Group Communications Department

Groupama

PRESS RELEASE

Paris, 21 February 2013

Financial Year 2012
A restored financial situation, a group in full working order

- A group with rebuild financial flexibility with a solvency ratio of 179%, up 72 points thanks to the restructuring measures and changes on the financial markets

- A large-scale restructuring programme fully carried out in 2012:
  - disposals in France of the property and casualty brokerage and marine businesses as well as the subsidiaries in Spain and the United Kingdom
  - a sharp reduction of financial risks
  - a proactive cost-cutting programme

- A net profit before non-recurring restructuring items of nearly 100 million euros despite an unfavourable loss experience

- A net loss of 589 million euros, without any impact on solvency or liquidity, resulting from the accounting effect of disposal and restructuring operations decided on by the group and completed in 2012 in order to strengthen its balance sheet

- A mutual insurance group leader on its core activities, with recognised brands, Groupama, Gan and Amaguiz, and with loyal customers increasing in number

- A group permanently innovating to align businesses to members' and customers' concerns

"I am delighted with the success of the action plan adopted at the end of 2011 from which we are now reaping excellent results. Our strategy is to develop our position as a major mutual insurance group, leading the market in its core businesses with three recognised brands, Groupama, Gan and Amaguiz, and above all, with an increasing number of loyal clients. Our focus is on innovation and proximity to adapt our businesses to the concerns of our clients and members", stated Groupama SA CEO Thierry Martel.

"In 2012, we both enhanced our financial strength and reduced risks in our asset portfolio. The group is now financially more robust and in full working order to reinforce its operational profitability, which is our principal objective for 2013", added Christian Collin, Groupama SA Deputy CEO.

Paris, 21 February 2013 - The Groupama S.A. board of directors met on 20 February 2013, under the chairmanship of Jean-Yves Dagès, and approved the Group's combined accounts and the consolidated accounts of Groupama SA for financial year 2012.

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.premium income.

Large-scale projects completed in 2012

As announced when the 2011 accounts were published, the group implemented a large-scale restructuring programme aiming to strengthen its solvency margin.

Disposals of business activities in France and abroad

In a difficult, volatile environment, the group adjusted its scope of activity in 2012 both in France and abroad. This disposal programme was fully executed, and the group's scope is now stabilised.

In France, the group disposed of the property and casualty business activities and the marine business of Gan Eurocourtage, a subsidiary of Groupama SA:

- transfer to Allianz France, on 1 October 2012, of Gan Eurocourtage's property and casualty business activities, excluding transport.
- transfer to the Helvetia Group, on 3 December 2012, of Gan Eurocourtage's marine portfolio underwritten from France.

Abroad, Groupama sold its subsidiary in Spain, Groupama Seguros y Reaseguros (including the subsidiary ClickSeguros), to Grupo Catalana Occidente and INOCSA on 28 September 2012.

On 14 November 2012, the group sold its non-life insurance subsidiary in the United Kingdom, Groupama Insurance Company Limited, to Ageas UK. This transaction does not include Groupama's brokerage firms in the United Kingdom.

On 31 December 2012, Groupama sold its Polish insurance branch, Proama, to Generali PPF Holding.

These disposals generated a gain of 17 points in solvency margin.

A significant reduction of risks

In order to reduce the sensitivity of its balance sheet to financial market fluctuations, the group significantly modified its asset structure[1] in 2012:

- the exposure to equity risks in the portfolio was reduced by a quarter in 2012 thanks to the divestments completed for a gross amount of around 2.5 billion euros: the equity portion now represents 10.1% at 31 December 2012 and 8.5% after taking hedges into account, compared with 12.8% at 31 December 2011.
- the group completely pulled out of its exposure to Greek sovereign risk and greatly reduced its exposure to financial subordinated debt and Spanish bank debt.

[1] *Asset structure calculated in market value, excluding minority interests, unit-linked, and repurchase agreements*

At the same time, the group sold property assets under very good conditions for 1.1 billion euros. The portion of property assets in the portfolio[1] represents 6.4% at 31 December 2012 compared with 8.1% at 31 December 2011.

The group wishes to remain cautious in a financial environment of very low, volatile long-term interest rates. The cash position is maintained at a very high level of around 8 billion euros, or 11% of assets[1].

This derisking policy and favourable changes on the financial markets at the end of the year resulted in strong growth in unrealised capital gains on financial assets, amounting to 5.1 billion euros at 31 December 2012 compared with -1 billion euros at 31 December 2011.

