



GROUPAMA SA FY 2010 Results

Analysts & Investors Conference Call
16 February 2011



A photograph of three business professionals in a modern office setting. A man in a dark suit is on the left, a woman in a red top is in the center, and a man in a grey suit is on the right. They are gathered around a table, looking at documents and smiling. The background shows a large window with a view of a building's exterior. A white rectangular outline is visible in the upper right quadrant of the image.

Christian Collin

Executive Vice President, Finance & Risk



Key figures

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<i>In € millions</i>	2009	2010	Change
Revenues	14,459	14,659	+1.4% (*)
Operating income ⁽¹⁾	358	117	-67.3%
Net income	660	387	-41.4%
P&C combined ratio	104.7%	103.2%	-1.5 pt
<i>Excluding storms ⁽²⁾</i>	<i>101.4%</i>	<i>101.4%</i>	<i>0.0 pt</i>
Shareholders' equity	4,572	4,268	-6.6%
Solvency margin ⁽³⁾	180%	130%	-50 pts
Unrealised capital gains ⁽⁴⁾	2,691	701	-73.9%
Debt-equity ratio (excluding Silic)	31.4%	23.4%	-8 pts
ROE (excluding fair value adjustment) ⁽⁵⁾	16,9%	9,7%	-7,2 pts

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

⁽²⁾ Xynthia in 2010, Klaus & Quinten in 2009

⁽³⁾ According to Solvency I

⁽⁴⁾ Portions attributable to shareholders: €460m in 2010 vs. €970m in 2009

⁽⁵⁾ Calculated on average equity

(*) +1.4% on a reported basis and +2.3% like-for-like over 2009

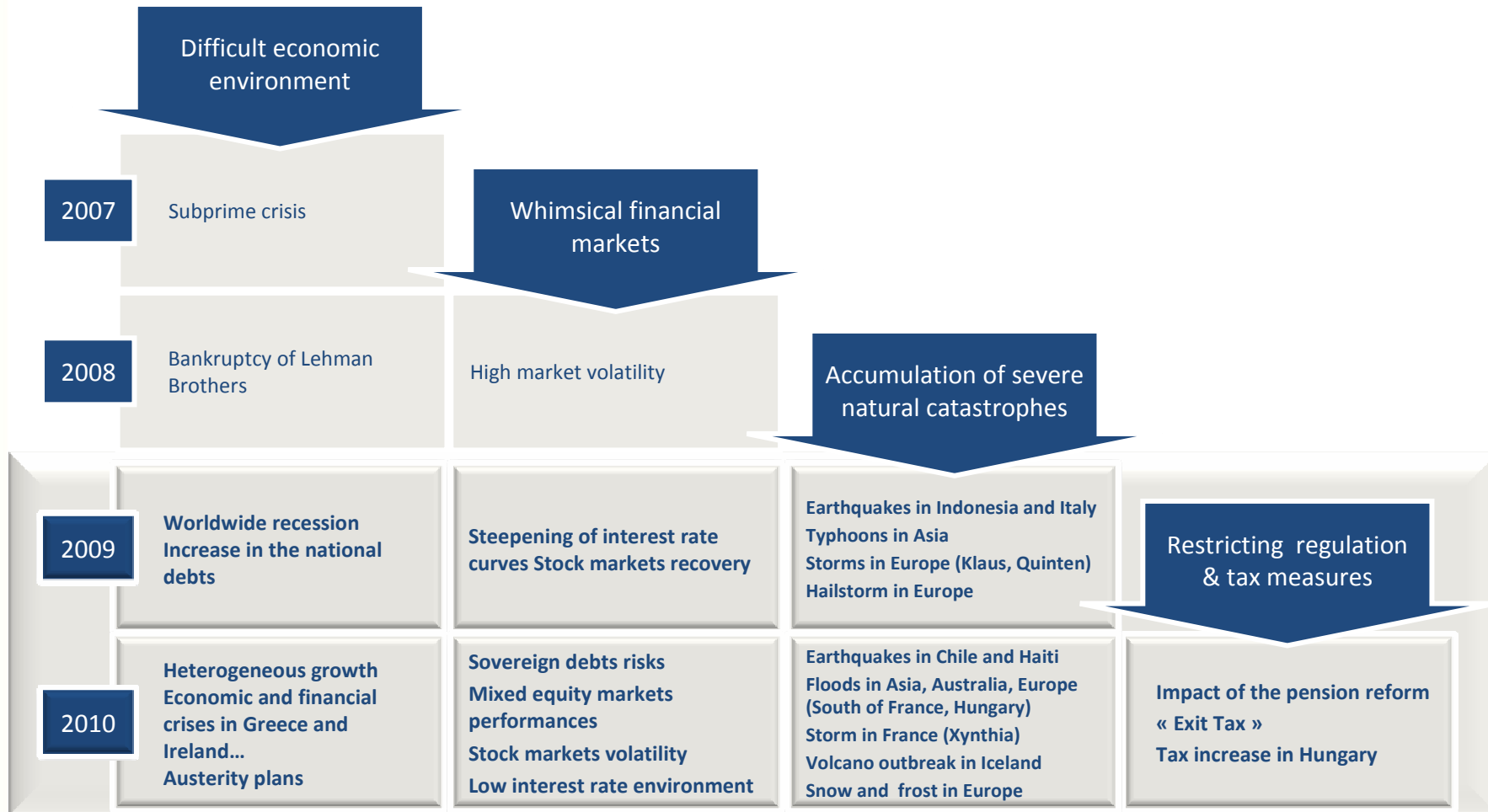




**As in 2009, an impacting accumulation
of exogenous factors in 2010**



Insurance sector: sailing in troubled waters for several years





As in 2009, an impacting accumulation of exogenous factors in 2010

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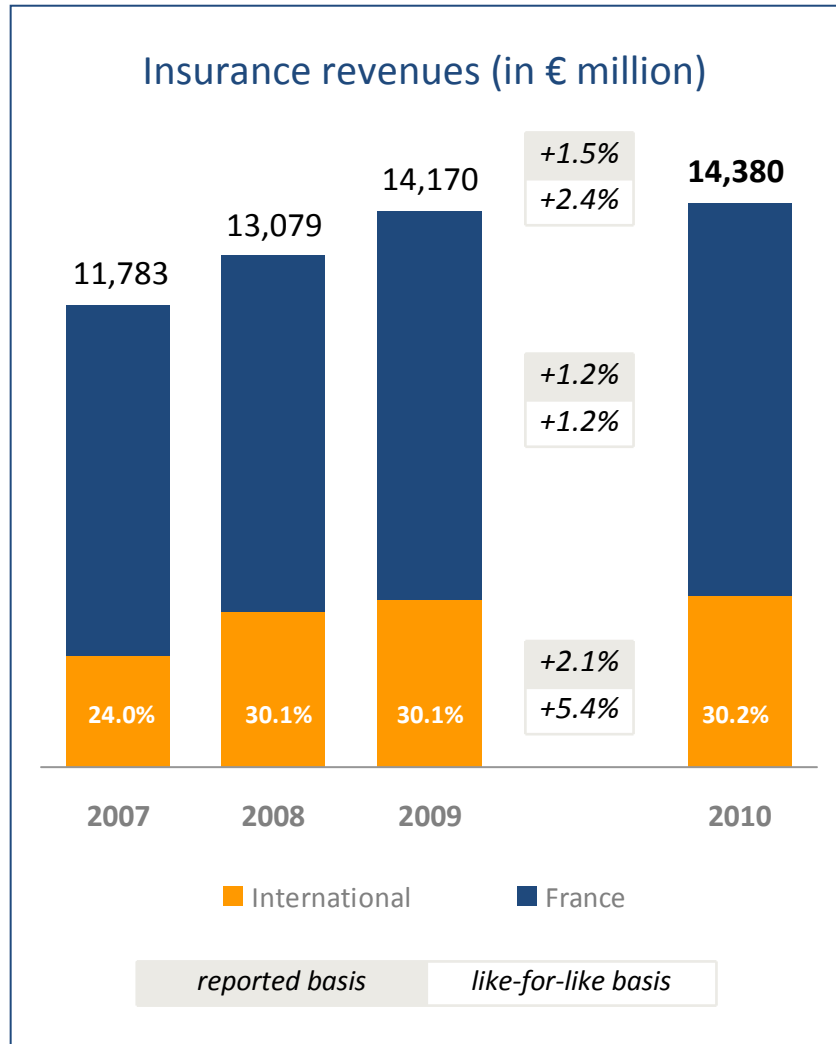
Steady growth

