

Groupama – Credit Update

March 2011

The 15 key questions



Groupama



What are Groupama's key figures ?

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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%	17.2%	-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

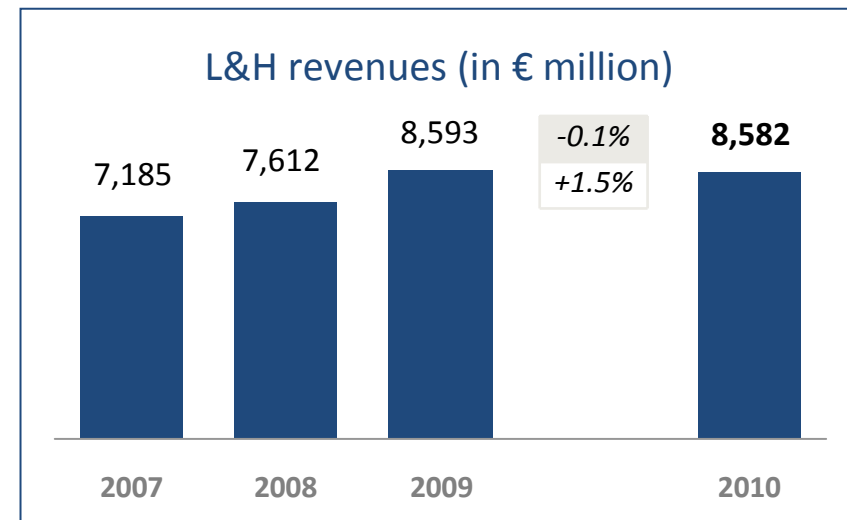
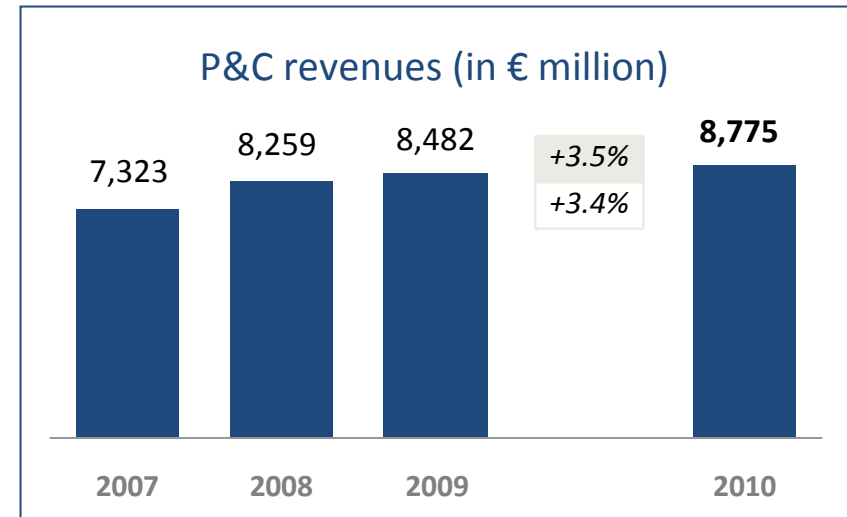
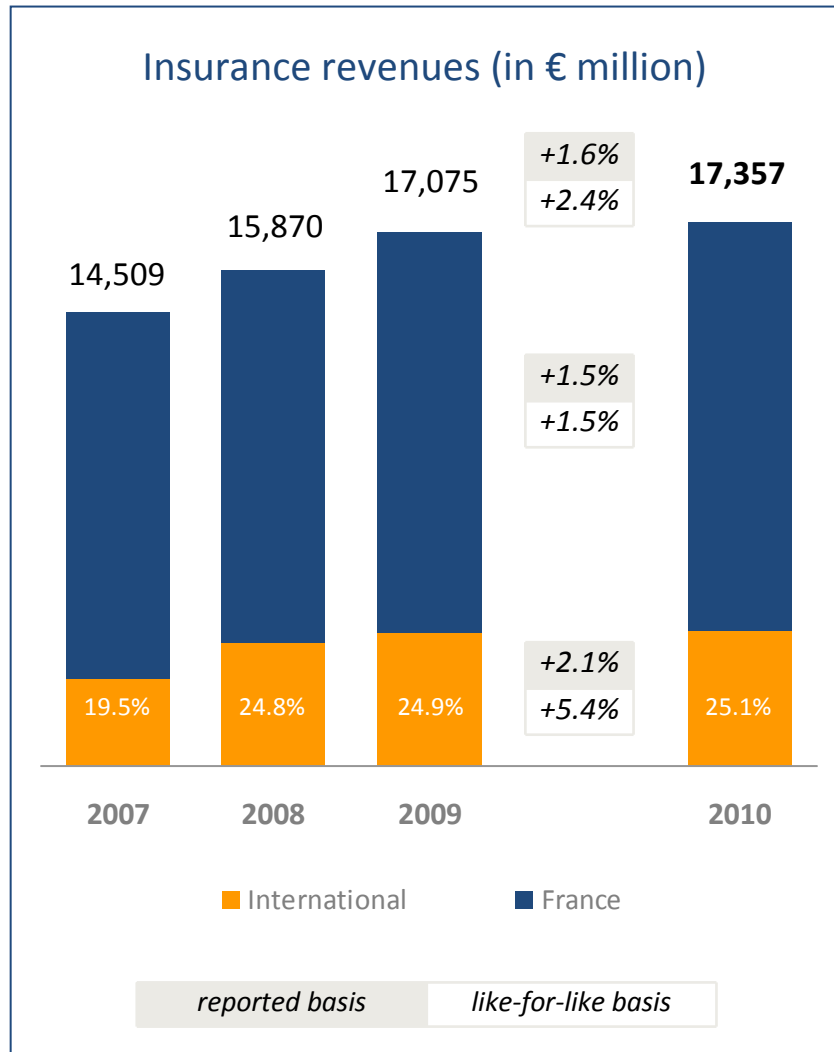
(*) +1.6% on a reported basis and +2.3% like-for-like over 2009





How did your business perform in P&C and L&H ?