- **A proactive cost-cutting programme**

The cost-cutting programme initiated by the group yielded its initial results in 2012. Groupama's expenditures decreased in volume by 6.5% compared with 2011. Efforts focused on all of the group's entities and affect all cost items.

Good commercial development in property and casualty insurance and an emphasis on production quality in life and health insurance

The group managed to maintain the confidence of its 13 million members and customers.

At 31 December 2012, Groupama's combined premium income totals 14.2 billion euros. In property and casualty insurance, premium income represents 7.1 billion euros with 3.2% growth.

In life and health insurance (insert figures like in property and casualty insurance), the group is focusing on the most promising activities like health and protection as well as the unit-linked savings activity in a life insurance market negatively affected by low long-term rates, attractive yields and increased in ceiling of Livret A and fiscal uncertainties.

Summary of premium income by activity at 31 December 2012

Premium income in millions of euros	31/12/2012	Like-for-like change (as %)
Property and casualty insurance	7,130	+3.2%
Life and health insurance	6,795	-10.3%
Financial and banking activities	267	-0.8 %
GROUP TOTAL	**14,197**	**-3.8 %**

In France

Following the changes in scope, insurance premium income in France represents 79% of the group's overall activity and amounts to 11.2 billion euros at 31 December 2012, down 4.1% compared with 31 December 2011.

In property and casualty insurance in France, Groupama saw an increase in the number of contracts in its portfolio, particularly in motor (+13,000 contracts) and multi-risk home (+32,000 contracts) insurances. Note the good performance of Amaguiz, whose development continues at a steady pace with more than 190,000 contracts in its portfolio at the end of December 2012.

[1] *Asset structure calculated in market value, excluding minority interests, unit-linked, and repurchase agreements*

In property and casualty insurance, premium income amounts to 5.1 billion euros, showing steady growth of +4.6%, greater than that of the market (+4% – source: FFSA, end of December 2012). Insurance for individuals, professionals and agricultural risks grew by 4.1% with 3.9 billion euros in premiums written. The portfolio's development and rate adjustments in the passenger vehicle and home branches, with premium income growth of +4.6% and +4.0% respectively, explain this increase. Corporate and local insurance also saw a significant increase in premium income of +4.4%.

In life and health insurance, premium income amounts to 6.1 billion euros at 31 December 2012, down 10.4% compared with 2011. This decrease conceals the good performance in health and bodily injury insurance, which grew by 5.7%, driven mainly by the health branch, which increased 6.6%.

In life and savings insurance, premium income is down 21.1% in a market also in decline (-8% – source: FFSA, end of December 2012). Like the market, the group had net outflow of 1.2 billion euros, which is explained mainly by the decrease in gross inflow, while benefits increase only slightly from year to year. Inflows continued to be redirected towards unit-linked products requiring less capital mobilisation. The contribution of unit-linked contracts in individual savings premium income amounts to 14%.

International

Out of France, the group is present in 11 countries, mainly in Europe and with growth areas in Asia. Premium income represents 19% of the group's overall activity and amounts to 2.7 billion euros at 31 December 2012, down 2.9% compared with 31 December 2011.

Property and casualty insurance posts premium income of 2.0 billion euros at 31 December 2012, down 0.3% from the previous period. Motor insurance, which represents 70% of the premiums written in property and casualty insurance, remains stable. Home insurance increased by 3.5%, offsetting agricultural risk insurance, down 4.1%.

Life and health insurance premium income decreased 9.4% to 731 million euros, particularly because of the decline in premium income generated in savings/individual retirement (-10.0%) in countries affected by the economic crisis.

Breakdown of premium income by country at 31 December 2012

Premium income in millions of euros	31/12/2012	Like-for-like change (as %)
Italy	**1,490**	**-4.8%**
Turkey	**398**	**+3.0%**
Greece	**167**	**-12.4%**
Portugal	**69**	**-1.1%**
Countries of Central and Eastern Europe	**493**	**-0.5%**
Hungary	302	-6.8%
Romania	181	+12.1%
Others	10	-
Gan Outre-Mer	**110**	+8.0%
International insurance	**2,726**	**-2.9%**

Net income impacted by restructuring operations

Profit before non-recurring items and restructuring operations of 91 million euros

At 31 December 2012, insurance economic operating income total 59 million euros. While operating profit in life and health insurance is experiencing strong growth under the combined effect of adjustment measures taken in 2012 and the decreased burden of the financial crisis, financial year 2012 in property and casualty insurance is marked by a deterioration of technical income particularly because of lower reserves releases on prior years, the large number of weather events, and major losses. The net combined ratio in property and casualty insurance thus amounts to 102.0% in 2012 compared with 97.9% (proforma) in 2011. In France, the cold wave in early 2012, unprecedented for 25 years, as well as the many frost events and storms resulted in very many small or medium-size claims.

