

# GROUPAMA GROUP HALF YEAR 2016 RESULTS PRESENTATION

1<sup>st</sup> September 2016



ASSUREURS CRÉATEURS DE CONFIANCE

## Introduction

# GROUPAMA GROUP AS AT 30/06/2016

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

**€9.2bn in premium income**

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

**€92m 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 21,8%
- Combined ratio in non-life insurance of 99.9% impacted by a higher severe and weather-related losses, +3 pts
- Control of general expenses with a stable cost ratio

**€69m in net result**

- Reduced realised capital gains,
- Adverse effect from the decline in interest rates

**239% solvency 2 margin**

- 4.6% increase in shareholders' equity, up to €8.6bn

# GROUPAMA GROUP HALF-YEAR 2016 RESULTS

- 1. Solid performances at  
30/06/2016**
2. Appendices

**Solid performances at 30/06/2016**

# STABLE PREMIUM INCOME

## Groupama Revenue breakdown

<i>Premium income</i> € million	30/06/15 Proforma	30/06/16	Variation
<b>P&amp;C</b>	<b>5,175</b>	<b>5,174</b>	<b>0.0%</b>
France	4,198	4,189	-0.2%
International	977	985	+0.8%
<b>L&amp;H</b>	<b>3,923</b>	<b>3,912</b>	<b>-0.3%</b>
France	3,394	3,466	+2.1%
International	529	446	-15.8%
<b>Total Insurance</b>	<b>9,098</b>	<b>9,086</b>	<b>-0.1%</b>
Financial businesses	64	66	+2.4%
<b>Total – Groupama</b>	<b>9,163</b>	<b>9,152</b>	<b>-0.1%</b>

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

*NB. : as at 30/06/16, following the agreement signed between Groupama and Orange, Groupama Banque's activity is restated as 'activity to be sold'*

### In France,

- +0.8% growth in premium income
- Driven by life & health insurance (+2.1%)
  - in particular unit-linked business segment in savings / pensions
  - And group health insurance

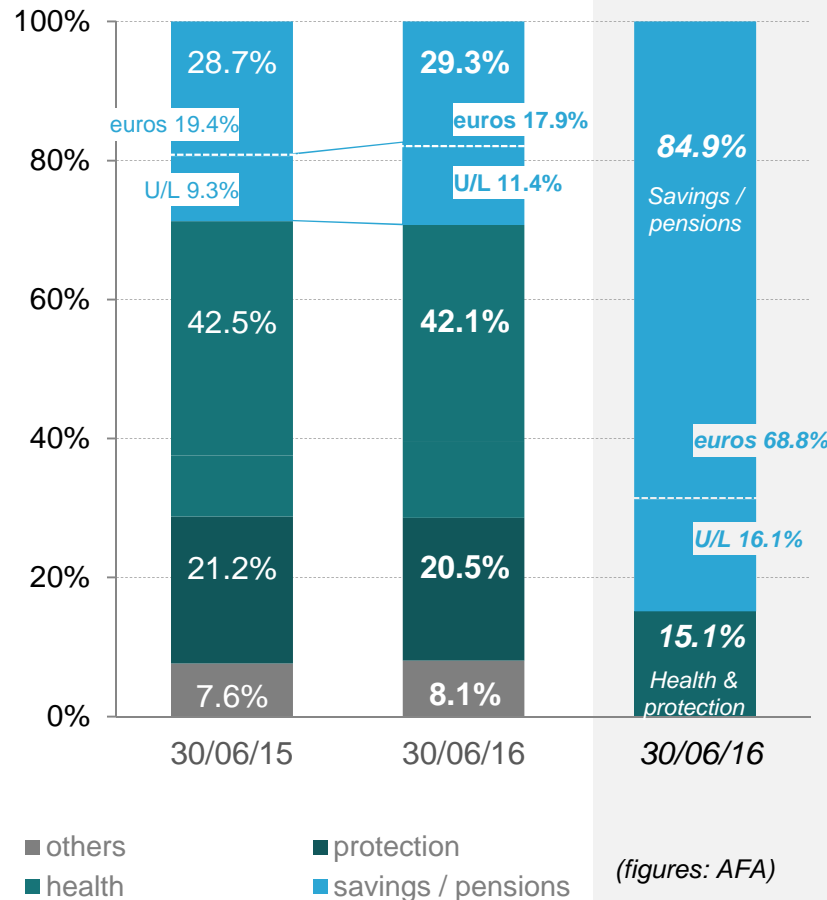
### International,

- -5% decrease in premium income
- Decline in euro-denominated saving inflows (notably in Italy)
- Business development in property & casualty insurance (+0.8%)

