

GROUPAMA

FY 2011 – Press & Analysts Presentation

March 2012



Groupama



1. Overview

2011: a difficult year due to losses on our financial investments but a performing economic model

2012: from a size-driven strategy to a performance-driven strategy





Overview

Groupama in 2011

- ▶ 16 million loyal clients and members
 - ▶ Completion of the merger into 9 Regional Mutuals
 - ▶ Strong presence by our clients and members during climatic events, droughts and floods
- ▶ New general management team...
 - ▶ Fully embracing the mutualist values of dialogue, proximity and transparency...
 - ▶ That have been the Group's values for over a hundred years





Overview

- 2. 2011: a difficult year due to losses on our financial investments but a performing economic model**

2012: from a size-driven strategy to a performance-driven strategy





2011: a difficult year due to losses on our financial investments

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Groupama in 2011

- ▶ Premium income: €17.2 billion
 - ▶ Combined ratio: 97.4%
 - ▶ Operating result: €309 million
 - ▶ Net results heavily impacted
 - ▶ Solvency margin: 107%*
- ▶ Performing economic model
 - ▶ Losses absorbed by the group: clients' savings not impacted
 - ▶ Solvency margin covered

** at 31/12/2011 pro forma for SILIC and Gan Eurourtage operations*

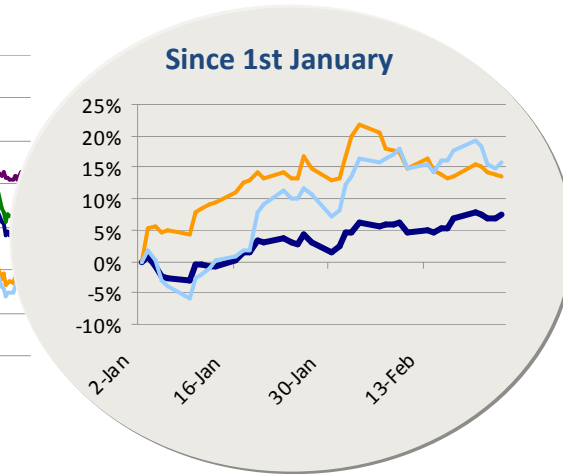
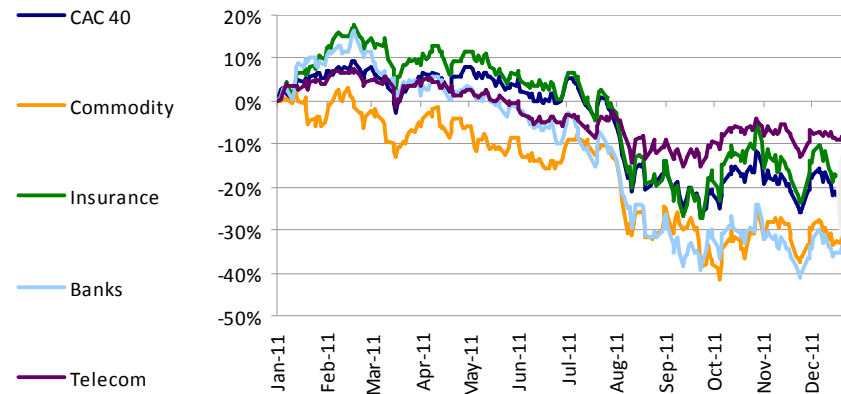




An adverse financial environment

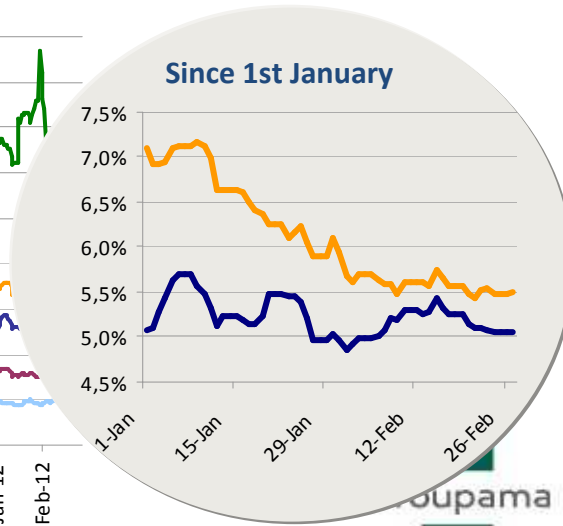
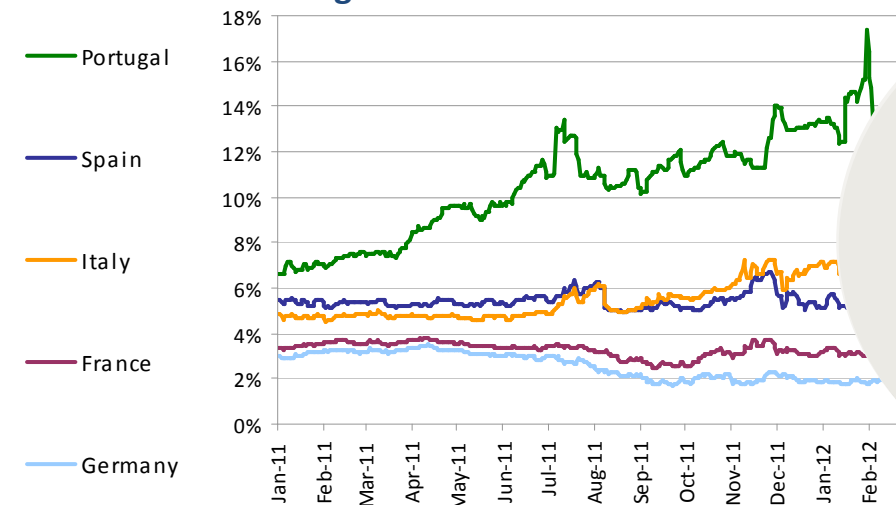
- ▶ CAC40 index dropped by 18% in 2011...
- ▶ ...and has bounced back by 8% since 1st January