Economic operating income including holding activities amount to -78 million euros at 31 December 2012.

After taking into account the capital gains realised on disposals of assets and non-recurring expenses (particularly the exit tax), the income before the impact of restructuring measures is positive at 91 million euros at 31 December 2012.

Net income of -589 million euros

The disposals of business activities conducted in 2012 to strengthen the group's solvency margin have a negative accounting effect on income of 334 million euros.

In addition, the group recorded impairment of goodwill, which corresponds to a decrease in the asset value of the subsidiaries of Central and Eastern Europe, reflecting the deterioration of the economic environment of these countries. These items of -298 million euros have no effect on the cash position and do not impact the solvency margin.

After taking into account the income from disposed business activities, impairment of goodwill as well as restructuring costs related to the implementation of voluntary redundancy plans[2] for 47 million euros net of taxes, 2012 net income amount to -589 million euros compared with -1,762 million euros in 2011.

A significantly strengthened solvency margin

A more robust balance sheet

The group's shareholders' equity grew by 19.3% to 6.3 billion euros at 31 December 2012, even after reimbursing 300-million euros preference shares to Caisse des Dépôts in October 2012

Groupama's debt to equity ratio excluding revaluation reserves decreased by 0.6 points to 28.5% at 31 December 2012.

At 31 December 2012, subordinated debt amounts to 1,238 million euros compared with 1,245 million euro over the previous period. These amounts do not include the 1-billion euros perpetual super-

[2] *voluntary redundancy plans or draft voluntary redundancy plans opened at Groupama SA, Gan Assurances, Groupama Supports et Services, and Groupama Banque*

subordinated bond issued in 2007 and accounted as an equity instrument. Groupama intends to pay the coupons in 2013 on the subordinated securities issued by the group.

- **A solvency margin of 179%**

The statutory solvency margin is 179% at 31 December 2012, a significant increase compared with 107% at 31 December 2011.

The change in the margin is driven by the implementation of the programme to reduce risks on the balance sheet, the disposal of business activities and the good financial market performance at the end of the year.

Outlook

After a year devoted to handling financial matters, the group is in full working order to strengthen its operational profitability, its main objective, and is more than ever focused on community and support to customers.

A mutual insurance group, leader on its core activities, Groupama is relying on its strengths and its fundamentals, its presence in both France and in 11 countries, and its 33,000 employees serving its 13 million customers and members.

Group Communications Department

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Groupama's financial information about the financial statements at 31/12/2012 contains:

- *this press release posted online at groupama.com,*
- *the Groupama SA registration document, which will be filed with the AMF on 25 April 2013 and posted online at groupama.com on 26 April 2013,*
- *the financial statements of the Groupama combined accounts at 31/12/2012, which will be posted online at groupama.com on 26 April 2013.*

Appendix 1: Groupama key figures - combined accounts

A/ Premium income

in millions of euros	2011		2012	2012/2011
	Actual premium income	Proforma premium income*	Actual premium income	Change at like-for-like scope and foreign exchange %
> FRANCE	**12,678**	**11,683**	**11,204**	**-4.1%**
Life and health insurance	6,768	6,768	6,063	-10.4%
Property and casualty insurance	5,903	4,908	5,134	+4.6%
Discontinued operations	8	8	6	-25.2%
> INTERNATIONAL & Overseas	**4,292**	**2,809**	**2,726**	**-2.9%**
Life and health insurance	1,099	808	731	-9.4%
Property and casualty insurance	3,194	2,001	1,995	-0.3%
TOTAL INSURANCE	**16,971**	**14,490**	**13,931**	**-3.9%**
FINANCIAL AND BANKING ACTIVITIES	269	269	267	-0.8%
TOTAL	**17,239**	**14,760**	**14,197**	**-3.8%**

