment on investments	(1)	(8)		(9)	3	(1)		2
Income from ordinary activities	**7,583**	**8,102**	**199**	**15,884**	**7,163**	**7,558**	**168**	**14,890**
Insurance policy servicing expenses	(6,626)	(4,878)		(11,504)	(6,410)	(4,390)		(10,801)
Income from reinsurance cessions	36	352		388	30	264		293
Expenses on reinsurance cessions	(34)	(690)		(724)	(32)	(674)		(706)
Banking operating expenses			(178)	(178)			(156)	(156)
Policy marketing costs	(315)	(1,173)		(1,488)	(333)	(1,107)		(1,440)
Administrative costs	(227)	(625)		(852)	(155)	(510)		(665)
Other income and expenses from current operations	(35)	(217)	8	(244)	(52)	(294)	5	(341)
Current operating profit	**382**	**871**	**29**	**1,282**	**211**	**847**	**17**	**1,074**
Other operating income and expenses	(17)	(101)	1	(117)		(71)	1	(70)
Operating profit	**365**	**770**	**30**	**1,165**	**211**	**776**	**18**	**1,004**
Financing expenses	1	(108)		(107)	(23)	(85)		(108)
Share in income of related companies		3		3		1		1
Corporate income tax	(74)	(139)	(19)	(232)	(57)	(190)	(19)	(266)
Net income of consolidated entity	**292**	**526**	**11**	**829**	**131**	**502**	**(1)**	**632**
of which minority interests	3	33	0	36	3	28		32
Net profit (Group share)	**289**	**493**	**11**	**793**	**128**	**474**	**(1)**	**600**

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

NOTE 1.2.3 — SEGMENT REPORTING BY BUSINESS SECTOR — LIFE AND HEALTH INSURANCE/PROPERTY DAMAGE AND THIRD PARTY LIABILITY/BANKING/HOLDING COMPANY — INCOME STATEMENT

(In millions of euros)	31.12.2007					31.12.2006				
	Life and health insurance	Property and casualty	Banking	Holding	Total	Life and health insurance	Property and casualty	Banking	Holding	Total
Earned premiums	6,234	5,509			11,743	6,036	5,121			11,157
Net banking income, net of cost of risk			199		199			168		168
Investment income	2,375	626		78	3,079	2,124	593		33	2,750
Investment expenses	(372)	(196)		(91)	(659)	(188)	(156)		(54)	(398)
Capital gains (losses) from sales of investments net of impairment reversals and write-backs	915	198		142	1,254	586	169		22	777
Change in fair value of financial instruments recorded at fair value through income	302	(28)		3	277	416	15		3	434
Change in impairment on investments	(1)	(1)		(7)	(9)	3			(2)	1
Total income from ordinary operations	**9,453**	**6,107**	**199**	**125**	**15,884**	**8,977**	**5,742**	**168**	**2**	**14,889**
Insurance policy servicing expenses	(7,920)	(3,583)			(11,503)	(7,608)	(3,193)			(10,801)
Income from reinsurance cessions	69	318			388	80	213			293
Expenses on reinsurance cessions	(80)	(644)			(724)	(79)	(627)			(706)
Banking operating expenses			(178)		(178)			(156)		(156)
Policy marketing costs	(553)	(935)			(1,488)	(561)	(879)			(1,440)
Administrative costs	(387)	(464)			(852)	(244)	(421)			(665)
Other income and expenses from current operations	(48)	(99)	9	(104)	(242)	(118)	(154)	5	(74)	(341)
Current operating profit	**533**	**700**	**29**	**22**	**1,283**	**447**	**681**	**17**	**(72)**	**1,073**
Other operating income and expenses	(55)	(71)	1	8	(118)	(23)	(19)	1	(29)	(70)
OPERATING PROFIT/LOSS	**478**	**629**	**30**	**29**	**1,165**	**424**	**662**	**18**	**(101)**	**1,003**
Financing expenses	(7)	(33)		(67)	(107)	(30)	(19)		(58)	(107)
Share in income of related companies	0	2			3		1			1
Corporate income tax	(103)	(179)	(19)	69	(232)	(137)	(179)	(19)	70	(265)
Net income of consolidated entity	**368**	**420**	**11**	**31**	**829**	**257**	**465**	**(1)**	**(89)**	**632**
of which minority interests	9	27			36	10	22	.	.	32
Net profit (Group share)	**359**	**393**	**11**	**31**	**793**	**247**	**443**	**(1)**	**(89)**	**600**

Note 2 — Goodwill

In millions of euros	31.12.2007				31.12.2006
	Gross values	Impairments	Translation adjustment	Net values	Net values
Balance brought forward	**1,404**	**(18)**	**8**	**1,394**	**1,151**
France	10	(1)		9	28
Turkey	10		11	21	
Spain	(8)			(8)	
United Kingdom	(17)		(8)	(25)	(6)
Changes during the year	**(5)**	**(1)**	**3**	**(3)**	**22**
Turkey					113
Italy	878			878	
Romania	113			113	
Greece	141			141	
United Kingdom	83		(5)	78	107
of which Bollington	*42*		*(3)*	*39*	
of which Lark Insurance	*41*		*(2)*	*39*	
Newly consolidated entities:	**1,215**		**(5)**	**1,210**	**220**
Deconsolidated					
Balance carried forward	**2,614**	**(19)**	**6**	**2,601**	**1,394**

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

- cumulative depreciation under French GAAP (CRC regulation no. 2005.05) as at 31 December 2003 amounting to €530 million, and
- impact of the first application of IFRS as at 1 January 2004 being a net reduction in net assets of €446 million.

This reduction results from the breach of equilibrium conditions under impairment tests. Said breach arises from the recognition of income previously considered as not yet earned for accounting purposes under the former accounting principles (being unrealised gains for shareholders, equalisation reserves and tax receivables) within the IFRS net position. The coordination of future cash flows with margin factors already included in the IFRS net position resulted in the automatic impairment of a portion of the intangible assets recorded on the balance sheet in accordance with the former accounting principles.

- Income (loss) for the year:
  - France:

    Subscription to the Groupama Banque capital increase leading to additional goodwill of €2.4 million, against which there was a €1.4 million impairment charge in accordance with the valuation assumptions applied pursuant to the unconditional sale options granted to the vendor.

    At the same time, the Group acquired a further equity interest in Silic generating additional goodwill of €8 million.
  - Turkey:

    In accordance with the additional purchase option of minority interests in Basak Sigorta and Basak Emeklilik pursuant to the purchase agreement for the Turkish entities, additional goodwill of €10 million was recorded. Since the goodwill was posted in local currency, a translation adjustment has a further impact on goodwill.
  - Spain:

    On expiry of the liability guarantee granted by the vendor and pursuant to the purchase agreement, Groupama Seguros received a repayment of €8 million in respect of the acquisition of Plus Ultra Generales, which was recorded as an adjustment to the initial goodwill.
  - United Kingdom:

    As of the 31 December 2006 balance sheet date, the allocation of goodwill on the first consolidation of Carole Nash, acquired on 15 November 2006, had not been finalised. The difference between the acquisition price and the Group's share of net revalued assets had been previously posted to goodwill.

    The restatement of Carole Nash's assets and liabilities at fair value led to an intangible asset after deferred tax of €17 million as a deduction to goodwill, which therefore was credited against the balance as at 31 December 2006. The remaining balance between the fair value of the price paid and that of the assets and liabilities is recorded under goodwill.

The intangible assets recognised are amortised over their estimated useful lives. Intangible assets and goodwill are broken down as follows:

In millions of euros	Gross values	Deferred taxes	Net value
Goodwill on first consolidation			**107**
Value of the Non-life portfolio	17	–5	12
Software and computer assets	5	–2	3
Total insurance intangible assets	**22**	**–5**	**17**
Remaining goodwill			**90**

The remaining goodwill is valued at €83 million in the balance sheet.

- Newly consolidated entities:
  - Greece:

Groupama International purchased the entire equity of Phoenix Metrolife on 29 June 2007 thereby generating goodwill on first consolidation of €148 million. In accordance with IFRS 3, the Group has a period of 12 months to allocate the acquisition price to identifiable assets and liabilities.

Acquisition costs arising from this transaction amounted to €2.4 million.

An analysis of the fair value of the assets and liabilities acquired resulted in a value for the Non-life section of the portfolio, which in turn led to an intangible asset of €9 million. A deferred tax liability was recorded for this asset.

The remaining balance of goodwill on first consolidation (i.e. price paid including acquisition costs less net assets acquired valued at fair value) is retained in goodwill.

Intangible assets recorded are amortised over their estimated useful lives. Intangible assets and goodwill are broken down as follows:

In millions of euros	Gross values	Deferred taxes	Net value
Goodwill on first consolidation			**148**
Value of the Non-life portfolio	9	–2	7
Total insurance intangible assets	**9**	**–2**	**7**
Remaining goodwill			**141**

- United Kingdom:
  - Bollington Group Ltd

Gan UK, a holding company, acquired a 60% equity stake in the broker Bollington Group Ltd on 30 May 2007, leading to goodwill on first consolidation of £35 million, or €52 million based on the 30 May 2007 exchange rate. This amount was computed including the value of an unconditional purchase/ sale option granted to the vendor amounting to 40% of the shares and the value of a deferred payment for a part of the total price.

The acquisition costs arising from this transaction amounted to €0.8 million.

In accordance with IFRS 3, the Group has a period of 12 months to allocate the goodwill on first consolidation to the identifiable assets and liabilities, i.e. until the 30 June 2008 financial statements.

However, an estimate of the assets and liabilities acquired at fair value reveals that a part of the goodwill on first consolidation can be allocated to the value in force.

The intangible assets recognised are amortised over their estimated useful lives. Intangible assets and goodwill are broken down as follows:

In millions of euros (at the £ exchange rate as at 30 May 2007)	Gross values	Deferred taxes	Net value
Goodwill on first consolidation			**52**
Value in force	11	–3	8
Total insurance intangible assets	**11**	**–3**	**8**
Remaining goodwill			**44**

At the closing exchange rate, the remaining goodwill amounted to €39 million.

- Lark Insurance Broking Group

Gan UK, a holding company, acquired a 78.7% equity stake in the broker Lark Insurance Broking Group on 29 October 2007 leading to goodwill on first consolidation of £43 million, or €62 million based on the 30 September 2007 exchange rate. This amount was computed including the value of an unconditional purchase/ sale option granted to the vendor amounting to 21.3% of the shares.

The acquisition costs arising from this transaction amounted to €0.7 million.

In accordance with IFRS 3, the Group has a period of 12 months to allocate the goodwill on first consolidation to the identifiable assets and liabilities, i.e. until the 31 December 2008 financial statements.

However, an estimate of the assets and liabilities acquired at fair value reveals that a part of the goodwill on first consolidation can be allocated to the value in force.

The intangible assets recognised are amortised over their estimated useful lives and are broken down as follows:

In millions of euros (at £ exchange rate at 30 October 2007)	Gross values	Deferred taxes	Net value
Goodwill on first consolidation			**62**
Value in force	30	–8	22
Total intangible insurance assets	**30**	**–8**	**22**
Remaining goodwill			**41**

At the closing exchange rate, the remaining goodwill amounted to €39 million.

– The Halvor

Groupama Insurances Company Limited acquired the broker The Halvor leading to goodwill on first consolidation of €1 million. Since this amount was not considered material, it was written off to expenses.

– Greystone

Bollington Group Ltd, a subsidiary, acquired the broker Greystone leading to goodwill on first consolidation of £1.2 million or €1.6 million. Since this amount was not considered material, it was written off to expenses.

- Italy:

Groupama also purchased the entire equity of Italian-based Nuova Tirrena on 2 August 2007 for €1.250 million. The costs of this acquisition amounted to €10 million and were added to the purchase price of the investment.

The final transfer of ownership of the shares occurred on 30 October 2007, as from which Nuova Tirrena became the Group's wholly-owned property. Therefore, the Group has consolidated two months of Nuova Tirrena's business in the 2007 financial statements.

This transaction led to goodwill on first consolidation of €878 million, which was temporarily posted to goodwill pending final allocation of the fair values of the assets and liabilities acquired.

- Romania:

The acquisition of the entire equity of BT Asigurari on 21 December 2007 led to goodwill on first consolidation of €113 million, which was temporarily posted to goodwill pending final allocation of the fair values of the assets and liabilities acquired. This amount was temporarily recognised under goodwill, pending the final decision regarding the allocation of the fair value acquisition price of acquired assets and liabilities.

The impact on the balance sheet of the fair value of all assets and liabilities acquired in 2007 is summarised as follows:

In millions of euros	Fair value of the assets and liabilities acquired
Intangible assets	56
Investments	2,689
Share of reinsurers in technical reserves	74
Cash	265
Other assets	286
Total Assets (excl. goodwill)	**3,370**
Provisions for risks and charges	81
Amounts owing to policyholders	2,696
Other liabilities	231
Total Liabilities	**3,008**
Net assets acquired	**362**
Goodwill	**1,216**

The impact of the various acquisitions (Nuova Tirrena, Phoenix Metrolife, BT Asigurari and the UK broking firms) led to an asset increase of €4,586 million (including goodwill of €1,216 million).

NOTE 2.1 — GOODWILL BY COMPANY

In millions of euros	31.12.2007				31.12.2006
	Gross values	Impairments	Translation adjustment	Net values	Net values
Total international	**1,673**	**(7)**	**6**	**1,672**	**473**
Italy	953			953	74
Spain	173	(3)		170	178
United Kingdom	177	(4)	(13)	160	107
Greece	141			141	
Turkey	116		19	135	114
Romania	113			113	
Other foreign entities					
Total France and foreign	**941**	**(12)**		**929**	**920**
Gan Assurances Vie	231			231	231
Gan Assurances IARD	196			196	196
Gan Eurocourtage IARD	168			168	168
Gan Prévoyance	92			92	92
Gan Patrimoine and its subsidiaries	75			75	75
Gan Eurocourtage Vie	71			71	71
Investment, real estate and other insurance companies	108	(12)		96	87
Balance carried forward	**2,614**	**(19)**	**6**	**2,601**	**1,393**

Note 3 — Other intangible assets

In millions of euros	31.12.2007			31.12.2006		
	Intangible assets related to insurance activities	Other intangible assets	Total	Intangible assets related to insurance activities	Other intangible assets	Total
Gross values brought forward	**140**	**520**	**660**	**46**	**494**	**540**
Increase	0	111	111	2	69	71
Decrease	(1)	(96)	(97)	(32)	(45)	(77)
Translation adjustment	7		7			
Change in scope of consolidation	72	25	97	124	2	126
Gross values carried forward	**218**	**560**	**778**	**140**	**520**	**660**
Cumulative amort., deprec. brought forward	**(14)**	**(394)**	**(408)**	**(33)**	**(362)**	**(395)**
Increase	(22)	(60)	(82)	(12)	(79)	(91)
Decrease	2	79	81	31	47	78
Translation adjustment	(1)		(1)			
Change in scope of consolidation	(10)	(18)	(28)			
Cumulative amort., depreciation carried forward	**(45)**	**(393)**	**(438)**	**(14)**	**(394)**	**(408)**
Cumulative long-term impairment brought forward	**(12)**	**(2)**	**(14)**	**(12)**	**(2)**	**(14)**
Long-term impairment recognised		(5)	(5)		1	1
Long-term impairment write-backs					(1)	(1)
Translation adjustment						
Change in scope of consolidation						
Cumulative long-term impairment carried forward	**(12)**	**(7)**	**(19)**	**(12)**	**(2)**	**(14)**
Net values brought forward	**114**	**124**	**238**	**1**	**130**	**131**
Net values carried forward	**161**	**160**	**321**	**114**	**124**	**238**

Intangible assets related to insurance activities primarily correspond to values in force, values of the distribution networks, and values of customer relationships and brands. The increase in gross intangible assets related to insurance activities in the year is largely due to accounting for intangible assets arising from acquisitions as follows:

- Allocation of the goodwill on first consolidation of Carole Nash, which was recorded as an increase for the year of €21[1] million (see Note 2 — Goodwill), and
- allocation of the goodwill on first consolidation of Bollington Group Ltd, which was recorded as an increase for the year of €10[1] million (see Note 2 — Goodwill), and
- allocation of the goodwill on first consolidation of Lark Insurance Broking Group, which was recorded as an increase for the year of €29[1] million (see Note 2 — Goodwill), and
- allocation of the goodwill on first consolidation of Phoenix Metrolife, which was recorded as an increase for the year of €9 million (see Note 2 — Goodwill).

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

NOTE 3.1 — OTHER INTANGIBLE ASSETS — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007						31.12.2006	
	Intangible assets related to insurance activities		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Gross values carried forward	**15**	**203**	**507**	**53**	**522**	**256**	**509**	**152**
Cumulative amort., depreciation carried forward	(2)	(43)	(355)	(38)	(357)	(81)	(380)	(28)
Cumulative long-term impairment carried forward	(12)		(5)	(2)	(17)	(2)	(12)	(2)
Amortisation and provisions	**(14)**	**(43)**	**(360)**	**(40)**	**(374)**	**(83)**	**(392)**	**(30)**
Net carrying amount	**1**	**160**	**147**	**13**	**148**	**173**	**117**	**122**

(1) Converted at the GBP closing exchange rate

NOTE 3.2 — OTHER INTANGIBLE ASSETS — BY BUSINESS SECTOR

In millions of euros	31.12.2007									31.12.2006		
	Intangible assets related to insurance activities			Other intangible assets			Total			Total		
	Life	Non life	Banking	Life	Non life	Banking	Life	Non life	Banking	Life	Non life	Banking
Gross values carried forward	112	106		197	320	43	309	426	43	277	343	40
Cumulative amort., depreciation carried forward	(35)	(10)		(116)	(240)	(37)	(151)	(250)	(37)	(130)	(245)	(33)
Cumulative long-term impairment carried forward		(12)		(1)	(5)	(1)	(1)	(17)	(1)	(1)	(14)	1
Depreciation and provisions	(35)	(22)	0	(117)	(245)	(38)	(152)	(267)	(38)	(131)	(259)	(32)
Net carrying amount	77	84	0	80	75	5	157	159	5	146	84	8

Note 4 — Investment property (excluding unit linked items)

In millions of euros	31.12.2007			31.12.2006		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Gross values brought forward	3,476	466	3,942	3,390	407	3,797
Acquisitions	158	16	174	156	71	227
Newly consolidated entities	15		15	22		22
Subsequent expenses			0			
Production capitalised in the year	31		31	20		20
Transfer from/to owner occupied buildings	(8)		(8)	(18)		(18)
Disposals	(32)	(26)	(58)	(94)	(12)	(106)
Gross values carried forward	3,640	456	4,096	3,476	466	3,942
Cumulative amort., deprec. brought forward	(677)	0	(677)	(633)	(2)	(635)
Increase	(80)		(80)	(63)		(63)
Newly consolidated entities	2		2			
Decrease	20		20	19	2	21
Cumulative amort., depreciation carried forward	(735)	0	(735)	(677)	0	(677)
Cumulative long-term impairment brought forward	(15)	(1)	(16)	(28)	(1)	(29)
Long-term impairment recognised			0	(3)	(2)	(5)
Newly consolidated entities			0			
Long-term impairment write-backs	11	1	12	16	2	18
Cumulative long-term impairment carried forward	(4)	0	(4)	(15)	(1)	(16)
Net values brought forward	2,784	465	3,249	2,729	404	3,133
Net values carried forward	2,901	456	3,357	2,784	465	3,249
Fair value of investment property carried forward	6,864	784	7,648	6,010	720	6,730
Unrealised capital gains	3,963	328	4,291	3,226	255	3,481

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

The statement also includes leased real estate with a net carrying amount in the consolidated financial statements of €119 million as at 31 December 2007 down from €140 million as at 31 December 2006. The fair value of this real estate is estimated at €190 million down from €211 million as at 31 December 2006 (with unrealised capital gains at both year ends of €71 million).

NOTE 4.1 — INVESTMENT PROPERTY — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007						31.12.2006					
	Property			SCI Shares			Property			SCI Shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross values	3,514	127	3,641	456		456	3,357	119	3,476	466		466
Cumulative amortisation	(713)	(22)	(735)				(657)	(20)	(677)			
Long-term impairment	(4)		(4)				(12)	(3)	(15)	(1)		(1)
Net values carried forward	**2,797**	**105**	**2,902**	**456**		**456**	**2,688**	**96**	**2,784**	**465**		**465**
Fair value of investment property carried forward	**6,619**	**246**	**6,865**	**784**		**784**	**5,782**	**228**	**6,010**	**720**		**720**
Unrealised capital gains	**3,821**	**141**	**3,962**	**328**		**328**	**3,094**	**132**	**3,226**	**255**		**255**

NOTE 4.2 — INVESTMENT PROPERTY — BY BUSINESS SECTOR

In millions of euros	31.12.2007						31.12.2006					
	Property			SCI Shares			Property			SCI Shares		
	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
Gross values	337	3,304	3,641	387	69	456	320	3,155	3,475	397	70	467
Cumulative amortisation	(66)	(669)	(735)				(65)	(611)	(676)			
Long-term impairment	(1)	(3)	(4)				(1)	(14)	(15)	(1)	,	(1)
Net values carried forward	**271**	**2,631**	**2,902**	**387**	**69**	**456**	**254**	**2,530**	**2,784**	**396**	**69**	**466**
Fair value of investment property carried forward	**605**	**6,260**	**6,865**	**657**	**127**	**784**	**519**	**5,491**	**6,010**	**602**	**118**	**720**
Unrealised capital gains	**334**	**3,628**	**3,962**	**270**	**58**	**328**	**265**	**2,961**	**3,226**	**206**	**48**	**254**

Note 5 — Owner-occupied property

In millions of euros	31.12.2007			31.12.2006		
	Property	SCI Shares	Total	Property	SCI Shares	Total
Gross values brought forward	**489**	**12**	**501**	**446**	**12**	**458**
Acquisitions	3		3	7		7
Newly consolidated entities:	31		31	16		16
Production capitalised in the year	8		8	3		3
Transfer from/to investment property	2		2	19		19
Disposals	(188)		(188)	(2)		(2)
Gross values carried forward	**345**	**12**	**357**	**489**	**12**	**501**
Cumulative amort., deprec. brought forward	**(124)**		**(124)**	**(113)**		**(113)**
Increase	(15)		(15)	(11)		(11)
Newly consolidated entities	2		2	(1)		(1)
Decrease	54		54	1		1
Cumulative amort., depreciation carried forward	**(83)**	**0**	**(83)**	**(124)**		**(124)**
Cumulative long-term impairment brought forward	**(6)**		**(6)**	**(5)**		**(5)**
Long-term impairment recognised			0	(1)		(1)
Newly consolidated entities			0	(3)		(3)
Long-term impairment write-backs	5		5	3		3
Cumulative long-term impairment carried forward	**(1)**	**0**	**(1)**	**(6)**		**(6)**
Net values brought forward	**359**	**12**	**371**	**328**	**12**	**340**
Net values carried forward	**261**	**12**	**273**	**359**	**12**	**371**
Fair value of operating property carried forward	**512**	**15**	**527**	**886**	**14**	**900**
Unrealised capital gains	**251**	**3**	**254**	**527**	**2**	**529**

The increase in operating property (and unrealised capital gains) is principally due to the sale of the Tour Gan building in 2007.

Pursuant to the terms agreed with the buyer, as at 31 December 2007 the premises of the Building were still rented to the Group and occupied by Group staff, who will move during the first half of 2008 into investment property owned by the Group also located within the La Défense area in the Paris region.

NOTE 5.1 — OWNER-OCCUPIED PROPERTY — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007						31.12.2006					
	Property France	Property International	Total	SCI Shares France	SCI Shares International	Total	Property France	Property International	Total	SCI Shares France	SCI Shares International	Total
Gross values	268	77	345	12		12	444	45	489	12		12
Cumulative amortisation	(73)	(11)	(84)			0	(116)	(8)	(124)			0
Long-term impairment	(1)		(1)			0	(1)	(5)	(6)			0
Net values carried forward	**194**	**66**	**260**	**12**		**12**	**327**	**32**	**359**	**12**		**12**
Fair value of operating property carried forward	**394**	**118**	**512**	**15**		**15**	**799**	**87**	**886**	**14**		**14**
Unrealised capital gains	**200**	**52**	**252**	**3**		**3**	**472**	**55**	**527**	**2**		**2**

NOTE 5.2 — OWNER - OCCUPIED BUILDINGS BY BUSINESS SECTOR

In millions of euros	31.12.2007						31.12.2006					
	Property Life	Property Non-life	Total	SCI Shares Life	SCI Shares Non-life	Total	Property Life	Property Non-life	Total	SCI Shares Life	SCI Shares Non-life	Total
Gross values	60	285	345	5	7	12	60	429	489	5	7	12
Cumulative amortisation	(20)	(64)	(84)			0	(21)	(103)	(124)			0
Long-term impairment		(1)	(1)			0		(6)	(6)			0
Net values carried forward	**40**	**220**	**260**	**5**	**7**	**12**	**39**	**320**	**359**	**5**	**7**	**12**
Fair value of operating property carried forward	**73**	**439**	**512**	**6**	**9**	**15**	**75**	**811**	**886**	**6**	**8**	**14**
Unrealised capital gains	**33**	**219**	**252**	**1**	**2**	**3**	**36**	**491**	**527**	**1**	**1**	**2**

Note 6 — Financial investments excluding unit linked items

In millions of euros	31.12.2007 Net values	31.12.2006 Net values
Assets valued at fair value	65,640	58,545
Assets valued at amortised cost	671	699
Total financial investments excluding unit-linked items	**66,311**	**59,244**

Total investments as at 31 December 2007 amounted to €66,311 million up €7,067 million, principally due to the portfolios of companies acquired during the year amounting to €2,131 million, an increase in business and cash raised by repurchase agreements of Groupama Vie and Gan Assurances Vie amounting to €1,874 and €1,365 million respectively, in respect of a large volume of investments valued at €5,752 million at the balance sheet date.

With a view to improving return on assets, the Group stepped up its bond repurchase business in 2007. These transactions are carried in two separate forms:

- investment repurchase agreements: At the 2007 balance sheet date, the value of such agreements totalled €4,983 million. For this purpose, two specific funds were created to isolate this amount under other trading assets. The funds are exclusively made up of euro-government securities rated AAA/AA and are held directly under a management mandate signed with Groupama Asset Management;
- Macro-economic financing repurchase agreements: At the 2007 balance sheet date, the value of such agreements totalled €769 million. For this type of transaction, the cash is reinvested in a different type of investment category.

NOTE 6.1 — INVESTMENTS VALUED AT FAIR VALUE — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities	9,531	660	10,191	12,221	802	13,023	2,690	142	2,832
Bonds	34,167	6,108	40,275	34,343	6,018	40,361	176	(90)	86
Other	33	83	116	11	1	12	(22)	(82)	(104)
Total available-for-sale assets	**43,731**	**6,851**	**50,582**	**46,575**	**6,821**	**53,396**	**2,844**	**(30)**	**2,814**
Trading assets									
Equities classified as trading securities	1,479	8	1,487	1,479	8	1,487			
Equities held for trading	1,636	48	1,684	1,636	48	1,684			
Bonds classified as trading securities	177	23	200	177	23	200			
Bonds held for trading	3,706	155	3,861	3,706	155	3,861			
Other trading securities	4,983		4,983	4,983		4,983			
Other securities held for trading	29		29	29		29			
Total trading assets	**12,010**	**234**	**12,244**	**12,010**	**234**	**12,244**			
Total investments valued at fair value	**55,741**	**7,085**	**62,826**	**58,585**	**7,055**	**65,640**	**2,844**	**(30)**	**2,814**

As at 31 December 2007, the capital gains (losses) that were unrealised but recognised for accounting purposes in equity (revaluation reserves) as available-for-sale investment assets and in income as trading investment assets were €2,814 million and €457 million respectively.

The reduction in unrealised capital gains versus 2006 is principally due to changes in bond market conditions (i.e. 44 base point increase in government 10-year treasury bonds) and a switch prior to summer 2007 from the equity section to the bond section of €1,000 million on life entities in France.

The value of long-term impairment provisions on investments stated at fair value amounted to €272 million at 31 December 2007 compared to €732 million as at 31 December 2006. This sharp fall is due to the sale of securities including SCOR shares against which impairment provisions had been booked (notably during the general slump in the markets when the internet bubble burst in the early years of the century). In accordance with IFRS, these provisions are not written back to income even if there is a permanent increase in value.

The very depressed market environment in the second half 2007 created weak liquidity and major discounts on certain private debt markets. In that environment, a monthly liquidity test was introduced in respect of directly held securities.

As at 31 December 2007, the entire portfolio of directly held available-for-sale bonds is marked to market. Every single line in the portfolio is marked to market (including shares in AAA-rated securitisations in the portfolio (€314 million held by French subsidiaries of the Group)).

The Group therefore considers its exposure to the liquidity crisis on the financial markets as extremely limited.

In millions of euros	31.12.2006								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities	9,429	375	9,804	12,908	486	13,394	3,479	111	3,590
Bonds	32,111	4,501	36,612	33,899	4,511	38,410	1,788	10	1,798
Other	15	34	49	11	16	27	(4)	(18)	(22)
Total available-for-sale assets	**41,555**	**4,910**	**46,465**	**46,818**	**5,013**	**51,831**	**5,263**	**103**	**5,366**
Transaction assets									
Equities classified as trading securities	915	9	924	915	9	924			
Shares held for trading	1,426	51	1,477	1,426	51	1,477			
Bonds classified as "trading securities"	89	34	123	89	34	123			
Bonds held for trading	4,132	56	4,188	4,132	56	4,188			
Other trading securities									
Other securities held for trading	2		2	2		2			
Total trading assets	**6,564**	**150**	**6,714**	**6,564**	**150**	**6,714**			
Total investments valued at fair value	**48,119**	**5,060**	**53,179**	**53,382**	**5,163**	**58,545**	**5,263**	**103**	**5,366**

NOTE 6.2 — INVESTMENTS MEASURED AT FAIR VALUE — BY BUSINESS SECTOR

In millions of euros	31.12.2007								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Available-for-sale assets									
Equities	2,463	7,728	10,191	2,807	10,216	13,023	344	2,488	2,832
Bonds	7,111	33,164	40,275	7,144	33,217	40,361	33	53	86
Other	108	8	116	11	1	12	(97)	(7)	(104)
Total available-for-sale assets	**9,682**	**40,900**	**50,582**	**9,962**	**43,434**	**53,396**	**280**	**2,534**	**2,814**
Trading assets									
Equities classified as trading securities	335	1,152	1,487	335	1,152	1,487			
Equities held for trading	311	1,373	1,684	311	1,373	1,684			
Bonds classified as trading securities	20	180	200	20	180	200			
Bonds held for trading	1,038	2,823	3,861	1,038	2,823	3,861			
Other trading securities	1,447	3,536	4,983	1,447	3,536	4,983			
Other securities held for trading	1	28	29	1	28	29			
Total trading assets	**3,152**	**9,092**	**12,244**	**3,152**	**9,092**	**12,244**			
Total investments valued at fair value	**12,834**	**49,992**	**62,826**	**13,114**	**52,526**	**65,640**	**280**	**2,534**	**2,814**

In millions of euros	31.12.2007								
	Coût amorti net			Fair value			Unrealised gains (losses)		
	Non-life	Vie	Total	Non-life	Life	Total	Non-life	Life	Total
Available-for-sale assets									
Equities	2,026	7,778	9,804	2,648	10,746	13,394	622	2,968	3,590
Bonds	5,575	31,036	36,611	5,749	32,660	38,409	174	1,624	1,798
Other	41	8	49	26	1	27	(15)	(7)	(22)
Total available-for-sale assets	**7,642**	**38,822**	**46,464**	**8,423**	**43,407**	**51,830**	**781**	**4,585**	**5,366**
Trading assets									
Equities classified as trading securities	216	709	925	216	709	925			
Equities held for trading	256	1,221	1,477	256	1,221	1,477			
Bonds classified as trading securities		112	112		112	112			
Bonds held for trading	1,270	2,928	4,198	1,270	2,928	4,198			
Other trading securities									
Other securities held for trading	1	1	2	1	1	2			
Total trading assets	**1,743**	**4,971**	**6,714**	**1,743**	**4,971**	**6,714**			
Total investments valued at fair value	**9,385**	**43,793**	**53,178**	**10,166**	**48,378**	**58,544**	**781**	**4,585**	**5,366**

NOTE 6.3 — INVESTMENTS MEASURED AT FAIR VALUE (BY TYPE)

In millions of euros	31.12.2007								
	Net amortised cost			Fair Value			Unrealised gains (losses)		
	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Equities									
Available-for-sale assets	2,463	7,728	10,191	2,807	10,216	13,023	344	2,488	2,832
Assets classified as trading securities	335	1,152	1,487	335	1,152	1,487			
Assets "held for trading"	311	1,373	1,684	311	1,373	1,684			
Total equities	**3,109**	**10,253**	**13,362**	**3,453**	**12,741**	**16,194**	**344**	**2,488**	**2,832**
Bonds									
Available-for-sale assets	7,111	33,164	40,275	7,144	33,217	40,361	33	53	86
Assets classified as trading securities	20	180	200	20	180	200			
Assets held for trading	1,038	2,823	3,861	1,038	2,823	3,861			
Total bonds	**8,169**	**36,167**	**44,336**	**8,202**	**36,220**	**44,422**	**33**	**53**	**86**
Other									
Available-for-sale assets	108	8	116	11	1	12	(97)	(7)	(104)
Assets classified as trading securities	1,447	3,536	4,983	1,447	3,536	4,983			
Assets classified as "held for trading"	1	28	29	1	28	29			
Total other	**1,556**	**3,572**	**5,128**	**1,459**	**3,565**	**5,024**	**(97)**	**(7)**	**(104)**
Total investments valued at fair value	**12,834**	**49,992**	**62,826**	**13,114**	**52,526**	**65,640**	**280**	**2,534**	**2,814**

In millions of euros	31.12.2006								
	Net amortised cost			Fair value			Unrealised gains (losses)		
	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Equities									
Available-for-sale assets	2,026	7,778	9,804	2,648	10,746	13,394	622	2,968	3,590
Assets classified as trading securities	216	709	925	216	709	925			
Assets held for trading	256	1,221	1,477	256	1,221	1,477			
Total equities	**2,498**	**9,708**	**12,206**	**3,120**	**12,676**	**15,796**	**622**	**2,968**	**3,590**
Bonds									
Available-for-sale assets	5,575	31,036	36,611	5,749	32,660	38,409	174	1,624	1,798
Assets classified as trading securities		112	112		112	112			
Assets held for trading	1,270	2,928	4,198	1,270	2,928	4,198			
Total bonds	**6,845**	**34,076**	**40,921**	**7,019**	**35,700**	**42,719**	**174**	**1,624**	**1,798**
Other									
Available-for-sale assets	41	8	49	26	1	27	(15)	(7)	(22)
Assets classified as trading securities									
Assets held for trading	1	1	2	1	1	2			
Total other	**42**	**9**	**51**	**27**	**2**	**29**	**(15)**	**(7)**	**(22)**
Total investments valued at fair value	**9,385**	**43,793**	**53,178**	**10,166**	**48,378**	**58,544**	**781**	**4,585**	**5,366**

NOTE 6.4 — INVESTMENTS MEASURED AT AMORTISED COST — NET VALUE

In millions of euros	31.12.2007			31.12.2006		
	Non-life	Life	Total	Non-life	Life	Total
Loans	60	141	201	52	202	254
Deposits	127	52	179	162	81	243
Other	52	239	291	81	121	202
Loans and receivables	**239**	**432**	**671**	**295**	**404**	**699**
Assets valued at amortised cost	**239**	**432**	**671**	**295**	**404**	**699**

The amount of the provisions for long-term depreciation recognised on investments measured at amortised cost was €4 million at 31 December 2007 versus €2 million at 31 December 2006.

NOTE 6.5 — ESTIMATE OF LISTED INVESTMENTS

In millions of euros	31.12.2007	31.12.2006
	Net values	Net values
Equities	10,558	11,223
Units in fixed-income mutual funds	2,765	2,811
Units in other mutual funds	10,319	4,318
Bonds and other fixed-income securities	41,593	39,891
Total listed investments	**65,235**	**58,243**

The amount of the provisions for long-term depreciation on listed investments recognised at fair value was €155 million at 31 December 2007 versus €654 million at 31 December 2006. As stated previously, this sharp reduction is largely due to the sale of Scor shares which had been partially written down.