CAC40 and major sector indices



- ▶ A peripheral sovereign debt crisis...
- ▶ ...however since 1st January, yields on Italian and Spanish 10Y rates have decreased

Yields on 10Y sovereign debts





Insurance Revenue

Sound sales performance

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Total insurance revenue

Revenue In €m	31/12/10	31/12/11	Change	
			Reported basis	Like-for-like basis
P&C	8,775	9,097	+3.7%	+4.3%
France	5,607	5,903	+5.3%	+5.3%
International	3,168	3,194	+0.8%	+2.4%
L&H	8,573	7,867	-8.2%	-7.1%
France	7,392	6,768	-8.4%	-7.3%
International	1,181	1,099	-7.0%	-5.8%
Total Insurance	17,348	16,964	-2.2%	-1.3%

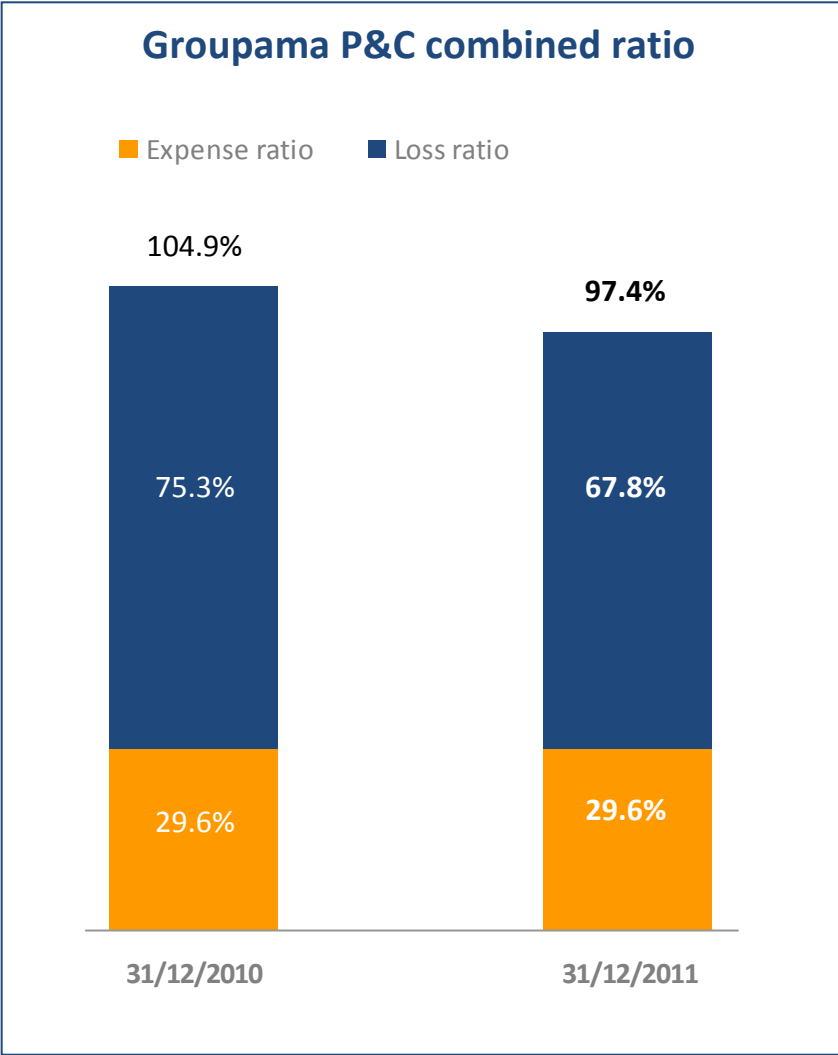
Net banking product

Net banking product In €m	31/12/10	31/12/11	Change
Banking activities	87	97	+12.6%
Asset management	139	135	-2.9%
Others	9	10	+3.0%
Net banking product	236	242	+2.6%

