



PRESS RELEASE

2013 half-year results

Paris, 2 August 2013

Net profit of €187 million

- ▶ Positive net result of 187 million euros
- ▶ Solid solvency margin at 170%
- ▶ Improved Group technical performance
 - Strong growth in unit-linked products, up from 11% to 31% of premium income from individual savings in France
 - Improved combined ratio in non life, up by 2.3 points

"Groupama returns to profitability after two difficult fiscal periods. Everyone's dedication and commitment are hence rewarded. Our strategy ensuring our policyholders' satisfaction is actually driving the group into a new dynamism", stated Groupama SA CEO Thierry Martel.

"The group did well. The results reflect on one hand the improvement in our operating performance, and on the other hand a prudent financial management in a difficult economic and financial environment. They are in line with the trajectory we set for ourselves", added Christian Collin, Groupama SA Deputy CEO.

Paris, 2 August 2013 – The Group’s combined accounts and Groupama SA’s consolidated accounts for the first half of 2013 were approved by the Groupama Board of Directors at its 1 August 2013 meeting, chaired by Jean-Yves Dagès. As half-year financial accounts, they were subject to a limited review by the statutory auditors.

The combined accounts of Groupama include all of the Group's activities (activity of the regional mutuals and of the subsidiaries consolidated in Groupama S.A.). The consolidated accounts of Groupama S.A. include the activity of all subsidiaries as well as internal reinsurance (around 40% of the turnover of the regional mutuals transferred to Groupama S.A.).

The following analysis covers the combined scope. The key figures on the consolidated scope are disclosed in the appendix.

► **Activities focused on profitable growth, in line with the strategy**

At 30 June 2013, Groupama’s combined income stood at 9.2 billion euros, a 1.4% decrease in constant variance.

This change reflects the Group’s strategy, in a difficult economic and financial context, of favoring profitable growth. Thus, the inflow from unit-linked products showed strong growth, reflecting the success of the marketing campaigns conducted during the first half of the year. Conversely, the activity in euro savings posted a significant decrease in premium income and, as a result, a negative net inflow in a low-rate environment, penalizing the profitability of these products.

Property and casualty insurance in France showed slower growth than in the past, as a result of more selective underwriting measures. International property and casualty insurance decreased, in line with markets’ trends in countries where the Group operates.

Breakdown of premium income by business at 30 June 2013

Premium income (€million)	30/6/2013	Like-for-like change (%)
Property and casualty insurance	5,140	+1.3 %
Life and health insurance	3,948	-4.9 %
Financial and banking activities	129	+1.8 %
GROUP TOTAL	9,217	-1.4 %

▪ **France**

Insurance premium income in France amounted to €7.7 billion at 30 June 2013, down 0.7% compared with 30 June 2012.

Property and casualty premium income growth remained strong, growing +3.1% and outpacing the market (+2.5%; source FFSA end June 2013). Individual and professional insurance rose by +3.4%, boosted by rate increases in the motor and home segments. The professional risks segment (up +6.2%) benefited from selective portfolio development as well as the agricultural trades branch, whose premium income rose by 4.7%. This growth also resulted from the expansion of the partnership with La Banque Postale and the growth of the specialized subsidiaries (Assistance and Legal Protection).

Life and health insurance premium income fell by 4.6% to €3.6 billion. This change was attributable primarily to the voluntary slowing of individual retirement and savings policies in euros. The individual retirement and savings business in unit-linked products grew sharply, representing 25% of premium income at the first half of 2013, compared to 16% for the market (FFSA).

Health and personal injury premium income at 30 June 2013 rose 1.3% compared with 30 June 2012, driven primarily by the individual health branch, which rose 2.2%.

▪ **International**

The Group is present in 11 countries, mainly in Europe with growth areas in Turkey and China. International premium income stood at €1.4 billion at 30 June 2013, down 5.9% compared with 30 June 2012.

Property and casualty premium income was €1,051 million at 30 June 2013, down 5.3% compared with the previous period. This change is related primarily to the drop in motor insurance (including fleets), which accounts for 67% of premiums written in property and casualty insurance. It fell 7.6% due to difficult market conditions in several countries where the Group operates and to a strict underwriting policy, particularly in Italy.

Life and health insurance premium income fell 7.6% to €349 million due to our portfolio pruning policy in group insurance, particularly in Italy. However, activity increased by 6.8% in Turkey, as a result of the growth in the group protection segment, which benefited from the signing of a new distribution agreement and the development of the Group's agreement with the TKK agricultural cooperatives. Premium income also increased in Hungary, in connection with increased individual retirement savings premiums, which benefited from the unit-linked campaigns conducted directly and through the networks of its OTP partner in the first half of 2013.

