

Annual results 2009

Presentation to the Press
17 February 2010



Groupama



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Jean-Luc Baucherel

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Jean Azéma

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Christian Collin

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Introduction

by Jean-Luc Baucherel





Groupama, a solid, innovating, dynamic group

- > **A very good year for the Group in difficult market conditions**
- > **Growth and profitability driven by our origins as a mutual insurer, our corporate governance and our values**
- > **Results that show up the validity of the strategic decisions taken by the Board**

2009 Key Events

by Jean Azéma





Difficult market conditions

2009

> **Economy:** recession in most countries where the Group operates

- Euro zone GDP: -4%
- Non-euro zone GDP: CEEC: -4.3%; Turkey: -6% (*est.*)

> **Financial markets:** relative improvement

- Equity markets picked up from Feb/March 2009 (CAC 40 in 2009 = +22.3%), but 2008 falls not regained
- Tighter credit terms (spreads) on the part of private issuers at end 2009

> **Insurance market:** claims experience up

- Surge in claims expense: France +10%* in 2009 (claims experience worsened in all branches, especially motor +8%*; household fire +15%*]...
- ...this includes non-recurring losses of €1.7bn* due largely to storm Klaus

(*FFSA figures for the French market)



Groupama's 2009 results

- > Excellent growth at Group level: **7.0% growth in premium income, to €17.4bn, of which 76% increase in Group insurance premium income and net inflows in savings/retirement up by more than +100% to 1,655 million euros**
- > Consolidated net profit of **€660m** for Groupama S.A., up by **more than 140%**
- > **2009 results, excluding exceptional storms, in line with the 2007-2009 Strategic Plan objectives**
- > **180% Group solvency margin**



2009: Excellent growth

	Group	Groupama S.A.
PREMIUM INCOME	€17.4bn +7.0% (reported basis) +4.8% (like-for-like basis)	€14.5bn +7.6% (reported basis) +5.0% (like-for-like basis)
France	€12.8bn +7.4% (reported & like-for-like basis)	€9.9bn +8.4% (reported & like-for-like basis)
International	€4.3bn +8.2% (reported basis) -0.2% (like-for-like basis)	€4.3bn +8.2% (reported basis) -0.2% (like-for-like basis)
Banking and financial activity	NBI €240m +27% €0.3bn in premium income -20% (reported & like-for-like basis)	NBI €240m +27% €0.3bn in premium income -20% (reported & like-for-like basis)

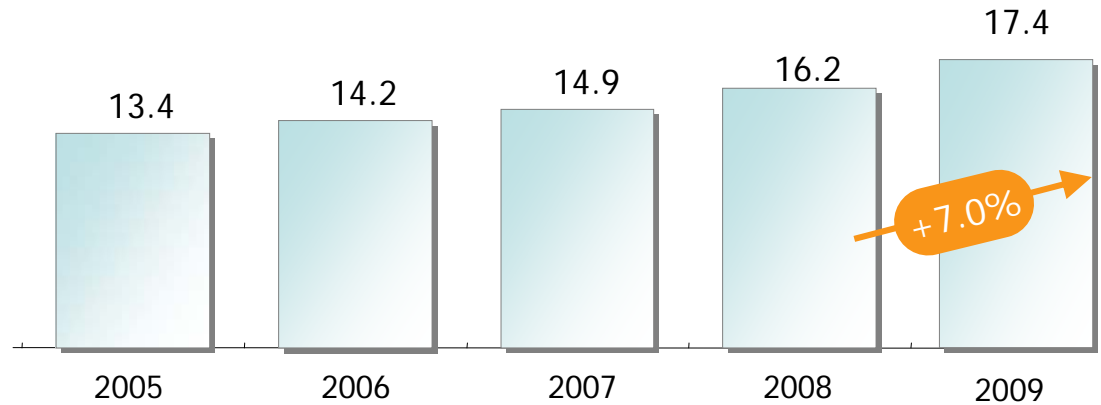




Long-term growth

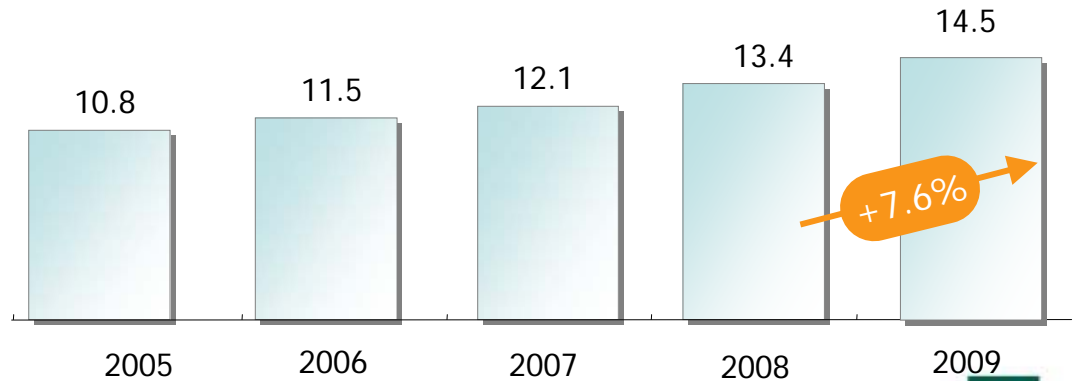
Group

Combined premium income (€ billion)



Groupama S.A.

