

**SOLVENCY AND FINANCIAL  
CONDITION REPORT  
AT 31 DECEMBER 2019  
GROUPAMA GROUP**

**EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

- **Business**

The Group is a major insurance player in France for property and casualty insurance as well as life and health insurance.

At 31 December 2019, combined Group premium income had grown +1.7% to €14.4 billion (82.4% in France, 16.4% international and 1.2% from the financial businesses). Premium income was €11.9 billion for insurance in France (up +2.6%), and €2.4 billion for international insurance (down -2.3%).

The Group's economic operating income amounted to €413 million 2019.

- **Governance**

For fiscal year 2019, there were no significant changes to the Group's governance and risk management system.

- **Risk profile**

Considering the diverse nature of its businesses, the Group has a balanced risk profile that is spread out across non-life, life and health underwriting risks, respectively representing 22%, 14% and 10% of the solvency capital requirement (SCR) excluding diversification effects.

The Group implemented an insurance risk mitigation system comprising a number of principles and rules related to underwriting and reserves that were rolled out in the Group's entities as well as an internal and external reinsurance system.

The most significant risk is that of the financial market, which accounts for 46% of the SCR excluding diversification effects.

The Group implemented a market risk mitigation system that is operational within all of the Group's entities (regional mutuals, French and international subsidiaries of Groupama Assurances Mutuelles) with primary limits (major asset classes) and secondary limits (within each asset class) in an endeavour to control investments in risky assets and diversify holdings (issuers, sectors, countries).

- **Main changes to valuation methods for solvency purposes**

The following changes were made to the methods of valuation for solvency purposes during fiscal year 2019 in application of new regulatory provisions:

- changes in L441 modelling with conversion to category 20;
- inclusion of a portion of the profit-sharing fund in equity (amount calculated according to the methodology recommended by the ACPR).

- **Capital management**

During fiscal year 2019, Groupama issued 10-year subordinated bonds for a total of €500 million, with an annual coupon of 2.125%. Groupama also proceeded with the early redemption of its redeemable subordinated bonds issued in 2009 for €500 million at a fixed rate of 7.875% at the first redemption date (27 October 2019).

These operations contribute to the active management of Groupama's capital. They make it possible to extend the maturity of its debt profile, take advantage of lower rates, and strengthen the Group's financial flexibility.

The programme involving the issue of mutual certificates by the regional mutuals has strengthened the Group's shareholders' equity and financial soundness. During fiscal year 2019, regional mutuals issued mutual certificates to their members and customers for €60 million, bringing the total amount of mutual certificates issued as of 31 December 2019 to €600 million.

The Group uses a partial internal model to calculate its SCR. This model covers non-life and health similar to non-life underwriting risks.

The Group's statutory SCR and MCR coverage ratios stood at 301% and 397% respectively on 31 December 2019, versus 297% and 392% on 31 December 2018. Excluding the effects of the transitional measure on underwriting reserves carried out by one of the Group's subsidiaries, the Group's SCR and MCR coverage ratios were 177% and 265% respectively on 31 December 2019.