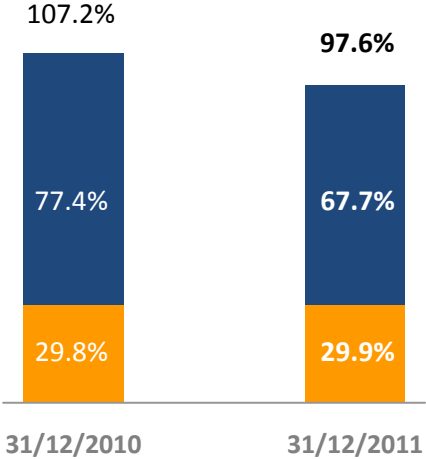




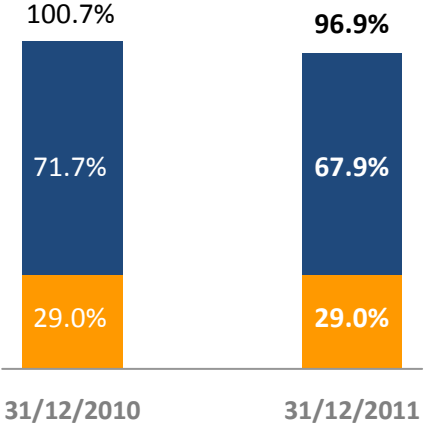
A P&C combined ratio of 97.4%



P&C combined ratio: France



P&C combined ratio: International





Operating income ⁽¹⁾ x 8

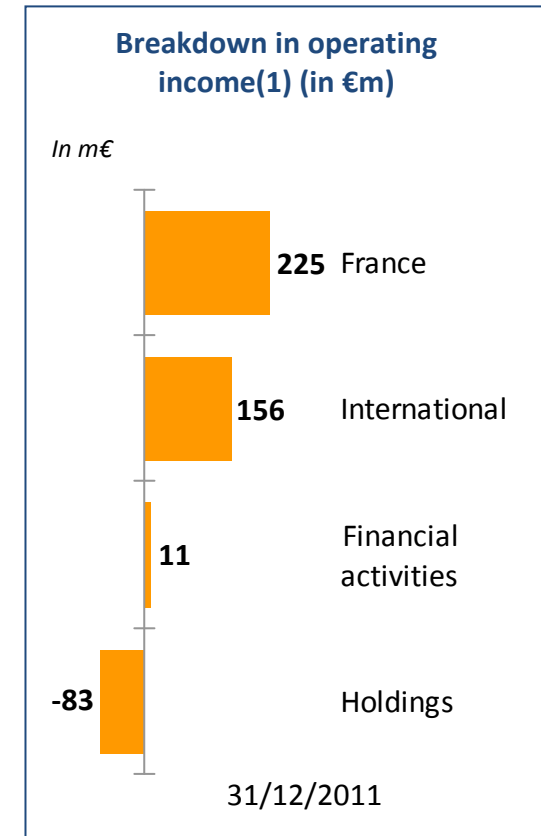
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Operating income ⁽¹⁾

In m€	31/12/2010	31/12/2011	Change
P&C operating profit ^{(1) (2)}	-14	355	na
L&H operating profit ⁽¹⁾	191	26	-86.4%
Financial activities operating profit ⁽¹⁾	17	11	-35.3%
Holding operating profit ⁽¹⁾	-154	-83	+46.1%
Total operating profit⁽¹⁾	39	309	x 8

⁽¹⁾ Profit from operations (cf. definition in appendices)

⁽²⁾ at 31/12/2010 figure including impacts from storm Xynthia





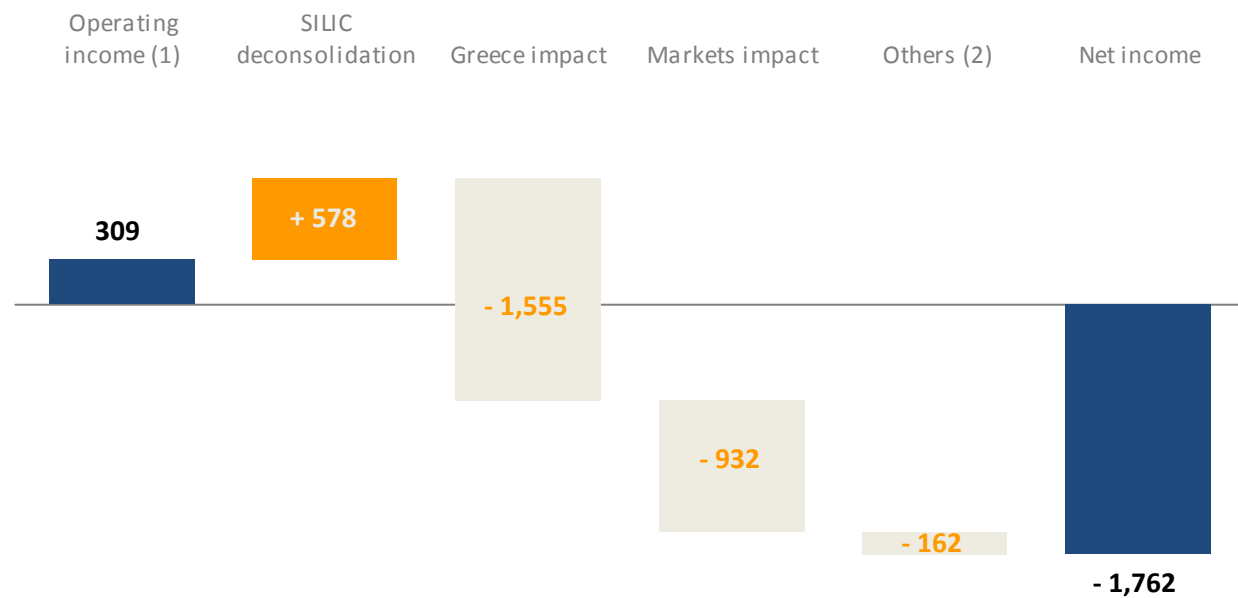
Net income

heavily impacted by Greece

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From operating income ⁽¹⁾ to net income

