

GROUPAMA GROUP

**FULL YEAR 2015 RESULTS
PRESENTATION**

Analysts Conference Call – 17 March 2016



ASSUREURS CRÉATEURS DE CONFIANCE

Introduction

GROUPAMA GROUP'S ROADMAP

- Technical profitability in Non Life
- Shift of business mix in Life
- Operating efficiency and cost reduction
- Asset de-risking
- Financial strength enhancement

Since end 2011

At 31/12/2015

	<input checked="" type="checkbox"/>
Strategy driven by	<input checked="" type="checkbox"/>
PERFORMANCE	<input checked="" type="checkbox"/>
instead of growth	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>

Key messages

SHARP INCREASE IN NET INCOME

- Business consistent with the strategy
 - Group premium income of €13.7 billion
 - Selective growth in France and in International markets
 - Far-reaching partnerships for the future
- Solid technical and operating performance, despite an adverse environment
 - A combined non-life ratio of 99.2%
 - An active portfolio transformation in life, with an increase in the share of unit-linked in individual savings reserves to 20.7%
 - Further control of general expenses in 2015
 - Growth in economic operating income to €163 million (+€34 million)
 - In spite of 2 events impacting the operating income: development of interest rates, evolutions in regulation and jurisprudence in Turkey
- Growth in net income to €368 million (+43%)
- Strengthened balance sheet and increased financial flexibility
- Robust solvency margin: 263% under Solvency 2

Highlights

PARTNERSHIPS TO ADDRESS NEW BEHAVIOURS

In 2015,

- Groupama entered discussions with major industrial players
- and signed partnership agreements to support the collaborative economy and innovation ...

2016



Communiqué de presse
Paris, le 4 janvier 2016

Groupama et Orange entrent en négociations exclusives pour créer « Orange Banque », une nouvelle banque innovante, 100% mobile

Aujourd'hui, Groupama et Orange annoncent qu'ils entrent en négociations exclusives en vue de conclure un partenariat pour développer un modèle bancaire nouveau qui permettra à Groupama de renforcer son activité de banque en ligne, et à Orange de mener à bien sa diversification dans les services bancaires. Cette



2015



COMMUNIQUE
DE PRESSE



DIAC
groupe BCI Banque

Nantes, le 5 octobre 2015

DIAC et Amaguiz s'associent pour proposer une offre d'assurance automobile aux clients des réseaux Renault et Dacia

GROUPAMA GROUP FISCAL YEAR 2015 RESULTS

- 1. SELECTIVE GROWTH**
2. IMPROVED EFFICIENCY
3. SOLID BALANCE SHEET
4. ROBUST SOLVENCY

Selective growth

GROWTH OF PREMIUM INCOME

Groupama Revenue breakdown

<i>Premium income in millions of euros</i>	31/12/14 pro forma	31/12/15	Like-for-like Δ
P&C	7,085	7,141	+0.8%
France	5,298	5,354	+1.1%
International	1,788	1,787	0.0%
L&H	6,253	6,324	+1.1%
France	5,305	5,341	+0.7%
International	948	983	+3.7%
Total Insurance	13,338	13,465	+1.0%
Financial businesses	279	280	+0.1%
Total – Groupama	13,617	13,745	+0.9%

*P&C: property and casualty insurance
L&H: life and health insurance*

Growth both in French (+0.9%) and international markets (+1.3%)

In France:

- Sharp business increases in group health and protection
- Portfolio stabilisations both in Motor and Home insurances,

International:

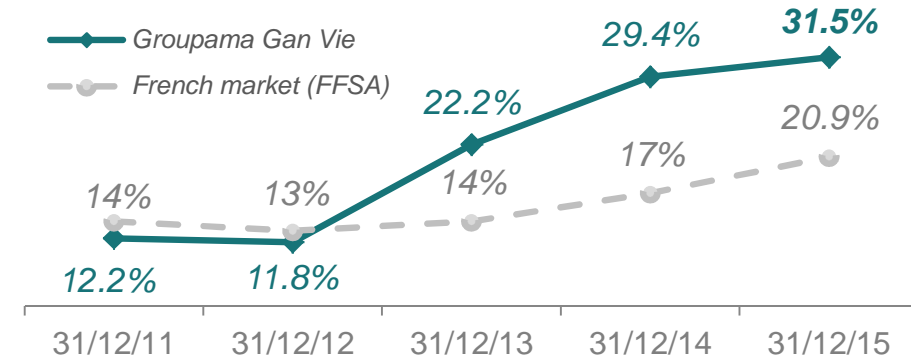
- Selective growth, driven by Life & Health businesses

Selective growth

STEERING OF THE BUSINESS MIX IN L&H

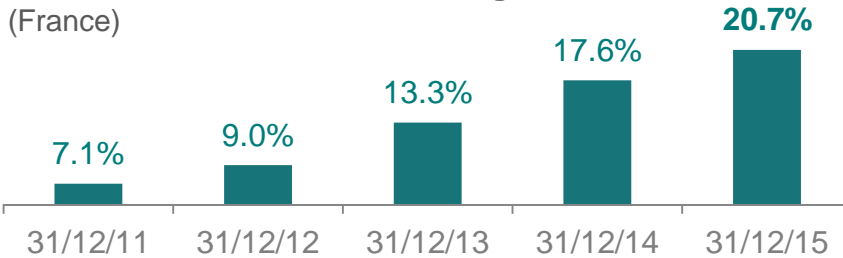
→ Major transformation in new business mix

% Unit-linked in revenue, individual savings/pensions (France)