Results resilience





Sustained revenues: +2.4%



Revenues in € million	2009	2010	Reported basis	Like-for-like basis
L&H	7,533	7,482	-0.7%	+1.2%
France	6,302	6,301	-0.0%	-0.0%
International	1,231	1,181	-4.1%	+8.1%
P&C	6,637	6,899	+3.9%	+3.8%
France	3,609	3,731	+3.4%	+3.4%
International	3,028	3,168	+4.7%	+4.4%
Total Insurance	14,170	14,380	+1.5%	+2.4%

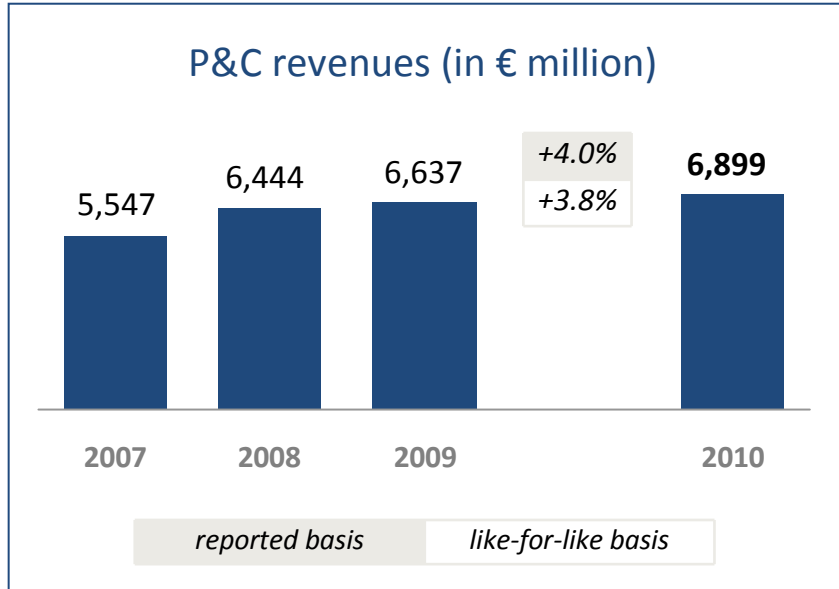
- ▶ Insurance businesses up in all business lines
- ▶ Market outperformance in France in P&C, and very impressive business development in the international subsidiaries





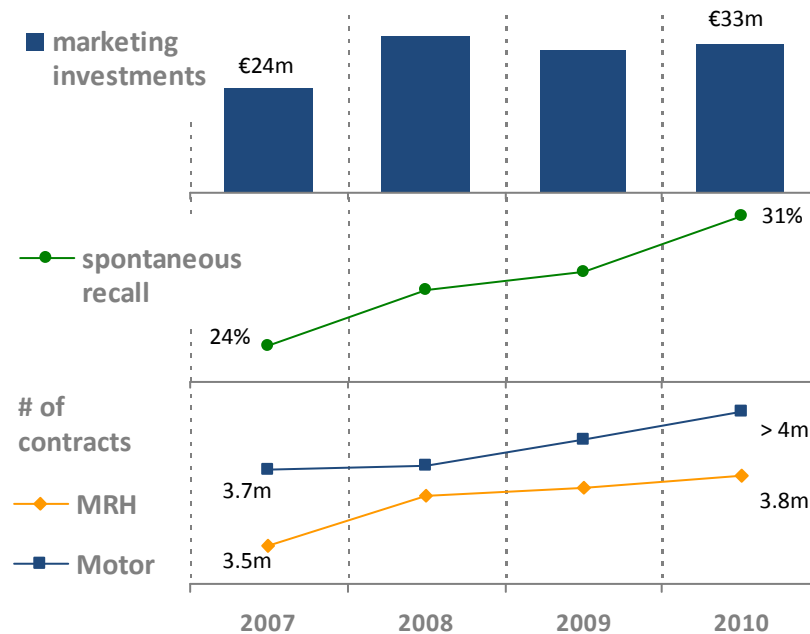
Property & Casualty insurance

high brand awareness, gains in market shares



Environment & exogenous factors 2007 – 2010	Impact in the insurance industry
Significant economic slowdown in the European countries	↘
Development of the service industries, growing urbanisation	→
High consumerism: increase in customers turnover, appetite for segmented offers, transaction dematerialisation	→

▶ "Groupama" brand strengthening is bearing fruit: high brand awareness



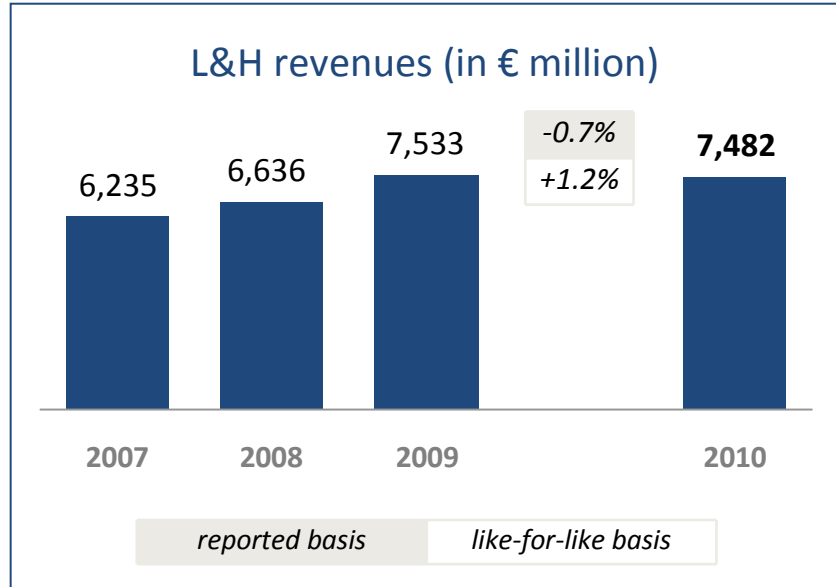
▶ End of 2010 - 2011: re-branding of GAN following Groupama brand strengthening



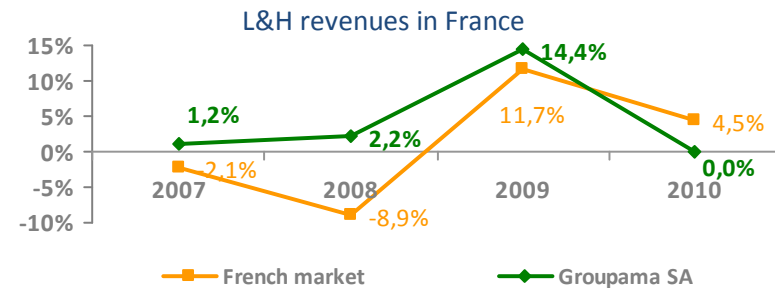


Life & Health insurance

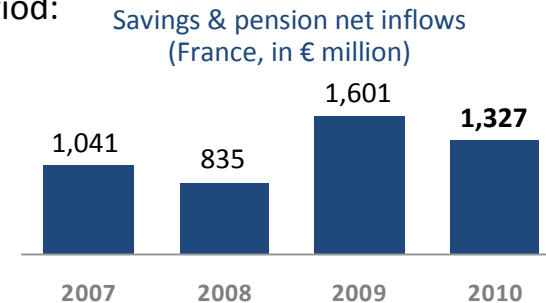
resilience in savings & pension, leadership in health



- ▶ Revenues stability in L&H after outperforming the market for 2 years



- ▶ Positive net inflows in savings & pension over the period:



- ▶ Higher growth in health & bodily-injured liabilities, compared to the market in France: +5.9% vs. +4.2%⁽¹⁾

Environment & exogenous factors 2007 – 2010	Impact in the insurance industry
Uncertainties in the financial markets and attractiveness of the euros contracts	↓
Consequences of the population ageing	
▶ Lengthening of insurers' commitments	↓
▶ Appearance of new consumer needs	↑
Increase competition from banks' savings offer in continental Europe	↓

