

LETTER TO SHAREHOLDERS

September 2016



Jean-Yves DAGÈS
*Chairman of the Board
of Groupama SA*



Thierry MARTEL
*Chief Executive Officer
of Groupama SA*

To the Shareholders,

The Group's activity in the first half-year 2016 results in a stability of premium income of €9.2 billion, thanks to a targeted development, particularly with very strong development of the unit-linked individual savings/pensions business (24% in France) and a strong growth in group health insurance, driven by ANI, a market sector in which Groupama is France's number 1 player with 55,000 policies.

The economic operating income is €92 million, with:

- a technical and operating performance impacted by a difficult environment due to the persistence of low rates and the higher weather-related loss experience,
- a combined non-life ratio of 99.9%,
- an active transformation of the life insurance

portfolio with a share of unit-linked in individual savings reserves of 21.8%.

The net income is in strong decrease, in €69 million, under the influence of a reduced realised capital gains to which adds an unfavourable impact of lower interest rates.

At last, the Group's Solvency 2 ratio remains solid in 239% and shareholders' equity rose by +4.6% to €8.6 billion.

In conclusion, unlike in 2015, no exceptional financial gains were recorded during the first half of 2016, which was marked by a highly unfavourable context in both technical and financial terms, including exceptional events such as flooding and Brexit. However, the Group's operating income and solvency

resisted well thanks to the groundwork accomplished by the Group's employees to provide protection for the 'everyday lives' of members and customers.

At the occasion of the publication of the accounts, President Dagès said that the resilience of the operating income reflects the group's strength, given the extremely unfavourable financial environment and highly exceptional weather-related loss experience. The strength of regional mutual organisation has once again demonstrated its tangible efficiency, by immediately providing lodgings alternatives for people obliged to abandon their homes in flooded areas

Yours faithfully,

Thierry Martel

BUSINESS ON PROFITABLE GROWTH

At 30 June 2016, Groupama's combined premium income stood at €9.2 billion, a stable amount compared with 30 June 2015.

In property and casualty insurance, the Group generated €5.2 billion in premium income at 30 June 2016, a stable level compared with 30 June 2015. Premium income for life and health insurance amounted to €3.9 billion at 30 June 2016.

Insurance premium income in France at 30 June 2016 amounted to €7.7 billion, up +0.8% compared with 30 June 2015.

In property and casualty insurance, premium income totalled €4.2 billion at 30 June 2016 (-0.2%). Insurance for individuals and professionals remained stable at €2.4 billion. The growth in home insurance (+0.6% to €785 million) and professional risks (+2.3% to €302 million) offset the decline in the motor insurance segment (-0.7% to €1.1 billion). The Group's specialised subsidiaries continued their development, particularly assistance businesses (+11.3%) and legal protection (+15.2%). In life and health insurance, premium income amounted to €3.5 billion, up +2.1% compared with 30 June 2015. This change was mainly due to the increase in individual savings/pensions (+3.4%), supported by the strong development of unit-linked products (+24%) in a market down -6% (FFA), while euro-denominated savings products decreased by -7.1% on a rising market (+6% FFA). Unit-linked outstandings represented 21.8% of individual savings reserves at 30 June 2016 versus 19.7%

at 30 June 2015. The first half of 2016 was also marked by sharp growth in Group insurance (+12.9%), driven by group health insurance (+28%), under the effect of the rise in "ANI" policies. Groupama is France's number 1 player on this market segment with 55,000 "ANI" policies since the law came into force on 1 January 2016.

International premium

income amounted to €1.4 billion at 30 June 2016, down -5.0% on a like-for-like basis and with constant exchange rates compared with 30 June 2015.

In property and casualty insurance, premium income was up +0.8% from the previous period at €985 million at 30 June 2016. This change was mainly due to the good performance of the agricultural business segment (+20.1%) particularly in Turkey, home insurance (+1.4%), and the growth in business activities with companies and local authorities (+1.2%), which offset the decrease in motor insurance (-3.3%), particularly in Italy.

