Groupama

PRESS RELEASE

Paris, 5 August 2010

2010 half-year results: Sustainable development. The Group confirms its strength in a difficult environment

Groupama S.A.[1]

Premium income: 8.6 billion Euros, +4.4% on a like-for-like consolidation and exchange rate basis
Net profit: 127 million Euros
Economic operating income[2]: 179 million Euros (excluding storm Xynthia)*
Combined ratio for property and casualty insurance: 100.9% (excluding storm Xynthia)**

Consolidated Group, including all the activities of the Regional Mutuals

Premium income: 11.3 billion Euros, +4.1% on a like-for-like consolidation and exchange rate basis
Net profit: 78 million Euros
Solvency I ratio: 153%

* including storm Xynthia: 104 million Euros
**including storm Xynthia: 104.5%

Commenting on the 2010 half-year results, Jean Azéma, Groupama's Chief Executive Officer said:

[1] The consolidated financial statements of Groupama S.A. include the activity of all subsidiaries and internal reinsurance (representing about 40% of the premium income of the Regional Mutuals assigned to Groupama S.A.). The Group's financial statements include all Group activities (the activity of the Regional Mutuals and the activity of the subsidiaries consolidated within Groupama S.A.).

[2] To provide a more economic vision of the business, in its reporting the Group uses an indicator known as economic operating income. It represents profit from continuing operations adjusted for the realised capital gains and losses for the portion attributable to shareholders net of tax. Profit from continuing operations is the net profit excluding the impact of the unrealised capital gains and losses on financial assets recognised at fair value and attributable to shareholders net of tax, non-recurring items net of tax and impairment of goodwill.

"Since the beginning of the year, Groupama has been close to the results of the first half of 2009, with sustainable activity in a difficult economic context and profit impacted by climate-related claims.

In France, the property and casualty insurance business outperformed the market despite a highly competitive environment. The improvement in international operations noticed at the end of 2009 was particularly pronounced in Italy, Spain and Hungary. This first half of the year also shows the strength of the group with a Solvency I ratio at more than 150%.

Over the past six months we have continued to pursue the changes determined by the Group. Accordingly, we have successfully consolidated our life insurance operations into a single entity (Groupama Gan Vie), introduced innovative new products and services both in France and overseas, and developed promising partnerships.

Programmes to improve operating performance will continue in the second half of the year. Groupama is a robust and dynamic group that gives itself the means to achieve its goals."

Highlights

- Satisfactory growth in business: premium income up +5.6% in life and health insurance and +3.6% in property and casualty insurance

- Positive net profit of 127 million Euros (166 million Euros as at 30 June 2009) in spite of the large number of climatic events and a difficult financial context

- A combined ratio excluding the Xynthia climate claim (storm and floods) of 100.9% in line with the objective: 100% +/-2%

- International performance consistent with objectives

- Group Solvency I ratio at more than 150% .

CAPTURING NEW MARKETS

New partnerships

- On 2 June 2010, in partnership with **Groupama, the banking subsidiary of Casino** group introduced its first full range of distributor-brand insurance and financial products in Casino stores and on its banking website with a view to gradually extending the offer to the rest of the network by 2011.

- Since 1 January 2010, **Groupama and Groupe Agrica** have strengthened their ties through a partnership to improve the supplementary social protection products and services offered to agricultural employees. This agreement covers the national collective agreements in the agricultural sector in provident and health insurance and assistance services.

- **Sévéane**, the joint entity formed by **Groupama** and **PRO BTP** to manage the networks of health professionals, has been operational since 18 January 2010. Sévéane will provide the six million policyholders of the two groups with access to a network of almost 5,000 approved health professionals.

- Always seeking to diversify its distribution, the Group signed an **agreement with Renault Dacia in Romania** to distribute its motor insurance products to the country's car manufacturer concessions.

New products and services

- **Amaguiz.com,** Groupama's direct insurance brand in France, is introducing an innovative MRH insurance product called "Service Prévention". Amaguiz was launched on 1 July 2008 and today has a portfolio of 72,000 policies, including 61,000 for motor insurance.

- The new **professional agricultural multi-risk insurance** "Référence", introduced at the Paris International Agricultural Show, offers numerous benefits to the customer, both in terms of the choice of covers and the level of compensation or support services.

- As France's third largest motor insurance company, Groupama continues its policy of introducing innovative motor vehicle services with the launch of **Auto Nuevo**, aimed at facilitating the purchase of new or used cars.