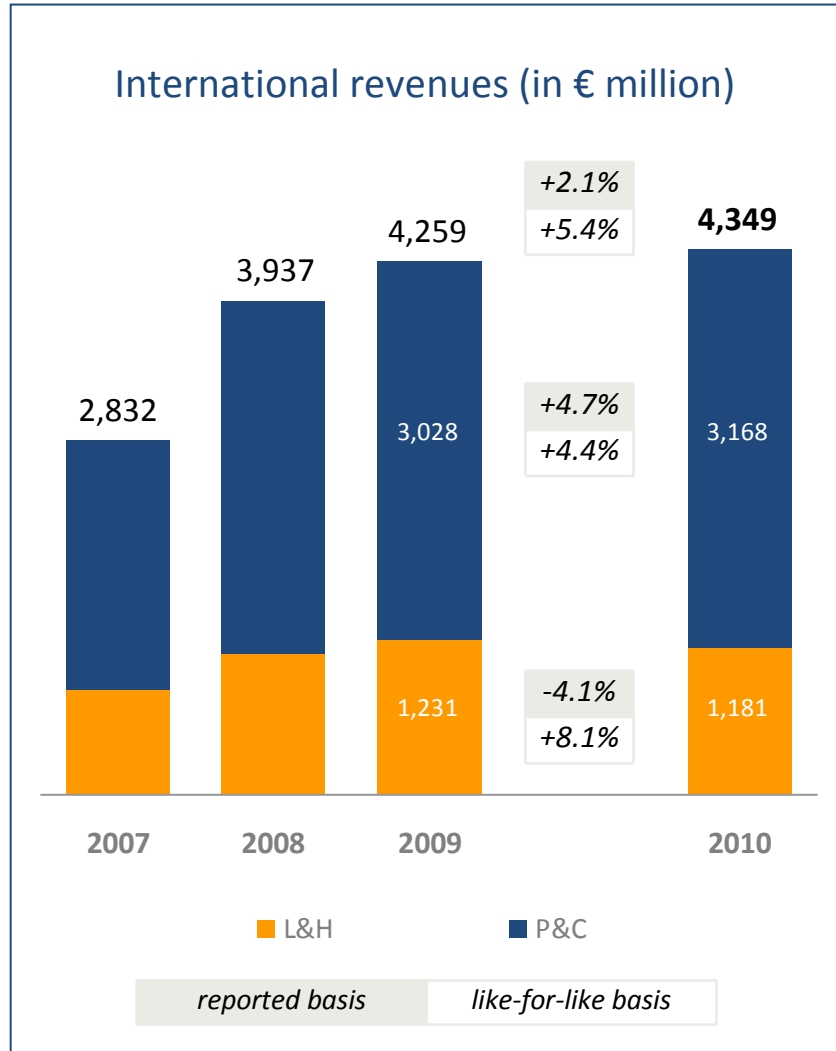
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How did your international subsidiaries perform ?

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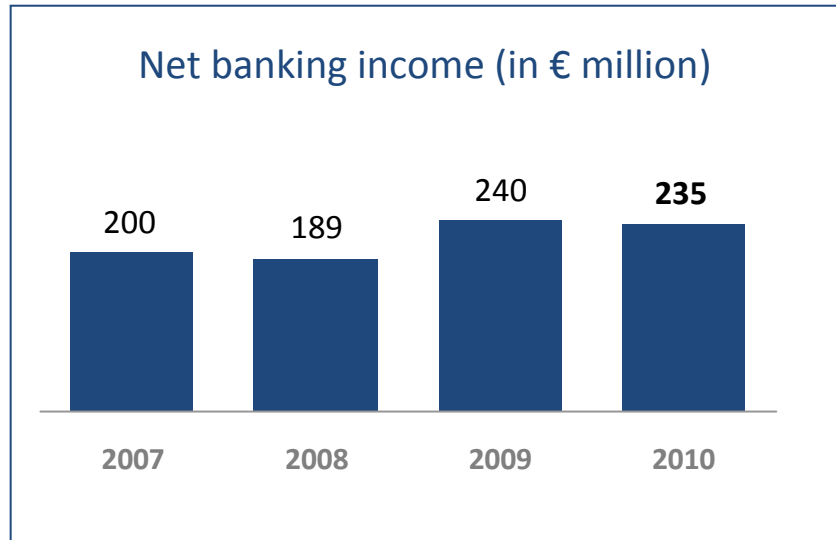
Revenues in € million	2009	2010	Reported basis	Like-for-like basis
Southwest Eur.	1,035	1,080	+4.3%	+4.3%
Southeast Eur.	2,087	2,073	-0.7%	+7.4%
CEEC	535	546	+2.1%	+0.7%
United Kingdom	505	549	+8.6%	+4.6%
Gan overseas	96	101	+5.6%	+5.6%
Total International	4,259	4,349	+2.1%	+5.4%

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





How did your financial subsidiaries perform ?



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

⁽¹⁾ Retail bank

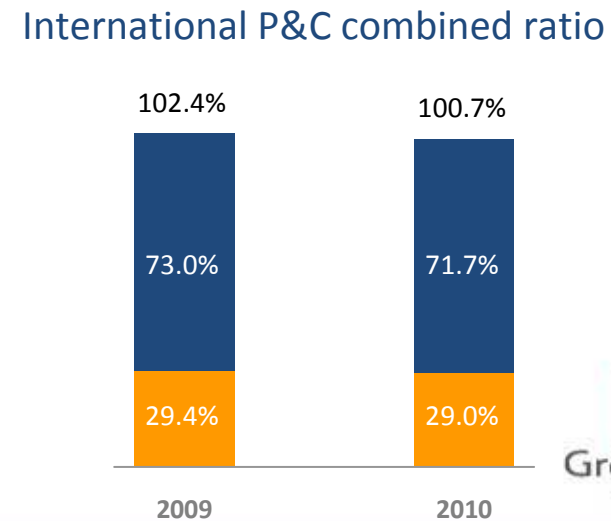
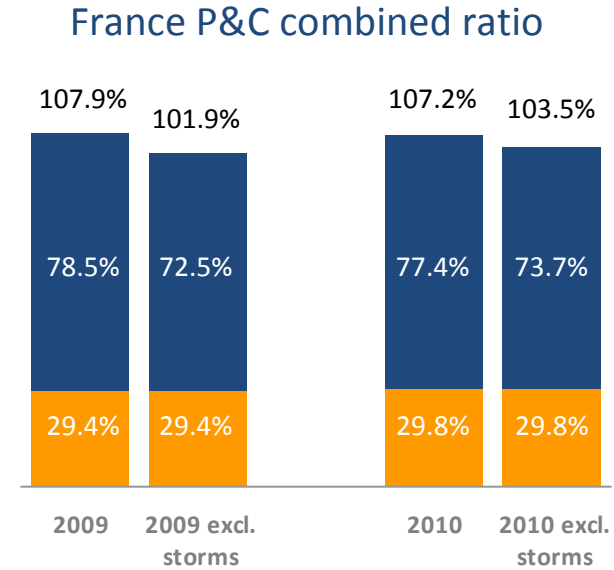
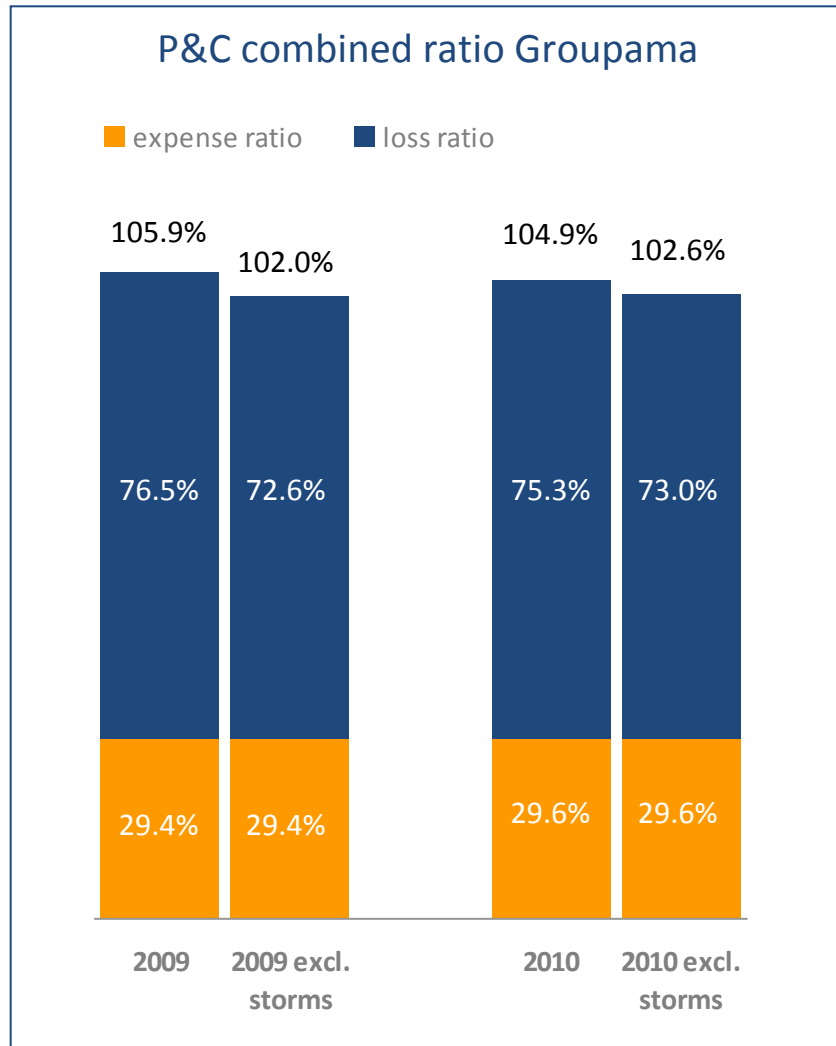
▶ Groupama Asset Management

