

Paris, 19 February 2015

2014 Annual Results

Strong improvement in operating income

- ▶ **Business growth consistent with the strategy**
 - Group premium income of €13.6 billion
 - Selective development in France
 - International growth

- ▶ **Substantially stronger technical and operating performance**
 - Improvement of the combined ratio in non-life insurance to 99.0% (-1.8 point)
 - Increase in the share of unit-linked policies in individual savings inflows to 38.1% (+9.5 points)
 - Further reduction of general expenses by more than €100 million in 2014
 - Significant growth in economic operating income to €129 million (+€119 million)

- ▶ **A net profit of €257 million**

- ▶ **A solid solvency margin of 253%, up 53 points compared with 2013**

"Backed by its mutualist commitment, the Groupama Group demonstrated its ability to gain ground in 2014, even in an unfavourable economic environment. Its solid fundamentals allow us to tackle 2015 with a spirit of achievement and innovation, in keeping with the pioneering spirit that Groupama has always driven", stated Jean-Yves Dagès, Chairman of the Board of Directors of Groupama SA.

"In 2014, with a very sharp increase in its operating income, Groupama confirmed the successful mobilisation of all group employees to serve its customers and members and the growth in its operational efficiency. In 2015, not only are we continuing this selective development strategy by capitalising on a unified, modernised information system within the Regional Mutuals, but we are also mobilised to prepare for the future through digital innovations and an active partnership policy", added Thierry Martel, Chief Executive Director of Groupama SA.

About the Groupama Group

Backed by its three brands – Groupama, Gan, and Amaguiz – the Groupama Group, one of the leading mutual insurers in France, carries out its insurance, banking, and service activities in 11 countries. The Group has 13 million customers and 34,000 employees throughout the world, with premium income of €13.7 billion. Find all the latest Groupama Group news on its website (www.groupama.com) and Twitter account ([@GroupeGroupama](https://twitter.com/GroupeGroupama))

Paris, 19 February 2015 - The Board of Directors of Groupama S.A. met on 18 February 2015, under the chairmanship of Jean-Yves Dagès, and approved the Group's combined financial statements and the consolidated financial statements of Groupama SA for fiscal year 2014.

The Group's combined financial statements include all 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 accounts of Groupama S.A. include the business of all subsidiaries as well as internal reinsurance (nearly 35% of the premium income of the regional mutuals ceded to Groupama S.A.). The analysis below focuses on the combined scope. The key figures of the consolidated scope are presented in the notes.

► **Business activity focused on profitable growth**

At 31 December 2014, Groupama's combined premium income stood at €13.6 billion, a 0.3% increase on a like-for-like basis.

In property and casualty insurance, the Group recorded premium income growth of 1.5% to €7.1 billion at 31 December 2014 thanks to a selective underwriting policy and targeted tariff resets.

Premium income for life and health insurance amounted to €6.3 billion at 31 December 2014, down 1.2%. This change reflects the decrease in the savings and retirement business in euros and the growth achieved in inflows of unit-linked products and in individual health.

Breakdown of premium income by business at 31 December 2014

Premium income (€ million)	31/12/2014	Like-for-like change (%)
Property and casualty insurance	7,099	+1.5%
Life and health insurance	6,257	-1.2%
Financial and banking businesses	279	+5.1 %
GROUP TOTAL	13,634	+0.3 %

▪ **In France**

Insurance premium income in France at 31 December 2014 amounted to €10.6 billion.

In property and casualty insurance, premium income rose 2.3% to €5,264 million, outpacing the market (+1.5% – source: FFSA, end of December 2014). This reflects the rise in insurance for individuals and professionals (+2.3%, or almost 60% of written premiums in property and casualty insurance), which benefited from targeted tariff resets. Home insurance posted strong growth of 5.7%, and motor insurance was up 0.3% at the end of December 2014. The agricultural insurance lines saw 1.0% growth over the period. The Group's specialised subsidiaries (assistance, legal protection, credit insurance) also stepped up their growth (+14.0%).

In life and health insurance, premium income amounted to €5,304 million, down 5.2% compared with 31 December 2013. This change reflects the decrease in life and capitalisation premium income (-9.3%), which was mainly attributable to the steered reduction in the individual savings/pensions business in euros (-17.7%). Conversely, unit-linked premium income in individual savings/pensions was up sharply (+20.3%), representing 29.4% of gross inflows at the end of 2014, outpacing the market (17%, source: FFSA), thanks in particular to the marketing of structured products combining performance and safety and an expanded range of funds. After taking into account arbitrages (euro to unit-linked policies), “Fourgous” transfers and inflows in 2014, the share of unit-linked outstandings in individual savings was 17.6% versus 13.3% at 31 December 2013. In addition, the Group recognised an increase of 0.5% in premium income from individual health insurance. On the group health market, Groupama hold 10,000 new contracts in the portfolio.