Consolidated premium income (€ billion)





Groupama's 2009 results

Groupama S.A.	
Operating income impacted by overall increase in claims experience	€358m but €489m excluding exceptional storms
Property and Liability combined ratio	104.7% 101.4% <i>excluding exceptional storms</i>

Groupama S.A.	
Net profit up sharply with improved financial markets	€660m, i.e., +141.8%



Profit driven by...

- **Investments aimed at accelerating growth**
 - **Advertising campaigns**
 - **Innovation in products and services**
 - **Development of retail banking**
 - **Development of business with SME's and tradesmen**
 - **Investments in distribution: opening branches, multi-channel and direct selling (the Internet)**
 - **New partnerships and agreements in bancassurance**

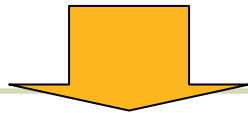
- **Improvements in operating performance**
 - **Realising synergies**
 - **Optimising workflows**
 - **Reducing costs**





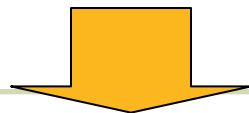
2007-2009: Targets achieved, except for impact of exceptional storms, despite a depressed environment

Premium income growth
7% p.a.
between 2005 and 2009



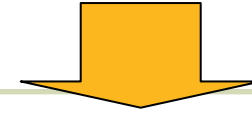
€17.4bn
in 2009
i.e., annual average
growth of **+6.6%**

Property & Casualty
combined ratio
stable at around **100%**
+ or - 2 points



102.0% in 2009

2005
operating income
X 3

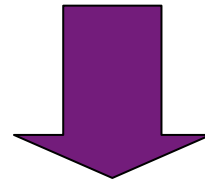


**€480m in 2009, i.e.,
X 3.1 since 2005**

(combined financial statements)



Financially sound



- > Group's statutory solvency margin has improved by 58 points as at 31.12.2009 over 31.12.2008: 180%

2009 Results and Balance Sheet

by Christian Collin

The financial statements of
Groupama S.A.



Groupama



2009: Strong profitability

Groupama SA key figures

(€ million)	Groupama SA consolidated figures	
Insurance premium income France	9,911	+8.4%
Insurance premium income International business	4,259	+8.2%
Asset management and Financial activities	289	-20.2%
TOTAL premium income	14,459	+7.6%
Operating profit⁽¹⁾	358	-36.2%
<i>Ex. storms Klaus and Quinten</i>	<i>489</i>	<i>-12.8%</i>
Combined ratio (Property and Casualty)	104.7%	+6.7 pts
<i>Ex. storms Klaus and Quinten</i>	<i>101.4%</i>	<i>+3.4 pts</i>
NET PROFIT	660	+141.8%
Shareholders' equity	4,572	+43.8%
Group statutory solvency margin	180%	+58 pts
Unrealised capital gains/losses⁽²⁾	2,691	X2.8
Debt-equity ratio (ex. Silic)	31.4%	-9.1 pts
ROE (ex. fair value effect)⁽³⁾	16.9%	+4.7 pts