- €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

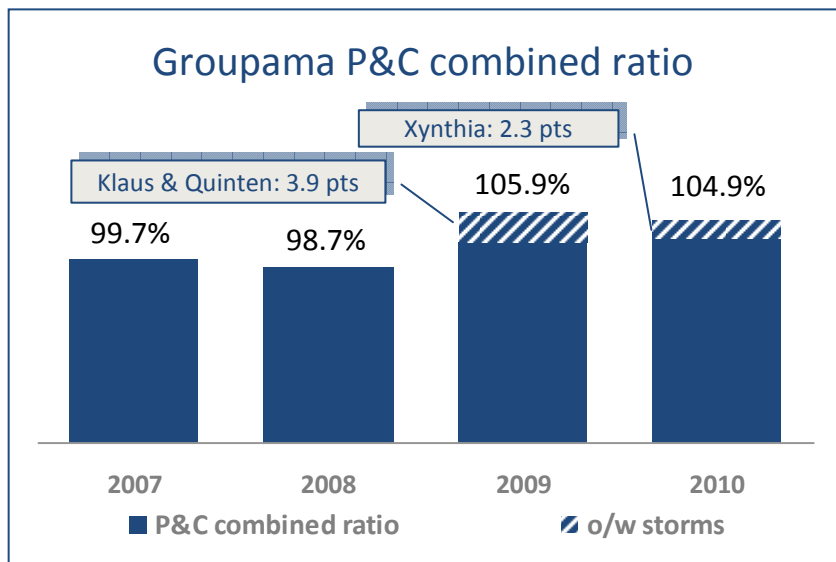
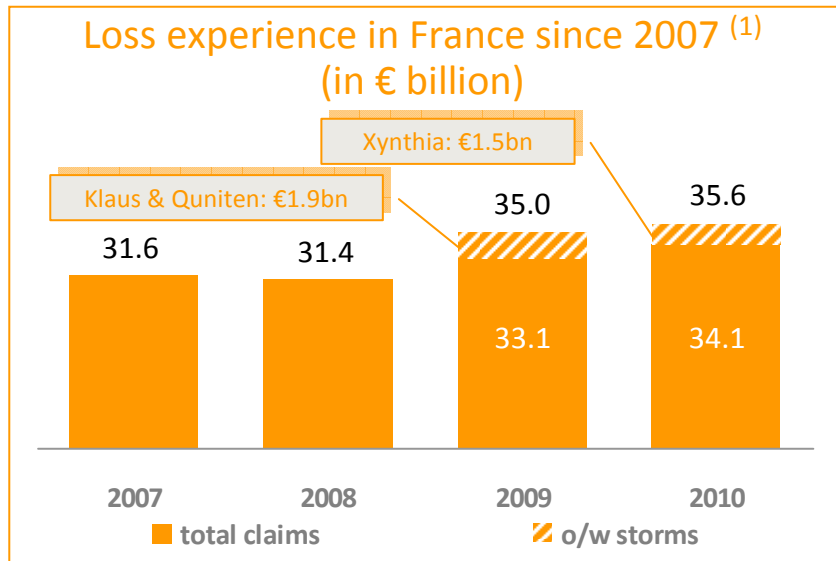




Could you give details of your P&C combined ratio ?



What were the impacts of the climatic events ?



- ▶ 2 last years severely impacted by weather-related events:

In € million	Gross	Net of reinsurance	After tax
Klaus & Quinten	416	309	204
Hailstorms (May)	41	41	27
Flood in Turkey	17	15	10
Total impact in 2009	474	365	241
Snowstorms (January)	39	27	18
Xynthia	247	195	129
Flood in Var (South of France)	91	46	30
Hailstorms (June & July)	34	34	22
Snowstorms (Nov. & Dec.)	26	26	17
Flood in Hungary	20	18	12
Total impact in 2010	457	346	228