At 31/12/2011, in m€

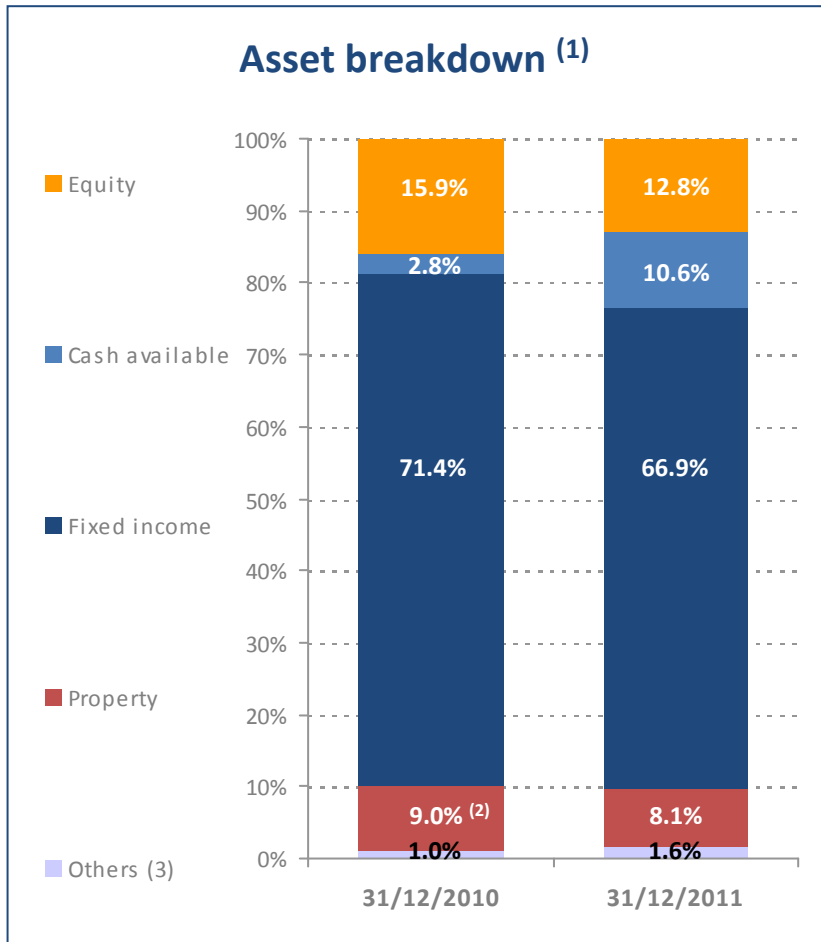


⁽¹⁾ Profit from operations (cf. definition in appendices)

⁽²⁾ o/w €90m goodwill depreciations



Asset breakdown



Unrealised capital gains or losses at 31/12/11 and change

In bn€	31/12/2011	01/03/2012	Δ between 01/03/12 and 31/12/2011
Fixed income portfolio	- 2.9	- 1.0	+ 1.9
Equity portfolio	- 0.7	0.3	+ 1.0
Property	2.6	2.6	-
Total	- 1.0	1.9	+ 2.9

(1) Fair value excluding unit linked and minorities
 (2) At 31/12/10, o/w 2% from Silic's property up to Groupama SA's shareholding
 (3) Loans & receivables, ...



