

LETTER TO SHAREHOLDERS

August 2015



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 2015 results in an increase of premium income of 0.9% to €9.3 billion, thanks to a selective development in France and an International growth.

The technical and operating performance is in accordance with Group strategy, with:

- a combined ratio in non-life insurance of 98.7%;
- a share of unit-linked policies in individual savings reserves increased to 19.7%;
- an economic operating income of €116 million.

The net income is thus substantially higher (+90%) to €266 million.

At last, the Group's solvency margin remained solid at 251%.

In conclusion, the half-year results emphasized a strong improvement of the operating profitability which is noteworthy in all Group's business lines. In particular, in Life & Health insurance, Groupama confirmed the effectiveness to adapt to market changes in savings and health segments, with continuing performance in unit-linked and the sharp development in group health insurance. The Group's strategy based on customer satisfaction and innovation is showing results by securing his leadership positions, notably in agricultural insurance, and by opening the Group to more opportunities in the digital field.

At the occasion of the publication of the accounts, President Dagès said for its part that first half 2015 turned out to be very satisfactory with a strong increase in Group's technical results, in a climatic environment less severe compared to previous years. The work dedicated to permanent improvement is bearing fruit, thanks to employees and elected representatives out in the field. Groupama combined successfully the trust-binding relationship it develop in his territories with the modernity linked to the rollout of new digital tools.

Yours faithfully,

Thierry Martel

BUSINESS ACTIVITY FOCUSED ON PROFITABLE GROWTH

At 30 June 2015, Groupama's combined premium income stood at €9.3 billion, a 0.9% increase on a like-for-like basis at constant exchange rates compared with 30 June 2014.

In property and casualty insurance, the Group posted premium income of €5.2 billion at 30 June 2015, up 1.1% compared with 30 June 2014. Premium income from life and health insurance was €3.9 billion at 30 June 2015, up 0.5%.

Insurance premium income in France at 30 June 2015 was €7.6 billion, down 0.6% compared with 30 June 2014.

In property and casualty insurance, premium income rose 0.6% to €4,173 million. Insurance for individuals and professionals remained stable in the period at €2,440 million (i.e. almost 60% of written premiums in property and casualty insurance). Growth in the segments home insurance (+1.5% to €779 million) and professional risks (+6.5% to €290 million) offset the fall in the motor insurance segment (-1.4% to €1,137 million). Business and local authorities insurance was up (+2.7%) and benefited in particular from growth in the fleet segment (+3.8%). The Group's specialised subsidiaries (assistance, legal protection) continued their strong growth (+18.8%). In life and health insurance, premium income amounted to €3,393 million, down 2.2% compared with 30 June 2014. This change is mainly

attributable to the decline in the individual savings/pensions business in euros (-9.6% to €590 million), while unit-linked premium income was €300 million. After taking into account arbitrage of euro contracts for unit-linked contracts (€104 million), "Fourgous" transfers (€125 million) and net inflows to unit-linked contracts (€196 mil-

lion), the share of unit-linked outstandings in individual savings reserves was 19.7% versus 17.6% at 31 December 2014. Furthermore, premium income from health and bodily injury at 30 June 2015 was up 1.0% compared with 30 June 2014. Health premium income was up 0.3%, the result of a 2.2% decline in individual health and a 10.8% increase in group health under the effect of the growing impact of ANI contracts.

During the first half of 2015, Groupama established a number of partnerships to support the collaborative economy and innovation. For French VSEs and SMEs, Groupama Banque and Gan Assurances established partnerships with the crowdfunding platforms, respectively Unilend and Lendopolis. To facilitate the management of motor claims, the Group signed a partnership with Coyote that enables Amaguiz policyholders equipped with a Coyote S to use the video in the event of a car accident. In the agricultural area, Groupama joined forces with Airinov, a leader in drones for agriculture, to participate in the development of drones, risk protection and deployment of new services for farmers.

International premium income was €1.6 billion at 30 June 2015, up 8.8% on a like-for-like basis at constant exchange rates compared with 30 June 2014 and up 9.5% on a reported basis.

This growth was driven by the sharp increase in life and health insurance premium income (+21.5%) to €537 million, under the effect of the increase in premium income in individual savings/pensions (+29.8%), mainly in Italy. Individual and group health insurance grew 11.1% compared with 30 June 2014.

Property and casualty insurance premium income totalled €1,032 million at 30 June 2015, a 3.3% increase over the previous period. This development is primarily due to the good performance of the agricultural insurance business (+37.3%), mainly in Turkey, and the growth in corporate and local authorities business (+3.5%).

The financial and banking activities of the Group generated a revenue of €140 million, up 1.4% compared with 30 June 2014, of which

€76 million from Groupama Banque, €62 million from Groupama Asset Management and €2 million from Groupama Epargne Salariale. Groupama Banque continued its commercial development, particularly with an increase in outstanding deposits of more than 15% compared with 30 June 2014.

STRENGTHENED OPERATING AND TECHNICAL PERFORMANCE

The Group's economic operating income increased by €16 million to €116 million at 30 June 2015.

The economic operating income from insurance at 30 June 2015 was €127 million.

The net non-life combined ratio was 98.7% at 30 June 2015 versus 98.5% at 30 June 2014. Severe and climate-related claims declined sharply in the first half of 2015. The attritional loss experience continued to improve under the effect of all the measures taken by the Group.