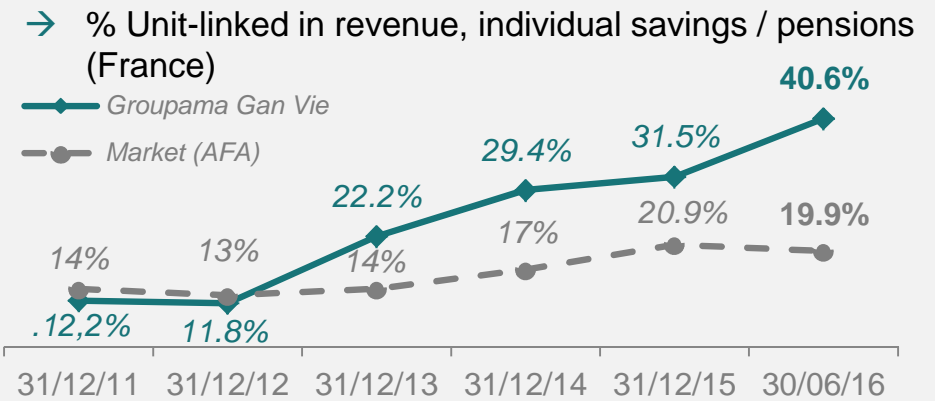
**Solid performances at 30/06/2016**

# L&H : STEERING OF THE BUSINESS MIX

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



## Major transformation in savings / pensions business mix



→ **21.8% unit-linked in individual savings reserves (in France)**

## Strong development in group health insurance

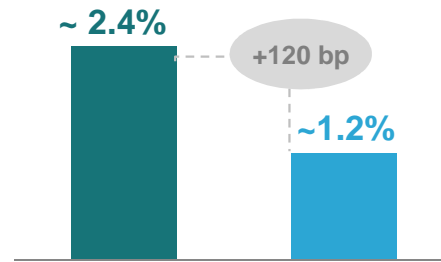
- Sustained rise in 'ANI' contracts
- Groupama ranks as France's #1 actor with 55,000 'ANI' contracts

**Solid performances at 30/06/2016**

# L&H : GREATER BUSINESS LEEWAY

## Financial leeway – Groupama Gan Vie

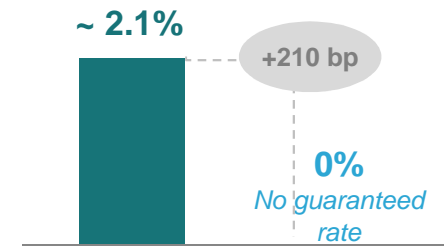
### Inforce business



FY2016 forecast

■ asset yield (GGVie)

### New business



FY2016 forecast

■ average guaranteed rate

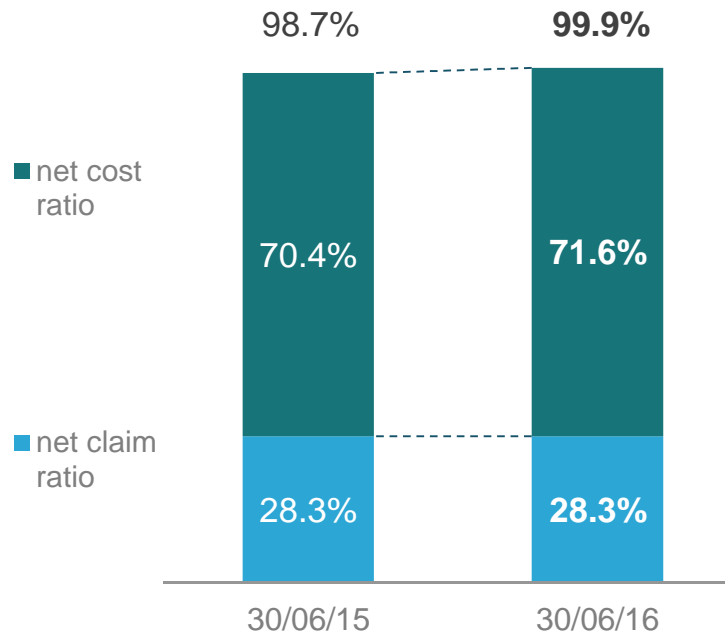
## Life & Health economic operating income

	L&H France	L&H International	L&H Total	<i>o/w impact from interest rate</i>
30/06/16	€52m	€19m	€71m	-€14m
30/06/15	€12m	€16m	€28m	-€14m