NOTE 6.6 — ESTIMATE OF UNLISTED INVESTMENTS

In millions of euros	31.12.2007	31.12.2006
	Net values	Net values
Equities at fair value	300	254
Bonds and other fixed-income securities at fair value	63	18
Other investments at fair value	42	30
Loans at amortised cost	202	254
Other investments at amortised cost	469	445
Total unlisted investments	**1,076**	**1,000**

The amount of the provisions for long-term depreciation on unlisted investments recognised at fair value was €117 million at 31 December 2007, compared with €78 million at 31 December 2006.

Note 7 — Significant investments in unconsolidated companies

In millions of euros	31.12.2007			31.12.2006		
	% of ownership	Acquisition cost net of provision	Closing quoted price	% of ownership	Acquisition cost net of provision	Closing quoted price
Scor				15.89%	233	418
Bolloré Investissement	4.31%	74	147	4.31%	59	174
Société Générale	3.47%	1,124	1,600	2.93%	832	1,755
Lagardère	1.82%	92	125	1.71%	92	149
Veolia Environnement	5.56%	738	1,624	5.63%	584	1,241
Locindus				7.74%	16	23
Eiffage	2.86%	185	179	2.86%	185	192
Cegid	17.23%	88	47			
French companies		**2,301**	**3,722**		**2,001**	**3,952**
Mediobanca	4.97%	504	575	4.73%	471	692
Foreign companies		**504**	**575**		**471**	**692**
Total investments in unconsolidated companies		**2,805**	**4,297**		**2,472**	**4,644**

With respect to Cegid shares, in view of the partnership set up between Groupama and Cegid, the value in use of these shares is estimated at €88 million and does not require impairment against the acquisition cost.

As stated in the significant events, most Scor shares have been sold. The impact of this sale is detailed under Note 40 — Investment income net of management expenses. The remaining shares are no longer considered as strategic assets. Their net purchase price was €8 million and they represent an equity interest of 0.35%. The stock market value of these shares as at 31 December 2007 was €11 million.

Note 8 — Investments representing unit-linked commitments

In millions of euros	31.12.2007	31.12.2006
Variable-income and similar securities	9	
Bonds	370	309
Shares in equity mutual funds	2,490	2,544
Shares in bond mutual funds and other	860	765
Total investments representing unit-linked commitments	**3,729**	**3,618**

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

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Variable-income and similar securities		9	9			
Bonds	146	224	370	232	77	309
Shares in equity mutual funds	2,426	63	2,490	2,463	81	2,544
Shares in bond mutual funds and other	810	51	860	712	53	765
Unrealised capital gains	**3,382**	**347**	**3,729**	**3,407**	**210**	**3,618**

The unit-linked investments are exclusively connected to the Life insurance business.

Note 9 — Assets used for banking sector business

In millions of euros	31.12.2007			31.12.2006		
	Gross values	Provisions	Net values	Gross values	Provisions	Net values
Cash, central banks, postal accounts	77		77	40		40
Financial assets at fair value through income	1,204		1,204	1,016		1,016
Hedging derivative instruments						
Financial assets available for sale	20		20	39		39
Loans and receivables from credit institutions	583		583	639		639
Customer loans and receivables	704	(13)	691	535	(16)	519
Revaluation variance on rate-hedged portfolios						
Investment assets held to maturity	83		83	156		156
Investment property						
Total assets used for banking sector business	**2,670**	**(14)**	**2,656**	**2,426**	**(16)**	**2,410**

In 2007, Banque Finama redeemed assets that were included in the item "held to maturity". The proceeds were then reinvested in investments held for trading.

Banking sector assets and liabilities at the balance sheet date are sharply up on the prior year (see note 30 — Assets of the banking sector).

Note 10 — Investments in affiliated companies

In millions of euros	31.12.2007		31.12.2006	
	Equity value	Share of net profit	Equity value	Share of net profit
Günes Sigorta	27	1	24	
Socomie	2	1	1	1
Total Investments in affiliated companies	**29**	**2**	**25**	**1**

The equity value of Günes shares, which represents the Group share of adjusted shareholders' equity, increased by €3 million during the year boosted by the rise in the Turkish lira vs. the euro.

NOTE 10.1 — SIGNIFICANT DATA

In millions of euros	31.12.2007				31.12.2006			
	Premium income	Net profit	Total assets	Shareholders' equity	Premium income	Net profit	Total assets	Shareholders' equity
Günes Sigorta	322	4	NA	56	284	1	215	48
Socomie	14	1	8	2	12	1	7	1

Note 11 — Share of ceding and retroceding companies in insurance and financial contract liabilities

In millions of euros	31.12.2007	31.12.2006
Share of reinsurers in non-life insurance reserves		
Reserves for unearned premiums	87	102
Outstanding claims reserve	1,300	1,299
Other technical reserves	124	126
Total	**1,511**	**1,527**
Share of reinsurers in life insurance reserves		
Life insurance reserves	47	44
Outstanding claims reserve	20	10
Profit sharing reserves	20	17
Other technical reserves	4	5
Total	**91**	**77**
Share of reinsurers in reserves for financial contracts	**1**	**1**
Total share of ceding and retroceding companies in insurance and financial contract liabilities	**1,603**	**1,606**

NOTE 11.1 — SHARE OF CEDING AND RETROCEDING COMPANIES IN INSURANCE AND FINANCIAL CONTRACT LIABILITIES — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	37	50	87	50	52	102
Outstanding claims reserve	1,027	273	1,300	1,024	275	1,299
Other technical reserves	121	2	124	123	3	126
Total	**1,185**	**325**	**1,511**	**1,198**	**330**	**1,527**
Share of reinsurers in life insurance reserves						
Life insurance reserves	13	34	47	13	31	44
Outstanding claims reserve	14	6	20	6	4	10
Profit sharing reserves	20		20	17		17
Other technical reserves	3	1	4	5		5
Total	**51**	**40**	**91**	**41**	**36**	**77**
Share of reinsurers in reserves for financial contracts	**1**	**0**	**1**	**1**		**1**
Total share of ceding and retroceding companies in insurance and financial contract liabilities	**1,237**	**366**	**1,603**	**1,241**	**366**	**1,606**

Note 12 — Other property, plant & equipment (PPE)

In millions of euros	31.12.2007	31.12.2006
Other property, plant & equipment	127	113
Other long-term operating assets	31	29
Total	**158**	**142**

NOTE 12.1 — CHANGES IN OTHER PROPERTY, PLANT & EQUIPMENT

In millions of euros	31.12.2007			31.12.2006		
	Other PPE	Other long-term operating assets	Total	Other tangible assets	Other long-term operating assets	Total
Gross values brought forward	**361**	**29**	**390**	**358**	**28**	**386**
Acquisitions	71	2	73	59	1	60
Newly consolidated entities:	39		39	14		14
Production capitalised in the year						0
Translation adjustment				1		1
Disposals	(96)		(96)	(71)		(71)
Gross values carried forward	**375**	**31**	**406**	**361**	**29**	**390**
Cumulative amort., deprec. brought forward	**(246)**		**(246)**	**(256)**		**(256)**
Increase	(40)		(40)	(35)		(35)
Newly consolidated entities:	(36)		(36)	(13)		(13)
Decrease	78		78	58		58
Cumulative amort., depreciation carried forward	**(244)**		**(244)**	**(246)**		**(246)**
Cumulative long-term impairment brought forward	**(2)**		**(2)**	**(2)**		**(2)**
Long-term impairment recognised	(2)		(2)			0
Newly consolidated entities:						0
Long-term impairment write-backs						0
Cumulative long-term impairment carried forward	**(4)**		**(4)**	**(2)**		**(2)**
Net values brought forward	**113**	**29**	**142**	**100**	**28**	**128**
Net values carried forward	**127**	**31**	**158**	**113**	**29**	**142**
Fair value of property, plant & equipment carried forward	**129**	**38**	**167**	**113**	**34**	**147**
Unrealised capital gains	**2**	**7**	**9**	**0**	**5**	**5**

NOTE 12.2 — CHANGE IN OTHER PROPERTY, PLANT & EQUIPMENT — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007						31.12.2006					
	Other tangible assets			Other LT operating assets			Other tangible assets			Other LT operating assets		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross values	229	146	375	31		31	262	100	362	29		29
Cumulative amortisation	(135)	(109)	(244)				(182)	(65)	(247)			0
Long-term impairment	(4)		(4)				(2)		(2)			0
Net values carried forward	**90**	**37**	**127**	**31**		**31**	**78**	**35**	**113**	**29**	**0**	**29**
Fair value of property, plant & equipment carried forward	**91**	**38**	**129**	**38**		**38**	**80**	**34**	**114**	**34**		**34**
Unrealised capital gains	**1**	**1**	**2**	**7**	**0**	**7**	**2**	**(1)**	**1**	**5**	**0**	**5**

NOTE 12.3 — CHANGE IN OTHER PROPERTY, PLANT & EQUIPMENT — BY BUSINESS SECTOR

In millions of euros	31.12.2007						31.12.2006					
	Other property, plant & equipment			Other LT tangible operating assets			Other property, plant & equipment			Other LT tangible operating assets		
	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking	Life	Non-life	Banking
Gross values	90	258	27		31		117	223	22		29	
Cumulative amortisation	(49)	(177)	(18)				(87)	(145)	(15)			
Long-term impairment	(4)						(2)					
Net values carried forward	**37**	**81**	**9**		**31**		**28**	**78**	**7**		**29**	
Fair value of operating property carried forward	**37**	**83**	**9**		**38**		**28**	**81**	**5**		**34**	
Unrealised capital gains		**2**			**7**			**3**	**(2)**		**5**	

Note 13 — Deferred acquisition costs

	31.12.2007			31.12.2006		
In millions of euros	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	318		318	265		265
Life insurance policies and financial contracts with discretionary profit-sharing	283	(25)	258	280	(28)	252
Total deferred acquisition costs	**601**	**(25)**	**576**	**545**	**(28)**	**517**

The increase in deferred acquisition costs during the year is largely due to the first-time consolidation of Phoenix Metrolife and Nuova Tirrena which account for €12 million and €19 million respectively of this increase.

NOTE 13.1 — DEFERRED ACQUISITION COSTS — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	120		120	115		115
Life insurance policies and financial contracts with discretionary profit-sharing	255	(15)	240	255	(27)	228
France	**375**	**(15)**	**360**	**370**	**(27)**	**343**
Non-life insurance policies	198		198	150		150
Life insurance policies and financial contracts with discretionary profit-sharing	28	(10)	18	25	(2)	24
International	**226**	**(10)**	**216**	**175**	**(2)**	**174**
Total deferred acquisition costs	**601**	**(25)**	**576**	**545**	**(29)**	**517**

Note 14 — Deferred profit sharing asset

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Deferred profit-sharing asset		11	11	64		64
Total deferred profit sharing asset		**11**	**11**	**64**		**64**

In connection with the new mortality tables used to calculate the actuarial provision for French life annuity policies (see Note 25 -: Liabilities related to insurance policies), a €64 million profit sharing asset is recognised in the 2006 balance sheet. Since this catch-up of the tables was recorded in the company financial statements with an impact on profit sharing due in accordance with contractual requirements, the deferred profit sharing asset was reversed.

Deferred profit sharing assets amounting to €11 million were recorded in the year in respect of three international companies. The assets are based on the unrealised losses on the securities portfolios under the shadow accounting principle. Such profit sharing assets as at 31 December 2007 are related to the Italian and Portuguese subsidiaries.

NOTE 14.1 — DEFERRED PROFIT SHARING ASSET — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Deferred profit-sharing asset		11	11	64		64
Total deferred profit sharing asset		**11**	**11**	**64**		**64**

Note 15 — Deferred tax assets

NOTE 15.1 — DEFERRED TAX ASSETS — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006
	France	International	Total	Total
Deferred tax assets	498	74	**572**	**472**
Total deferred tax assets	**498**	**74**	**572**	**472**

NOTE 15.2 — DEFERRED TAX ASSETS — BY BUSINESS SECTOR

In millions of euros	31.12.2007				31.12.2006
	Life	Non-life	Banking	Total	Total
Deferred tax assets	283	272	17	**572**	**472**
Total deferred tax assets	**283**	**272**	**17**	**572**	**472**

NOTE 15.3 — ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	31.12.2007	31.12.2006
Deferred taxes resulting from timing differences on adjustments:		
Capitalisation reserves	(249)	(247)
Restatements of AFS & Trading financial instruments (net of deferred profit-sharing)	114	30
Acquisition costs for life policies and consolidated total management reserves	(46)	(44)
Consolidation adjustments on technical reserves	(22)	(27)
Other differences on consolidation adjustments	(15)	1
Deferred acquisition costs for non-life policies	(40)	(37)
Tax differences on technical reserves and other provisions for risks and contingencies	322	293
Gains on tax suspension	(6)	(9)
Valuation differential on mutual funds	34	29
Currency hedging	50	56
Other tax timing differences	24	26
Sub-total of deferred taxes resulting from timing differences	**167**	**70**
Capitalisation of operating losses	**20**	**42**
Deferred taxes capitalised	**186**	**112**
Including:		
• Assets	572	472
• Liabilities	(386)	(361)

The Group also has off-balance sheet assets for foreign subsidiaries and in the banking sector (Groupama Banque) in France. The value of these off-balance sheet assets as at 31 December 2007 amounted to €159 million.

Note 16 — Receivables resulting from insurance or inward reinsurance transactions

In millions of euros	31.12.2007			31.12.2006
	Gross values	Provisions	Net values	Net values
Receivables resulting from insurance or inward reinsurance transactions				
Earned premiums not written	770		770	733
Policyholders, intermediaries and other third parties	1,182	(105)	1,077	817
Co-insurer and other third party current accounts	127	(13)	114	286
Ceding and retroceding companies current accounts	379	(3)	376	390
Total	**2,459**	**(121)**	**2,338**	**2,226**

The increase in ‘Policyholders, intermediaries and other third parties’ is principally due to the first-time consolidation of Phoenix Metrolife (€41 million) and Nuova Tirrena (€86 million)

NOTE 16.1 — RECEIVABLES RESULTING FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS — BY MATURITY

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Receivables resulting from insurance or inward reinsurance transactions								
Earned premiums not written	762	8		770	740	(7)		733
Policyholders, intermediaries and other third parties	1,078	(1)		1,077	814	3		817
Co-insurer and other third party current accounts	87	27		114	252	35		286
Ceding and retroceding companies current accounts	350	26		376	357	33		390
Total	**2,278**	**60**		**2,338**	**2,162**	**64**		**2,226**

Note 17 — Receivables from outward reinsurance activities

In millions of euros	31.12.2007			31.12.2006
	Gross values	Provisions	Net values	Net values
Receivables from outward reinsurance activities				
Ceding and retroceding companies current accounts	100	(32)	67	88
Other receivables from reinsurance transactions	56	(6)	50	34
Total	**156**	**(38)**	**118**	**122**

NOTE 17.1 — RECEIVABLES FROM OUTWARD REINSURANCE ACTIVITIES — BY MATURITY

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Receivables from outward reinsurance activities								
Ceding and retroceding companies current accounts	63	4		67	77	11		88
Other receivables from reinsurance transactions	49		1	50	34			34
Total	**113**	**4**	**1**	**118**	**111**	**11**		**122**

Note 18 — Current tax receivables and other tax receivables

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

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current tax receivables and other tax receivables	149	1		150	106			106

The line ‘Current tax receivables and other tax receivables’ covers corporation tax and other amounts owed by government and local public authorities. Amounts owed by government and local public authorities principally consist of statutory charges for annuities of €33 million, VAT deductible and VAT credits of €24 million, and foreign company taxes of €36 million.

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

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	66	84	150	76	31	106

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

In millions of euros	31.12.2007				31.12.2006			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Current tax receivables and other tax receivables	75	75	1	150	62	43	1	106

Note 19 — Other receivables

In millions of euros	31.12.2007			31.12.2006
	Gross values	Provisions	Total	Total
Interest accrued not due	824		**824**	**779**
Employee receivables	16		**16**	**21**
Social security agencies	61		**61**	**56**
Other debtors	850	(35)	**815**	**564**
Other receivables	416		**416**	**348**
Total	**2,167**	**(35)**	**2,132**	**1,767**

During 2007, the Group sold the Tour Gan building to Foncière des Régions. In accordance with the purchase agreement, a final payment of some €148 million will be made in 2008, which is included under 'Other debtors'.

NOTE 19.1 — OTHER RECEIVABLES — BY MATURITY

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Interest accrued not due	824			824	779			779
Employee receivables	16			16	21			21
Social security agencies	61			61	56			56
Other debtors	730	78	7	815	532	15	17	564
Other receivables	416			416	311		37	348
Total	**2,047**	**78**	**7**	**2,132**	**1,698**	**15**	**54**	**1,767**

NOTE 19.2 — OTHER RECEIVABLES — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Interest accrued not due	755	69	824	713	66	779
Employee receivables	12	4	16	18	2	20
Social security agencies	61		61	56		56
Other debtors	682	133	815	455	109	564
Other receivables	369	47	416	326	22	348
Total	**1,878**	**254**	**2,132**	**1,568**	**200**	**1,767**

NOTE 19.3 — OTHER RECEIVABLES — BY BUSINESS SECTOR

In millions of euros	31.12.2007				31.12.2006			
	Life	Non-life	Banking	Total	Life	Non-life	Banking	Total
Interest accrued not due	727	97		824	679	100		779
Employee receivables	3	14		16	2	18		21
Social security agencies	56	5		61	46	10		56
Other debtors	271	530	14	815	228	311	25	564
Other receivables	149	130	136	416	107	117	124	348
Other receivables	**1,206**	**776**	**150**	**2,132**	**1,062**	**556**	**149**	**1,767**

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

In millions of euros	31.12.2007	31.12.2006
France	292	360
International	643	376
Total	**935**	**736**
Life and other entities	219	167
Non-life entities	716	570
Total	**935**	**736**

€234 million of the increase in cash and cash equivalents is accounted for the newly consolidated companies as follows:

- Nuova Tirrena: €26 million
- Phoenix Metrolife: €74 million
- BT Asigurari: €34 million

Note 21 — Shareholders' equity and minority interests

NOTE 21.1 — SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES

Companies with an insurance business are subject to regulations that establish minimum share capital limits. In France, in accordance with the European directive and Article R322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

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

NOTE 21.2 — IMPACT OF TRANSACTIONS WITH SHAREHOLDERS

- Changes in the group's shareholders' equity during 2007

  During 2007, no transaction occurred that had an effect on shareholders' equity and issue premiums. It should be noted that Groupama S.A.'s Shareholders' Meeting held on 29 June 2006 approved an amendment to the articles of association regarding a four for one bonus issue based on the nominal share value.

  On 10 October 2007, Groupama issued a perpetual subordinated bond with a nominal value of €1,000 million at a fixed interest rate of 6.298%. This bond carries specific terms including the following:

  • An unlimited term;

  • Option to defer or cancel any payment of interest to bondholders on a discretionary basis;

  • An interest 'step-up' clause that kicks in following the tenth year of the bond.

  In view of the specific terms and conditions of the issue pursuant to IAS 32 §16 and 17, the bond is considered as an equity instrument rather than a financial liability. It is therefore stated under shareholders' equity. Post-tax interest costs are charged directly against shareholders' equity in accordance with IAS 32 § 35 rather than as an expense in the income statement.

NOTE 21.3 INCOME AND EXPENSES RECOGNISED DURING THE YEAR

- 2007 Statement of Recognised Income and Expenses (SORIE)

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

In millions of euros	31.12.2007			31.12.2006		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Unrealised capital gains (losses) on assets held for sale	(2,536)	(15)	(2,551)	(624)	(12)	(636)
Shadow accounting	1,572	12	1,584	469	10	479
Deferred taxes	136	1	137	336	1	337
Actuarial gains (losses) on post-employment benefits	3		3	7		7
Translation adjustment	(24)	(4)	(28)	14	6	20
Other	22	9	31	(7)	10	3
Net profit (loss) for the year	793	36	829	600	32	632
Total	**(34)**	**39**	**5**	**795**	**47**	**842**

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

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

In millions of euro	31.12.2007	31.12.2006
Unrealised capital gains (losses) on AFS assets	2,815	5,366
Shadow accounting	(1,906)	(3,490)
Cash flow hedge and other changes	10	(7)
Deferred taxes	281	140
Share of minority interests	(9)	(2)
Unrealised net capital gains (losses) (Group share)	**1,191**	**2,007**

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

The reduction in the revaluation reserve is largely due to lower unrealised capital gains following the increase in interest rates during 2007, which led to a reduction in the value of the bonds within the Group's investment portfolio.

Note 22 — Provisions for risks and charges

In millions of euros	31.12.2007					31.12.2006
	Balance brought forward	Newly consolidated entities:	Increases	Write-backs	Balance carried forward	Balance carried forward
Provision for pensions and similar obligations	258	47	7	(42)	270	258
Other risks and charges[(1)]	295	21	41	(44)	313	295
Total provisions for risks and charges	**553**	**68**	**48**	**(86)**	**583**	**553**

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

- Provision for pensions and similar obligations

  The main movements in the provision for pensions and similar obligations were driven by the pensions of employees of companies acquired during the year, namely Phoenix Metrolife and Nuova Tirrena, amounting to €34 million and €13 million respectively

  The provision write backs are principally due to payments from UK companies to their pension funds amounting to €18 million and the impact of the SORIE Option for the entire Group of €7 million.

- Provisions for other risks and charges

  The movements for newly consolidated companies relate to Phoenix Metrolife and Nuova Tirrena, which amounted to €10 million and €11 million respectively.

Note 23 — Information regarding personnel benefits — defined benefit plans

NOTE 23.1 — NET ACTUARIAL LIABILITY AS AT THE BALANCE SHEET DATE

In millions of euros	Post-employment benefits		Other long-term benefits		Total	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Actuarial liability brought forward	**474**	**454**	**26**	**25**	**500**	**479**
Cost of past services	8	6	2	2	10	8
Benefits paid	(19)	(9)	(1)		(20)	(9)
Interest on actuarial liability	21	17	1	1	22	18
Actuarial gains (losses) (actual variations)	7	(6)	(2)	(2)	5	(8)
Actuarial gains (losses) (hypothetical variations)	(14)				(14)	
Changes in the plan	(1)				(1)	
Change in scope of consolidation	47	6			47	6
Changes in exchange rates	(26)	6			(26)	6
Other	(13)		1		(12)	
Actuarial liability carried forward (A)	**484**	**474**	**27**	**26**	**511**	**500**
Fair value of hedging assets brought forward	**242**	**225**			**242**	**225**
Return on hedging assets	15	14			15	14
Benefits paid	(10)	(11)			(10)	(11)
Contributions received	19	8			19	8
Actuarial gains (losses)	(2)	1			(2)	1
Change in scope of consolidation					0	
Changes in exchange rates	(21)	5			(21)	5
Other	(2)				(2)	
Fair value of hedging assets carried forward (B)	**241**	**242**			**241**	**242**
Net actuarial liability carried forward (A)-(B)	**243**	**232**	**27**	**26**	**270**	**258**

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

In millions of euros	Post-employment benefits		Other long term benefits		Total	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Provision for risks and charges brought forward	**232**	**254**	**26**	**20**	**258**	**274**
Present value of commitment	(8)	(14)	1	2	(7)	(12)
Actuarial differences affecting shareholders' equity	(4)	(7)			(4)	(7)
Benefits paid for by the employer	(19)	(9)			(19)	(9)
Reclassifications		1		4	0	5
Change in scope of consolidation	47	6			47	6
Changes in exchange rates	(5)	1			(5)	1
Other					0	0
Provision for risks and charges carried forward	**243**	**232**	**27**	**26**	**270**	**258**

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

NOTE 23.3 — RETIREMENT EXPENSES RECOGNISED IN THE INCOME STATEMENT

In millions of euros	31.12.2007	31.12.2006
Cost of past services	8	6
Benefits paid for by the employer	19	9
Interest on actuarial liability	21	17
Return expected from hedging assets	(15)	(14)
Sorie Option	4	7
Change in plan		
Effects of exchange rate changes	(5)	1
Other		
Annual retirement expenses	**32**	**26**

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

In millions of euros	31.12.2007	31.12.2006
Equities	133	147
Bonds	99	92
General euro funds	5	
Other	4	3
Closing fair value of assets	**241**	**242**

NOTE 23.5 — PRINCIPAL ACTUARIAL ASSUMPTIONS

In millions of euros	31.12.2007				31.12.2006			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial liability	174	288	49	511	184	300	16	500
Fair value of hedging assets	5	234	2	241	6	234	2	242
Net actuarial liability	**169**	**54**	**47**	**270**	**178**	**66**	**14**	**258**
Principal actuarial assumptions								
Discount rate	5.3%	5.8%	4.5%		4.5%	5.3%	4.0%	
Yield expected from plan assets	4.1%	6.8%	4.6%		4.1%	7.0%	5.0%	
Expected salary/pension increases	2 to 3.5%	2.95%	4 to 7%		2 to 3%	2.75%	3%	
Staff turnover								
- 18 to 34 years	2 to 20%	NA	NS		2 to 20%	NA	NS	
- 35 to 44 years	1 to 15%	NA	NS		2 to 15%	NA	NS	
- from 45 to 54 years	1 to 10%	NA	NS		1 to 10%	NA	NS	
- from 55 years and over:	0	NA	NS		0%	NA	NS	

Only staff turnover in respect of France is material in the context of the consolidated financial statements.

Sensitivity of the healthcare plan liability: As at 31 December 2007, the actuarial liability of the healthcare plans amounted to €27 million or 5% of the total actuarial liability. A change of one percentage point of the increase in medical costs would not have a material impact on the Group consolidated financial statements.

NOTE 23.6 — BREAKDOWN OF PERSONNEL EXPENSES

In millions of euros	31.12.2007	31.12.2006
Salaries	664	587
Social security expenses	264	248
Post-employment benefits		
Defined contribution plans		
Defined benefit plans		4
Severance payments	32	26
Anniversary days and employee awards	1	2
Other personnel benefits	17	
Annual salary expenses	**978**	**867**

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

Note 24 — Financing Debt

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt			1,245	1,245			1,245	1,245
of which: subordinated debt of insurance companies			1,245	1,245			1,245	1,245
subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies		273	669	941		199	628	827
Total financing debt		**273**	**1,914**	**2,187**		**199**	**1,874**	**2,072**

NOTE 24.1 — BREAKDOWN BY CURRENCY AND RATE

In millions of euros	31.12.2007			
	Currencies		Rates	
	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Subordinated debt	1,245		745	500
Financing debt represented by securities				
Financing debt with banking-sector companies	917	25	538	404
Total	**2,162**	**25**	**1,283**	**904**

The line ‘Subordinated’ debt comprises several issues of bond loans as follows:

- First, a bond in the form of redeemable subordinated securities (TSR) issued in July 1999 by *Caisse Centrale des Assurances Mutuelles Agricoles* in two tranches, one variable interest rate tranche of €500 million and the other being a fixed rate tranche of €250 million. Groupama SA took over this bond as part of the capital contributions as at 1 January 2003.

  The key terms of this bond are as follows:
  - The term of the bond is 30 years;
  - An early redemption option available to Groupama SA that it may exercise as from the tenth year;
  - A clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the TSR.

  In view of the specific terms and conditions of the issue pursuant to IAS 32 §16 and 17, the bond is considered as a financial liability rather than an equity instrument. It is therefore stated under shareholders’ equity. Post-tax interest costs are charged directly against shareholders’ equity in accordance with IAS 32 §35 rather than as an expense in the income statement.

  The total amount of these TSRs was €750 million and their listings at 31 December 2007 were 100.10% for the variable portion and 101.86% for the fixed portion, compared to 101.8% and 103.4% as at 31 December 2006;

- and second, a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama S.A. in July 2005 for the amount of €495 million.

  This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.

  Interest payments are subject to specific conditions covering solvency in particular: company has margin less than 150% it ceases interest payments to the bondholders. However, interest payments may not be considered as discretionary.

  In accordance with IAS 32 §16 and 17, the bond is considered as a financial liability rather than being an equity instrument. It is therefore posted under financing debt. Post-tax interest costs are recognised in the income statement.

  At 31 December 2007, this issue was quoted at 94.1% compared to 94.2% at 31 December 2006.

‘Financing debt with banking sector companies’ principally consists of loans taken out to finance real estate programmes of Group subsidiaries. The value of this financing debt amounted to €885 million as at 31 December 2007 up from €811 million in 2006.

The increase over 2007 arose largely due to €78 million of financing for the development of Silic, a subsidiary. Some of Silic’s debt is subject to minimum solvency covenants, which are detailed under note 52 — Off-balance sheet commitments.

Note 25 — Liabilities related to insurance policies

In millions of euros	31.12.2007	31.12.2006
Non-life insurance reserves		
Reserves for unearned premiums	1,953	1,623
Outstanding claims reserve	10,712	9,417
Other technical reserves	2,243	2,285
Total	**14,908**	**13,326**
Life insurance reserves		
Life insurance reserves	22,924	20,707
Outstanding claims reserve	514	474
Profit-sharing reserves	895	770
Other technical reserves	139	191
Total	**24,471**	**22,142**
Life insurance reserves for unit-linked policies	**3,212**	**3,103**
Liabilities related to insurance policies	**42,590**	**38,570**

Movements in technical insurance reserves are due to the following:

- Acquisition of Nuova Tirrena, which resulted in a €1,008 million increase in claims reserves and a €641 million increase in technical reserves;
- Acquisition of Phoenix Metrolife, which resulted in a €217 million increase in claims reserves and a €120 million increase in technical reserves;
- Strong growth in Groupama Vie business volumes which led to additional technical insurance reserves of €952 million.

At the same time, in conjunction with its business disposal programme, the Group deconsolidated technical reserves amounted to €420.1 million and breaks down as follows:

- Luxlife €27.7 million
- Zénith Vie €352.1 million
- Cofintex Luxembourg €1.8 million
- Rampart €38.5 million

NOTE 25.1 — BREAKDOWN BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Technical reserves before reinsurance						
Life insurance reserves	20,675	2,249	22,924	18,844	1,862	20,707
Outstanding claims reserve	420	94	514	434	40	474
Profit-sharing reserves	881	14	895	740	30	770
Other technical reserves	117	22	139	178	13	191
Total Life Insurance	**22,092**	**2,379**	**24,471**	**20,196**	**1,945**	**22,142**
Reserves for unearned premiums	758	1,195	1,953	765	858	1,623
Outstanding claims reserve	7,459	3,253	10,712	7,292	2,125	9,417
Other technical reserves	2,180	62	2,242	2,228	57	2,285
Total Non-life insurance	**10,398**	**4,510**	**14,908**	**10,285**	**3,041**	**13,326**
Life insurance reserves for unit-linked policies	3,062	150	3,212	2,987	115	3,103
Total Gross technical reserves	**35,552**	**7,038**	**42,591**	**33,469**	**5,102**	**38,570**
Recall of the share of reinsurers in the technical reserves	**1,064**	**323**	**1,387**	**1,239**	**366**	**1,605**
Net grand totall	**34,488**	**6,715**	**41,204**	**32,229**	**4,736**	**36,965**

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

In millions of euros	31.12.2007			31.12.2006		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Life business: Single-premium policies						
Savings business	425	31	456	574	31	604
Personal insurance	4,429	75	4,505	3,118	66	3,184
Group policies	309	22	331	247	9	255
Other	1,819	15	1,834	1,746	14	1,760
Total reserves for single-premium contracts	**6,982**	**143**	**7,125**	**5,683**	**120**	**5,803**
Life business: periodic-premium contracts						
Savings business	251	16	268	281	11	292
Personal insurance	6,733	129	6,861	6,139	92	6,232
Group policies	6,532	176	6,708	6,257	185	6,442
Other	687	8	695	714	7	721
Total reserves for periodic premium contracts	**14,203**	**329**	**14,532**	**13,391**	**295**	**13,686**
Inward Reinsurance	**1,739**	**43**	**1,782**	**1,632**	**59**	**1,691**
Total Life Reserves	**22,923**	**514**	**23,437**	**20,706**	**474**	**21,180**

In millions of euros	31.12.2007			31.12.2006		
	Reserves for unearned premiums	Gross outstanding claims reserves	Total	Reserves for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor Insurance	852	3,159	4,011	647	2,269	2,916
Bodily injury	72	481	553	55	383	438
Property damage	531	1,198	1,729	468	1,139	1,606
General third party liability	65	1,215	1,280	51	1,136	1,186
Marine, aviation, transport	27	565	592	35	588	622
Other	253	1,126	1,379	212	966	1,178
Inward Reinsurance	**152**	**2,968**	**3,120**	**156**	**2,937**	**3,093**
Total Non-Life Reserves	**1,953**	**10,712**	**12,665**	**1,623**	**9,418**	**11,041**

Note 26 — Changes in reserves for claims during the year

Gross values

In millions of euros	31.12.2007	31.12.2006
Reserves for claims at opening	**9,417**	**9,858**
Portfolio transfers in	**1,220**	**(314)**
Claims expense for the current year	5,179	4,595
Claims expense for prior years	(541)	(368)
Total claims expense	**4,638**	**4,227**
Claims payments for the current year	(2,307)	(2,070)
Claims payments for prior years	(2,187)	(2,260)
Total payments	**(4,494)**	**(4,330)**
Exchange rate variation	**(70)**	**(24)**
Total reserves for claims carried forward	**10,711**	**9,417**

This table shows the change in reserves for non-life claims at the balance sheet date.

The €1,220 million change in scope was due to the acquisition and consolidation of new companies as well as the deconsolidation of other companies:

- Phoenix Metrolife: €212 million
- Nuova Tirrena: €1,021 million
- BT Asigurari: €21 million
- Deconsolidated companies: €(34) million

As at 31 December 2006, changes in consolidation concerned the following companies:

- Basak Sigorta: €109 million
- Azur (Spain): €38 million
- Sale of Minster: €(461) million

Note 26.1 — CHANGES IN RESERVES FOR CLAIMS DURING THE YEAR — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Reserves for claims brought forward	**7,295**	**2,124**	**9,417**	**7,445**	**2,413**	**9,858**
Transfers in portfolio and changes in scope of consolidation	**4**	**1,216**	**1,220**	**3**	**(317)**	**(314)**
Claims expense for the current year	3,594	1,585	5,179	3,287	1,308	4,595
Claims expense for prior years	(281)	(260)	(541)	(203)	(165)	(368)
Total claims expense	**3,313**	**1,325**	**4,638**	**3,084**	**1,143**	**4,227**
Claims payments for the current year	(1,526)	(781)	(2,307)	(1,465)	(605)	(2,070)
Claims payments for prior years	(1,600)	(587)	(2,187)	(1,733)	(525)	(2,258)
Total payments	**(3,126)**	**(1,368)**	**(4,494)**	**(3,198)**	**(1,130)**	**(4,328)**
Exchange rate variation	**(23)**	**(47)**	**(70)**	**(39)**	**15**	**(24)**
Total reserves for claims carried forward	**7,462**	**3,250**	**10,711**	**7,295**	**2,124**	**9,417**

The exchange rate variation for France largely relates to technical reserves denominated in dollars in respect of the Group's transport business.

Note 26.2 — IMPACT OF GROSS CLAIMS

In millions of euros	2003	2004	2005	2006	2007
Estimate of the claim expense					
At end of N	4,896	4,506	4,644	4,801	5,109
At end of N+1	4,822	4,381	4,578	4,766	
At end of N+2	4,751	4,258	4,414		
At end of N+3	4,701	4,163			
A fin N+4	4,615				
Claims expense	**4,615**	**4,163**	**4,414**	**4,766**	**5,109**
Cumulative claims payments	**4,049**	**3,561**	**3,533**	**3,493**	**2,279**
Outstanding claims reserve	**566**	**602**	**881**	**1,273**	**2,830**
Earned premiums	**6,252**	**6,289**	**6,447**	**6,744**	**6,797**
Claims and Reserves/Earned Premium	**73.8%**	**66.2%**	**68.5%**	**70.7%**	**75.2%**

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2003 to 2007, i.e. movements in the initial estimates and adjusted expense as at the balance sheet date.

The reserve per year of occurrence is calculated as the difference between the estimated claim expense (adjusted as at the balance sheet date) and the cumulative payments made.

Data for newly acquired companies are not included in the claims trend until after one complete year under the Group's control.

The difference between €6,152 million (i.e. 57.43% of total balance sheet assets) being equal to the reserve for claims payable from the claims trend and €10,711 million being equal to the reserve in the balance sheet is explained by outstanding claims on years 2002 and before as well as PSAP of companies included in the consolidation in respect of the proportion prior to their date of acquisition.

