

LETTER TO SHAREHOLDERS

April 2017



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 2016 results in a stability of premium income at €13.6 billion, and a targeted development, particularly with very strong development of the unit-linked individual savings/pensions business and a strong growth in group health insurance, driven by the new regulation in compulsory group health insurance, "ANI", a market sector in which Groupama is France's number one player.

Net income amounted to €322 million, marked by:

- an economic operating profit of €153 million;
- a technical and operating performance impacted by a difficult environment due to the persistence of low interest rates and the

higher rate of claims due to weather and severe claims;

- a non-life combined ratio of 100.3%;
- an active transformation of the life insurance portfolio with a share of unit-linked in individual savings reserves of 23.5%.

The Group's Solvency 2 ratio increased to 289%, and shareholders' equity rose by +6.5% to €8.8 billion, thanks in particular to the issuance of mutual certificates by the regional mutuals for an amount of €190 million.

In conclusion, thanks to its rigorous risk management, the 2016 Group's results remained strong in spite of an exceptionally

high level of claims on crops and an above-average level of claims for bodily injury. This demonstrates the solidity of the Group's fundamentals, which is constantly reinforcing by developing human resources and investing in digital solutions that are recognised as being among the best in the market.

Yours faithfully,

Thierry Martel

BUSINESS ACTIVITY FOCUSED ON PROFITABLE GROWTH

At 31 December 2016, Groupama reported combined premium income of €13.6 billion for the year, a stable level compared to 2015.

Insurance premium income in France as at 31 December 2016 amounted to €10.8 billion, up +0.9% for the year.

In property and casualty insurance, premium income rose +0.6% to €5.4 billion. Insurance for individuals and professionals gained +0.3% over the year, finishing at €3.2 billion. This upward trend is the result of growth in home insurance (+1.2% to €1.0 billion) and business liability insurance (+2.0% to €0.4 billion), stable business for motor insurance (-0.2% to €1.5 billion), and a decline in construction insurance (-4.0%). Growth in the agriculture branch (+0.8%), development of the legal protection branch (+13.2%) and increased assistance business (+14.1%) also contributed to higher premium income in property and casualty insurance. In life and health insurance, premium income was €5.4 billion, up +1.1% compared with 31 December 2015. This increase was mainly due to strong growth in group insurance (+13.4%), driven by group health insurance (+26%), under the effect of the rise in policies following the new French regulation on compulsory group health insurance, "ANI", a market where Groupama is number one in France. The group protection segment also grew (+3.5%).

The individual savings/pensions business dropped -4.0%, a change that results from growth in unit-linked products (+11.7%) while the market dropped -1% (FFA) and a -11.1% decrease in euro-denominated savings products within a stable market (FFA). Unit-linked outstandings represented 23.5% of individual savings reserves at

31 December 2016, versus 20.7% at 31 December 2015.

At 31 December 2016, international premium income totalled €2.647 billion, down -2.9% compared with 31 December 2015.

In property and casualty insurance, premium income was up +0.8% from 2015, at €1.8 billion as at 31 December 2016. This change was mainly due to the good performance of the agricultural business segment (+15.1%), particularly in Turkey; home insurance (+2.2%); and the growth in business activities with companies and local authorities (+2.9%). These gains offset the decrease in motor insurance (-1.1%).

In life and health insurance, premium income was €880 million, reflecting a decrease of -9.7%, particularly following the decline in the individual savings/pensions business (-18.8%), mainly in Italy and Greece. Indeed, in Italy, as part of the strategy focused on profitable development, the Group favours unit-linked policies (+55%) over traditional policies denominated in euros, which saw a decrease in inflows (-34%). Group life and health insurance was up +12.2%, supported by growth in the group retirement segment (+27.4%).

The financial and banking activities of the Group's generated a premium income of €133 million at 31 December 2016, mainly coming from Groupama Asset Management for €128 million. Groupama Asset Management's business was driven by growth in assets under management, up €5 billion, reaching €96.8 billion as at 31 December 2016.

On 22 April 2016, Orange and Groupama signed an agreement to develop an unprecedented 100% mobile banking offering. In October 2016, regulatory and prudential authorities, both in France and Europe, gave formal approval for the acquisition by Orange of 65% of the capital of Groupama Banque⁽¹⁾, renamed Orange Bank on 16 January 2017.

(1) Groupama Banque is accounted for using the equity method in the 31/12/2016 financial statements.

NET INCOME OF €322 MILLION

The Group's economic operating income amounted to €153 million as at 31 December 2016.

The contribution to economic operating income from international subsidiaries was positive, up +€51 million compared to 2015.

Economic operating income from insurance reached +€223 million as at 31 December 2016, despite an unfavourable environment:

- 2016 was marked by a higher rate of claims related to weather and severe claims;

- lingering low interest rates, which continued to have a high unfavourable impact of €121 million after taxes.

In property and casualty insurance, economic operating income totalled €25 million as at 31 December 2016. The non-life net combined ratio was 100.3% as at 31 December 2016, versus 99.2% as at 31 December 2015. This change takes into account the rise in weather-related and severe claims, which added +4.8 points. Reinsurance protections proved to be effective, reducing the impact of this category to 3.1 points. Favourable change in loss-related claims and changes over previous years also helped partially compensate for the increase. The net cost ratio improved +0.2 points to 27.7%.