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



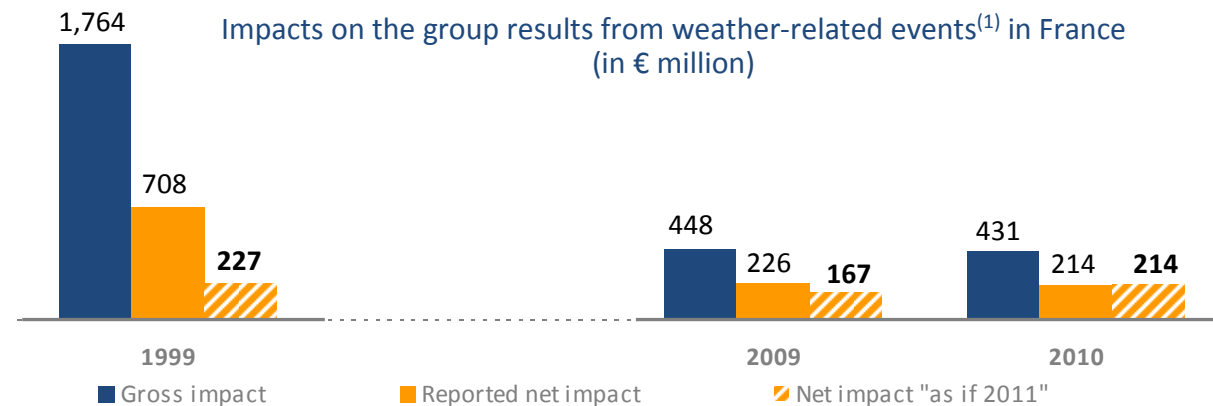
Is your reinsurance programme efficient ?

2011 renewal

- ▶ Stable reinsurance budget
- ▶ Strengthening of cover capacity

- ▶ 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
- ▶ Illustration: reinsurance coverage « as if 2011 »







Storm coverage for France



⁽¹⁾ Storms Lothar, Martin, Klaus, Quinten and Xynthia, severe weather-related events (hailstorms, snowstorms) and floods



In non life what are your 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

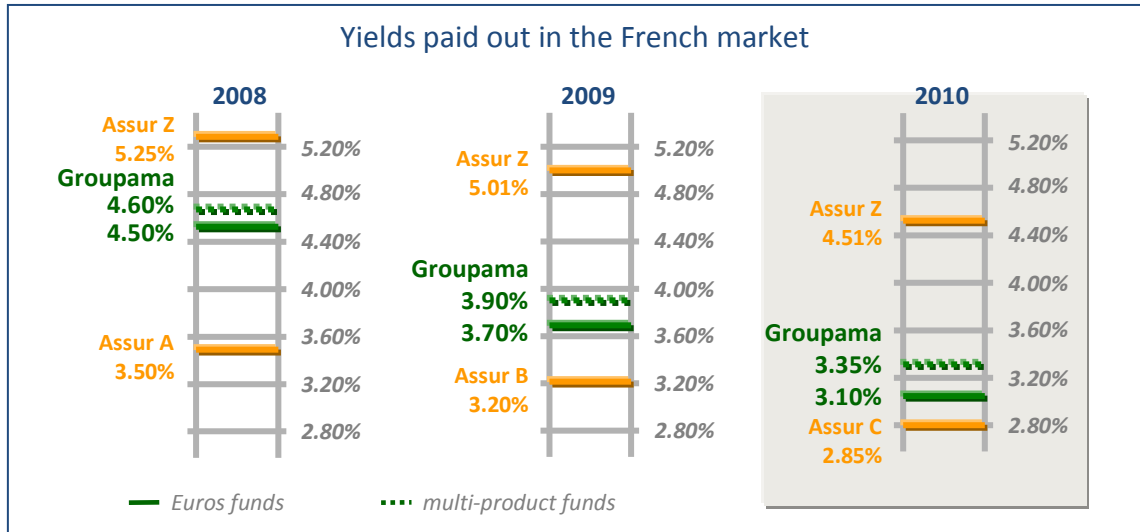
- ▶ MTP: termination of 52 significant car fleet contracts, 7% of the portfolio value
- ▶ Casco: termination of 33 car fleet contracts, % of the portfolio value
- ▶ MRH: cancellation of 3-to-4-claim policies, 1% to 2% of the portfolio value

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

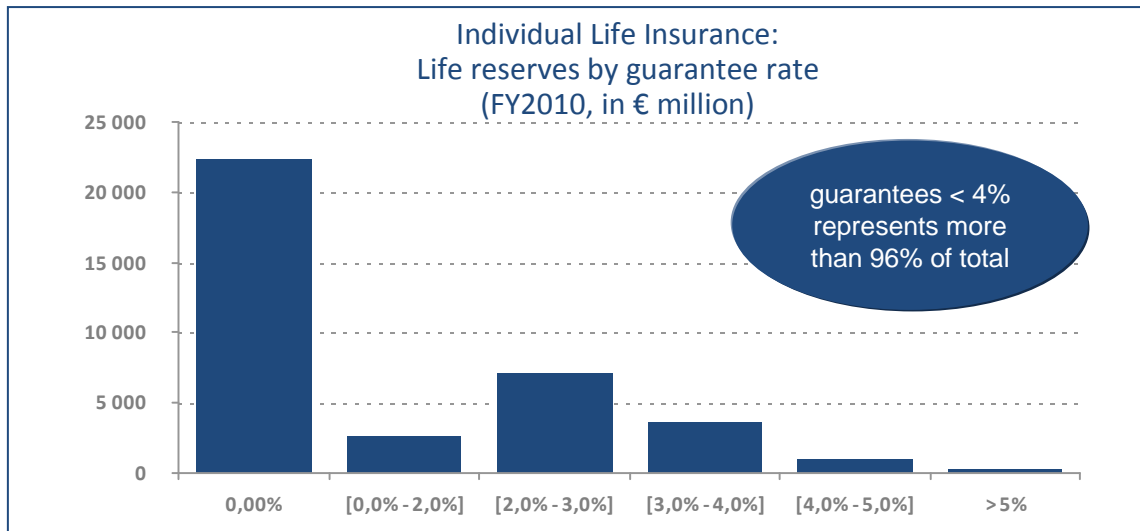


Any wiggle room in Life ?

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

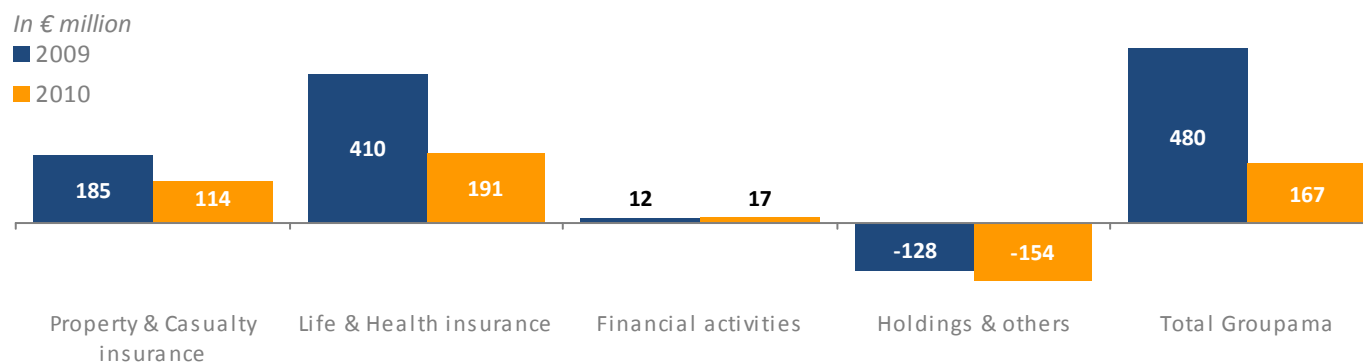


- ▶ Average guarantee rate on total Life reserves: 1.56%



What are the results in 2010 ?