**Solid performances at 30/06/2016**

# P&C : CONTROL OF TECHNICAL MARGINS

## Groupama non-life combined ratio



- Higher severe and weather-related losses,
  - +3 pts from previous period
- Impact from a low interest rate environment,
  - which remains high at +1.8 pt compared with +2.4 pts as at 30/06/15
- Stable cost ratio

<i>non-life combined ratio</i>	30/06/15	30/06/16
<b>France</b>	97.8%	<b>99.7%</b>
<b>International</b>	102.6%	<b>100.5%</b>

## 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 severe and weather-related losses</i>
<b>30/06/16</b>	€53m	€19m	€72m	-€47m	-€261m
30/06/15	€91m	€8m	€99m	-€68m	-€175m

**Solid performances at 30/06/2016**

**€69M IN NET RESULT**

**Breakdown of Groupama net income**

<i>In € million</i>	30/06/15	30/06/16	<i>variation</i>
<b>Economic operating profit</b>	<b>116</b>	<b>92</b>	<b>-24</b>
Net realised capital gains adjusted for long-term impairment losses on financial instruments <sup>(1)</sup>	183	68	-115
Gains or losses on financial assets booked at fair value <sup>(1)</sup>	30	-26	-56
Other expenses and income	-63	-65	-2
<b>Net profit</b>	<b>266</b>	<b>69</b>	<b>-197</b>

<sup>(1)</sup> Amounts net of profit sharing and tax

**€92m in operating income**

- with an impact from a low interest rate environment which remains high at -€61m at end June 2016

**€69m in net result**

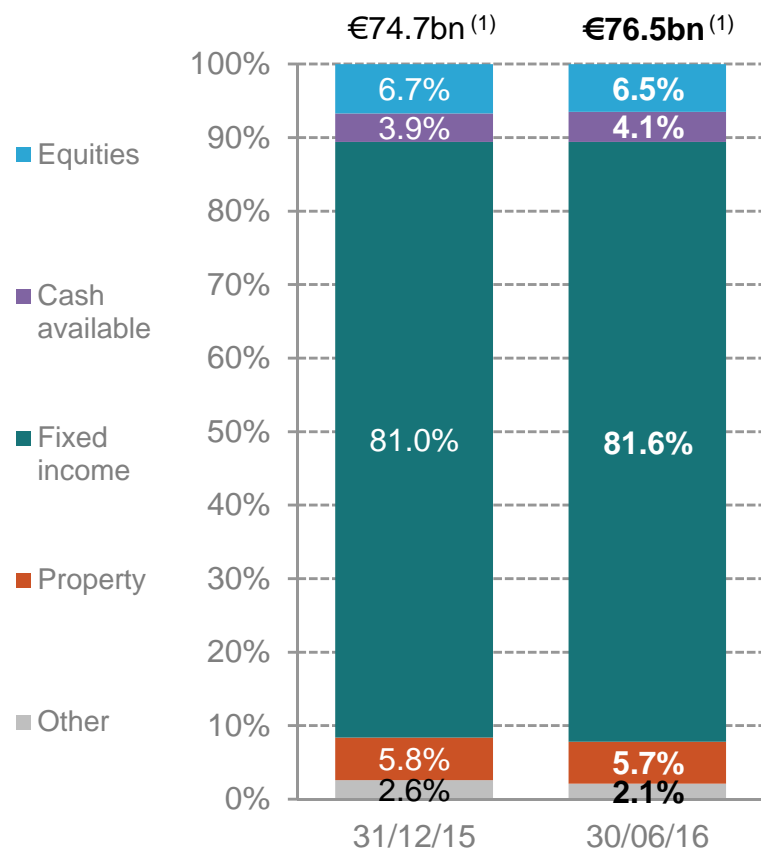
- Reduced realised capital gains,
- Negative effect from low interest rates on asset booked at fair value



**Solid performances at 30/06/2016**

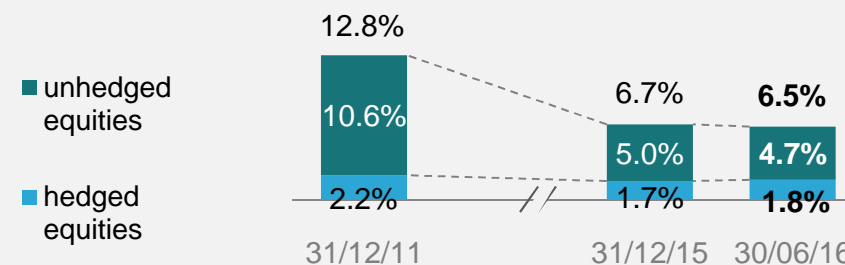
# ASSET BREAKDOWN IN LINE WITH THE TARGET

