Group Communications Department

PRESS RELEASE

Paris, 2 August 2012

2012 half-year results

Strengthened solvency margin, net result close to break-even

Christian Collin, Deputy Chief Executive Officer Groupama SA, stated that "Our half-year results bear witness to the major work accomplished over the last few months, allowing the group to post substantially improved results, close to breaking even. As previously announced, the group concentrated on the disposal of certain business assets, on reducing its exposure to financial risk and lowering operating costs. Added to this, client loyalty remained steady and we increased our market share in France"

Groupama combined scope

Premium income: €9,339 million, -2.8% on a like-for-like basis
- **of which P&C insurance:** €5,054 million
- **of which L&H:** €4,151 million
- **of which financial and banking activities:** €134 million

Economic operating income: €17 million
Net results: -€87 million
Solvency margin: 113%

The Group's combined financial statements 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.). Groupama S.A.'s consolidated financial statements include the operations for all the subsidiaries as well as internal reinsurance (accounting for approx. 40% of the premium income generated by the Regional Mutuals and ceded to Groupama S.A.).
The analysis below covers the combined scope; key figures on the consolidated scope are disclosed in the appendix.

Paris, 2 August 2012 – The Board of Directors of Groupama S.A., meeting on 2 August 2012 under the chairmanship of Jean-Luc Baucherel, approved the combined financial statements of the Group and the consolidated financial statements of Groupama S.A. for the first half of 2012.

▪ Progress in line with the Group's objectives, despite a difficult, volatile context

As announced at the publication of the 2011 financial statements, the Group took a set of measures to strengthen its solvency margin. The group's corporate scope has been adjusted in France and within its international subsidiaries.

In France, agreements were signed in late June and early July 2012 for the portfolios transfersof Gan Eurocourtage, a subsidiary of Groupama:

- on 8 June 2012, Groupama and Allianz France signed agreements for Allianz to acquire the Gan Eurocourtage's P&C portfolio, other than transport.
- on 16 July 2012, Groupama and Helvetia signed a final agreement transferring Gan Eurocourtage's Marine portfolio underwritten from France.

Abroad, Groupama concluded an agreement on 19 June 2012 with Grupo Catalana Occidente and INOCSA for the sale of Groupama Seguros y Reaseguros and ClickSeguros in Spain.

On 23 July, Groupama and Generali PPF Holding signed an agreement for the latter to acquire Proama, Groupama's Polish insurance branch.

These transactions will be effective during the fourth quarter of 2012, pending regulatory approvals.

For purposes of these ongoing transactions (with the exception of Proama), the Group has applied IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" in the financial statements at 30 June 2012:

- the scope of entities held for sale and discontinued operations is accounted for separately in the income statement and the balance sheet,
- a pro forma income statement was drawn up at 30 June 2011.

The following information is on a like-for-like basis, neutralising also in the pro forma the exchange rate effects for entities that do not use the euro as their functional currency.

▪ Strong development in P&C insurance and in L&H segments with high potential

The Group is consolidating its strong presence among its members and customers.

In property and casualty insurance business in France, Groupama experienced an increase in the number of policies written, particularly in motor insurance (+62,000 policies) and in home insurance (+ 53,000 policies).

At 30 June 2012, Groupama's combined premium income was €9.3 billion.

The Group favoured property and casualty insurance and reported a comfortable +4.2% growth in premium income.

In life and health insurance, the Group put the emphasis on higher potential business segments, health and provident, as well as unit-linked products.

Breakdown of premium income by business at 30 June 2012

Premium income (€million)	30/6/2012	Like-for-like change (%)
Property and casualty insurance	5,054	+4.2%
Life and health insurance	4,151	-10.0%
Financial and banking activities	134	-9.0%
Group Total	**9,339**	**-2.8%**

France

French premium income amounted to €7.7 billion at 30 June 2012, down -3.3% compared with 30 June 2011.

Property and casualty premium income was €3.9 billion, rising +4.5% and outpacing the market (+4%; source FFSA end May 2012). Individual and small business insurance grew +5.6%. The growth was driven by strong portfolio development and tariff increases in individual motor and home insurances, which premium incomes rose respectively by +5.7% and +6.4%. Premium income from commercial and local authority insurance also was up 1.7%.

One highlight is the fine performance of Amaguiz, which continues to grow at a steady pace, with over 170,000 policies in its portfolio at end June 2012.

In life and health insurance, the trend in premium income (-10.3%) compared favourably with the market trends (-13%; source FFSA, end May 2012) and came to €3.8 billion at 30 June 2012. The contribution of unit-linked products to inflows remained at a satisfactory level (11%). Health and bodily injury premium income grew +5.4%, mainly buoyed by the health business, up +5.6%.

International

International premium income came to €1.5 billion at 30 June 2012, up +0.4% compared with 30 June 2011.