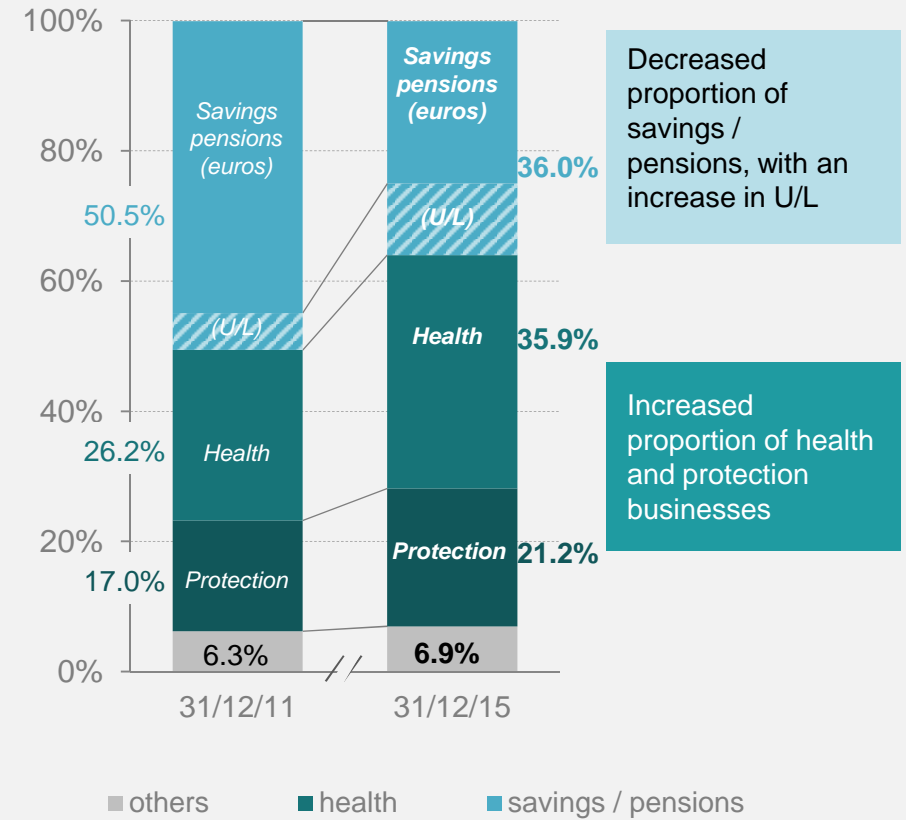
→ Active portfolio transformation in Life

% Unit-linked in individual savings reserves (France)



Shift in L&H business mix since 2011

(in France)



Selective growth

INTERNATIONAL: BUSINESS STRATEGY FOCUSED ON PROFITABILITY

Revenue breakdown – International insurance

<i>in millions of euros</i>	31/12/15	Like-for-like
Italy	1,600	+0.2%
Turkey	411	+5.1%
Hungary	304	-2.8%
Romania	181	+13.2%
Other countries ⁽¹⁾	274	0%
Total Insurance - International	2,770	+1.3%

⁽¹⁾ Of which Greece, Portugal and Bulgaria

Selective growth in International markets, driven by L&H

- +8.7% in Italy
- +5.4% in Turkey
 - -25% in MTPL
 - +10% in all businesses excluding MTPL
- +12.7% in Romania