## Asset portfolio breakdown



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

- Unhedged equity portion below 5%

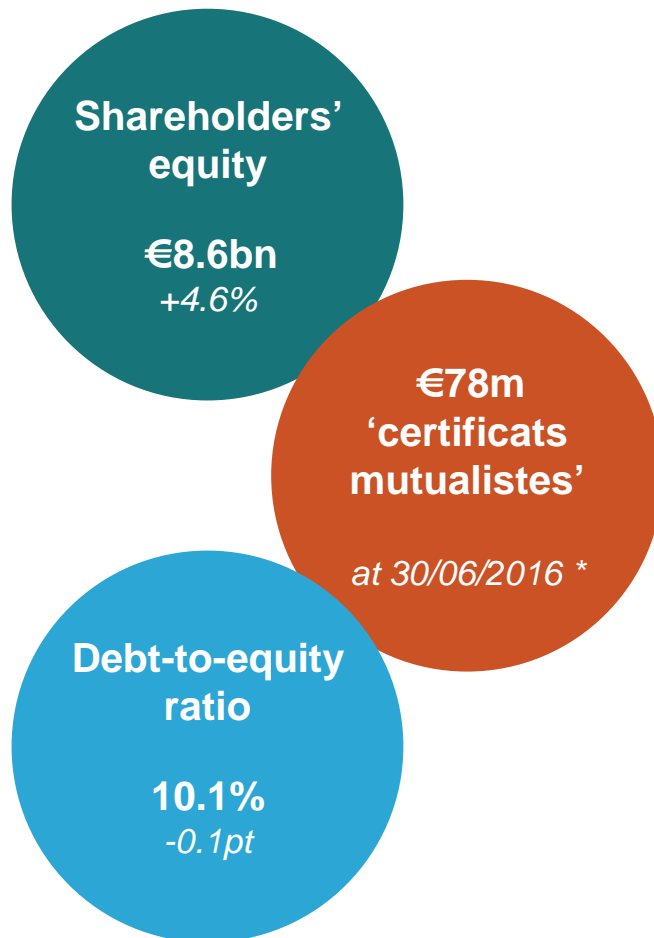


- Slight increase in bond portion
- Unrealised capital gains of €11.6bn

In € billion	31/12/2015	30/06/2016
Bonds	7.3	8.8
Equities	0.7	0.7
Property	2.2	2.2
<b>Total</b>	<b>10.2</b>	<b>11.6</b>

