

LETTER TO SHAREHOLDERS

April 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 business activity in 2015 was consistent with the strategy it has set, with a selective development in France and in International markets, and far-reaching partnerships, for the future. The group's premium income thereby stood at €13.7 billion.

In 2015, the group strengthened its technical and operating performance with:

- a stable non-life combined ratio of 99.2%;
- the active portfolio transformation in life with a share of unit-linked in individual savings reserves of 20.7%;
- the continued control of general expenses in 2015.

The economic operating income is thereby in significant growth in to €163 million.

The net income is an increase of +43% to €368 million.

At last, the Group's solvency margin is robust, to 263% under Solvency 2.

In conclusion, Groupama will continue to follow its strategic roadmap, which means tirelessly reinforcing its economic performance in order to promote mutualist values of proximity, trust and innovative services by investing in the technologies of the future, so as to keep in line with its customers' daily lives. In doing so, the group develop its own know-how and tie partnerships with leading companies in order to create innovative and differentiating customer experience.

At the occasion of the publication of the accounts, President Dagès said for its part that Groupama posted a strong growth in income thanks to the mobilisation of its elected representatives and its employees. This mobilisation is the fruit of the high standard that we all share regarding the way in which we practise the profession as a mutual insurer close to its customers and present locally in each region. At the same time, the group improved its financial flexibility with a successful launch of mutual certificates and invest in the future by being open to new practices and win-win agreements with top-tier partners.

Yours faithfully,

Thierry Martel



BUSINESS ACTIVITY FOCUSED ON PROFITABLE GROWTH

At 31 December 2015, Groupama's combined premium income stood at €13.7 billion, a +0.9% increase on a like-for-like basis.

In property and casualty insurance, the Group posted premium income growth of +0.8% to €7.1 billion at 31 December 2015 thanks to a selective underwriting policy and targeted tariff increases.

Premium income from life and health insurance was €6.3 billion at 31 December 2015, up +1.1%. This change was due in particular to the strong growth in the group health insurance business both in France and internationally and the turnaround in the savings/pension business in France with premium income stabilising over the period after several years of decline.

Insurance premium income in France at 31 December 2015 was €10.7 billion.

In property and casualty insurance, premium income rose +1.1% to €5.4 billion. This reflects notably the +1.1% rise in insurance for individuals and professionals to €3.2 billion (or almost 60% of written premiums in property and casualty insurance). It benefited from the growth in the home insurance (+2.6%) and professional risks (+5.9%) segments, which eased the slight decline in premium income in motor insurance (-0.4%). The Group's specialised subsidiaries (assistance, legal protection, credit insurance) continued their development (+9.7%).

In life and health insurance, premium income at €5.3 billion was up +0.7% compared with 31 December 2014.

This resulted mainly from the increase in the health insurance business (+2.2%), supported by strong growth in group health (+14.2%). On this business line, group health market, Groupama has more than 50,000 new "ANI" policies. In individual savings/pensions, premium income was stable, as the decrease in busi-

COMBINED RESULTS OF GROUPAMA

Financial year 2015

ness in euro-denominated savings (-2.9%) was offset by the sharp rise in unit-linked policies (+7.3%). Unit-linked premium income in individual savings/pensions represented 31.5% of gross inflows at the end of 2015, outpacing the market (20.9%, source: FFSA). After taking into account arbitrages (euro contracts for unit-linked contracts), "Fourgous" transfers, and inflows in 2015, the share of unit-linked outstandings in individual savings reserves was 20.7% versus 17.6% at 31 December 2014.

At 31 December 2015, international premium income totalled €2.8 billion, up +1.3% compared with 31 December 2014.

Premium income from life and health insurance increased +3.7% to €983 million, driven by strong growth in group insurance (+7.0%), particularly for the group protection (+10.2%) and group health (+13.3%) segments. In individual savings/pensions, premium income increased +2.8%, pertaining mainly to Italy.

Property and casualty insurance premium income totalled €1.8 billion at 31 December 2015, a stable level compared with 2014.

The financial and banking activities of the Group generated a premium income was €280 million at 31 December 2015, of which €154 million from Groupama Banque, €121 million from Groupama Asset Management and €5 million from Groupama Epargne Salariale.

AN ACTIVE PARTNERSHIP POLICY

Groupama established major partnerships in 2015:

– Amaline Insurances and DIAC, the Renault Group's financing and services subsidiary, teamed up in October 2015 to offer motor insurance to buyers of a new or used car within the Renault and Dacia networks.

– On 4 January 2016, Groupama and Orange announced the beginning of exclusive negotiations to enter into a partnership to develop a new banking model that will allow Groupama to strengthen its online banking activity and Orange to complete its diversification

into banking services. At the end of these negotiations, Orange could own 65% of Groupama Banque.

The Group has also built numerous partnerships to support the collaborative economy and innovation.

SHARP INCREASE IN NET INCOME

Economic operating income increased 26% to €163 million at 31 December 2015, despite two significant adverse factors: the low-interest rate environment and changes in legislative environment for motor third-party liability in Turkey.

Economic operating income from insurance amounted to +€270 million in 2015 (+42% over the period).

In life and health assurance, it reached +€152 million in 2015, up +€74 million compared with 2014 (+€61 million in France and +€13 million internationally). The growth in France came mainly from the active transformation of portfolios in recent years, particularly the development of unit-linked contracts and cost control.