Property and casualty premium income was €1.1 billion at 30 June 2012, up +3.1% on the previous period. Motor insurance, accounting for 67% of premiums written in property and casualty insurance, buoyed this growth with its own increase of +4.8%.

Life and health insurance premium income declined by -6.6% to €379 million, particularly owing to the 4.4%-decrease in premium income from individual life assurance.

Breakdown of premium income by country at 30 June 2012

Premium income (€million)	30/6/2012	Like-for-like change (%)
Italy	807	+6.5%
Turkey	212	-1.6%
Hungary	178	-17.1%
Greece	89	-10.5%
Romania	85	+6.3%
Gan overseas	79	+5.6%
Portugal	37	-1.9%
Others	4	NS
International insurance	**1,492**	**+0.4%**

- **<u>A positive operating result</u>**

At 30 June 2012, economic operating income from insurance was €100 million, driven by life and health insurance.

The net combined ratio in non life came to 103.8% at 30 June 2012, heavily impacted by atypical climatic events (frost at the start of the year, windstorms followed by rainstorms in the spring). The mid-year ratio is seldom representative of the year-end ratio.

The operating expense ratios in non life for French and international operations decreased at 30 June 2012 compared with a year earlier. The total improvement for the Group came to 1.1 point with an expense ratio at 25.3%, driven by the cost reduction drives already implemented.

Banking and financial activities contributed €6 million to the Group's economic operating income at 30 June 2012, as against €7 million at 30 June 2011.

After taking into account holding expenditures, the Group reported operating economic income of €17 million at 30 June 2012.

- **<u>Net result close to break-even</u>**

The Group reported a net loss of -€87 million at 30 June 2012.

Excluding the impact of business disposals and excluding goodwill impairments, the result for the period was €117 million.

- **<u>Significant change in the asset structure</u>**

Insurance investment in the balance sheet amounted to €71.3 billion at 30 June 2012

With the declared aim of reducing the sensitivity of its balance sheet to financial market fluctuations, the Group significantly changed its asset structure[1] in the first half of 2012:

- the equity portion in the portfolio was significantly cut back, with €1.6 billion worth of equity shares sold in the first half-year: the equity portion dropped by 25% at 9.9% of total investments at 30 June 2012 compared with 12.8% at 31 December 2011,
- the Group withdrew from its exposure to Greek sovereign risk.

Liquidity remained at a significantly high level, close to €7 billion.

The derisking measures combined with a decrease in interest rates resulted in a significant rise in unrealised capital gains on financial and property assets, reported under IFRS, to €0.7 billion at 30 June 2012, from unrealised capital losses of -€1 billion at 31 December 2011.

[1] *Asset structure calculated at market value, excluding minorities' interests, unit-linked and repurchase agreements*

- **A strengthened solvency margin**

The statutory solvency margin on core equity was 113% at 30 June 2012, higher than at 31 December 2011. The solvency ratio does not take into account the favourable impact of the business disposals, that should be effective during the second semester.

At 30 June 2012, Groupama's combined shareholders' equity was up +9.7% compared with 31 December 2011, at €5.8 billion.

- **Outlook**

Since the start of the year, the Group has followed its roadmap at a sustained pace.

It will continue to pursue its main strategic aims:

- reinforcing underwriting and operating performance,
- reducing balance sheet sensitivity to financial market fluctuations,
- adjusting its business scope by going ahead with the transactions it has announced while continuing to protect the drivers of future performance and growth.

The Group is thus on the right track to strengthen sustainably its profitability and solvency.

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The Groupama financial information on the interim financial statements at 30/6/2012 contains the following:

- *this press release posted on the Group's website www.groupama.com,*
- *the half-year financial report of Groupama SA, which will be filed with the AMF and posted on the Group's website www.groupama.com on 30 August 2012,*
- *the financial statements for the Groupama combined scope at 30/6/2012, to be posted on the Group's website www.groupama.com on 30 Ausgust 2012*

Annex 1: Key figures for Groupama – combined financial statements

A/ Premium income

€million	30/6/2011 Actual premium income	30/6/2011 Pro forma premium income*	30/6/2012 Actual premium income	Change 2012/2011: Change on a reported consolidation and exchange rate basis %	Change 2012/2011: Change on a like-for like exchange rate and consolidation basis %
> FRANCE	**8,709**	**7,980**	**7,713**	**-11.4%**	**-3.3%**
Life and health insurance	4,204	4,204	3,770	-10.3%	-10.3%
Property and casualty insurance	4,501	3,772	3,941	-12.4%	+4.5%
Discontinued activities	5	5	3	-34.0%	-34.0%
> INTERNATIONAL & Overseas	**2,306**	**1,486**	**1,492**	**-35.3%**	**+0.4%**
Life and health insurance	577	405	379	-34.4%	-6.6%
Property and casualty insurance	1,730	1,080	1,113	-35.7%	+3.1%
TOTAL INSURANCE	**11,016**	**9,466**	**9,205**	**-16.4%**	**-2.8%**
FINANCIAL AND BANKING ACTIVITIES	147	147	134	-9.0%	-9.0%
TOTAL	**11,162**	**9,613**	**9,339**	**-16.3%**	**-2.8%**

