

PRESS RELEASE

Paris, 20 February 2014

2013 annual results
Net profit of €283 million

- ▶ Net **profit of €283 million**
- ▶ **Solid** solvency margin at 200%
- ▶ **A positive dynamic**
 - Improvement of the combined ratio in non-life insurance
 - Further cost cutting in 2013 with €270 million in 2 years
 - Reduction of the equity portfolio and diversification of the bond portfolio
- ▶ **A general multi-line** insurer, leader in its core businesses and markets
 - Top-ranking positions in the main casualty businesses
 - Strengthened health and protection businesses
 - A comprehensive savings approach, including strong growth in savings in unit-linked products and development of bank savings
 - The customer at the heart of our commitments with strong growth in services activities

"2013 materialized Groupama's commitment to its strategy as a mutual insurer, deeply rooted in the territories, strengthened by its elected representatives and loyal to its customers. The refocused strategy on our core businesses translated into net profits while we fully performed our role as lead insurer in the agricultural sector by giving unprecedented support during the climatic events. We will stay on our path while promoting our values as insurers, who create confidence" stated Jean-Yves Dagès, President of the Board of Directors of Groupama S.A.

"2013 led Groupama into a new dynamic with a net profit, a strengthened solvency margin and reinforced risk management. Those results reflect the margin improvements in all our businesses and in all countries, driven by the commitment of all employees of the Group, general and authorized agents in the context of our strategy focused on profitable growth. We will maintain this course and our ambitions into 2014" added Thierry Martel, Chief Executive Officer of Groupama S.A.

Paris, 20 February 2014 - The Board of Directors of Groupama S.A., chaired by Jean-Yves Dagès, met on 19 February 2014 and approved the Group's combined financial statements and the consolidated financial statements of Groupama S.A. for 2013.

The combined financial statements of the Group include the business of the Group as a whole (i.e. the activity of the Regional Mutuals and of the subsidiaries consolidated within Groupama S.A.). The consolidated financial statements of Groupama S.A. include the operations of all subsidiaries as well as internal reinsurance (approximately 40% of the premium income of the Regional Mutuals and ceded to Groupama S.A.). The following analysis covers the combined scope; the key figures of the consolidated scope are disclosed in the appendix.

At the end of 2013, the Group was maintaining the path it had set. The year was focused on operating profitability and balance sheet strengthening. All the actions implemented in this framework born fruits.

► **Activity focused on profitable growth in line with the performance strategy announced**

At 31 December 2013, Groupama's combined premium income stood at €13.7 billion, a 2.3% decrease in a like-for-like basis.

This change reflects the Group's strategy emphasis on profitability instead of premiums growth.

In property and casualty insurance, the Group recorded a growth of 1.5% of its premium income in the context of selective underwriting policy and targeted tariffs adjustment. In France, the Group strengthened its positions in most of its businesses, with growth often higher than in the market.

The inflow from unit-linked products is growing rapidly, reflecting the attractiveness of our products sold in 2013. Conversely, the activity of savings in euros recorded a drop in premium income in a low interest rate environment which penalized the profitability of these products.

Breakdown of premium income by business at 31 December 2013

Premium income (€million)	31/12/2013	Like-for-like change (%)
Property and casualty insurance	7,052	+1.5 %
Life and health insurance ¹	6,345	-6.5 %
Financial and banking activities	266	+5.0 %
GROUP TOTAL	13,669	-2.3 %

▪ **France**

Insurance premium income in France at 31 December 2013 amounted to €10.8 billion.

In property and casualty insurance, premium income grew by 3.6%, outpacing the market (+2% - source FFSA end December 2013). This reflects notably the development of insurance for individuals and professionals (almost 60% of premiums in property and casualty insurance at €3.1 billion), which rose by 3.4%. This growth resulted from the tariffs resets, the development of the partnership with La Banque Postale and the surge in specialized activities (Assistance: +44.8% and Legal Protection: +12.3%). Despite a more selective underwriting policy, professionals insurance (+8.5%), home insurance (+5.6%) and motor insurance (+1.8%) show higher-than-market performance (motor: +1.5%; home: +4% professionals: +1% - source: FFSA end December 2013). Finally, the agricultural insurance lines saw strong growth in premium income by 6.6% to €976 million at end 2013.