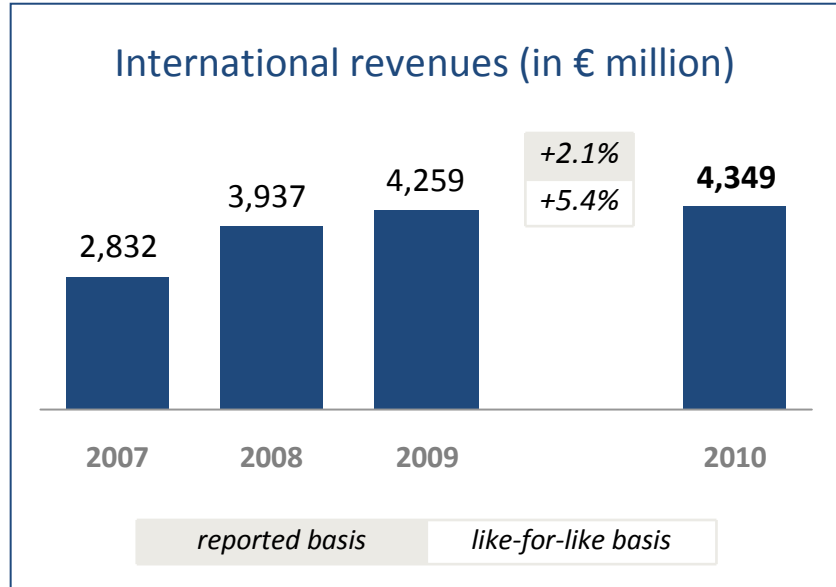


⁽¹⁾ Source: FFSA



International subsidiaries outperformance in an adverse environment

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Revenues in € million	2009	2010	Reported basis	Like-for-like basis
Southwest Eur.	1,035	1,080	+4.3%	+4.3%
Southeast Eur.	2,087	2,073	-0.7%	+7.4%
CEEC	535	546	+2.1%	+0.7%
United Kingdom	505	549	+8.6%	+4.6%
Gan overseas	96	101	+5.6%	+5.6%
Total International	4,259	4,349	+2.1%	+5.4%

Environment & exogenous factors 2007 – 2010	Impact in the insurance industry
Economic and financial crisis in peripheral European countries	↓
Austerity plans	↓
Implementation of tax & regulatory measures favouring competition between insurers (for example in Italy, deletion of the agent exclusivity in damages)	→

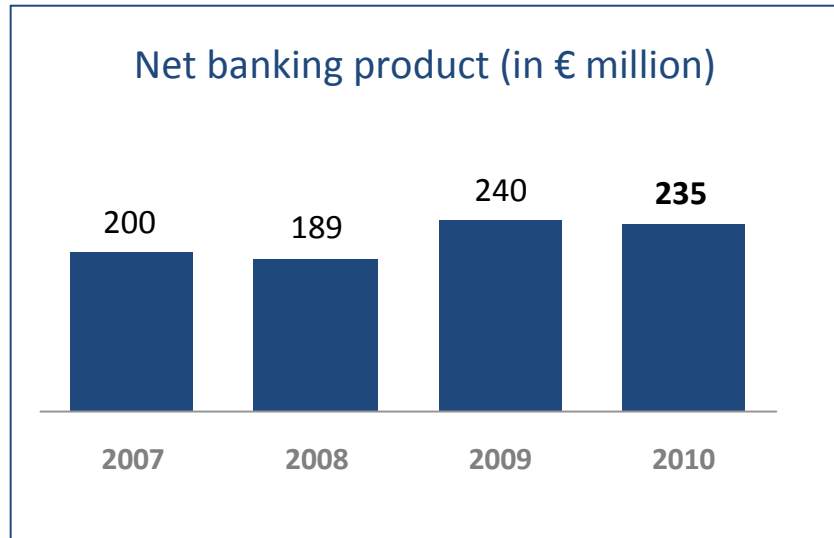
- ▶ Most of Groupama SA international subsidiaries outperform the market in their major insurance business





Banking and financial activities

Resilience in net banking product



Net banking product In € million	2009	2010	Change
Banking activity	94	86	-8.5%
Asset management	139	139	+0.2%
Others	7	9	+27.7%
Net banking product	240	235	-2.4%

▶ **Groupama Banque: significant development in retail banking**

- ca. 530,000 customers ⁽¹⁾
- 10% increase in Retail net banking income
- €927m deposit outstanding, +3% ⁽¹⁾
- €752m credit outstanding ⁽¹⁾
 - › consumer credit: +17%
 - › real estate credit: +43%

▶ **Groupama Asset Management**

- €89.9bn assets under management (€1.1bn increase, compared to end of 2009)
- Third party assets management: 17% of total AuM
 - › Development of the international activity with a +55% increase in international third party AuM

Environment & exogenous factors 2007 – 2010	Impact in the insurance industry
Development in on-line banking & appearance of new consumer needs	→
End of "Livret A" selling exclusivity: opening to every banking network	↗
In asset management, outflows in France in 2008 and 2010	↘

⁽¹⁾ Retail bank



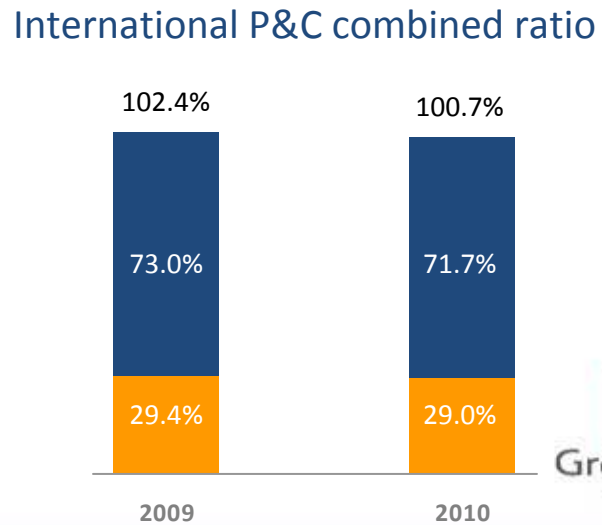
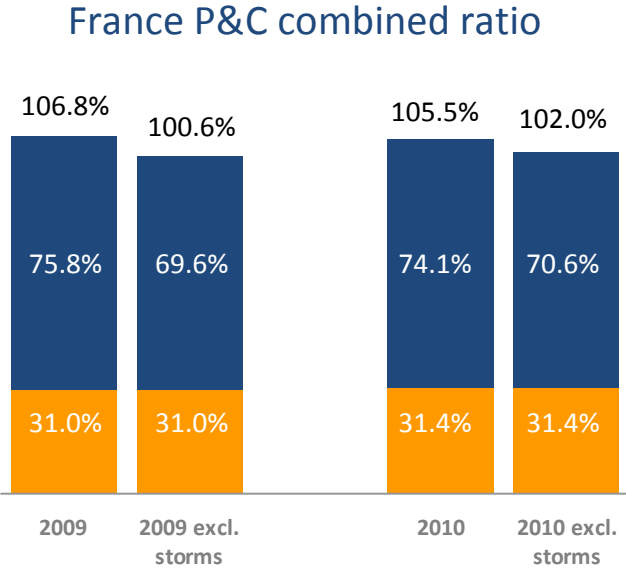
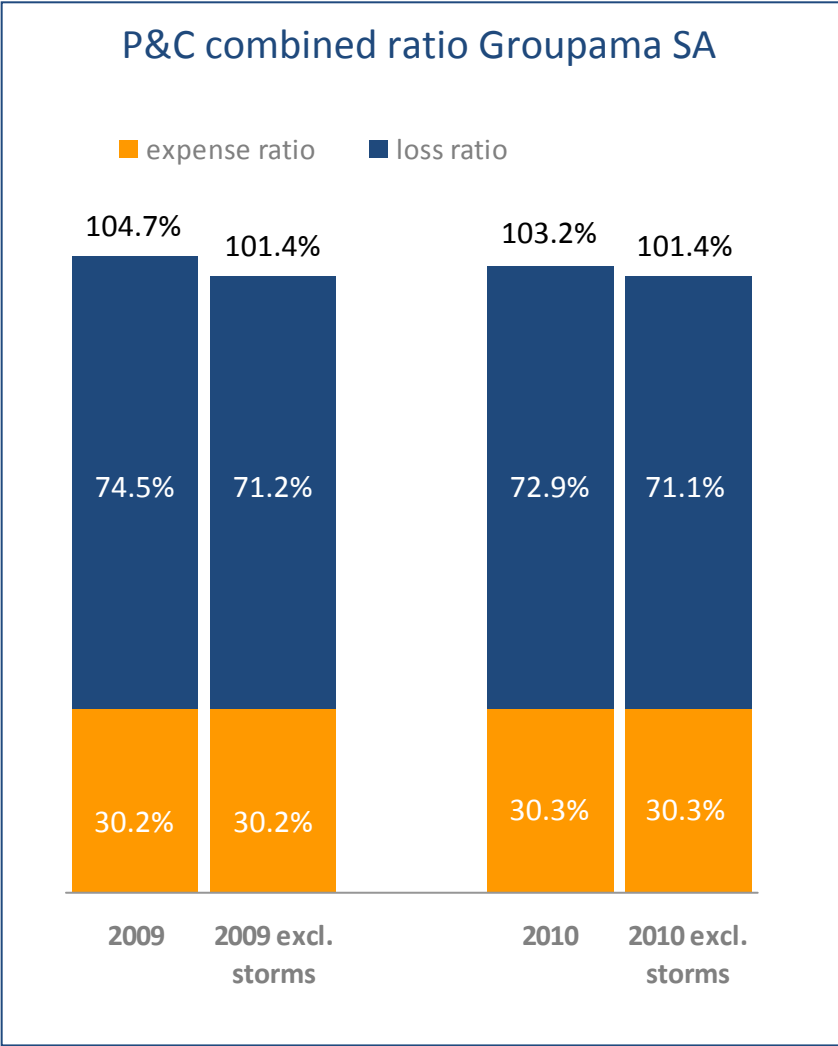
As in 2009, an impacting accumulation of exogenous factors in 2010