- ▶ Operating profit (1) of €167m excluding impact of Xynthia



- ▶ Net profit of €400m

In € million	2009	2010	change
Operating profit⁽¹⁾ excluding storms⁽²⁾	480	167	-65.2%
Storms ⁽²⁾	-205	-128	n/a
Operating income⁽¹⁾	275	39	-85.8%
Net realised capital gains ⁽²⁾	565	265	- €300m
Impairment losses on financial instruments ⁽²⁾	-28	-111	- €83m
Gains or losses on financial assets booked at fair value ⁽²⁾	33	-5	- €38m
Other income and expenses	-225	210	+ €435m
Résultat net	620	398	-35.8%

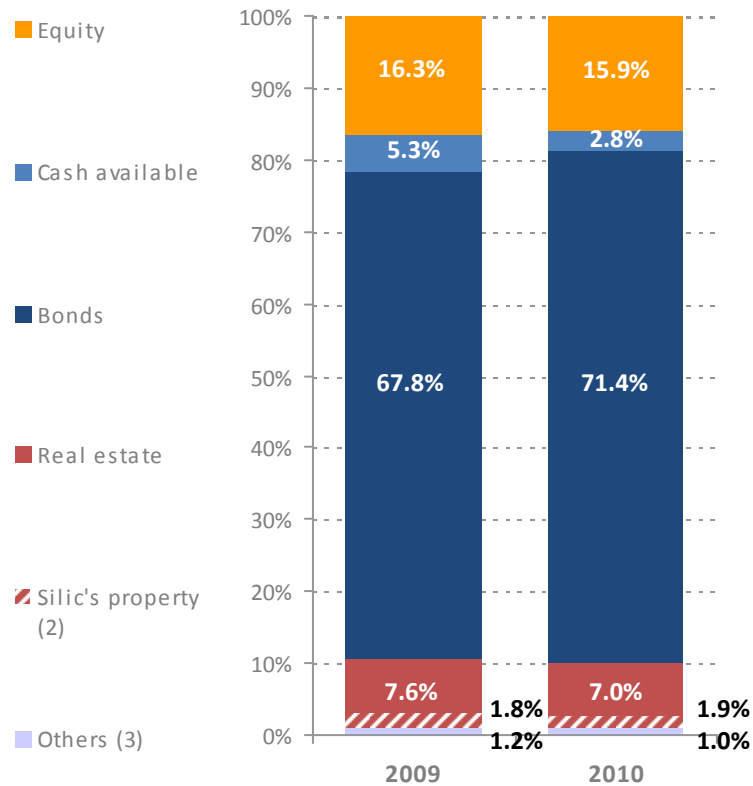
⁽¹⁾ profit from operations (cf. definition in appendices) ⁽²⁾ Xynthia in 2010, Klaus & Quinten in 2009 ⁽³⁾ after profit sharing and tax





What is your 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% 	↘	

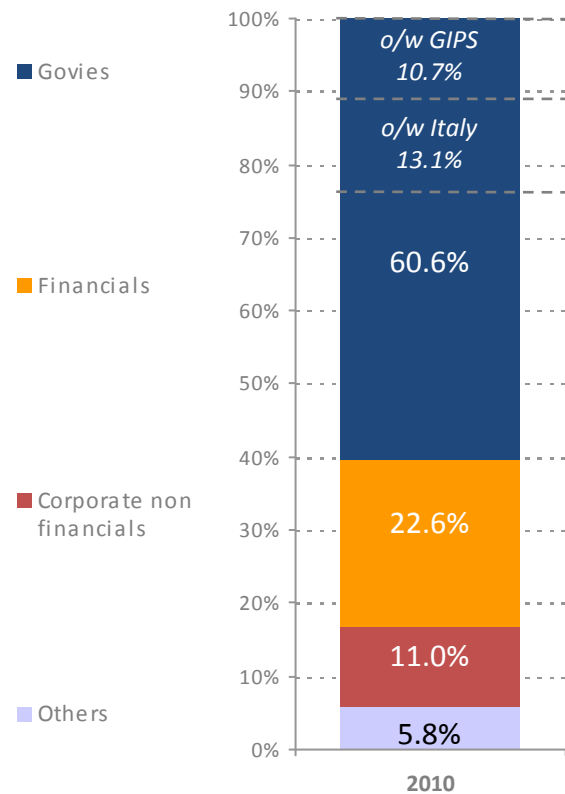
(1) Market value excluding unit linked and minorities
 (2) Silic's property up to Groupama's shareholding, 42,36%
 (3) Loans & receivables, ...





What is your GIIPS exposure ?

Bond portfolio breakdown (1)