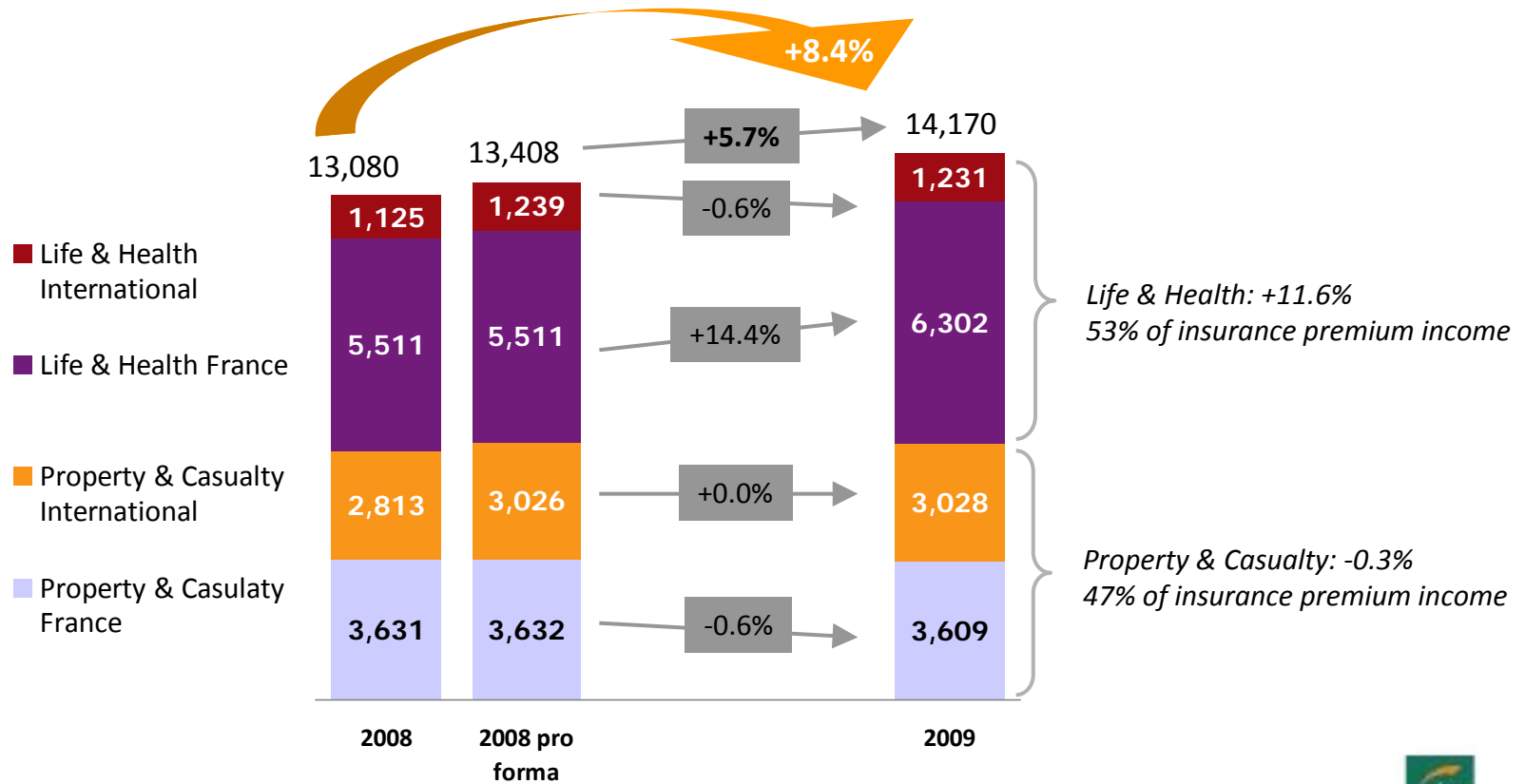
(1) Profit from operations

(2) Portion attributable to the shareholders': €0.97bn in 2009 compared to €0.33bn in 2008