Steady growth

2

Results resilience

P&C combined ratio impacted by weather-linked events

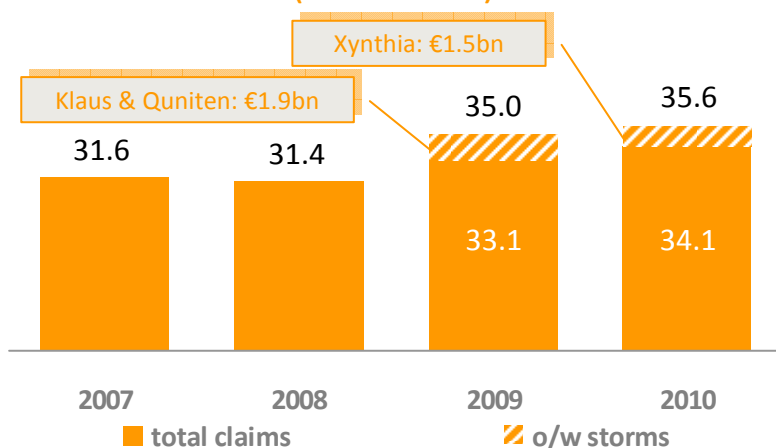


P&C combined ratio in France

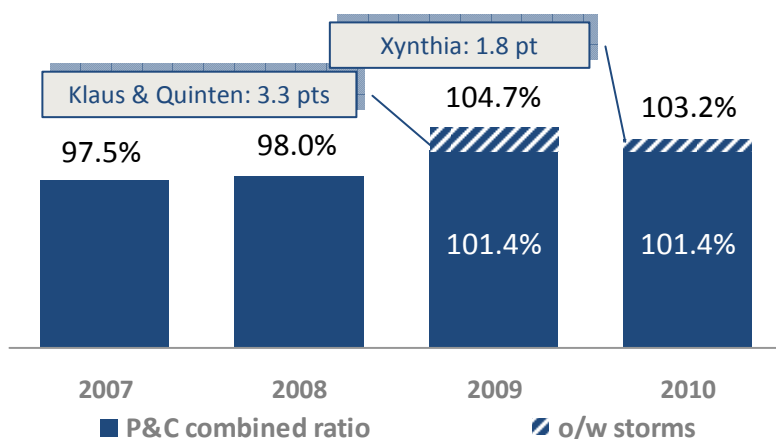
highly correlated to the market loss experience



Loss experience in France since 2007 ⁽¹⁾
(in € billion)



Groupama SA P&C combined ratio



- ▶ 2 last years severely impacted by
 - Weather-linked events:

In € million	Gross	Net of reinsurance	After tax
Klaus & Quinten	335	198	131
Hailstorms (May)	22	20	13
Flood in Turkey	17	15	10
Total impact in 2009	374	233	154
Snowstorms (January)	24	10	7
Xynthia	185	115	76
Flood in Var (South of France)	56	39	26
Hailstorms (June & July)	20	17	11
Snowstorms (Nov. & Dec.)	15	14	9
Flood in Hungary	20	18	12
Total impact in 2010	320	213	140

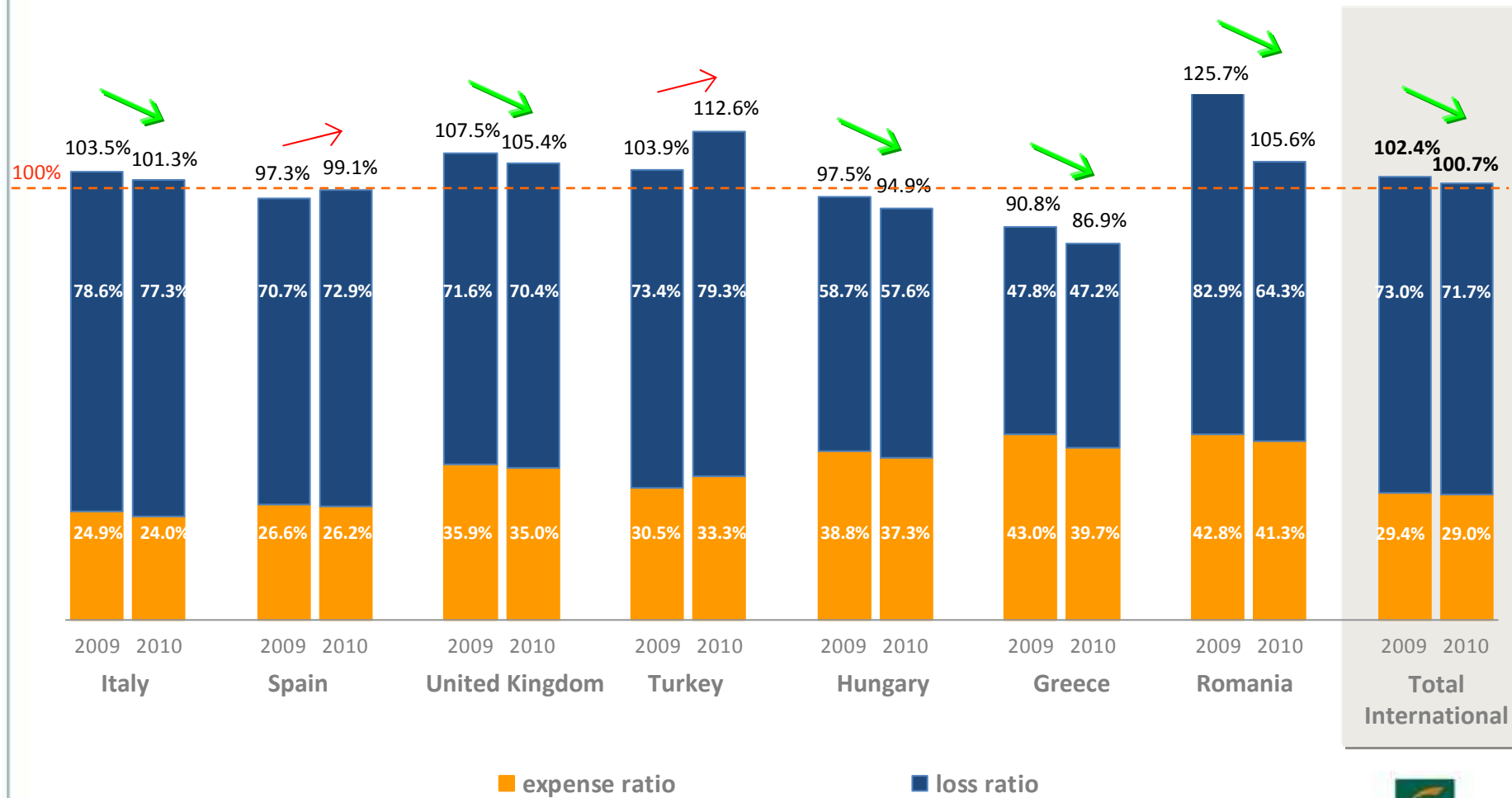
- and high loss experiences in motor and home insurances