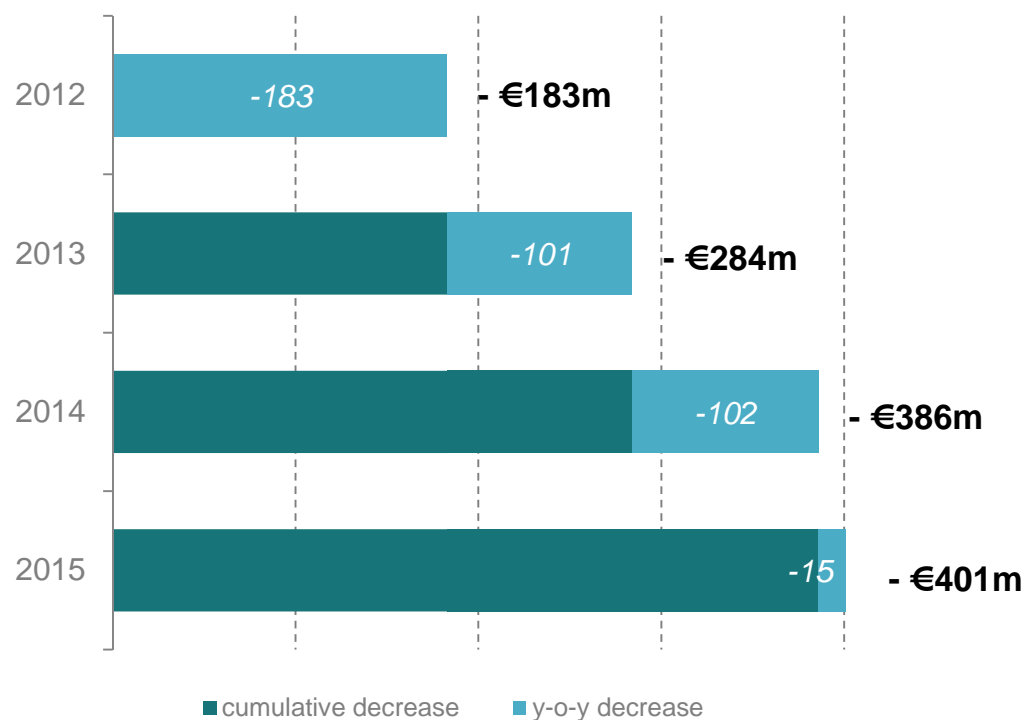
GROUPAMA GROUP FISCAL YEAR 2015 RESULTS

1. SELECTIVE GROWTH
- 2. IMPROVED EFFICIENCY**
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Improved efficiency

CONTROL OF GENERAL EXPENSES

Decrease in general expenses over the period
in millions of euros



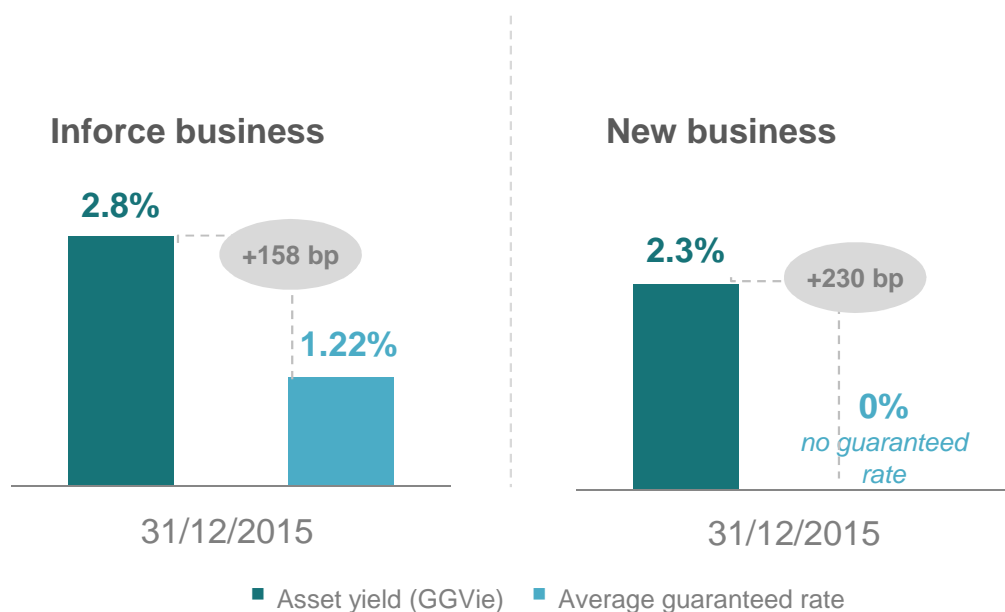
Control of general expenses

- At group level,
 - across all entities,
 - on all cost items
- A cost basis in 2015 inferior by €400m compared with end-2011 figure

Improved efficiency

L&H: GREATER BUSINESS LEEWAY

Financial leeway – Groupama Gan Vie



Conservative profit-sharing rates in individual savings:

- Minimum rate of 1.60% given to policyholders, up to 2.80% based on the combination between euro-denominated and unit-linked products within the portfolio
- Total average rate of 1.90% given to individual savings policyholders

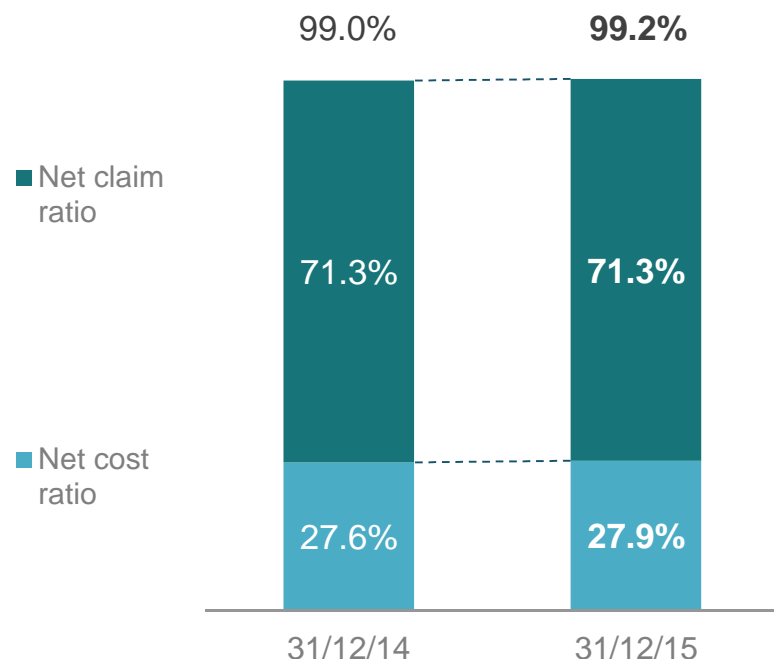
Life & Health Economic Operating Income

	L&H – France	L&H – International	L&H – Total	<i>o/w impact from interest rate</i>
31/12/15	€120m	€32m	€152m	-€26m
31/12/14	€59m	€19m	€78m	-€11m

Improved efficiency

P&C: STABLE PERFORMANCE DESPITE 2 ADVERSE ITEMS

Groupama non-life combined ratio



Stable non-life combined ratio

- Stable “attritional” claims ratio
- Improvements in both climatic and “severe” claims ratios
- 2-point impact from the low interest rate environment
- Unchanged reserving policy
- Combined ratio below 98% in France
- International non life combined ratio penalised by reserves strengthening in Turkey

Non-life combined ratio	31/12/14	31/12/15
France	98.4%	97.9%
International	101.4%	104.4%

Property & Casualty Economic Operating Income

	P&C – France	P&C International	P&C – Total	<i>o/w reserves strengthening in Turkey</i>	<i>o/w impact from interest rate</i>
31/12/15	€152m	-€33m	€118m	-€100m	-€108m
31/12/14	€83m	€29m	€112m	-	-€57m

Improved efficiency

SHARP INCREASE IN NET INCOME TO €368M

Breakdown of Groupama net income

<i>In millions of €</i>	31/12/14	31/12/15
Economic operating income	129	163
Net realised capital gains ⁽¹⁾	219	269
Long-term impairment losses on financial instruments ⁽¹⁾	-12	-26
Gains or losses on financial assets booked at fair value ⁽¹⁾	-59	38
Other costs and income	-20	-75
Net profit	257	368

⁽¹⁾ amounts net of profit sharing and tax

43% increase in net income to €368 million

- Strengthened technical and operating efficiency:
 - increased operating income to €163m
 - Despite increasing impacts from the low interest rate environment, - €134m in 2015 vs. - €68m in 2014
- Realised capital gains on divestments of Mediobanca and Véolia Environnement