* on comparable data

B/ Economic operating income*

€million	30/6/2011 pro forma	30/6/2012	Change 2012/2011
Life and health insurance	102	111	+8.8%
Property and casualty insurance	59	-11	N/A
Financial and banking activities	7	6	-14.3%
Holding companies	-70	-89	N/A
Economic operating income*	**98**	**17**	**-82.7%**

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

C/ Net income

€million	30/6/2011 pro forma	30/6/2012	Change 2012/2011
Economic operating income*	**98**	**17**	**-82.7%**
Net realized capital gains	100	216	N/A
Net provisions for permanent impairment	-81	-68	-16.0%
Gains and losses on financial assets and derivatives recognized at fair value	5	-17	N/A
Goodwill on acquisition, intangible assets and other non-recurring items	-16	-29	N/A
Net income before exceptional restructuring items	**106**	**117**	**+10.3%**
Net income from entities held for sale and discontinued operations and exceptional impairment of goodwill	44	-204	N/A
Net income	**151**	**-87**	**N/A**

Contribution of business lines to combined net income

€million	30/6/2011 pro forma	30/6/2012
Insurance and services - France	177	188
International insurance	-5	2
Financial and banking activities	7	4
Groupama SA and holding companies	-74	-80
Others	46	-201
Net income	**151**	**-87**

D) Balance sheet

€million	31/12/2011	30/6/2012
Shareholders' equity group share	5,264	5,777
Gross unrealized capital gains	-961	669
Subordinated debt	1,245	1,245
Total assets	95,872	99,966

E) Main ratios

	30/6/2011 pro forma	30/6/2012
Non life combined ratio	103.7%	103.8%

	31/12/2011	30/6/2012
Solvency margin (Solvency I)	107%*	113%

* after taking into account both the contribution of the SILIC shares and the issue of the Gan Eurocourtage preference shares

Annex 2: Groupama S.A. key figures - consolidated financial statements

A) Premium income

€million	30/6/2011 Actual premium income	30/6/2011 Pro forma premium income*	30/6/2012 Actual premium income	Change 2012/2011: Change on a reported consolidation and exchange rate basis %	Change 2012/2011: Change on a like-for like exchange rate and consolidation basis %
> FRANCE	**5,949**	**5,220**	**4,854**	**-18.4%**	**-7.0%**
Life and health insurance	3,242	3,242	2,764	-14.8%	-14.8%
Property and casualty insurance	2,701	1,972	2,087	-22.7%	+5.8%
Discontinued activities	5	5	3	-34.0%	-34.0%
> INTERNATIONAL & Overseas	**2,306**	**1,486**	**1,492**	**-35.3%**	**+0.4%**
Life and health insurance	577	405	379	-34.4%	-6.6%
Property and casualty insurance	1,730	1,080	1,113	-35.7%	+3.1%
TOTAL INSURANCE	**8,255**	**6,705**	**6,346**	**-23.1%**	**-5.4%**
FINANCIAL AND BANKING ACTIVITIES	148	148	135	-9.2%	-9.2%
TOTAL	**8,403**	**6,854**	**6,481**	**-22.9%**	**-5.4%**

* on comparable data

B) Economic operating income*

€million	30/6/2011 pro forma	30/6/2012	Change 2012/2011
Life and health insurance	140	97	N/A
Property and casualty insurance	39	4	-96.0%
Financial and banking activities	7	6	-14.3%
Holding companies	-67	-88	-29.4%
Economic operating income*	**119**	**19**	**-84.0%**

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

C) Net income

€million	30/6/2011 pro forma	30/6/2012	Change 2012/2011
Economic operating income*	**119**	**19**	**-84.0%**
Net realized capital gains	66	205	N/A
Net provisions for permanent impairment	-68	-65	+4.4%
Gains and losses on financial assets and derivatives recognized at fair value	1	-17	N/A
Goodwill on acquisition, intangible assets and other non-recurring transactions	-12	-17	-41.7%
Net income before exceptional restructuring items	**102**	**113**	**+10.8%**
Net income from entities held for sale and discontinued operations and exceptional impairment of goodwill	44	-204	N/A
Net income	**147**	**-91**	**N/A**

Contribution of business lines to consolidated net income

€million	30/6/2011 pro forma	30/6/2012
Insurance and services - France	169	172
International insurance	-5	2
Financial and banking activities	7	4
Groupama SA and holding companies	-70	-68
Others	46	-201
Net income	**147**	**-91**

D) Balance sheet

€million	31/12/2011	30/6/2012
Shareholder's equity group share	2,933	3,364
Gross unrealized capital gains	-1,375	155
Subordinated debt	1,245	1,245
Balance-sheet total	89,388	92,001