

GROUPAMA GROUP

**FULL YEAR 2016 RESULTS
PRESENTATION**

Analysts Conference Call – 17 March 2017



ASSUREURS CRÉATEURS DE CONFIANCE

Introduction

GROUPAMA GROUP AS AT 31/12/2016

Strategy driven by profitable growth in a difficult environment: operating efficiency, controlled technical fundamentals, financial strength enhancement

€13.6bn in premium income

- Selective growth, with a sharp increase in unit-linked policies in individual savings business
- And strong development in group health insurance

€322m in net result

- €153m in economic operating result
- Solid operating and technical performance in a difficult environment
- Major transformation in life portfolio with a share in unit-linked policies in individual savings reserves up to 23.5%
- Combined ratio in non-life insurance of 100.3% impacted by higher severe and weather-related losses

289% Solvency 2 margin

- 6.5% increase in shareholders' equity, up to €8.8bn
- Total amount of mutual certificates issued of €190m
- Further de-risking of the asset portfolio

GROUPAMA GROUP FISCAL YEAR 2016 RESULTS

- 1. Solid performance at
31/12/2016**
2. Appendices

Solid performance at 31/12/2016

STABLE PREMIUM INCOME

Groupama Revenue breakdown

Premium income in millions of euros	31/12/15	31/12/16	Like-for-like Δ
	Proforma		
P&C	7,115	7,163	+0.7%
France	5,362	5,396	+0.6%
International	1,753	1,767	+0.8%
L&H	6,316	6,280	-0.6%
France	5,341	5,400	+1.1%
International	974	880	-9.7%
Total Insurance	13,430	13,443	+0.1%
Financial businesses	126	133	+5.7%
Total – Groupama	13,556	13,576	+0.1%

P&C: property and casualty insurance

L&H: life & health insurance

NB.: as at 31/12/16, following the agreement signed between Groupama and Orange, Orange Bank's results are consolidated using the equity method

In France

- +0.9% growth in premium income
- Driven by life & health insurance (+1.1%)
 - in particular unit-linked business segment in savings / pensions
 - and group health insurance
- Increased number of cars and stable number of homes in portfolios

International

- -2.9% decrease in premium income,
 - decline in euro-denominated saving inflows, in line with the Group's strategy of profitable growth

Financial activities

- Sustained growth of Groupama Asset Management
 - with €96bn AUM, up by €5bn

Solid performance at 31/12/2016

INTERNATIONAL: BUSINESS STRATEGY FOCUSED ON PROFITABILITY

Revenue breakdown – International insurance

<i>in millions of euros</i>	31/12/16	Like-for-like Δ
Italy	1,456	-9.0%
Turkey	388	+4.6%
Hungary	316	+4.4%
Romania	208	+15.9%
Other countries ⁽¹⁾	279	+1.8%
Total Insurance - International	2,647	-2.9%

⁽¹⁾ Of which Greece, Portugal and Bulgaria

Selective growth in International markets

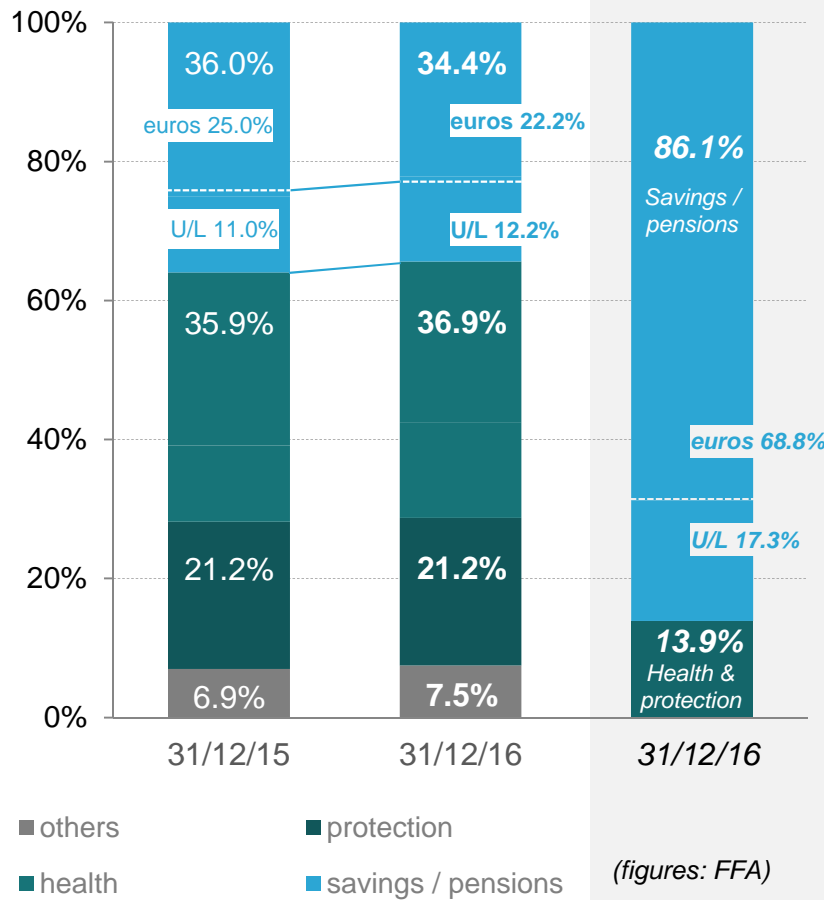
- +0.8% increase in property & casualty insurance businesses
- Decline in euro-denominated savings inflows (notably in Italy)