**Solid performances at 30/06/2016**

## SHAREHOLDERS' EQUITY OF €8.6BN



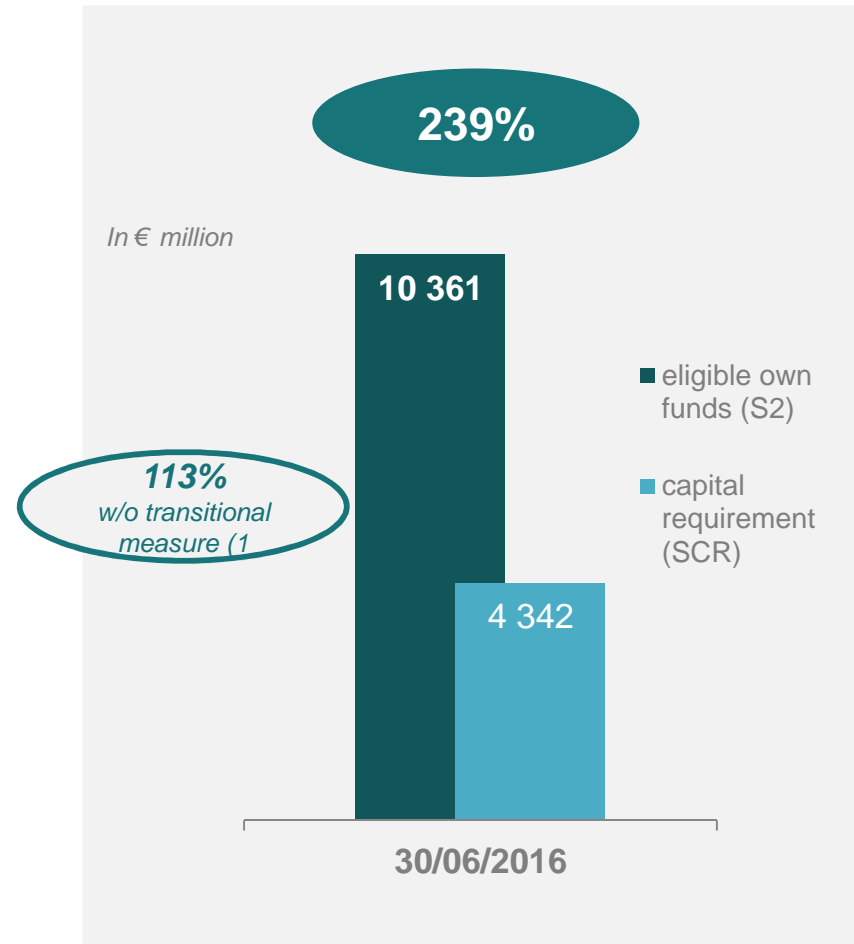
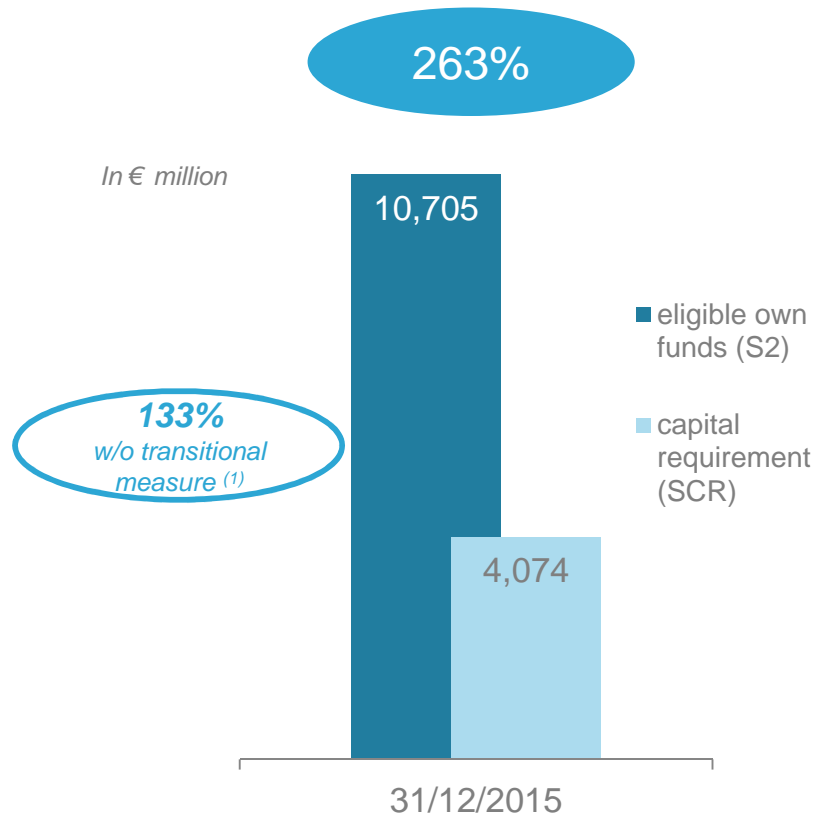
### 'Certificats Mutualistes Groupama': successful launch

- Equity instrument created by the the law on the Social and Solidarity Economy of 31 July 2014On the initiative of the FFSAM and Groupama
- New funding instrument specifically dedicated to mutual organisations aiming to broaden the funding capacities of mutual insurance companies:
  - by issuing an instrument which qualifies as unrestricted Tier 1 under Solvency 2,
  - at a competitive cost compared with other equity instruments.
- Groupama's launch schedule:
  - December 2015: pilot launch by the regional mutual Groupama Rhône-Alpes Auvergne
  - Starting in June 2016: launch by 7 other regional mutuals

\* €129m as at 26/08/2016

**Solid performances at 30/06/2016**

**SOLVENCY 2 MARGIN OF 239%**



(1) Ratio without transitional measure on technical reserves

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1. Solid performances at  
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## Appendices

# FIXED INCOME PORTFOLIO AT 30/06/2016

### Breakdown by type of issuer

<i>Market value</i>	<b>30/06/16</b>
Sovereign debts	<b>66.5%</b>
Corporate debts, non financial	<b>16.1%</b>
Financial debts	<b>15.2%</b>
Others	<b>2.2%</b>
<b>Total fixed income portfolio</b>	<b>100.0%</b>