In life insurance, premium income decreased by -15.8% to €446 million, particularly following the decline in the individual savings/pensions business (-25.9%). In accordance with the targeted development strategy, the Group favours unit-linked policies over euro-denominated policies, which saw a decrease in inflows, especially in Italy. Individual and group health insurance gained 8.9% compared with 30 June 2015.

The financial and banking activities of the Group's generated a premium income of €66 million, including €63 million from Groupama Asset Management and €3 million from Groupama Epargne Salariale.

On 22 April 2016, Orange and Groupama signed an agreement that aims to enable the development of an innovative, 100% mobile banking service. The completion of this transaction is expected during the third quarter of 2016.

ECONOMIC OPERATING INCOME OF €92 MILLION

The Group's economic operating income amounted to €92 million at 30 June 2016.

Economic operating income from insurance increased by €16 million to +€143 million at 30 June 2016, despite an unfavourable environment:

- the persistence of low rates, which continued to have a high negative impact of €61 million after taxes,

- a first half of 2016 marked by a higher severe and weather-related loss experience, particularly the floods and storms in the Greater Paris region and the central and north-eastern regions of France from 26 May to 7 June, with an estimated cost of €1 billion for the entire market. Groupama set up its system to provide support to its members and customers as soon as possible. This bad weather cost the Group a total of €113 million before reinsurance.

In property and casualty insurance, economic operating income amounted to €72 million at 30 June 2016 compared with €99 million for the previous period. The non-life net combined ratio was 99.9% at 30 June 2016 versus 98.7% at 30 June 2015. This change takes into account the increase in weather-related and severe claims (+3.0 points). The cost ratio was stable at 28.3%.

In life and health insurance, economic operating income amounted to €71 million at 30 June 2016 compared with €28 million at 30 June 2015, an increase of +€43 million (+€39 million in France and +€3 million internationally). This growth in France resulted from the improved loss experience in the health and bodily injury businesses and the increased income from the life insurance business as a direct consequence of the development of unit-linked policies in recent years.

The reconciliation from economic operating income to net income incorporates non-recurring items of -€23 million at 30 June 2016 versus +€150 million at 30 June 2015. This change is explained primarily by the sharp decrease in realised capital gains over the first half of 2016 compared with the first half of 2015 (divestment of Mediobanca and Veolia securities in 2015). In addition, the unfavourable effect of the volatility of interest rate markets on the value of financial instruments recognised at fair value through profit and loss impacted especially incomes from banking and holding company businesses.

Overall, the Group's net income amounted to €69 million at 30 June 2016.

A SOLID BALANCE SHEET

The Group's shareholders' equity totalled €8.6 billion at 30 June 2016 compared with €8.2 billion at 31 December 2015.

It includes the first "certificats mutualistes" issued by Groupama for €78 million. After a first issue of "certificats mutualistes" by Groupama Rhône-Alpes Auvergne in December 2015, seven other Groupama regional mutuals issued "certificats mutualistes" to their members and customers in May and June 2016. In September 2016, all the regional mutuals will have issued "certificats mutualistes". The regional mutuals have increased their financial resources to invest in the territories and strengthen a long-term quality relationship with members based on trust.

At 30 June 2016, insurance investments stood at €86.6 billion versus €83.9 billion at 31 December 2015. Unrealised capital gains reached €11.7 billion at 30 June 2016, including €8.8 billion from the bond portfolio, €0.7 billion from the equity portfolio, and €2.2 billion from real estate assets.

At 30 June 2016, subordinated debt remained stable compared with 31 December 2015. Groupama's debt to equity ratio excluding revaluation reserves was 10.1% at 30 June 2016.

The strength of the Group was confirmed by the Fitch rating agency, which affirmed its BBB+ rating with a stable outlook for Groupama SA and its subsidiaries on 17 May 2016.