Increased contribution to the net result, from Groupama's international subsidiaries

Solid performance at 31/12/2016

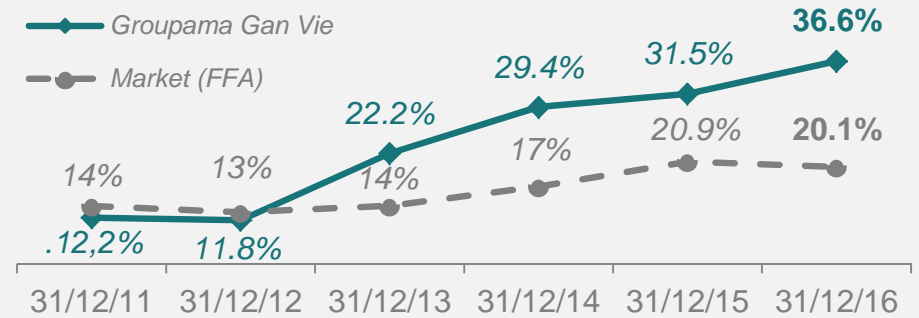
L&H: STEERING OF THE BUSINESS MIX

Shift in business mix in L&H
(in France)



Transformation in savings / pensions business mix

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



- 23.5% unit-linked in individual savings reserves (in France)

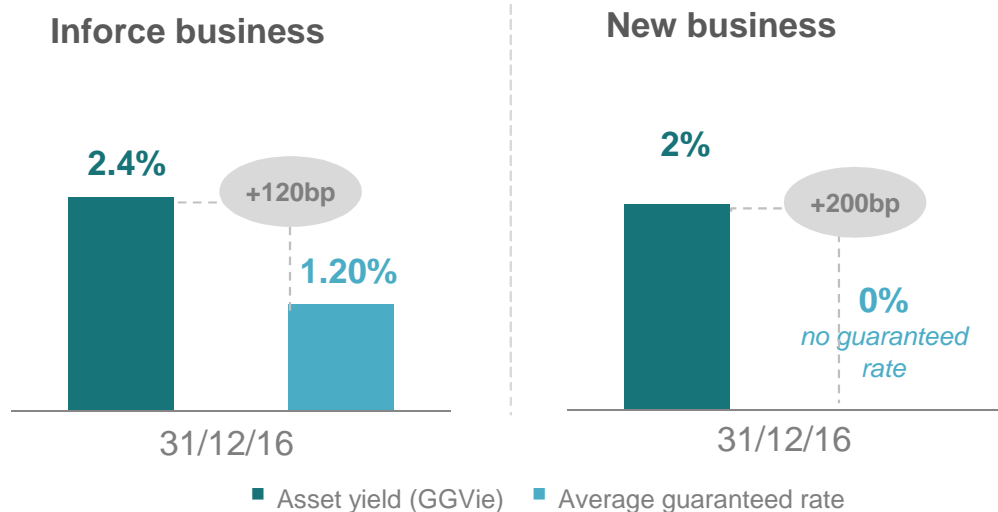
Strong development in group health insurance

- +26% in premium income, in France, driven by the growing development of compulsory group health insurance contracts (new 'ANI' regulation)

Solid performance at 31/12/2016

L&H: GREATER BUSINESS LEEWAY

Financial leeway – Groupama Gan Vie



Conservative profit-sharing rates in individual savings:

- Minimum rate of 1.20% given to policyholders, up to 2.50% based on the combination between euro-denominated and unit-linked policies within the portfolio
- Total average rate of 1.61% given to individual savings policyholders

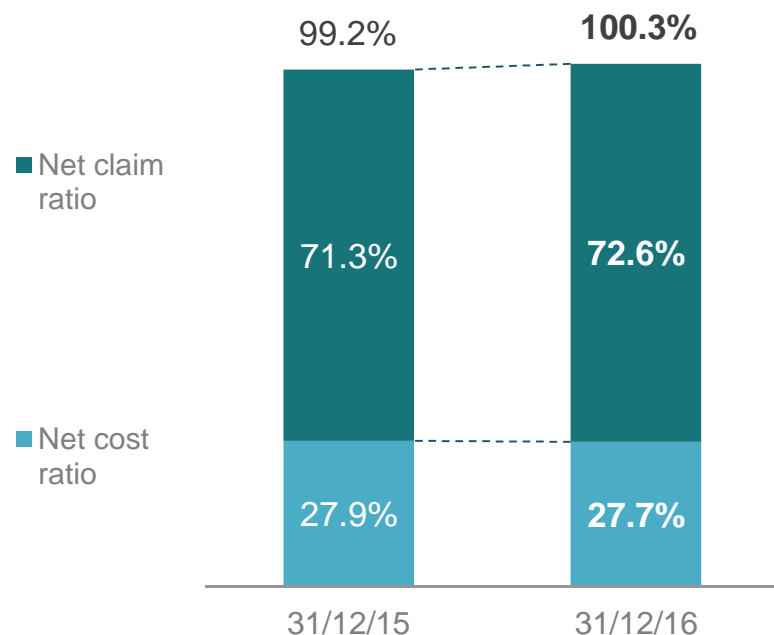
Life & Health Economic Operating Income

	L&H – France	L&H – International	L&H – Total	<i>o/w impact from interest rate</i>
31/12/16	€169m	€29m	€198m	-€21m
31/12/15	€120m	€32m	€152m	-€26m