- **Groupama Garancia Biztosító** (Hungary) is meeting Hungarian policyholders' increased need for confidence by offering innovative products, particularly unit-linked contracts with a periodic premium.
- **Groupama Assicurazioni** (Italy) and **Groupama Asigurări** (Romania) are bringing new standards to their respective markets with modular multi-risk home insurance products that offer better coverage in markets where this type of covers is not widespread.

Paris, 5 August 2010 – The Board of Directors of Groupama S.A., meeting on 4 August 2010 under the chairmanship of Jean-Luc Baucherel, approved the consolidated financial statements of Groupama S.A. and the combined financial statements of the Group for the first half of 2010.

Sustainable development

As at 30 June 2010, the consolidated premium income of Groupama S.A. was up +3.4% to 8.6 billion Euros. On a like-for-like basis, it rose +4.4%.

Consolidated premium income for the insurance business of Groupama S.A. rose +3.6% to 8.5 billion Euros. Growth was 4.6% on a like-for-like basis.

Life and health premium income grew +3.3% on a reported basis and +5.6% on a like-for-like basis. Property and casualty premium income was up +3.8% on a reported basis figures and up +3.6% on a like-for-like basis .

In the following paragraphs, figures are expressed on a like-for-like consolidation and exchange rate basis.

- <u>**Insurance and services France**</u>

As at 30 June 2010, insurance premium income in France was up +4.2% over 30 June 2009 at 6,238 million Euros.

In a highly competitive environment, **property and casualty insurance** premium income rose +3.4% to 2,580 million Euros, 1.4 points higher than the market (source: FFSA at the end of May 2010). This increase was particularly pronounced in motor insurance, which rose +5.2% with a gain of 107,000 private vehicles over one year.

Life and health insurance premium income rose +4.7%. The Group premium income for life insurance and capitalisation rose +4.1%. This growth was mainly generated by the individual savings/retirement segment whose premium income after an exceptional year in 2009 continues to grow, with an increase of +5.8% as at 30 June 2010 and at a pace that is consistent with that of the French insurance networks, but is below the market (+8.0%; source: FFSA at the end of June 2010), which was boosted by an increase in bancassurance companies.

Health and bodily injury insurance as at 30 June 2010 increased +6.5% over 30 June 2009, mainly due to the expanding portfolio of the individual and group health segment.

International insurance

The Group's consolidated international premium income totalled 2,265 million Euros as at 30 June 2010, up by +5.7% over 30 June 2009. The Group saw the growth rate of its business exceed the average rate of the market in the main countries in which it operates.

Property and casualty insurance posted premium income of 1,673 million Euros as at 30 June 2010, up +3.9% over 30 June 2009. Growth in motor insurance (+3.2%), home insurance (+4.8%) and commercial insurance (+8.8%) contributed to this increase.

Life and health insurance premium income rose +11.0% to 592 million Euros, driven by the individual savings/retirement segment. This segment represents 53.4% of premiums written in life and health insurance and was up +15.0% notably as a result of successful promotional campaigns in Hungary, Italy and Portugal.

Southwestern Europe

Premium income of the Spanish subsidiary **Groupama Seguros** rose +4.0% to 509 million Euros as at 30 June 2010. Premiums written in property and casualty insurance increased by +5.5%. The motor segment increased +5.9% as a result of the expanded portfolio. The home insurance segment (+9.2%) was boosted by the success of the partnership with Bancaja. Life and health insurance declined -1.7% because of the non-renewal of single-premium policies. Adjusted for this factor, premiums were up +2.5% with an increase of +3.9% in the individual savings segment thanks to an aggressive marketing campaign.

As at 30 June 2010, premium income of the **Portuguese subsidiaries** was up sharply by +25.8% to 76 million Euros. Life insurance premiums rose +31.3% as a result of the momentum generated by individual savings products under bancassurance agreements. In property and casualty insurance, premium income increased +32.5%.

Southeastern Europe

Total premium income of the Italian subsidiary **Groupama Assicurazioni** rose +7.5% to 719 million Euros as at 30 June 2010. Life and health insurance grew +14.1% as a result of the increase in life insurance (+17.3%). Premium income for the unit-linked savings segment increased fourfold thanks to the launch of a campaign in March 2010. Property and casualty insurance premium income increased +5.1% to 517 million Euros. The passenger vehicle and home insurance segments (+5.2% and +9.3% respectively) contributed significantly to this increase.