⁽¹⁾ Source FFSA, 9-month figure for 2010



International P&C combined ratio

significant technical improvement



■ expense ratio

■ loss ratio





EEV: resilience in 2010

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▶ 2010 EEV at €3,281 million

- €412m decrease in net asset value (ANAV) linked to unrealised capital losses on bonds and the “exit tax” (tax on the capitalisation reserve) in France
- €316m decrease in value of in-force business especially due to the economic environment and the trend in sovereign debts

▶ Methodology :

- EEV computed from sovereign debts rate curves
- Unchanged methodology of determining the liquidity premium (16cts in 2010)
- Methodology and assumptions for the EEV calculations are reviewed by Milliman

<i>In € million</i>	2010	2009 proforma	2009	Change	Change %
Adjusted Net Asset Value (ANAV)	2,587.5	2,999.3	3,005.3	-411.9	-13.7%
Value of in Force Business (VIF)	693.4	1 009.3	1 170.6	-315.9	-31.3%
European Embedded Value (EEV)	3,280.8	4,008.6	4,175.9	-727.8	-18.2%

- ▶ Increase in NB volumes for France and international entities
- ▶ Decline in NBV explained by the decrease in volumes for Groupama Gan Vie unit-linked products
- ▶ Partially compensated by the increase in international NBV following the increase in volumes for profitable products

<i>In € million</i>	2010	2009	Change
New Business Value (NBV)	28.4	75.3	-62.3%
APE ⁽¹⁾	770.4	739.2	4.2%
NBV / APE	3.7%	10.2%	-6.5%
PVNBV ⁽²⁾	6,374.73	6,175.13	3.2%
NBV / PVNBV	0.4%	1.2%	-0.8%

⁽¹⁾ APE = 10% of the single premiums and 100% of the regular premiums

⁽²⁾ PVNBV, present value of future premiums generated by news businesses

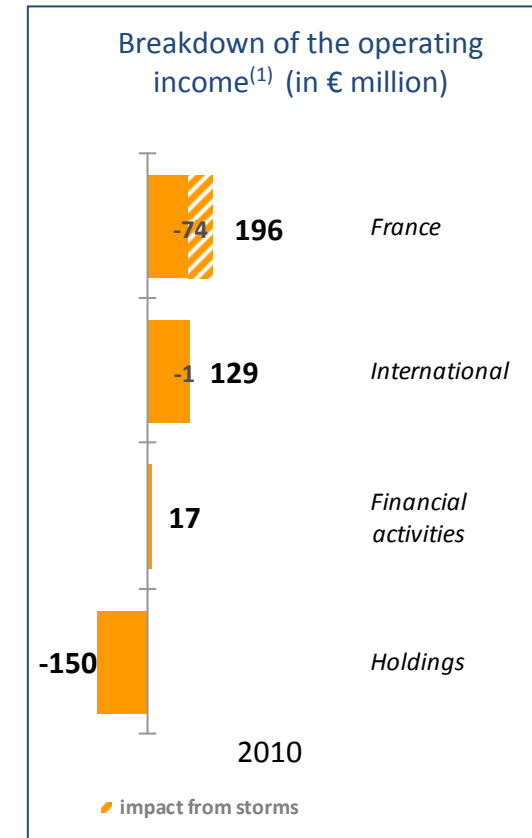


Underlying results

operating profit⁽¹⁾ of €117m

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<i>In € million</i>	2009	2010	Change
L&H operating income ⁽¹⁾	396	174	-56.1%
P&C operating income ⁽¹⁾ excl. Storms ⁽²⁾	209	151	-27.8%
Financial activities operating income ⁽¹⁾	12	17	n/a
Holding operating income ⁽¹⁾	-128	-150	-17.2%
Operating profit⁽¹⁾ excluding storms ⁽²⁾	489	192	-60.7%
Storms ⁽²⁾	-131	-75	n/a
Operating profit ⁽¹⁾	358	117	-67.3%

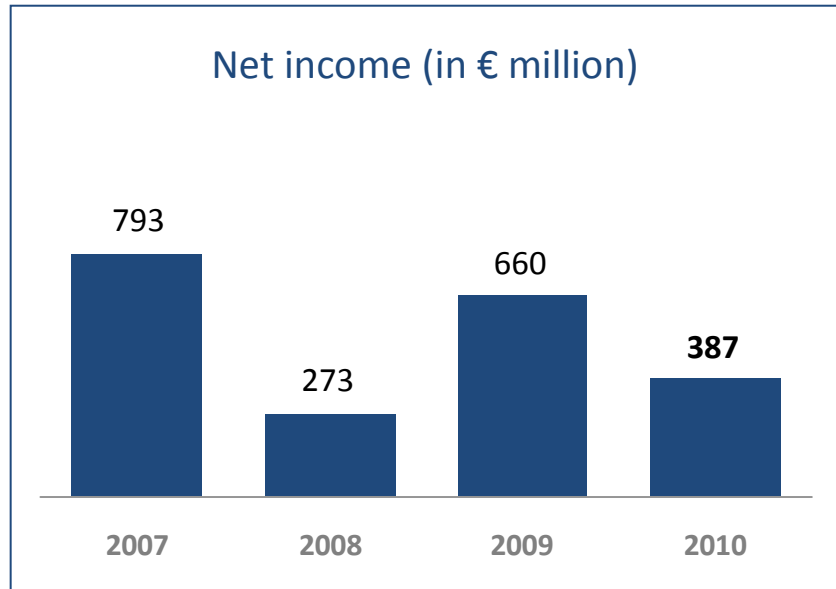


⁽¹⁾ Income from operations (cf. definition in appendices)

⁽²⁾ Xynthia in 2010, Klaus & Quinten in 2009



Net income of ca. €400m



In € million	2009	2010	Change
Operating income⁽¹⁾	358	117	-67.3%
Net realised capital gains ⁽²⁾	520	220	-€300m
Impairment losses on financial instruments ⁽²⁾	-22	-109	-€87m
Gains or losses on financial assets booked at fair value ⁽²⁾	17	-18	-€35m
Other income and expenses	-214	178	+€392m
Net profit	660	387	-41.4%

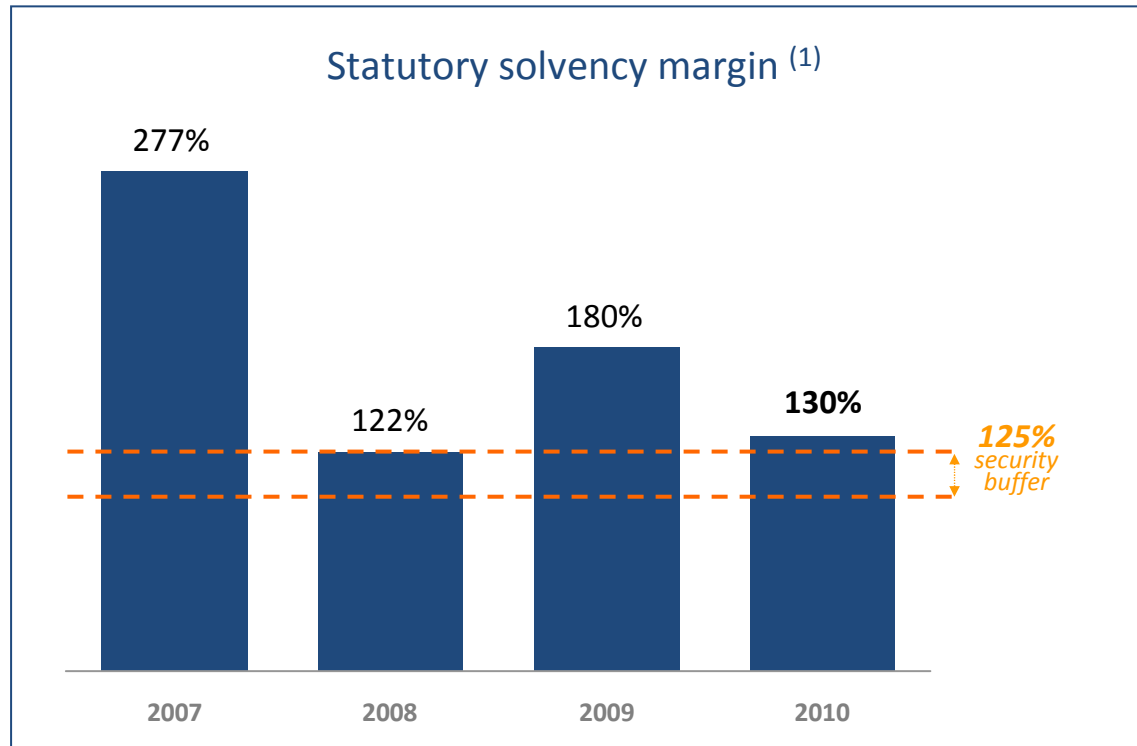
Environment & exogenous factors 2010	Impact in the insurance industry
Storms and natural catastrophes	↓
Purge of public expenditure: <ul style="list-style-type: none"> ▶ Mandatory involvement of insurers: 10% tax on capitalisation reserves in France (“exit tax”) ▶ Outright tax increase on foreign insurance companies in Hungary 	↓
Restructuring of the retirement regulation	↓