Solid performance at 31/12/2016

P&C: CONTROL OF TECHNICAL MARGINS

Groupama non-life combined ratio



- Higher severe and weather-related losses,
 - efficient reinsurance protection against weather-related events
 - +3pt increase in weather-related and severe losses experience, after reinsurance
- Impact from low interest rate environment, which remains high
 - 1.8pt impact compared with 2pt impact in 2015
- Lower cost ratio

Non-life combined ratio	31/12/15	31/12/16
France	97.9%	99.8%
International	104.4%	102.5%

Property & Casualty Economic Operating Income

	P&C – France	P&C International	P&C – Total	<i>o/w impact from interest rate</i>	<i>o/w impact from climatic and 'severe' claims</i>
31/12/16	€4m	€21m	€25m	-€100m	-€737m
31/12/15	€152m	€-33m	€118m	-€108m	-€543m

Solid performance at 31/12/2016

€322M IN NET RESULT

Breakdown of Groupama net income

<i>In millions of €</i>	31/12/15	31/12/16
Economic operating income	163	153
Net realised capital gains ⁽¹⁾	269	234
Long-term impairment losses on financial instruments ⁽¹⁾	-26	-15
Gains or losses on financial assets booked at fair value ⁽¹⁾	38	-4
Net profit from disposal activities ⁽²⁾	0	66
Goodwill impairment	0	-88
Other costs and income	-75	-23
Net profit	368	322

(1) amounts net of profit sharing and tax

(2) of which Groupama Banque, CEGID

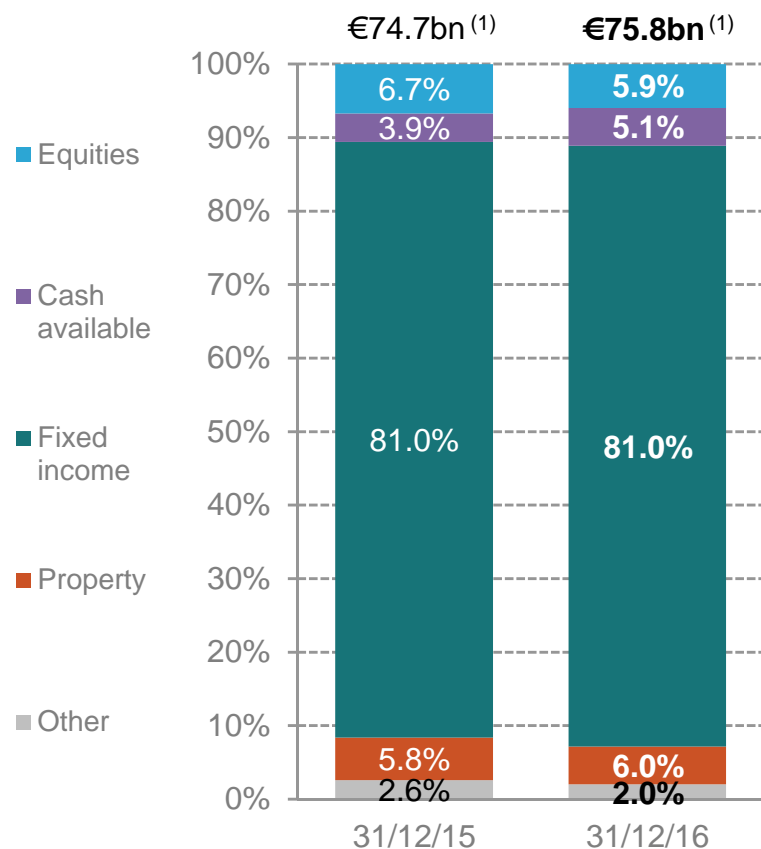
€322m net profit

- €153m operating income
- Stable level of realised capital gains
- Cautious view of the macro-economic environment in Turkey