At 30 June 2016, the Solvency 2 coverage ratio was 239%. Groupama calculates its Solvency 2 ratio at the Group level, incorporating the transitional measure on technical reserves in accordance with the statutory provisions.

COMBINED RESULTS OF GROUPAMA

First half-year 2016

CONSOLIDATED RESULTS OF GROUPAMA SA

First half-year 2016

PREMIUM INCOME

	30/06/2015		30/06/2016	2016/2015
	Reported premium income	Pro forma premium income ⁽¹⁾	Reported premium income	Change ⁽²⁾ as %
<i>in millions of euros</i>				
> FRANCE	4,470	4,470	4,596	2.8%
Life and health insurance	2,224	2,224	2,320	4.3%
Property and casualty insurance	2,246	2,246	2,276	1.3%
> INTERNATIONAL AND OVERSEAS	1,569	1,506	1,431	-5.0%
Life and health insurance	537	529	446	-15.8%
Property and casualty insurance	1,032	977	985	0.8%
TOTAL INSURANCE	6,040	5,976	6,027	0.8%
FINANCIAL AND BANKING BUSINESSES	141	66	67	2.4%
TOTAL	6,181	6,042	6,094	0.9%

(1) Based on comparable data.

(2) Change on a like-for-like exchange rate and consolidation basis.

NET INCOME

	30/06/2015	30/06/2016	2016/2015 change
<i>in millions of euros</i>			
Economic operating income*	-8	6	14
Net realised capital gains adjusted for long-term impairment losses on financial instruments	147	53	-94
Gains and losses on financial assets and derivatives booked at fair value	23	-34	-57
Other costs and income	-56	-61	-5
Net income	108	-35	-143

BALANCE SHEET

	31/12/2015	30/06/2016
<i>in millions of euros</i>		
Shareholders' equity, Group share	4,811	5,738
Gross unrealised capital gains	9,102	10,660
Subordinated debt	750	750
Total balance sheet	99,345	96,048

*Equals net income adjusted for realised capital gains and losses, long-term impairment provision allocations and write-backs, and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and corporate income tax). Also adjusted are non-recurring items net of corporate income tax, impairment of value of business in force, and impairment of goodwill (net of corporate income tax).

THE GROUPAMA SA SHARE

SHARE BUYBACK PRICE: €34.75, UP 5.69%

Since the buyback value produced by the application of the revalued net asset method at 31 December 2015, which amounted to €8.94, was less than the value produced by the

application of the liquidity commitment, namely €34.75, increased by 5.69% compared to the previous value, it is the latter value which apply from 1st September 2016 to 28 February 2017.

DETERMINATION OF SHARE BUYBACK PRICE (CALCULATED ON THE CHANGE IN THE CONSOLIDATED NET ASSETS OF GROUPAMA SA, IN ACCORDANCE WITH THE LIQUIDITY UNDERTAKING)

		Amounts
Share buyback price applicable as from 1st April 2016	(A)	€32.88
Consolidated net assets of Groupama SA at 31 December 2015 under IFRS referential		€4,811,180K
→ Deduction of the net goodwill of the Groupama SA shares at 31 December 2015		-€770,962K
Consolidated net assets under IFRS standards of Groupama SA at 31 December 2015, adjusted for goodwill of the Groupama SA shares	(B)	€4,040,218K
Consolidated net assets of Groupama SA at 30 June 2016 under IFRS referential		€5,738,455K
→ Deduction of the net goodwill of the Groupama SA shares at 30 June 2016		-€770,962K
→ Super subordinated loan		2.150K
→ Capital increase of Groupama SA		-€700,000 K
Consolidated net assets under IFRS standards of Groupama SA at 30 June 2016 adjusted for goodwill of the Groupama SA shares, super subordinated loan and capital increase of Groupama SA	(C)	€4,269,643K
Share buyback price applicable as from 1st September 2016	(A) x (C) / (B)	€34.75

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