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

NOTE 27.1 — IMPACT OF THE DISCOUNT ON ACTUARIAL RESERVES FOR ANNUITIES

Gross values

In millions of euros	31.12.2007	31.12.2006
Reserves for claims payable carried forward (net of recoveries)	**1,848**	**1,535**
Reserves for claims payable (net of recoveries) carried forward before change in discount rate	**1,896**	**1,585**
Reserves for claims payable carried forward (net of recoveries) excluding technical interest	2,504	2,087
Technical interest	(608)	(502)
Impact of change in discount rate	(48)	(50)

Proportion ceded

In millions of euros	31.12.2007	31.12.2006
Share of reinsurers in reserves for claims payable (net of recoveries) brought forward	**110**	**79**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) before change in discount rate	**112**	**81**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) ex. technical interest	140	101
Technical interest	(28)	(20)
Impact of change in discount rate	(2)	(2)

This table shows the impact of a change in discount rates on non-life annuity actuarial reserves.

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

Gross values

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Reserves for claims payable carried forward (net of recoveries)	**1,840**	8	**1,848**	**1,529**	**6**	**1,535**
Reserves for claims payable carried forward (net of recoveries) before change in discount rate	1,888	8	1,896	1,579	6	1,585
Reserves for claims payable carried forward (net of recoveries) excluding technical interest	2,497	7	2,504	2,082	5	2,087
Technical interest	(609)	1	(608)	(503)	1	(502)
Impact of change in discount rate	(48)		(48)	(50)		(50)

Proportion ceded

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Share of reinsurers in reserves for claims payable carried forward (net of recoveries)	103	7	110	**74**	**5**	**79**
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) before change in discount rate	105	7	112	76	5	81
Share of reinsurers in reserves for claims payable carried forward (net of recoveries) ex. technical interest	135	5	140	97	4	101
Technical interest	(29)	1	(28)	(21)	1	(20)
Impact of change in discount rate	(2)		(2)	(2)		(2)

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

In millions of euros	31.12.2007	31.12.2006
Actuarial reserves brought forward	**39,229**	**36,702**
Premiums for the year	3,681	3,588
Portfolio transfer /changes in consolidation scope	607	206
Interest credited	405	620
Profit-sharing	1,119	1,129
Policies at term	(787)	(836)
Redemptions	(1,470)	(1,608)
Annuity arrears	(397)	(371)
Death benefits	(373)	(307)
Other changes	346	106
Total actuarial reserves carried forward	**42,360**	**39,229**

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

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Actuarial reserves brought forward	**36,741**	**2,488**	**39,229**	**34,437**	**2,265**	**36,702**
Premiums for the year	3,385	296	3,681	3,216	372	3,588
Portfolio transfers /changes in consolidation scope		607	607	16	191	207
Interest credited	324	81	405	544	76	620
Profit-sharing	1,106	13	1,119	1,110	18	1,128
Policies at term	(578)	(209)	(787)	(709)	(127)	(836)
Redemptions	(1,303)	(167)	(1,470)	(1,363)	(246)	(1,608)
Annuity arrears	(394)	(3)	(397)	(359)	(12)	(371)
Death benefits	(358)	(15)	(373)	(302)	(5)	(307)
Other changes	334	12	346	150	(44)	106
Total reserves carried forward	**39,257**	**3,103**	**42,360**	**36,741**	**2,488**	**39,229**

This table shows the change in actuarial reserves of life insurance policies during the year. Changes in consolidation relate to acquisitions during the year and deconsolidation of international companies in run-off, as follows:

- Phoenix Metrolife: € 267 million
- Nuova Tirrena: € 647 million
- BT Asigurari: € 1 million
- Luxlife: € (21) million
- Zénith Vie: €(287) million

At 31 December 2006, changes in consolidation related to the following companies:

- Basak Sigorta: €102 million
- Azur (Spain): € 89 million
- Gan Pacifique transfer: € 16 million

Note 28 — Liabilities related to financial contracts

In millions of euros	31.12.2007	31.12.2006
Reserves on financial contracts with discretionary profit-sharing		
Life technical reserves	19,274	18,509
Reserves on unit-linked policies	368	457
Outstanding claims reserve	234	270
Profit-sharing reserves	952	861
Other technical reserves	14	
Total	**20,842**	**20,097**
Reserves on financial contracts without discretionary profit-sharing		
Life technical reserves	164	14
Reserves on unit-linked policies	223	136
Outstanding claims reserve	2	
Profit-sharing reserves	3	
Other technical reserves		
Total	**392**	**151**
Liabilities related to financial contracts	**21,234**	**20,248**

Note 28.1 — LIABILITIES RELATED TO FINANCIAL CONTRACTS (EXCLUDING UNIT LINKED) BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Technical reserves before reinsurance						
Life financial contract reserves	18,584	853	19,436	17,897	626	18,524
Outstanding claims reserve	234	1	236	269	1	270
Profit sharing reserves	950	5	955	858	3	861
Other technical reserves	8	6	14			
Total Life Insurance	**19,776**	**865**	**20,641**	**19,024**	**630**	**19,654**
Total Gross technical reserves	**19,776**	**865**	**20,641**	**19,024**	**630**	**19,654**
Share of reinsurers in technical reserves	**2**		**2**			
Total Liabilities related to financial contracts net of reinsurance	**19,774**	**865**	**20,639**	**19,024**	**630**	**19,654**

NOTE 28.2 — BREAKDOWN OF FINANCIAL CONTRACTS BY MAJOR CATEGORIES

In millions of euros	31.12.2007			31.12.2006		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Life business: Single-premium policies						
Savings business	800	13	813	808	14	822
Personal insurance	16,956	159	17,115	16,134	202	16,336
Group policies	3		3	8		8
Other						
Total reserves for single-premium policies	**17,759**	**172**	**17,931**	**16,950**	**216**	**17,166**
Life business: periodic-premium policies						
Savings business	464		464	354		354
Personal insurance	658	29	687	699	25	725
Group policies	556	30	586	520	26	546
Other		4	4		3	3
Total reserves for periodic premium policies	**1,678**	**63**	**1,741**	**1,574**	**54**	**1,628**
Inward Reinsurance						
Total Life Reserves	**19,437**	**235**	**19,672**	**18,524**	**270**	**18,794**

Note 29 — Deferred profit sharing liability

In millions of euros	31.12.2007	31.12.2006
Reserve for deferred profit-sharing on insurance policies	1,593	2,128
Reserve for deferred profit-sharing on financial contracts	1,350	1,953
Total deferred profit sharing liability	**2,943**	**4,081**

For the principal entities, the rate for deferred profit sharing used for accounting purposes fell within a range between 68.7% and 85.6% in 2007, versus 63.1% and 86.6% in 2006.

The reduction in accrued deferred profit sharing is due to lower unrealised capital gains on investment securities, particularly bonds, in view of the increase in interest rates on the financial markets

NOTE 29.1 — DEFERRED PROFIT SHARING LIABILITY BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
Reserve for deferred profit-sharing on insurance policies	1,595	(3)	1,593	2,116	12	2,128
Reserve for deferred profit-sharing on financial contracts	1,350		1,350	1,949	4	1,953
Total deferred profit sharing liability	**2,946**	**(3)**	**2,943**	**4,066**	**15**	**4,081**

Note 30 — Funds from banking sector operations

In millions of euros	31.12.2007	31.12.2006
Central banks, postal accounts		
Financial liabilities at fair value through income	881	734
Hedging derivative instruments		
Debt to credit institutions	27	145
Debt to clients	1,404	1,190
Debt represented by securities	103	120
Revaluation variance on rate-hedged portfolios		
Total funds from banking sector operations	**2,415**	**2,189**

The changes are largely due to investments held to maturity expiring. The proceeds of such securities were reinvested in accordance with a strategy to hold investments for transaction purposes.

Note 31 — deferred tax liabilities

NOTE 31.1 — DEFERRED TAX LIABILITIES — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006
	France	International	Total	Total
Deferred tax liabilities	338	48	386	361
Total deferred tax liabilities	**338**	**48**	**386**	**361**

NOTE 31.2 — DEFERRED TAX LIABILITIES — BY BUSINESS SECTOR

In millions of euros	31.12.2007				31.12.2006
	Life	Non-life	Banking	Total	Total
Deferred tax liabilities	68	317		386	361
Total deferred tax liabilities	**68**	**317**		**386**	**361**

Note 32 — Debts to unit holders of consolidated UCITS

In millions of euros	31.12.2007			31.12.2006		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated UCITS	483		483	499		499
Total	**483**		**483**	**499**		**499**

This account covers the minority interests' share of income from collective investments controlled by the Group. In accordance with IFRS 3 — Business combinations, minority interests' share of income is stated in this account. The underlying financial assets are included in the investments of the Group's insurance activities.

Note 33 — Operating debt to banking institutions

NOTE 33.1 — OPERATING DEBT TO BANKING INSTITUTIONS — BY MATURITY

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating payables owed to banking sector companies	232	66		298	299	35		334
Total	**232**	**66**		**298**	**299**	**35**		**334**

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

In millions of euros	31.12.2007			
	Currencies		Rates	
	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Operating debt to banking institutions	294	4	298	
Total	**294**	**4**	**298**	

Note 34 — Liabilities from insurance or inward reinsurance activities

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Liabilities from insurance or inward reinsurance activities								
Policyholders, intermediaries and other third parties	598	5		603	570			570
Co-insurers	78	9		87	58	9		67
Outward reinsurance and retrocessionnaire current accounts	30	2		32	29	10		39
Total	**705**	**17**		**722**	**657**	**19**		**676**

Note 35 — Liabilities from outward reinsurance activities

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Liabilities from outward reinsurance								
Current accounts of cedants and retrocedants	272	32		304	245	40		285
Other liabilities on reinsurance transactions	69	13		82	62	10		72
Total	**341**	**45**		**386**	**306**	**51**		**357**

Note 36 — Current taxes payable and other tax liabilities

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current taxes payable and other tax liabilities	171	4		174	144			144
Total	**171**	**4**		**174**	**144**			**144**

Note 37 — Derivative instruments liabilities

In millions of euros	31.12.2007			31.12.2006		
	Insurance	Banking	Total	Insurance	Banking	Total
Derivative instrument liabilities	22		22	15		15
Total	**22**		**22**	**15**		**15**

Note 38 — Other liabilities

NOTE 38.1 — OTHER LIABILITIES — BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Insurance	Banking	Total	Insurance	Banking	Total
Personnel creditors	170	12	182	157	10	167
Social security agencies	105	8	113	87	7	94
Other loans, deposits and guarantees received	6,222		6,222	1,528		1,528
Other creditors	712	10	722	773	8	781
Other liabilities	413	72	485	366	79	445
Total	**7,623**	**103**	**7,725**	**2,911**	**104**	**3,015**

The increase in 'Other loans, deposits and guarantees received' is due to repurchase agreements of investment securities amounting to €5,752 million. The principal entities concerned are Groupama Vie and Gan Assurances Vie totalling €1,874 million and €1,366 million respectively.

NOTE 38.2 — OTHER LIABILITIES — BY MATURITY

In millions of euros	31.12.2007				31.12.2006			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Personnel creditors	172		10	182	158	8	1	167
Social security agencies	113			113	94			94
Other loans, deposits and guarantees received	6,100	60	62	6,222	1,420	51	57	1,528
Other creditors	618	95	9	722	691	7	83	781
Other liabilities	486			486	445			445
Total	**7,489**	**155**	**82**	**7,726**	**2,808**	**66**	**141**	**3,015**

NOTE 38.3 — OTHER LIABILITIES BY CURRENCY AND RATE

In millions of euros	31.12.2007			
	Currencies		Rates	
	Euro zone	Non-Euro zone	Fixed rate	Variable rate
Personnel creditors	182		182	
Social security agencies	110	3	113	
Other loans, deposits and guarantees received	6,222		6,222	
Other creditors	533	189	698	24
Other liabilities	485		485	
Total	**7,533**	**192**	**7,701**	**24**

Note 39 — Analysis of premium income by major categories

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Life business: Single-premium policies						
Savings business	21	96	118	82	138	220
Personal insurance	1,913	60	1,974	1,868	66	1,933
Group policies	4	122	126	3	32	35
Unit linked policies	772	58	830	716	3	719
Other	47		47	44		44
Total single-premium contracts	**2,758**	**336**	**3,094**	**2,712**	**240**	**2,952**
Life business: periodic-premium contracts						
Savings business	37	41	79	46	40	86
Personal insurance	644	95	739	642	85	727
Group policies	531	44	575	501	58	560
Unit linked policies	5	7	12	5	17	22
Other	13	9	23	13		13
Total periodic premium policies	**1,231**	**197**	**1,428**	**1,206**	**200**	**1,407**
Acceptances	**76**		**76**	**125**		**125**
Total life	**4,066**	**533**	**4,599**	**4,044**	**440**	**4,484**
Non-life insurance						
Motor Insurance	662	1,126	1,788	659	911	1,570
Bodily injury	756	95	851	735	77	812
Property damage	850	537	1,388	811	461	1,272
General third party liability	135	83	219	130	68	198
Marine, aviation, transport	245	39	284	265	31	297
Other	360	326	687	333	299	632
Acceptances(1)	**1,961**	**7**	**1,968**	**1,925**	**7**	**1,933**
Total non-life	**4,969**	**2,215**	**7,184**	**4,858**	**1,855**	**6,713**
Total life and non-life	**9,035**	**2,748**	**11,783**	**8,902**	**2,295**	**11,197**
Banking activities						
Banking	189		189	149		149
Asset management	158		158	130		130
Other	4		4	3		3
Total banking	**350**		**350**	**282**		**282**
Total	**9,385**	**2,748**	**12,133**	**9,184**	**2,295**	**11,479**

(1) Acceptances mostly concern reinsurance ceded by the regional mutuals to Groupama SA

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

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

In millions of euros	31.12.2007					31.12.2006				
	Life	Non-life	Investment activities	Total	Share as%	Life	Non-life	Investment activities	Total	Share as%
France	4,066	4,969	350	9,385	77	4,044	4,858	282	9,184	80
EU (excl. France)	413	1,952	0	2,365	20	381	1,727		2,108	18
UK		597		597	5		605		605	5
Italy	202	499		701	6	175	368		543	5
Spain	123	747		870	7	86	704		790	7
Portugal	66	18		84	1	116	16		132	1
Greece	17	55		72	1					
Hungary	5	36		41		4	34		38	
Other countries excl. EU	120	263		383	3	59	129		188	2
Total	4,599	7,184	350	12,133	100	4,485	6,713	282	11,480	100

Total insurance premium income came in at €12,133 million for the year ended 31 December 2007 up from €11,480 million in 2006. The increase in other countries' premium income is largely due to the consolidation of companies acquired as follows:

- Turkish companies (full year): €383 million
- Phoenix Metrolife: € 72 million
- Nuova Tirrena: €155 million

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

In millions of euros	31.12.2007					31.12.2006				
	Life and health insurance	Property and casualty insurance.	Investment activities	Total	Share as%	Life and health insurance	Property and casualty insurance.	Investment activities	Total	Share as%
France	5,397	3,638	350	9,385	77	5,333	3,569	282	9,184	80
EU (excl. France)	684	1,681		2,365	20	645	1,462		2,107	18
UK	136	461		597	5	152	453		605	5
Italy	260	441		701	6	221	321		542	5
Spain	187	683		870	7	141	649		790	7
Portugal	78	6		84	1	127	6		133	1
Greece	18	54		72	1					
Hungary	5	36		41		4	33		37	
Other countries excl. EU	154	229		383	3	74	115		189	2
Total	6,235	5,548	350	12,133	100	6,052	5,146	282	11,480	100

NOTE 39.3 — ANALYSIS OF BANKING ACTIVITIES INCLUDED IN PREMIUM INCOME

In millions of euros	31.12.2007			31.12.2006		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	25	43	68	21	55	76
Commissions (income)	21	190	211	17	163	180
Gains on financial instruments at fair value through income		65	65		21	21
Gains on financial assets available for sale						
Income from other activities		6	6		5	5
Banking activities included in premium income	46	304	350	38	244	282

Note 40 — Investment income net of management expenses

NOTE 40.1 — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Investment income	**2,774**	**306**	**3,080**	**2,504**	**245**	**2,749**
Interest on deposits and investment income	2,038	287	2,326	1,932	240	2,172
Gains on foreign exchange transactions	105	12	116	10		10
Income from differences on redemption prices to be received (premium-discount)	215	2	217	187	1	188
Revenues from property	416	5	421	375	4	379
Other investment income						
Investment expenses	**(616)**	**(43)**	**(659)**	**(347)**	**(50)**	**(397)**
Interest received from reinsurers	(4)	(2)	(5)	(2)	(2)	(4)
Losses on foreign exchange transactions	(39)		(39)	(21)	(5)	(25)
Amortisation of differences in redemption prices (premium-discount)	(67)	(12)	(79)	(75)	(13)	(88)
Depreciation and provisions on real estate	(85)	(2)	(87)	(72)		(72)
Management expenses	(421)	(28)	(449)	(178)	(30)	(208)
Capital gains (losses) from sale of investments, net of write-backs and impairment	**1,226**	**28**	**1,254**	**718**	**58**	**777**
Held for transactions	167	1	168	41	2	43
Held for sale	697	26	723	630	55	685
Held to maturity						
Other	362	1	363	48	1	49
Change in fair value of financial instruments recognised at fair value through income	**277**		**277**	**434**	**1**	**434**
Held for transactions	42	(4)	38	55	(3)	52
Derivatives	186	2	187	100		100
Adjustments on unit-listed contracts	49	2	51	278	4	282
Change in impairment on financial instruments	**(8)**	**(2)**	**(9)**	**3**	**(1)**	**2**
Available for sale	(8)	(2)	(10)	(2)	(1)	(3)
Held to maturity						
Receivables and loans				5		5
Investment income net of management expenses	**3,653**	**289**	**3,942**	**3,311**	**254**	**3,565**

NOTE 40.2 — BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Life	Non-life	Total	Life	Non-life	Total
Investment income	**2,100**	**980**	**3,080**	**1,859**	**890**	**2,749**
Interest on deposits and investment income	1,792	534	2,326	1,630	542	2,172
Gains on foreign exchange transactions	55	61	116	2	8	10
Income from differences on redemption prices to be received (premium-discount)	195	22	217	168	20	188
Revenues from property	58	363	421	59	320	379
Other investment income						
Investment expenses	**(289)**	**(370)**	**(659)**	**(137)**	**(260)**	**(397)**
Interest received from reinsurers	(2)	(4)	(5)	(2)	(2)	(4)
Losses on foreign exchange transactions	(7)	(33)	(39)	(7)	(18)	(25)
Amortisation of differences in redemption prices (premium-discount)	(58)	(21)	(79)	(57)	(31)	(88)
Depreciation and provisions on real estate	(8)	(79)	(87)	(3)	(69)	(72)
Management expenses	(215)	(234)	(449)	(69)	(139)	(208)
Capital gains (losses) from sale of investments, net of write-backs and impairment	**875**	**379**	**1,254**	**541**	**236**	**777**
Held for trading	98	70	168	27	16	43
Available for sale	413	310	723	483	202	685
Held to maturity						
Other	364	(1)	363	31	18	49
Change in fair value of financial instruments recognised at fair value through income	**301**	**(24)**	**277**	**413**	**21**	**434**
Held for trading	34	4	38	51		52
Derivatives	216	(28)	187	80	21	100
Adjustments on unit-listed policies	51		51	282		282
Change in impairment on financial instruments	**(1)**	**(8)**	**(9)**	**3**	**(1)**	**2**
Available for sale	(1)	(9)	(10)	(1)	(2)	(3)
Held to maturity						
Receivables and loans		1		4	1	5
Investment income net of management expenses	**2,986**	**956**	**3,942**	**2,678**	**887**	**3,565**

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

In millions of euros	31.12.2007					31.12.2006				
	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	421	363			784	380	50			430
Equities	297	643	0		941	320	542	2		864
Bonds	2,027	(56)	(60)		1,911	1,775	18	(76)		1,717
Equity mutual funds	56	287	99		443	29	61	119		209
Bond mutual funds	21	16	2		39	27	19	17		63
Interest on cash deposits	23				23	137				137
Other investment income	235	0	184	(9)	410	81	87	91	2	261
Investment income	**3,080**	**1,254**	**226**	**(9)**	**4,550**	**2,749**	**777**	**153**	**2**	**3,681**
Internal and external management expenses	(431)				(431)	(227)				(227)
Other investment expenses	(228)				(228)	(170)				(170)
Investment expenses	**(659)**				**(659)**	**(397)**				**(397)**
Investment income, net of expenses	**2,421**	**1,254**	**226**	**(9)**	**3,891**	**2,352**	**777**	**153**	**2**	**3,284**
Capital gains on rep. value of unit-linked policies			160		160			365		365
Capital losses on rep. values of unit-linked policies			(109)		(109)			(83)		(83)
Investment income net of management expenses	**2,421**	**1,254**	**277**	**(9)**	**3,942**	**2,352**	**777**	**435**	**2**	**3,566**

2007 capital gains on sale of equities of €643 million are stated after a gross loss on the sale of Scor shares of €238 million and a provision write-back against the shares sold of €398 million. The net capital gain therefore amounts to €160 million and €144.5 million after tax and profit share.

Capital gains on property sales principally consist of a gross gain of €347 million on the sale of the Tour Gan building (see Highlights §1.1.1).

Internal and external management expenses' include 2007 internal and external management expenses on securities subject to repurchase agreements of €140 million up from €21 million in 2006. These expenses should be compared with income on transactions posted to the account "Other investment income".

NOTE 40.4 — INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

In millions of euros	31.12.2007					31.12.2006				
	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	362	(1)			361	321	18			339
Equities	63	260			323	72	152	1		225
Bonds	417	(5)	(6)		406	383		(8)		375
Equity mutual funds	21	109	16		145	9	25	11		45
Bond mutual funds	12	13	(3)		22	11	9	7		27
Interest on cash deposits	20				20	69				69
Other investment income	84	4	(31)	(8)	48	25	32	11	(1)	67
Investment income	**979**	**379**	**(24)**	**(8)**	**1,326**	**890**	**236**	**22**	**(1)**	**1,147**
Internal and external management expenses	(187)				(187)	(130)				(130)
Other investment expenses	(183)				(183)	(129)				(129)
Investment expenses	**(370)**	**0**	**0**	**0**	**(370)**	**(259)**	**0**	**0**	**0**	**(259)**
Investment income, net of expenses	**609**	**379**	**(24)**	**(8)**	**956**	**631**	**236**	**22**	**(1)**	**888**
Capital gains on rep. value of unit-linked policies										
Capital losses on rep. values of unit-linked policies										
Investment income net of management expenses	**609**	**379**	**(24)**	**(8)**	**956**	**631**	**236**	**22**	**(1)**	**888**

2007 capital gains on sale of equities of €260 million are stated after a gross loss on the sale of Scor shares of €232 million and a provision write-back against the shares sold of €374 million amounting to a gross capital gain after tax of €142 million.

NOTE 40.5 — INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (REVENUE BREAKDOWN BY TYPE OF ASSET)

In millions of euros	31.12.2007					31.12.2006				
	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total	Revenue & expenses	Income from sales	Change in fair value	Change in provisions	Total
Property	58	364			422	59	31			90
Equities	234	384			618	248	390	2		640
Bonds	1,610	(50)	(54)		1,505	1,392	18	(67)		1,343
Equity mutual funds	35	179	84		298	20	36	107		163
Bond mutual funds	9	3	5		16	16	11	10		37
Interest on cash deposits	3				3	68				68
Other investment income	151	(3)	216	(1)	362	56	55	79	3	193
Investment income	**2,100**	**875**	**250**	**(1)**	**3,224**	**1,859**	**541**	**131**	**3**	**2,534**
Internal and external management expenses	(244)				(244)	(96)				(96)
Other investment expenses	(45)				(45)	(42)				(42)
Investment expenses	**(289)**				**(289)**	**(138)**				**(138)**
Investment income, net of expenses	**1,811**	**875**	**250**	**(1)**	**2,935**	**1,721**	**541**	**131**	**3**	**2,396**
Capital gains on rep. value of unit-linked policies			160		160			365		365
Capital losses on rep. values of unit-linked policies			(109)		(109)			(83)		(83)
Investment income net of management expenses	**1,811**	**875**	**301**	**(1)**	**2,986**	**1,721**	**541**	**413**	**3**	**2,678**

2007 capital gains on sale of equities of €384 million are stated after a gross loss on the sale of Scor shares of €6 million and a provision write-back against the shares sold of €24 million. The net capital gains therefore amounted to €18 million after profit share and tax of €2.5 million.

Gains on the sale of real estate comprise principally a gross gain of €347 million on the sale of the Tour Gan building (see Highlights §1.1.1).

Note 41 — Insurance policy benefits paid out

NOTE 41.1 — INSURANCE POLICY BENEFITS PAID — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Claims						
Paid to policy holders	(6,165)	(1,943)	(8,108)	(6,066)	(1,691)	(7,757)
Change in technical reserves						
Outstanding claims reserve	(235)	58	(177)	(6)	(30)	(37)
Actuarial reserves	(899)	89	(810)	(670)	31	(639)
Unit-linked reserves	10	(23)	(13)	(256)	35	(220)
Profit-sharing	(2,351)	(94)	(2,444)	(1,812)	(63)	(1,876)
Other technical reserves	53	(5)	48	(263)	(8)	(271)
Total insurance policy benefits paid out	**(9,586)**	**(1,917)**	**(11,503)**	**(9,073)**	**(1,727)**	**(10,801)**

Note 41.2 — INSURANCE POLICY BENEFITS PAID — BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Life	Non-life	Total	Life	Non-life	Total
Claims						
Paid to policy holders	(3,408)	(4,700)	(8,108)	(3,362)	(4,396)	(7,757)
Change in technical reserves						
Outstanding claims reserve	(23)	(154)	(177)	(89)	53	(37)
Actuarial reserves	(810)		(810)	(639)		(639)
Unit-linked reserves	(13)		(13)	(220)		(220)
Profit-sharing	(2,418)	(26)	(2,444)	(1,866)	(10)	(1,876)
Other technical reserves	46	2	48	(234)	(38)	(271)
Total insurance policy benefits paid out	**(6,627)**	**(4,877)**	**(11,503)**	**(6,410)**	**(4,390)**	**(10,801)**

Note 42 — Expenses and income net of outward reinsurance

NOTE 42.1 — EXPENSES AND INCOME NET OF OUTWARD REINSURANCE — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Acquisition and administrative expenses	30	46	75	31	31	62
Claims charge	268	41	308	121	77	198
Change in technical provisions	(5)	(1)	(6)	29	3	32
Profit sharing	10		10	1		1
Change in the equalisation reserve						
Income from outward reinsurance	**302**	**85**	**388**	**182**	**111**	**293**
Premiums ceded	(548)	(176)	(724)	(573)	(133)	(706)
Expenses on outward reinsurance	**(548)**	**(176)**	**(724)**	**(573)**	**(133)**	**(706)**
Income and expenses on outward reinsurance	**(246)**	**(91)**	**(337)**	**(391)**	**(22)**	**(413)**

NOTE 42.2 — EXPENSES AND INCOME NET OF OUTWARD REINSURANCE — BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Life	Non-life	Total	Life	Non-life	Total
Acquisition and administrative expenses	7	68	75	6	57	62
Claims charge	25	284	308	14	184	197
Change in technical provisions	(1)	(5)	(6)	4	28	32
Profit sharing	5	6	10	6	(5)	2
Change in the equalisation reserve						
Income from outward reinsurance	**36**	**352**	**388**	**30**	**264**	**293**
Premiums ceded	(34)	(690)	(724)	(32)	(674)	(706)
Expenses on outward reinsurance	**(34)**	**(690)**	**(724)**	**(32)**	**(674)**	**(706)**
Income and expenses on outward reinsurance	**2**	**(338)**	**(337)**	**(3)**	**(410)**	**(413)**

Note 43 — Operating expenses

NOTE 43.1 — OPERATING EXPENSES — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
External expenses	(675)	(217)	(892)	(677)	(163)	(840)
Taxes	(158)	(1)	(159)	(147)	(3)	(150)
Personnel expenses	(755)	(194)	(949)	(686)	(150)	(836)
Commissions	(1,002)	(408)	(1,410)	(979)	(343)	(1,322)
Appropriations for amortisation and provisions (net of write-backs)	(92)	(24)	(116)	(116)	(17)	(133)
Other expenses	(8)	(36)	(44)	29	(13)	16
Total expenses by nature	**(2,690)**	**(880)**	**(3,570)**	**(2,576)**	**(689)**	**(3,265)**
Claims management expenses	(273)	(86)	(359)	(302)	(75)	(377)
Acquisition costs	(987)	(510)	(1,497)	(1,037)	(403)	(1,440)
Administrative expenses	(676)	(176)	(852)	(529)	(136)	(665)
Other operating expenses	(316)	(76)	(392)	(362)	(34)	(396)
Investment management expenses	(122)	(5)	(127)	(92)	(3)	(95)
Other non-operating expenses	(138)	(27)	(165)	(98)	(38)	(136)
Banking operating expenses	(178)		(178)	(156)		(156)
Total operating expenses by function	**(2,690)**	**(880)**	**(3,570)**	**(2,576)**	**(689)**	**(3,265)**

NOTE 43.2 — OPERATING EXPENSES — BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(818)	(74)	(892)	(775)	(65)	(840)
Taxes	(152)	(7)	(159)	(144)	(6)	(150)
Personnel expenses	(853)	(96)	(949)	(751)	(85)	(836)
Commissions	(1,410)		(1,410)	(1,322)		(1,322)
Appropriations for amortisation and provisions (net of write-backs)	(107)	(9)	(116)	(124)	(9)	(133)
Other expenses	(32)	(12)	(44)	27	(10)	17
Total expenses by nature	**(3,372)**	**(198)**	**(3,570)**	**(3,089)**	**(175)**	**(3,264)**
Claims management expenses	(359)		(359)	(377)		(377)
Acquisition costs	(1,497)		(1,497)	(1,440)		(1,440)
Administrative expenses	(852)		(852)	(665)		(665)
Other operating expenses	(392)		(392)	(396)		(396)
Investment management expenses	(127)		(127)	(94)		(94)
Other non-operating expenses	(145)	(20)	(165)	(117)	(19)	(136)
Banking operating expenses		(178)	(178)		(156)	(156)
Total operating expenses by function	**(3,372)**	**(198)**	**(3,570)**	**(3,089)**	**(175)**	**(3,264)**

Note 44 — Policy acquisition costs

NOTE 44.1 — POLICY ACQUISITION COSTS BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Commissions	(667)	(402)	(1,069)	(659)	(322)	(981)
Change in deferred acquisition costs	5	4	9	1	(2)	(1)
Other expenses	(320)	(108)	(428)	(377)	(81)	(458)
Total acquisition costs	**(982)**	**(506)**	**(1,488)**	**(1,035)**	**(405)**	**(1,440)**

NOTE 44.2 — POLICY ACQUISITION COSTS BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Life	Non-life	Total	Life	Non-life	Total
Commissions	(197)	(872)	(1,069)	(168)	(813)	(981)
Change in deferred acquisition costs	(1)	10	9	(12)	11	(1)
Other expenses	(117)	(311)	(428)	(153)	(305)	(458)
Total acquisition costs	**(315)**	**(1,173)**	**(1,488)**	**(333)**	**(1,107)**	**(1,440)**

Note 45 — Administrative expenses

NOTE 45.1 — ADMINISTRATIVE EXPENSES BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006		
	France	International	Total	France	International	Total
Commissions	(297)	(43)	(340)	(268)	(39)	(307)
Other expenses	(378)	(133)	(511)	(261)	(97)	(358)
Total administrative expenses	**(675)**	**(176)**	**(851)**	**(528)**	**(137)**	**(665)**

NOTE 45.2 — ADMINISTRATIVE EXPENSES BY BUSINESS SECTOR

In millions of euros	31.12.2007			31.12.2006		
	Life	Non-life	Total	Life	Non-life	Total
Commissions	(61)	(279)	(340)	(44)	(262)	(307)
Other expenses	(166)	(345)	(511)	(111)	(247)	(358)
Total administrative expenses	**(227)**	**(624)**	**(851)**	**(155)**	**(510)**	**(665)**

Note 46 — Other income and expenses from current operations

In millions of euros	31.12.2007	31.12.2006
Commissions and other operating expenses, Life	(116)	(86)
Other operating income, Life	55	19
Transfer of operating expenses and capitalised production, Life	56	25
Total other operating income and expenses, Life	**(5)**	**(42)**
Non-life commissions and other operating expenses	(224)	(282)
Other Non-life operating income	143	121
Transfer of Non-life operating expenses and capitalised production	(11)	(11)
Total other operating income and expenses, Non-life	**(92)**	**(172)**
Other non-operating expenses	(191)	(169)
Other non-operating income	46	41
Total other non-operating income and expenses	**(145)**	**(128)**
Total other operating income and expenses	**(242)**	**(341)**

Note 47 — Other income and expenses from non-current operations

In millions of euros	31.12.2007	31.12.2006
Income from non-current operations	46	69
Expenses from non-current operations	(163)	(122)
Appropriation to the provision for goodwill	(1)	(18)
Total other operating income and expenses	**(118)**	**(70)**

2007 net other income and expenses from non-current operations amounts to a loss of €118 million compared to a loss of €70 million in 2006.

The main items comprising this total include impairment on value in force for the following companies totalling €31 million:

- Basak Emeklilik : €22 million
- Carole Nash : € 7 million
- Bollington : € 1 million
- Lark : € 1 million

Goodwill impairment in the year was also posted to non-current items as follows:

- Groupama Banque : €1 million
- The Halvor : €1 million
- Greystone : €2 million

Furthermore, a voluntary retirement plan was introduced within Phoenix Metrolife, estimated at a cost of €21 million plus €2 million of personnel costs expensed during the year.

In conjunction with the development of its 'Urban' insurance business, Groupama SA granted an exceptional subsidy of €30 million to the Paris Val-de-Loire regional mutual in order to improve its sales on the Paris market.

Note 48 — Financing expenses

In millions of euros	31.12.2007	31.12.2006
Interest expenses on loans and debt	(107)	(89)
Interest income and expenses — Other		(19)
Total financing expenses	**(107)**	**(108)**

Costs of securities under repurchase agreements were included under the line 'Interest income and expenses — Other'. Such costs are now posted to other expenses within financial items.

Note 49 — Breakdown of tax expense

NOTE 49.1 — BREAKDOWN OF TAX EXPENSES — BY GEOGRAPHIC AREA

In millions of euros	31.12.2007			31.12.2006
	France	International	Total	Total
Current taxes	(142)	(32)	**(174)**	**(141)**
Deferred taxes	(44)	(13)	**(58)**	**(124)**
Total tax expense	**(186)**	**(45)**	**(231)**	**(265)**

NOTE 49.2 — BREAKDOWN OF TAX EXPENSES — BY BUSINESS SECTOR

In millions of euros	31.12.2007				31.12.2006
	Life	Non-life	Banking	Total	Total
Current taxes	(112)	(42)	(20)	**(174)**	**(141)**
Deferred taxes	39	(97)	1	**(57)**	**(124)**
Total tax expense	**(73)**	**(139)**	**(19)**	**(231)**	**(265)**

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

In millions of euros	31.12.2007	31.12.2006
Theoretical tax expense	**(365)**	**(309)**
Impact of expenses or income defined as non-deductible or non-taxable	31	25
Impact of differences in tax rate	66	4
Tax credit and various charges		
Charges of prior deficits	54	19
Losses for the year not activated		(14)
Deferred tax assets not accounted for		
Other differences	(17)	9
Effective tax expense	**(231)**	**(265)**

The total 2007 tax charge amounts to €231 million down from €265 million in 2006. The consolidated tax change has not increased in line with profit before tax largely due to capital gains on the sale of SCOR shares being tax exempt and due to gains on the sale of the Tour Gan building being taxed at a lower rate. The effective tax rate was therefore 22% at 31 December 2007 compared to 30% in 2006.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	31.12.2007		31.12.2006	
	Consolidated income before tax	Theoretical tax rate	Consolidated income before tax	Theoretical tax rate
France	867	34.43%	771	34.43%
Spain	123	30.00%	91	32.50%
Greece	(25)	25.00%	–	25.00%
Italy	43	32.31%	30	38.25%
Portugal	2	26.50%	3	26.50%
UK	34	28.00%	18	30.00%
Turkey	17	20.00%	(14)	20.00%
Netherlands		–	(2)	–
Total	**1,061**	**–**	**897**	

Note 50 — Affiliated parties

This note is included in the Registration Document under paragraph 3.7.