### Breakdown by issuer's rating

<i>Market value</i>	<b>30/06/16</b>
AAA	<b>5.5%</b>
AA	<b>41.8%</b>
A	<b>12.0%</b>
BBB	<b>35.7%</b>
< BBB & NR	<b>5.0%</b>
<b>Total fixed income portfolio</b>	<b>100.0%</b>

### Breakdown by geographic area

<i>Market value</i>	<b>Sovereign debts</b>	<b>Corporate debts, non financial</b>
"Core" (France, Germany, Netherlands)	<b>54.3%</b>	<b>60.6%</b>
<ul style="list-style-type: none"> <li>• o/w France</li> <li>• o/w Germany</li> </ul>	52.9% 0.9%	42.3% 15.1%
Other € zone countries	<b>38.9%</b>	<b>11.2%</b>
<ul style="list-style-type: none"> <li>• o/w Italy</li> <li>• o/w Spain</li> </ul>	24.4% 8.5%	4.6% 2.5%
Rest of the world	<b>6.8%</b>	<b>28.3%</b>
<b>30/06/16</b>	<b>100.0%</b>	<b>100.0%</b>

### Breakdown by subordination

<i>Market value</i>	<b>30/06/16</b>
Senior	<b>60.4%</b>
Covered	<b>19.5%</b>
Subordinated	<b>18.0%</b>
<ul style="list-style-type: none"> <li>• o/w T1</li> <li>• o/w T2</li> </ul>	1.4% 10.6%
Securitizations	<b>0.5%</b>
Others	<b>1.6%</b>
<b>Total financial debts</b>	<b>100.0%</b>

## Appendices

# EQUITY PORTFOLIO AT 30/06/2016

### Breakdown by geographical area

<i>Market value</i>	<b>30/06/16</b>
Europe	<b>73.0%</b>
• <i>o/w GIIPS</i>	11.4%
North America	<b>21.3%</b>
Rest of the world	<b>5.7%</b>
<b>Total Equity portfolio (excl. strategic shareholdings)</b>	<b>100.0%</b>

### Issuer breakdown

<i>Market value</i>	<b>30/06/16</b>
Consumer goods, cyclical	<b>19.1%</b>
Industrials	<b>14.7%</b>
Commodities	<b>3.7%</b>
Energy	<b>6.2%</b>
Health	<b>10.6%</b>
Utilities	<b>3.9%</b>
Consumer goods, non cyclical	<b>9.2%</b>
Financials	<b>17.8%</b>
Technology	<b>9.8%</b>
Telecommunications	<b>5.0%</b>
<b>Total Equity portfolio (excl. strategic shareholdings)</b>	<b>100.0%</b>

**Appendices****PROPERTY PORTFOLIO AT 31/12/2015****Breakdown by geographical area**

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

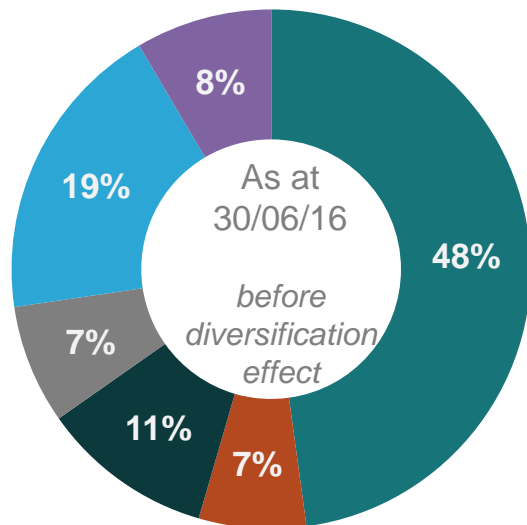
**Breakdown by nature**

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

**Appendices**

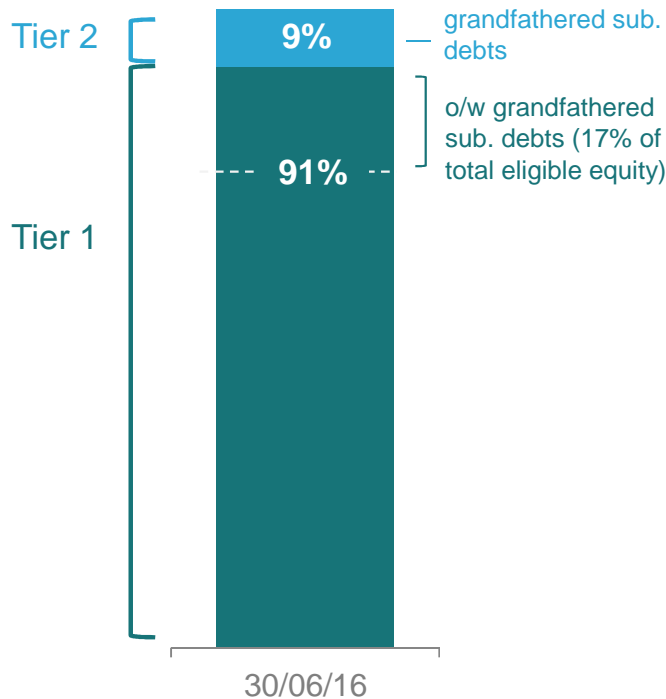
**SOLVENCY 2: CONTRIBUTION TO SCR BY MODULE, ELIGIBLE EQUITY AND SENSITIVITY ANALYSIS**