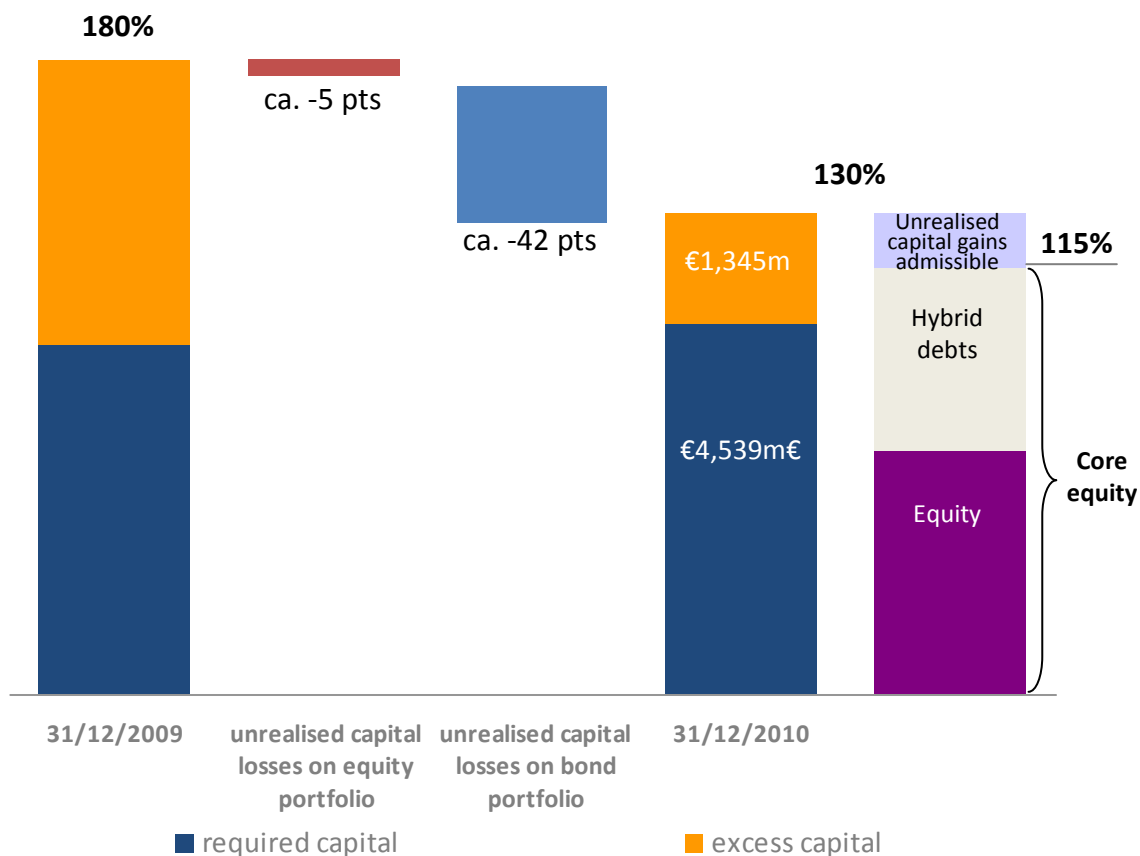


in € million 31/12/2010	Gross exposure		Unrealised capital losses (net of profit sharing and tax)
	Market value	% total bonds	
Portugal	1,074.1	1.9%	-58.2
Ireland	68.9	0.1%	-4.5
Greece	2,011.2	3.5%	-292.7
Spain	2,950.0	5.2%	-70.4
Total GIPS	6,104.2	10.7%	-425.8
Italy	7,436.9	13.1%	-59.3
Total GIIPS	13,541.1	23.8%	-485.1

(1) In market value

What is your Solvency I level ?

Change in statutory solvency margin



► What is the breakdown by asset of the unrealised capital gains ?

31/12/2010 GROUPAMA	
<i>In € billion</i>	Unrealised capital gains (gross amount)
Bond portfolio	-1.8
Equity portfolio	-1.0
Real estate	+4.1





What decisions will you make regarding your debt instruments ?

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	TSDI (Tier 2)	TSSDI (Tier 1)	TSR (Lower Tier 2)
ISIN	FR0010208751	FR0010533414	FR0010815464
Maturity (Call)	Perp (2015)	Perp (2017)	2039 (2019)
Coupon	4.375%	6.298%	7,875%
Step-up	3m Euribor + 225 bp	3m Euribor +260 bp	3m Euribor + 536 bp
Compulsory interest payment	Solvency margin level > 150% Dividend payment, payment of any nature in respect of any debt securities ranking junior to the Notes, redemption or repurchase of any class of share capital	Dividend payment, repurchase of any share capital, ... Optional non-payment of interest to allow the issuer to ensure the continuity of its activities without weakening its financial structure	Dividend payment, payment of any nature in respect of any debt securities ranking junior to the Notes, redemption or repurchase of any class of share capital
	Unless: solvency margin level < 100%		Unless: solvency margin level < 100%
Mandatory non-payment of interest		Solvency margin level < 100%	
Loss absorption	No	Yes	no

- ▶ Groupama intends to pay the coupons on each and every payment dates
- ▶ The Board of Directors of Groupama SA, meeting on 15 February 2011, made a proposal to pay a dividend to be approved during the General Meeting, which will be hold on 25 May 2011



2012 in sight, what are the priorities ?

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

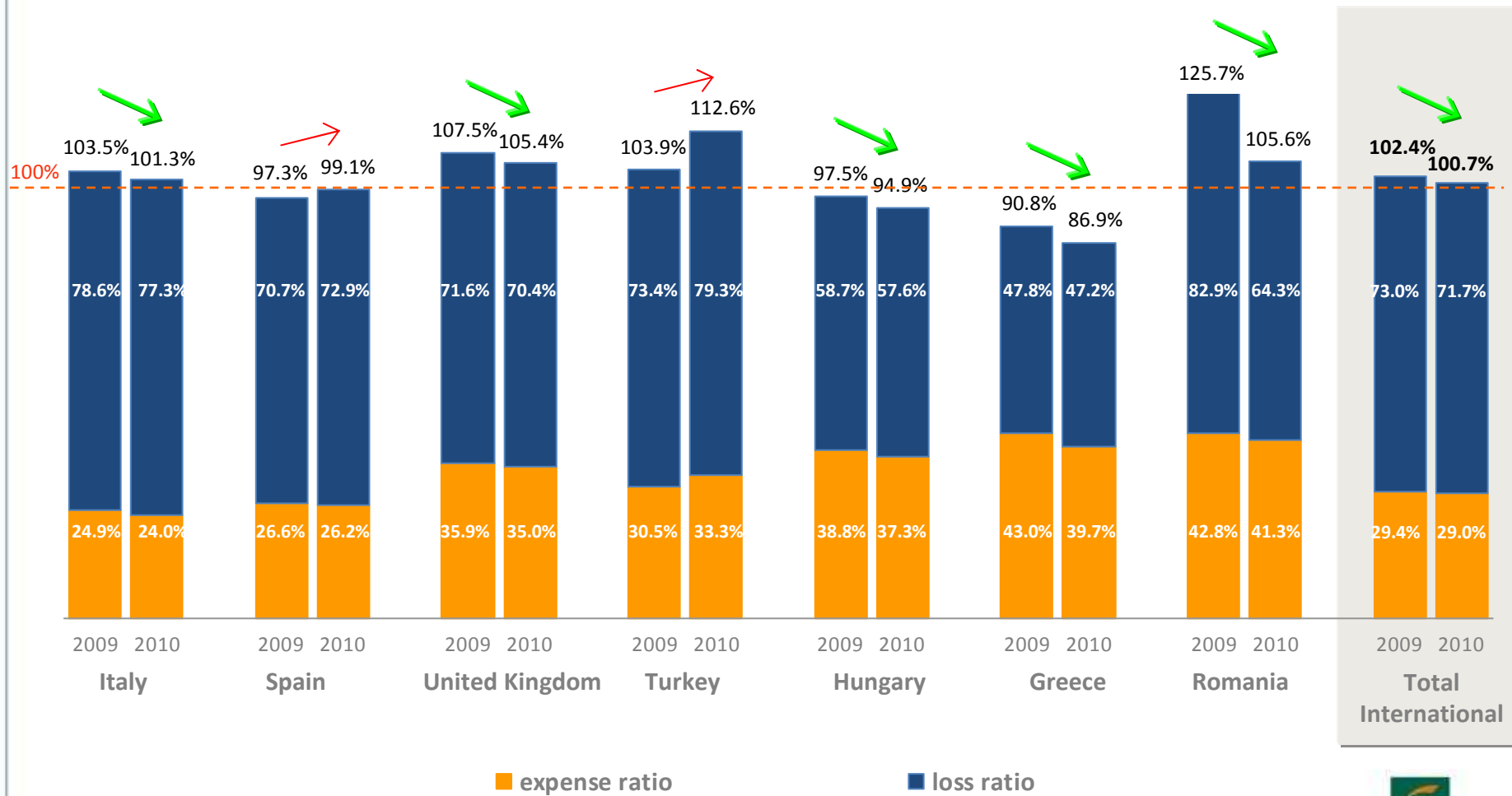
- ▶ IPO
- ▶ Solvency II (01/01/2013)