On a like-for-like basis, premium income of the Turkish subsidiaries **Groupama Sigorta and Groupama Emeklilik** was up +4.8% to 189 million Euros. It should be noted that these figures no longer include the premium income from Ziraat Banque, whose bancassurance agreement was not renewed in 2010. Life and health insurance rose +5.0% primarily as a result of growth in the health segment. Property and casualty insurance premium income posted growth of +4.5%, supported by strong performance from the agricultural risk segment (+25.6%).

As at 30 June 2010, premium income for **Groupama Phoenix** (Greece) totalled 98 million Euros, an increase of +6.1%. In the property and casualty insurance segment, the restructuring of the company to match its new business dynamic and completely revamped solutions is yielding results, with an increase of +9.2% in premiums written. The motor segment posted strong growth of +23.0%, primarily as a result of innovative products introduced in 2009. Life and health insurance premiums remained stable (+0.4%) in spite of a difficult economic context.

Central and Eastern European Countries (CEEC)

The premium income contribution of the Hungarian subsidiary **Groupama Garancia Biztosito** totalled 226 million Euros as at 30 June 2010, an increase of +6.9%. Life and health insurance premium income rose +30.4%, with growth of +28.4% in savings/retirement after the successful promotion of single-premium policies in partnership with OTP Bank. Property and casualty insurance posted a decline of -4.8% in its premium income, mainly due to the economic difficulties the country is experiencing.

Premium income of the Romanian subsidiaries **Groupama Asigurări** and **OTP Garancia Asigurări** was down -9.0% at 96 million Euros as at 30 June 2010. Property and casualty insurance fell -7.6% over the period, largely due to the decline in the motor segment related to the continued drop in vehicle sales and strong competition on pricing between market players. The difficult economic climate meant there were fewer personal loans (the primary life and health insurance market in Romania), which negatively impacted life and health insurance premium income (-22.1%).

United Kingdom

Premium income of **Groupama Insurances** rose +5.2% to 273 million Euros as at 30 June 2010. Property and casualty insurance premium income grew +6.7% with strong growth in commercial insurance (+15.5%), home insurance (+14.8%) and motor insurance (+2.6%). Life and health insurance posted a slight decline of -0.9% at 49 million Euros as at 30 June 2010.

Financial and banking operations

Net banking income from financial and banking operations totalled 117 million Euros, an increase of +1%.

Net banking income of **Groupama Banque** fell -3.1% to 45 million Euros as at 30 June 2010, in spite of growth in retail and private banking. This was due to the contraction of short-term rates on the market, combined with a slowdown in foreign exchange operations.

Premium income of the Group's asset management companies was up +1.9% to 73 million Euros as at 30 June 2010. This was mainly due to the increase in premium income of Groupama Asset Management over the period (+3.5%) thanks to increased assets under management of +2.7 billion in the first half of 2010.

Economic operating income slightly down in a difficult environment

The economic operating income of Groupama S.A. amounted to 104 million Euros as at 30 June 2010, down 9.6% compared with 30 June 2009.

Like the first half of 2009, the financial statements as at 30 June 2010 were impacted by the Xynthia climatic event, which occurred at the beginning of the year at a cost of 75 million Euros (versus 135 million Euros for storms Klaus and Quinten as at 30 June 2009). The combined ratio for property and casualty insurance was 104.5% as at 30 June 2010, versus 108.0% as at 30 June 2009.

Excluding Xynthia, economic operating income totalled 179 million Euros as at 30 June 2010.

The contribution of insurance operations to economic operating income was 247 million Euros, of which 171 million Euros came from France and 76 million Euros from the international subsidiaries.

Banking and finance subsidiaries contributed 1 million Euros.

The holding companies contributed -69 million Euros.

<u>Property and casualty insurance</u>

The economic operating income from property and casualty insurance (excluding storms [3]) was virtually stable at 92 million Euros as at 30 June 2010.

The combined ratio (excluding storms) was 100.9% as at 30 June 2010, a 0.3-point improvement over 30 June 2009:

- In France, the net combined ratio was 101.6% as at 30 June 2010, up 1.9 points compared with 30 June 2009. Other climatic events, coupled with the decline in the loss ratio for motor insurance observed in the French market, contributed to the 2-point increase in the net claims ratio. Such events included in particular the floods in the south east. The operating expense ratio fell 0.1 point to 31.3% as at 30 June 2010 in spite of continued major investment, reflecting the Group's strong desire to control operating expenses.