* with comparable data

B/ Economic operating income*

in millions of euros	2011	2012	2012/2011 change
Life and health insurance	26	58	32
Property and casualty insurance	355	1	-354
Financial and banking activities	11	12	1
Holdings	-83	-149	-66
Economic operating income*	**309**	**-78**	**-387**

*****Economic operating income equals 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

in millions of euros	2011	2012	2012/2011 change
Economic operating income*	**309**	**-78**	**-387**
Net realised capital gains	651	404	-247
Net provisions for permanent impairment	-2,667	-95	2,572
Gains and losses on financial assets and derivatives recognised at fair value	-50	1	51
Other expenses and income	-65	-141	-76
Net income before non-recurring restructuring expenses	**-1,822**	**91**	**1,913**
Non-recurring items net of corporate tax	0	-47	-47
Net income from disposed assets	0	-334	-334
VOBA extraordinary amortisation and goodwill impairment	60	-298	-358
Net income	**-1,762**	**-589**	**1,173**

Contribution of activities to combined net income

in millions of euros	2011	2012
Insurance and services - France	-1,575	239
International insurance	-137	5
Financial and banking activities	7	6
Groupama SA and holdings	36	-211
Discontinued operations	0	-334
Others	-93	-294
Net income	**-1,762**	**-589**

D/ Balance sheet

in millions of euros	2011	2012
Shareholders' equity group share	5,264	6,280
Gross unrealised capital gains	-961	5,101
Subordinated debt	1,245	1,238
Total balance sheet	95,872	94,753

E/ Main ratios

	2011	2012
Combined ratio - Property and casualty	97.5%	102.0%
Debt ratio	29.1%	28.5%
Solvency margin (Solvency I)	107%*	179.4%

* after consideration of the contribution of SILIC securities and the issue of Gan Eurocourtage preferential shares

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

A/ Premium income

in millions of euros	2011 Actual premium income	2011 Proforma premium income*	2012 Actual premium income	2012/2011 Change at like-for-like scope and foreign exchange %
> FRANCE	**9,622**	**8,627**	**8,036**	**-6.8%**
Life and health insurance	5,694	5,694	4,944	-13.2%
Property and casualty insurance	3,919	2,924	3,086	+5.5%
Discontinued operations	8	8	6	-25.2%
> INTERNATIONAL & Overseas	**4,292**	**2,809**	**2,726**	**-2.9%**
Life and health insurance	1,099	808	731	-9.4%
Property and casualty insurance	3,194	2,001	1,995	-0.3%
TOTAL INSURANCE	**13,915**	**11,435**	**10,764**	**-5.9%**
FINANCIAL AND BANKING ACTIVITIES	271	271	269	-1.0%
TOTAL	**14,186**	**11,707**	**11,031**	**-5.8%**

* with comparable data

B/ Economic operating income*

in millions of euros	2011	2012	2012/2011 change
Life and health insurance	-14	34	48
Property and casualty insurance	338	0	-338
Financial and banking activities	11	12	1
Holdings	-81	-147	-66
Economic operating income*	**254**	**-101**	**-355**

***Economic operating income** equals 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

in millions of euros	2011	2012	2012/2011 change
Economic operating income*	**254**	**-101**	**-355**
Net realised capital gains	596	368	-228
Net provisions for permanent impairment	-2,613	-83	2,530
Gains and losses on financial assets and derivatives recognised at fair value	-42	-10	32
Other expenses and income	-61	-118	-57
Net income before non-recurring restructuring expenses	**-1,866**	**56**	**1,922**
Non-recurring items net of corporate tax	0	-46	-46
Net income from disposed assets	0	-334	-334
VOBA extraordinary amortisation and goodwill impairment	54	-298	-352
Net income	**-1,812**	**-622**	**1,190**

Contribution of activities to consolidated net income

in millions of euros	2011	2012
Insurance and services - France	-1,633	194
International insurance	-137	5
Financial and banking activities	7	6
Groupama SA and holdings	44	-199
Discontinued operations	0	-334
Others	-93	-294
Net income	**-1,812**	**-622**

D/ Balance sheet

in millions of euros	2011	2012
Group share of book equity	2,933	3,655
Gross unrealised capital gains	-1,375	4,286
Subordinated debt	1,245	1,238
Total balance sheet	89,388	87,946

E/ Main ratios

	2011	2012
Combined ratio - Property and casualty	96.8%	102.0%
Debt ratio	41.3 %	42.4%