Breakdown of premium income in main international countries at 30 June 2013

Premium income (€million)	30/6/2013	Like-for-like change (%)
Italy	691	-14.4 %
Turkey	252	+21.3 %
Hungary	192	+7.9 %
Romania	83	-2.6 %
Other countries	181	-13.4 %
International insurance	1,400	-5.9 %

► **Positive net result**

The group's net income amounted to €187 million at 30 June 2013 compared with -€87 million at 30 June 2012.

The net combined ratio in non life improved by 2.3 points, compared with the prior period, and stood at 100.9% at 30 June 2013. It reflects an improvement in the loss experience in France (-1.3 point), despite the many severe climatic events at the end of the first half of 2013. The Group's continued control of its overhead costs in France and abroad were reflected in the one-point drop in the operating cost ratio.

Economic operating income in life and health insurance was impacted by the decrease in financial income net of profit-sharing in a low-rate environment and resulting from a prudent financial management. As for the technical margin, it rose due to the significant increase in inflow from unit-linked products and the improvement in the loss experience for health-protection products.

The net income is composed of incomes from operating activities, banking and financial activities, holding activity and capital gains realized by the Group in connection with its asset management. These capital gains, stable compared to 30 June 2012, come mainly from the sale of bond assets in a low-rate environment.

▶ **Solvency margin maintained at a solid level**

▪ **Strengthened balance sheet**

The Group's shareholder equity increased by 2.8% to €6.5 billion at 30 June 2012.

Insurance investment stood at €77.4 billion at 30 June 2013 compared with €77.6 billion at 31 December 2012. Unrealized capital gains on financial assets reached €4.1 billion at 30 June 2013, compared with €5.1 billion at 31 December 2012. The decrease was due to changes in the bond markets.

After sharply reducing its balance-sheet exposure to financial risks in 2012, the Group continued in 2013 to reduce its equity portfolio, which, net of hedges, now represents 8.2% of investments.¹ In addition, the Group follows a policy of bond portfolio diversification (specifically, participation in the bond fund intended to finance small-, intermediate- and medium-sized firms). The cash position remains high, at 10.7% of assets¹ at 30 June 2013.

Groupama's debt-to-equity ratio excluding revaluation reserves fell by 0.5 point to 28.0% at 30 June 2013.

▪ **Solvency margin of 170%**

The regulatory solvency margin remains solid, at 170% at 30 June 2013 despite the decrease in unrealized capital gains on bond assets.

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Groupama financial information on the accounts closed at 30/6/2013 include:

- *this press release, which is available online at the groupama.com site,*
- *Groupama S.A.'s half-yearly financial report, which will be transmitted to the AMF and posted on the groupama.com website on 28 August 2013, and*
- *the financial statements for the Groupama combined accounts at 30/6/2013, which will be posted on the groupama.com website on 28 August 2013.*

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

Appendix 1: Key figures for Groupama – combined financial statements

A/ Premium income

	30/6/2012		30/6/2013	Change 2013/2012	
	Actual premium income	Pro forma premium income*	Actual premium income	Change on a reported consolidation and exchange rate basis	Change on a like-for-like exchange rate and consolidation basis
<i>€million</i>					
> FRANCE	7,713	7,738	7,688	-0.3 %	-0.7 %
Life and health insurance	3,770	3,770	3,596	-4.6 %	-4.6 %
Property and casualty insurance	3,941	3,966	4,089	3.8 %	3.1 %
Discontinued activities	3	3	3	-1.0 %	-1.0 %
> INTERNATIONAL & Overseas	1,492	1,487	1,400	-6.2 %	-5.9 %
Life and health insurance	379	378	349	-7.8 %	-7.6 %
Property and casualty insurance	1,113	1,110	1,051	-5.6 %	-5.3 %
TOTAL INSURANCE	9,205	9,225	9,088	-1.3 %	-1.5 %
FINANCIAL AND BANKING ACTIVITIES	134	127	129	-3.3 %	1.8 %
TOTAL	9,339	9,352	9,217	-1.3 %	-1.4 %

* on comparable data

B/ Net income

	30/6/2012 Pro forma	30/6/2013
<i>€million</i>		
Economic operating income	46	34
Net realized capital gains	216	215
Net provisions for permanent impairment	-68	-8
Gains and losses on financial assets and derivatives recognized at fair value	-17	-4
Other expenses and income	-52	-50
Net income before non-recurring restructuring expenses	126	187
Goodwill on acquisition, intangible assets and other non-recurring items	-212	0
Net income, group share	-87	187

Breakdown of economic operating income

	30/6/2012 Pro forma	30/6/2013
<i>€million</i>		
Property and casualty insurance France	-24	7
Property and casualty insurance International	41	1
Life and health insurance France	93	40
Life and health insurance International	19	14
Financial and banking activities	6	10
Holding companies	-89	-39

*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).