**Contribution to SCR by risk**



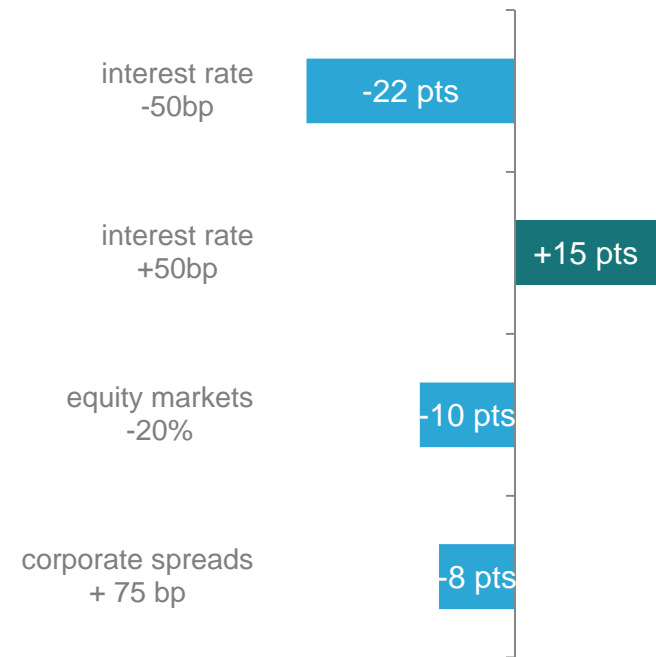
- Market risk
- Counterparty default risk
- Life underwriting risk
- Health underwriting risk
- Non-life underwriting risk
- Operational risk