(3) On average shareholders' equity

Insurance premium income up +8.4%

Breakdown of premium income in € million

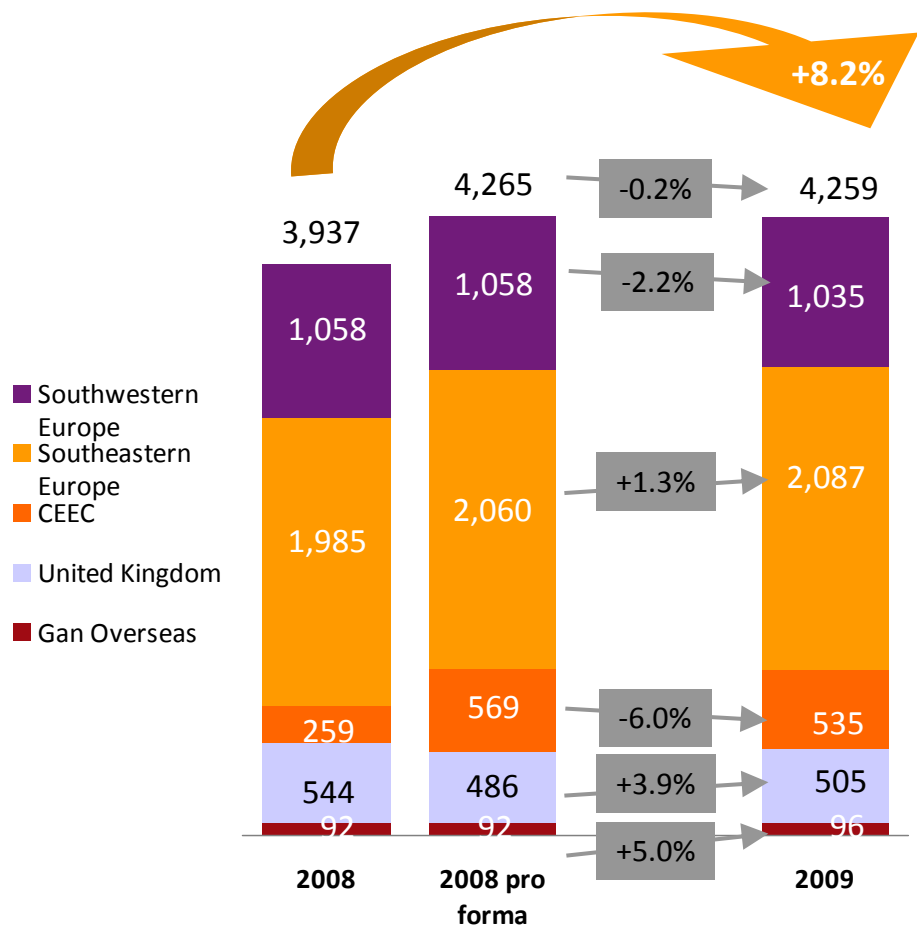


2008 pro forma calculated on like-for-like 2009 consolidation and exchange rate basis



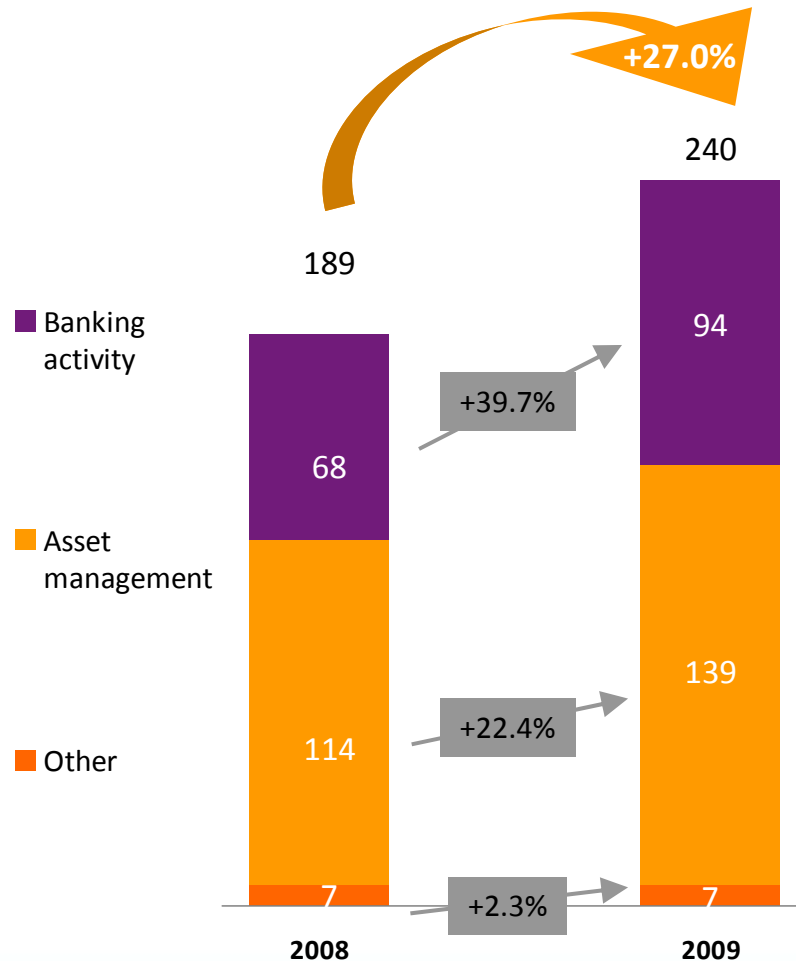
Stable premium income on international business in a climate of crisis

Breakdown of insurance premium income by geographic area (€ million)