- ▶ Positive impact of the “exit tax” : exceptional tax draw-down on the capitalisation reserve allowing
 - the voluntary write-down of a line of strategic assets
 - The one-off goodwill impairment in Bulgaria and Slovakia





Adequate statutory solvency margin




⁽¹⁾ Reported figures





To keep up with a challenging environment

Levers for 2011



*To keep up with a challenging environment,
levers for 2011*

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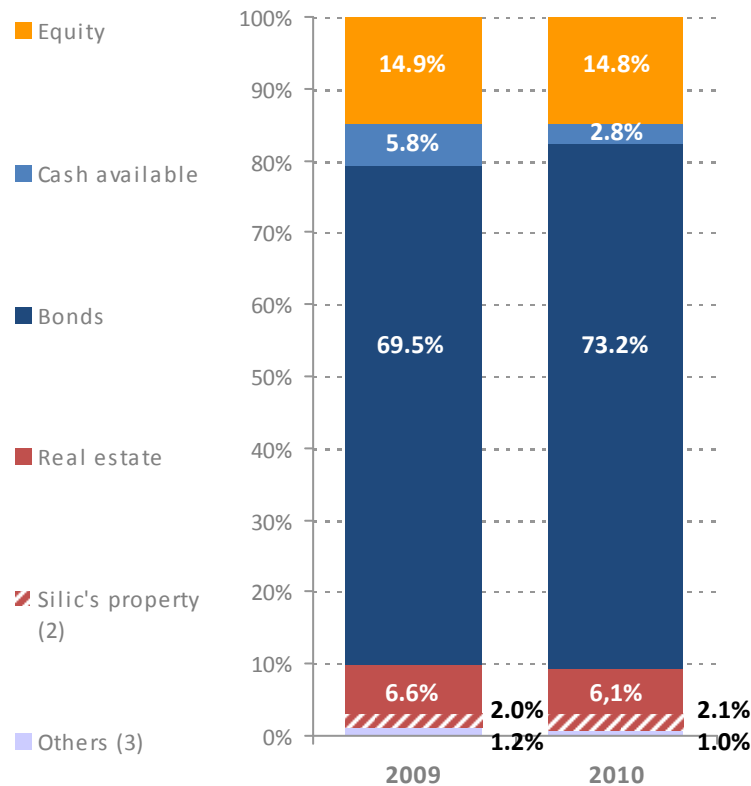
De-risking & coverage

Agility



Asset allocation strategy

Asset portfolio breakdown (1)



	2010	2010	Orientation 2011	
Equity	↘	Equity divestment for a total amount of €561m	↘	
Cash available	↘	Gradual reinvestment toward bond assets	→	
Bonds	↗	Investments in govies : <ul style="list-style-type: none"> ▶ In preference and priority in French OAT ▶ Exposure to Irish debts cut to 0.1% of total bonds 	Govies « core »	↗
			Corporate	↗
Real estate	↘	<ul style="list-style-type: none"> ▶ Divestment in real estate for an amount of €396m ▶ Appraisal values up by 5.5% 	↘	







(1) Market value excluding unit linked and minorities
 (2) Silic's property up to Groupama's shareholding, 42,36%
 (3) Loans & receivables, ...





Profitability in non life

2 major technical levers

		Tariffs policy	
		2010	2011
 France	Motor	[+2% ; +2.5%]	+3%
	MRH	+4%	+5%
	Health	[+2% ; +5.5%] ⁽¹⁾	+7.5% ⁽¹⁾
 Italy	Motor	+5%	[+2% ; +3%]
 Spain	Motor	[3% ; 6%]	+3% (avg)
	MRH	–	[+4% ; +5%]
	Health	[+5% ; +7%]	+5%
 Greece	Motor	+9.8%	+9.8%
	Health	+12%	+12%
 Turkey	Motor	[+2% ; +11.5%]	[-5% ; -10%] ⁽²⁾ [+20% ; +30%] ⁽³⁾
 Hungary	Motor	-4%	[-15% ; 0%]
	MRH	–	+2%

Portfolio pruning

- ▶ Assessment of motor and home insurance portfolios
- ▶ Roadmap to improve the operational performance: risks selection, underwriting, price discipline and revaluation
- ▶ Systematic cancellation of “multi-claim” policies
- ▶ Targeted cancellations of portfolios in southern areas facing higher loss experience
- ▶ Motor: specific measures for least performing agents
- ▶ Health: complete reengineering of non profitable group policies. 17% of 2009 portfolio cancelled
- ▶ TPL: suspension of a medical non profitable contract
- ▶ Damages: non renewal of a construction site policy
- ▶ Cancellation of agent and broker non profitable portfolios
- ▶ MTPL: termination of 52 significant car fleet contracts, 7% of the portfolio value
- ▶ Casco: termination of 33 car fleet contracts, 4% of the portfolio value
- ▶ MRH: cancellation of 3-to-4-claim policies, 1% to 2% of the portfolio value

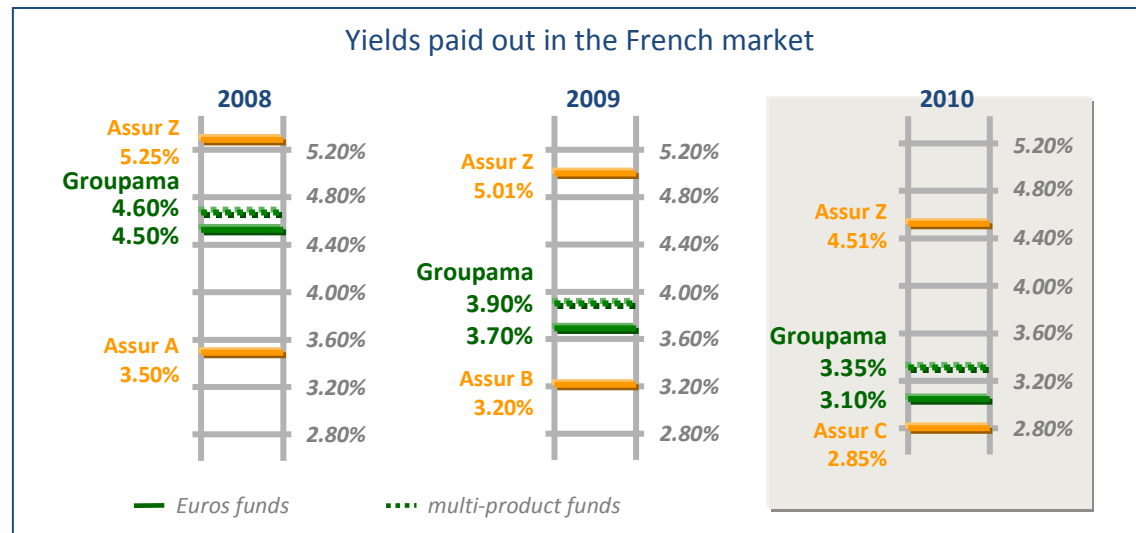
⁽¹⁾ Excluding aging effect ⁽²⁾ clients with lower risk profile ⁽³⁾ new drivers