Solid performance at 31/12/2016

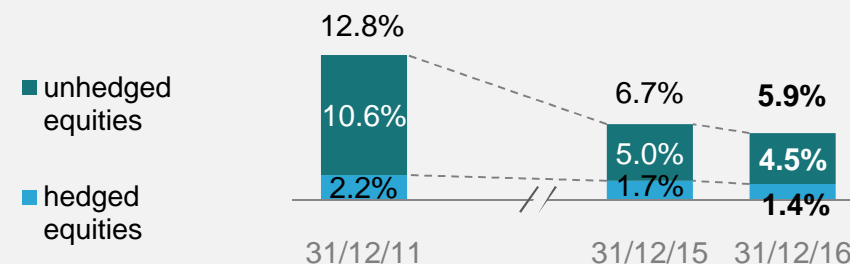
ASSET BREAKDOWN IN LINE WITH THE TARGET

Asset portfolio breakdown



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

- Unhedged equity portion below 5%

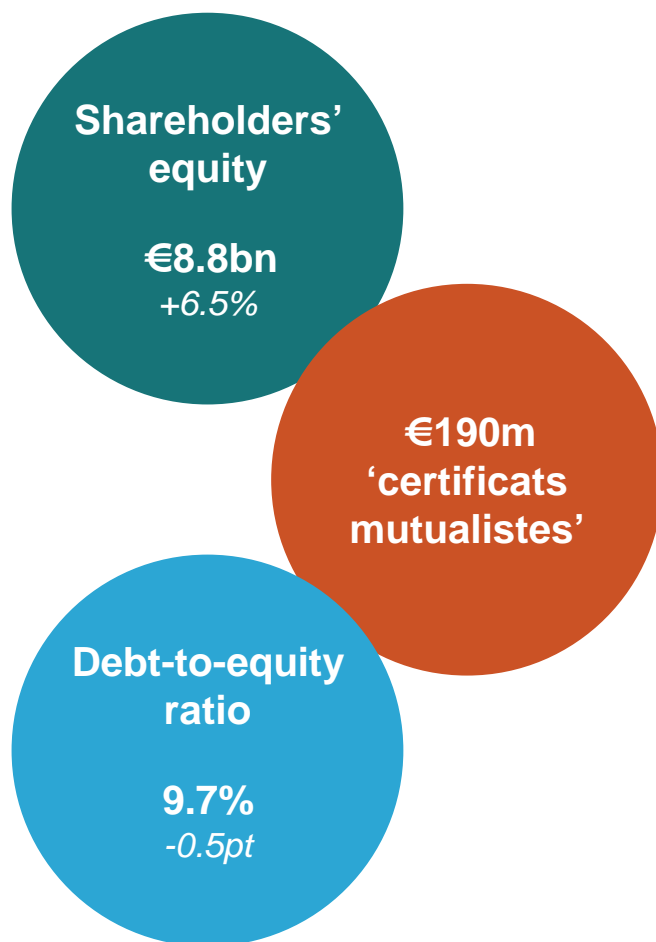


- Tactical management of the asset portfolio
 - “risky” assets reduction
 - disposal of Italian and Spanish sovereign debts
- Unrealised capital gains of €11bn

In € billion	31/12/15	31/12/16
Bonds	7.3	7.7
Equities	0.7	0.9
Property	2.2	2.4
Total	10.2	11.0