- The net combined ratio for international operations improved by more than 3 points to 100.0% as at 30 June 2010, versus 103.1% as at 30 June 2009, thanks to the streamlining action carried out by the Group within recently acquired subsidiaries. Although international subsidiaries were also impacted by harsh weather (Hungary, the United Kingdom), their net claims ratio was down -2.4 points at 71.5%. Most of the subsidiaries (primarily Spain, Italy and the United Kingdom) recorded a net improvement in the current loss ratio in the motor segment. The operating expense ratio improved by 0.7 point to 28.5% as at 30 June 2010.

The improvement in the net combined ratio compensates for a decline in recurring financial income of 27 million Euros.

<u>Life and health insurance</u>

The economic operating income recorded in life and health insurance amounted to 155 million Euros as at 30 June 2010, compared with 240 million Euros as at 30 June 2009.

[3] The term « storms » makes reference to Xynthia in 2010 and Klaus and Quinten in 2009

The net technical margin for health and other bodily injury insurance fell by -78 million Euros over the previous period. Positive run-offs from underwriting reserves over previous periods had a favourable impact on the underwriting results of the first half of 2009.

The underwriting margin in the life/capitalisation segment decreased slightly in France and was stable internationally. Net inflows were also high at 922 million Euros, equalling the first half of 2009.

Recurring financial profit as at 30 June 2010 (net of profit sharing and taxes) fell by -18 million Euros.

Net result of 127 million Euros

In spite of the decline in the financial markets and the impact of the climatic event Xynthia, the net profit (Group share) amounted to 127 million Euros as at 30 June 2010. It was 166 million Euros as at 30 June 2009.

Net profit is comprised of economic operating income, to which are added non-recurring items, including:

- realised capital gains of 90 million Euros after profit sharing and corporate tax;
- change in fair value of -43 million of assets recognised at fair value through profit or loss.

The contribution of insurance operations to net profit amounted to 256 million Euros, of which 192 million Euros came from France and 64 million Euros from the International business.

Group solvency I ratio solid at more than 150%

As at 30 June 2010, the Groupama total **consolidated balance sheet** was 94.8 billion Euros, up from 90.7 billion Euros as at 30 June 2009, an increase of +4.5%.

Insurance investment totalled 76.7 billion Euros as at 30 June 2010 versus 74.0 billion Euros in 2009, an increase of +3.6%. The Group's unrealised capital gains (including real estates) amounted to 1.4 billion Euros as at 30 June 2010, down 1.3 billion Euros primarily due to the decline in the equity markets, reflected in a -12.5%-drop in the CAC 40 index over the first half of 2010.

The consolidated shareholders' equity of Groupama S.A. totalled 3.9 billion Euros versus 4.6 billion Euros as at 31 December 2009. The decrease resulted mainly from the decline in the securities revaluation reserve following the fall in the financial markets during the first half of 2010.

Gross technical reserves totalled 71.9 billion Euros as at 30 June 2010, up from 69.2 billion Euros as at 31 December 2009.

The Group's solvency I ratio was covered at 153% as at 30 June 2010.

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Appendix 1: Groupama S.A. Key Data – Consolidated Financial Statements

A/ Premium income

in millions of Euros	H1 2009 Actual premium income	H1 2009 Pro forma premium income*	H1 2010 Actual premium income	2010/2009 Change on a reported basis %	2010/2009 Change on a like-for-like consolidation and exchange rate basis %
> FRANCE	**5,990**	**5,990**	**6,242**	**4.2%**	**4.2%**
Life and health insurance	3,492	3,492	3,658	4.7%	4.7%
Property and casualty insurance	2,494	2,494	2,580	3.4%	3.4%
Total excluding discontinued operations	**5,986**	**5,986**	**6,238**	**4.2%**	**4.2%**
Discontinued operations	4	4	4	-	-
> INTERNATIONAL & Overseas	**2,224**	**2,143**	**2,265**	**1.8%**	**5.7%**
Life and health insurance	621	533	592	-4.7%	11.0%
Property and casualty insurance	1,603	1,610	1,673	4.4%	3.9%
Total excluding discontinued operations	**2,224**	**2,143**	**2,265**	**1.8%**	**5.7%**
Discontinued operations	0	0	0	-	-
TOTAL INSSURANCE	**8,214**	**8,133**	**8,506**	**3.6%**	**4.6%**
FINANCIAL AND BANKING OPERATIONS	144	144	133	-7.6%	-7.6%
TOTAL	**8,358**	**8,277**	**8,639**	**3.4%**	**4.4%**

* on a like-for-like basis

B/ Economic operating income*

in millions of Euros	H1 2009	H1 2010	2010/2009 change
Life and health insurance	240	155	-35.4%
Property and casualty insurance	-41	17	NA
Financial and banking operations	4	1	NA
Holding companies	-88	-69	+21.6%
Economic operating income* (excluding storms)	**250**	**179**	**-28.4%**
Storms	135	75	-44.4%
Economic operating income* (including storms)	**115**	**104**	**-9.6%**

* <u>Economic operating income</u>: corresponds to net profit adjusted for realised gains and losses, net increases or reversals of provisions for long-term impairment and unrealised gains and losses on financial assets recognised at fair value (all these items are net of profit-sharing and net of tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).