A photograph of three business professionals (two men and one woman) sitting around a table in a modern office setting, engaged in a meeting. They are looking at documents and talking. The background shows large windows and office architecture. A yellow horizontal bar is overlaid on the top half of the image, containing the text. A white rectangular outline is also present in the upper right area of the image.

Supplementary questions & appendices



What are the combined ratios of your international subsidiaries ?



■ expense ratio

■ loss ratio





What are your EEV results 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

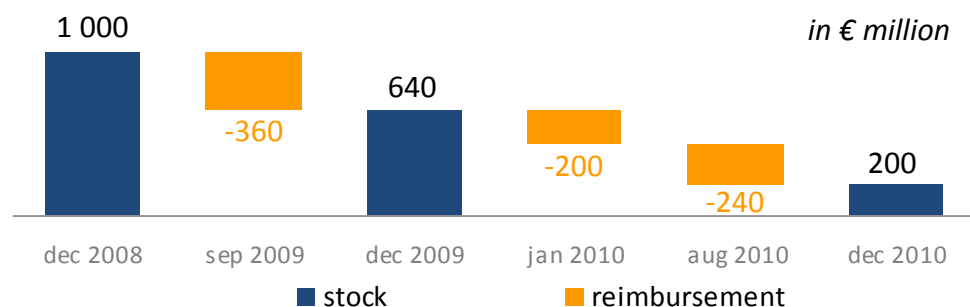
<i>In € million</i>	2010	2009	Change
New Business Value (NBV)	28.4	75.3	-62.3%
APE ⁽¹⁾	770.4	739.2	4.2%
NBV / APE	3.7%	10.2%	-6.5%
PVNBP ⁽²⁾	6,374.73	6,175.13	3.2%
NBV / PVNBP	0.4%	1.2%	-0.8%

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

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

What is your gearing ?

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



- ▶ 6-point decrease in Groupama debt-equity-ratio⁽¹⁾:
 - 17.2% at end 2010 vs. 22.8% at end 2009
- ▶ Satisfactory conditions and banks' appetite for structuring such financial tools

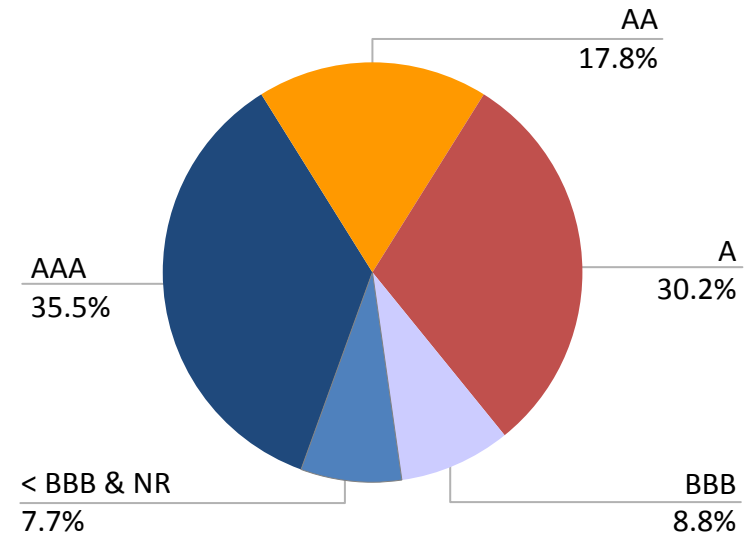
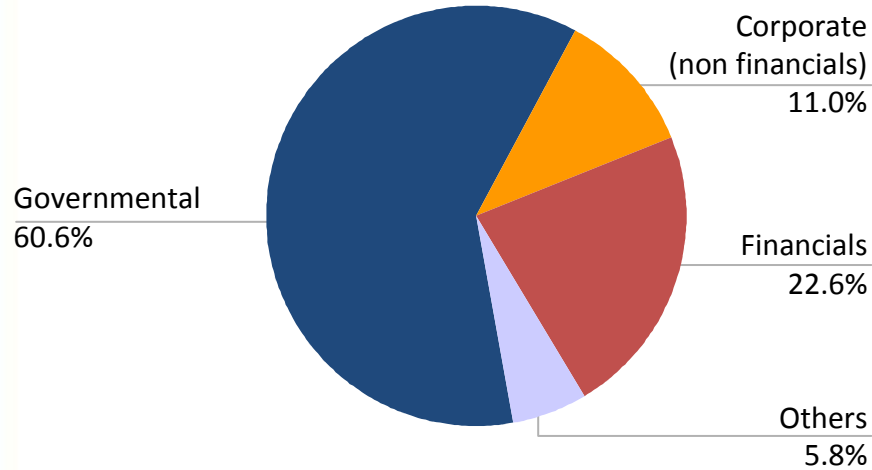
- ▶ Refinancing of the existing facility
 - anticipating the rise in credit cost expected at the end of 2011
 - Under very satisfactory conditions
 - 1,9x oversubscribed

⁽¹⁾ excluding Silic debts

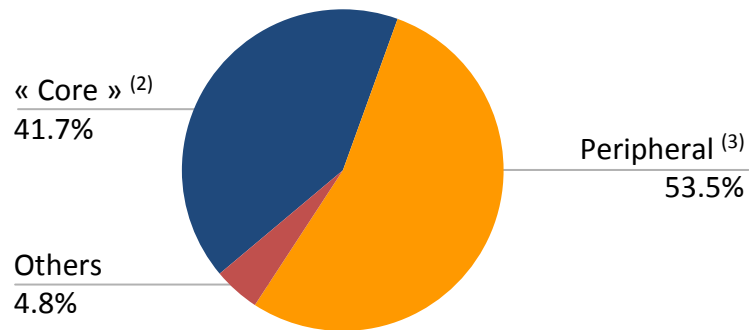


What is the breakdown of the bond portfolio at end 2010 ?