In life and health insurance, economic operating income amounted to €198 million as at 31 December 2016, versus €152 million as at 31 December 2015, an increase of +€46 million. This growth resulted from the improved loss experience in the health and bodily injury businesses and the increased profitability of the life insurance business benefitting from the development of unit-linked policies in recent years in France.

The reconciliation from economic operating income to net income takes into account non-recurring items worth +€169 million as at 31 December 2016. In the 2016 financial statements, besides realised capital gains worth €234 million, the Group also had income from business disposals (Cegid and Groupama Banque) of +€66 million, and goodwill impairment in Turkey at -€88 million.

Overall, the Group's net income amounted to €322 million as at 31 December 2016.

A SOLID BALANCE SHEET

The Group's shareholders' equity totalled €8.8 billion as at 31 December 2016, compared with €8.2 billion as at 31 December 2015.

This includes mutual certificates issued by all of Groupama's regional mutuals, worth €190 million. By issuing mutual certificates, the regional mutuals have acquired the necessary funding flexibility to invest in their territories and strengthen a long-term, quality relationship with members based on trust.

As at 31 December 2016, insurance investments on the balance sheet amounted to €86.2 billion, and unrealised capital gains totalled €11.0 billion, including €7.7 billion on bonds, €0.9 billion on equities, and €2.4 billion on property assets.

The Group continued its asset de-risking policy, particularly by reducing its equity portfolio⁽²⁾, which, net of hedges, represented 4.5% of the asset portfolio as at 31 December 2016, versus 5.0% as at 31 December 2015. As at 31 December 2016, subordinated debt remained stable compared with 31 December 2015. Groupama's debt to equity ratio excluding revaluation reserves was 9.7% at 31 December 2016.

On 9 January 2017, Groupama launched an offer to exchange any and all of its undated deeply subordinated notes issued in 2007 and a portion of its senior subordinated notes issued in 2009 for new senior subordinated notes due 2027. Institutional investors showed significant interest in the transaction.

As at 31 December 2016, the Solvency 2 coverage ratio was 289%, up +26 points compared with 2015. Groupama calculates its Solvency 2 ratio at the Group level, incorporating the transitional measure on technical reserves in accordance with the statutory provisions.

(2) Asset breakdown calculated at market value, excluding minority interests, unit-linked products and repurchase agreements.

COMBINED RESULTS OF GROUPAMA

Financial year 2016

CONSOLIDATED RESULTS OF GROUPAMA SA

Financial year 2016

PREMIUM INCOME

	2015		2016	2016/2015
	Reported premium income	Pro forma premium income ⁽¹⁾	Reported premium income	Change ⁽²⁾ %
<i>in millions of euros</i>				
> FRANCE	7,239	7,247	7,356	1.5%
Life and health insurance	4,021	4,021	4,090	1.7%
Property and casualty insurance	3,218	3,226	3,267	1.3%
INTERNATIONAL AND FRANCE OVERSEAS	2,770	2,728	2,647	-2.9%
Life and health insurance	983	974	880	-9.7%
Property and casualty insurance	1,787	1,753	1,767	0.8%
TOTAL INSURANCE	10,009	9,974	10,004	0.3%
FINANCIAL AND BANKING BUSINESS	282	128	136	5.6%
TOTAL	10,292	10,103	10,140	0.4%

(1) Based on comparable data.

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

NET INCOME

<i>in millions of euros</i>	2015	2016	2016/2015 change
Economic operating income*	-27	-32	-5
Net realised capital gains	214	179	-35
Long-term impairment losses on financial instruments	-24	-14	+10
Gains and losses on financial assets and derivatives recognised at fair value	34	-7	-41
Net income from disposal activities	0	66	+66
Goodwill impairment	0	-88	-88
Amortisation of intangible assets and other transactions	-65	-24	+42
NET INCOME	133	79	-54

* 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).

BALANCE SHEET

<i>in millions of euros</i>	2015	2016
Shareholders' equity (Group share)*	4,811	5,613
Gross unrealised capital gains	9,102	9,892
Subordinated debt	750	750
Balance sheet total	99,345	90,484

* Including perpetual subordinated debt recognised as equity instruments.

THE GROUPAMA SA SHARE

SHARE BUYBACK PRICE: €32.88, DOWN 2.50%

The share buyback produced by the application of the revalued net asset method at 31 December 2016, which amounted to €8.74, was less than the redemption price produced by the application of

the liquidity commitment, namely €33.88, declined by 2.50% compared to the previous price, it is the latter price which apply from 1 April 2017 to 31 July 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 1 September 2016	(A)	€34.75
Consolidated net assets of Groupama SA as at 30 June 2016 under the IFRS reference source		€5,738,455 K
→ Deduction of net goodwill on acquisition of Groupama SA shares as at 30 June 2016 under IFRS standards		-€770,962 K
Consolidated net assets of Groupama SA as at 30 June 2016 under IFRS standards, adjusted for the goodwill on acquisition of Groupama SA shares	(B)	€4,967,493 K
Consolidated net assets of Groupama SA as at 31 December 2016 under the IFRS reference source		€5,613,411 K
→ Deduction of net goodwill on acquisition of Groupama SA shares as at 31 December 2016 under IFRS standards		-€770,962 K
Consolidated net assets of Groupama SA as at 31 December 2016 under IFRS standards, adjusted for the goodwill on acquisition of Groupama SA shares	(C)	€4,842,449 K
Share buyback price applicable as from 1 April 2017	(A) x (C) / (B)	€33.88

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Groupama SA — A company governed by the French Insurance Code —
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