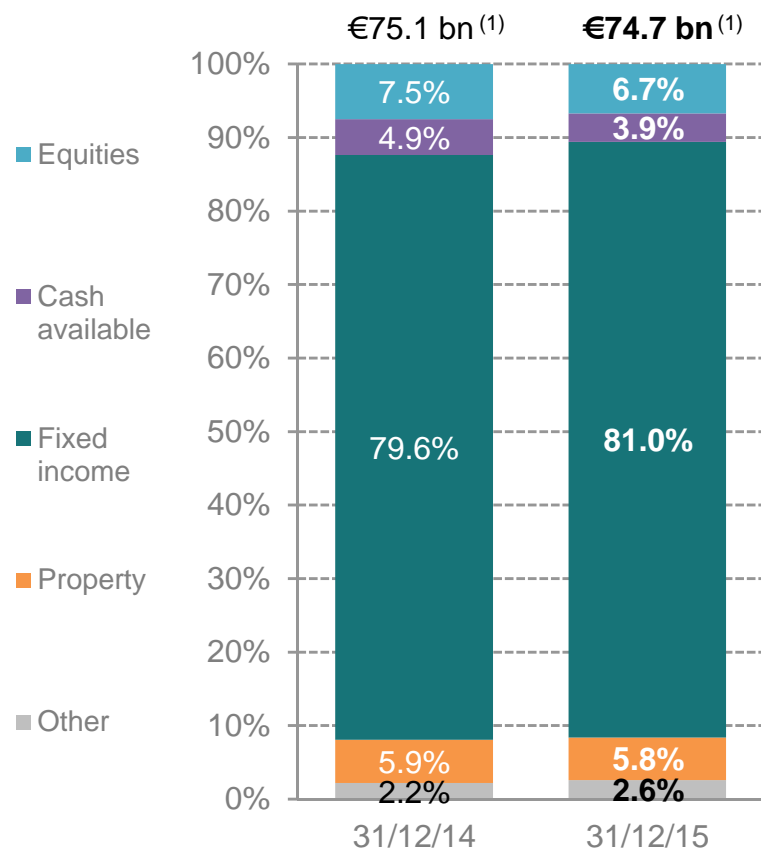
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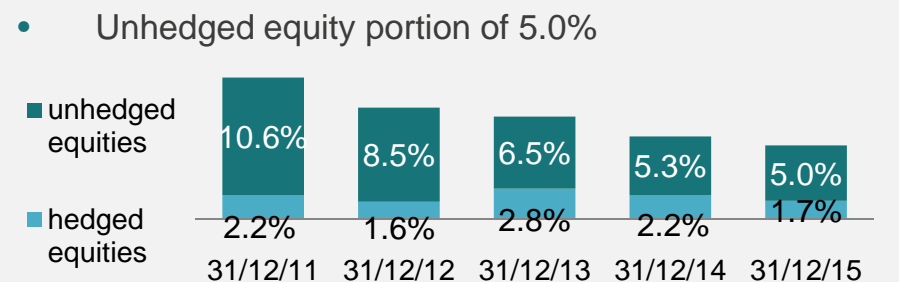
Solid balance sheet

ASSET BREAKDOWN IN LINE WITH THE TARGET

Asset portfolio breakdown



(1) Fair value excluding unit linked, repurchase agreements and minorities



- Increase in bond portion
- Cash portion reduced to 3.9%
- Unrealised capital gains of €10.2 billion

In billions of euros	31/12/2014	31/12/2015
Bonds	7.8	7.3
Equities	0.8	0.7
Property	2.0	2.2
Total	10.6	10.2

Solid balance sheet

STRENGTHENED FINANCIAL FLEXIBILITY

Active debt management

- 2014** • Successful exchange offer and issuance of hybrid debts to institutional investors in May 2014
- Reimbursement of the total drawn amount of the existing credit facility, €650 millions
- 2015** • Groupama SA called for early redemption its undated subordinated bonds for a total outstanding amount of €43 millions in July 2015

Shareholders' equity

€8.2 billion
+2%

Debt-to-equity ratio

10.2%
-1.4 pt

Certificats Mutualistes Groupama : successful launch

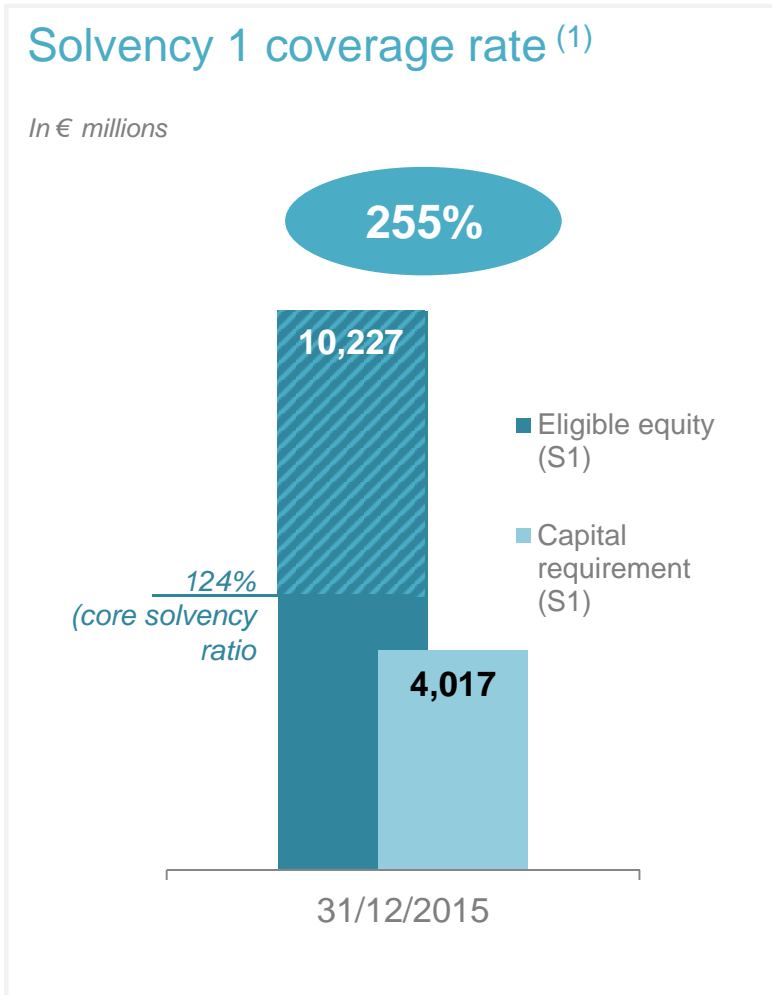
- On the initiative of the FFSAM and Groupama, the law on the Social and Solidarity Economy of 31 July 2014 (article 54) created a new mode of funding specifically dedicated to mutual organisations: the Mutual Certificate ("Certificat Mutualiste")
- This equity instrument, with characteristics very similar to equity instruments of mutual banks ("parts sociales"), aims to broaden the funding capacities of mutual insurance companies
- It provides Groupama with an opportunity to reinforce its financial strength at the Group level:
 - by issuing a Tier 1 instrument under Solvency 2,
 - at a competitive cost compared with other equity instruments.
- The start is very satisfactory with the launch by Groupama Rhône-Alpes Auvergne of the first issue in December 2015.
- Other Groupama Regional Mutuals will launch their own mutual certificates next June 2016.