C/ Net profit

in millions of Euros	H1 2009	H1 2010	2010/2009 change
Economic operating income* (excluding storms)	**250**	**179**	**-28.4%**
Storms	135	75	-44.4%
Net realised capital gains	20	90	+€70m
Net provisions for long-term impairment	-3	-6	-€3m
Gains and losses on financial assets and derivatives recognised at fair value	-7	-43	-€36m
Goodwill, intangible assets and other non-recurring items	41	-18	-€59m
Net profit	**166**	**127**	**-23.6%**

Contribution of segments to consolidated net profit

in millions of Euros	H1 2009	H1 2010
Insurance and services France	**219**	**192**
Total Groupama/Gan Vie	213	170
Gan Assurances	-37	-27
Gan Eurocourtage	39	34
CFE/CFV	4	1
Groupama Transport	10	11
Other specialised companies	4	15
Amaline Assurances	-14	-11
Discontinued operations	2	-2
International insurance	**109**	**64**
United Kingdom	56	9
Southwestern Europe	23	30
Southeastern Europe	26	16
Central and Eastern European Countries (CEEC)	5	3
Other countries	-1	5
Banking and financial operations	**10**	**1**
Groupama S.A. and holding companies	**-174**	**-132**
Other	2	2
Net profit	**166**	**127**

D/ Balance sheet

in millions of Euros	2009	H1 2010
Book shareholders' equity, group share	4,572	3,905
Gross unrealised capital gains	2,691	1,395
Subordinated debt	1,995 *	1,245
Balance sheet total	90,660	94,847

* 1,245 million Euros after early redemption of the subordinated bonds (TSRs) issued in 1999 on 22 January 2010.

E/ Main ratios

	H1 2009	H1 2010
Property insurance combined ratio *Excluding storms*	108.0% *101.2%*	104.5% *100.9%*

	31.12.2009	H1 2010
Net profit excluding fair value effect/average equity capital and excluding revaluation reserves	16.9%	8.3% (annualised)
Debt ratio*	31.4%	31.2%

* excluding real estate company Silic

Appendix 2: Group Key Data – Combined Financial Statements

in millions of Euros	H1 2009	H1 2010	2010/2009 change
Combined premium income [1]	**10,983**	**11,343**	**3.3%**
Insurance France	8,615	8,946	3.8%
International insurance	2,224	2,265	1.8%
Financial and banking operations	144	132	-7.8%
Economic operating income [2] (excluding storms)	**252**	**167**	**-33.7%**
Storms	210	129	-38.6%
Net realised capital gains	37	106	+€69m
Net provisions for long-term impairment	-8	-8	-
Gains and losses on financial assets and derivatives recognised at fair value	-2	-39	-€37m
Goodwill and intangible assets and other exception transactions	40	-19	-€59m
Net profit	**110**	**78**	**-29.1%**

(1) Change in combined premium income on a like-for-like consolidation basis: +4.1%
(2) Economic operating income: corresponds to net profit adjusted for realised capital gains and losses, net increases or reversals of provisions for long-term impairment and unrealised capital gains and losses on financial assets recognised at fair value (all these items are net of profit-sharing and net of tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).

Balance sheet

in millions of Euros	31.12.2009	H1 2010
Book shareholders' equity, group share	7,233	6,593
Gross unrealised capital gains	3,291	1,958
Subordinated debt	1,995	1,245
Balance sheet total	97,297	102,923

Main ratios

	H1 2009	H1 2010
Property insurance combined ratio *Excluding storms*	110.3% *102.3%*	106.6% *101.8%*

	31.12.2009	H1 2010
ROE (Net profit excluding fair value effect/average equity capital and excluding revaluation reserves)	9.3%	3.5% (annualised)
Debt ratio [1]	22.8%	20.5%
Solvency I ratio	181%	153%

[1] excluding real estate company Silic