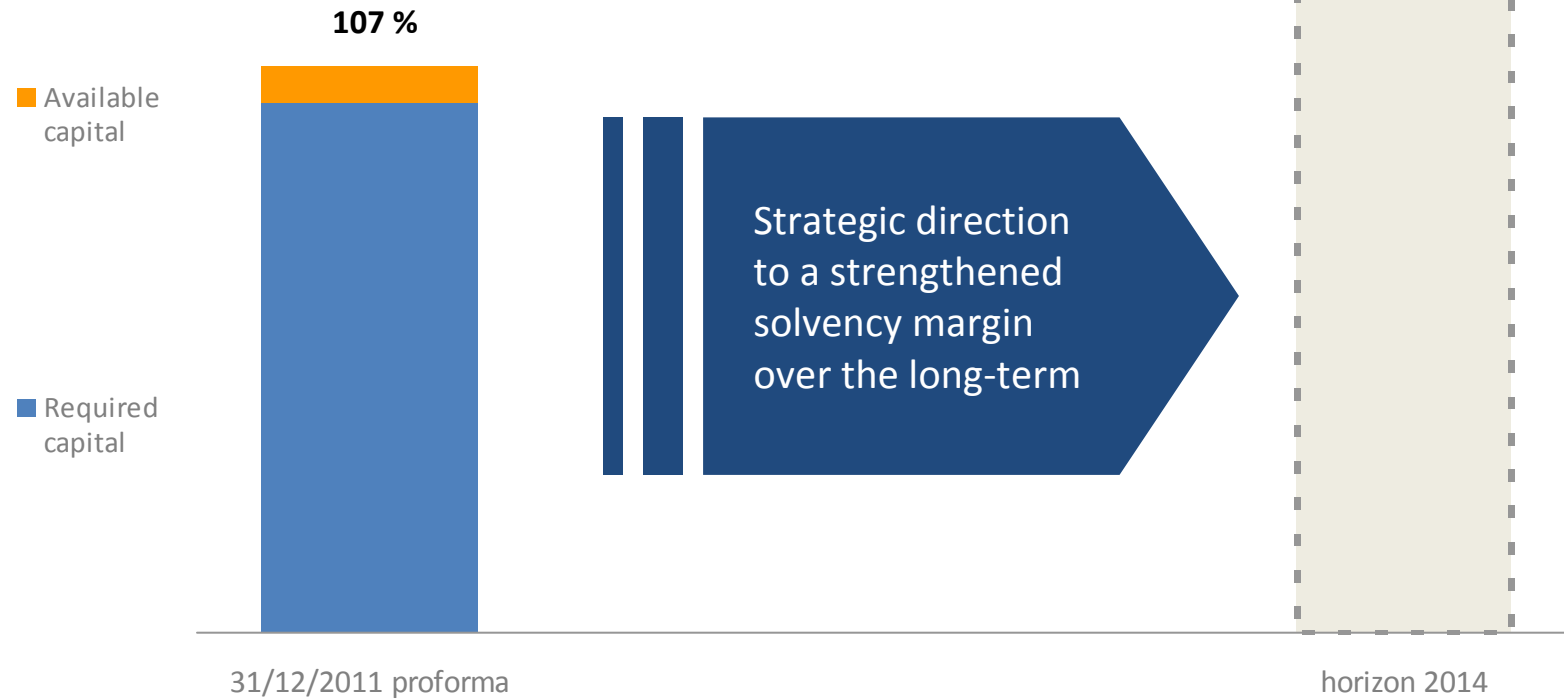


Solvency margin

Regulatory requirements satisfied

Solvency 1 margin

- ▶ Including benefits from the strategic operation between SILIC and ICADE
- ▶ Including proceeds from Gan Eurocourtage preference shares issuance





Conclusion: what should be retained from 2011?

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- ▶ FY 2011 results impacted by losses on the Group's financial investments
- ▶ Group's economic foundations are solid
- ▶ Group acquired market share in its major businesses
- ▶ Losses on Greek debts absorbed by own funds and not passed onto clients

“We have turned a corner”

“Our clients have remained loyal to us”



Groupama

Overview

2011: a difficult year due to losses on our financial investments but a performing economic model

3. 2012: from a size-driven strategy to a performance-driven strategy



From a size-driven strategy to a performance-driven strategy

based on a return to mutualist values

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- ▶ Concrete and deliberate strategic direction...
- ▶ to increase safety margins, ...
- ▶ structured around:
 1. asset arbitration and business scope adjustment
 2. halt in external growth and IPO project
 3. even more effective economic model
 4. lower exposure to equity risks
 5. enhanced mutualist governance and risk management

Once implementation is complete,

- ▶ the Group will have improved its operating performance,
- ▶ will have strengthened its solvency margin over the long-term...
- ▶ to satisfy its clients' needs in line with mutualist values



Groupama



From a size-driven strategy to a performance-driven strategy

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1. Asset arbitration and business scope adjustment
 - Strategic review of group activities
 - Disposal process already launched with Gan Eurocourtage and Groupama UK
2. Halt in external growth and IPO project
3. Even more effective economic model
 - In accordance with and as an extension of the expense reduction plan announced in the autumn of 2011
 - Rate increases
 - Heightened surveillance of portfolios and risk selection

Objective:

- ▶ Focus the group on its core business
- ▶ Preserve drivers of future performance and growth

Objective by 2014

- ▶ Target combined ratio below 98%
- ▶ Cost reduction of €400m



Groupama



From a size-driven strategy to a performance-driven strategy

4. Aiming at lower exposure to equity risks

- Preliminary measures implemented in the autumn of 2011
- Equity coverage and disposal program

Objective:

- ▶ Reduce equity exposure up to 40% of the initial portfolio

5. Enhanced mutualist governance and risk management

- Transparent decision-sharing with regional mutuals
- Risk management at the heart of governance methods

Objective:

- ▶ Adapt governance over the long term to the requirements of the Solvency II second pillar





Conclusion: what should be retained from our strategy?

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- ▶ The IPO project has been halted
- ▶ The group is concentrating on countries with the most solid market share and position
- ▶ The group is continuing its strategy as a global financial actor in banking and insurance
- ▶ The €400m cost-cutting plan for 2014 is underway

“We are moving from a size-driven strategy to a performance-driven strategy.”

“The group is focusing on its core mutualist values.”



Groupama

Appendices





Appendices

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A. Group & Groupama SA key figures

International subsidiaries

Asset portfolio

Definitions



Group's key figures: Groupama

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In €m	31/12/2010	31/12/2011	Change
Revenues	17,633	17,239	-1.3% (*)
Operating income ⁽¹⁾	39	309	x 8
Net income	398	-1,762	na
P&C combined ratio	104.9%	97.4%	-7.5 pts
Shareholders' equity	7,041	5,264	-25.2%
Group solvency margin ⁽²⁾	130%	107% (**)	-23 pts
Unrealised capital gains ⁽³⁾	1,304	-961	na
Debt-equity ratio	30.6% (***)	29.1%	-1.5 pts
Annualised ROE (excluding fair value adjustment) ⁽⁴⁾	6.0%	na	na

⁽¹⁾ Income from operations (cf. definition in appendices)

⁽²⁾ According to Solvency I

⁽³⁾ Portions attributable to shareholder: €130m in 2011vs €860m in 2010

⁽⁴⁾ Calculated on average equity

(*) -2.2% on a reported basis and -1.3% on a like-for-like basis

(**) including operations on SILIC and Gan Eurocourtage

(***) at 31/12/2010 debt-to-equity ratio including Silic's debts





Groupama SA key figures

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In €m	31/12/2010	31/12/2011	Change
Revenues	14,659	14,186	-2.6% (*)
Operating income ⁽¹⁾	117	254	x 2
Net income	387	-1,812	na
P&C combined ratio	103.2%	96.5%	-6.7 pts
Shareholders' equity	4,268	2,933	-31.3%
Unrealised capital gains ⁽²⁾	701	-1,375	na
Debt-equity ratio	41.7% (**)	41.3%	-0.4 pt
Annualised ROE (excluding fair value adjustment) ⁽³⁾	9.7%	na	na