GROUPAMA GROUP FISCAL YEAR 2015 RESULTS

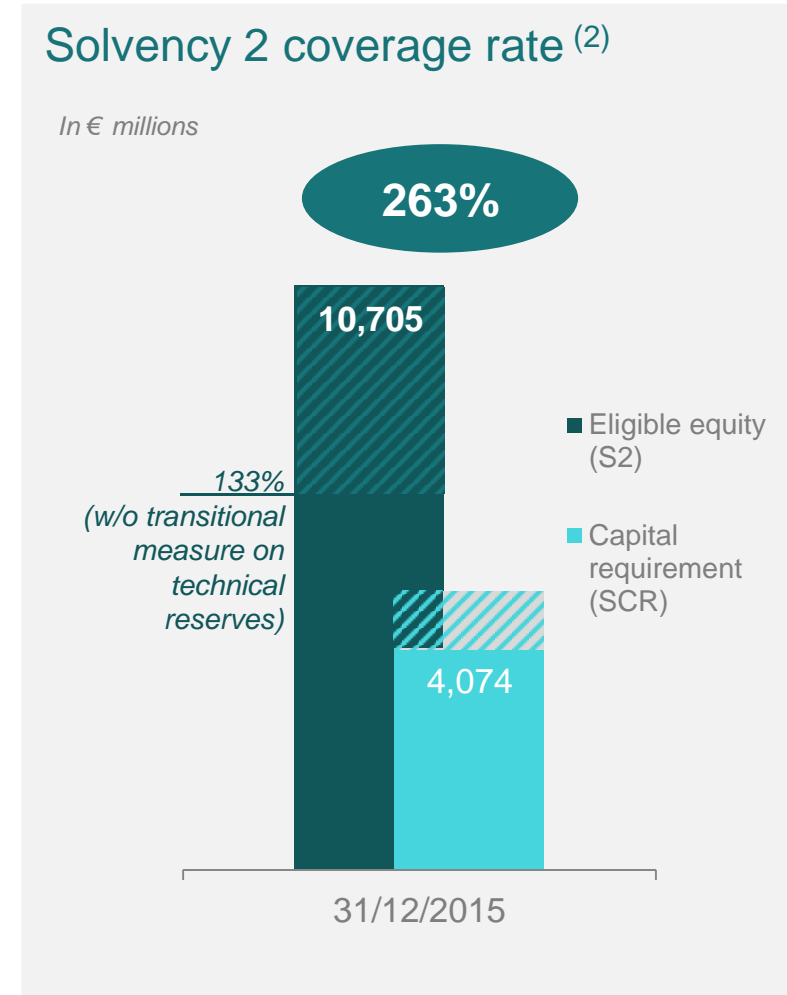
1. SELECTIVE GROWTH
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Robust solvency

SOLVENCY 2 MARGIN OF 263% AT THE END OF 2015



⁽¹⁾ French GAAP

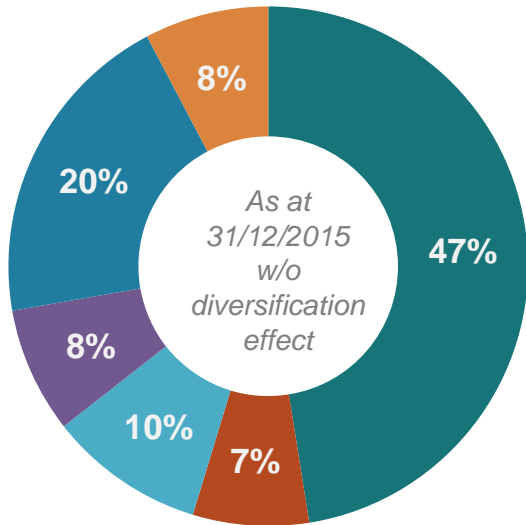


⁽²⁾ preliminary data, partial internal model and methodological choices detailed in the appendix

Robust solvency

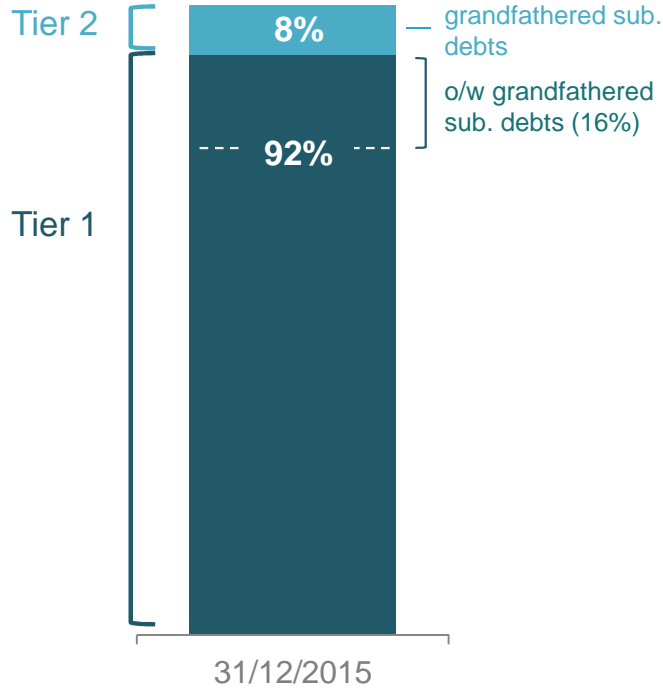
CAPITAL REQUIREMENT (SCR), ELIGIBLE EQUITY AND SENSITIVITIES