Solid performance at 31/12/2016

SHAREHOLDERS' EQUITY OF €8.8BN

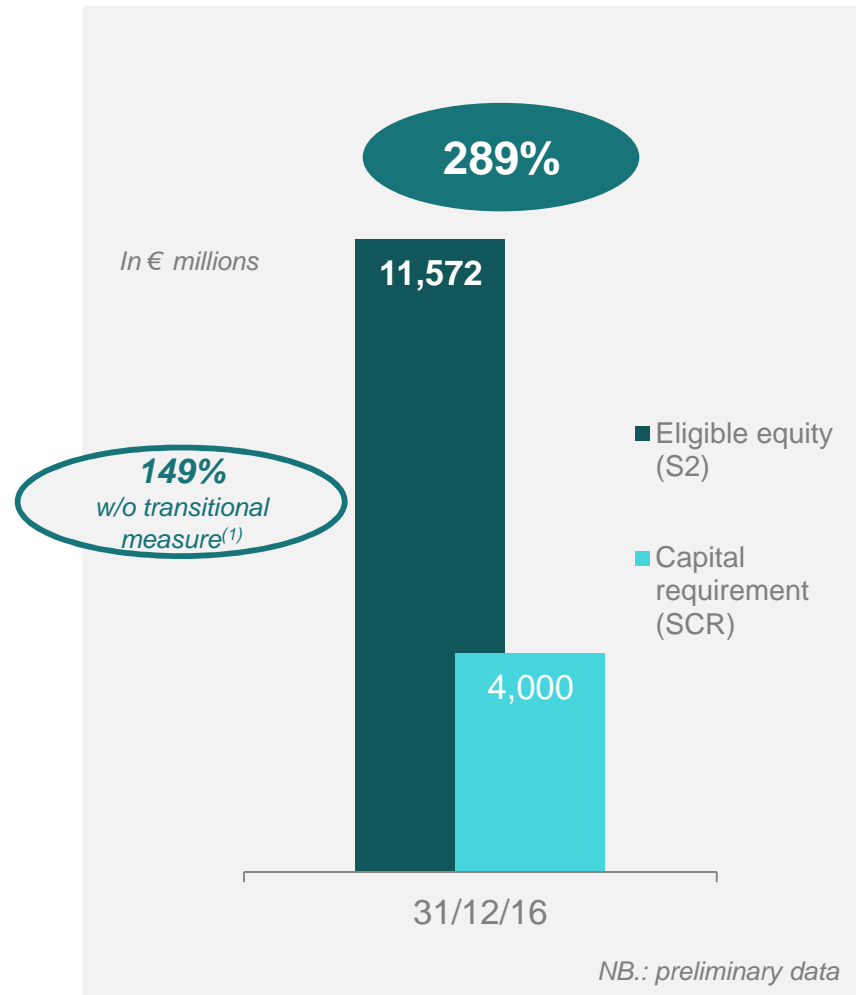
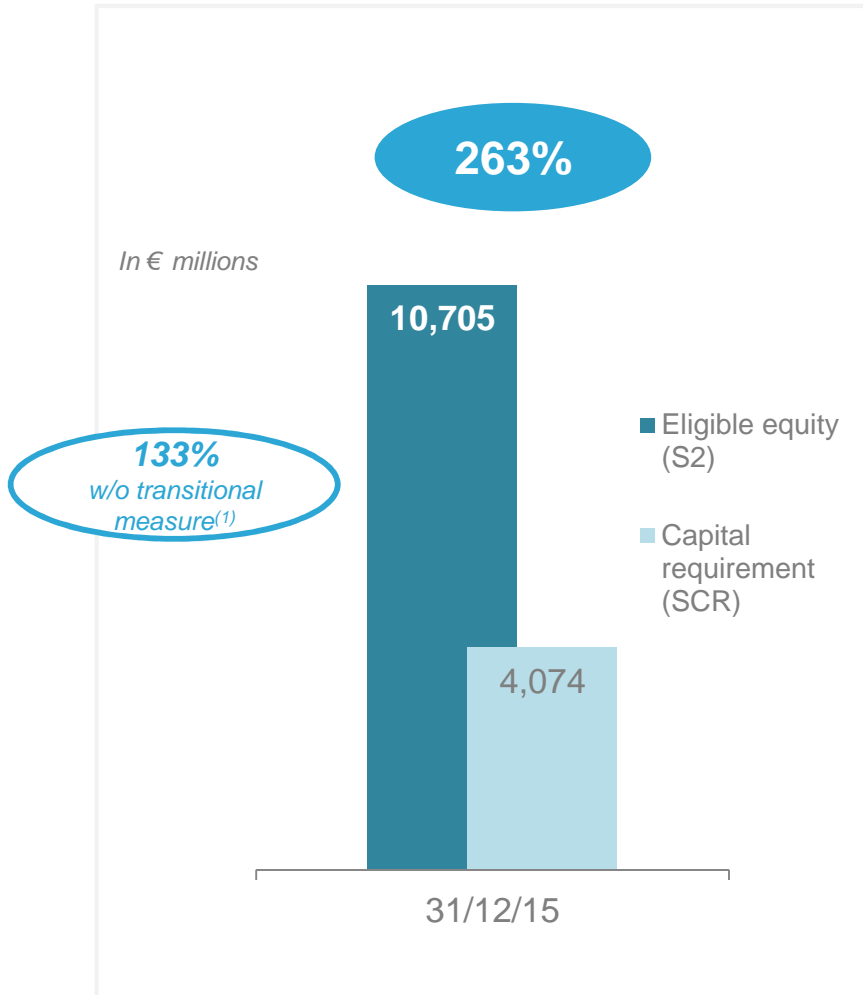


Active capital management

- On 9 January 2017, Groupama launched an offer to exchange any and all of its undated deeply subordinated notes issued in 2007 and a portion of its senior subordinated notes issued in 2009 for new senior subordinated notes due 2027.
- The transaction was very successful across the two instruments,
 - with 65% of the 2007 notes having being offered for exchange by investors
 - and the acceptance cap set by the group at 33% of the 2009 notes having being reached.
- Investors also showed significant interest in both the name and the notes:
 - additional notes denominated in Euros attracted very strong demand, with the order book around 10 times oversubscribed.