⁽¹⁾ Income from operations (cf. definition in appendices)

⁽²⁾ Portions attributable to shareholder: -€150m in 2011 vs -€260m in 2010

⁽³⁾ Calculated on average equity

(*) -3.2% on a reported basis and -2.6% on a like-for-like basis

(**) at 31/12/2010 debt-to-equity ratio including Silic's debts





Appendices

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Group & Groupama SA key figures

B. International subsidiaries

Asset portfolio

Definitions

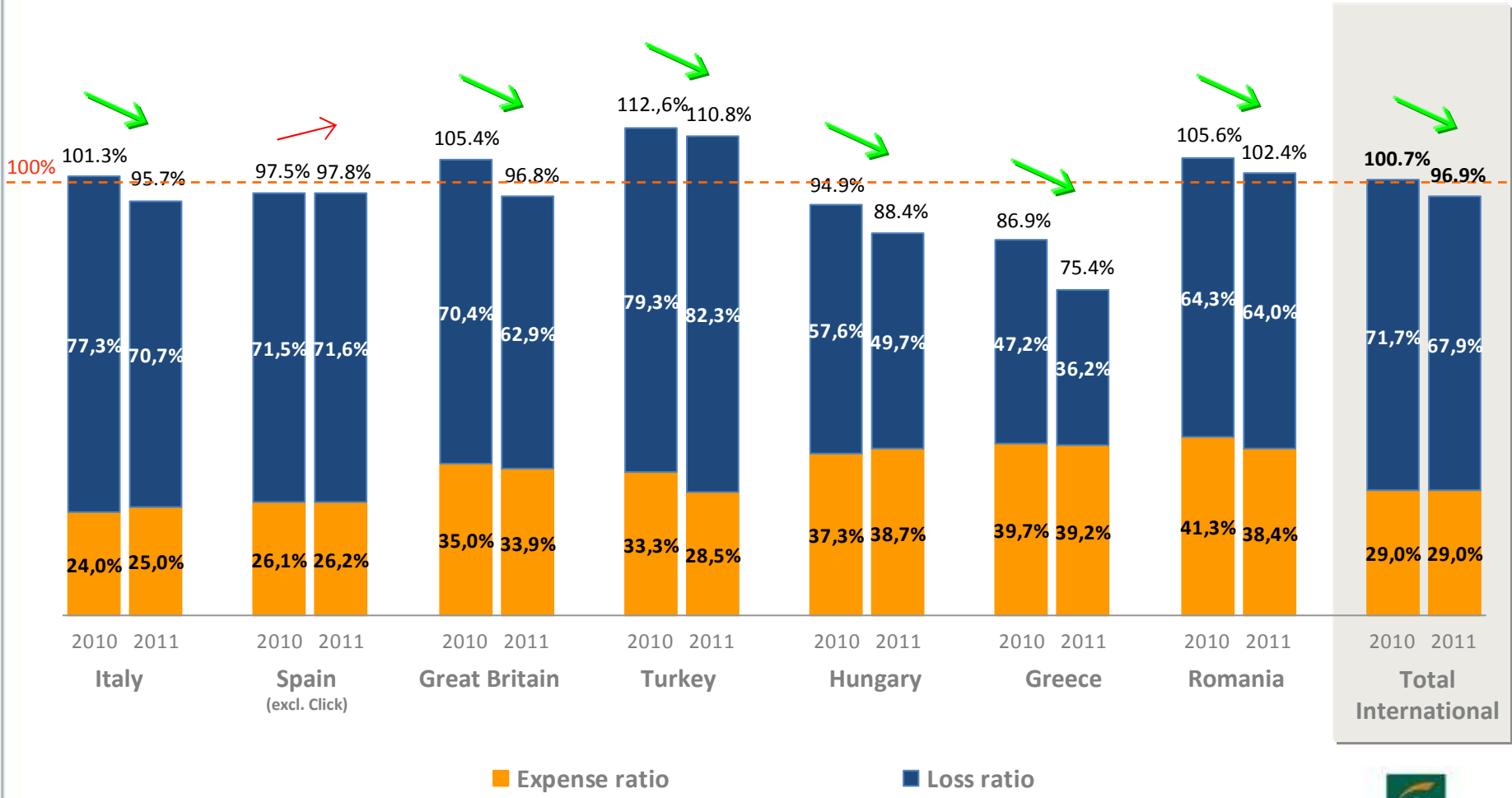


Revenue breakdown by country

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Insurance revenue In €m	31/12/2010	31/12/2011	Change	
			Reported basis	Like-for-like basis
Italy	1,505	1,565	+4.0%	+4.0%
Spain	956	943	-1.4%	-1.4%
Great Britain	549	525	-4.3%	-3.2%
Turkey	373	383	+2.6%	+19.9%
Hungary	338	328	-3.1%	-1.8%
Greece	195	190	-2.3%	-2.3%
Romania	192	170	-11.3%	-10.7%
Gan overseas	101	102	+0.2%	+0.2%
Portugal	124	70	-43.8%	-43.8%
Other CEEC	16	18	+9.1%	+9.1%
Total International Insurance	4,349	4,292	-1.3%	+0.2%

P&C combined ratio by country





Appendices

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Group & Groupama SA key figures