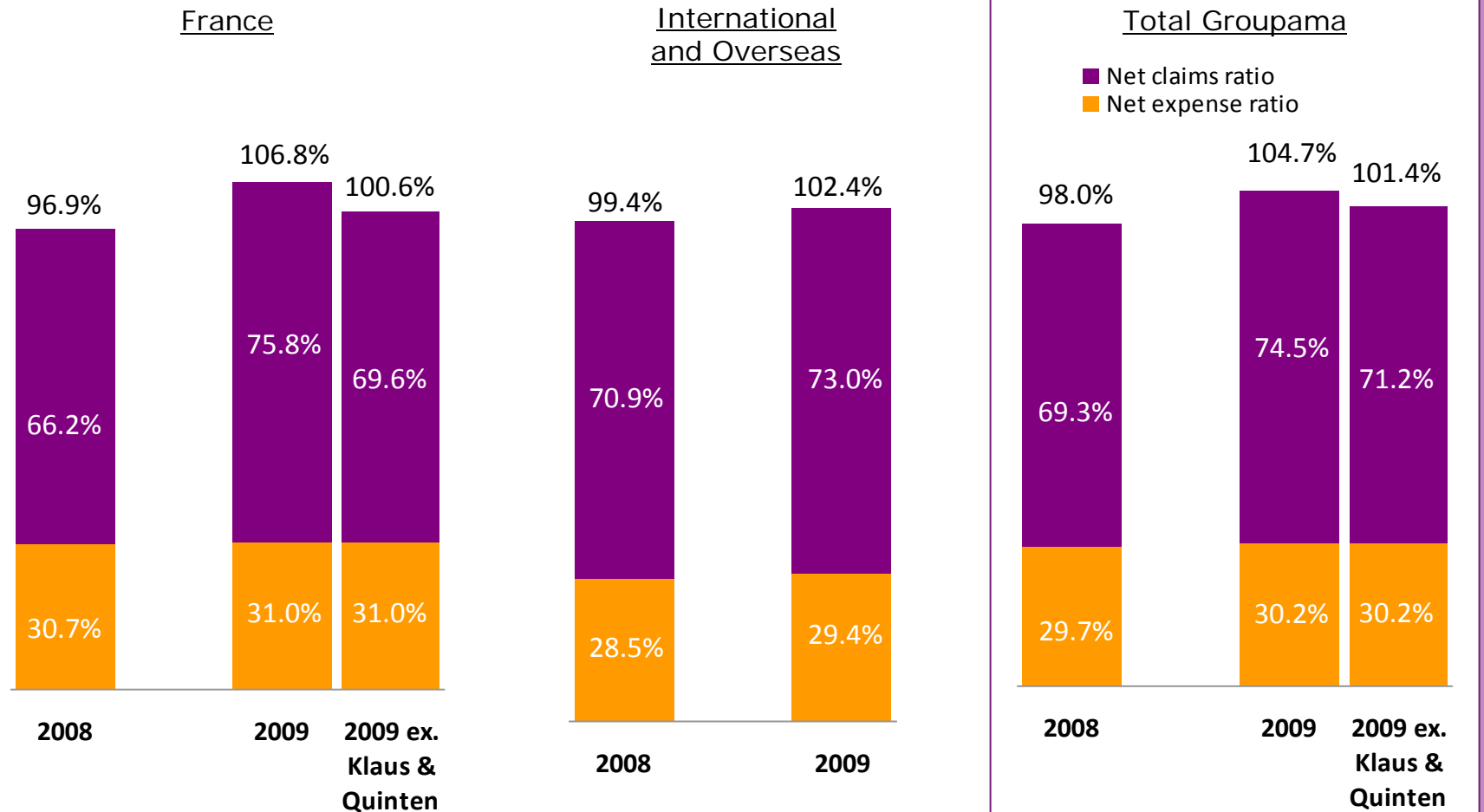


Strong growth in Net Banking Income in our finance businesses

Breakdown of net banking income (€ million)



Property & Casualty combined ratio⁽¹⁾, excl. storms, on target



1) Combined ratio = (net claims incurred + operating expenses)/net earned premiums

Significant improvement in Life & Health profitability

Profitability up significantly

€ million	2009	2008	Change
European Embedded Value (EEV)	4,176	2,779	+50.2%
New Business Value (NBV)	75.3	41.0	+83.5%
APE (10% of the single premiums and 100% of the regular premiums)	739.2	555.3	+33.1%
NBV/APE	10.2%	7.4%	+2.8 pts
NBV/PVNB ⁽¹⁾	1.2%	1.0%	+0.2 pt

⁽¹⁾ PVNB⁽¹⁾: current value of the future premiums generated by the new business

Competitive profit sharing rates

- ▶ Significantly above those offered by regulated products ("Livret A" savings account: 1.25%)
- ▶ True across all products