Solid performance at 31/12/2016

SOLVENCY 2 MARGIN OF 289%

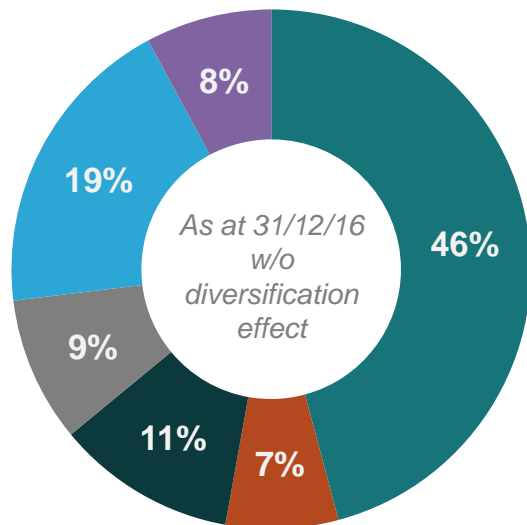


⁽¹⁾ Calculation without transitional measure on technical reserves

Solid performance at 31/12/2016

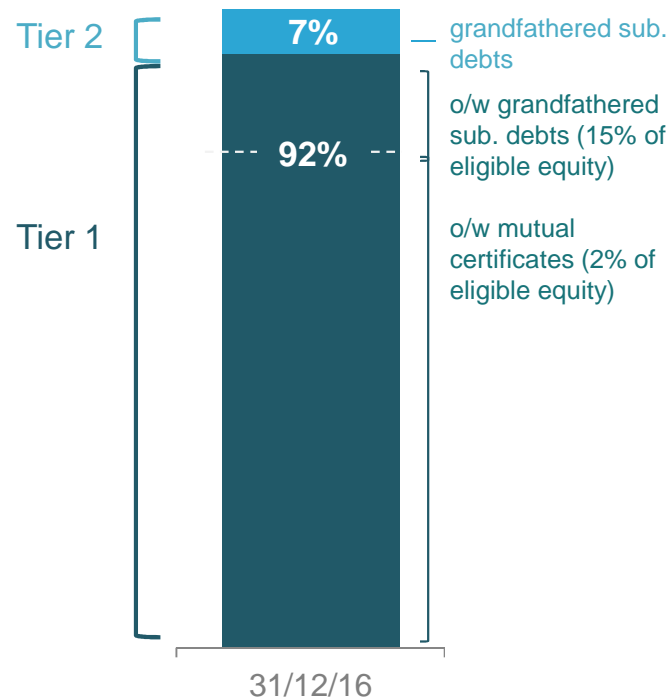
CAPITAL REQUIREMENT (SCR), ELIGIBLE EQUITY AND SENSITIVITIES

**Contribution to SCR
by risk**



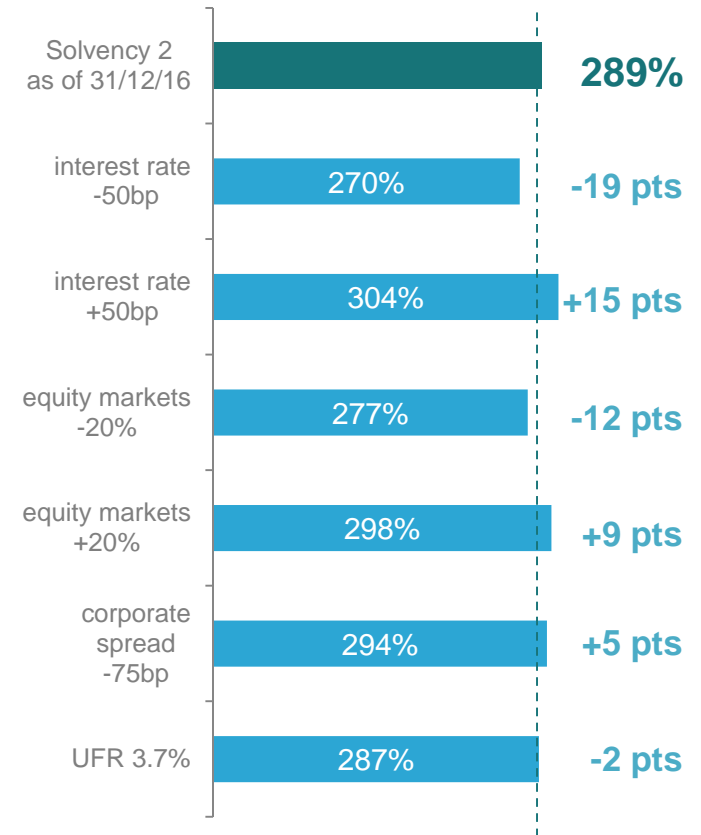
- Market risk
- Counterparty default risk
- Life underwriting risk
- Health underwriting risk
- Non-life underwriting risk
- Operational risk

Eligible equity ⁽¹⁾



⁽¹⁾ scope w/o financial activities

Sensitivities



GROUPAMA GROUP FISCAL YEAR 2016 RESULTS

APPENDICES

- **Group's rankings**
- **Asset portfolios**
- **Subordinated debt**
- **Improved reinsurance protection**

Appendices

RANKING IN FRANCE



1ST

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



1ST

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



1ST

**IN INDIVIDUAL
HEALTH
INSURANCE**
(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 MILLION

MEMBERS AND CUSTOMERS

24 800

EMPLOYEES

Sources: Groupama, Argus de l'Assurance, FFA

Appendices

RANKING IN THE INTERNATIONAL MARKETS

4 major markets



Italy

7th insurer in non life



Turkey

2nd agricultural insurer
8th insurer in nonlife



Hungary

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



Romania

5th insurer

Other markets



Greece



Portugal



Bulgaria



Slovakia



Tunisia



China



Vietnam

11

**COUNTRIES OUTSIDE OF
FRANCE**

**6 MILLION
CUSTOMERS**

**7,800
EMPLOYEES**

Appendices

FIXED INCOME PORTFOLIO AT 31/12/2016

Breakdown by type of issuer

<i>Market value</i>	31/12/16
Sovereign debts	65.5%
Corporate debts, non financial	17.0%
Financial debts	16.8%
Others	0.7%
Total fixed income portfolio	100.0%