Note 51 — Employees of the consolidated companies

This note is included in the Registration Document under paragraph 1.5.

Note 52 — Commitments given and received

Note 52.1 — COMMITMENTS GIVEN AND RECEIVED — BANKING

In millions of euros	31.12.2007	31.12.2006
Financing commitments received		
Guarantee commitments received	87	22
Securities commitments receivable		90
Total banking commitments received	**87**	**112**
Commitments received on currency transactions	42	6
Other commitments received	25	22
Total of other banking commitments received	**66**	**28**
Financing commitments given	111	48
Guarantee commitments given	77	111
Commitments on securities to be delivered		10
Total banking commitments given	**188**	**169**
Commitments given on currency transactions	83	24
Commitments given on financial instrument transactions	1	
Total of other banking commitments given	**83**	**24**

Off-balance sheet commitments of the banking business mainly comprise commitments on cash foreign currency contracts. The net position as at 31 December 2007 reveals an open position on outstanding currency contracts. Reciprocal commitments are accounted for within the representative period of maturity as follows:

- Foreign currencies purchased for euros not yet received €21 million
- Foreign currencies sold for euros not yet delivered €21 million
- Foreign currencies loaned not yet delivered €41 million

Total €83 million

As at 31 December 2007 and 31 December 2006, there were no material open positions.

Note 52.2 — COMMITMENTS GIVEN AND RECEIVED - INSURANCE AND REINSURANCE

In millions of euros	31.12.2007	31.12.2006
Endorsements, securities and guarantees received	172	120
Other commitments received	1,683	952
Total commitments received, ex. reinsurance	**1,855**	**1,072**
Reinsurance commitments received	**575**	**605**
Endorsements, securities and guarantees given	545	632
Other commitments on securities, assets or income	592	592
Other commitments given	224	151
Total commitments given, ex. reinsurance	**1,361**	**1,375**
Reinsurance commitments given	**2,641**	**2,524**
Securities belonging to provident institutions	**3**	**3**
Other assets held on behalf of third parties		

- Other commitments received excluding reinsurance largely comprise the following items:

A new revolving line of credit up to €1,000 million, of which €490 million had been drawn as at 31 December 2006. This commitment reverted to the maximum limit following Groupama SA's repayment during first half 2007.

Commitments in conjunction with construction work conducted by Silic amounting to €461 million broken down between unused but confirmed lines of credit of €336 million, and the outstanding balance on outstanding construction work of €125 million.

Commitments in conjunction with company acquisitions and sales of €250 million:

• A guarantee received from CGU France on Gan's 2002 acquisition of CGU Courtage of €150 million;

• Liability guarantees received totalling €100 million on the acquisition of the following companies:

– Phoenix Metrolife:	€35 million
– BT Asigurari:	€15 million
– Nuova Tirrena:	€50 million

▪ Endorsements, securities and guarantees given amounted to €545 million and are broken down into the following major transactions:

• A guarantee valued at €65 million given in conjunction with Gan UK's 2006 sale of Minster Insurance Company Limited (MICL);

• Liabilities guaranteed by charges on assets in conjunction with real estate investments undertaken by Silic for €359 million;

▪ Other commitments on securities, assets or income:
Other commitments on securities, assets or income consist exclusively of subscriptions to high-risk mutual funds ('FCPR'). The balance of €592 million as at 31 December 2007 corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

▪ Other commitments given:
Other commitments given amount to €224 million and comprise mainly outstanding commitments of €126 million on construction in progress conducted by SILIC on rental properties and a services park.

▪ Unvalued commitments:
Shares in Cegid purchased on 19 December 2007 come with an adjustment taking the form of potential additional free shares based on changes in the market price of Cegid shares during second quarter 2009, which may reduce the average purchase price of the shares

▪ Covenants:
Silic has contractually undertaken to comply with several financial ratios concerning the balance sheet structure and interest cost cover as follows.
The ratios applicable to over 10% of the overall authorised bank debt of all categories are as follows:

Financial ratios	% Debt concerned [1]	Covenants	2007	2006	2005
• Net bank debt Revalued real estate assets	99%	Ratio < 0.40 for 24% Ratio < 0.45 for 16% Ratio < 0.50 for 59%	26.9%	26.7%	29.4%
• EBITDA Net interest costs	79%	Ratio > 3 for 35% Ratio > 2,5 for 25% Ratio > 2 for 19	3.50	4.28	4.99
• Revalued real estate assets Real estate assets pledged	37%	Ratio > 2 for 21% Ratio > 4 for 16%	3.57	3.28	3.57
• Revalued real estate assets	31%	Amount > €1,000m for 15% Amount > €1,500m for 16%	3,180 M€	2,824 M€	2,075 M€
• Net revalued assets	24%	Amount > €800m	2,253 M€	2,009 M€	1,377 M€

[1] Based on authorised bank debt excluding any duplicate default clauses.

At 31 December 2007 and prior years, Silic was in full compliance with the above covenants.

▪ Trigger clauses:
Following its purchase of Gan in 1998, Groupama SA launched a securitisation deal for earned unwritten group insurance premiums amounting to around €150 million.
Clauses, which could terminate these deals, are as follows:
• If Groupama SA loses its majority holding of the equity and voting rights of the ceding insurance companies Gan Assurance Vie, Gan Eurocourtage Vie and Gan Eurocourtage;
• If the solvency margin of a ceding insurance company does not meet the requirements of the French Insurance Code;
• If the Groupama SA credit rating falls below A-.

At 31 December 2007 and prior years, Groupama SA complied with all the above clauses.

Furthermore, in conjunction with issues of subordinated securities ('TSR' and 'TSDI'), Groupama SA has a 'trigger clause', whereby it is entitled to defer payment of interest on the July 1999 TSR of €750 million should the Group solvency margin fall below 150%.

Groupama SA also has a similar option in conjunction with the July 2005 issue of TSDI of €500 million.

To date, Groupama SA has always been within the solvency limits such that the clause has never been triggered.

Note 53 — Risk factors and sensitivity analysis

This note is included in the Registration Document under chapter 4.

Note 54 — List of consolidated entities

			31.12.2007			31.12.2006		
	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent co	100.00	100.00	Parent co
GIE GROUPAMA SI	GIE	France	88.38	88.34	FC:	88.38	88.34	FC:
GIE LOGISTIQUE	GIE	France	99.99	99.99	FC:	100.00	99.99	FC:
GROUPAMA INTERNATIONAL	Holding	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN ASSURANCES VIE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	99.97	99.97	FC:	99.94	99.94	FC:
CAISSE FRATERNELLE VIE	Insurance	France	99.76	99.76	FC:	99.72	99.72	FC:
ASSUVIE	Insurance	France	50.00	50.00	FC:	50.00	50.00	FC:
GAN EUROCOURTAGE VIE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN PRÉVOYANCE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA VIE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA ASSURANCE CRÉDIT	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA TRANSPORT	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN ASSURANCES IARD	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN OUTRE MER IARD	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN EUROCOURTAGE IARD	Insurance	France	100.00	100.00	FC:	100.00	100.00	FC:
COFINTEX LUXEMBOURG	Reinsurance	Luxembourg				100.00	100.00	FC:
RAMPART	Reinsurance	United States				100.00	100.00	FC:
GROUPAMA ITALIA VITA	Insurance	Italy	100.00	100.00	FC:	100.00	100.00	FC:
LUXLIFE	Insurance	Luxembourg				85.00	85.00	FC:
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC:	100.00	100.00	FC:
ZENITH VIE	Insurance	Switzerland				82.00	82.00	FC:
GUNES SIGORTA	Insurance	Turkey	36.00	36.00	EM:	36.00	36.00	EM:
BASAK SIGORTA ANONIM SIRKETI	Insurance	Turkey	98.34	98.34	FC:	56.67	56.67	FC:
EMEKLILIK SIGORTA ANONIM SIRKETI	Insurance	Turkey	90.00	89.37	FC:	79.00	75.10	FC:
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC:			
GROUPAMA SEGUROS Espagne	Insurance	Spain	100.00	100.00	FC:	100.00	100.00	FC:
GAN UK HOLDING LTD	Holding	UK	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA INSURANCE CY LTD	Insurance	UK	100.00	100.00	FC:	100.00	100.00	FC:
CAROLE NASH	Insurance broking	UK	100.00	100.00	FC:	100.00	100.00	FC:
BOLLINGTON LIMITED	Insurance broking	UK	100.00	100.00	FC:			
LARK	Insurance broking	UK	100.00	100.00	FC:			
GREYSTONE	Insurance broking	UK	100.00	100.00	FC:			
HALVOR	Insurance broking	UK	100.00	100.00	FC:			
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC:	100.00	100.00	FC:
NUOVA TIRRENA	Insurance	Italy	100.00	100.00	FC:			

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	31.12.2007 % Control	% Interest	Method	31.12.2006 % Control	% Interest	Method
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC:	100.00	100.00	FC:
BT ASIGURARI:	Insurance	Romania	100.00	100.00	FC:			
GROUPAMA ASSET MANAGEMENT	Asset management	France	99.98	99.98	FC:	99.98	99.98	FC:
GROUPAMA ALTERNATIVE ASSET MGT	Asset management	France	100.00	99.98	FC:	100.00	99.98	FC:
FINAMA PRIVATE EQUITY	Asset management	France	100.00	100.00	FC:	100.00	100.00	FC:
BANQUE FINAMA	Banking	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA BANQUE	Banking	France	80.00	80.00	FC:	80.00	80.00	FC:
GROUPAMA ÉPARGNE SALARIALE	Asset management	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA IMMOBILIER	Asset management	France	100.00	100.00	FC:	100.00	100.00	FC:
SILIC	Real estate	France	40.42	40.42	FC:	39.69	39.69	FC:
SEPAC	Real estate	France	100.00	40.42	FC:	100.00	39.69	FC:
COMPAGNIE FONCIÈRE PARISIENNE	Real estate	France	95.30	95.30	FC:	95.59	95.29	FC:
SCI DÉFENSE ASTORG	Real estate	France	100.00	95.30	FC:	100.00	95.29	FC:
GAN FONCIER II	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
IXELLOR	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC:	91.21	91.21	FC:
33 MONTAIGNE	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
CNF	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
SCIFMA	Real estate	France	78.93	78.93	FC:	78.93	78.93	FC:
SCI TOUR GAN	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
GAN SAINT-LAZARE	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
VIEILLE VOIE DE PARAY	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
SCI GAN FONCIER	Real estate	France	100.00	99.00	FC:	100.00	99.00	FC:
ACTIPAR SA	Real estate	France	100.00	95.30	FC:	100.00	95.29	FC:
SAFRAGAN	Real estate	France	90.00	85.77	FC:	90.00	85.76	FC:
261 RASPAIL	Real estate	France	100.00	95.30	FC:	100.00	95.29	FC:
SOCOMIE	Real estate	France	100.00	40.42	EM:	100.00	39.69	EM:
IMMOPREF	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
19 GÉNÉRAL MANGIN (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
28 COURS ALBERT 1er (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
ATLANTIS (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
FORGAN (SA)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
174 PRES SAINTGERMAIN (SA)	Real estate	France	0.00	0.00	NI	21.85	21.85	EM:
10 PORT ROYAL (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
14 MADELEINE (SASU)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
204 PEREIRE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
43 CAUMARTIN (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
5/7 MONCEY (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
60 CLAUDE BERNARD (SASU)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
9 REINE BLANCHE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	31.12.2007 % Control	% Interest	Method	31.12.2006 % Control	% Interest	Method
9 VICTOIRE (SAS)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
CELESTE (SAS)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
DOMAINE DE NALYS	Real estate	France	69.57	69.57	FC:	69.57	69.57	FC:
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM:	31.25	31.25	EM:
GOUBET PETIT	Real estate	France	66.66	66.66	FC:	66.66	66.66	FC:
GROUPAMA LES MASSUES (SCI)	Real estate	France	75.07	75.07	FC:	75.07	75.07	FC:
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	FC:	61.31	61.31	FC:
DOMAINE CAP DE FOUSTE (SARL)	Real estate	France	0.00	0.00	NI	59.74	59.74	FC:
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM:	31.91	31.91	EM:
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM:	25.00	25.00	EM:
SCIMA GFA	Real estate	France	44.00	44.00	EM:	44.00	44.00	EM:
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
LABORIE MARCENAT	Real estate	France	64.52	64.52	FC:	64.52	64.52	FC:
LES FRÈRES LUMIÈRE	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
6 MESSINE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
PARIS FALGUIERE (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
LES GEMEAUX (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
VILLA DES PINS (SCI)	Real estate	France	100.00	100.00	FC:	100.00	100.00	FC:
FRANCE-GAN SI.	Mutual Funds	France	93.14	89.19	FC:	92.75	88.94	FC:
FRANCE-GAN SI.	Mutual Funds	France	31.31	31.30	EM:	71.36	71.36	FC:
HAVRE OBLIGATION FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	99.85	FC:
GROUPAMA OBLIGATION MONDE LT	Mutual Funds	France	78.42	76.72	FC:	77.55	77.55	FC:
GROUPAMA CONVERTIBLES FCP	Mutual Funds	France	87.70	86.11	FC:	86.05	86.04	FC:
GROUPAMA JAPAN STOCK D4DEC	Mutual Funds	France	93.00	93.00	FC:	93.76	93.76	FC:
GROUPAMA ET.CT D	Mutual Funds	France	83.24	83.24	FC:	84.00	84.00	FC:
GROUPAMA AAEXA FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
GROUPAMA ACTIONS INTERNATIONALES	Mutual Funds	France	95.32	95.32	FC:	97.76	97.76	FC:
GROUPAMA OBLIG. EUR.CR. MT I D	Mutual Funds	France	91.62	91.62	FC:	95.86	95.86	FC:
GROUPAMA OBLIG. EUR.CR. MT I C	Mutual Funds	France	67.73	67.72	FC:	48.46	48.46	EM:
GROUPAMA EURO STOCK	Mutual Funds	France	86.85	86.85	FC:	84.50	84.50	FC:
GROUPAMA INDEX INFLATION LT I D	Mutual Funds	France	100.00	97.71	FC:	100.00	100.00	FC:
GROUPAMA INDEX INFLATION LT I C	Mutual Funds	France	39.50	39.50	EM:	36.25	36.25	EM:
ASTORG EURO SPREAD FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 10 FCP	Mutual Funds	France	99.93	99.92	FC:	99.93	99.93	FC:
WASHINGTON EURO NOURRI 9 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 8 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 7 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 6 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 5 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 4 FCP	Mutual Funds	France	83.33	83.33	FC:	83.33	83.33	FC:
WASHINGTON EURO NOURRI 3 FCP	Mutual Funds	France	83.33	83.33	FC:	83.33	83.33	FC:
WASHINGTON EURO NOURRI 2 FCP	Mutual Funds	France	83.33	83.33	FC:	83.33	83.33	FC:
WASHINGTON EURO NOURRI 1 FCP	Mutual Funds	France	83.33	83.33	FC:	83.33	83.33	FC:
WASHINGTON INTER NOURRI 1 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON INTER NOURRI 2 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:

A: Aggregation FC: Full consolidation EM: Equity method

			31.12.2007			31.12.2006		
	Sector	Country	% Control	% Interest	Method	% Control	% Interest	Method
WASHINGTON INTER NOURRI 3 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON INTER NOURRI 0 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHING.ACT.EUROP. FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 11 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 12 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 13 FCP	Mutual Funds	France	100.00	99.98	FC:	100.00	99.98	FC:
WASHINGTON EURO NOURRI 14 FCP	Mutual Funds	France	100.00	99.99	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 15 FCP	Mutual Funds	France	100.00	99.96	FC:	100.00	99.98	FC:
WASHINGTON EURO NOURRI 16 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 17 FCP	Mutual Funds	France	100.00	99.99	FC:	100.00	99.99	FC:
WASHINGTON EURO NOURRI 18 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 19 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 20 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 21 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 22 FCP	Mutual Funds	France	100.00	100.00	FC:	100.00	100.00	FC:
WASHINGTON EURO NOURRI 23 FCP	Mutual Funds	France	100.00	100.00	FC:			
WASHINGTON EURO NOURRI 24 FCP	Mutual Funds	France	100.00	100.00	FC:			
WASHINGTON EURO NOURRI 25 FCP	Mutual Funds	France	100.00	100.00	FC:			
WASHINGTON EURO NOURRI 26 FCP	Mutual Funds	France	100.00	100.00	FC:			

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the item “real estate investments” and reclassifying in the income statement the dividends or share in the results of the companies on the line “Income from property”.

A: Aggregation FC: Full consolidation EM: Equity method

6.2 AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended 31 December 2007)

PricewaterhouseCoopers
Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

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

To Shareholders
Groupama SA
8-10, rue d'Astorg
75008 Paris

Dear Shareholders,

In performance of the audit engagement assigned to us by your Shareholders' Meeting, we audited the Groupama SA consolidated financial statements for the year ended 31 December 2007 as appended to this report.

The consolidated financial statements were prepared by the board of directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I — Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in these statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that our audits provide a reasonable basis for our opinion as expressed below.

We certify that the consolidated financial statements, under the IFRS as adopted in the European Union, are accurate and present fairly in all material respects the holdings, financial position and the results of the entity formed by the parties and entities included in the combination.

II — Justification of assessments

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

- Certain technical items related to insurance and reinsurance in the assets and liabilities of the consolidated financial statements of your company are estimated on statistical and actuarial bases, particularly the technical reserves, the deferred acquisition costs and the method of amortising such costs. The conditions for determining these elements are described in notes 3.1.2, 3.1.3 and 3.1.4 to the consolidated financial statements.

  We are convinced of the reasonable nature of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment, and the consistency of all these assumptions.
- The financial assets are classified in various categories according to the criteria listed in note 3.2.1 to the consolidated financial statements and are valued according to the rules applicable to each category that are described in note 3.2.1 to the consolidated financial statements.

  We are convinced of the appropriate nature of the impairment tests performed on the basis of the position of the investments and the volatility of financial markets, and we consider that the provisions made are of a reasonable nature.
- At each closing, the Group systematically conducts an impairment test of goodwill according to the methods described in note 2.4 to the consolidated financial statements.

  We have reviewed the procedures for performing this impairment test and the cash flow projections and we have verified the consistency of all assumptions used.
- Deferred tax assets are recognised in accordance with the methods described in note 3.12 to the consolidated financial statements.

  We are convinced that the assumptions used are consistent with the fiscal projections resulting from forecasts made by the Group.

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

III — Specific verification

Pursuant to the professional standards applicable in France, we have also verified the information given in the group's management discussion and analysis. We have no comment to make on the fair presentation and consistency of this data with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 1 March 2008

The Auditors

PricewaterhouseCoopers Audit — Mazars & Guérard

Michel Laforce — Bénédicte Vignon — Nicolas Robert — Gilles Magnan

6.3. PARENT COMPANY FINANCIAL STATEMENTS AND NOTES

BALANCE SHEET (in thousands of euros)

Assets	Net amount 31.12.2007	Net amount 31.12.2006
Intangible assets (Note 1)	**21,202**	**21,074**
Investments	**8,774,769**	**7,911,604**
Land and buildings (Note 2.1)	637,454	637,795
Investments in affiliated companies and in companies in which there is an equity interest	6,411,059	5,079,706
Other investments (Note 2.3)	1,726,256	2,194,103
Receivables for cash deposited with ceding companies		
Share of ceding and retroceding companies in underwriting reserves (Note 3)	**566,838**	**539,949**
Reserves for unearned contributions	279	88
Provisions for claims (non-life)	488,195	469,191
Reserves for profit sharing and rebates (non-life)	603	589
Equalisation reserves	2,350	2,066
Other technical reserves (non-Life)	75,411	68,015
Share of entities exempt from licensing in underwriting reserves	**23,887**	**20,986**
Reserves for unearned contributions	3	3
Provisions for claims (non-life)	22,946	19,974
Other technical reserves (non-Life)	938	1,009
Receivables (Note 4)	**506,799**	**585,081**
Receivables arising from direct insurance operations	46,770	50,506
Earned premiums not written	11,806	7,767
Other receivables arising from direct insurance operations	34,964	42,739
Receivables relating to reinsurance transactions	254,393	211,479
Other receivables	205,636	323,096
Personnel	4,988	5,302
Government, Social Security, public authorities	6,405	11,244
Other debtors	194,243	306,550
Other assets	**48,213**	**39,242**
Operating property, plant & equipment	8,734	11,590
Cash and equivalent in banks and at hand	39,479	27,652
Accruals — assets (Note 5)	**31,291**	**30,215**
Interest and rents earned and not yet paid	24,155	23,451
Deferred acquisition costs	5,274	5,020
Other accrued liabilities	1,862	1,744
Translation adjustment	**4,040**	**1,635**
TOTAL ASSETS	**9,977,039**	**9,149,786**

BALANCE SHEET (in thousands of euros)

Liabilities	Net amount 31.12.2007	Net amount 31.12.2006
Shareholders' equity (Note 6)	**2,795,015**	**2,550,195**
Capital	1,186,513	1,186,513
Additional paid-in capital	103,482	103,483
Other reserves	174,721	174,102
Discrepancies resulting from changes in accounting method at 1 January 1995		
Retained earnings	951,287	767,449
Net profit (loss) for the year	379,012	318,648
Subordinated debt (Note 7)	**2,245,445**	**1,245,445**
Gross technical reserves: (Note 8)	**3,281,701**	**3,177,769**
Reserves for unearned contributions	133,491	126,360
Provisions for claims (non-life)	2,786,687	2,686,909
Reserves for profit sharing and rebates (non-life)	2,798	849
Equalisation reserve	33,013	49,509
Other technical reserves (non-Life)	325,712	314,142
Provisions for risks and charges (Note 9)	**244,604**	**240,745**
Payables for cash deposits received from ceding and retroceding companies representing technical commitments	**57,084**	**44,991**
Other liabilities (Note 10)	**1,337,886**	**1,878,888**
Debts arising from direct insurance operations	10,813	10,187
Debts relating to reinsurance transactions	147,942	155,879
Debt to credit institutions	37,894	23,083
Other liabilities	1,141,237	1,689,739
Other loans, deposits and guarantees received	801,261	1,361,324
Personnel	34,578	32,310
State, social security, local governments	41,182	46,036
Sundry creditors	264,216	250,069
Accruals — Liabilities (note 11)	**12,097**	**10,188**
Translation adjustment	**3,207**	**1,565**
TOTAL LIABILITIES	**9,977,039**	**9,149,786**

OPERATING INCOME STATEMENT

In thousands of euros	Gross transactions	Conservation of entities exempt from licensing	Cessions and retrocessions	Net transactions 2007	Net transactions 2006
Earned premiums	**1,897,912**	**17,600**	**374,160**	**1,506,152**	**1,453,452**
Premiums	1,905,042	17,600	374,351	1,513,091	1,453,180
Change in unearned premiums	−7,130		−191	−6,939	272
Income from allocated investment	**200,974**			**200,974**	**111,433**
Other operating income (Note 15)	**199**			**199**	**5,532**
Claims charge	**−1,174,920**	**−10,972**	**−138,776**	**−1,025,172**	**−894,423**
Benefits and expenses paid	−1,075,142	−8,000	−119,772	−947,370	−921,667
Charges from provisions for claims	−99,778	−2,972	−19,004	−77,802	27,244
Charges from other technical reserves	**−13,518**	**71**	**−7,409**	**−6,180**	**−23,693**
Profit sharing	**−385**			**−385**	**−372**
Acquisition and administrative costs	**−421,432**		**−15,800**	**−405,632**	**−401,286**
Acquisition costs	−229,974			−229,974	−228,167
Administrative costs	−191,458			−191,458	−188,264
Commissions received from reinsurers			−15,800	15,800	15,145
Other underwriting expenses (Note 15)	**−110,532**			**−110,532**	**−122,841**
Change in the equalisation reserve	**16,495**		**−284**	**16,779**	**10,201**
Operating profit from non-life insurance	**394,793**	**6,699**	**211,891**	**176,203**	**138,003**

NON-OPERATING INCOME STATEMENT

In thousands of euros	Net transactions 2007	Net transactions 2006
Operating profit from non-life insurance	**176,203**	**138,003**
Investment proceeds (Note 16)	**825,819**	**431,092**
Investment income	477,748	347,699
Other investment proceeds	252,736	13,378
Gains on realisation of investments	95,335	70,015
Investment expenses (Note 16)	**−412,727**	**−209,863**
Expenses of internal and external management of investments and financial costs	−136,100	−102,296
Other investment expenses	−11,999	−62,409
Losses on realisation of investments	−264,628	−45,158
Transferred investment income	**−200,974**	**−111,433**
Other non-technical income (Note 17)	**95**	**347**
Other non-technical expenses (Note 17)	**−5,897**	**−5,610**
Extraordinary income (Note 18)	**−49,369**	**−12,080**
Extraordinary income	2,171	183,105
Extraordinary expenses	−51,540	−195,185
Income tax (Note 19)	**45,862**	**88,192**
NET PROFIT	**379,012**	**318,648**

FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS

In euros	2003	2004	2005	2006	2007
I. Financial position at year end					
a) Capital	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186	1,186,513,186
b) Number of existing shares	57,878,692	57,878,692	57,878,692	231,514,768	231,514,768
c) Number of bonds convertible into shares					
II. Transactions and results for fiscal year					
a) Net profit (loss) for the year	1,960,245,087	1,738,043,705	1,794,278,346	1,833,736,770	1,897,911,117
b) Income before tax, amortisation and provisions	−224,296,883	−15,428,610	433,151,218	285,892,777	109,231,365
c) Corporate income tax	−141,560,277	−171,142,059	−135,518,598	−88,191,919	−45,861,849
d) Employee profit-sharing owed for the fiscal year					
e) Earnings after tax, employee profit-sharing, amortisation and provisions	137,556,143	272,208,394	530,573,004	318,647,532	379,012,201
f) Distributed earnings	26,045,411	46,302,954	87,975,612	134,278,565	155,114,895
III. Earnings per share					
a) Earnings after tax, employee profit-sharing but before amortisation and provisions	−1,43	2,69	9,83	1,62	0,67
b) Income after tax, employee profit-sharing and amortisation and provisions	2,38	4,70	9,17	1,38	1,64
c) Dividend allotted for each share	0,45	0,80	1,52	0,58	0,67
IV. Employees					
a) Number of employees	1,783	1,504	1,510	1,510	1,550
b) Amount of payroll costs	93,627,940	84,120,364	93,572,531	87,914,032	100,105,039
c) Amounts paid in employee benefits	43,706,011	38,978,483	42,971,708	42,277,365	44,866,170

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the de facto group but before billing to each of its members.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Highlights of the fiscal year

1.1 HOLDING ACTIVITY

1.1.1 FINANCING TRANSACTIONS:

a) Placement of a super subordinated perpetual bond

Groupama SA issued super subordinated perpetual bonds on 22 October 2007 for €1,000 million. This indefinite-term debt, issued at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be repaid early in full as of 22 October 2017. Under IFRS standards, this debt constitutes an equity instrument.

b) Main financings granted

The principal movements on the loans and advances granted by Groupama SA in 2007 are as follows.

- the repayment in February 2007 by Gan UK Holding of the loan of €19.5 million granted by Groupama SA in December 2006;
- the repayment in April 2007 by Gan Assurances IARD of the entire loan of €100 million granted by Groupama SA in December 2005;
- the repayment by Groupama Transport of the balance of €8.4 million of the loan granted previously by Groupama SA, the initial amount of which was €78.4 million;
- the partial repayment in February 2007 by Groupama International of 20 million euros on the cash advance converted into a loan at the end of last year. The outstanding amount of that loan thereby decreased from €295 million as of 31 December 2006 to €275 million as of 31 December 2007. Two additional loans were also granted in 2007, one for €107 million in successive payments and the other for €120 million in December 2007.

  Considering the two other additional loans, one for €160 million granted in late March 2003 and the other for a maximum authorised amount of €75.8 million whose outstanding amount is currently €47.5 million, the total outstanding amount of the loans and advances with Groupama International is €709.5 million at the close of the fiscal year.
- In October 2007, Groupama SA granted the regional mutual of Groupama Antilles Guyane, a cash advance of €3 million on a maximum amount of €5 million. That advance was granted for a term of 3 months, in the context of cash needs for settling claims from Hurricane Dean. It was fully repaid in early February 2008;
- In December 2007, Groupama SA granted a subordinated loan of €20 million, of which €10 million had been drawn as of 31 December 2007, to Groupama Vita Spa, to increase the subsidiary's solvency margin.

c) Principal movements on financings obtained

The principal movements on the loans and advances granted to Groupama SA in 2007 are as follows.

- The drawing of €490 million that was done in December 2006 on the bank credit line of €1 billion was fully repaid in mid-February 2007. The amount of the commission for non-use of the credit facility is €0.4 million for fiscal year 2007, and the expense of interest on the amounts drawn is €2.6 million;
- In June 2007, Groupama SA repaid €20 million of the loan of €45 million that it had been granted by Gan Patrimoine for financing the acquisition of CGU, thereby reducing the outstanding amount of that loan to €20 million;
- In June 2007, Groupama SA repaid €80 million of the loan of €120 million that it had been granted by Gan Assurances Vie for financing the CGU, thereby reducing the outstanding amount of that loan to €40 million.

d) Adjustment to currency hedges

Groupama SA made some adjustments to its currency hedges during the year:

- the hedge contracts in dollars by a forward sale of €28.1 million that matured in January 2007 were renewed for a similar amount with a maturity of 16 January 2009. Following the sale of shares of Groupama Actions Internationales, all these USD contracts were unwound in April 2007 and produced a total profit of €4 million;
- the hedge contracts in yen by a forward sale of 726.1 million yen that matured on 18 January 2007 were renewed for a similar amount with a maturity at 18 January 2008. Following the sale of shares of Groupama Actions Internationales, all those contracts in JPY were unwound in April 2007 and produced a total profit of €2.6 million.

1.1.2 TRANSACTIONS IN EQUITY INTERESTS:

a) Sale of Scor shares:

In January 2007, Groupama SA sold nearly all of its Scor shares with a cost price of €578.6 million for a sale price of €346.1 million, i.e. a book capital loss of €232.5 million. That sale entailed the full reversal of the provision that had been established on the Scor shares for an amount of €231.1 million, i.e. corporate income, net of reversal of provision, of −1.4 million euros.

The remaining Scor shares were reclassified from equity interests to investment securities for an amount of €16.4 million.

b) Acquisition of Nuova Tirrena shares

In late October 2007, Groupama SA acquired all the shares of the Italian insurance company Nuova Tirrena from various entities of the Generali Group for €1.26 billion, including €10.2 million in acquisition costs incorporated into the cost price.

That acquisition was mostly financed by the issue of Super Subordinated Securities (*Titres Super Subordonnés* — TSS) issued by Groupama SA.

c) Acquisition of Cegid shares

Under a partnership between Cegid Group and Groupama for the purpose of developing innovative products and services for very small and medium-sized enterprises and advising professionals, Groupama SA acquired 5.3% of Cegid on 19 December 2007 for a total amount of €27 million at the unit price of €55 per share. Considering the strategic nature of that interest and the partnership agreement signed with Cegid, those shares were measured at a value in use on the financial statements as of 31 December 2007.

Considering the concomitant stakes acquired in Gan Eurocourtage Vie (6%) and Gan Assurances Vie (6%), the percentage of the group's stake in Cegid is 17.3%.

d) Additional stake in Groupama Banque

Groupama SA subscribed for the capital increases of Groupama Banque in March and October 2007 for the amount of €32 million, thereby increasing its stake to €212.8 million at the close of the fiscal year.

e) Additional stake in Groupama Épargne Salariale

Groupama SA subscribed for the capital increase of Groupama Épargne Salariale in April 2007 for the amount of €1.2 million, thereby increasing its stake to €20.3 million and maintaining its holding percentage at 100%. That capital increase was immediately followed by a capital reduction to clear some of that subsidiary's losses.

f) Acquisition of Servepar shares

In late June 2007, Groupama SA and Groupama Épargne Salariale acquired 50% of the shares of Servepar in the amount of 85% for Groupama SA and 15% for Groupama Épargne Salariale. The amount of that acquisition for Groupama SA is 1.9 million euros, half of which were paid at the end of June 2007. The balance of the sale price will be paid in the first halves of 2008 and 2009.

g) Other Strategic Securities

From September to December 2007, Groupama SA acquired shares of Société Générale for 241.4 million euros (including acquisition costs).

In December 2007, Groupama SA increased its stake in Mediobanca for an amount of 32 million euros (including acquisition costs).

h) Silic shares

Groupama SA increased its stake in Silic by acquiring 105,098 new shares for an amount of €9.9 million.

1.2 OPERATING ACTIVITIES

Hurricane Dean, which struck the Antilles on 17 August 2007, had an impact on the accounts of Groupama SA for €28.9 million on an original cost of 107 million euros. External reinsurance protections and the coverage of the natural catastrophe plan enabled us to contain the impact of that weather event.

1.3 OTHER SIGNIFICANT EVENTS

1.3.1 TAX AUDITS OF GROUPAMA SA

During the fiscal year, Groupama SA was not subject to any tax audit by the *Direction des Vérifications Nationales et Internationales*. The provision for risks and charges, which was recorded in the accounting for an amount of 4.5 million euros in 2006, did not experience any movement.

1.3.2 Scope of tax combination of Groupama SA

As of 1 January 2008, the tax rules governing tax combination now apply to insurance entities without capital bound by the accounting combination rules. That reform, which was introduced by the amendment to the finance law for 2006, enables the Groupama regional mutuals to benefit from that new system. In taxation terms, that new expansion in scope means that the current group will cease to exist as of 31 December 2007.

A new tax group including the combined regional mutuals, Groupama Holding, Groupama Holding 2 and the entities of the current tax combination scope will be formed as of 1 January 2008. Groupama SA will be the parent entity of that new tax combination group.

1.3.3 STANDARD & POOR'S RATING

On 11 October 2007 Standard & Poor's raised Groupama's long-term counterparty rating to A+ with stable outlook. The agency explained its decision by the prospects of improvement in the group's operational performance, essentially in non-life insurance, as well as by its solid and increasingly diversified competitive position and strong capitalisation. The higher rating also reflects the efforts to streamline the group's structure and its international presence, as well as ongoing implementation of its strategy.

2. Post-balance sheet events

Groupama underwrote a reinsurance policy with Swiss Re that securitised this risk in the form of a "cat bond" for coverage against hurricane risks in France as of 1 January 2008.

This coverage, with a duration of 3 years, covers claims exceeding €1.7 billion with a potential ceiling of €20 billion, for amounts ranging up to €200 million (2/3 of €300 million, with the balance to be borne by the Group). The aim is to better protect Groupama against the occurrence of a catastrophic hurricane in France, through an innovative financial structure that insures against bankruptcy on the part of the reinsurer: the guarantee is rated AAA.

3. Accounting principles, rules and methods

Groupama SA's parent company financial statements were drawn up and presented in accordance with the French Insurance Code as modified by Decrees No. 94-481 and No. 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive No. 91-674/EEC of 19 December 1991 concerning the individual and consolidated financial statements of insurance companies.

3.1 UNDERWRITING

Groupama SA is engaged mainly in the following non-life insurance operations:

- business underwritten directly and that conducted within co-insurance and re-insurance groups,
- the reinsurance of each of the Regional Mutuals under the reinsurance agreement entered into with each of them,
- reassurance of other entities of the group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the Regional Mutual".

3.1.1 PREMIUMS

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be issued;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 RESERVE FOR UNEARNED PREMIUMS

The provision for unearned premiums for all policies in force at the financial year end discloses the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 ACQUISITION AND ADMINISTRATIVE EXPENSES

These expenses mainly consist of:

- management allocations paid by Groupama SA to the Regional Mutuals. These are determined pursuant to the provisions stipulated in the Reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other reinsurance acceptances.

3.1.4 DEFERRED ACQUISITION COSTS

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 CLAIMS

The claims expense for the year consists mainly of:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- The reserves for claims in direct business and reinsurance acceptances represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These provisions also include mathematical reserves on the annuities accepted from the Regional Mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA.

  In construction risk, the reserve for claims yet to be made is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. This reserve is connected with both direct business and inward reinsurance coming from the Regional Mutuals. The amount allocated to the reserve is determined using the method set out by Article A 331-21 of the French Insurance Code.

  The mathematical provisions, as determined by the Regional Mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these provisions are computed with a financial discount and are based on demographic trends.