Contribution of business lines to combined net income

<i>€million</i>	30/6/2012 Pro forma	30/6/2013
Insurance and services - France	188	247
International insurance	10	11
Financial and banking activities	4	10
Groupama SA and holding companies	-80	-77
Net profit of discontinued operations	-146	0
Other	-63	-5
Net income, group share	-87	187

D/ Balance sheet

<i>€million</i>	31/12/2012	30/6/2013
Shareholders' equity group share	6,280	6,458
Gross unrealised capital gains	5,101	4,115
Subordinated debt *	1,238	1,238
Balance sheet total	94,753	96,098

**excluding perpetual deeply-subordinated bonds, included in shareholders' equity*

E/ Main ratios

	30/6/2012 pro forma	30/6/2013
Non life combined ratio	103.2 %	100.9 %

	31/12/2012	30/06/2013
Solvency margin (Solvency I)	179.4 %	169.8 %

Appendix 2: Groupama S.A. – consolidated financial statements

A/Premium income

	30/06/2012		30/06/2013	Change 2013/2012	
	Actual premium income	Pro forma premium income*	Actual premium income	Change on a reported consolidation and exchange rate basis %	Change on a like-for-like exchange rate and consolidation basis %
<i>€million</i>					
> FRANCE	4,854	4,879	4,746	-2.2 %	-2.7 %
Life and health insurance	2,764	2,764	2,559	-7.4 %	-7.4 %
Property and casualty insurance	2,087	2,112	2,184	4.6 %	34 %
Discontinued activities	3	3	3	-1.0 %	-1.0 %
> INTERNATIONAL & Overseas	1,492	1,487	1,400	-6.2 %	-5.9 %
Life and health insurance	379	378	349	-7.8 %	-7.6 %
Property and casualty insurance	1,113	1,110	1,051	-5.6 %	-5.3 %
TOTAL INSURANCE	6,346	6,367	6,146	-3.2 %	-3.5 %
FINANCIAL AND BANKING ACTIVITIES	135	128	130	-3.0 %	2.0 %
TOTAL	6,481	6,494	6,276	-3.2 %	-3.4 %

* on comparable data

B/Net income

	30/6/2012 Pro forma	30/6/2013
<i>€million</i>		
Economic operating income	48	-34
Net realized capital gains	205	196
Net provisions for permanent impairment	-65	-3
Gains and losses on financial assets and derivatives recognized at fair value	-17	-5
Other expenses and income	-51	-49
Net income before non-recurring restructuring expenses	120	104
Goodwill on acquisition, intangible assets and other non-recurring items	-211	0
Net income, group share	-91	104

Breakdown of economic operating income

	30/6/2012 Pro forma	30/6/2013
<i>€million</i>		
Property and casualty insurance France	-9	-28
Property and casualty insurance International	41	1
Life and health insurance France	79	6
Life and health insurance International	19	14
Financial and banking activities	6	10
Holding companies	-88	-39

*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).

Contribution of business lines to consolidated net income

€million	30/6/2012 pro forma	30/6/2013
Insurance and services - France	172	162
International insurance	10	11
Financial and banking activities	4	10
Holding company activities	-68	-75
Net profit of discontinued operations	-146	0
Other	-63	-5
Net income, group share	-91	104

D/ Balance sheet

€million	31/12/2012	30/6/2013
Shareholders' equity group share	3,655	3,764
Gross unrealized capital gains	4,286	3,282
Subordinated debt *	1,238	1,238
Balance sheet total	87,946	87,204

*excluding perpetual deeply-subordinated bonds, included in shareholders' equity

E/Subordinated debt

	ISIN code	Rate	Coupon payment dates
Fixed-rate perpetual subordinated bonds (TSDI)	FR0010208751	4.375%	6 July
Perpetual deeply-subordinated bonds (TSSDI)	FR0010533414	6.298%	22 October
Redeemable subordinated securities (TSR)	FR0010815464	7.875%	27 October