▪ **International**

Internationally, the Group is present in 11 countries, mainly in Europe, and has growth opportunities in Turkey and China, countries in which it ranks second among foreign non-life insurers with €186 million in premium income¹. At 31 December 2014, international premium income totalled €2.8 billion, up 7.6% compared with 31 December 2013.

This growth was driven by the sharp increase in life and health insurance premium income (+28.9%) to €953 million, under the effect of the increase in premium income in individual savings/pensions (+46.7%), mainly in Italy and Hungary. Individual health insurance gained 6.8% compared with 31 December 2013.

Property and casualty insurance premium income totalled €1.8 billion at 31 December 2014, a 0.9% decrease compared with 2013. This change is mainly related to the 3.9% decrease in the motor insurance branch (including fleets) owing to difficult macroeconomic or market conditions in certain countries (in particular in Italy, Turkey, and Romania) and the Group’s willingness to control its risks. The good performance of the agricultural insurance business lines (+21.1%), mainly in Turkey, and the 5.5% increase in corporate and local authorities insurances offset part of this change.

Breakdown of premium income in main international countries at 31 December 2014

Premium income <i>in millions of euros</i>	31/12/2014	Like-for-like change (%)
Italy	1,596	+11.5%
Turkey	406	+8.7%
Hungary	314	+3.7%
Romania	160	-2.2%
Other countries	310	-2.8%
International insurance	2,788	+7.6%
Equity-method entities ²	288	+8.3%
International insurance including equity-method entities	3,076	+7.6%

¹ On a basis of 100% of the premium income of *Groupama Avic China*, an equity-method entity in *Groupama’s combined financial statements*

² *Groupama Avic China*, *Günes (Turkey)*, *Star (Tunisia)*, for the share held by the Group

▪ **Financial and banking businesses**

The Group reported premium income of €279 million, up 5.1% compared with 31 December 2013, with €154 million from Groupama Banque, €120 million from Groupama Asset Management, and €5 million from Groupama Epargne Salariale.

Groupama Banque continued its commercial development, particularly with an increase in outstanding deposits of more than 30% compared with 2013.

▶ **Strong improvement in operating and technical performance**

Economic operating income increased sharply by €119 million, to €129 million, at 31 December 2014.

In France, economic operating income from insurance amounted to €142 million, including €83 million from property and casualty insurance and €59 million from life and health insurance.

At the international level, economic operating income totalled €48 million, including €29 million from property and casualty insurance and €19 million from life and health insurance.

Banking and financial activities contributed €16 million to economic operating income, while holding companies (which bear the Group's holding and financing costs) reported an economic operating result of -€77 million.

The sharp increase in economic operating income is mainly explained by the improvement in the net non-life combined ratio by 1.8 point to 99.0% at 31 December 2014.

The loss experience, excluding severe and climate-related claims, improved by 1.2 point under the effect of all the measures taken by the Group to improve control of its technical risks. The proportion of weather claims was also down 1.4 point despite a series of major weather events in France. These improvements largely made up for the increase of 1.9 point in the loss ratio of severe claims (claims of more than €500,000).

In addition, the general expenses rate improved by 0.6 point compared with 31 December 2013.

The proactive cost-cutting programme, conducted by the Group across all its entities and business lines, resulted in a €102 million decline in general expenses (before taxes) over 2014, bringing the cost reduction to more than €380 million compared with the end of 2011.

The transition from economic operating income to net income incorporates non-recurring items of €128 million at 31 December 2014 versus €273 million at 31 December 2013. This change is mainly explained by the decrease in capital gains realised on investment assets despite the sharp increase in unrealised capital gains on these assets.

The Group's overall net income totalled €257 million at 31 December 2014 compared with €283 million at 31 December 2013.

► **A strengthened balance sheet**

The Group's shareholders' equity increased to €8.1 billion at 31 December 2014, up 21% compared with 31 December 2013.

At 31 December 2014, insurance investments amounted to €83.4 billion, and unrealised capital gains totalled €10.6 billion, including €7.8 billion on bonds, €0.8 billion on equities, and €2.0 billion on real estate assets.

The Group continued its asset derisking policy particularly by reducing its equity portfolio, which, net of hedges, now represents 5.3% of the asset portfolio³ at 31 December 2014 versus 6.5% at 31 December 2013.

During 2014, the Group strengthened its financial flexibility. Groupama successfully conducted a subordinated instrument exchange and issue operation in May 2014, allowing the maturity of the debt to be extended. On 5 December 2014, the Group repaid the full amount drawn on the existing credit facility: €650 million. Groupama's debt to equity ratio excluding revaluation reserves consequently fell by 16.2 points to 11.6% at 31 December 2014.

► **A solid solvency margin of 253%**

At 31 December 2014, the statutory solvency margin requirement was covered at more than 2.5 times by the Group, following the increase of 53 points in coverage compared with 31 December 2013.