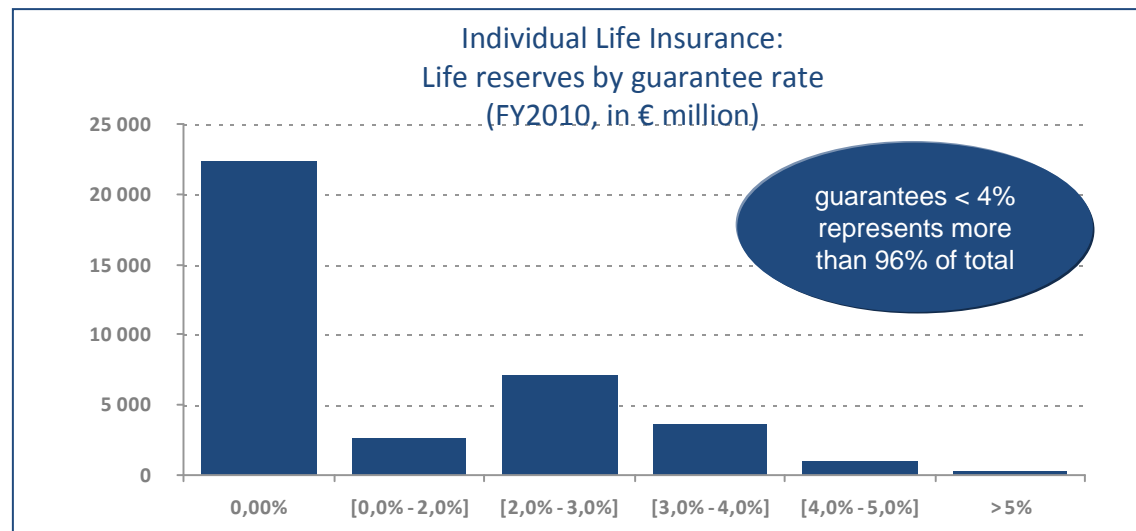
Profitability in life

wiggle room for the future

- ▶ Profit sharing rates: priority is given to the group's strengthening but the yields paid out stay in the market



- ▶ Average guarantee rate on total Life reserves: 1.56%





Reinsurance: maximum de-risking in 2011

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Renewal 2011


- ▶ Stable reinsurance budget
- ▶ Strengthening of cover capacity

Storm coverage
for France

- ▶ Further decrease in sensitivity to natural events:
 - 25% decrease in the group retention (last year, the group already reduced the retention by 25%)
- ▶ Further strengthening of the programme ceiling (cat bond)
 - Issue of a 4-year cat bond for an amount of €75m on 1st January 2011 under very satisfactory conditions
 - Diversification amongst our capacity providers and a fully collateralized cover reducing the credit risk
- ▶ Coverage against an event recurring every 200 years



Groupama



*To keep up with a challenging environment,
levers for 2011*

De-risking and coverage

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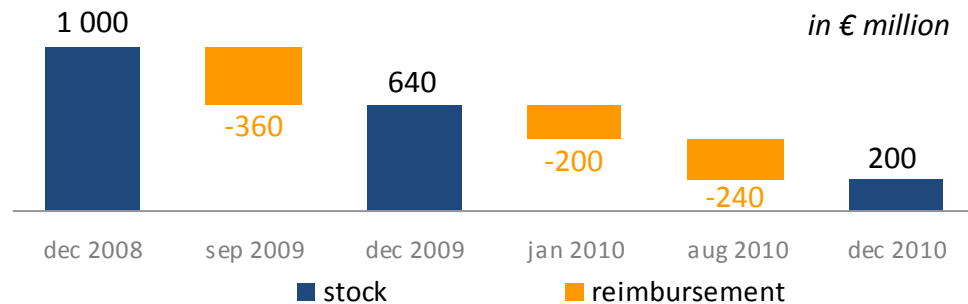
Agility



Credit facility renewed opportunism and agility

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- ▶ Final maturity date of Groupama SA existing credit facility at end of December 2011
 - €1,000m existing credit facility drawn up to €200m



- ▶ 8-point decrease in Groupama SA debt-equity-ratio⁽¹⁾:
 - 23.4% at end 2010 vs. 31.4% at end 2009
- ▶ Satisfactory conditions and banks' appetite for structuring such financial tools

- ▶ Refinancing of the existing facility
 - anticipating the rise in credit cost expected at the end of 2011
 - Under very satisfactory conditions
 - 1,9x oversubscribed

⁽¹⁾ excluding Silic debts



A group focused on tomorrow 2012 in line of sight



2012 in line of sight

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L&H insurance

- ▶ Comprehensive approach to savings
- ▶ Health & long-term care positioning

P&C insurance

- ▶ Priority given to technical profitability
- ▶ Multi-channel strategy and on-line network enhancement
- ▶ Development of existing partnerships (LBP, Casino, ...)

International

- ▶ Strategic development
- ▶ Synergies and repositioning
- ▶ Italy & Spain: 2 growth and profitability drivers

Capital
management

- ▶ IPO
- ▶ Solvency II (01/01/2013)

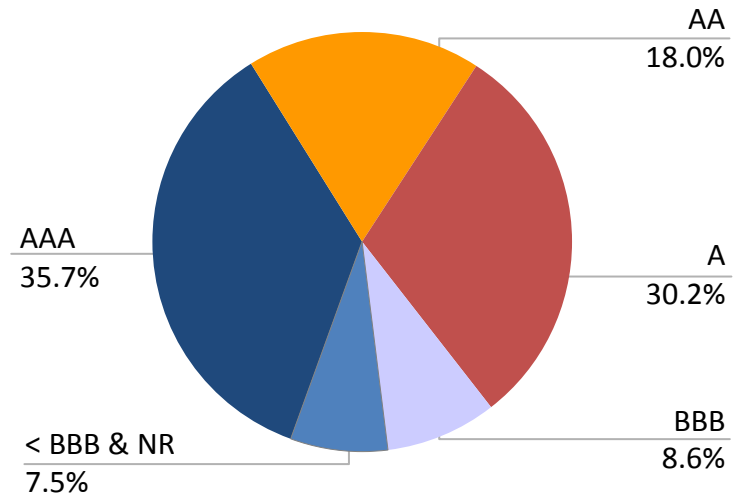
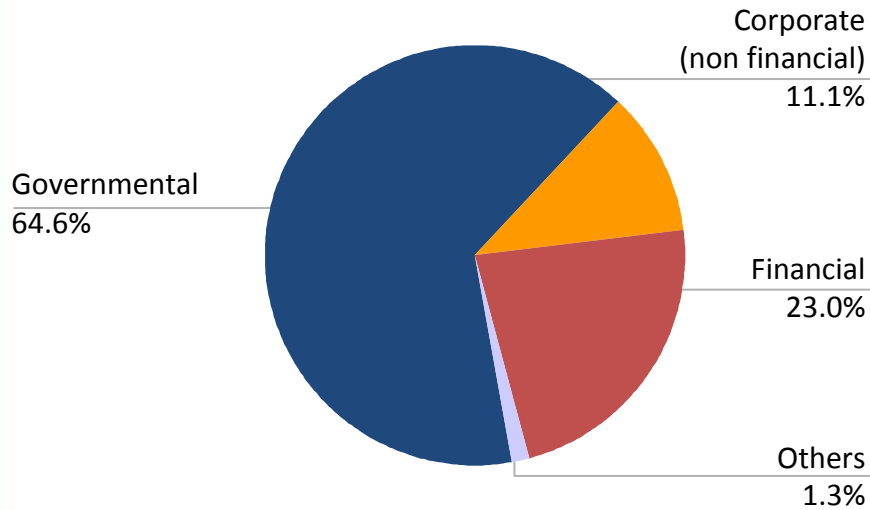
Appendices