International subsidiaries

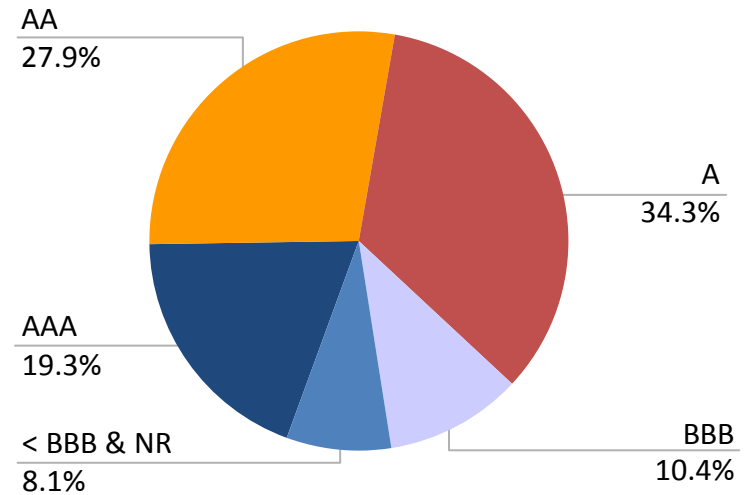
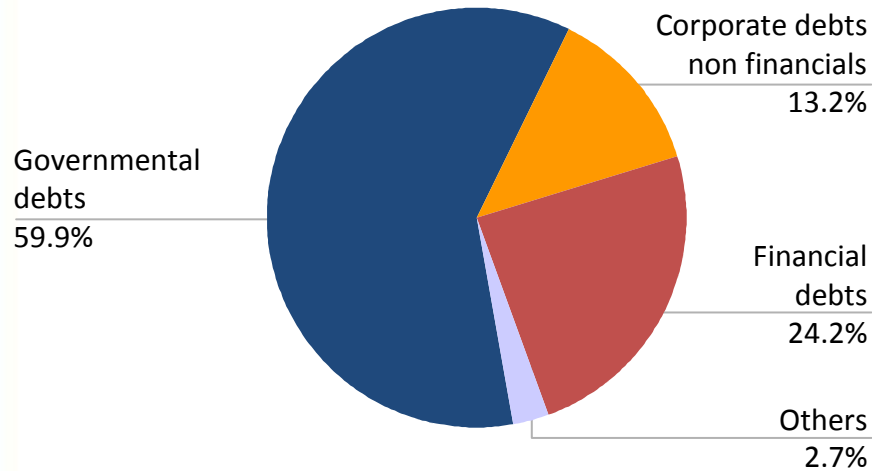
C. Asset portfolio

Definitions

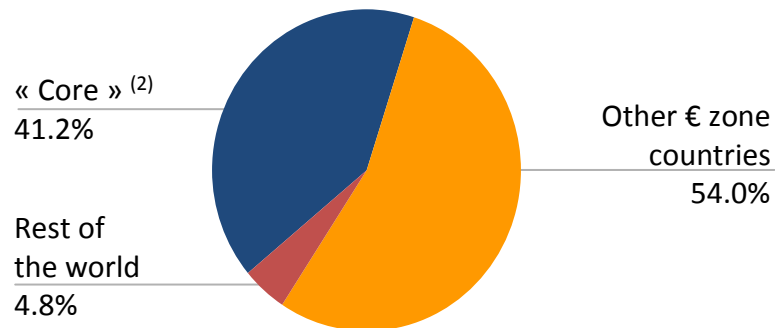


Fixed income portfolio at 31/12/2011

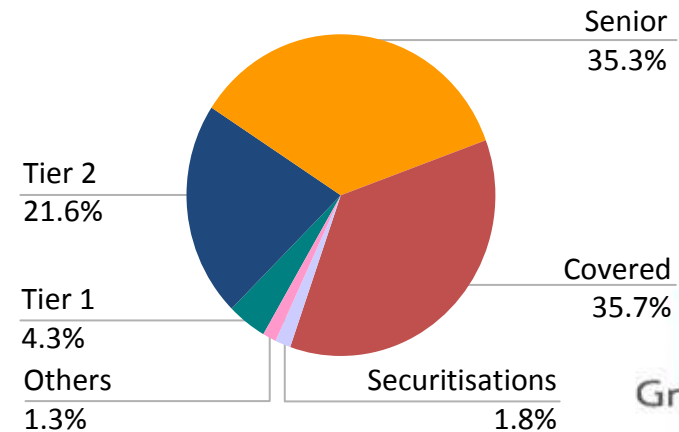
Breakdown of the fixed income portfolio ⁽¹⁾



Breakdown of "govies" by geographic area



Breakdown of financial bond portfolio



⁽¹⁾ Fair value

⁽²⁾ France, Germany, Netherlands

⁽³⁾ Euro zone countries excluding France, Germany, Netherlands





Exposure to € zone sovereign debts

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Exposure to € zone sovereign debts