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Groupama financial information on the accounts closed at 31/12/2014 includes:

- *This press release, which is available on the groupama.com website,*
- *Groupama SA's registration document, which will be filed with the AMF on 23 April 2015 and posted on the groupama.com website on 24 April 2015,*
- *The financial statements for the Groupama combined accounts at 31/12/2014, which will be posted on the groupama.com website on 24 April 2015.*

³ Asset breakdown calculated at market value, excluding minority interests, unit-linked products, and repurchase agreements

Appendix 1: key figures for Groupama – combined financial accounts

A/ Premium income

	2013		2014	2014/2013
	Reported premium income	Pro forma premium income*	Reported premium income	Change ** as %
<i>in millions of euros</i>				
> FRANCE	10,757	10,737	10,567	-1.6%
Life and health insurance	5,594	5,594	5,303	-5.2%
Property and casualty insurance	5,163	5,143	5,264	+2.3%
> INTERNATIONAL & Overseas	2,646	2,591	2,788	+7.6%
Life and health insurance	757	740	953	+28.9%
Property and casualty insurance	1,889	1,851	1,835	-0.9%
TOTAL INSURANCE	13,403	13,328	13,355	+0.2%
FINANCIAL AND BANKING BUSINESSES	266	266	279	+5.1%
TOTAL	13,669	13,593	13,634	+0.3%

* based on comparable data

** Change on a like-for-like exchange rate and consolidation basis

B/ Economic operating income*

	2013	2014	2014/2013 change
<i>in millions of euros</i>			
Insurance - France	30	142	+112
Insurance - International	55	48	-7
Financial and banking businesses	13	16	+3
Holding companies	-89	-77	+12
Economic operating income*	10	129	+119

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

C/ Net income

	2013	2014	2014/2013 change
<i>in millions of euros</i>			
Economic operating income*	10	129	+119
Net realised capital gains	432	219	-213
Impairment losses on financial instruments	-15	-12	+3
Gains and losses on financial assets and derivatives recognised at fair value	0	-59	-59
Amortisation of intangible assets and other transactions	-144	-20	+124
Net income	283	257	-26

Contribution of business activities to combined net income

<i>in millions of euros</i>	2013	2014
Insurance and services - France	410	380
Insurance - international subsidiaries	36	72
Financial and banking businesses	6	4
Groupama SA and holding companies	-120	-204
Other	-47	6
Net income	283	257

D/ Balance sheet

<i>in millions of euros</i>	2013	2014
Shareholders' equity (Group share)	6,654	8,062
Gross unrealised capital gains	4,891	10,635
Subordinated debt	1,238	791
Total balance sheet	98,559	106,439

E/ Main ratios

	2013	2014
Net combined non-life ratio	100.8%	99.0%
Debt-to-equity ratio	27.8%	11.6%
Solvency margin (Solvency I)	200%	253%

* pro forma

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

A/ Premium income

<i>in millions of euros</i>	2013		2014	2014/2013
	Reported premium income	Pro forma premium income*	Reported premium income	Change ** as %
> FRANCE	7,508	7,489	7,133	-4.8%
Life and health insurance	4,432	4,432	3,976	-10.3%
Property and casualty insurance	3,076	3,056	3,157	+3.3%
> INTERNATIONAL & Overseas	2,646	2,591	2,788	+7.6%
Life and health insurance	757	740	953	+28.9%
Property and casualty insurance	1,889	1,851	1,835	-0.9%
TOTAL INSURANCE	10,154	10,080	9,921	-1.6%
FINANCIAL AND BANKING BUSINESSES	268	268	282	+5.1%
TOTAL	10,423	10,347	10,203	-1.4%

* based on comparable data

** Change on a like-for-like exchange rate and consolidation basis

B/ Economic operating income*

<i>in millions of euros</i>	2013	2014	2014/2013 change
Insurance - France	-61	-48	+13
Insurance - International	55	48	-7
Financial and banking businesses	13	16	+3
Holding companies	-88	-76	+12
Economic operating income*	-81	-60	+21

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

C/ Net income

<i>in millions of euros</i>	2013	2014	2014/2013 change
Economic operating income*	-81	-60	+21
Net realised capital gains	372	168	-204
Impairment losses on financial instruments	-10	-11	-1
Gains and losses on financial assets and derivatives recognised at fair value	-7	-68	-61
Amortisation of intangible assets and other transactions	-139	-14	+125
Net income	135	15	-120

Contribution of business activities to consolidated net income

<i>in millions of euros</i>	2013	2014
Insurance and services - France	258	136
International insurance	36	72
Financial and banking businesses	6	4
Groupama SA and holding companies	-117	-201
Other	-47	6
Net income	135	15

D/ Balance sheet

<i>in millions of euros</i>	2013	2014
Shareholders' equity (Group share)	3,816	4,883
Gross unrealised capital gains	3,939	9,539
Subordinated debt	1,238	791
Total balance sheet	91,397	98,777

E/ Main ratios

	2013	2014
Net combined non-life ratio	102.4%	102.0%
Debt-to-equity ratio	42.2%	17.9%