  In life and health insurance, the methods for determining the provisions of claims to be paid that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

  - using specific Groupama tables certified by an independent actuary for individual risk and maintenance tables from the *Bureau Commun des Assurances Collectives* (B.C.A.C.) for group risk with respect to temporary disability coverage.
  - using the B.C.A.C. maintenance tables for pending disability coverage.

3.1.6 EQUALISATION RESERVE

The reserve for equalisation aims to cover exceptional charges relating to the risks set forth in Article R 331-6-6 of the French Insurance Code by Decree No. 2001-1280 of

28 December 2001 and by Article 39 *quinquies* G of France's General Tax Code as modified by Decree No. 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures, or it is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 OTHER TECHNICAL RESERVES

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The provision for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the insureds for insurance transactions covering health and disability risks. This provision concerns the provisions formed in dependency insurance as well as the provisions on direct business managed by Groupama SA.

The mathematical reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on reinsurance acceptances.

In life and health insurance, the methods for determining mathematical provisions that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the provisions are determined by applying maintenance tables from the *Bureau commun des assurances collectives* (B.C.A.C.).

However, taking longer life spans into account requires continuing the gradual anticipation of a change in mortality table, which was initiated in fiscal year 2000. As a result, the mathematical provisions of non-life life annuities calculated at year-end in application of the regulatory tables TD-TV $^{88}/_{90}$ are the subject of an additional provision, the implementation of which will be spread over a period of 15 years, and which is based on TPRV 93.

In accordance with Article R331-5-1 of the French Insurance Code, and with Decree No. 2003-1236 of 22 December 2003, a provision for liquidity risk is allocated when all the investments other than fixed income marketable securities have a redemption value below their carrying amount. This provision is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid.

3.1.8 ACCEPTED REINSURANCE TRANSACTIONS

Accepted reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its Regional Mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 REINSURANCE CESSIONS AND RETROCESSIONS

Reinsurance cessions, mainly to reinsurers outside the Group, on accepted risks or direct insurance are accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers accounts prove to be incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (ceding or retroceding company) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 INVESTMENTS

3.2.1 ENTRY COSTS AND VALUATION AT END OF FISCAL YEAR

a) Land and buildings, shares real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation No. 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs...) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation No. 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the accounts by components.

The four components used by the Group are the following:

- bare structure or shell;
- wind and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residence and offices before 1945		Residence and offices after 1945		Shops		Office or residence, skyscrapers	
Components	**Period**	**%**	**Period**	**%**	**Period**	**%**	**Period**	**%**
Bare structure	120 years	65%	80 years	65%	50 years	50%	70 years	40%
Framework, girders, posts, floors, walls								
Wind and water tight facilities	35 years	10%	30 years	10%	30 years	10%	30 years	20%
Roof-terrace								
Facades								
Covering								
External woodwork								
Technical facilities	25 years	15%	25 years	15%	20 years	25%	25 years	25%
Lifts								
Heating/ Air conditioning								
Networks (electricity, plumbing and other)								
Fixtures, finishings	15 years	10%	15 years	10%	15 years	15%	15 years	15%
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using the actuarial or straight-line methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R332-19 and an option to convert into shares under Article R332-20.

Pursuant to the provisions of decrees No. 2002-1535 of 24 December 2002 and No. 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The realisation value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the company.

c) Shares and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their authentic contracts.

3.2.2 PROVISIONS

a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for impairment. Nevertheless, a provision for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

b) Real-estate investments, variable-income securities, loans

- Real-estate investments

  When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a permanent provision for impairment may be allocated.
- Listed securities (except equity interest)

  For those investments covered by Article R 332-20, a line-by-line provision for impairment may only be allocated when there is reason to deem that the impairment is permanent.

Hence, pursuant to Note No. 2002-F of the French National Accounting Board's emergency committee dated 18 December 2002, the permanent nature may only be presumed:

- if there was a long-term provision for an investment line in the previous published statement;
- for a non-real-estate listed investment, the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

The reference value or recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

- Equity interests

  The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation. When the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities, a provision for impairment is made for the amount of the difference.
- Loans

  When the estimate of the recoverable value of a loan at inventory date is below its gross value plus any accrued and unpaid interest at the end of the period, a provision for impairment is allocated for the difference.

3.2.3 INVESTMENT INCOME AND EXPENSES

Financial income includes the revenue from investments received during the financial year (rent, dividends, coupon payments, interest on loans and current accounts). Revenue from equity shares is recorded excluding dividend tax credit.

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of provisions for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and provisions for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical provisions is transferred to the non-life technical income statement on a basis prorated to the technical provisions and equity.

3.2.4 FORWARD SALE FINANCIAL INSTRUMENTS

a) Forward sale currency hedging contracts

Groupama SA's forward sale currency hedging contracts in US dollars and in yen are intended to protect it against the currency risk component present in certain assets, notably mutual funds denominated in foreign currencies. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

At year end, if there are unrealised capital gains on forward currency sales, they will be covered by securities deposited by the counterparties in connection with the collateralisation.

b) Swaps

Groupama SA makes use of interest rate swaps as part of its yield strategy. In accordance with CRC regulation No. 2002-09 of 12 December 2002, the interest received and/or paid is recorded in an accrual account and carried over to the income statement over the planned term of the strategy by factoring in the actual yield from each of the swaps.

3.3 OTHER TRANSACTIONS

3.3.1 INTANGIBLE ASSETS

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if need be, to recognise an additional depreciation deemed to be irreversible at the year end.

3.3.2 MANAGEMENT FEES AND COMMISSIONS

The management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

Management costs are classified under one of the following five categories:

- claims settlement costs, which include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the Regional Mutuals, commissions paid for direct business and other acceptances, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the Regional Mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 FOREIGN-CURRENCY TRANSACTIONS

Pursuant to article R 341-7 of the Insurance Code, Groupama SA uses the opportunity offered to insurance companies, whose foreign-currency transactions are not significant, to keep their accounting only in euros. Investment transactions in foreign currencies are recorded at their purchase price converted into euros at the transaction date.

3.3.4 RECEIVABLES

Receivables are recorded at their face redemption value (historical cost).

They include:

- for direct insurance operations:
  - premiums yet to be written for policyholders;
  - premiums yet to be cancelled for policyholders;
  - premiums yet to be collected from policyholders;
  - loans or advances from co-insurers;
- for acceptance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the Regional Mutuals), net of reinsurance;
  - loans or advances to shareholders or partners with the ceding entities;
  - receivables due relating to transactions accepted from the ceding entities;
- for cession transactions:
  - loans or advances to cessionnaires;
  - income owed relating to transactions ceded to cessionnaires;
- for other receivables:
  - tax combination loans or advances to daughter companies;
  - receivables from government bodies and social security agencies;
  - loans or advances to various other entities;
  - other income due.

When the inventory value at the financial year end is below the carrying amount, a provision for loss in value is set aside.

3.3.5 PROPERTY, PLANT & EQUIPMENT (PPE)

The PPE account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.
- These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which range from 2 to 10 years depending on the type of asset.

3.3.6 ACCRUALS – ASSETS

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future fiscal years.

3.3.7 PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are established pursuant to CRC regulation No. 2000-06 dated 7 December 2000. This item also includes regulated provisions, especially accelerated amortisation

3.3.8 CORPORATE INCOME TAX

Groupama SA is the parent company of a tax combination group comprising 51 tax combined subsidiaries.

Tax expenses are borne by the combined company, just as they are when there is no tax combination.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the accounts pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the *Conseil National de la Comptabilité*.

3.3.9 PAYABLES

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts;
  - commissions on premiums earned but not written;
  - advances or loans from a partner or shareholders;
- for reinsurance acceptance transactions:
  - advances or loans with the ceding offices;
  - payables owed for transactions accepted from these ceding entities;
- for cession transactions:
  - advances or loans with cessionnaires;
  - payables owed for transactions accepted from these cessionnaires;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities;
  - bank overdrafts;
  - taxes and social security owed.

3.3.10 ACCRUALS — LIABILITIES

The accruals accounts on the liabilities side mainly include:

- amortisation of the differences on bond redemption prices;
- interest collected (or paid) on swaps used in the yield strategy (see Note 2 — § B — 4.2 — Swaps).

3.4 CHANGE IN ACCOUNTING METHOD

3.4.1 CHANGE IN ACCOUNTING METHOD FOR INFLATION-INDEXED BONDS ISSUED BY COMPANIES IN THE PRIVATE SECTOR

Pursuant to decree No. 2006-1724 dated 23 December 2006, inflation-indexed bonds that are issued by companies in the private sector, which to date have been classified in R332-20, now come under article R332-19 of the Insurance Code, including as to the accounting method.

Therefore, bonds classified in R332-19 were subject to actuarial amortisation of their appreciation/depreciation, and the variation in their redemption value due to inflation, determined retrospectively, was taken into account. The effect of this change in accounting method was fully recognised in income in the financial statements as of 31 December 2007.

3.4.2 CHANGE IN ACCOUNTING METHOD FOR ACQUISITION COSTS

Pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate the acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

However, the accounting option chosen previously for acquisition costs of other securities (other capitalised securities and investment securities) has not been changed.

Note 1 — Intangible assets

Statement of movements during the year

In thousands of euros	Gross amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as of 31.12.2007
Gross values						
Other intangible assets (1)	60,088			8,670	100	68,658
Total gross values	**60,088**			**8,670**	**100**	**68,658**
Amortisation						
Other intangible assets (1)	39,014			8,939	497	47,456
Total amortisation	**39,014**			**8,939**	**497**	**47,456**
Total net values	**21,074**			**−269**	**−397**	**21,202**

(1) Composed primarily of software

Note 2 — Investments

NOTE 2.1 — LAND AND BUILDINGS

- Statement of movements during the year

In thousands of euros	Gross amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during fiscal year	Gross amount as of 31.12.2007
Gross values						
Fixed assets	239,996	2,024	2,024	9,684	2,417	247,263
Shares of real-estate companies	455,070	164	164	4,251	7,078	452,243
Total gross values	**695,066**	**2,188**	**2,188**	**13,935**	**9,495**	**699,506**
Amort., deprec. Provisions						
Fixed assets	57,234			5,530	748	62,016
Shares of real-estate companies	37				1	36
Total amortisation	**57,271**			**5,530**	**749**	**62,052**
Total net value	**637,795**	**2,188**	**2,188**	**8,405**	**8,746**	**637,454**

NOTE 2.2 — INVESTMENTS IN AFFILIATED COMPANIES AND IN COMPANIES WITH WHICH THERE IS AN EQUITY TIE

- Summary Table

In thousands of euros	Net amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Net amount as of 31.12.2007
Equity securities	4,246,057	122,028	138,434	1,607,633	352,319	5,484,965
Loans and receivables	833,649			260,985	168,540	926,094
Total	**5,079,706**	**122,028**	**138,434**	**1,868,618**	**520,859**	**6,411,059**

NOTE 2.2.1 — SHARES OF AFFILIATED COMPANIES AND COMPANIES IN WHICH THE INSURANCE COMPANY HAS AN EQUITY LINK (ITEMS 250 AND 260)

- Statement of movements during the year

In thousands of euros	Gross amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as of 31.12.2007
Gross values						
Partner companies	3,894,702	111,948	111,948	1,306,938	41	5,201,599
Equity-linked companies	790,718	10,080	26,486	302,030	583,502	492,840
Total gross values	**4,685,420**	**122,028**	**138,434**	**1,608,968**	**583,543**	**5,694,439**
Provisions						
Partner companies	208,273			1,335	134	209,474
Equity-linked companies	231,090				231,090	0
Total provisions	**439,363**			**1,335**	**231,224**	**209,474**
Total net values	**4,246,057**	**122,028**	**138,434**	**1,607,633**	**352,319**	**5,484,965**

The increase in the item Affiliated Companies is due primarily to the acquisition by Groupama SA of shares of Nueva Tirrena in the amount of 1.26 billion euros.

NOTE 2.2.2 — LOANS AND RECEIVABLES OF ANY NATURE ON THESE SAME COMPANIES

- Statement of movements during the year

In thousands of euros	Gross amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as of 31.12.2007
Gross values						
Partner companies	827,600			239,800	147,900	919,500
Equity-linked companies				700		700
Cash deposits with ceding entities	6,049			20,485	20,640	5,894
Total gross values	**833,649**			**260,985**	**168,540**	**926,094**
Provisions						
Partner companies						
Equity-linked companies						
Cash deposits with ceding entities						
Total provisions						
Total net values	**833,649**			**260,985**	**168,540**	**926,094**

NOTE 2.3 — OTHER INVESTMENTS

These are investments other than those indicated in notes 2.1 and 2.2.

- Statement of movements during the year

In thousands of euros	Gross amount as of 31.12.2006	Transfers entry	Transfers exit	Entry during the fiscal year	Exit during the fiscal year	Gross amount as of 31.12.2007
Gross values						
Financial investments	2,213,328	62,861	46,455	8,079,917	8,575,548	1,734,103
Total gross values	**2,213,328**	**62,861**	**46,455**	**8,079,917**	**8,575,548**	**1,734,103**
Provisions						
Financial investments	19,225				11,378	7,847
Total provisions	**19,225**				**11,378**	**7,847**
Total net values	**2,194,103**	**62,861**	**46,455**	**8,079,917**	**8,564,170**	**1,726,256**

Entries and exits during the fiscal year consist of movements to and from, primarily, money market funds.

NOTE 2.4 — SUMMARY STATEMENT OF INVESTMENTS

In thousands of euros	Balance Sheet 2007		
Summary by nature	Gross value	Net value	Market value
1. Real estate investments & investments (incl. pending investments)	396,006	333,473	731,995
FFI invest. or disinv. strategies			
FFI yield strategies			
2. Shares and other variable-income securities	5,618,052	5,407,616	9,731,946
FFI invest. or disinv. strategies			
FFI yield strategies			
3. Mutual funds including variable income securities	20,996	20,690	22,553
FFI invest. or disinv. strategies			
FFI yield strategies			
4. Fixed income mutual funds	352,242	352,242	354,103
FFI invest. or disinv. strategies			
FFI yield strategies			
5. Bonds and other fixed-income securities	31,186	24,084	23,411
FFI invest. or disinv. strategies			
FFI yield strategies			
6. Mortgage loans			
FFI invest. or disinv. strategies			
FFI yield strategies			
7. Other loans and similar notes	936,598	936,598	936,787
FFI investment strategies. Or divestment strategies			
FFI yield strategies			
8. Deposits with ceding entities	1,689,649	1,694,676	2,381,301
9. Other deposits, cash guarantee and other investments	45,136	45,136	45,136
10. Assets representing unit-linked policies			
FFI invest. or disinv. strategies			
FFI yield strategies			
– Real-estate investments			
– Variable-income securities and other than mutual fund			
– Fixed-rate mutual funds only			
– Other mutual funds			
– Bonds and other fixed-income securities			
11. Other FFI			
FFI invest. or disinv. strategies			
FFI yield strategies			
FFI other transactions			
12. Total investments and FFI	**9,089,866**	**8,814,515**	**14,227,232**
Of which total FFI			
Of which total Investments	9,089,866	8,814,515	14,227,232

The discrepancy between the balance sheet and the investment statement can be explained primarily by the difference in redemption price of bonds, the pledge of an entity exempt from licensing and the current account of a group entity (Groupama Investissement).

SUMMARY STATEMENT OF INVESTMENTS (cont.)

In thousands of euros	Balance Sheet 2007		
	Gross value	Net value	Market value
A) SUMMARY BY ESTIMATING METHOD			
Securities valued according to article R 332-19	386,489	384,414	382,796
Securities valued according to article R 332-20	8,703,377	8,430,101	13,844,436
Securities valued according to article R 332-5			
B) SUMMARY BY ALLOCATION METHOD			
Securities allocatable to the representation of technical reserves	6,466,837	6,195,495	10,915,865
Securities that secure commitments toward provident institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,689,649	1,694,676	2,381,301
– of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	933,380	924,343	930,065
II. — ASSETS ALLOCATABLE TO THE REPRESENTATION OF TECHNICAL RESERVES			
(other than the investments and the share of reinsurers in technical reserves)			
III. — SECURITIES BELONGING TO PROVIDENT INSTITUTIONS			
A) LAND AND BUILDINGS			
Down payments			
B) ITEMISATION OF LAND AND BUILDINGS			
Owner-occupied property			
– Real assets	194,623	147,375	300,450
– Holdings in SCIs	6,618	6,618	7,253
Other fixed assets			
– Real assets	55,284	40,035	230,024
– Holdings in SCIs	445,625	445,589	661,661
C) BALANCE NOT YET AMORTISED OR NOT YET RECOVERED CORRESPONDING TO THE DIFFERENCE IN REDEMPTION PRICE OF SECURITIES VALUED PURSUANT TO ARTICLE R332-19			
– including discount not yet amortised		3,945	
– redemption premium not recovered		13,884	

Note 3 — Share of ceding and retroceding companies in technical reserves

In thousands of euros	31.12.2007				31.12.2006			
	Cessions on direct business [(*)]	Retro on accept. of CR	Other retrocessions	Total	Cessions on direct business	Retro on accept. of CR	Other retrocessions	Total
Share of ceding and retroceding companies:	**92,528**	**249,121**	**225,189**	**566,838**	**96,728**	**405,631**	**37,590**	**539,949**
Reserves for unearned premiums	66		213	**279**	29		59	**88**
Reserves for claims:	66,855	196,894	224,446	**488,195**	**73,634**	**358,531**	**37,026**	**469,191**
– Provisions for claims payable	*63,430*	*196,894*	*224,446*	*484,770*	*69,427*	*358,531*	*37,026*	*464,984*
– Provisions for claims not yet reported	*3,425*			*3,425*	*4,207*			*4,207*
Profit-sharing reserves	603			**603**	589			**589**
Reserves for equalisation	1,820		530	**2,350**	1,561		505	**2,066**
– Reserves for equalisation	*1,353*		*530*	*1,883*	*1,128*		*505*	*1,633*
– Stability fund	*467*			*467*	*433*			*433*
Other technical reserves	23,184	52,227		**75,411**	20,915	47,100		**68,015**
– Mathematical reserves for annuities	*13,730*	*2,530*		*16,260*	*13,654*	*1,417*		*15,071*
– Mathematical reserves for revaluation funds	*772*			*772*	*589*			*589*
– Reserves for increasing risks	*8,682*	*49,697*		*58,379*	*6,672*	*45,683*		*52,355*
– Reserves for current risks								
Share of entities exempt from licensing:	**23,887**			**23,887**	**20,986**			**20,986**
Reserves for unearned premiums	3			**3**	3			**3**
Reserves for claims	22,946			**22,946**	19,974			**19,974**
Other technical reserves	938			**938**	1,009			**1,009**
TOTAL	**116,415**	**249,121**	**225,189**	**590,725**	**117,714**	**405,631**	**37,590**	**560,935**

(*) including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing

Note 4 — Receivables

In thousand of euros	31.12.2007				31.12.2006			
	Maturity				Maturity			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Receivables								
Receivables relating to direct insurance operations	20,075	26,695		**46,770**	15,381	35,125		**50,506**
– Earned premiums not written	*11,806*			*11,806*	*7,767*			*7,767*
– Other receivables relating to direct insurance transactions	*8,269*	*26,695*		*34,964*	*7,614*	*35,125*		*42,739*
Policyholders	*1,260*			*1,260*	*1,293*			*1,293*
Insurance intermediaries	*353*			*353*	*351*			*351*
Co-insurers	*6,656*	*26,695*		*33,351*	*5,970*	*35,125*		*41,095*
Receivables relating to reinsurance transactions	216,870	37,523		**254,393**	168,470	43,009		**211,479**
Reinsurers	*16,647*	*11,136*		*27,783*	*18,176*	*11,081*		*29,257*
Ceding entities	*200,223*	*26,387*		*226,610*	*150,294*	*31,928*		*182,222*
Other receivables	169,847	35,789		**205,636**	289,258	33,838		**323,096**
– Personnel	*4,988*			*4,988*	*5,302*			*5,302*
– State, social security entities, local governments	*1,436*	*4,969*		*6,405*	*8,114*	*3,130*		*11,244*
– Other debtors	*163,423*	*30,820*		*194,243*	*275,842*	*30,708*		*306,550*
Unpaid called-up capital								
TOTAL Receivables	**406,792**	**100,007**		**506,799**	**473,109**	**111,972**		**585,081**

Note 5 — Accruals (assets)

In thousands of euros	31.12.2007	31.12.2006
Accrued interest not yet due	24,155	23,451
Deferred acquisition costs	5,274	5,020
Reimbursement price differences receivable	1,564	1,639
Other accruals	298	105
Total accruals (assets)	**31,291**	**30,215**

Note 6 — Shareholders' equity

- Capital structure

  231,514,768 shares with a par value of €5.125
- Table of movements in reserves and changes in capital and reserves

In thousands of euros	31.12.2006	Allocation of income 2006	Movements of reserve of Capitalis.	Other movements during fiscal year	Income (loss) during the fiscal year	31.12.2007
Shareholders' equity						
Capital	1,186,513					1,186,513
Share premium	62,530					62,530
Merger premium	38,806					38,806
Contribution premium	2,147					2,147
Regulatory reserves	0					0
Capitalisation reserve	126,726		618			127,345
Other reserves	47,376					47,376
Retained earnings	767,449	184,369		−532 (2)		951,286
Net profit (loss) for the year	318,648	−318,648			379,012	379,012
Total	**2,550,195**	**−134,279 (1)**	**618**	**−532**	**379,012**	**2,795,015**

(1) The dividends paid in 2007 for fiscal year 2006 amounted to €134,279,000

(2) Translation adjustment pertaining to the branch in China (−532 K€)

Note 7 — Subordinated debt

The item "subordinated debt", which amounted to 2,245.4 million euros, is itemised as follows:

- a bond issue in July 1999 by the *Caisse Centrale des Assurances Mutuelles Agricoles*, in the form of subordinated redeemable bonds for a term of 30 years in the amount of €750 million. That bond issue breaks down into a variable-rate tranche of €500 million and a fixed-rate tranche, which becomes variable after 10 years, of €250 million. It may be redeemed in advance as of the tenth year;
- a fixed-rate bond issue of €500 million issued in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at issue price of 99.089%, i.e. a collected amount of €495.4 million. This bond issue may be fully redeemed in advance as of the tenth year;
- super subordinated perpetual bonds issued by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt issued at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as of 22 October 2017. Under IFRS standards, this debt constitutes an equity instrument.

Note 8 — Technical reserves of non-life insurance

Note 8.1 — BREAKDOWN OF GROSS TECHNICAL RESERVES

	31.12.2007				31.12.2006			
In thousands of euros	Direct business (*)	Inward Reinsurance from regional mutuals	Other inward reinsurance	Total	Direct business (*)	Inward Reinsurance from regional mutuals	Other inward reinsurance	Total
Reserves for unearned contributions	2,277	124,229	6,985	133,491	1,812	121,283	3,265	126,360
Provisions for claims:	170,203	2,332,364	284,120	2,786,687	134,474	2,330,340	222,095	2,686,909
– Provisions for claims payable	*167,141*	*2,215,246*	*284,120*	*2,666,507*	*131,239*	*2,205,169*	*222,095*	*2,558,503*
– Provisions for claims not yet reported	*3,062*	*117,118*		*120,180*	*3,235*	*125,171*		*128,406*
Profit-sharing reserves	803		1,995	2,798	849			849
Reserves for equalisation:	3,648	28,165	1,200	33,013	3,132	45,186	1,191	49,509
– Reserves for equalisation	*3,144*	*17,333*	*1,200*	*21,677*	*2,699*	*38,302*	*1,191*	*42,192*
– Reserves for risk balancing								
– Stability fund	*504*	*10,832*		*11,336*	*433*	*6,884*		*7,317*
Other technical reserves	137,764	187,948		325,712	142,016	172,126		314,142
– Mathematical reserves for annuities	*55,626*			*55,626*	*59,565*			*59,565*
– Mathematical reserves for revaluation funds	*38,610*			*38,610*	*40,389*			*40,389*
– Reserves for annuity balancing	*34,300*	*40,618*		*74,918*	*34,977*	*38,361*		*73,338*
– Reserves for increasing risks	*9,228*	*145,094*		*154,322*	*7,085*	*130,823*		*137,908*
– Reserves for current risks		*2,236*		*2,236*		*2,942*		*2,942*
TOTAL	**314,695**	**2,672,706**	**294,300**	**3,281,701**	**282,283**	**2,668,935**	**226,551**	**3,177,769**

(*) including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing

NOTE 8.2 — CHANGE OVER LAST FIVE FISCAL YEARS IN SETTLEMENTS OF CLAIMS MADE SINCE THE YEAR OF OCCURRENCE AND THE RESERVE FOR CLAIMS TO BE SETTLED

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- Acceptances from Regional Mutuals
- Direct business
- Other acceptances

	Fiscal years				
In thousands of euros	2003	2004	2005	2006	2007
Estimate of the claims expense					
At end of N	1,486,476	1,081,943	1,145,295	1,128,945	1,267,164
At end of N+1	1,434,162	1,048,299	1,110,057	1,121,983	
At end of N+2	1,442,955	1,012,269	1,093,500		
At end of N+3	1,418,435	999,576			
At end of N+4	1,404,288				
Claims expense	1,404,288	999,576	1,093,500	1,121,983	1,267,164
Cumulative claims payments	1,226,429	833,082	869,044	849,114	596,285
Reserves for claims to be paid (a)–(b)=(c)	177,859	166,495	224,455	272,870	670,879
Earned premiums	1,782,502	1,576,517	1,671,839	1,762,077	1,851,134
Claims and Reserves/Earned Premium	78.78%	63.40%	65.41%	63.67%	68.45%

NOTE 8.3 — CHANGE IN RESERVES FOR CLAIMS BROUGHT FORWARD

- Liquidation of provisions for reinsurance gross claims

In thousands of euros	31.12.2007	31.12.2006
Reserves for claims brought forward net of projected recourse	2,679,309	2,792,684
Benefits paid during the fiscal year on previous fiscal years net of recourse	−457,455	−490,746
Reserves for claims at year-end on previous fiscal years net of projected recourse	−2,108,398	−2,139,123
Income/loss reserves development	**113,456**	**162,815**

The profit made in 2007 on the reserves for claims at the start of the year amounted to €113.4 million.

Acceptances from regional mutuals showed a profit of €92.8 million, which can be explained primarily by the rise in interest rates.

The portfolio of direct business generated a profit of €15.7 million, primarily from the income from the professional pool Réunion Aérienne, which benefits from a favourable exchange-rate effect.

The other inward reinsurance generated a profit of 4.9 million euros, which can be explained primarily by the inward reinsurance from the professional pools (Réunion Aérienne and Gareat).

Note 9 — Provisions for risks and charges

In thousands of euros			Write-backs		
	Amount of Provisions at 31.12.2006	Increase in allocations during the fiscal year	Amounts used during the fiscal year	Unused amounts recovered during the fiscal year	Amount of Provisions at 31.12.2007
Regulatory provisions	4,305	358	2,002		2,661
Pension provisions	20,464	3,122	77	9	23,500
Tax provisions					
Other risk provisions	215,976	7,730	5,263		218,443
TOTAL	**240,745**	**11,210**	**7,342**	**9**	**244,604**

The item Provisions for Risks and Charges, which is posted under liabilities on the balance sheet as of 31 December 2007 for €244.6 million, also includes the provision for risks that was established for the debt guarantees that were granted when the Sorema securities were sold as well as a provision for the value guarantee commitment toward Société Générale concerning the Groupama Banque securities.

Note 10 — Debts

In thousands of euros	31.12.2007				31.12.2006			
	Maturity: – 1 year	1-5 years	+ 5 years	Total	Maturity: – 1 year	1-5 years	+ 5 years	Total
Other liabilities								
Debts relating to direct insurance transactions	1,816	8,997		10,813	1,205	8,982		10,187
Policyholders	*1,613*			*1,613*	*958*			*958*
Insurance intermediaries	*33*			*33*	*21*			*21*
Co-insurers	*170*	*8,997*		*9,167*	*226*	*8,982*		*9,208*
Debts relating to reinsurance transactions	107,101	40,841		147,942	103,609	52,270		155,879
Reinsurers	*107,093*	*32,232*		*139,325*	*109,138*	*40,442*		*149,580*
Ceding entities	*8*	*8,609*		*8,617*	*–5,529*	*11,828*		*6,299*
Debt to credit institutions	37,894			37,894	23,083			23,083
Other liabilities	354,913	785,160	1,164	1,141,237	801,664	886,911	1,164	1,689,739
– Other loans, deposits and guarantees received	*35,233*	*766,028*		*801,261*	*495,434*	*865,890*		*1,361,324*
– Personnel Social Security entities and local governments	*25,697*	*7,717*	*1,164*	*34,578*	*23,429*	*7,717*	*1,164*	*32,310*
– State, Social Security	*32,185*	*8,997*		*41,182*	*35,149*	*10,887*		*46,036*
– Other creditors	*261,798*	*2,418*		*264,216*	*247,652*	*2,417*		*250,069*
TOTAL	**501,724**	**834,998**	**1,164**	**1,337,886**	**929,561**	**948,163**	**1,164**	**1,878,888**

The reduction in the item Other Borrowing can be explained primarily by a drawdown of €490 million that was done in 2006 on the bank credit line of one billion euros. That drawdown was repaid in February 2007. No other drawdown was made in 2007 on that line.

Note 11 — Accruals (Liabilities)

In thousands of euros	31.12.2007	31.12.2006
Deferred amortisation on reimbursement price	4,526	4,386
Other accrued liabilities(1)	7,571	5,802
Total accruals (liabilities)	**12,097**	**10,188**

(1) This is interest received and/or paid on the swaps used in connection with a yield strategy

Note 12 — Assets and liabilities related to affiliated companies and equity-linked companies

NOTE 12.1 — HOLDINGS AND RECEIVABLES

In thousands of euros	31.12.2007				31.12.2006			
	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
A) ASSETS								
INTANGIBLE ASSETS			21,202	21,202			21,074	21,074
INVESTMENTS								
REAL ESTATE	451,997	209	185,247	637,453	454,396	637	182,762	637,795
SHARES & OTHER VARIABLE-INCOME SECURITIES	4,992,126	492,841	1,259,497	6,744,464	3,686,429	559,628	1,597,923	5,843,980
BONDS TCN & OTHER FIXED-INCOME SECURITIES	11,175		417,883	429,058	11,175		539,645	550,820
LOANS	908,325	700		909,025	816,425			816,425
DEPOSITS WITH OTHER CREDIT INSTITUTIONS								
OTHER INVESTMENTS	20		48,856	48,876			56,535	56,535
RECEIVABLE CASH AT CEDING ENTITIES	1,877		4,017	5,894	6,049			6,049
INVESTMENTS IN UNIT-LINKED POLICIES								
SHARE OF REINSURERS IN TECH. PROV.								
UNEARNED PREMIUMS (NON-LIFE)	247		32	279		59	29	88
CLAIMS RESERVES (NON-LIFE)	231,274		256,921	488,195	217,551	32,434	219,206	469,191
PROFIT-SHARING AND DIVIDENDS (NON-LIFE)	603			603	589			589
RESERVE FOR EQUALISATION	2,350			2,350	2,066			2,066
OTHER TECHNICAL RESERVES (NON-LIFE)	23,184		52,226	75,410	20,915	16,298	30,802	68,015
SHARE OF UNLICENSED ORGANISATIONS	23,887			23,887	20,986			20,986
RECEIVABLES FROM DIRECT INSURANCE TRANSACTIONS								
OF WHICH POLICYHOLDERS	−1,314		14,380	13,066	−1,363		10,424	9,061
OF WHICH INSURANCE INTERMEDIARIES			353	353			351	351
OF WHICH OTHER THIRD PARTIES			33,351	33,351			41,094	41,094
RECEIVABLES FROM REINSURANCE TRANSACTIONS	168,242		86,151	254,393	124,068	2,373	85,038	211,479
PERSONNEL			4,988	4,988			5,302	5,302
STATE, SOCIAL SECURITY AND LOCAL AUTHORITIES			6,405	6,405			11,244	11,244
MISCELLANEOUS DEBTORS	144,489	10,409	39,345	194,243	201,165	1,975	103,410	306,550
TANGIBLE OPERATING ASSETS			8,734	8,734			11,590	11,590
CASH AND CASH EQUIVALENT	35,039		4,439	39,478	27,205		447	27,652
INTEREST AND RENT EARNED NOT DUE	14,365	20	9,770	24,155	10,202		13,249	23,451
DEFERRED ACQUISITION COSTS	4,036		1,239	5,275	4,345		675	5,020
OTHER ACCRUED ASSETS			1,862	1,862			1,744	1,744
TRANSLATION GAIN/LOSS	1,456	10	2,574	4,040	303	665	667	1,635
TOTAL	7,013,378	504,189	2,459,472	9,977,039	5,602,506	614,069	2,933,211	9,149,786

NOTE 12.2 — DEBTS AND COMMITMENTS

In thousands of euros	31.12.2007				31.12.2006			
	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
B) LIABILITIES								
CAPITAL AND RESERVES	**2,791,906**		**3,109**	**2,795,015**	**2,547,149**		**3,046**	**2,550,195**
SHARE CAPITAL	1,185,193		1,320	1,186,513	1,185,096		1,417	1,186,513
OTHER SHAREHOLDERS' EQUITY	1,606,713		1,789	1,608,502	1,362,053		1,629	1,363,682
SUBORDINATED DEBT			**2,245,445**	**2,245,445**			**1,245,445**	**1,245,445**
GROSS TECHNICAL RESERVES								
UNEARNED PREMIUMS (NON-LIFE)	130,966		2,525	133,491	124,408		1,952	126,360
CLAIMS RESERVES (NON-LIFE)	2,485,297		301,390	2,786,687	2,421,330	83,000	182,579	2,686,909
PROFIT-SHARING AND DIVIDENDS (NON-LIFE)	1,995		803	2,798			849	849
RESERVES FOR EQUALISATION	10,832		22,181	33,013	6,883		42,626	49,509
OTHER TECHNICAL RESERVES (NON-LIFE)	187,965		137,747	325,712	172,125		142,017	314,142
PROVISIONS FOR RISKS AND CHARGES	**46,803**	**143,358**	**54,443**	**244,604**	**39,553**	**143,000**	**58,192**	**240,745**
DEBTS FOR CASH CESSIONN.			**57,084**	**57,084**		**18,446**	**26,545**	**44,991**
DEBTS FROM. DIRECT INSURANCE								
OWED TO POLICYHOLDERS			1,613	1,613			959	959
OWED TO INSURANCE INTERMEDIARIES			33	33			21	21
OWED TO OTHER THIRD PARTIES			9,167	9,167			9,207	9,207
DEBTS FROM REINSURANCE TRANSACTIONS	**53,993**		**93,949**	**147,942**	**58,206**	**5,421**	**92,252**	**155,879**
BONDED DEBT								
DEBTS TOWARD CREDIT INSTITUTIONS	**35,568**		**2,326**	**37,894**	**23,083**			**23,083**
OTHER DEBT								
OTHER BORROWING, DEPOSITS AND GUARANTEES RECEIVED	**764,247**		**37,014**	**801,261**	**864,195**		**497,129**	**1,361,324**
PERSONNEL			**34,578**	**34,578**			**32,310**	**32,310**
STATE., SOCIAL SECURITY AND LOCAL AUTHORITIES LOCAL AUTHORITIES	**12,703**		**28,479**	**41,182**	**14,606**		**31,430**	**46,036**
MISCELLANEOUS CREDITORS	**124,037**	**3,538**	**136,641**	**264,216**	**38,872**	**63,611**	**147,586**	**250,069**
ACCRUED LIABILITIES			**12,097**	**12,097**			**10,188**	**10,188**
TRANSLATION GAIN/LOSS	**659**		**2,548**	**3,207**	**651**	**482**	**432**	**1,565**
TOTAL	**6,646,971**	**146,896**	**3,183,172**	**9,977,039**	**4,949,008**	**313,960**	**3,886,818**	**9,149,786**

Note 13 — Commitments given and received

In thousands of euros	Commitments to directors	Commitments to partner companies	Commitments to equity-linked companies	Other sources	Total 31.12.2007	Total 31.12.2006
1. Commitments received		4,889	3,519	1,204,913	1,213,321	672,095
2. Commitments given						
2a. Endorsements, sureties and guarantees given		44,168	27,704	132,650	204,522	147,054
2b. Securities and assets purchased with resale commitment						120
2c. Other commitments on securities, assets or income		7,669		50,512	58,181	20,234
2d. Other commitments given		41,912		34,842	76,754	68,298
Total 2. Commitments given		**93,749**	**27,704**	**218,003**	**339,456**	**235,706**
3. Sureties received as collateral from ceding and retroceding companies		42,918		291,338	334,256	323,277
4. Securities given by reinsured entities with joint and several guarantee				17,713	17,713	18,518
5. Securities belonging to provident institutions						
6. Other assets held on behalf of third parties						
7. Outstanding forward financial instruments				320,000	320,000	345,963
Total commitments received (1+3+4+5+6+7)		**47,807**	**3,519**	**1,833,964**	**1,885,290**	**1,359,853**
Total commitments given: (2+7)		**93,749**	**27,704**	**538,003**	**659,456**	**581,669**

- Commitments received

The €1,885.2m of commitments received correspond mainly to:

• the contractual commitment granted in mid-December 2004 in connection with the credit line of €1 billion. That line of credit does not mature until December 2011;

• commitments on swaps for a nominal underlying amount of €320 million,

• the securities received under pledge from cessionnaires for €334.2 million;

• up to €149.6m of guarantees given by CGU France in May 2002 pertaining to the acquisition of CGU Courtage;

• €17.7m of sureties received from the Antilles-Guyane regional mutual which represent a direct substitution of Groupama SA for this mutual with respect to the representation of its technical reserves held in custody;

• the guarantee of the €50 million debt received in connection with the acquisition of shares of Nuova Tirrena S.p.a.;

• various other commitments received for €13.7 million, including €8.4 million concerning affiliated companies or equity-lined companies.