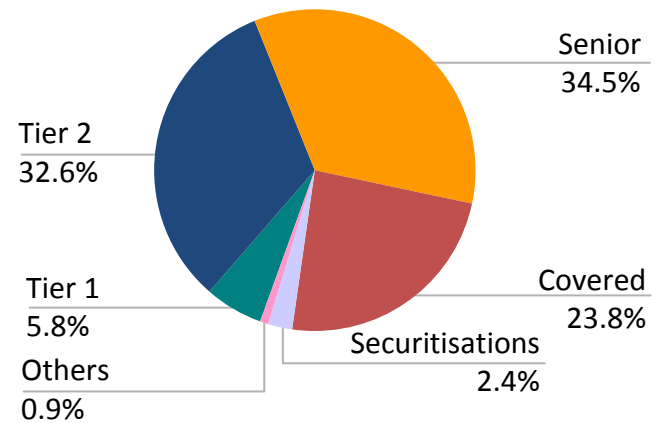
Bond portfolio breakdown ⁽¹⁾



Breakdown of "govies" by geographic area



Breakdown of financial bonds portfolio



⁽¹⁾ Market value

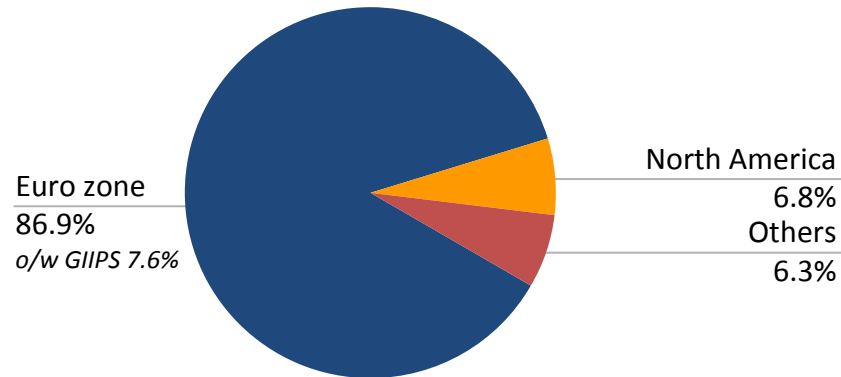
⁽²⁾ France, Germany, Netherlands

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

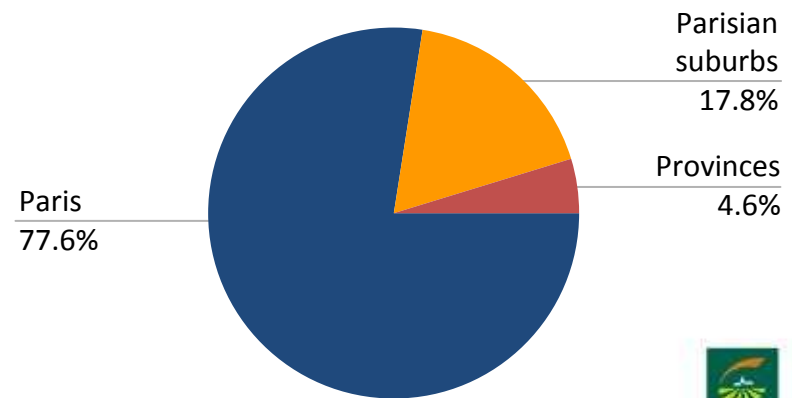
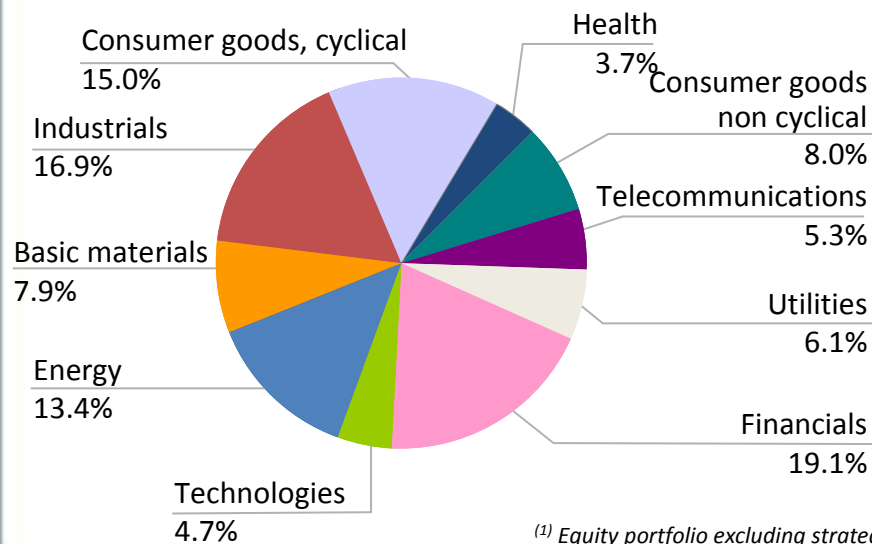
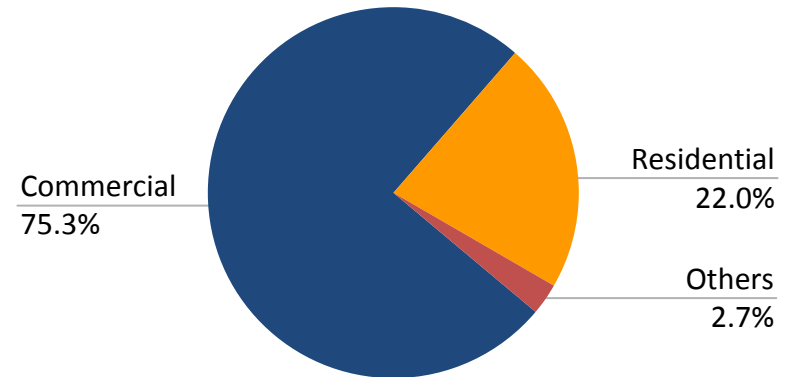


What are the breakdowns of the equity and real estate portfolios at end 2010 ?

Equity portfolio breakdown ⁽¹⁾



Real estate portfolio breakdown ⁽²⁾



⁽¹⁾ Equity portfolio excluding strategic shareholdings in market value

⁽²⁾ France perimeter in market value





What are Groupama SA 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





Definitions

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- ▶ 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.



Contacts

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- ▶ **Christian Collin**
Executive Vice President, Finance & Risk
+33 (0)1 44 56 35 00
christian.collin@groupama.com

- ▶ **Sylvain Burel**
Head of Investor Relations
+33 (0)1 44 56 74 67
sylvain.burel@groupama.com

- ▶ **Yvette Baudron**
Investor Relations
+33 (0)1 44 56 72 53
yvette.baudron@groupama.com

- ▶ **Valérie Buffard**
Investor Relations
+33 (0)1 44 56 74 54
valerie.buffard@groupama.com