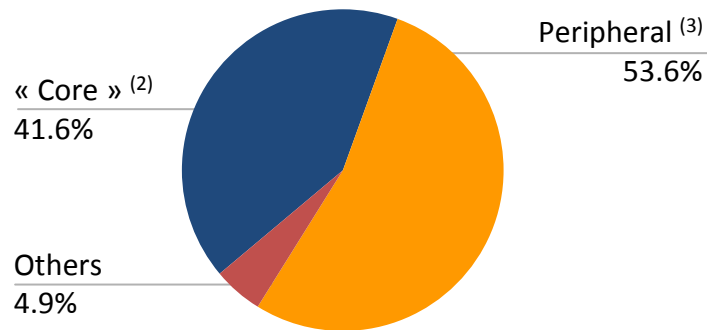


Bond portfolio at end 2010

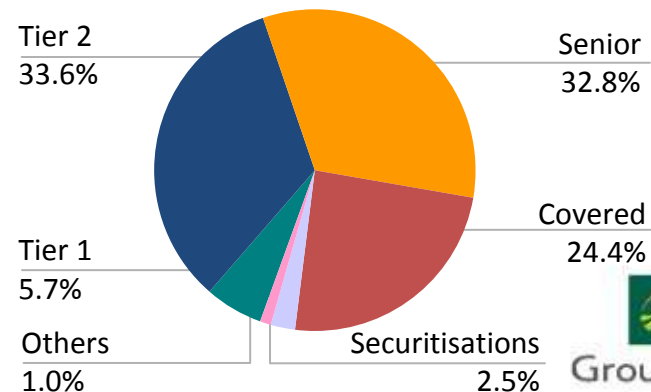
Bond portfolio breakdown ⁽¹⁾



Breakdown of "govies" by geographic area



Breakdown of financial bonds portfolio



⁽¹⁾ Market value

⁽²⁾ France, Germany, Netherlands

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





GIIPS exposure

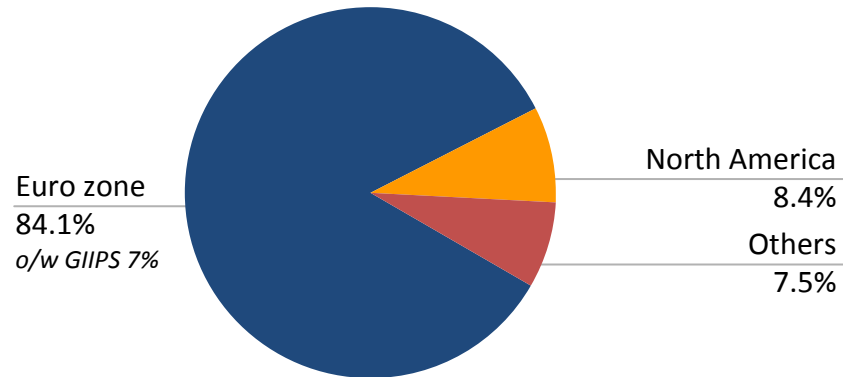
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<i>in € million</i>	Gross exposure		Unrealised capital losses (net of profit sharing and tax)
<i>31/12/2010</i>	Market value	% total bonds	
Portugal	1,027.1	2.0%	-54.9
Ireland	65.2	0.1%	-3.8
Italy	7,283.8	14.4%	-59.0
Greece	1,979.4	3.9%	-286.9
Spain	2,901.9	5.7%	-68.7
Total GIIPS	13,257.4	26.3%	-473.3

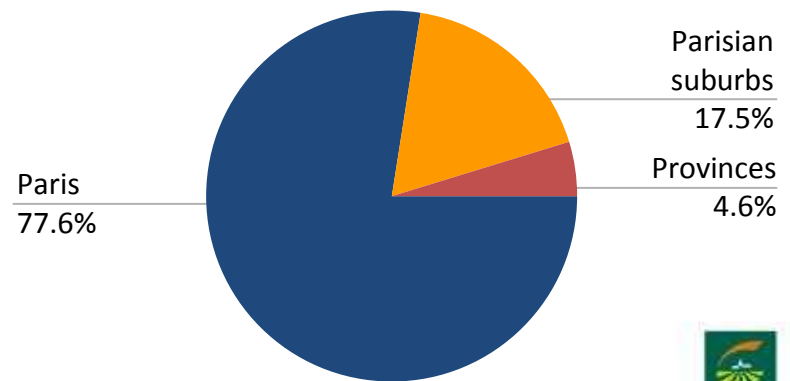
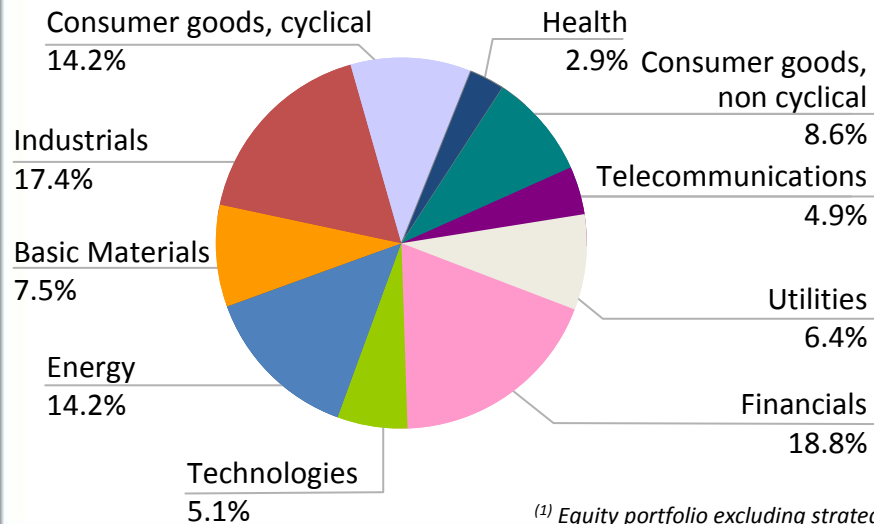
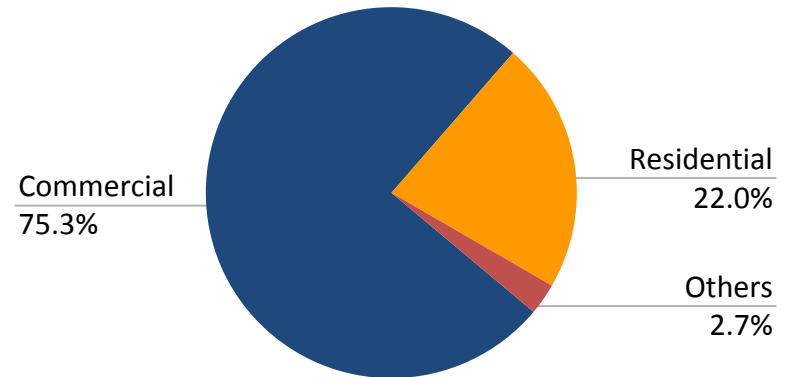


Equity & property investments portfolios at end 2010

Equity portfolio breakdown ⁽¹⁾



Real estate portfolio breakdown ⁽²⁾



⁽¹⁾ Equity portfolio excluding strategic shareholdings

⁽²⁾ France perimeter





Groupama's key figures: combined perimeter

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<i>In € million</i>	2009	2010	Change
Revenues	17,362	17,633	+1.6% (*)
Operating income ⁽¹⁾	275	39	-85.8%
Net income	620	398	-35.8%
P&C combined ratio	105.9%	104.9%	-1.0 pt
<i>Excluding storms ⁽²⁾</i>	<i>102.0%</i>	<i>102.6%</i>	<i>+0.6 pt</i>
Shareholders' equity	7,233	7,041	-2.7%
Solvency margin ⁽³⁾	180%	130%	-50 pts
Unrealised capital gains ⁽⁴⁾	3,291	1,304	-60.4%
Debt-equity ratio (excluding Silic)	22.8%	1.2%	-5.6 pts
ROE (excluding fair value adjustment) ⁽⁵⁾	9.3%	6.0%	-3.3 pts

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

⁽²⁾ Xynthia in 2010, Klaus & Quinten in 2009

⁽³⁾ According to Solvency I

⁽⁴⁾ Portions attributable to shareholders: €0,86bn in 2010 vs. €1,44bn in 2009

⁽⁵⁾ Calculated on average equity

(*) +1.6% on a reported basis and +2.3% like-for-like over 2009





Definitions

- ▶ 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.). 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.).
- ▶ 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.



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