SCR Capital requirement by risk



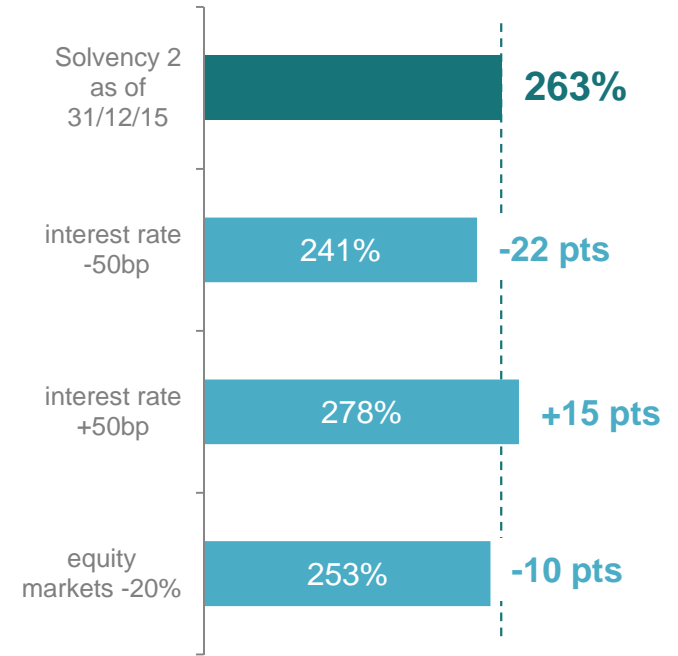
- Market risk
- Counterparty default risk
- Life underwriting risk
- Health underwriting risk
- Non-life underwriting risk
- Operational risk

Eligible equity ⁽¹⁾



⁽¹⁾ scope w/o financial activities

Sensitivities



GROUPAMA GROUP FISCAL YEAR 2015 RESULTS

APPENDICES

1. GROUP'S RANKINGS
2. COMBINED RATIOS BY ENTITY
3. ASSET PORTFOLIOS
4. SOLVENCY 2 METHODOLOGY
5. SUBORDINATED DEBT

Appendices

RANKINGS IN FRANCE



1ST

**IN AGRICULTURAL
INSURANCE**
(% du total premiums)



1ST

**INSURER OF
LOCAL AUTHORITIES**
(number of towns insured)



1ST

**IN INDIVIDUAL
HEALTH**
(revenue)



2ND

**IN INDIVIDUAL
PROTECTION**
(revenue)



2ND

**IN HOME
INSURANCE**
(revenue)



4TH

**IN MOTOR
INSURANCE**
(revenue)



3RD

**WEB INSURER
WITH AMAGUIZ**
(number of clients)



6TH

**ASSISTANCE COMPANY
WITH MUTUAIDE**
(car assistance, travel assistance and insurance,
home assistance, janitorial services, sport events)

8^E

MULTI-LINE INSURER

3^E

Property & Casualty insurer

12^E

Life & Health insurer

7 MILLIONS

MEMBERS AND CUSTOMERS

25 500

EMPLOYEES

Appendices

RANKING IN THE INTERNATIONAL MARKETS

4 major markets



Italy

7th insurer in non life



Turkey

2nd agricultural insurer
7th insurer in nonlife



Hungary

4th insurer in non life
1st player in bancassurance
with the partnership with
OTP Bank



Romania

3rd insurer in non life

Other markets



Greece



Portugal



Bulgaria



Slovakia



Tunisia



China



Vietnam

11
COUNTRIES OUTSIDE OF
FRANCE

6 MILLIONS
CUSTOMERS

8,000
EMPLOYEES

Appendices

FIXED INCOME PORTFOLIO AT 31/12/2015

Breakdown by type of issuer

<i>Market value</i>	31/12/2015
Sovereign debts	66.6%
Corporate debts, non financial	17.2%
Financial debts	15.3%
Others	0.9%
Total fixed income portfolio	100.0%

Breakdown by issuer's rating

<i>Market value</i>	31/12/2015
AAA	5.6%
AA	41.5%
A	12.2%
BBB	35.0%
< BBB & NR	5.7%
Total fixed income portfolio	100.0%

Breakdown by geographic area

<i>Market value</i>	Sovereign debts	Corporate debts, non financial
"Core" (France, Germany, Netherlands)	53.8%	58.0%
<ul style="list-style-type: none"> • o/w France • o/w Germany 	52.4% 0.9%	39.5% 15.4%
Other € zone countries	39.1%	12.0%
<ul style="list-style-type: none"> • o/w Italy • o/w Spain 	24.6% 8.5%	5.2% 2.7%
Rest of the world	7.1%	30.0%
31/12/2015	100.0%	100.0%

Breakdown by subordination

<i>Market value</i>	31/12/2015
Senior	57.7%
Covered	20.4%
Subordinated	19.9%
<ul style="list-style-type: none"> • o/w T1 • o/w T2 	1.7% 11.6%
Securitizations	0.8%
Others	1.2%
Total financial debts	100.0%

Appendices

EQUITY PORTFOLIO AT 31/12/2015

Breakdown by geographical area

<i>Market value</i>	31/12/2015
Europe • <i>o/w GIIPS</i>	68.9% 10.8%
North America	19.2%
Rest of the world	11.9%
Total Equity portfolio (excl. strategic shareholdings)	100.0%

Issuer breakdown

<i>Market value</i>	31/12/2015
Consumer goods, cyclical	19.4%
Industrials	15.3%
Commodities	3.7%
Energy	5.6%
Health	10.5%
Utilities	2.9%
Consumer goods, non cyclical	9.2%
Financials	19.1%
Technology	9.1%
Telecommunications	5.2%
Total Equity portfolio (excl. strategic shareholdings)	100.0%

Appendices

PROPERTY PORTFOLIO AT 31/12/2015

Breakdown by geographical area

<i>Market value</i>	31/12/2015
Paris	78%
Business districts Paris' vicinity	19%
Province	3%
Total property portfolio (France)	100%