- Commitments given

The €659.4 million of commitments given by Groupama SA correspond mainly to:

• commitments on swaps for a nominal underlying amount of €320 million;

• commitments granted in real-estate leasing for €48.7 million to secure the commitments of SCI Raspail (€19.3 million) and SCI Safragan (€29.4 million);

• a total of €57.7 million of guarantees on liabilities granted along with the sale of Sorema, Western Continental Company and Broadgate shares;

• a revised guarantee of €11 million on Gan Assurance Vie bonds made when that company issued a contract for an oil company in late 2001;

• a loan agreement to Groupama International for €28.3 million;

• a joint and several guarantee granted by Groupama SA to the French Treasury involving €19.3 million of contested taxes owed by Gan Assurance IARD, which would be responsible for the payment of those taxes;

• two new joint and several guarantees granted to the Public Treasury by Groupama SA in settlement of tax assessments that are currently being contested by Gan Assurances IARD in the amounts of 20.8 million euros and 2.4 million euros, which it allegedly still owes;

• commitments on unlisted funds €50.5 million;

• the general liability guarantee of €64.8 million in connection with the sale of Minster Insurance Company Limited by Gan UK Holding Limited to BSG Insurance Holding Limited;

• various other commitments given for €35.9 million, including €28.6 million concerning affiliated companies or equity-linked companies.

▪ Other unquantified and unlimited commitments received and given

Before or during the fiscal year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

• guarantees given upon the acquisition of CGU Courtage amounting to €280 million for Groupama SA and an unlimited amount for Gan SA as part of the guarantee agreement on behalf of Abeille Assurance for a period of 20 years starting in May 2002. When Groupama SA took over Gan SA's commitments at the time of their 2002 merger, its guarantees became unlimited;

• the counter-guarantee given by Groupama International at the end of 1999 at the time of the sale of The Gan Company of Canada Ltd to CGU Group Canada Ltd;

• the guarantee given to *Société d'Assurances de Combination des Retraites de l'Assurance* (SACRA) to cover contractual obligations made by Groupama Asset Management to SACRA starting at the end of 2000;

• the letters of intent issued by Groupama SA to the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* (CECEI) as part of the creation of Groupama Épargne Salariale and Groupama Banque;

• Groupama SA's assumption of the guarantee given by Groupama Réassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Ré and MMA portfolios);

• the commitment assumed by SCOR on behalf of Sorema SA and Sorema NA as part of the asset contribution agreement between Groupama SA and SCOR dated 22 May 2001 and confirmed by the latter dated 2 July 2003 according to the terms of which Scor (as the successor to Sorema SA) and General Security National Insurance Company (formerly Sorema NA) would not seek recourse of any sort against Groupama SA with respect to the guarantees granted by the C.C.A.M.A to Sorema SA and Sorema NA and would, in the event that a third party were to seek recourse with respect to said guarantees, reimburse Groupama SA for the amounts paid to said third party;

• the comfort letter issued in 2004 as part of the postponement of the operation to securitise the premiums earned but not written of Gan Assurances Vie, Gan Assurances IARD, Gan Eurocourtage Vie and Gan Eurocourtage IARD for a term of 5 years;

• the unconditional guarantees granted by Groupama SA to Gan Assurances IARD, Gan Eurocourtage IARD, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees are designed to improve the debt ratings of these companies. Groupama SA is also responsible for commitments of this type given previously by the C.C.A.M.A to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;

• the commitment for compensation of the investment made by Société Générale in the capital of Groupama Banque, for the entire term of the agreement;

• a possible adjustment in the price supplement on the Groupama Transport securities to be paid to Holding Chegaray or to be received from Holding Chegaray, to account for the profit or loss, after taxes, made on the provisions for maritime claims and premiums net of reinsurance, that appear on the balance sheet of Groupama Transport as of 31 December 2005, pursuant to the agreements signed in 2000 between Groupama SA and Holding Chegaray, from 30 June 2009 to 30 June 2011;

• Shares in Cegid purchased on 19 December 2007 come with an adjustment taking the form of potential additional bonus shares based on changes in the market price of Cegid shares during second quarter 2009, which may reduce the average purchase price of the shares.

Lastly, with respect to the right to training requirement (*Droit Individuel à la Formation* "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 97,199 hours. In 2007, 166 training actions under the DIF were conducted by employees of Groupama SA, for a total of 3,265 hours.

Note 14 — Operating income statement by source

In thousands of euros	31.12.2007			
	Direct business*	Entity exempt from licensing[1]	Inward reinsurance	Total
Earned premiums	13,667	35,152	1,849,092	1,897,911
Benefits expense[2]	2,805	70,352	1,098,787	1,171,944
A – UNDERWRITING RESULT	**10,862**	**−35,200**	**750,305**	**725,967**
Acquisition costs	3,291	2,118	224,565	229,974
Administrative costs & other underwriting expenses	3,393	2,118	296,280	301,791
B – NET ACQUISITION AND MANAGEMENT COSTS	**6,684**	**4,236**	**520,845**	**531,765**
C – ALLOCATED INVESTMENT INCOME	**16,104**	**0**	**184,485**	**200,589**
D – REINSURANCE RESULT	**−12,550**	**6,698**	**224,440**	**218,588**
OPERATING PROFIT/LOSS (A-B+C+D)	**32,832**	**−46,134**	**189,505**	**176,203**

In thousands of euros	31.12.2006			
	Direct business*	Entity exempt from licensing[1]	Inward reinsurance	Total
Earned premiums	14,040	34,710	1,784,987	1,833,737
Benefits expense[2]	−2,452	11,810	1,008,530	1,017,888
A – UNDERWRITING RESULT	**16,492**	**22,900**	**776,457**	**815,849**
Acquisition costs	3,032	2,111	223,024	228,167
Administrative costs and other underwriting expenses	3,683	2,111	299,779	305,573
B – NET ACQUISITION AND MANAGEMENT COSTS	**6,715**	**4,222**	**522,803**	**533,740**
C – ALLOCATED INVESTMENT INCOME	**6,560**	**1,429**	**103,071**	**111,060**
D – REINSURANCE RESULT	**12,790**	**9,201**	**233,175**	**255,166**
OPERATING PROFIT/LOSS (A-B+C+D)	**3,547**	**10,906**	**123,550**	**138,003**

(1) Including CDA Antilles Guyane
(2) including reserve for equalisation and other underwriting income

Note 15 — Other underwriting income and expenses

Other operating expenses of €110.5 million mainly include the breakdown of general expenses by destination.

Other operating income is not material.

Note 16 — Investment income and expenses

NOTE 16.1 — BREAKDOWN OF 2007 INVESTMENT INCOME

Nature of expenses In thousands of euros	Affiliated companies	Equity-linked companies	Other sources	Total
INVESTMENT EXPENSES				
Expenses of internal and external management of investments and financial expenses	38,330	49	97,722	136,101
Other investment expenses	1,729		10,270	11,999
Losses on sale of investments	3	232,485	32,139	264,627
TOTAL	**40,062**	**232,534**	**140,131**	**412,727**

NOTE 16.2 — BREAKDOWN OF 2006 INVESTMENT EXPENSES

Nature of expenses In thousands of euros	Affiliated companies	Equity-linked companies	Other sources	Total
INVESTMENT EXPENSES				
Expenses of internal and external management of investments and financial expenses	31,944	81	70,271	102,296
Other investment expenses	42,278		20,131	62,409
Losses on sale of investments	40	469	44,649	45,158
TOTAL	**74,262**	**550**	**135,051**	**209,863**

NOTE 16.3 — BREAKDOWN OF 2007 INVESTMENT INCOME

Nature of expenses In thousands of euros	Affiliated companies	Equity-linked companies	Other sources	Total
INVESTMENT INCOME				
Investment income	411,556	7,892	58,300	477,748
Income from equity interests				
Real-estate investment income	*12,341*		*12,817*	*25,158*
Income from other investments		*48*	*45,483*	*45,531*
Other financial income	*399,215*	*7,844*		*407,059*
Other income from investments	7,790	231,475	13,471	252,736
Profits on sale of investments		298	95,038	95,336
TOTAL	**419,346**	**239,665**	**166,809**	**825,820**

NOTE 16.4 — BREAKDOWN OF 2006 INVESTMENT INCOME

Nature of expenses In thousands of euros	Affiliated companies	Companies equity interest	Other sources	Total
INVESTMENT INCOME				
Investment income	257,308	14,671	75,720	347,699
Income from equity interests				
Real-estate investment income	*14,418*	*431*	*13,106*	*27,955*
Other investment income		*48*	*62,614*	*62,662*
Other financial income	*242,890*	*14,192*		*257,082*
Other investment income	6,640	1,001	5,737	13,378
Profits on sale of investments		1,166	68,849	70,015
TOTAL	**263,948**	**16,838**	**150,306**	**431,092**

Note 17 — Other non-operating income and expenses

The other non-operating expenses, in the amount of 5.9 million euros, primarily comprise the portion of overhead expenses distributed by destination.

Other non-operating income is not material.

Note 18 — Exceptional income and expenses

The 2007 exceptional loss of €49.3 million mainly corresponds to:

- Provisions for risks and charges € –5.5 million
- subsidies paid in connection with the financing of large programmes and long-term growth on the urban market. €–43.8 million

Note 19 — Income tax

- Tax charge

In thousands of euros	31.12.2007	31.12.2006
Corporate income tax payable	–134,000	–112,400
Reserves for fiscal combination gains in year Y	175,024	196,674
Reserves for tax combination gains in year Y-1	–196,674	–130,374
Actual fiscal combination gains in year Y-1	198,799	130,435
Other	2,713	3,857
Total tax (income)	**45,862**	**88,192**

- Specific nature and make-up of the "Corporate income tax" line
  - As at 31 December 07, the "Corporate income tax" line includes a net tax credit of €45.9 million that breaks down as follows:
    - Account — Fiscal combination — Income €182.8 million
    - Account — Fiscal combination — Expenses €136.9 million
  - The item "income tax" consists primarily of the provision for group tax of €134, the provision for tax recognised on individual tax income for the fiscal year of combined subsidiaries of €175 million, and philanthropy and family tax credits of €4.5 million.

- Impact of fiscal combination arrangements at the level of the parent company, Groupama SA

  The difference between the tax recognised and the tax that would have been incurred without any tax combination is + €41.02 million, i.e. the net amount between the conventional income tax of the combined subsidiaries and the group tax expense.

- Tax loss carryforwards

  As of 31 December 2007, the combined group did not have any short-term losses that could be carried forward.

Note 20 — Breakdown of personnel expenses

In thousands of euros	31.12.2007	31.12.2006
Salaries	56,286	49,473
Social Security charges	21,630	21,405
Other	2,574	1,974
TOTAL	**80,490**	**72,852**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2007, the average rate of expenses of the grouping kept by Groupama SA is 57.20%.

Note 21 — Workforce

- Personnel

(In numbers)	31.12.2007	31.12.2006
Senior management	122	116
Executives	1,098	1,044
Non-managerial staff	330	350
TOTAL PERSONNEL	**1,550**	**1,510**

Personnel figures correspond to the average workforce over the year.

Note 22 — Compensation of executive officers

Compensation allocated to the company's board of directors and executive bodies was respectively €330,600 and €4,836,200.

Note 23 — Proposed allocation of income

The taxable profit for fiscal year 2007 was €379,012,000.

The proposed allocation of income submitted to the General Meeting of Shareholders breaks down as follows:

- as shareholder dividend €155,115
- balance carried forward €223,897

Note 24 — Subsidiaries and equity interests

Disclosures about subsidiaries and equity interests (in thousands of euros)

Detailed information about equity interests whose gross value exceeds 1% of the capital of the company for mandatory publication:	Siret number	Capital	Shareholders' equity excluding Capital and excluding profit/loss for the year	Percentage of Capital held at 31.12.2007	Book value of shares held at 31.12.2007		Premium income of the last fiscal year	Profit (loss) of the last fiscal year
Subsidiaries (more than 50% owned)								
Insurance companies:								
GAN ASSURANCES IARD *810, rue d'Astorg*	542 063 797 00356	109,818	148,936	100.00%	671,462	671,462	1,068,923	45,640
GAN ASSURANCES VIE *810, rue d'Astorg*	340 427 616 01428	153,001	443,478	77.54.%	269,539	269,539	1,265,361	10,800
GAN EUROCOURTAGE IARD *810, rue d'Astorg*	410 332 738 00021	8,056	204,754	100.00%	367,636	367,636	826,427	106,277
GAN EUROCOURTAGE VIE *810, rue d'Astorg*	340 427 525 00043	51,696	176,637	86.08%	162,137	162,137	691,145	67,674
GAN PATRIMOINE *150, rue d'Athènes 59882 Lille Cedex 9*	457 504 694 00243	8,221	146,902	99.97%	37,351	37,351	539,801	21,952
GAN PRÉVOYANCE *8/10, rue d'Astorg*	410 569 776 00025	94,300	37,991	100.00%	193,628	193,628	498,437	23,983
GROUPAMA ASSURANCE CRÉDIT *8/10, rue d'Astorg*	380 810 283 000 16	20,000	2,604	99.99%	19,818	19,818	25,460	1,530
GROUPAMA TRANSPORT *1, quai Georges V — BP 1403 76067 Le Havre Cedex*	552 122 103 000 21	71,262	19,537	100.00%	121,665	121,665	298,549	11,930
GROUPAMA VIE *5 / 7, rue du Centre 93199 Noisy le Grand Cedex*	722 006 079 00270	165,240	563,424	100.00%	302,978	302,978	1,937,386	76,614
Other companies:								
BANQUE FINAMA *157, boulevard Haussmann 75008 Paris*	572 043 800 00059	82,394	117,305	86.14%	158,176	158,176	67,602	29,908
GROUPAMA BANQUE *70,rue de Lagny 93107 Montreuil Cedex*	440 786 184 00034	90,089	–4	80.00%	212,826	83,076	28,086	–25,266
GROUPAMA INTERNATIONAL *8/10, rue d'Astorg*	344 207 667 00017	710,063	300,849	100.00%	1,231,240	1,157,027	NA	189,091
SCI 79 CHAMPS ELYSEES *22, rue Joubert 75009 Paris*	393 231 634 00022	69,270	0	91.21%	60,496	60,496	6,706	3,503
SCIFMA *22, rue Joubert 75009 Paris*	315 213 421 00029	43,871	2,427	74.88%	36,069	36,069	3,746	1,447
GROUPAMA ÉPARGNE SALARIALE *4-6 avenue d'Alsace 92033 Paris La Défense Cedex*	428 768 352 00042	10,391	–2,586	100.00%	20,314	20,314	6,003	–1,310
NUOVA TIRRENA Via Massimi 158, 00136 ROME Italy	00411140585(1)	142,571	151,119	100.00%	1,260,215	1,260,215	821,873	27,448
Equity interests held between 10 & 50%								
COMPAGNIE FONCIÈRE PARISIENNE *22, rue Joubert 75009 Paris*	345 199 673 00079	709,775	153,488	32.74%	307,076	307,076	46,388	19,629
SILIC *4, place de Rio de Janeiro 75008 Paris*	572 045 151 00022	69,868	223,875	29.17%	121,861	111,948	141,855	56,023

Note 25 — Information about subsidiaries and equity interests

Overall information about all subsidiaries and equity interests (€ thousands)	Carrying amount of securities held Gross	Net	Amount of loans and advances granted	Amount of sureties and endorsements given	Amount of dividends received[(a)]
Subsidiaries:					
French	3,921,187	3,715,024	951,438	41,256	348,051
Foreign	1,264,789	1,264,789	0	0	0
Equity interests					
French	447,141	447,135	1,839	0	25,886
Foreign	0	0	0	0	0

(a) including earnings from real-estate investment companies

Note 26 — Consolidation

Groupama S.A. prepares:

- consolidated financial statements incorporating all of its subsidiaries,
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as of 31 December 2006, as approved by the European Union.

6.4 AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

(Year ended 31 December 2007)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

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

Dear Shareholders,

In performance of the audit engagement that was assigned to us by your Shareholders' Meeting, we submit to you our report on the fiscal year ended 31 December 2007 regarding:
- the audit of the annual financial statements of Groupama SA, as attached to this report;
- the basis of our assessments;
- the specific checks and disclosures required by law.

The parent company financial statements were prepared by the board of directors. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

I — Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in these statements. It also includes an assessment of the accounting principles used and the significant estimates made by management and their overall presentation. We believe that our audits provide a reasonable basis for our opinion as expressed below.

We certify that, with respect to French accounting principles and rules, the parent company financial statements are proper and accurate and give a faithful image of the transactions of the past fiscal year and the financial condition and net worth of the company at the end of that fiscal year.

II — Basis of assessments

Pursuant to the provisions of Article L. 823-9 of the Commercial Code governing the justification of our assessments, you are hereby informed that:
- Some technical items specific to insurance and reinsurance, under assets and liabilities on the financial statements of your company, are estimated on statistical and actuarial bases, specifically the technical reserve. The methods of determining those items are described in note 3.1 of the Notes to the financial statements.

  We are convinced of the reasonable nature of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment, and the consistency of all these assumptions.
- The financial assets are classified in various categories according to the criteria listed in note 3.2 of the Notes and are measured according to the rules applicable to each category described in note 3.2 of the Notes.

  We are convinced of the appropriate nature of the impairment tests performed on the basis of the position of the investments and the volatility of financial markets, and we consider that the provisions made are of a reasonable nature.

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

III — Tests and specific disclosures

Pursuant to the professional standards applicable in France, we also conducted the specific tests stipulated by law.

We have the following comments to make about:
- the sincerity and concordance, with the parent company financial statements, of the disclosures made in the board of directors' management discussion and analysis (MD&A) and in the documents sent to shareholders on the financial position and the parent company financial statements;
- the sincerity of the information given in the MD&A about the compensation and benefits paid to the directors and officers concerned and the commitments made to them at the time of the start, cessation or change in responsibilities or thereafter.

Pursuant to the law, we have made sure that the various disclosures about the identity of the holders of the capital (or voting rights) and the reciprocal shareholdings have been given to you in the management discussion and analysis.

Executed in Neuilly-sur-Seine and Courbevoie, 1 March 2008

The Auditors

PricewaterhouseCoopers Audit Mazars & Guérard

Michel Laforce Bénédicte Vignon Nicolas Robert Gilles Magnan

6.5 SPECIAL REPORT FROM THE AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

(Year ended 31 December 2007)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

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

To the shareholders
Groupama SA
8-10, rue d'Astorg
75008 Paris

Dear Shareholders,

In our capacity as auditors of your company, we submit to you our report on the regulated agreements and commitments.

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FISCAL YEAR

Pursuant to article L. 225-40 of the Commercial Code and article R. 322-7 of the Insurance Code, we have been informed of the agreements and commitments that have been the subject of advance authorisation from your board of directors.

It is not our responsibility to investigate the existence of any other agreements and commitments but rather to tell you, based on the information that we have been given, the essential features and terms of the ones that we have been informed of, without having to state an opinion on their utility or justification. Pursuant to article R-225-31 of the Commercial Code, it is your responsibility to evaluate the advisability of entering into those agreements and commitments with a view toward their approval.

We have conducted our work according to the professional standards applicable in France; those standards require the use of due diligence to verify that the information that we have been given truly reflect the basic source documents.

FINANCING OF LARGE GROUP PROGRAMMES

In connection with the financing of 2008 large programmes, on 24 October 2007, the Board of Directors authorised the granting of subsidies to the regional mutuals in order to support them in the effort to expand the consumer credit activity (Groupama Banque) in a gross maximum amount of €18 million, to which will be added, for three years, the costs of bank development associates for a gross total amount of €1.4 million. The Board has also authorised a participation in the financing of European-community computer expenses (SIGMA) in the amount of €7.66 million, net of corporate income tax. Each of those subsidies was successively authorised by the board of directors; the Chairman of the mutual concerned by the granting of a subsidy did not participate in the vote.

That agreement has no effect on the 2007 financial statements.

Directors concerned: Mr Aussat, Mr Baligand, Mr Baucherel, Mr Baylet, Mr Bartholomeis, Mr Cornut Chauvinc, Mr Drouet, Mr Habig, Ms Longuet, Mr Viet, and Mr Wibratte.

SPORTS SPONSORING

Under the so called sports sponsoring arrangement, the board of directors authorised the granting of subsidies to some regional mutuals:

- on 14 March 2007 for a total amount of €549,600, for the 2006/2007 season;
- on 24 October 2007, for a total amount of €806,810, for the 2007/2008 season.

Each of those subsidies was successively authorised by the board of directors; the Chairman of the mutual concerned by the granting of a subsidy did not participate in the vote.

Directors concerned: Mr Aussat, Mr Baligand, Mr Bartholomeis, Mr Drouet, Mr Habig and Ms Longuet.

PROJECT FOR EXPANSION OF GROUPAMA PARIS VAL DE LOIRE IN PARIS

As part of the strategy for the group's growth in France, on 10 July 2007 the board of directors authorised financial support for the regional mutual Groupama Paris Val de Loire in the amount of €30 million net of corporate income tax, for the creation of local branches in Paris. The Chairman of the mutual concerned by the granting of the subsidy did not participate in the vote.

Director concerned: Ms Longuet.

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FISCAL YEARS WHOSE PERFORMANCE CONTINUED DURING THE FISCAL YEAR

Pursuant to the Commercial Code, we were also informed that the performance of the following agreements and commitments, which were approved during previous fiscal years, continued during the past fiscal year.

FINANCING OF LARGE GROUP PROGRAMMES

In connection with the maximum amounts of subsidies authorised by the board of directors on 14 December 2006, for financing the 2007 large programmes, the amount of subsidies actually paid to the regional mutuals was

€2.3 million net of corporate income tax for conducting the banking activity (Groupama Banque) and €10.2 million net of corporate income tax for European-community computer-related spending (SIGMA).

CHIEF EXECUTIVE'S PENSION AND RETIREMENT INSURANCE POLICIES

On 14 December 2006, the board of directors authorised the extension of the policies for provident insurance, medical and retirement expenses for Steering Committee members to the company's Chief Executive, for provident insurance and medical expenses and on 14 December 2005 for the pension contract.

WITH REGIONAL MUTUALS

The purpose of the agreement on security and solidarity measures, which was approved by the general meeting of shareholders on 18 December 2003, amended by rider in December 2004, is to guarantee the security of management and economic and financial equilibrium of all Regional Mutuals and Groupama SA and to organise solidarity among those entities; the agreement provides for procedures geared around four measures:

- Groupama SA conducts a three-year audit of all Regional Mutuals and spot audits if losses are recorded by a Regional Mutual;
- solidarity fund mechanism for acting in favour of a Regional Mutual that is in difficulty; under this mechanism, the Regional Mutuals pay a portion of their net surplus in the amount of 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
- appointment of the Managing Directors of the Regional Mutuals;
- agreement for combination of accounts, designating Groupama SA as combining entity.

Executed in Neuilly-sur-Seine and Courbevoie, 1 March 2008

The Auditors

PricewaterhouseCoopers Audit		Mazars & Guérard	
Michel Laforce	Bénédicte Vignon	Nicolas Robert	Gilles Magnan

7

LEGAL INFORMATION

7.1 INFORMATION ON THE COMPANY

7.1.1 Identification

The company was founded 11 December 1987 for a period of 100 years, i.e., until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 Current company's by-laws

7.1.2.1 FORM (ARTICLE 1)

The company, which is a French law *société anonyme*, governed by current and future legislative and regulatory provisions, and by these bylaws.

7.1.2.2 PURPOSE (ARTICLE 2)

The company has the purpose below:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- re-insurance of agricultural regional or *départemental* reinsurance mutuals (hereinafter referred to by the term "Mutual"), pursuant to Article R. 322-120, No. 4 of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R 322-132 of the Insurance Code;
- reinsurance of any insurance or reinsurance companies governed by the Insurance Code, regardless of form, any mutuals or associations of mutuals governed by the mutuals code, and any provident institutions or associations of provident institutions governed by the Social Security Code or the Rural Code;
- engaging in any activities involving cession, retrocession, or compensation of the risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services, and related activities;

and in general, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose, and any similar or related purposes.

7.1.2.3 CORPORATE NAME (ARTICLE 3)

The company's name is the following: Groupama SA.

7.1.2.4 CORPORATE REGISTERED OFFICES (ARTICLE 4)

Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the board of directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 DURATION (ARTICLE 5)

The company's duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 CONTRIBUTIONS (ARTICLE 6)

Contributions to the company may be made in cash or in kind.

a) Upon the company's founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid-in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the company's shares to 1,000 francs. The same meeting resolved to increase the company's share capital from two hundred fifty thousand (250,000) francs to three billion, five hundred forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the extraordinary general meeting resolved to increase the company's capital to four billion, five hundred sixty-five million (4,565,000,000) francs.

d) By authorisation of the extraordinary general meeting of 14 February 1995, the board of directors, at its meeting of 14 February 1995, resolved to increase the company's share capital from four billion, five hundred sixty-five million (4,565,000,000) francs to five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs, through the issuance of six hundred eighty thousand, three hundred (680,300) cash shares.

e) The extraordinary general meeting of 28 June 1996 resolved to increase the company's share capital from five billion, two hundred forty-five million, three hundred thousand (5,245,300,000) francs to five billion, three hundred twenty-seven million, six hundred four thousand (5,327,604,000) francs, through the issuance of eighty-two thousand, three hundred four (82,304) shares issued at the price of 1,215 francs, i.e., with an issuance premium of 215 francs per share.

f) Pursuant to an authorisation of the extraordinary general meeting of 16 April 1998 and a decision of the board of directors dated 9 July 1998, the company's capital was increased from five billion, three hundred twenty-seven million, six hundred four thousand (5,327,604,000) francs, to sixteen billion, five hundred eighty-five million, six hundred sixteen thousand (16,585,616,000) francs, through the issuance of eleven million, two hundred fifty-eight thousand, twelve (11,258,012) cash shares.

g) The extraordinary general meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The extraordinary general meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) With the general meeting deliberating on an extraordinary basis on 29 June 2001, it was resolved to convert the company's capital stock to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the company's share capital was increased by €5,381,563.46, from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L 236-11 of the Commercial Code dated 28 June 2002, the assets of that company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The extraordinary meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L 236-11 of the Commercial Code dated 25 June 2003, the company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The extraordinary general meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to 506,031.56 euros, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01, following the transfer by the CCAMA of all items relative to the operation of its activity involving reinsurance of the regional mutuals and administration of the group's equity management division; the proceeds of the transfer and the correlating capital increase were confirmed by the board of directors, which met the same day after the meeting;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issuance, merger, and transfer premiums" account.

7.1.2.7 SHARE CAPITAL (ARTICLE 7)

The share capital is set at a total of €1,186,513,186. It is divided among 231,514,768 shares of €5.125 each, completely paid-in and all of the same category.

7.1.2.8 CHANGE IN THE SHARE CAPITAL (ARTICLE 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 FORM OF THE SHARES (ARTICLE 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, an affidavit of registration in the accounts will be issued thereto by the company.

7.1.2.10 TRANSFER OF SHARES — APPROVAL CLAUSE (ARTICLE 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the board of directors ruling by two-thirds' majority of members present or represented.

In the event of a sale to a third party, the request for approval indicating the buyer's corporate name or identity, the number of shares envisioned in the sale, and the offered price, is to be issued by registered letter with return receipt to the company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the board of directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered as given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be invited by the board of directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained.

Transfers of shares for the purpose of allowing a director to carry out his appointment are not covered by these provisions.

7.1.2.11 RIGHTS AND OBLIGATIONS CORRESPONDING TO THE SHARES (ARTICLE 11)

In addition to one voting right, each share will be entitled to share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 BOARD OF DIRECTORS (ARTICLE 12)

a) Membership of the board of directors

The company is administered by a Board of Directors made up of two categories of directors:

- Directors appointed by the Ordinary General Meeting
  They are a minimum of nine (9) and a maximum of eighteen (18).
  The directors are appointed by the ordinary general meeting for six (6) years of office.
  If a director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor.
- Directors elected by company employees
  The bylaws and methods of election of these directors are set by Articles L 225-27 to L 225-34 of the Commercial Code, as well as by the bylaws.
  They are two (2) in number, including a representative of the officers.
  In any event, their number may not exceed one third the number of directors appointed by the general meeting.
  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a director will end upon completion of the meeting of the ordinary general meeting approving the corporate financial statements for the fiscal year just elapsed, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of director is set at the seventieth (70th) birthday, with a member of the board of directors to be deemed as officially resigning upon completion of the ordinary general meeting in the year of his sixty-ninth birthday.

Each director must own at least one (1) share for the entire duration of his term of office.

b) Conditions for the election of employee directors

For each vacant seat on the board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, [if] the number of seats of elected directors actually filled falls below two before the normal expiration of these directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the board of directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates is to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by company employees will assume office after the meeting of the board of directors held after the announcement of the results.

The conditions for balloting not defined by Articles L 225-27 to L 225-34 of the Commercial Code, or by these bylaws, are set by General Management after consultation with the representative union organisations.

7.1.2.13 ORGANISATION AND DELIBERATIONS OF THE BOARD (ARTICLE 13)

a) Chairman of the board of directors

The board of directors will elect a chairman from among its individual members, set his compensation, and set the duration of his term, which may not exceed that of his term as director.

If the acting Chairman attains the maximum age of 70 set for his term of office as director, his duties will terminate upon completion of the ordinary general meeting held in the year of his sixty-ninth birthday.

The chairman will organise and lead the works of the board of directors, for which he reports to the general meeting. He will ensure the successful functioning of the corporate bodies and specifically ensure that the directors are capable of fulfilling their duties.

b) Vice Chairman

The board of directors may appoint from among its members a vice chairman, whose duties, in case of impediment of the chairman, consist of convening and chairing board meetings, as well as chairing the general meeting.

c) Meeting of the board

The board of directors will meet as often as the company's interest so requires, whenever convened by the chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of impediment of the chairman, the board of directors may be summoned either by the Vice Chairman, or by at least one third of its members or, if a director, by the company chief executive officer.

Directors may be convened by letter or by any other means. In any event, the board may at all times carry out valid business if all members are present or represented

d) Deliberations of the board of directors

Meetings of the board are chaired by the chairman of the board of directors or by the Vice Chairman, and failing this, by a director appointed for this purpose at the start of the meeting.

Each director may give one of his colleagues power of attorney to represent him, but each director may only represent one of his colleagues and each power of attorney may only be given for a specific board meeting. The presence of at least half the members of the board is, in all cases, necessary for the validity of the deliberations.

The chief executive officer will attend board meetings.

A representative of the Works Council will attend board meetings under the conditions set by current law.

At the initiative of the chairman of the board of directors, the statutory auditors or other parties outside the company with specific competence relating to items on the agenda may attend all or part of a board meeting.

Resolutions will be made by a majority vote of members present or represented. In the event of a tie, the meeting chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the board appointed by the chairman.

Under the conditions set by law, the internal regulation may provide that meetings may be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, directors who participate in board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The chairman of the board of directors, or in his absence the author of the notice to meet, will inform the individuals invited of the methods to be applied for the meeting.

Minutes shall be drafted and copies or extracts issued and certified in accordance with the law.

7.1.2.14 AUTHORITY OF THE BOARD OF DIRECTORS (ARTICLE 14)

The board of directors will set the guidelines for the company's activity and ensure their implementation. Subject to the powers expressly assigned to the Meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the board of directors:

- Amendments and the annual implementation of the reinsurance agreement with the Mutuals and the agreement governing security and solidarity plans;
- Any issues of transferable securities, irrespective of the type, that may result in a change in the share capital;
- Any significant operations that may affect the group's strategy and its business scope.

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

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

The following operations are also subject to approval by the board of directors if any of the categories below exceeds a unit amount set by the board of directors:

- Taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- Acquiring or disposing of any properties, excluding the insurance investment business;
- Granting any pledges on corporate property;
- Taking out any loans, excluding cash operations carried out with companies that have capital ties to the company, either directly or indirectly.

The board may resolve to create committees responsible for studying issues that it itself or its Chairman submit, upon notification, for their examination.

The board of directors is authorised to prepare an internal regulation intended to set the rules of functioning for the corporate bodies that are not covered by the bylaws.

7.1.2.15 COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS (ARTICLE 15)

Board members may receive compensation in the form of directors' fees, the total amount of which, as set by the general meeting, is distributed by the board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to board members by the board of directors, in the cases and under the conditions set by law.

7.1.2.16 GENERAL MANAGEMENT OF THE COMPANY (ARTICLE 16)

The company's general management is assumed by either of the chairman of the board of directors, or another individual appointed by the board of directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking general management is to be made by the board of directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The chief executive officer is vested with the broadest powers to act on behalf of the company under any and all circumstances. He will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to shareholders' meetings and the board of directors. He will represent the company vis-à-vis third parties.

The board of directors sets the duration of the duties of the chief executive officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, nor that of his term of office as director. The board will also set the compensation of the chief executive officer.

No one aged 65 or older may be appointed Chief Executive Officer. If the acting Chief Executive Officer attains the age of 65, his duties will terminate upon completion of the next ordinary general meeting approving the financial statements for the year just elapsed.

7.1.2.17 AGREEMENTS (ARTICLE 17)

The provisions of Articles L 225-38 to L 225-43 of the Commercial Code apply to agreements entered into directly or through an intervening party, between the company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company in the sense of Article L233-3 of the Commercial Code.

7.1.2.18 ASSOCIATION OF AUDITORS (ARTICLE 18)

At the proposal of the board of directors, the ordinary general meeting may appoint auditors, who may not exceed six in number.

In the event of a vacancy of one or more auditor positions by death or resignation, the board of directors may accept provisional nominations, subject to approval by the next ordinary general meeting.

Auditors, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years, to end upon completion of the meeting approving the financial statements for the year elapsed and held within the year during which their terms of office expire.

The ordinary general meeting may, under all circumstances, revoke one or more auditors and undertake to replace them, even if such revocation does not appear on the agenda.

Auditors are to be invited to meetings of the board of directors and take part in the deliberations, in an advisory capacity, however, their absence shall not prevent the holding of valid deliberations.

7.1.2.19 STATUTORY AUDITORS (ARTICLE 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 GENERAL MEETINGS (ARTICLE 20)

General meetings are convened and hold deliberations under the conditions set by law.

Meetings are to be held at the corporate headquarters or at another location defined in the notice to meet.

Any shareholder may participate personally or by proxy in the meetings upon proving their identity and the ownership of their shares, in the form of nominative registration in their name in the company's records at least five days prior to the meeting. The board of directors may eliminate or shorten this timeframe, but only to the benefit of all shareholders.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders will participate in the meetings through their legal representatives or through any other party appointed for this purpose by the latter.

Shareholders may participate in the general meetings by videoconference or any method of telecommunications authorised by current provisions, under the conditions set therein and when the invitation so provides.

Meetings are chaired by the chairman of the board of directors or, in his absence, by the vice chairman or a director appointed for this purpose by the chairman of the board of directors.

The duties of tellers are to be filled by two members of the meeting present and accepting such duty, who have the greatest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet is to be prepared under the conditions provided for by law.

In all general meetings, the voting rights attached to shares containing a right of usufruct are to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the chairman of the board of directors, a vice chairman, or the meeting secretary.