¹ Excluding run-off activities: Assuvie, €6 million at 3/12/2013

Life and health insurance premium income decreased by 7.8% to €5.6 billion. This change was mainly attributable to the diversified and selective strategy of the Group which consisted in emphasizing unit-linked products over euro-denominated savings policies. The net inflow of euro-denominated savings of the Group in France is negative at €1.2 billion euros, in a context of stable lapse rates, whereas that of unit-linked products is positive at €260 million through an increase in sales of 56.8%. The gross inflow of individual savings in unit-linked products represents 28% of total inflows. Overall, the outstanding amount of unit-linked products increased by 46% and now represents 13.3% of the total outstanding amount in individual savings, compared to 9% at 31 December 2012. Finally, health and protection businesses grew by 5 points representing 55% of premium income in life and health insurance.

▪ **International**

The Group is present in 11 countries, mainly in Europe with growth areas in Turkey and China, where it occupies the top position among foreign non-life insurers with a premium income of €184 million¹.

International premium income amounted to €2.6 billion at 31 December, 2013, a 1.5% decrease compared to 31 December 2012.

Property and casualty insurance premium income was €1.9 billion at 31 December 2013 decreasing by 3.9% compared to the previous period. This is mainly due to the decline of the motor insurance (including fleets), which represents over 67% of premiums in property and casualty insurance. In fact, this marks a decrease by 7.2% brought about by difficult market conditions in various countries where the Group is present and an underwriting policy strengthened notably in Italy, Turkey and Romania. The strong 23.5% growth in the agricultural insurance lines especially in Turkey, and the increase in group and communities insurance by +4.9% counter balanced part of the decline.

Life and health insurance premium income increased by 5.1 % to €757 million, driven by the growth recorded in individual savings/retirement of 13.5%, explained in particular by successful marketing campaigns carried out in Italy and Hungary.

Breakdown of premium income in main international countries at 31 December 2013

Premium income (€million)	31/12/2013	Like-for-like change (in %)
Italy	1,419	-4.7%
Turkey	429	+18.0%
Hungary	315	+7.0%
Romania	165	-10.0%
Other countries	318	-10.7 %
International insurance	2,646	-1.5%
Related companies ²	288	+34.4%
International insurance including related companies	2,934	+1.2%

▪ **Financial and banking activities**

The Group reported a premium income up by 5.0% compared to 31 December 2012 at €266 million, with €142 million from Groupama Banque, €119 million from Groupama Asset Management and €6 million from Groupama Epargne Salariale.

Groupama Banque continued its business development and has more than 540,000 customers at the end of 2013. Levels of deposits and credit are balanced at over €1.5 billion at year-end.

¹ Groupama Avic China , a related company consolidated within the Group's scope through equity method, with a 50% stake

² Related companies, Groupama Avic China, Günes, Star, consolidated within the Group's scope through equity method.

▶ **Net profit of €283 million**

The Group's net profit amounted to 283 million euros at 31 December 2013 compared with a net loss of -€589 million at 31 December 2012.

Economic operating income amounted to €16 million in 2013 compared to a loss of -€78 million in 2012, an increase of €94 million. The global recovery is linked to a refocusing of the strategy on operating profitability. The proactive cost-cutting programme led by the Group in all entities and all items has borne fruits, with a decrease of €270 million in expenditures in two years. The non-life combined ratio improved by 2.3 points to 100.8% for 2013 despite the exceptional climatic events in France.

In France, the insurance economic operating income amounted to €33 million, an increase of €55 million compared to 2012, with improved technical results both in life, health and property. The net combined ratio in non-life stood at 100.9% in 2013, an improvement of 2.5 points, despite a very unfavourable 2013 in terms of climate. The brunt of climate-related claims increased by €180 million gross of tax, or +2.3 points compared to 2012, and is at a level never reached before as regards to claims on crops. The expense ratio decreased by 0.7 points to 27.6% in 2013, thus reflecting the efforts of the Group to reduce its expenditures.