Breakdown by nature

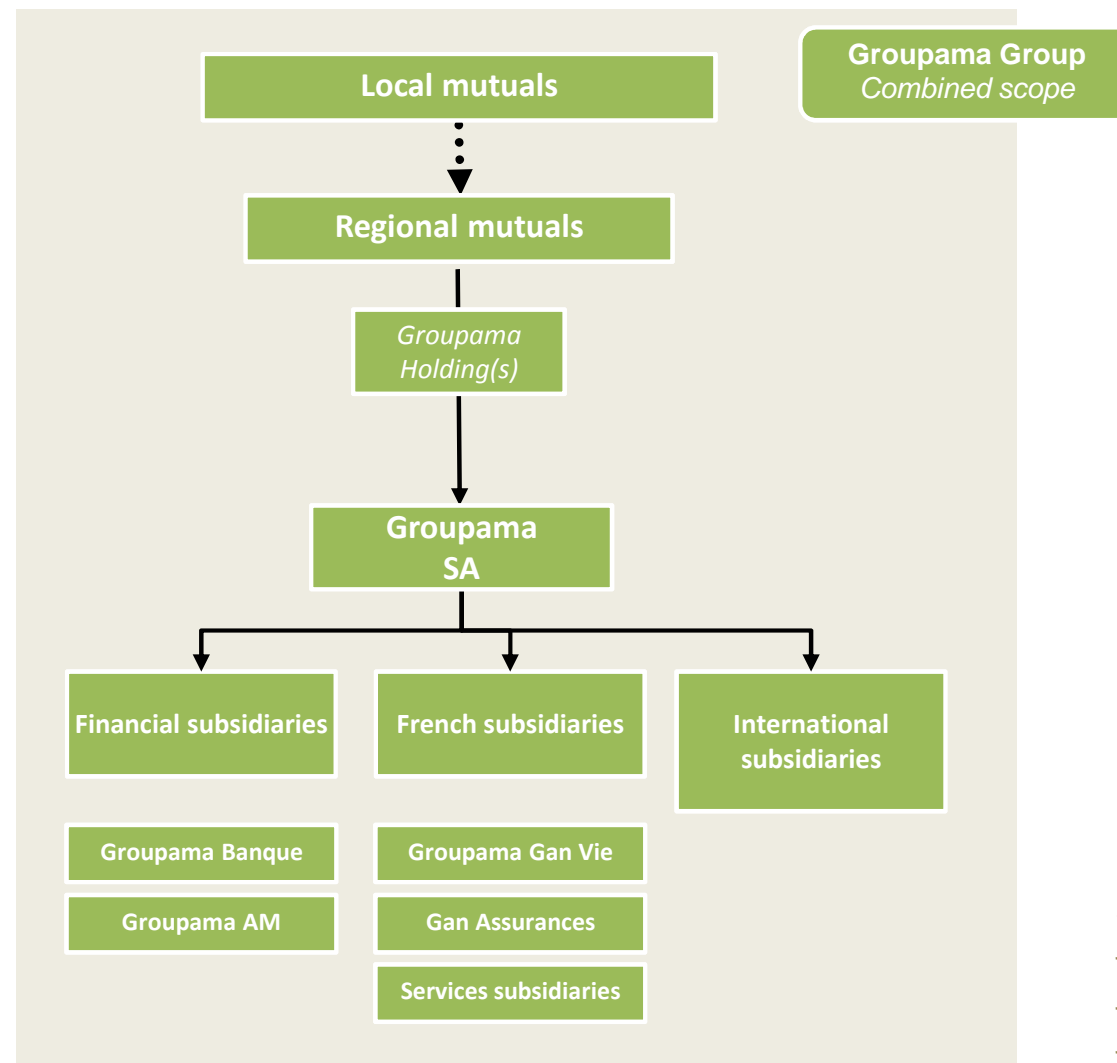
<i>Market value</i>	31/12/2015
Commercial	69%
Residential	27%
Forests	4%
Total property portfolio (France)	100%

Appendices

SOLVENCY 2: SCOPE

Groupama will calculate its solvency 2 ratio at the Group level, in accordance with the regulatory provisions:

- on its combined scope, identical to the scope under Solvency 1
- on the basis of the Standard Formula specifications and a Partial Internal Model to calculate the capital requirement (SCR)
 - the Partial Internal Model applies to French entities
- By incorporating a transitional measure on technical reserves
 - which applies to Groupama Gan Vie