Breakdown by issuer's rating

<i>Market value</i>	31/12/16
AAA	5.2%
AA	42.0%
A	12.0%
BBB	35.3%
< BBB & NR	5.5%
Total fixed income portfolio	100.0%

Breakdown by geographic area

<i>Market value</i>	Sovereign debts	Corporate debts, non financial
"Core" (France, Germany, Netherlands)	55.0%	58.8%
<ul style="list-style-type: none"> • o/w France • o/w Germany 	53.8% 0.7%	40.5% 14.0%
Other € zone countries	38.1%	11.4%
<ul style="list-style-type: none"> • o/w Italy • o/w Spain 	23.5% 8.4%	3.8% 2.9%
Rest of the world	6.8%	29.7%
31/12/16	100.0%	100.0%

Breakdown by subordination

<i>Market value</i>	31/12/16
Senior	62.7%
Covered	19.2%
Subordinated	17.0%
<ul style="list-style-type: none"> • o/w T1 • o/w T2 	1.5% 9.5%
Securitized	0.0%
Others	1.0%
Total financial debts	100.0%

Appendices

EXPOSURE TO € ZONE SOVEREIGN DEBTS

In € millions	31/12/15				31/12/16			
	Cost value gross amount	Fair value gross amount	Unrealised capital gains or Losses gross amount	Unrealised capital gains or losses net amount	Cost value gross amount	Fair value gross amount	Unrealised capital gains or losses gross amount	Unrealised capital gains or losses net amount*
Spain	2,591	3,255	664	58	2,358	3,084	726	69
Ireland	24	28	3	1	20	23	3	1
Italy	7,597	9,619	2,022	264	7,227	8,950	1,723	232
Portugal	268	298	40	3	257	287	13	1
Total	10,470	13,200	2,729	326	9,879	12,343	2,464	304

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EQUITY PORTFOLIO AT 31/12/2016

Breakdown by geographical area

<i>Market value</i>	31/12/16
Europe • <i>o/w GIIPS</i>	85.0% 13.2%
North America	8.9%
Rest of the world	6.0%
Total Equity portfolio (excl. strategic shareholdings)	100.0%

Issuer breakdown

<i>Market value</i>	31/12/16
Consumer goods, cyclical	19.0%
Industrials	16.8%
Commodities	4.0%
Energy	6.1%
Health	10.0%
Utilities	3.1%
Consumer goods, non cyclical	9.3%
Financials	18.6%
Technology	8.6%
Telecommunications	4.5%
Total Equity portfolio (excl. strategic shareholdings)	100.0%

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PROPERTY PORTFOLIO AT 31/12/2016

Breakdown by geographical area

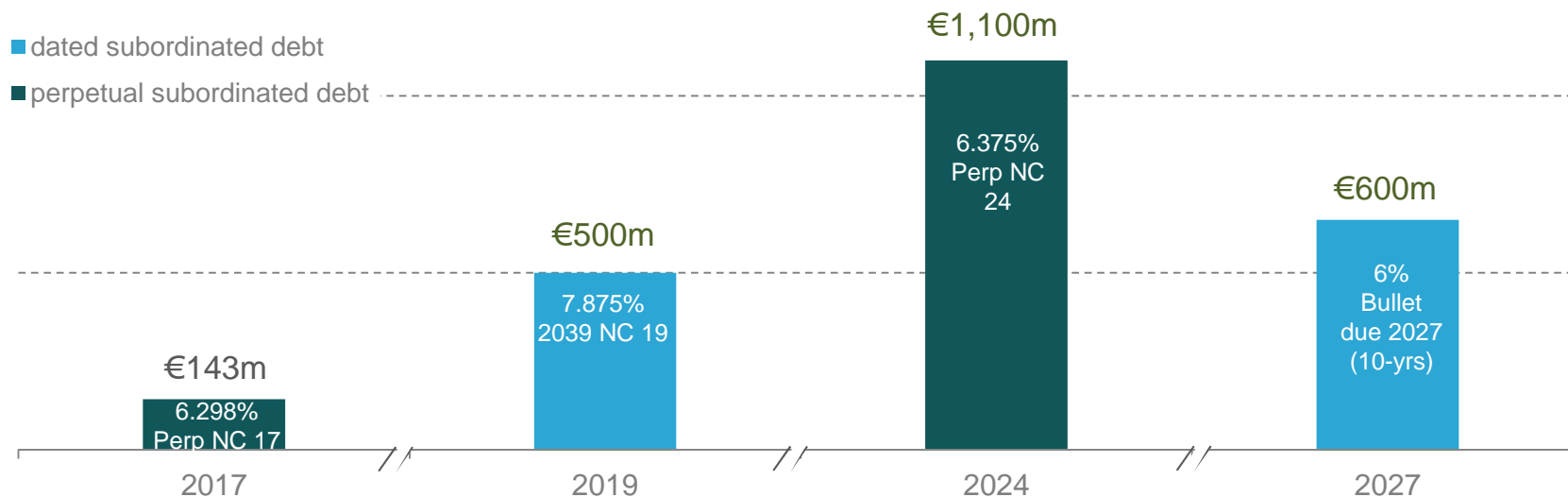
<i>Market value</i>	31/12/16
Paris	77%
Business districts Paris' vicinity	20%
Province	3%
Total property portfolio (France)	100%