Higher efficiency

Creation of Groupama Gan Vie

- ▶ Management platforms organised by product line
- ▶ Optimum cost control



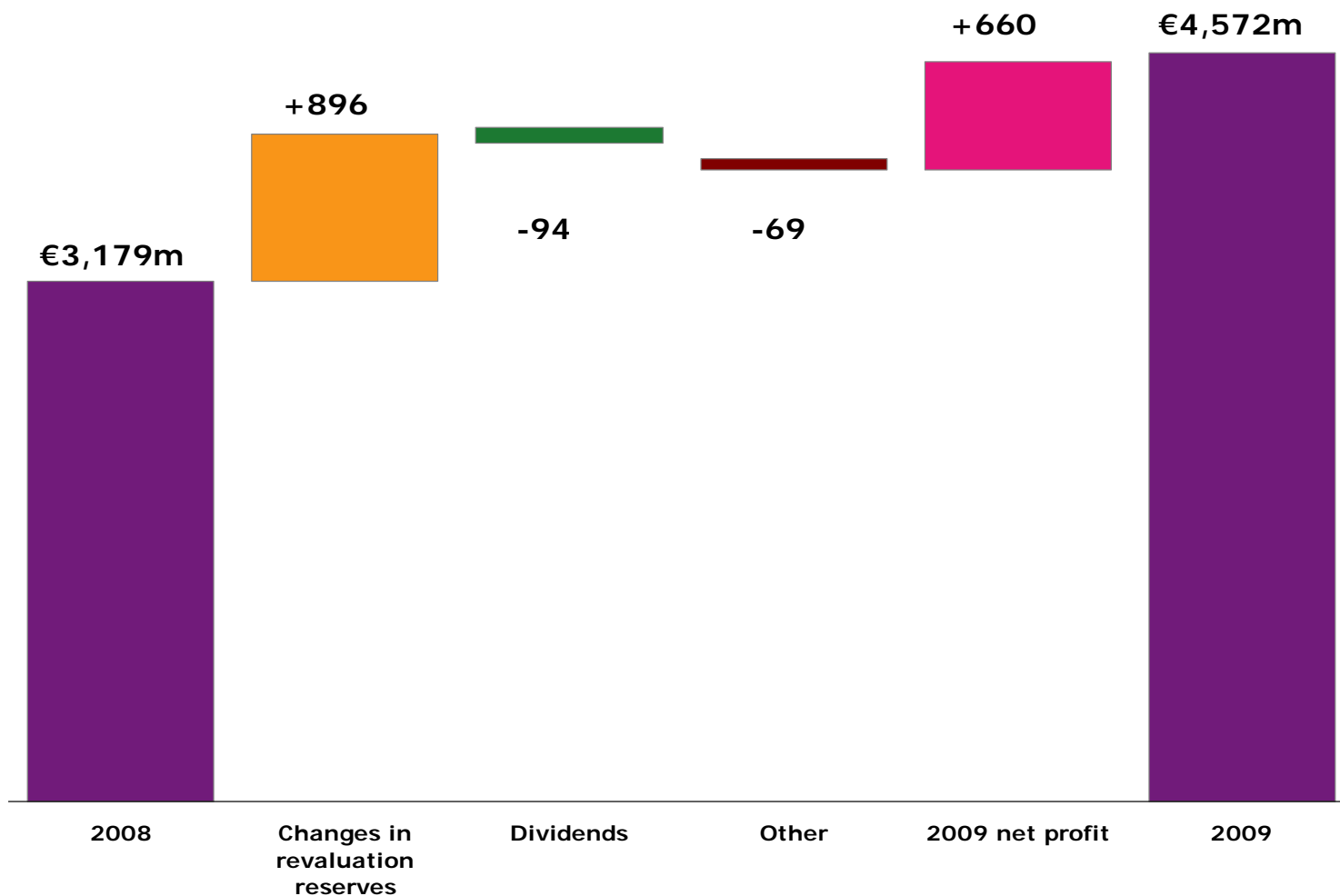
Strong increase in net profit: +142%

€ million	2007	2008	2009	Change
Operating profit before storms ⁽¹⁾	375	561	489	-12.8%
Storms Klaus and Quinten	-	-	-131	-€131m
Operating profit ⁽¹⁾	375	561	358	-36.2%
Net realised capital gains ⁽²⁾	484	34	520	+€486m
Impairment losses on financial instruments ⁽²⁾	0	-138	-22	+€116m
Gains or losses on financial assets booked at fair value ⁽²⁾	14	-147	17	+€164m
Other income and expenses	-80	-37	-214	-€177m
Net profit	793	273	660	+141.8%

⁽¹⁾ Profit from operations

⁽²⁾ After profit-sharing and corporate income tax

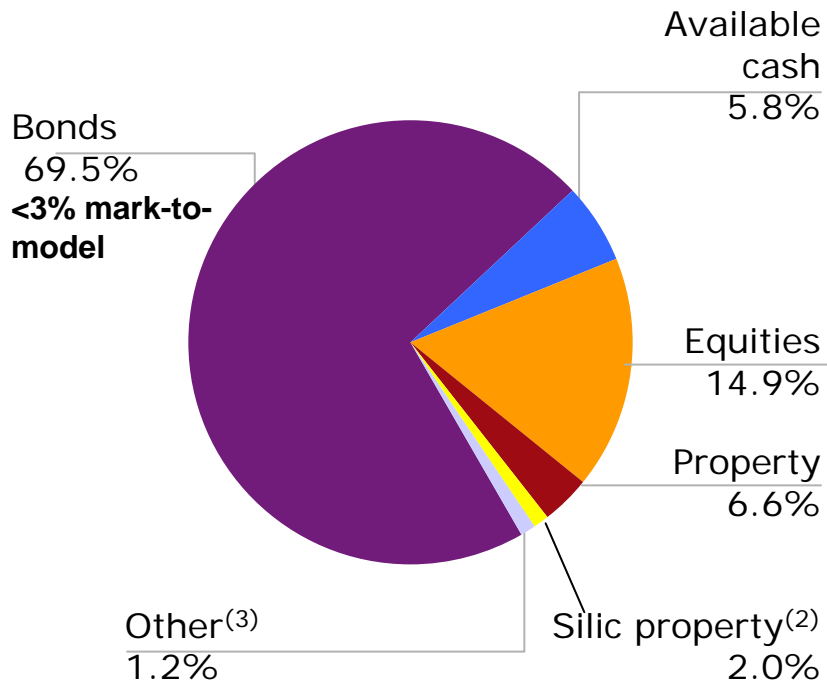
Significant strengthening of shareholders' equity: +44%