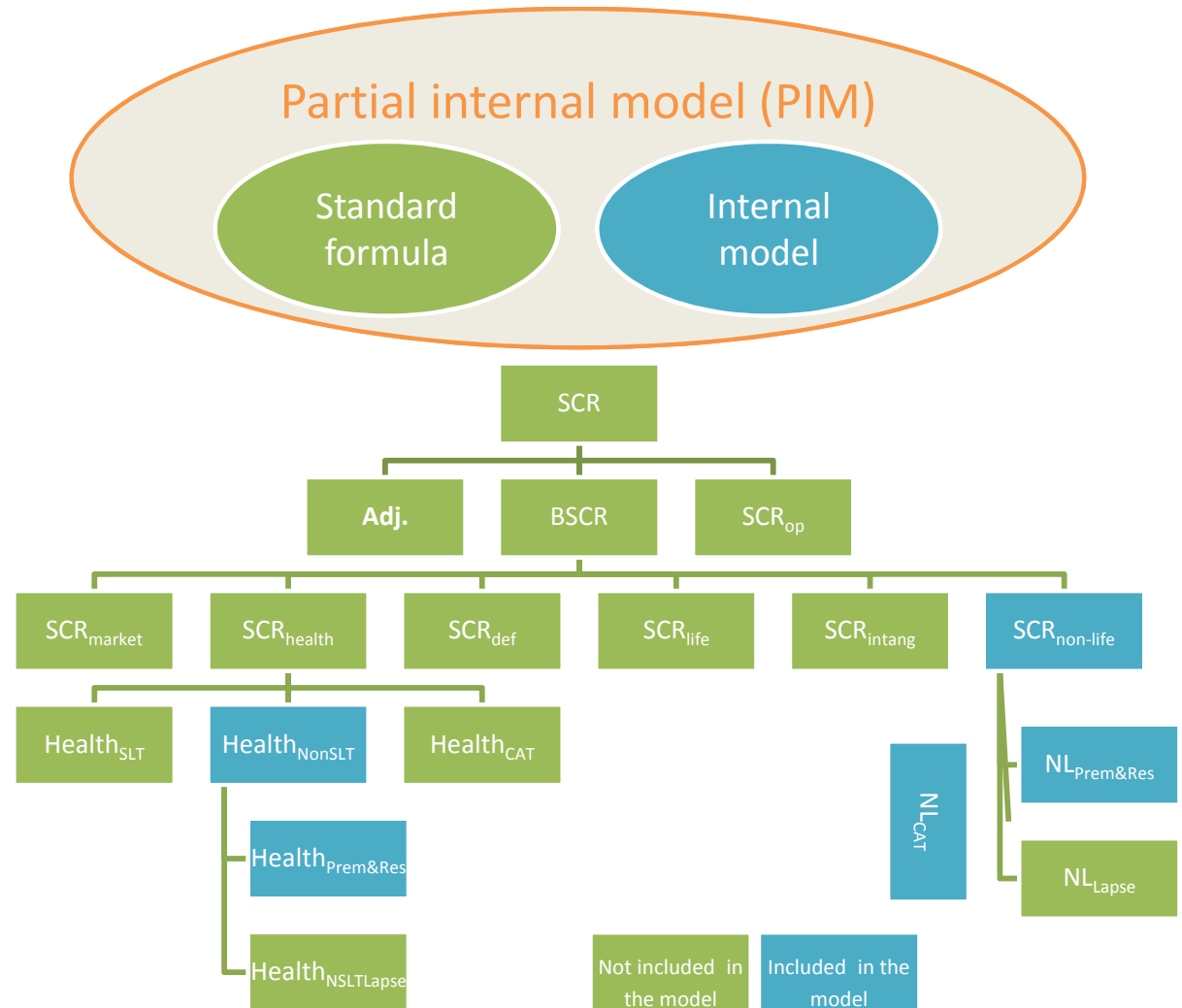


Appendices

SOLVENCY 2: PARTIAL INTERNAL MODEL

The Group's SCR incorporates the results of the partial internal model on the two Non-Life and Health/Life risk modules

Groupama obtained the ACPR's approval on its Partial Internal Model in November 2015.



Appendices

MEASURES FOR ADAPTATION TO SOLVENCY 2

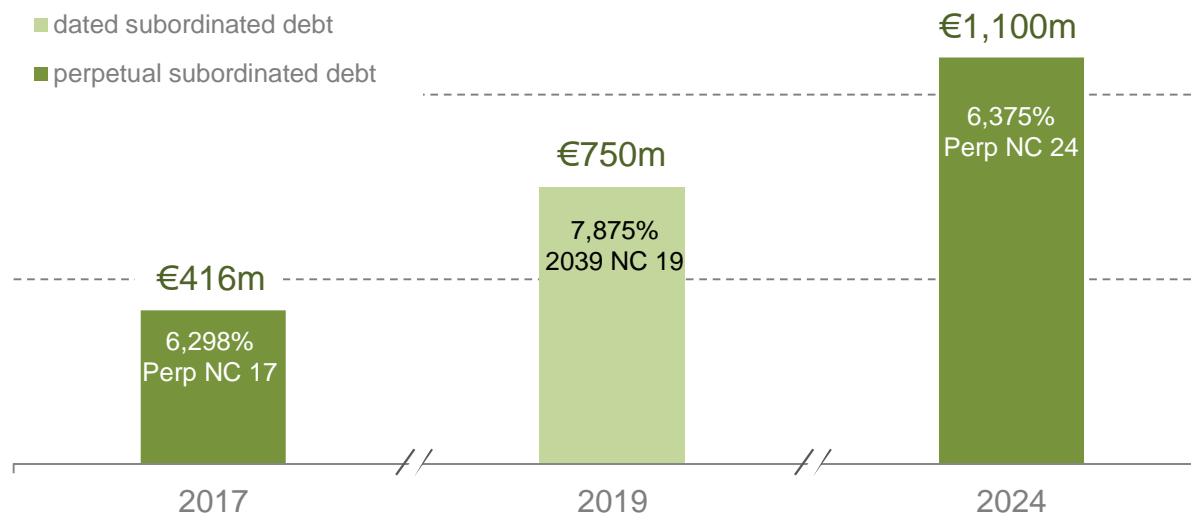
- The new Solvency 2 framework leads to large increases in technical reserves and regulatory capital requirements. Consequently, Omnibus 2 was drafted, incorporating specific measures – measures of the long-term guarantees package – adapted to long-term life insurance products.

Long-term guarantee measures		Needs a request for approval	Application
Permanent measure	Volatility adjustment (art.77d)	x	✓
Permanent measure	Matching Adjustment (recital 17f, art.77b&c)	x	x
Transitional measure	On technical reserves (art.308D)	✓	✓
Transitional measure	On rates (art.308C)	✓	x
Other measures			
Transitional measure	Reduced equity shock	x	✓
Transitional measure	Grandfathering of subordinated debt	x	✓

- Groupama Gan Vie submitted documentation for the application of the transitional measure on technical reserves and obtained the ACPR's approval in December 2015.**

Appendices

GROUPAMA SA SUBORDINATED DEBT: MATURITY BREAKDOWN



Type	Outstanding amount (€m)	Coupon	Call date	Maturity date	S2 treatment
TSSDI	416	6.298%	22/10/2017	Perpetual	Tier 1 (grandfathering)
TSR	750	7.875%	27/10/2019	27/10/2039	Tier 2 (grandfathering)
TSDI	1,100	6.375%	28/05/2024	Perpetual	Tier 1 (grandfathering)

Appendices

GROUPAMA CONTACTS

Analysts & Investors contacts

Yvette Baudron +33 1 4456 7253
yvette.baudron@groupama.com

Valérie Buffard +33 1 4456 7454
valerie.buffard@groupama.com

Media contact

Guillaume Fregni +33 1 4456 2856
guillaume.fregni@groupama.com

Groupama SA

8 – 10 rue d'Astorg

75383 Paris cedex 08

France

+33 1 4456 7777

www.groupama.com

 [@GroupeGroupama](https://twitter.com/GroupeGroupama)