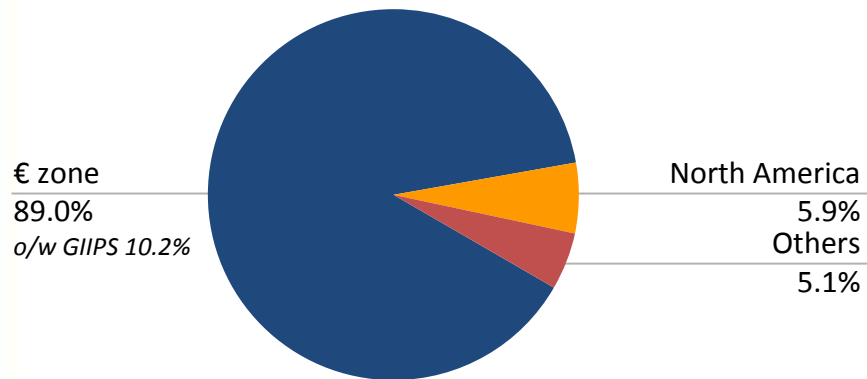
<i>In €m</i> 31/12/2011	Cost value gross amount	Fair value gross amount	Unrealised capital gains or losses gross amount	Unrealised capital gains or losses net amount*
Spain	2,953	2,612	- 341	- 54
Greece	926	926	-	-
Irlande	85	70	- 15	- 4
Italy	7,720	6,215	- 1,505	- 285
Portugal	1,093	570	- 523	- 130
Total	12,775	10,392	- 2,383	- 473

(*) after profit sharing and tax hypotheses

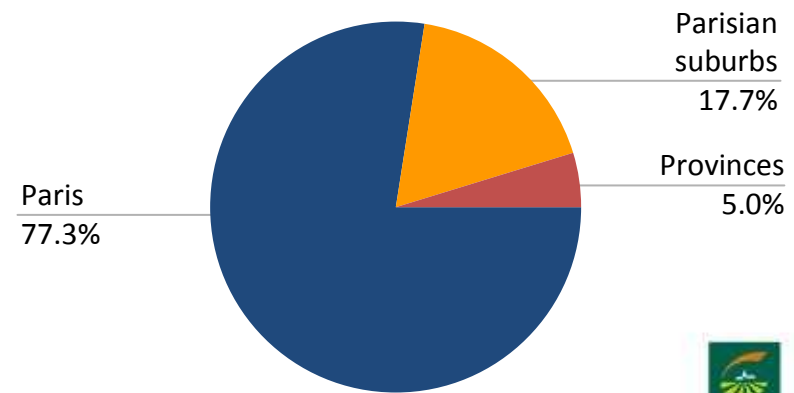
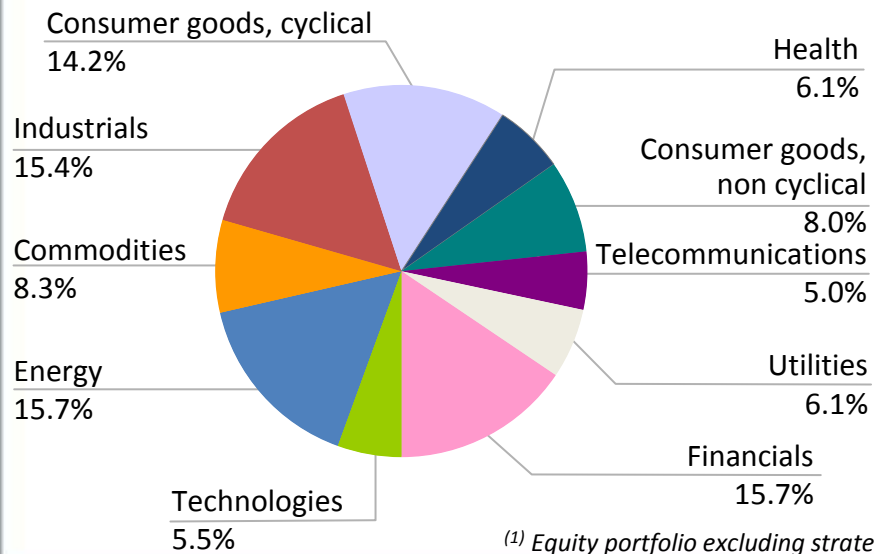
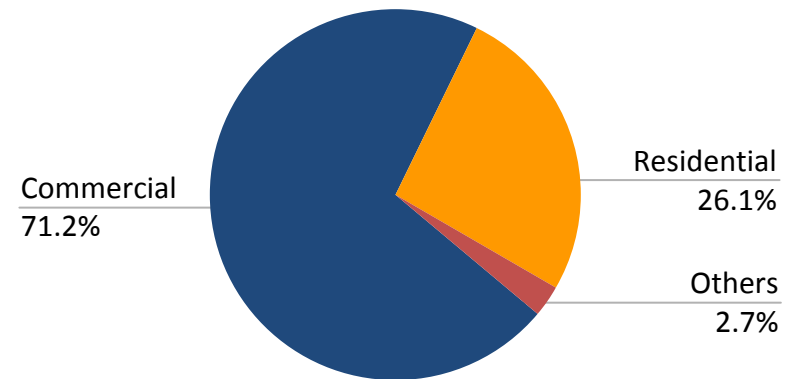


Equity and property portfolios at au 31/12/2011

Equity portfolio breakdown (1)



Property portfolio breakdown (2)



(1) Equity portfolio excluding strategic shareholdings

(2) France perimeter





Appendices

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Group & Groupama SA key figures

International subsidiaries

Asset portfolio

D. Definitions



Definitions

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- ▶ The combined financial statements of Groupama include all of the Group's businesses (corresponding to the regional mutuals and the subsidiaries consolidated by Groupama S.A.). The consolidated financial statements of Groupama S.A. include the financial statements of all subsidiaries and intra-group reinsurance business (representing roughly 40% of the regional mutuals' revenues ceded to Groupama S.A.).
- ▶ Profit from operations corresponds to net profit before (i) net realised capital gains or losses, impairments, gains and losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortization of value of business acquired (VOBA) and goodwill impairment losses all after tax.