A proposal will be made to the general meeting of 28 May 2008 to amend Section 3, Article 20 of the bylaws to place it in conformance with the amendments applied to Decree No. 67-236 of 23 March 1967, by Decree No. 2006-1566 of 11 December 2006 (See § 7.3 — Resolution Seven).

7.1.2.21 DELIBERATION BY MEETINGS (ARTICLE 21)

Ordinary and extraordinary general meetings, ruling under the conditions of quorum and majority stipulated by the provisions governing them, respectively, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all shares completely paid in, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a member State of the European Union.

7.1.2.22 FISCAL YEAR (ARTICLE 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 ALLOCATION OF PROFIT (ARTICLE 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The general meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 METHODS OF PAYING DIVIDENDS — INTERIM DIVIDENDS (ARTICLE 24)

- The general meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

- The methods of paying dividends in cash or in shares are set by the general meeting or, failing this, by the board of directors.
- The board of directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 DISSOLUTION — LIQUIDATION (ARTICLE 25)

- Except in the case of an extension approved by the extraordinary general meeting, the company is dissolved upon expiration of the term set by the bylaws. Dissolution may also occur at any time by decision of the extraordinary general meeting.

The meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

- Except in the case of a merger, split, or consolidation of all shares, the company's expiration or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 DISPUTES (ARTICLE 26)

Any disputes that might occur between the company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 Amendments to the bylaws approved by the combined general meeting of 29 June 2006 but valid only under the condition precedent of the listing for trading and the first trade of the company's on the Eurolist of Euronext market

Article 9, "Form of the shares," has been amended; Article 10, "Transfer of shares — approval clause" is replaced by "Identification of shareholders"; "Article 11, "Exceeding thresholds," is created; Articles 12 to 27 are formerly articles 11 to 26, and Article 21 "General meetings," formerly Article 20, has been amended.

7.1.3.1 FORM OF THE SHARES AND IDENTIFICATION OF SHAREHOLDERS (FUTURE ARTICLES 9 AND 10 OF THE BYLAWS)

a) Form of the shares (Future Article 9 of the bylaws)

Shares completely paid in are registered or bearer shares, at the shareholder's discretion, subject to the current legal and regulatory provisions and the company bylaws; they are required to be registered until such time as they are paid-in in their entirety.

b) Identification of shareholders (future Article 10 of the bylaws)

10.1 — Ownership of the shares is established by a record in the company's accounts in accordance with current regulation.

If the owner of the shares is not domiciled on French territory, any intermediary may be registered on behalf of that owner. Registration may be undertaken in the form of a joint account or in several individual accounts, each corresponding to one owner. The registered intermediary is required, at the time its account is opened either with the company, or with the qualified financial intermediary that is the account owner, to declare its status as intermediary holding shares on behalf of another party, in accordance with current legal and regulatory provisions.

10.2 — For purposes of identifying holders of bearer shares, the company may request that the central depository that keeps the account for issuance of its shares provide the information corresponding to Article L.228-2 of the Commercial Code. Thus, the company is entitled to request at any time, in exchange for compensation, for which it is responsible, the name and year of birth or, in the case of a legal entity, the corporate name and year of founding, the nationality, and the address of the holders of securities conferring either immediately or over time the right to vote in the meetings as well as the number of shares held by each and, as applicable, any restrictions to which the shares may be subject.

The company, in view of the list sent by the central custodian, is entitled to request, under the same conditions, either through the intervention of this body or directly from the parties appearing on this list and for which the company believes they might be registered on behalf of third parties, the same information concerning share owners. These parties are required, if they have the status of intermediary, to reveal the identity of the owners of these shares. The information is provided directly to the financial intermediary and authorised account holder, with the latter responsible for communicating it, as applicable, to the company or central custodian.

In the case of registered shares exercisable immediately or over time, the registered intermediary is required to reveal the identity of the owners of these shares as well as the number of shares held by each, upon mere request of the company or its representative, which may be submitted at any time.

So long as the company believes that certain holders whose identity has been communicated thereto are owners of the shares on behalf of third parties, it is entitled to ask such holders to reveal the identity of the owners of these shares as well as the number of shares held by each. Upon issuing this request, the company may request that any legal entity holding its shares and owning interests exceeding 2.5% of the share capital or voting rights, disclose the identity of the persons directly or indirectly holding more than one third of the capital or voting rights of the legal entity holding the company's shares.

In the event of a breach of the obligations mentioned above, the shares or equity instruments exercisable immediately or over time and for which the party that violated these obligations was registered to the account shall be deprived of voting rights at any shareholders' meeting that might be held until the date of clarification of the identification, and payment of the corresponding dividend will be deferred until that date.

Moreover, in the event that the registered party knowingly ignores its obligations, the court in the jurisdiction of the company's registered offices may, at the request of the company or of one or more shareholders holding at least 5% of the share capital, pronounce complete or partial suspension, for a total period not to exceed five years, of the voting rights attached to the shares that had been subject to a request for information from the company and possibly, for the same period of time, the right to payment of the corresponding dividend.

7.1.3.2 EXCEEDING THE THRESHOLD SET BY THE BYLAWS (FUTURE ARTICLE 11 OF THE BYLAWS)

In addition to the legal obligations to report on exceeding the threshold or declare intent to do so, any individual or legal entity acting alone or in concert which directly or indirectly acquires through the intermediation of one or more legal entities that it controls in the sense of Articles L.233-3 or L.233-9 of the Commercial Code a number of shares representing a proportion of the share capital or voting rights equal to or greater than 2%, and then an additional tranche equal to a minimum of 0.5% of the share capital, or exceeds the thresholds of declarations provided for by the legal and regulatory provisions, must inform the company by registered letter with return receipt sent to the company's corporate registered offices within five trading days after exceeding the threshold, stating the total number of shares and voting rights it holds, alone or in concert, directly or indirectly through the intermediation of companies it controls in the sense of Article L.233-3 of the Commercial Code or as indicated in Article L.233-9 of the Commercial Code. It must also indicate the date or dates the declared shares were acquired.

This reporting obligation also applies when the shareholder's interest in the share capital or voting rights falls below any of the thresholds mentioned in the above paragraph.

Failure to satisfy the above provisions is subject to penalties, upon request set forth in the minutes of the general meeting, by one or more shareholders holding a proportion of the company's share capital or voting rights equal to at least 5%, by the suspension of voting rights for the shares or rights attached thereto exceeding the proportion that would have had to be declared, for any shareholders' meeting that might be held within two years after the date of clarification of the above notification.

7.1.3.3 GENERAL MEETINGS (FUTURE ARTICLE 21 OF THE BYLAWS)

General meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice to meet.

The right of shareholders to participate in general meetings is subject to the following:

- for holders of registered shares, their registration in the accounts maintained by the company;
- for holders of bearer shares, the filing, at the locations indicated by the notice to meet, of the bearer shares or a certificate from the account-holder intermediary attesting to non-disposability of the shares registered to the account until the meeting date. Express revocation of the registration or non-disposability certificate may only occur in accordance with the applicable mandatory provisions.

The formal requirements described above must be completed no later than five days prior to the meeting date. However, the board of directors, by means of a general resolution, may shorten this period, which will then be so stated in the meeting notice.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the general meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides. These shareholders will be deemed as present at the meeting for calculating quorum and majority.

Meetings are to be chaired by the chairman of the board of directors or, in his absence, the vice chairman or a director appointed for this purpose by the chairman of the board of directors.

The duties of teller are to be filled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all general meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the chairman of the board of directors, a vice chairman, or the meeting secretary.

It will be proposed to the general meeting of 28 May 2008 that it replace Section 3 and supplement Section 6 of the future Article 21 of the bylaws (See § 7.3 — Resolution Eight).

7.1.4 Internal regulation

The purpose of this internal regulation is to define or supplement certain regulatory and statutory provisions concerning the functioning of the board of directors and to define the rights and obligations of the directors. Each director agrees to abide by this internal regulation by accepting his term of office. In the case of any corporate directors, this regulation applies to the legal entity as well as individually to its individual representative.

7.1.4.1 FUNCTIONING OF THE BOARD OF DIRECTORS

a) Purpose of the board of directors

The board of directors, in accordance with the law, sets the guidelines for Groupama SA's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the shareholders' meetings, and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the company and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

The board is to be assisted by technical committees in performing its tasks.

b) Committees of the board of directors

The board of directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the board. They are responsible for enlightening the board of directors in certain areas. In accordance with article 90, Section 2 of the decree of 23 March 1967 on business corporations, the board of directors decided to create within it an Audit and Accounts Committee, Compensation and Appointments Committee and an Agreements Committee. The duties, membership, and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The board of directors is responsible for ensuring the proper operation of the committees. The board of directors may also create ad hoc committees charged with studying specific issues as they arise.

c) Membership of the board of directors

The board of directors must consist of directors with the skills, experience, independence of mind, and a willingness to become involved in the company's business. These directors are appointed to serve the interest of the company.

The board's membership must ensure impartiality in its deliberations. In addition to directors representing the controlling shareholders and directors elected by corporate employees, the board will consist of three (3) outside directors, two (2) of whom lack any direct or indirect relationship with the company and/or companies of the group to which the company belongs (independent director).

Status of independent director

A director is considered independent when he maintains no relationship of any kind whatsoever with the company, its group, or its management, which might compromise the exercise of his freedom of judgement.

The board of directors is required to verify that candidates to independent director positions meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the general meeting called to nominate the company directors or to approve appointments made by nominations by the board of directors.

Moreover, the board must also annually verify the individual status of each director with regard to the status of independent director and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

d) Auditors

Pursuant to Article 18 of the company bylaws, the general shareholders' meeting may appoint one or more company auditors, up to a maximum of six.

All obligations of the directors under this instrument apply to the auditors, including when the obligations result from provisions applicable only to directors (whether these provision derive from the law, from decrees, or from regulations, specifically those of the *Autorité des Marchés Financiers* ("AMF").

e) Notice to meet — holding of board of directors' meetings

The board of directors will meet at least four times per year when convened by its chairman or by any party to whom he delegated this task. If the board has not met for more than two (2) months, at least one third of the board members may request the chairman to convene a meeting for a specific agenda. Notices shall be made by letter, telegram, telex, fax, e-mail, or verbally, and may be sent by the general secretary. The chief executive officer may also request that the chairman convene the board for a specific agenda.

A draft schedule of meetings is to be prepared no later than November for the following year.

Directors may request that the chairman invites the company's principal administrative officers to meetings of the board of directors or committee meetings to question them on any issues relating to the exercise of their duties. The board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the board of directors or committee meetings will summarise the debates that took place.

f) Provisions specific to the holding of board meetings by videoconference or any telecommunications method

Directors who participate in board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed as present for purposes of calculating quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the board meeting and allow continuous broadcast of its deliberations.

However, participation in board meetings by videoconference is not possible for the following decisions:

- appointment, compensation, and dismissal of the chairman and chief executive officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated financial statements and management reports.

g) Secretarial duties of the board of directors

The secretarial duties of the board of directors are to be filled by the general secretary of Groupama SA.

h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the directors participating in the board meetings and indicating the name of the directors deemed present in the sense of Article L.225-37 of the Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the chairman, the chief executive officer, the director temporarily assigned to the duties of meeting chairman, the secretary of the board, or a legal representative authorised for this purpose.

i) Evaluation of the board of directors

In a report attached to the management report, the chairman will describe the conditions for preparing and organising the board's tasks, internal control procedures, and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the board of directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 RIGHTS AND OBLIGATIONS OF DIRECTORS

a) Submission of the bylaws and internal regulation

Before accepting his duties, a director must be familiar with the laws and regulations related to his duties. Upon entering into office, a copy of the company bylaws and of this internal regulation will be submitted to him. The board will provide for an updating of the internal regulation to take into consideration any legal and regulatory changes as well as local practice.

b) Training

If necessary, directors and members of specialised committees may receive additional training on the specific nature of the company and its subsidiaries, the group's operating methods, its core businesses, and its business lines.

c) Participation in board and committee meetings

A director must dedicate the necessary time and effort to his duties. He must undertake to faithfully attend meetings of the board and committees of which he is a member, and actively participate in their respective works.

If he feels that any decision of the board of directors is likely to harm the company, a director must undertake to clearly express his opposition and to use every means possible to convince the board of the relevance of his position.

d) Loyalty and conflicts of interest

The director has an obligation of loyalty to the company. He must not under any circumstances act in his own interest against that of the company.

The director undertakes not to seek or accept from the company or the group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other directors, specific groups of shareholders, creditors, suppliers, and any third party in general.

To this end, prior to signing, he undertakes to submit to the board of directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L.225-38 of the Commercial Code.

He is to ensure that his participation on the board is not the source of any conflict of interest for him or the company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the director in question will report it completely and in advance to the board of directors; he will be required to abstain from participating in board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and the vote). In the event of any question, directors may consult the General Secretary, who will guide them on this point.

e) Rights and obligations of directors with regard to information

The company chairman or chief executive officer must send each director any documents and information necessary for fulfilment of the board's duties, i.e., the making of decisions for which it is competent, and control of the administration exercised by management.

- Preparation for board meetings
  - The chairman or chief executive officer will seek to communicate to the directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the directors to participate in board discussions in a knowledgeable manner and to usefully discuss points on the agenda.
  - In the absence of information or in the event of the communication of information deemed to be incomplete, the directors will request that the chairman or chief executive officer provide information they believe indispensable to their participation at the board of directors' meetings.
- Ongoing information
  - Outside of board meetings, the chairman or chief executive officer are required to communicate to directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as directors have an obligation of confidentiality.
  - Requests for documents and information from directors are to be sent to the general secretary, who will forward them to the chief executive officer. The list of documents requested by directors is to be included as an item on the agenda of the next meeting of the board of directors; this list is to be included in the minutes of such meeting.
  - For reasons of confidentiality, the chairman or chief executive officer may deem it preferable to make the requested documents available to directors at the corporation's registered offices.
  - If he believes the information request exceeds the responsibilities of the director or is likely to raise a problem of conflict of interest, the chairman or chief executive officer, after having so informed the director in question, may consult the chairman of the Audit and Accounts Committee for his advice, prior to any response.

f) Personal shares

It is desirable that each director hold the equivalent of at least one (1) share.

g) The accumulation of terms of office

- Candidates to the offices of director are required to inform the board of directors of positions of director, chairman, chairman of the board of directors, chief executive officer, member of the oversight council and board, chairman of the board and sole chief executive officer, which they may hold in other companies with registered corporate offices in France, to allow the board of directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.
- Directors are required to inform the board of their appointment as director, chairman, chairman of the board of directors, chief executive officer, member of the oversight council and board, chairman of the board and sole chief executive officer in companies with corporate registered offices in France within five days of their nomination.
- Within one month after the close of the fiscal year just elapsed, directors are also required to communicate the list of positions they have occupied during the year just elapsed with a view to preparing the management report.

h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the board of directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties, and specifically company or group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

i) Compensation

The compensation of directors is to be set by the board at the proposal of the Nominations and Compensation Committee. The rules for the distribution of directors' fees are defined in the report from the chairman to the board of directors, attached to the management report.

APPENDIX 1

Audit and Accounts Committee:

Committee responsibilities

The purpose of the Audit and Accounts Committee is the following:

- to analyse the semi-annual and annual financial statements distributed by the company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the board of directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to examine the risk management policy;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for performing the legal audit assignments, ensuring monitoring of the latter and ensuring compliance with the rules guaranteeing the independence of the statutory auditors; to this end, the committee may request communication of the fees paid by the company and its group to the statutory auditors and their respective networks;
- to address upon request, on any subjects falling within its competence, the group's financial and accounting management;
- to assess the consistency of the mechanisms involving internal control, risk monitoring, and ethics compliance; to assess the internal audit works and the annual report on internal control;
- to receive the reports of the statutory auditors;
- to provide that the internal data collection and control procedures ensure the quality and reliability of the company's accounts;
- and to control, before publication, all accounting and financial information documents issued by the company.

Composition

The Audit and Accounts Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the board of directors, chosen from among the directors and auditors. At least one (1) of the committee members must be independent and chosen from among the company's outside directors. The committee cannot include the chairman among its members. At least one committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the company, and good understanding of internal control procedures and the committee's functions.

The duration of the term of office of the committee members coincides with that of their term as director or auditor. The committee appoints its chairman. The Groupama SA general secretary serves as committee secretary.

Operation

I — Internal organisation of the committee

The Audit and Accounts Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and semi-annual financial statements by the board of directors. Members are convened by the committee chairman or two of its members. The chairman or chief executive officer may also request that the chairman convenes the Audit and Accounts Committee on a specific point.

Meetings of the committee are validly held when at least half its members are in attendance. A committee member may not be represented.

Minutes are prepared of the committee meetings, to include the agenda and the discussions that took place among the committee members. The committee chairman or a committee member appointed for that purpose will report to the board of directors on the opinions and recommendations of the committee for purposes of discussion.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the board of directors within three (3) months after the close of such fiscal year.

II — Specific cases

Depending upon the agenda, the committee chairman:

a) may convene any person of the group likely to offer the committee relevant and useful clarifications for proper understanding of an issue;

b) must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

III — Work methods

Members of the Audit and Accounts Committee will benefit, as of their nomination, from information on the company's accounting, financial, and operational specifics.

The timeframes for examination of the accounts by the Audit and Accounts Committee must be sufficient (at least two days prior to the assessment by the board of directors). For purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the financial director describing the exposure to risks and the company's significant off-balance sheet commitments.

APPENDIX 2

Compensation and Appointments Committee:

Purpose of the committee

The purpose of the Compensation and Appointments Committee is the following:

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

Composition

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the board of directors and chosen from among the directors and auditors. At least one (1) of the committee members must be chosen from among the company's outside directors.

The duration of the term of office of the committee members coincides with that of their term as director or auditor. The committee appoints its chairman. The Groupama SA general secretary fulfils the duties of committee secretary.

Operation

I — Internal organisation of the committee

The Compensation and Nominations Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual general meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the board of directors and, as applicable, of auditors, and prior to the assessment by the board of directors of the compensation of the chairman and chief executive officer. Members are convened by the committee chairman or two of its members. The chairman of the board of directors or the chief executive officer may also request that the committee chairman convenes the Compensation and Nominations Committee on a specific point.

Committee meetings are validly held when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The committee chairman or a committee member designated for this purpose will prepare a report for the board of directors on the committee's opinions and recommendations, for discussion purposes.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will send to the board of directors within three (3) months after the close of such fiscal year.

II — Specific cases

Depending upon the agenda, the committee chairman may convene any person of the group capable of offering the committee a relevant and useful clarification as to the proper understanding of a question.

APPENDIX 3

Agreements Committee

Purpose of the committee

The Agreements Committee has purpose to analyse:

a) any agreement entered into directly or through an intermediary between the company and the following parties:

- its chairman;
- its chief executive officer;
- one of its delegated executive officers;
- one of its directors;
- one of its shareholders holding over 10% of its voting rights;
- the controlling company of one of its shareholders (holding over 10% of its voting rights) in the sense of Article L.233-3 of the Commercial Code;
- one of its auditors;

including agreements to which one of the parties listed above is indirectly a party;

b) any agreement entered into between the company and a business, if the chairman, chief executive officer, a director, or an auditor of the company is the owner, general partner, manager, director, member of the oversight council or in general a manager of such company.

The Agreements Committee must submit a report to the board of directors for each of its planned agreements, regarding its parties, its purpose, its amount, and its principal conditions, and draw its conclusions, specifically as to the applicable procedure (prior authorisation or communication by the chairman to members of the board of directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions in the sense of Article L.225-39 of the Commercial Code);

The committee will also report to the board of directors on the status of these agreements.

Composition

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the board of directors, chosen from among the directors and the auditors. At least one (1) of the committee members must be independent and chosen from among the company's outside directors, on the understanding that independence is determined in accordance with the criteria listed by the Afep/Medef work group. The committee cannot include the chairman among its members.

The terms of office of committee members coincides with their terms as director or auditor. The committee appoints its chairman from among the independent directors. The Groupama SA general secretary serves as committee secretary.

Operation

I — Internal organisation of the committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the committee chairman or two of its members. The chairman or chief executive officer may also request that the chairman convenes the Agreements Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes are prepared of committee meetings, containing the agenda and the discussions between committee members. The committee chairman or a member of the committee appointed for this purpose will report to the board of directors the committee's opinions and recommendations for purposes of its deliberation.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the board of directors within three (3) months after the close of such year.

II — Specific cases

Depending upon the agenda, the committee chairman may convene any person of the group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

III — Work methods

The timeframes for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the board of directors of an agreement).

7.2 INFORMATION CONCERNING SHARE CAPITAL AND MAJOR SHAREHOLDERS

7.2.1 Share Capital

Information relative to the company's bylaws and share capital appearing in 7.2.1.1 and 7.2.1.3 may or may not result from resolutions adopted by the combined general shareholders' meetings held 29 June 2006 and 30 May 2007 under the condition precedent of the listing of shares for trading and the first trading of the company's shares on the Eurolist of Euronext Paris S.A. market.

7.2.1.1 TOTAL SHARE CAPITAL

- Total share capital issued: 1,186,513,186 euros, represented by shares all of the same category
- Number of shares issued and completely paid in: 231,514,768
- Par value of the shares: 5.125 euros
- Authorised share capital not issued

Status of powers of attorney to the board of directors adopted by the combined general shareholders' meeting of 29 June 2006 and 30 May 2007, under the condition precedent of the listing of the company's shares for trading and the first trade of the shares on the Eurolist of Euronext Paris SA market:

Securities	Duration of the authorisation and expiration	Maximum par value of the increase in share capital
Preferred stock (Capital increase from all shares combined)	26 months as of the general meeting of 29 June 2006	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Non-preferred stock (Capital increase from all shares combined)	26 months as of the general meeting of 29 June 2006	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Capital increase by capitalisation of premiums, reserves, earnings, etc.	26 months as of the general meeting of 29 June 2006	€400 million
Issuances reserved for categories of persons (Capital increase reserved for a category of persons)	18 months as of the general meeting of 30 May 2007	1.1 billion euros to be allocated to the total capital increases authorised by the meeting, i.e., 1.1 billion euros
Increase in the number of shares to be issued in case of a capital increase with or without preferential share right	26 months as of the general meeting of 29 June 2006	15% of the initial issuance
Capital increase reserved for employee members of a company savings plan	26 months as of the general meeting of 29 June 2006	€150 million
Free allocations of shares existing or to be issued in favour of employees of the group or certain members thereof	26 months as of the general meeting of 29 June 2006	10% of the share capital
Capital reduction by cancellation of treasury shares	24 months as of the general meeting of 29 June 2006	10% of the share capital
Share purchase programme	18 months as of the general meeting of 30 May 2007	10% of the share capital up to a maximum of €500 million
Capital increase by contributions in kind consisting of shares or equity instruments	26 months as of the general meeting of 29 June 2006	10% of the share capital

A proposal will be made to the general meeting of 28 May 2008 to renew:

- the issuance of shares and/or equity instruments, maintaining the preferential share right in Resolution Nine, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Nineteen;
- the issuance of shares and/or equity interests of the company and/or securities entitling the holder to the allocation of receivables, eliminating the right of first refusal to subscribe in Resolution Ten, which cancels and replaces the one previously issued by the general meeting of 29 June, 2006 in Resolution Twenty;
- the capital increase through the capitalisation of premiums, reserves, profits, etc. in Resolution Eleven, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-One;
- the increase in the number of shares to be issued in the event of a capital increase with or without preferential share right in Resolution Twelve, which cancels and replaces the

one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-Two;

- the issuance reserved to categories of persons in Resolution Thirteen, which cancels and replaces the one previously issued by the general meeting of 30 May 2007 in Resolution Nine.
- the issuance reserved to members of savings plans in Resolution Fourteen, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-Four;
- the free allocations of shares existing or to be issued in favour of some or all group employees in Resolution Fifteen, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-Five;
- the capital reduction by cancellation of treasury shares in Resolution Sixteen, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-Six;
- the issuance as compensation for contributions in kind applying to shares or equity instruments in Resolution Seventeen, which cancels and replaces the one previously issued by the general meeting of 29 June 2006 in Resolution Twenty-Seven.

7.2.1.2 NON-EQUITY INSTRUMENTS

As of the date of the recording of this registration document, there were no instruments not representative of the company's share capital.

7.2.1.3 SHARES HELD BY THE COMPANY OR ITS SUBSIDIARIES

As of this date, the company holds none of its own shares. Similarly, none of its subsidiaries holds shares of the company.

For a period of 18 months, under the condition precedent of the listing for trading and the first trade of the company's shares on the Eurolist of Euronext Paris S.A. market, the combined general meeting of 30 May 2007 has authorised the board of directors to purchase company shares within the framework of the provisions of Articles L.225-209 and thereafter of the Commercial Code and in accordance with the provisions of European Regulation No. 2273/2003 of 22 December 2003 and the General Regulation of the *Autorité des Marchés Financiers*.

Pursuant to this authorisation, shares may be purchased, sold, or transferred at any time, including during a public offering period, and by any means, on the market or over the counter, including through the purchase or sale of blocks of shares, without limit as to the proportion of the purchase programme that may be realised by this means, by public purchase, sale, or exchange offer, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market or through the remittance of shares following the issuance of stock by conversion, exchange, redemption, exercise of an order or in any other manner, either directly or indirectly through an investment services provider.

This authorisation will be intended to allow the company to purchase and sell its shares for the following purposes:

- either the allocation of shares to employees for sharing in the results of the company's growth and the implementation of any company savings plan under the conditions set by law, specifically Articles L.443-1 and thereafter of the Labour Code;
- or the free allocation of shares within the framework of the provisions of Articles L.225-197-1 and thereafter of the Commercial Code;

under the condition precedent of the listing for trading and the first trade of the company's shares on the Eurolist of Euronext market;

- or the submission of shares following the exercise of rights attached to equity interests by redemption, conversion, exchange, presentation of an order or in any other fashion;
- or their retirement in whole or in part, in accordance with the terms set forth in Resolution 26 as adopted by the general shareholders' meeting on 29 June 2006;
- or the submission of shares during the course of exchange, payment, etc. within the framework of external growth, merger, split, or spin-off;
- or promotion of the market or liquidity of the company's shares by an investment services provider within the framework of a liquidity agreement in accordance with the code of ethics recognised by the *Autorité des Marchés Financiers*;
- or the realisation of purchase, sale or transfer activities by any means through an investment services provider, specifically within the framework of off-market transactions.

Purchases of the company's shares may apply to a number of shares such that:

- the number of shares the company purchases for the duration of the purchase programme does not exceed 10% of the shares comprising the company's share capital at any time whatsoever, with this percentage applying to share capital adjusted as a function of transactions affecting it subsequent to this general meeting;
- the number of shares the company will hold at any time whatsoever does not exceed 10% of the shares comprising the company's share capital on the date in question.

The maximum purchase price of the shares within the framework of this resolution will be €80 per share or the equivalent of this amount on the same date in any other currency; this price will be adjusted as a function of the results of the vote on Resolution Nine.

The total amount allocated to the share purchase programme authorised above may not exceed €500 million.

Moreover, in the event of a change in share par value, a capital increase through the capitalisation of reserves, the free allocation of shares, the split or consolidation of shares, the distribution of reserves or any other assets, the amortisation of share capital, or any other transaction affecting net equity, the general meeting has delegated to the board of directors the authority to adjust the aforementioned purchase price in order to take into consideration the impact of these transactions on the share's value.

A proposal will be made to the general meeting of 28 May 2008 to renew the share purchase programme in Resolution Six, which cancels and replaces the one previously issued by the general meeting of 30 May 2007 in Resolution Eight.

7.2.1.4 OTHER EQUITY INTERESTS

As of the recording date of this registration document, the company had no other equity interests.

7.2.1.5 HISTORY OF THE SHARE CAPITAL OVER THE PAST THREE YEARS

	Situation as at 31.12.2005			Situation as at 31.12.2006			Situation as at 31.12.2007		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights**	**Number of shares**	**% of share capital**	**% of voting rights**	**Number of shares**	**% of share capital**	**% of voting rights**
Groupama Holding	52,599,539	90.88%	90.88%	210,423,879	90.89%	90.89%	210,442,880	90.90%	90.90%
Groupama Holding 2	5,203,591	8.99%	8.99%	20,814,364	8.99%	8.99%	20,814,364	8.99%	8.99%
Other (*)	75,562	0.13%	0.13%	276,525	0.12%	0.12%	257,524	0.11%	0.11%
Total	**57,878,692**	**100.00%**	**100.00%**	**231,514,768 (**)**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**

(*) Employees, former employees and exclusive officers, officers and directors.

(**) The general shareholders' meeting of 29 June 2006 approved the split of the share's par value by four, resulting in the multiplication of the number of shares comprising the share capital by four.

The following table shows the evolution of the share capital over the past three years.

Meeting date	Transaction	Number of shares issued	Par value of the shares	Par value of the capital increase	Issuance premium from the contribution or merger	Total accumulated share capital	Cumulative number of shares
29 June 2006 Extraordinary general meeting	Split of the share's par value by four	–	€5.125	–	–	€1,186,513,186	231,514,768

7.2.1.6 SHARE OF EMPLOYEES IN THE SHARE CAPITAL OF GROUPAMA SA

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, subject to the suspension periods, and with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA that occurred in June 2002, then by Groupama Holding following simplification of the group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated semi-annual financial statements were audited.

Moreover, by virtue of the laws relative to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies, applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the highest between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become forfeit if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA shares at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2007, employees, former employees and exclusive officers of Groupama SA held 0.11% of the Groupama SA share capital.

7.2.2 Major shareholders

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the company's principal shareholders as at 31 December 2007.

Shareholders	Number of shares	% of share capital	Number of voting rights	% of voting rights
Groupama Holding (*)	210,442,880	90.90%	420,841,036	90.90%
Groupama Holding 2 (*)	20,814,364	8.99%	41,628,728	8.99%
Other (**)	257,524	0.11%	515,036	0.11%
Total	**231,514,768**	**100.00%**	**462,984,800**	**100%**

(*) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(**) As at 31 December 2007, employees, former employees, and exclusive officers held 257,460 shares, i.e., 0.11% of the company. Moreover, on the same date, directors as a whole held 64 shares, i.e., 4 company shares each, after the split in the par value of the Groupama SA share by four as approved by the general shareholders' meeting of 29 June 2006.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals control a majority of Groupama SA.

7.3 GENERAL MEETING OF 28 MAY 2008

7.3.1 Agenda

On the competence of the ordinary general meeting

- Management discussion and analysis from the board of directors on fiscal year 2007 and report from the chairman on internal control procedures
- General reports from the statutory auditors on execution of their audit engagement during fiscal year 2007 and special report from the statutory auditors on the report from the chairman pursuant to Section 6, Article L 225-37 of the Commercial Code
- Approval of the individual and consolidated financial statements for fiscal year 2007
- Allocation of income and setting of the dividend
- Special report from the statutory auditors on the transactions mentioned in Article L 225-38 of the Commercial Code
- Approval of the appointment of a director
- Authorisation to be given to the board of directors for trading in the company's shares

On the competence of the extraordinary general meeting

- Amendments to the bylaws (participation by shareholders in the general meeting)
- Assignment of authority to the board of directors to increase the capital stock, through the issuance of company shares and/or equity interests, maintaining the preferential share right
- Assignment of authority to the board of directors to increase the share capital through the issuance of company shares or equity interests and/or securities giving the right to the allocation of receivables, eliminating the preferential share right
- Assignment of authority to the board of directors to increase share capital through the incorporation of premiums, reserves, profits, etc.
- Assignment of authority to the board of directors to increase the number of shares to be issued in case of a capital increase with or without preferential share right.
- Assignment of authority to the board of directors to increase share capital by issuing company shares and/or equity interests reserved to Groupama Holding or certain categories of investors
- Assignment of authority to the board of directors to increase share capital, by issuing company shares and/or equity interests reserved for members of savings plans, eliminating the preferential share right on their behalf.
- Assignment of authority to the board of directors to undertake free allocations of shares existing or to be issued in favour of all or certain group employees
- Assignment of authority to the board of directors to reduce share capital by retiring treasury shares

- Assignment of authority to the board of directors to issue shares or equity interests without preferential share rights as compensation for contributions in kind corresponding to shares or equity interests

On the authority of the combined general meeting

- Powers of attorney for registration procedures

7.3.2 Resolutions

On the competence of the ordinary general meeting

First resolution (Approval of the financial statements)
The general meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having heard the reading of the reports from the board of directors and statutory auditors on the fiscal year ending 31 December 2007 and the opinion of the Central Works Council on these same statements, approves the financial statements for this fiscal year as they were presented, prepared in accordance with French accounting standards, i.e., the balance sheet, profit and loss statement, and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a profit of €379,012,201.03.

Second resolution (Allocation of profit)
The general meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having heard the reading of the report of the board of directors, has resolved to allocate the profit for the year, which totals €379,012,201.03, as follows:

- as shareholder dividend €155,114,894.56
- balance carried forward €223,897,306.47

The dividend per share will be €0.67.

It will be paid as at 29 May 2008.

Pursuant to amended Article 243*bis* of the General Tax Code, dividends distributed within the framework of this resolution are eligible, for individuals, for the 40% discount stipulated in numeral 2, No. 3, Article 158 of the General Tax Code.

To meet the provisions of amended Article 243*bis* of the General Tax Code, distributions for the past three fiscal years were the following:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2006	€134,278,565.44	€12,227,039.74	€122,051,525.70
2005	€ 87,975,611.84	€ 108,748.40	€ 87,866,863.44
2004	€ 46,302,953.60	€ 66,806.40	€ 46,236,147.20

Third resolution (Approval of the consolidated financial statements)
The general meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having read the reports of the board of directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2007, approves these financial statements prepared in accordance with international financial reporting standards (IFRS), as presented thereto, yielding a net profit (group share) of €793,173,000.

Fourth resolution (Regulated agreements)
The general meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having heard the reading of the special report of the statutory auditors as provided for in Section 3, Article L 225-40 of the Commercial Code and Article R 322-7 of the Insurance Code on agreements covered by Article L 225-38 of the Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth resolution (Ratification of the co-opting of a Director)
Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting ratifies the co-opting of Mr. Amaury Cornut-Chauvinc as a Director, that took place at the meeting of the Board of Directors of 30 May 2007 to replace Mr. Roger Paillès, who has resigned, for the remaining term of office of the latter, namely until the Ordinary General Meeting convened to rule in 2009 on the financial statements for the year ending 31 December 2008.

Sixth Resolution (Purchase by the company of its own shares)
The general meeting, ruling under the quorum and majority conditions required for ordinary (annual) shareholders' meetings, having reviewed the report by the Board of Directors, authorises the Board of Directors, with the option of sub-delegation, pursuant to the provisions of Articles L. 225-209 *et seq.* of the Commercial Code, to purchase or arrange for the purchase of shares in the company for the following purposes:

- either allocating the shares to employees under the corporate expansion profit-sharing plan and implementing any employee savings plan under the terms set forth by law, in particular Articles L. 443-1 *et seq.* of the Labour Code;
- or allotting bonus shares pursuant to Articles L. 225-197-1 *et seq* of the Commercial Code;

and, under the condition precedent of admission for trading and for the first listing of the company's shares on Eurolist of Euronext:

- or tendering stock when exercising the rights attached to equity securities by redemption, conversion, exchange, presentation of a warrant or by any other means;
- or retiring them in all or in part, subject to approval of the sixteenth resolution below;
- or tendering the shares in exchange, payment or otherwise in the course of external growth operations, mergers, split offs or spin-offs;
- or for market-making or liquefying the company's stock through in investment services provider under a liquidity agreement in compliance with the ethics charter recognised by the *Autorité des Marchés Financiers*;
- or carrying out purchasing or sales transactions by any means through an investment services provider, particularly during off-market transactions.

Share purchases by the company may involve a [limited] number of shares, i.e.:

- the number of shares purchased by the company during the share buyback programme shall at no time exceed 10% of the shares comprising the company's share capital; this percentage applies to capital adjusted based on the operations affecting it after this general shareholders' meeting;
- the number of shares to be held by the company shall at no time exceed 10% of the shares comprising the company's share capital on the date considered.

The shares may be acquired, sold or transferred at any time, including during public offerings and by any means, on the market or over-the-counter, including by block acquisition or sale with no limitation on any share buyback programme carried out by such means, by public offering of sale or exchange, or by the use of options or other forward financial instruments traded on a regulated or over-the-counter market, or by tendering shares following the issuance of securities entitling the holder access to the equity in the company by conversion, exchange, redemption, the exercise of a warrant or by any other means, either directly or indirectly through an investment services provider.