Internationally, economic operating income amounted to €58 million, with an improvement of 1.5 points in the combined non-life ratio to 100.5% in 2013.

Finally, banking and financial operations contributed €13 million to the economic income of the Group in 2013.

▶ **Strong growth in balance sheet ratios**

The Group's shareholders' equity increased to €6.7 billion at 31 December 2013, up 6.0% compared to 31 December 2012.

On 31 December 2013, insurance investment stood at €75.6 billion and unrealised capital gains reached €4.9 billion, of which €2.1 billion from the bond portfolio, €0.8 billion from the equity portfolio and €2.0 billion from real estate assets. After sharply reducing its balance sheet exposure to financial risks in 2012, the Group continued in 2013 proactively to reduce its equity portfolio, which, net of hedges, now represents 6.5% of the assets portfolio¹. In addition, cash was partially reinvested in a diversified bond portfolio resulting in a prudent level of cash within the total portfolio (7.2% of assets¹).

Groupama's debt to equity ratio excluding revaluation reserves fell by 0.7 points to 27.8% at 31 December 2013.

▶ **Solvency margin of 200%**

The regulatory solvency margin requirement is covered 200% as at 31 December 2013, an increase of +21 points compared to 31 December 2012.

¹ Asset breakdown calculated at market value, excluding minorities' interests, unit-linked products and repurchase agreements

▶ **Perspectives**

Groupama in 2014 will continue its strategy of profitable growth that positions the customer at the centre of its commitment and that will be based on:

- A non-life combined ratio target of 98%
- An increase in the health and protection businesses
- A strategy of diversification of savings towards unit-linked products and bank savings with a targeted breakdown of inflows of 1/3 euros-denominated products – 1/3 unit-linked products – 1/3 Bank savings

Capitalising on its identity as a mutual general insurer, deeply rooted in the territories, focused on innovation and the commitment of its employees, Groupama is confident in the success of its new strategy.

Group Communications Department

Press contacts:

Caroline Le Roux – + 33 (0)1 44 56 76 40

caroline.le-roux@groupama.com

Analyst and investor contacts

Yvette Baudron – +33 (0)1 44 56 72 53

yvette.baudron@groupama.com

* * *

Groupama financial information on the accounts closed at 31/12/2013 includes:

- *This press release which is available on the groupama.com website,*
- *Groupama S.A.'s reference document, which will be filled with the AMF on 29 April 2014 and posted on the groupama.com website on 30 April 2014,*
- *The financial statements for the Groupama combined accounts to 31/12/2013, which will be posted on the groupama.com website on 29 April 2014*

Appendix 1: key figures for Groupama – combined financial accounts

A/ Premium income

	2012		2013	2013/2012
	Reported premium income	Proforma* premium income	Premium income	Change on a like-for-like basis %
<i>€million</i>				
> FRANCE	11,204	11,051	10,757	-2.7%
Life and health insurance	6,064	6,064	5,588	-7.8%
Property and casualty insurance	5,134	4,981	5,163	3.6%
Discontinued activities	6	6	6	-6.2%
> INTERNATIONAL & Overseas	2,726	2,686	2,646	-1.5%
Life and health insurance	731	720	757	5.1%
Property and casualty insurance	1,995	1,966	1,889	-3.9%
TOTAL INSURANCE	13,930	13,737	13,403	-2.4%
FINANCIAL AND BANKING ACTIVITIES	267	253	266	5.0%
TOTAL	14,197	13,990	13,669	-2.3%

* on comparable data

B/ Economic operating income*

	2012	2013	2013/2012 change
<i>€million</i>			
Insurance France	-22	33	55
Insurance International	80	58	-22
Financial and banking activities	12	13	1
Holding companies	-149	-89	60
Economic operating income *	-78	16	94

* Economic operating income: net profit adjusted for realised capital gains and losses, increases and write-backs of provisions for permanent impairment and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and corporate tax). Also adjusted are non-recurring items net of corporate tax, impairment of value of business in force, and impairment of goodwill (net of corporate tax).