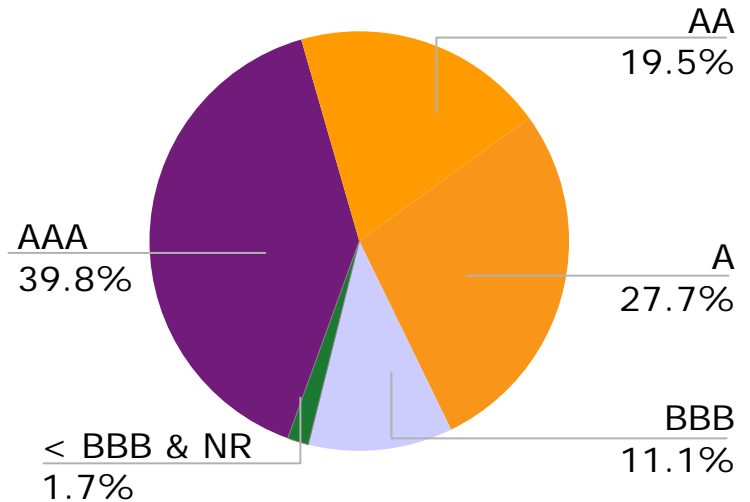


A sound and highly liquid asset portfolio

Asset portfolio breakdown⁽¹⁾



Bond portfolio breakdown⁽⁴⁾



(1) At market value, ex. unit-linked

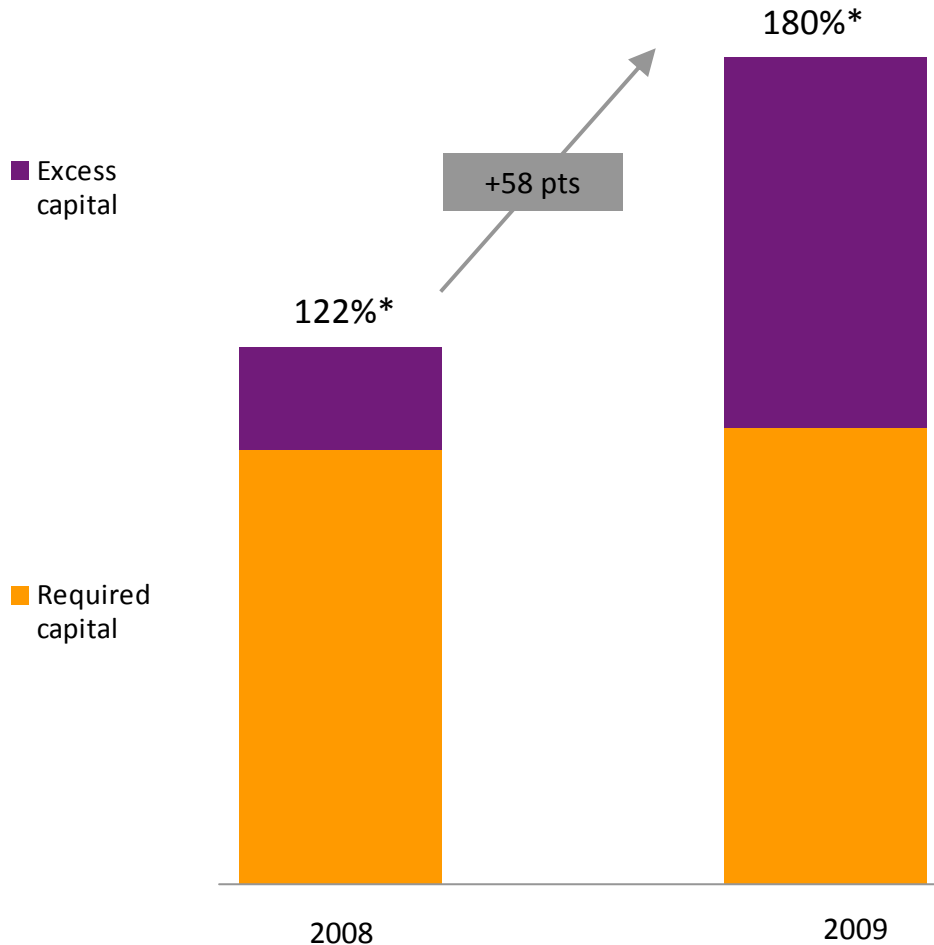
(2) Silic property for group share, i.e., 43.72%

(3) "Other" includes derivative products and loans

(4) Market values



Statutory solvency margin strengthened



- ▶ Solvency I up 58 points at end December 2009
- ▶ Excess capital up:
 - positive impact of results
 - increase in unrealised capital gains admissible in the calculation of the solvency margin

* The margin coverage ratios before future profits were 111% and 168% for 2008 and 2009 respectively