Breakdown by nature

<i>Market value</i>	31/12/16
Commercial	73%
Residential	23%
Forests	4%
Total property portfolio (France)	100%

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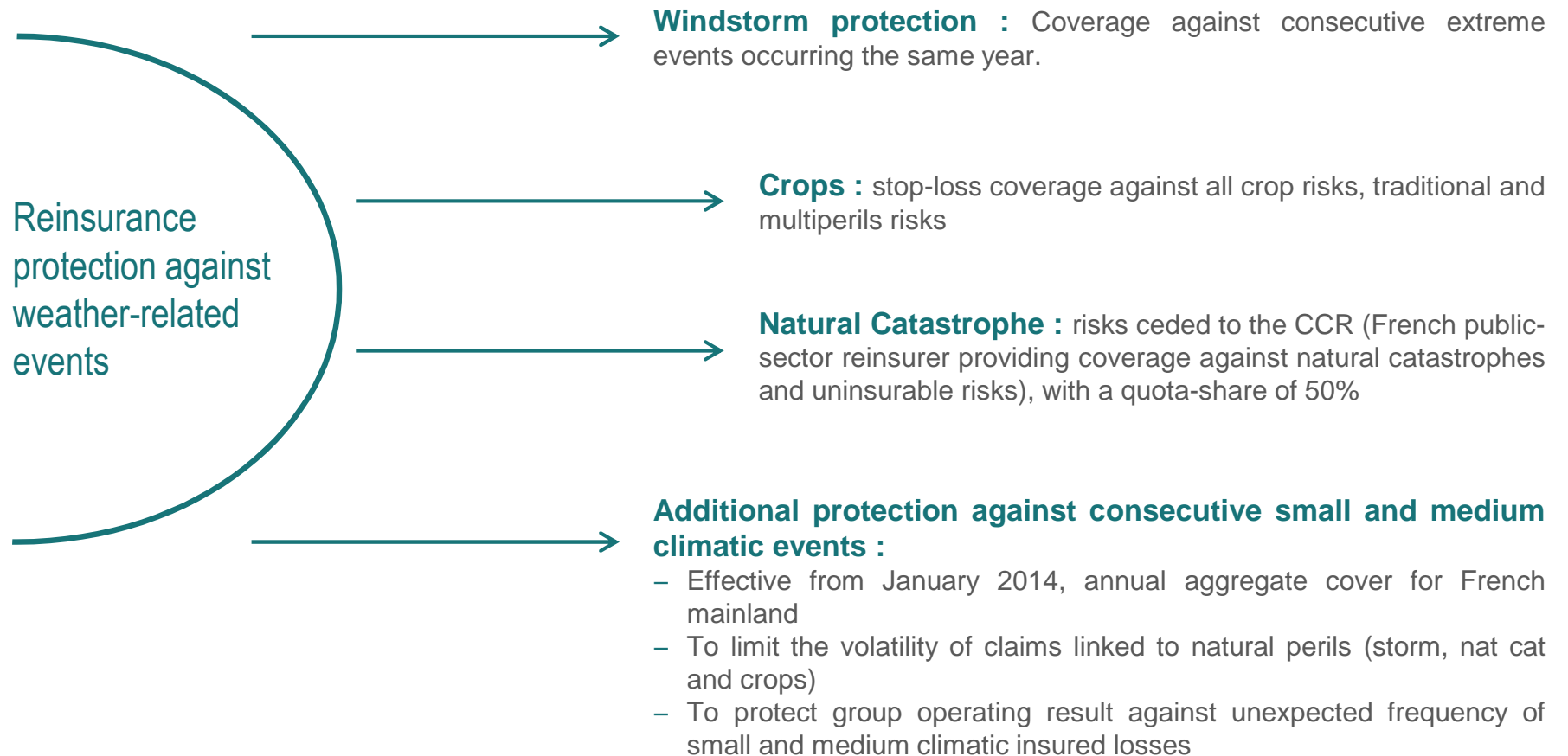
GROUPAMA SA SUBORDINATED DEBTS: MATURITY / CALL DATE BREAKDOWN AS AT 31/01/2017



Type	Outstanding amount as at 31/01/2017 (€m)	Coupon	Call date	Maturity date	S2 treatment	IFRS treatment
TSSDI	143	6.298%	22/10/2017	Perpetual	Tier 1 (grandfathering)	Own funds
TSR	500	7.875%	27/10/2019	27/10/2039	Tier 2 (grandfathering)	Financial debts
TSDI	1,100	6.375%	28/05/2024	Perpetual	Tier 1 (grandfathering)	Own funds
TSR	650	6%	N/A	23/01/2027	Tier 2	Financial debts

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IMPROVED REINSURANCE PROTECTION AGAINST WEATHER-RELATED EVENTS IN FRANCE



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