However, the charges on other technical reserves and changes over previous years increased, in particular under the effect of the low-interest rate environment that had an impact of €125 million at 30 June 2015. The judicial and regulatory environment applicable to motor liability in Turkey also had a negative impact on the combined ratio.

Economic operating income from insurance amounted to €103 million in France, up €21 million compared with 30 June 2014 and €24 million internationally, versus €45 million at 30 June 2014.

Banking and financial operations contributed €9 million to the Group's economic operating income for the period versus €1 million at 30 June 2014.

The Group's holding activity recorded an economic loss of €20 million at 30 June 2015 versus a loss of €29 million at 30 June 2014. The transition from economic operating income to net income incorporates non-recurring items of €150 million at 30 June 2015 versus €40 million at 30 June 2014. This change is mainly explained by the increase in realised capital gains which results from the Group's asset derisking policy.

The Group's overall net income increased sharply (+90%) compared with 30 June 2014, to €266 million at 30 June 2015.

A SOLID BALANCE SHEET

The Group's shareholders' equity was €8.0 billion at 30 June 2015, a stable level compared with 31 December 2014.

As at 30 June 2015, insurance investments amounted to €83.4 billion, a level equivalent to that on 31 December 2014. The Group's unrealised capital gains totalled €9.4 billion at 30 June 2015, including €6.5 billion in bonds, €0.8 billion in equities and €2.1 billion in property assets.

The Group continued its asset derisking policy, particularly by selling Veolia Environnement and Mediobanca shares in the first half of 2015. Net of hedges, the weight of equities in the portfolio is now 4.8% of the asset portfolio*, versus 5.3% at 31 December 2014.

At 30 June 2015, the subordinated debts remained stable compared with 31 December 2014. Groupama's debt to equity ratio excluding revaluation reserves is 11.2% at 30 June 2015. Post-closing, on 6 July 2015, Groupama redeemed its perpetual subordinated bond issued in 2005 at the first call date, in accordance with article 5 of the terms and conditions of the bond issue.

The Group's financial strength was confirmed by the rating agency Fitch. On 29 May 2015, Fitch upgraded the rating of Groupama SA and its subsidiaries from "BBB" to "BBB+" and assigned a stable outlook to this rating.

*Asset breakdown calculated at market value, excluding minority interests, unit-linked products and repurchase agreements

SOLVENCY MARGIN OF 251%

The statutory solvency margin coverage is solid, at 251% at 30 June 2015 versus 253% at 31 December 2014.

COMBINED RESULTS OF GROUPAMA

First half-year 2015

CONSOLIDATED RESULTS OF GROUPAMA SA

First half-year 2015

PREMIUM INCOME

	30/06/2014		30/06/2015	2015/2014
	Reported premium income	Pro forma premium income ⁽¹⁾	Reported premium income	Change ⁽²⁾ %
<i>in millions of euros</i>				
> FRANCE	4,526	4,526	4,470	-1.2%
Life and health insurance	2,284	2,284	2,224	-2.6%
Property and casualty insurance	2,242	2,242	2,246	+0.2%
> INTERNATIONAL & OVERSEAS	1,433	1,442	1,569	+8.8%
Life and health insurance	440	442	537	+21.5%
Property and casualty insurance	993	1,000	1,032	+3.3%
TOTAL INSURANCE	5,959	5,968	6,040	+1.2%
FINANCIAL AND BANKING BUSINESSES	139	139	141	+1.5%
TOTAL	6,099	6,107	6,181	+1.2%

(1) Based on comparable data.

(2) Change on a like-for-like basis at constant exchange rates.

NET INCOME

	30/06/2014	30/06/2015	2015/2014 change
<i>in millions of euros</i>			
Economic operating income*	6	-8	-14
Net realised capital gains adjusted for long-term impairment losses on financial investment	53	147	+94
Gains and losses on financial assets and derivatives recognised at fair value	-42	23	+65
Other costs and income	-9	-56	-47
NET INCOME GROUP SHARE	8	108	+100

BALANCE SHEET

	31/12/2014	30/06/2015
<i>in millions of euros</i>		
Shareholders' equity (Group share)	4,883	4,668
Gross unrealised capital gains	9,539	8,244
Subordinated debt	791	791
Total balance sheet	98,777	99,375

*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: €31.71, DOWN 4.92%

Since the buyback value produced by the application of the revalued net asset method at 31 December 2014, which amounted to €8.90, was less than the value produced by

the application of the liquidity commitment, namely €31.71, declined by 4.92% compared to the previous value, it is the latter value which apply from 1st August 2015 to 29 February 2016.

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 March 2015	(A)	€33.35
Consolidated net assets of Groupama SA at 31 December 2014 under IFRS referential		€4,882,632K
→ Deduction of the net goodwill of the Groupama SA shares at 31 December 2014 under IFRS standards		-€770,962K
Consolidated net assets under IFRS standards of Groupama SA at 31 December 2014, adjusted for goodwill of the Groupama SA shares	(B)	€4,111,671K
Consolidated net assets of Groupama SA at 30 June 2015 under IFRS referential		€4,667,555K
→ Deduction of the net goodwill of the Groupama SA shares at 30 June 2015 under IFRS standards		-€770,962K
→ Undetected Subordinated notes under IFRS standards – Reimbursement 1 st half-year 2015		€13.250K
Consolidated net assets under IFRS standards of Groupama SA at 30 June 2015 adjusted for goodwill of the Groupama SA shares and Undetected Subordinated notes	(C)	€3,909,843K
Share buyback price applicable as from 1st August 2015	(A) x (C) / (B)	€31.71

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