In property and casualty insurance, economic operating income amounted to +€118 million compared with +€112 million for the previous period. The non-life net combined ratio was 99.2% in 2015, stable compared with 2014 (+0.2 points).

The Group continues to control its general expenses, contained at a level equivalent in absolute value to 2014, while increasing its investments particularly in digital to cope with the rapid changes in technology and customer expectations. Groupama has thus reduced its annual costs by €400 million since the beginning of 2012.

Banking and financial businesses contributed €9 million to economic operating income, while holding companies (which bear the Group's holding and financing costs) contributed -€117 million in economic operating income at 31 December 2015.

The transition from economic operating income to net income incorporates non-recurring items of €205 million at 31 December 2015 versus €128 million at 31 December 2014. These non-recurring items mainly correspond to the capital gains realised with the divestments in Veolia Environnement and Mediobanca and the favourable effect of the change in fair value of assets recognised through profit or loss. The Group's overall net income increased sharply (+43%) to €368 million at 31 December 2015.

A SOLID BALANCE SHEET

At 31 December 2015, insurance investments amounted to €83.9 billion, and unrealised gains totalled €10.1 billion, including €7.3 billion on bonds, €0.7 billion on equities, and €2.1 billion on real estate assets. The Group continued its asset derisking policy particularly by reducing its equity portfolio, which, net of hedges, represented 5.0% of the asset portfolio* at 31 December 2015 versus 5.3% at 31 December 2014.

The Group's shareholders' equity totalled €8.2 billion at 31 December 2015, up +2% compared with 31 December 2014.

During 2015, the Group strengthened its financial flexibility.

Groupama is the first mutual insurer to have issued mutual certificates "Certificats Mutualistes", a new source of funding dedicated to joint mutualist organisations, created by the law on the Social and Solidarity Economy of 31 July 2014. Groupama Rhône Alpes Auvergne's launch of the first issue in December 2015 was very satisfactory. All of the Group's regional mutuals will start issuing mutual certificates in June 2016.

As at 31 December 2015, dated subordinated debt amounted to €750 million versus €791 million as at 31 December 2014. This decrease came from the early redemption of the 2005 perpetual subordinated bond (TSDI) for its outstanding amount of €41 million. Groupama's debt to equity ratio excluding revaluation reserves thus decreased to 10.2% in 2015 versus 11.6% in 2014.

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

A ROBUST SOLVENCY MARGIN

At 31 December 2015, the Solvency 2 coverage ratio was 263%. Groupama calculates its Solvency 2 ratio at the Group level, with the incorporation of a transitional measure on technical reserves in accordance with the statutory regulation.

The margin requirement under Solvency 1 is also covered more than 2.5 times by the Group.

CONSOLIDATED RESULTS OF GROUPAMA SA

Financial year 2015

PREMIUM INCOME

	2014		2015	2015/2014
	Reported premium income	Pro forma premium income ⁽¹⁾	Reported premium income	Change ⁽²⁾ %
<i>in millions of euros</i>				
> FRANCE	7,133	7,133	7,239	+1.5%
Life and health insurance	3,976	3,976	4,021	+1.1%
Property and casualty insurance	3,157	3,157	3,218	+1.9%
> INTERNATIONAL AND OVERSEAS	2,788	2,736	2,770	+1.3%
Life and health insurance	953	948	983	+3.7%
Property and casualty insurance	1,835	1,788	1,787	0.0%
TOTAL INSURANCE	9,920	9,869	10,009	+1.4%
FINANCIAL AND BANKING BUSINESSES	282	282	282	+0.2%
TOTAL	10,202	10,151	10,292	+1.4%

(1) Based on comparable data.

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

NET INCOME

	2014	2015	2015/2014 change
<i>in millions of euros</i>			
Economic operating income*	-60	-27	+33
Net realised capital gains	168	214	+46
Impairment losses on financial instruments	-11	-24	-13
Gains and losses on financial assets and derivatives recognised at fair value	-68	34	+102
Amortisation of intangible assets and other transactions	-14	-65	-51
NET INCOME	15	133	+118

BALANCE SHEET

	2014	2015
<i>in millions of euros</i>		
Book equity (Group share)*	4,883	4,811
Gross unrealised capital gains	9,539	9,102
Dated subordinated debt	791	750
Total balance sheet	98,777	99,345

*Including perpetual subordinated debt recognised as equity instruments.

*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: €32.88, UP 3.69%

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 €32.88, increased by 3.69% compared to the previous value, it is the latter value which apply from 1 April 2016 to 30 July 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 1 August 2015	(A)	€31.71
Consolidated net assets of Groupama SA as at 30 June 2015 under the IFRS reference source		€4,667,555K
→ Deduction of net goodwill on acquisition of Groupama SA shares as at 30 June 2015 under IFRS standards		-€770,962K
Consolidated net assets of Groupama SA as at 30 June 2015 under IFRS standards, adjusted for the goodwill on acquisition of Groupama SA shares	(B)	€3,896,593K
Consolidated net assets of Groupama SA as at 31 December 2015 under the IFRS reference source		€4,811,180K
→ Deduction of net goodwill on acquisition of Groupama SA shares as at 31 December 2015 under IFRS standards		- €770,962 K
Consolidated net assets of Groupama SA as at 31 December 2015 under IFRS standards, adjusted for the goodwill on acquisition of Groupama SA shares	(C)	€4,040,218K
Share buyback price applicable as from 1 April 2016	(A) x (C) / (B)	€32.88

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