Heightened financial flexibility

Optimised management of hybrid debt

- Redeemable subordinated bond (TSR) issued in October 2009 for an amount of €750m
 - Taking advantage of a market window
- Early redemption of the 1999-2029 TSR on 22 January 2010

Lowering of indebtedness

- Group debt reduced at 31/12/2009:
 - Debt ratio⁽¹⁾: -9.1 pts at 31.4% (vs. 40.5% in 2008)
 - Total amount of financing debt = €1,885m
 - Ex. 1999-2029 TSR redeemed on 22/01/2010
 - €1,245m of subordinated debt in the form of bonds⁽²⁾
 - €1,000m line of credit with €640m drawn down
 - Strong decrease in short term debt:
 - Repayment of a €200m credit facility in January 2010

Increased shareholders' equity

- 44% increase in shareholders' equity between 2008 and 2009

⁽¹⁾ Ex. Silic debt

⁽²⁾ In addition, GSA issued on perpetual deeply subordinated bond (TSSDI) in October 2007 for €1bn, which is accounted as shareholders' equity instrument under IFRS

Outlook

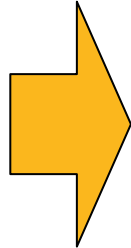
by Jean Azéma





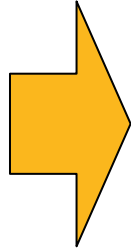
A strategy to fit our reaffirmed ambitions

**Group
long-term
goal**



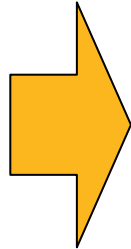
Maintain our independence, secure our lasting future and provide the best service at the best prices for our members and customers

Ambition



Become one of the top 10 insurers in Europe by 2012

Strategy



- Increase growth in France
- Implement successful international development
- Reinforce profitability and operating efficiencies

**Objectives
and
resources**



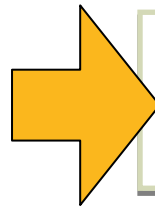
*Strategy to be put in place through:
the three-year strategic plan*



2010-2012 plan to implement Group strategy

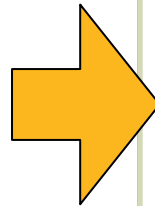
Our objectives in figures, ex. exceptional events

**Pursue
our organic growth**



Group Premium income: **+6% p.a.**
(CAGR 2009-2012)

**Maintain a high level
of operating
profitability
to finance our growth**



P&C Combined ratio stable at around **100%**
+ or - 2 points

Group operating income: **€700m** in 2012





2010 objectives in line with the 2010-2012 three-year plan

- **Accelerate organic growth**
 - Develop life and health insurance in France and abroad
 - Consolidate property insurance in France
 - Diversify our foreign distribution networks
 - Recruit 1,200 sales staff in France and 1,000 abroad
- **Improve operating performance**
 - Continue with the roll-out of the APOGEE programme in France and abroad
 - Bring shared service centres in-house
 - Develop intra-group workforce mobility
 - Mobilise staff: 2010 group barometer, *Groupama Demain 3* seminar
- **Maintain our level of profit and solvency margin**
 - Reinsurance programme and technical control
 - Continue to adapt our asset allocation to Solvency 2 requirements
- **Finalise the Group preparation for Solvency 2**
 - Participate in the QIS5 test in 2010
 - Deploy internal models
 - Update governance and IT systems

Conclusion

- 2009 was a year that confirmed our performance, in terms of growth and profitability, despite difficult market conditions
- And which confirms our sound finances and the soundness of our strategy

Groupama keeps its course



Groupama key figures (combined financial statements)

(€ million)	2008	2009	Change
Premium income	16,232	17,362	+7.0% ^(*)
Operating profit ⁽¹⁾	661	275	-58.4% ^(**)
<i>Ex. storms Klaus and Quinten</i>		480	-27.4%
Net profit	342	620	+81.3%
Combined ratio (Property & Casualty)	98.7%	105.9%	+7.2 pts
<i>Ex. storms Klaus and Quinten</i>		102.0%	+3.3 pts
Shareholders' equity	5,562	7,233	+30.0%
Solvency margin ⁽²⁾	122%	180%	+58 pts
Unrealised capital gains/losses ⁽³⁾	1,161	3,291	X2.8
Debt ratio (ex. Silic)	28.3%	22.8%	-5.5 pts
ROE (ex. fair value effect) ⁽⁴⁾	9.2%	9.3%	+0.1 pts

⁽¹⁾ Profit from operations

⁽²⁾ On Solvency I basis, including partial inclusion of Life insurance future profits

⁽³⁾ Portion attributable to the shareholders: €1.44bn in 2009 vs. €0.44bn in 2008

⁽⁴⁾ On average shareholders' equity

^(*) +7.0% on a reported basis and +4.8% like-for-like over FY 2008

^(**) Impact of storms: -€205m