C/ Net income

	2012	2013	2013/2012 change
<i>€million</i>			
Economic operating income	-78	16	94
Net realised capital gains	404	432	28
Impairment losses on financial instruments	-94	-15	79
Intangible amortizations and other operations	-188	-150	38
Net impact of discontinued operations	-334	0	334
Exceptional goodwill impairments	-298	0	298
Net income	-589	283	872

Contribution of business lines to combined net income

<i>€million</i>	2012	2013
Insurance and services - France	239	410
International insurance	5	36
Financial and banking activities	6	6
Groupama S.A. and holdings	-211	-120
Discontinued operations	-334	0
Others	-294	-47
Net income	-589	283

D/ Balance sheet

<i>€million</i>	2012	2013
Shareholders' equity group share	6,280	6,654
Gross unrealised capital gains	5,101	4,891
Subordinated debt	1,238	1,238
Balance sheet total	94,753	98,559

E/ Main ratios

	2012	2013
Net combined ratio in non-life	103.1%*	100.8%
Debt to equity ratio	28.5%	27.8%
Solvency margin (Solvency I)	179%	200%

* pro forma

Appendix 2: key figures for Groupama S.A. - consolidated financial accounts

A/ Premium Income

	2012		2013	2013/2012
	Reported premium income	Proforma* premium income	Premium income	Change on a like-for-like basis %
<i>€million</i>				
> FRANCE	8,036	7,883	7,508	-4.8%
Life and health insurance	4,944	4,944	4,426	-10.5%
Property and casualty insurance	3,086	2,933	3,076	4.9%
Discontinued activities	6	6	6	-6.2%
> INTERNATIONAL & Overseas	2,726	2,686	2,646	-1.5%
Life and health insurance	731	720	757	5.1%
Property and casualty insurance	1,995	1,966	1,889	-3.9%
TOTAL INSURANCE	10,764	10,569	10,154	-3.9%
BANKING AND FINANCIAL ACTIVITIES	269	255	268	5.0%
TOTAL	11,031	10,825	10,423	-3.7%

* on comparable data

B/ Economic operating income*

	2012	2013	2013/2012 change
<i>€million</i>			
Insurance France	-46	-58	-12
International insurance	80	58	-22
Financial and banking activities	12	13	1
Holding companies	-147	-88	59
Economic operating income *	-101	-75	26

* **Economic operating income:** Economic operating income: net profit adjusted for realized capital gains and losses, impairment allowances recognized and reversed on lasting unrealized gains and losses, and unrealized gains and losses on financial assets recognised at fair value (all these items are net of profit sharing and corporate tax). Also included in the adjustments are non-recurring items net of corporate tax, impairment of value of business in force and impairment of goodwill (all of which net of corporate tax).

C/ Net income

	2012	2013	2013/2012 change
<i>€million</i>			
Economic operating income	-101	-75	26
Net realised capital gains	368	372	4
Impairment losses on financial instruments	-83	-10	73
Intangible amortizations and other operations	-174	-151	23
Net impact of discontinued operations	-334	0	334
Exceptional goodwill impairments	-298	0	298
Net income	-622	135	758

Contribution of business lines to consolidated net income

	2012	2013
<i>€million</i>		
Insurance and services France	194	258
International insurance	5	36
Financial and banking activities	6	6
Groupama S.A. and holding companies	-199	-117
Discontinued operations	-334	0
Other	-294	-47
Net income	-622	135

D/ Balance sheet

	2012	2013
<i>€million</i>		
Shareholders' equity group share	3,655	3,816
Gross unrealised capital gains	4,286	3,939
Subordinated debt	1,238	1,238
Balance sheet total	87,946	91,397

E/ Main ratios

	2012	2013
Net combined ratio in non-life	104.1%*	102.4%
Debt to equity ratio	42.4%	42.2%

* pro forma