**Eligible equity (1)**



(1) scope w/o financial activities

**Sensitivity analysis as at 31/12/2015**







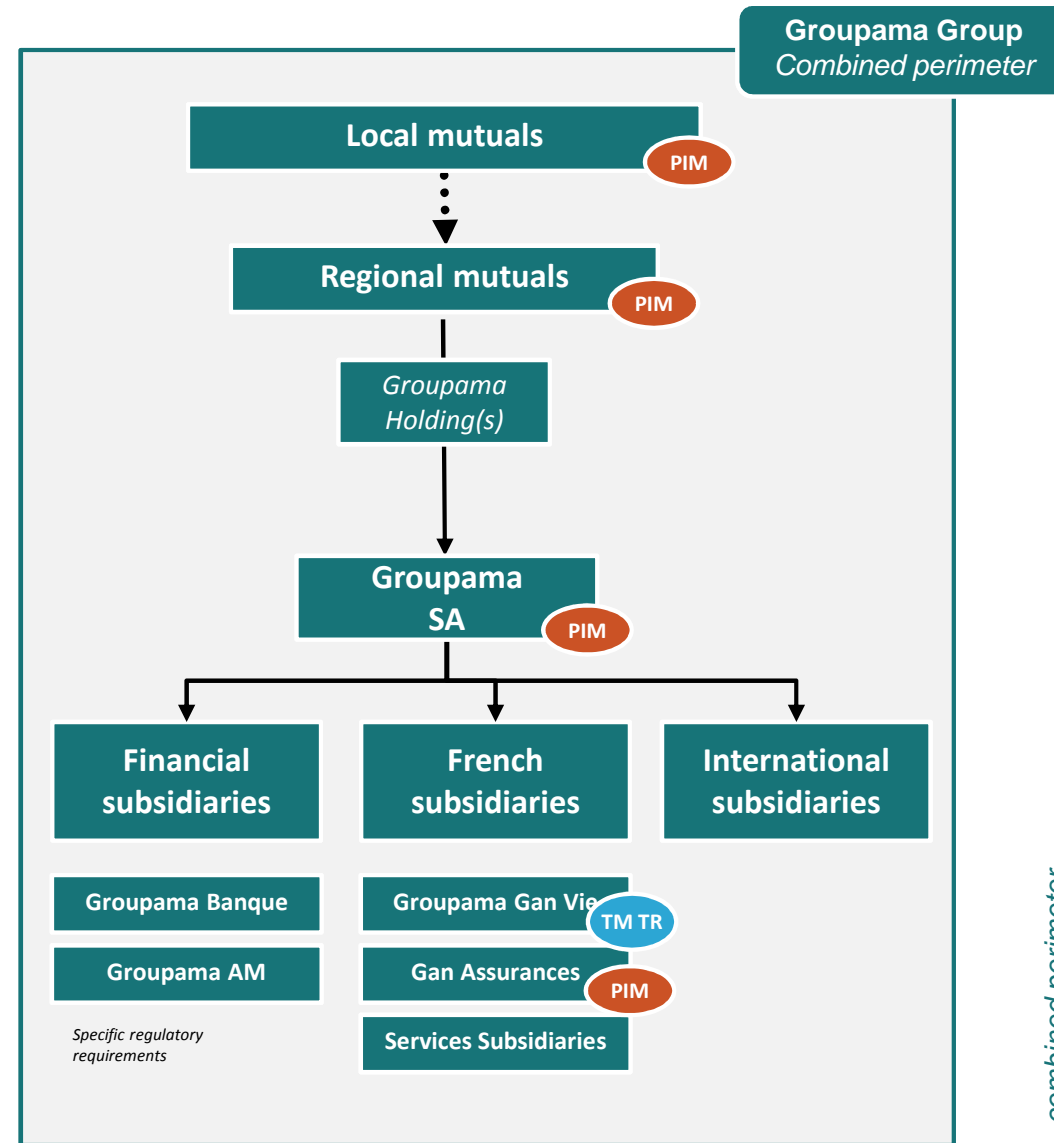
## Appendices

# SOLVENCY 2: SCOPE

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

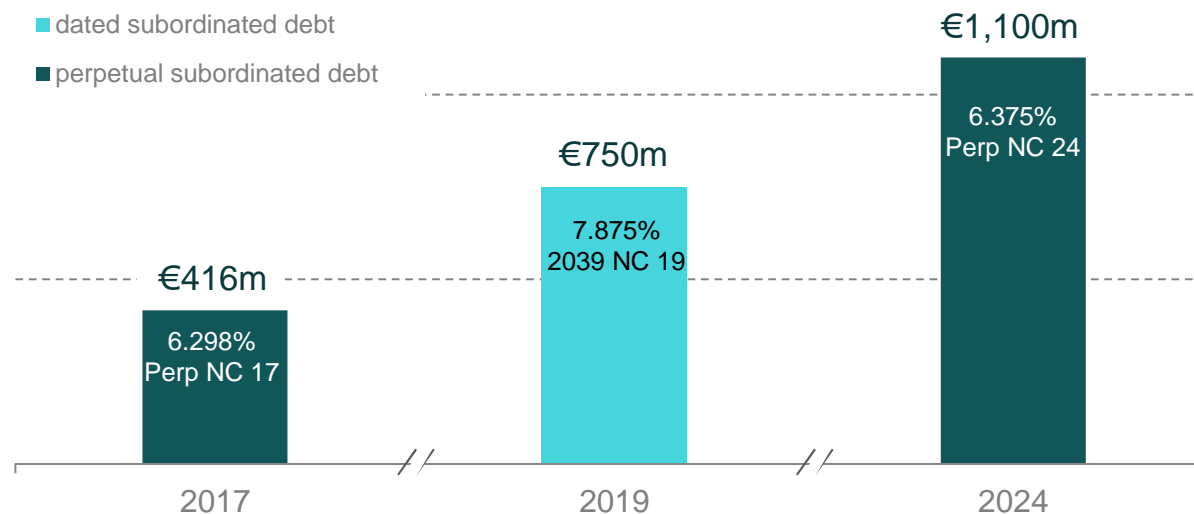
- on its combined scope, identical to the scope under Solvency 1
- on the basis of the Standard Formula specifications and a Partial Internal Model to calculate the capital requirement (SCR)
  - the Partial Internal Model applies to French entities
- by incorporating a transitional measure on technical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

-  Partial internal model
-  transitional measure on technical reserves



## Appendices

# GROUPAMA SA SUBORDINATED DEBT: MATURITY / CALL DATE BREAKDOWN



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

## Appendices

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