The maximum purchase price of the shares under this resolution shall be €80 per share or the exchange value of such amount on the same date in any other currency.

The total amount allocated to the above share buyback programme shall not exceed €500 million.

This authority is given for a period of eighteen months from this date and shall replace the authority given by the general shareholders' meeting of 30 May 2007.

The shareholders' meeting delegates to the Board of Directors, in the event of a change in the par value of the share, the authority to raise capital by capitalising reserves, by awarding bonus shares, by splitting or combining shares, by distributing reserves or any other assets, by amortising the equity or by trading in shareholders' equity in any other way and the power to adjust the aforementioned purchase price in order to take into account the effect of such operations on the value of the share.

The shareholders' meeting grants full authority to the Board of Directors, with the option of sub-delegation as dictated by law, to approve and implement this authority, to spell out the terms thereof if necessary and to determine the methods thereof, to carry out the purchase programme, in particular to place any market order, enter into any agreement to keep the share ledgers showing purchases and sales, make any representations to the *Autorité des marchés financiers* and any authority that may replace it, to perform any and all formalities and in general to do whatever is necessary.

Items within the scope of responsibilities of the special shareholders' meeting

Seventh Resolution (Attendance at shareholders' meetings)

The shareholders' meeting, ruling under the required quorum and majority conditions for special shareholders' meetings, after reviewing the report by the Board of Directors, hereby resolves to amend paragraph 3 of Article 20 of the bylaws, following the amendments made to decree n°67-236 of 23 March 1967, by decree n°2006-1566 of 11 December 2006, as follows:

.........................the beginning is unchanged ....

paragraph 3 replaced by:

Any shareholder may attend shareholders' meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the company, as of the 3rd business day preceding the shareholders' meeting, at midnight Paris time.

.............................the rest is unchanged ....

Eighth Resolution (Attendance at shareholders' meetings)

The shareholders' meeting, ruling under the required quorum and majority conditions for special shareholders' meetings, after reviewing the report by the Board of Directors, under the condition precedent of the admission for trading and the first listing of the company's shares on Eurolist by Euronext, hereby resolves to replace paragraph 3 and to add the following to paragraph 7 of the future Article 21 of the bylaws:

.........................the beginning is unchanged ....

paragraph 3 replaced by:

Any shareholder may attend shareholders' meetings in person, by proxy or by mail-in ballot upon proof of identity.

Such attendance is subject to registration on the books of the company of the shares in the name of the shareholder or the intermediary registered for his account as of the third business day preceding the shareholders' meeting at midnight Paris time:

- for the holders of registered shares, in the securities accounts kept by the company,
- for the holders of bearer shares in the bearer securities accounts kept by the authorised intermediary, with such registration to be certified with certification to be issued, if necessary, via e-mail by the authorised intermediary.

....................paragraphs 4, 5 and 6 unchanged ....

the following is to be added to paragraph 7:

Any proxy or vote cast electronically under these circumstances before the meeting as well as any notice of receipt, shall be considered unconditional and binding on all parties; it shall be understood, however, that, in the event any securities are sold before the third business day preceding the meeting at midnight Paris time, the company shall invalidate any proxy or vote cast electronically before the meeting or modify it accordingly, as the case may be.

.............................the rest is unchanged ....

Ninth Resolution (Delegation of authority to increase the share capital by issuing stock and/or securities entitling the holder access to the company's equity, with the preferential share right maintained)

The shareholders' meeting, ruling under the required quorum and majority conditions for special shareholders' meetings, after reviewing the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 of the Commercial Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the terms provided by law, the authority to approve the capital increase, one or more times, in France and abroad and/or on the international market, in the proportion and at the times deemed appropriate by it, either in euros or in any other currency or monetary unit pegged to more than one currency, by issuing shares, except for preferred shares, or securities entitling the holder to equity in the company, whether they be new or outstanding shares, provided that the shares and other securities can be applied for in cash, or by offsetting with debts or by capitalisation of reserves, profits or premiums;

2. hereby resolves to set as follows the limits to the amounts of the capital increases authorised in the event this delegation of authority is used by the Board of Directors:
   • the maximum nominal amount of the capital increases liable to be carried out immediately or eventually under this authority shall be set at €1.1 billion, with the understanding that the total maximum nominal amount of the capital increases liable to be carried out under this authority and the authority granted under the tenth, twelfth, thirteenth, fourteenth and fifteenth resolutions by this meeting is set at €1.1 billion;
   • to these ceilings would be added the par value of any additional shares to be issued in the event of new financial transactions, to preserve the rights of equity investors.

3. the shareholders' meeting hereby sets at twenty-six months from the date of this meeting, the validity period of the authority delegated under this resolution, which shall replace the authority delegated by the shareholders' meeting of 29 June 2006.

4. in the event this authority is used by the Board of Directors,
   • the meeting hereby resolves that any issuances be reserved for shareholders who will be able to apply as of right for new shares in proportion to the number of shares owned by them at the time;
   • duly notes the fact that the Board of Directors has the option of introducing a right to apply for excess shares;
   • duly notes the fact that this authority automatically allows the bearers of equity securities issued to waive their preferential share rights to any shares to which those securities entitle them immediately or in the future;
   • duly notes the fact that if the applications as of right, as well as any applications for excess shares have not absorbed the entire capital increase, then the Board of Directors may, as allowed by law, use either of the options below:
     – limit the capital increase to the amount of the subscriptions provided that this amount equals at least three quarters of the increase approved;
     – distribute freely some or all of the shares or, in the case of equity securities, i.e. those securities approved for issuance but not applied for;
     – offer the public some or all of the shares or, in the case of equity securities, some or all of any un-subscribed equity securities, on the French and/or foreign market and/or on the international market;
   • hereby resolves that share warrants may be issued by subscription offer, but also may be allotted free of charge to the holders of existing shares; on the understanding that the Board of Directors shall have the option of determining that the allotment rights of fractional shares will not be traded and that the corresponding securities will be sold;

5. resolves that the Board of Directors, with the option of sub delegation under the terms set by law, has full powers to implement this authority for the following purposes:
   • to decide on the capital increase and determine the (amount of) securities to be issued;
   • to determine the amount of the capital increase, the issue price as well as the amount of any premium requested at issuance;
   • to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued;

and in addition to decide in the case of bonds or other debt securities (including securities entitling the holder to the allotment of debt securities described in Article L. 228-91 of the Commercial Code), whether or not they will be subordinated (and if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), set the interest rate thereof (i.e. fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms to be applied to issuance (including the granting of guarantees or pledges) and to amortisation (including redemption by tendering assets in the company); as the case may be, such securities may entail the option for the company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the company, or which may take the form of complex bonds as defined by the market authorities (e.g., owing to their redemption terms or payment terms or other rights such as indexing, options, etc.), and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

- to determine the method of payment for the shares or equity securities to be issued immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued, and specifically to set the date, even retroactive, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the company such as securities already issued by the company, as well as any other terms and conditions for carrying out the capital increase;
- to set the terms under which the company will, as the case may be, have the option of buying or trading on the market at any time or during given periods, the securities issued or to be issued immediately or in the future in order to cancel them or not, as required by law;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs to the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities;
- to note the completion of each capital increase and make any related changes in the bylaws;
- in general, to enter into any and all agreements, in particular to complete successfully any issuances planned, to take any and all measures and carry out any and all formalities required to issue, list and account for the securities issued under this authority and to exercise any rights attached thereto;

6. the shareholders' meeting hereby takes due note of the fact that should it use the authority granted to it under this resolution, the Board of Directors will report to the next ordinary shareholders' meeting, pursuant to existing laws and regulations, on the use made of the authorisations granted in this resolution.

Tenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities and/or securities entitling the holder to an allotment of debt securities with the preferential share right eliminated)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-135 and L. 225-148 of the said Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the terms provided by law, the authority to approve the capital increase, one or more times, in France and abroad and/or on the international market, in the proportion and at the times deemed appropriate by it, either in euros or in any other currency or monetary unit pegged to more than one currency, by issuing shares, except for preferred shares, or equity securities, whether they be new or outstanding shares, securities entitling the holder to the allotment of debt securities, issued either at a cost or free of charge, governed by Articles L. 228-91 *et seq*. of the Commercial Code; be it understood that shares and other securities may be applied for either in cash or by offsetting with debts, or by capitalisation of reserves, profits or premiums. Such securities may be issued to pay for any securities tendered to the company in the context of a public exchange offer in France or abroad pursuant to local rules on securities meeting the conditions set forth in Article L. 225-148 of the Commercial Code;
2. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to decide on the issuance of shares of equity securities to be issued after the issuance by the companies in which the company owns, either directly or indirectly, more than half the share capital or by the companies owning, either directly or indirectly, more than half of the company's equity securities.

This decision automatically allows the holders of securities liable to be issued by the companies in the group to waive their preferential share rights to any shares or equity securities to which they are entitled under those securities;

3. resolves to set as follows the limits on the amounts of the capital increases authorised if this authority is used by the Board of Directors:
   • the maximum nominal amount of any capital increases liable to be completed immediately or in the future under this authority is set at €1.1 billion; on the understanding that this amount shall be charged to the amount of the overall ceiling set forth in subsection 2 of the Ninth Resolution by this meeting;
   • to these ceilings would be added the par value of the shares to be issued in the future in the event of new financial transactions, to preserve the rights of equity investors;

4. sets at twenty-six months from the date of this meeting the validity period of the authority granted under this resolution, which shall replace the authority granted by the shareholders' meeting of 29 June 2006;

5. resolves to cancel the preferential share right to the shares described under this resolution, leaving to the Board of Directors, however, pursuant to Article L. 225-135, paragraph 2, the option of granting to the shareholders, for a period of time and in accordance with the terms to be set by it, pursuant to existing laws and regulations, and applicable to all or part of a given issuance, a priority subscription period not to result in the issuance of negotiable rights, which shall be applied proportionately to the number of shares owned by each shareholder, to which an application for excess shares may be added; on the understanding that any shares not applied for will be subject to a public placement in France and/or abroad and/or on the international market;

6. duly notes the fact that if the subscriptions, including those by the shareholders, have not absorbed the entire issuance, the Board may limit the amount of the operations to the amount of subscriptions received provided that they equal at least three quarters of the approved issue;

7. takes note of the fact that this authority automatically allows the bearers of equity securities to expressly waive their preferential share right to any shares to which they are entitled as the bearers of equity securities;

8. hereby resolves the following, pursuant to Article L. 225-136 of the Commercial Code:
   • after the company's shares are admitted for trading and first listing on Eurolist by Euronext, the issue price of any shares issued directly shall be at least equal to the minimum set forth by the regulations applicable on the issue date, after any adjustment is made in that average in the event of a difference between the interest-bearing dates.
   • until the shares of the company are admitted for trading and first listing on Eurolist by Euronext Paris and for any capital increases completed on that occasion, the issue price of the shares issued directly shall be equal to at least that portion of shareholders' equity per share, as reflected on the last balance sheet approved as of the issue date.
   • the issue price of the equity securities shall be such that the sum received immediately by the company, plus any sum liable to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the two foregoing paragraphs.
   • to take note of every capital increase completed and amend the bylaws accordingly,
   • and in general to enter into any and all agreements aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

9. duly notes the fact that if the Board of Directors uses the authority granted to it under this resolution, it shall report on the use made of the authorisations granted under this resolution to the following annual shareholders' meeting.

Eleventh Resolution (Delegation of authority to increase the share capital by capitalisation of premiums, reserves, profits or other)

The general meeting, ruling under the required quorum and majority conditions for special shareholders' meetings, after reviewing the report by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the Commercial Code:

1. hereby delegates to the Board of Directors, the authority to approve the capital increase, one or more times, in the proportion and at the times deemed appropriate by it by the capitalisation of premiums, reserves, profits or other funds that can be capitalised in accordance with existing laws and regulations, in the form of allotment of bonus shares or by raising the par value of any outstanding shares or by using both of these methods. The maximum nominal amount of the capital increases likely to be completed under these conditions may not exceed 400 million euros; be it understood that this amount shall not be charged to the overall ceiling stipulated in subsection 2 of the Ninth Resolution by this meeting.

2. In the event this authority is used by the Board of Directors, hereby gives him full authority, with the option of sub-delegation, under the terms set forth by law, to implement this authorisation for the following purposes:
   • to set the amount and the nature of the sums to be capitalised, to set the number of new shares to be issued

and/or the amount by which the par value of the outstanding shares comprising the share capital will be increased, to set the date, even retroactively, from when the new shares will bear interest or the date on which the increase in par value goes into effect;

- to make the following decisions if bonus shares are allotted:
  - that fractional shares will not be traded and that the corresponding shares will be sold; the sums from the sale shall be allocated to the owners of rights under the conditions provided by existing laws and regulations;
  - that the portion of the shares to be allotted in proportion to existing shares that are entitled to double voting rights will enjoy that right when issued;
  - to make any and all adjustments aimed at taking into account the effect of transactions on the company's equity, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities;
  - to charge to one or more available reserve items the amount of the costs associated with the corresponding capital increase;
  - to take due note of every capital increase completed and to amend the bylaws accordingly;
  - in general to enter into any and all agreements, take any and all measures and carry out any and all formalities necessary to issue, list and account for the securities issued under this authority and to exercise any rights attached thereto;

3. This authority is granted for a period of 26 months after this date and shall replace the one granted by the general meeting of 29 June 2006;

Twelfth Resolution (Delegation of authority to increase the number of shares to be issued in the event of a capital increase with or without preferential share rights)

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, pursuant to the provisions of Article L. 225-135-1 of the Commercial Code:

1. hereby delegates to the Board of Directors the authority, with the option of sub delegation under the conditions set forth by law, to decide to increase the number of shares to be issued in the event of an increase in the company's share capital, with or without preferential share rights, at the same price as the price selected for the initial issue, within the deadlines and limits set forth by the applicable regulations on the date of the issue (as of the present time, within thirty days of the close of the subscription and up to a limit of 15% of the initial issue), particularly in order to grant an over-allocation option in accordance with market practices;

2. hereby resolves that the nominal amount of any capital increases approved under this resolution shall be charged to the overall ceiling set forth in subsection 2 of the Ninth Resolution by this meeting.

This authority is granted for a period of twenty-six months from the date of this meeting, and shall replace the authorisation granted by the general meeting of 29 June 2006.

Thirteenth Resolution (Delegation of authority to increase the share capital by issuing shares and/or equity securities reserved for Groupama Holding or for certain categories of investors)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq* of the Commercial Code, specifically Articles L. 225-129-2, L. 225-135 and L. 225-138 of the said Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the terms provided by law, the authority to approve the capital increase, one or more times, in France and abroad and/or on the international market, in the proportion and at the times deemed appropriate by it, subject to the provisions of Article L. 225-129-3 of the Commercial Code in France, abroad and/or on the international market, either in euros or in any other currency or monetary unit pegged to more than one currency, by issuing shares, except for preferred shares, or equity securities, whether they be new or outstanding shares; on the understanding that shares and other securities may be applied for either in cash or by offsetting with debts, or by capitalisation of reserves, profits or premiums;

   hereby resolves to cancel the preferential share right to the securities subject to this resolution and to reserve the right to subscribe to such issues, at its discretion, either in full or periodically, for (i) Groupama Holding, a limited liability company with capital of €2,067,011,352, with registered offices at 8-10 rue d'Astorg, 75008 Paris, listed in the Paris trade register under number 428 734 818, (ii) Groupama Holding 2, a limited liability company with capital of €463,469,680, with registered offices at 8-10 rue d'Astorg, 75008 Paris, listed in the Paris trade register under number 411 955 404, (iii) the category of persons meeting the following criteria: (i) credit establishments and insurance companies and/or their holding companies and/or all companies of their groups and/or all companies managed by the companies of their groups, (ii) the officers and/or officers-elect of the local mutuals and/or Groupama regional mutuals;

2. under this decision, those persons referred to in subsection 1 (i) (ii) (iii) and (iv) above are automatically allowed to waive their preferential share rights to the shares or equity securities to which those securities entitle them;

3. hereby resolves to set as follows the limits on the amounts of the capital increases authorised in the event this authority is used by the Board of Directors:

• the maximum nominal amount of the capital increases liable to be completed immediately or in the future under this authority is set at €1.1 billion; on the understanding that this amount shall be charged to the amount of the overall ceiling set forth in subsection 2 of the Ninth Resolution by this meeting;

• to these ceilings would be added the par value of any shares to be issued in the event of any new financial transactions, to preserve the rights of equity investors.

4. hereby sets at eighteen months from the date of this meeting, the validity period of the authority delegated under this resolution, which shall replace the authority delegated by the shareholders' meeting of 30 May 2007;

5. hereby resolves as follows, pursuant to Article L. 225-136 of the Commercial Code:

• After the company's shares are admitted for trading and first listing on Eurolist by Euronext, the issue price of any shares issued directly shall be at least equal to the minimum set forth by the regulations applicable on the issue date, after any adjustment is made in that average in the event of a difference between the interest-bearing dates.

• Until the shares of the company are admitted for trading and first listing on Eurolist by Euronext Paris and for any capital increases completed on that occasion, the issue price of the shares issued directly shall be equal to at least that portion of shareholders' equity per share, as reflected on the last balance sheet approved as of the issue date.

• The issue price of the equity securities shall be such that the sum received immediately by the company, plus any sum liable to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the two foregoing paragraphs.

• Every equity share shall be converted, redeemed or generally converted to stock based on the par value of the bond or the said security, into a number of shares such that the sum received by the company for each share is at least equal to the minimum subscription price defined in the first two paragraphs of this subsection 5.

6. hereby resolves that the Board of Directors has full powers to implement this authority for the following purposes::

• to approve the capital increase and determine the securities to be issued;

• to prepare a list of the recipients, in the recipient classes cited in subsection 1. (iii) and (iv) above for which the preferential share right was eliminated;

• to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may be requested upon issue;

• determine the method of paying the shares or equity securities in full immediately or in the future;

• to set, if applicable, the terms for exercising the rights attached to the shares or equity securities to be issued and in particular, to set the date, even retroactively, from which the new shares will bear interest, to determine the methods of exercising any rights to conversion, exchange, redemption, including by tendering asset in the company such as equity securities already issued by the company as well as any other terms and conditions for completing the capital increase;

• to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued; and in addition to decide in the case of bonds or other debt securities (including securities entitling the holder to the allotment of debt securities described in Article L. 228-91 of the Commercial Code), whether or not they will be subordinated(and if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), set the interest rate thereof (i.e. fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms to be applied to issuance (including the granting of guarantees or pledges) and to amortisation (including redemption by tendering assets in the company); as the case may be, such securities may entail the option for the company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the company, or which may take the form of complex bonds as defined by the market authorities (e.g., owing to their redemption terms or payment terms or other rights such as indexing, options, etc.), and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

• to set the terms under which the company will, as the case may be, have the option of buying or trading on the market at any time or during given periods, the securities issued or to be issued immediately or in the future in order to cancel them or not, as required by law;

• to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;

• on its sole initiative to charge capital increase costs to the amount of the premiums associated with them;

• to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allotment of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;

- to take note of every capital increase completed and amend the bylaws accordingly;
- and in general to enter into any and all agreements specifically aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. duly notes the fact that if the Board of Directors uses the authority granted to it under this resolution, it shall report on the use made of the authorisations granted under this resolution to the following annual shareholders' meeting.

Fourteenth Resolution (Delegation of authority to increase the share capital, by issuing shares and/or equity securities in the company reserved for members of savings plans, eliminating their preferential share rights)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129-6 and L.225-138-1 of the Commercial Code and Articles L. 443-1 *et seq.* of the Labour Code:

1. hereby delegates to the Board of Directors the authority to decide to carry out the capital increase, one or more times, in a maximum nominal amount of 150 million euros, by issuing shares or equity securities reserved for the members of one or more employee savings plans (or other plan pursuant to Article L. 443-5 of the Labour Code, under which a capital increase can be reserved for the members under equivalent conditions) established within in Groupama SA or the Groupama group, comprising the company and the French or foreign companies included in its scope of consolidation or combination on the books of the company pursuant to Article L. 444-3 of the Labour Code, be it understood that the maximum nominal amount of the capital increases likely to be carried out immediately or in the future under this authority shall be charged to the overall ceiling set forth in subsection 2 of the Ninth Resolution by this meeting;

2. sets at twenty-six months from the date of this meeting the validity period of the issuance authority granted under this delegation, which shall replace the one authorised by the shareholders' meeting of 29 June 2006;

3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 443-5 of the Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 443-6 of the Labour Code equals or exceeds ten years; however, the annual meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the foregoing discounts up to the legal and regulatory limits in order to take into account, *inter alia*, the legal, accounting, tax and corporate systems applicable locally; for the purposes of this subsection, the Reference Price designates (i) if the capital increase occurs subsequent to admission for trading and the first listing of the Company's shares on Eurolist by Euronext, the average trading price during the twenty trading days prior to the date of the decision setting the subscription opening date, (ii) if the capital increase occurs simultaneously with admission for trading and upon the first listing of the Company's shares on Eurolist by Euronext, the subscription price is set by reference to the market admission price, provided that the decision of the board of directors or its delegates, as applicable, occurs no later than ten trading days after the date of the first listing, or (iii) if the capital increase occurs prior to admission for trading and upon the first listing of the Company's shares on Eurolist by Euronext, the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net accounting position, profitability, and the firm's business prospects, pursuant to the provisions of Article L. 443-5 of the Labour Code;

4. authorises the Board of Directors to award free of charge to the above-mentioned recipients, in addition to the shares or equity securities to be subscribed for in cash, some shares or equity securities to be issued or already issued to replace all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allotment does not exceed the legal or regulatory limits, pursuant to Articles L. 443-5 and L. 443-7 of the Labour Code;

5. resolves to eliminate the preferential share right of the shareholders to the securities subject to this authorisation in favour of the above-mentioned recipients; the said shareholders also waive any right to any bonus shares or equity securities issued under this resolution;

6. resolves that the Board of Directors shall have full powers to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, for the purpose of:
   - preparing, as stipulated by law, a list of the employees, early retirees and retirees who may subscribe for the shares or equity securities thus issued and who may qualify for bonus shares or equity securities;

• deciding that applications for shares may be made directly or through company mutual funds (FCPE) or other vehicles or entitles allowed under the applicable laws and regulations;

• setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases;

• determining the subscription opening and closing dates;

• setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions, and terms for payment in full, delivery and interest bearing date of the securities (even retroactively), as well as the other terms and conditions for the issues, within the limits of existing laws and regulations;

• if bonus shares or equity securities are awarded, to set the number of shares or equity securities to be issued, the number to be allotted to each recipient and to determine the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations, and in particular to chose either to replace in full or in part the allotment of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two possibilities;

• to take note of the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription;

• to charge any costs of the capital increases to the amount of the premiums associated with them;

• to enter into any and all agreements, to carry out, either directly or indirectly by an agent, any and all operations and meeting any and all requirements including any formalities subsequent to the capital increases, and to amend the bylaws accordingly;

• and in general to enter into any and all agreements aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing, listing and accounting for the securities issued under this authority and to exercise the rights attached thereto or subsequent to any capital increases completed.

Fifteenth Resolution (Delegation of authority to proceed with free allotments of shares outstanding or to be issued to the members of the group's workforce or to some of them)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code, to proceed, one or more time, with bonus allotments of shares outstanding or to be issued, with the exception of preferred shares, to any recipients to be determined by it among the members, or certain categories among them, of the company's workforce or that of the company or companies or groups affiliated to it under the conditions defined in Article L. 225-197-2 of the said Code and the corporate officers referred to in Article L. 225-197-1, II, under the conditions defined below;

2. hereby resolves that any shares outstanding or to be issued under this authorisation may not represent more than 10% of the share capital on the date of the decision by the Board of Directors, be it understood that the maximum nominal value of the capital increases likely to be carried out immediately or in the future under this authority shall be charged to the overall ceiling described in subsection 2 of the Ninth Resolution by this meeting;

3. resolves that allotting the said shares to their recipients shall become final after an acquisition period of at least two years, and the recipients must retain the said shares for a period of at least two years from the date the allotment of the said shares becomes final;

4. grants full powers to the Board of Directors, with the option of sub-delegation as provided by law, to implement this authority for the following purposes:

   • to determine the identity of the recipients or the classes of recipients, the share allotments among the members of the company's workforce or the workforce of the aforementioned companies or groups, and the number of shares allotted to each of them;

   • to set the terms and conditions and any criteria for allotting the shares, particularly the minimum acquisition period and the length of time they must be retained by each recipient, under the conditions set forth above;

   • provide for the option of suspending allotment rights temporarily;

   • to register bonus shares allotted in a registered account in the name of the holder, mentioning the lock-in period and duration, and to release the shares during the lock-in period in the event of a layoff, retirement, or disability corresponding to the rank in the second or third of the classes provided for under Article L. 341-4 of the Social Security Code, death or any other circumstance referred to in the applicable regulations;

   • to adjust, if appropriate, the number of shares allotted free of charge required to preserve the rights of the recipients based on any transactions on the company's equity, particularly in the event of any change in the par value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issuance of new equity shares, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issuance of preferred shares or any other transaction involving the shareholders' equity;

- if new shares are issued, to charge any sums necessary to pay for the said shares, to reserves, earnings or issue premiums, to take note of the capital increases carried out under this authority and to amend the bylaws accordingly and in general to carry out any and all formalities required.

5. takes note of the fact that if new shares are issued, this authority shall entail, after the acquisition period, a capital increase by capitalisation of reserves, earnings or issue premiums for the recipients of the said shares. Accordingly, under this authority, the shareholders may waive in favour of the recipients of the said shares part of the reserves, earnings and premiums thus capitalised as well as their preferential share rights over the shares to be issued during the final share allotment period;
6. duly notes the fact that if the Board of Directors were to use this authority, it shall report every year to the annual shareholders' meeting on the transactions carried out under the provisions set forth in Articles L. 225-197-1 to L. 225-197-3 of the Commercial Code, under the conditions set forth by Article L. 225-197-4 of the said Code;
7. resolves that this authority be granted for a period of twenty-six months from this date and that it replace the authority granted by the shareholders' meeting of 29 June 2006.

Sixteenth Resolution (Delegation of authority to reduce the capital stock by cancelling treasury shares)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report, under the condition precedent of admission for trading and for first listing of the company's shares on Eurolist by Euronext, hereby authorises the Board of Directors to reduce the capital stock one or more times, in the proportions and at the times to be decided by it by retiring any amount of treasury shares decided by it up to the limits allowed by law, pursuant to the provisions of Articles L. 225-209 *et seq* of the Commercial Code.

The maximum number of shares that can be cancelled by the company under this authority during a 24-month period is ten percent (10%) of the shares comprising the company's capital stock, provided that that limit applies to an amount of the company's capital that will be adjusted to take into account any transactions affecting the capital stock after this shareholders' meeting.

This authority is granted for a period of 24 months after this date and will replace the one granted by the general shareholders' meeting of 29 June 2006.

The general meeting grants full powers to the Board of Directors, with the option of sub-delegation, to carry out any transaction(s) involving the cancellation and reduction of the capital stock that may be conducted under this authority, to amend the bylaws accordingly and to carry out any and all formalities.

Seventeenth Resolution (Issuance of shares or equity securities without preferential share rights in payment for in-kind contributions involving shares of stock or equity securities)

The general meeting, ruling under the required quorum and majority conditions for extraordinary general meetings, after reviewing the report by the Board of Directors and the special auditors' report, under the condition precedent of admission for trading and for first listing of the company's shares on Eurolist by Euronext, and pursuant to the provisions of Articles L. 225-129 *et seq* of the Commercial Code and in particular Article L. 225-147, paragraph 6 of the said Code:

1. gives full powers to the Board of Directors, with the option of sub-delegation under the conditions set by law, up to a limit of 10% of the capital stock at any time, with this percentage being applied to the capital stock as adjusted based on any transactions affecting it after this shareholders' meeting, to compensate in-kind contributions granted to the company consisting of shares of stock or equity securities, when the provisions of Article L. 225-148 of the Commercial Code are not applicable, to prepare a list of the securities contributed, set the terms of the issue, approve the valuation of the contributions and grant any special benefits, reduce, if the contributors so agree, the valuation of the contributions or the compensation for special benefits and to note the completion of the capital increase;
2. acknowledges that this authority is given for a period of 26 months from this date and replaces the authority granted by the shareholders' meeting of 29 June 2006.

Within the competence of the Combined General Meeting

Eighteenth Resolution (Powers for formalities)

The general meeting grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 Person responsible for the Registration Document

Jean Azéma, Chief Executive Officer of Groupama SA

7.4.2 Declaration by the person responsible for the Registration Document

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true picture of the assets, the financial position and the earnings of the company and all the companies included in its scope of consolidation, and the management report included on page 106 presents a true picture of the business trends, affecting the company and of the results and financial position of the company and of all the companies included in its scope of consolidation as well as a description of the principal risks and uncertainties faced by them.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the company's financial position and the financial statements given in this registration document (with the exception of the information concerning embedded value, which they did not review, but which they did verify to reconcile it with the findings of the actuarial audit by B&W Deloitte done on 25 April 2008), and in the overall reading of the registration document.

Paris, 28 April 2008

Chief Executive Officer
Jean Azéma

7.4.3 Person responsible for the financial disclosure

Helman le Pas de Sécheval
Group Chief Financial Officer
Telephone: 33 1.44.56.73.11
Address: 8-10, rue d'Astorg 75008 Paris (registered office)

7.4.4 Persons responsible for auditing the financial statements

7.4.4.1 STATUTORY AUDITORS

Members of the Versailles regional auditors' institute

- PricewaterhouseCoopers Audit
  Represented by Michel Laforce and Bénédicte Vignon
  Crystal Park
  63, rue de Villiers
  92908 Neuilly-sur-Seine

  Appointed by the annual shareholders' meeting of 18 December 2003 — mandate renewed by the annual shareholders' meeting of 25 May 2005 for a period expiring after the annual shareholders' meeting ruling on the financial statements for the year ended 31 December 2010.
- Mazars & Guérard
  Represented by Nicolas Robert and Gilles Magnan
  Tour Exaltis
  61, rue Henri Regnault
  92400 Courbevoie

  Appointed by the annual shareholders' meeting of 12 September 2000 — mandate renewed by the annual shareholders' meeting of 29 June 2006 for a period expiring after the annual shareholders' meeting ruling on the financial statements for the year ended 31 December 2011.

7.4.4.2 ALTERNATE AUDITORS

Members of the Versailles regional auditors' institute

- Pierre Coll
  Crystal Park
  63, rue de Villiers
  92908 Neuilly-sur-Seine

  Appointed by the annual shareholders' meeting of 18 December 2003 — mandate renewed by the annual shareholders' meeting of 25 May 2005 for a period expiring after the annual shareholders' meeting ruling on the financial statements for the year ended 31 December 2010.
- Michel Barbet-Massin
  Tour Exaltis
  61, rue Henri Regnault
  92400 Courbevoie

  Appointed by the annual shareholders' meeting of 12 September 2000 — mandate renewed by the annual shareholders' meeting of 29 June 2006 for a period expiring after the annual shareholders' meeting ruling on the financial statements for the year ended 31 December 2011.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the company and the annual reports including the historical financial information on the company are available on the company's website at the following address: www.groupama.com, "Finance"; a copy can be obtained at the company's registered office at 8-10 rue d'Astorg — 75008 Paris.

The bylaws of the company as well as the minutes of shareholders' meetings, auditors' reports, and individual company and consolidated financial statements can be reviewed at the company's registered office: 8-10, rue d'Astorg — 75008 Paris, in the Legal Department.

7.6 MAJOR PUBLICATIONS BY GROUPAMA SA

Annual information document cited by Article 222-7 of the AMF general regulations:

29.04.2008	Groupama reports growth in 2007 embedded value
09.04.2008	Groupama acquires 100% of Romanian insurance company ASIBAN SA.
25.03.2008	With a more extensive product line and more than 430,000 customers, Groupama Banque continues to grow.
21.02.2008	Groupama launches Amaguiz.com, a brand dedicated to direct retail sales of insurance on the Internet.
21.02.2008	Groupama 2007 annual earnings: sustainable, profitable growth
11.02.2008	OTP Bank and Groupama form a strategic partnership in insurance in Central and Eastern Europe
24.01.2008	Groupama supports SocGen's rights issue
19.12.2007	Agreement signed between Cegid Group and Groupama
30.11.2007	A.M. Best confirms the ratings of Groupama SA, Groupama Vie and Groupama Transport
27.11.2007	Groupama and Réunica: A major partnership and a common structure
18.10.2007	Groupama enters Romania
11.10.2007	Groupama issues one billion euros of super-subordinated perpetual bonds
10.10.2007	Standard & Poor's raises the ratings of Groupama SA: "A+":
09.10.2007	Groupama publishes the 2006 embedded value of its life insurance business
31.08.2007	Groupama UK takes over the Lark group
29.08.2007	Midyear results 2007: fine performance and booming business
28.08.2007	Groupama Banque has attracted 400,000 customers
02.08.2007	Groupama acquires Nuova Tirrena
29.06.2007	Groupama and Neuf Cegetel enter into a joint venture
11.04.2007	Accor Services and Groupama combine their expertise to help introduce employee savings to small and medium-sized businesses
21.03.2007	Groupama Asset Management wins an award as Europe's best management company
15.03.2007	Groupama 2006 annual earnings: Performance improves dramatically
08.03.2007	Groupama acquires Greek insurance company Phoenix Metrolife
14.02.2007	2006 premium income of Groupama SA
01.02.2007	Groupama finalises the sale of Minster Insurances in the United Kingdom
22.01.2007	Groupama sells 15.35% of the equity in SCOR

GLOSSARY

ACTUARIAL RESERVES

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

AT COMPARABLE DATA (ON A LIKE-FOR-LIKE BASIS)

At comparable data means that the data related to the period of the fiscal year considered are restated using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared).

COMBINED RATIO

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums acquired net of reinsurance.

CONVEXITY

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows — one in period 0 and the other in period 10 — will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

CURRENT INCOME

Groupama SA's current income is the net profit or loss excluding the effect of unrealised capital gains and losses on the financial assets accounted for at fair value owed to the shareholder net of corporate income tax, of non-recurring transactions and of impairment of goodwill.

DURATION

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

ECONOMIC OPERATING PROFIT

Economic operating income corresponds to current income restated to include capital gains and losses realised for the shareholders' portion, net of corporate income tax.

GROUP INSURANCE

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

GUARANTEED RATES POLICY

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

LIFE AND HEALTH INSURANCE

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

LONG-TERM CARE POLICY

Policy designed to cover the risk of the loss of independence by the elderly.

MULTI-VEHICLE POLICY

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and units of account The policy-holder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in units of account) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

PERSONAL INSURANCE

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

POLICY IN EUROS

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

PROFIT-SHARING

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

ROE (RETURN ON EQUITY)

The ROE of Groupama SA is the financial ratio equal to the quotient of the net profit (group share) of the average shareholders' equity, excluding the revaluation reserves and the fair value effect. It represents return on the funds invested by shareholders.

RUN-OFF

Discontinued activities for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

STATUTORY SOLVENCY MARGIN

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

UNIT LINKED POLICY

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION Nº 809/2004

The concordance table below refers to the principal headings required by EU Regulation n° 809/2004 (Schedule 1) pursuant to the so-called "Prospectus" directive.

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RECONCILIATION TABLE WITH THE INFORMATION REQUIRED IN THE ANNUAL FINANCIAL REPORT

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PURSUANT TO ITS GENERAL REGULATIONS, IN PARTICULAR ARTICLE 212-13, THE AMF REGISTERED THIS REGISTRATION DOCUMENT ON 29 APRIL 2008 UNDER NUMBER R.08-040. THIS DOCUMENT MAY BE USED TO SUPPORT A FINANCIAL TRANSACTION ONLY IF ACCOMPANIED BY A PROSPECTUS APPROVED BY THE AMF. IT WAS PREPARED BY THE ISSUER AND INVOLVES THE LIABILITY OF THE SIGNATORIES. THE DOCUMENT WAS REGISTERED PURSUANT TO THE PROVISIONS OF ARTICLE L621-8-1-I OF THE FRENCH MONETARY AND FINANCE CODE AFTER THE AMF VERIFIED THE DOCUMENT TO ENSURE THAT IT IS COMPLETE AND UNDERSTANDABLE AND THAT THE INFORMATION CONTAINED THEREIN IS CONSISTENT". THIS DOES NOT IMPLY AUTHENTICATION BY THE AMF OF THE ACCOUNTING AND FINANCIAL ITEMS PRESENTED.

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

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