LETTER TO GROUPAMA SA SHAREHOLDERS

August 2014

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

Thierry MARTEL,
Chief Executive of Groupama SA

Christian COLLIN,
Deputy Chief Executive of Groupama SA

To the Shareholders,

The first half of 2014 confirms the success of Groupama in its strategy to reinforce its core business lines. Thanks to its rigorous and united mutualist governance system, the Group has continued to strengthen it financial solidity by prioritising the service provided to its members and customers.

In fact, in accordance with its strategic programme, the Group has substantially increased its operating income, developed its premium income in non-life insurance in France and abroad, continued the transformation of its life insurance product mix and successfully carried out financing operations.

Groupama has therefore continued to build on the results of its mutualist strategy driven by business performance.

Yours faithfully,

Thierry Martel **Christian Collin**

Groupama

COMBINED RESULTS OF GROUPAMA
First half 2014

Activity focused on profitable growth

At 30 June 2014, Groupama's combined premium income stood at €9.2 billion, a 0.4% increase with constant scope and foreign exchange rates compared with 30 June 2013.

In property and casualty insurance, the Group recorded growth of 1.1% of its premium income to €5.1 billion at 30 June 2014 thanks to selective underwriting policy and targeted tariffs adjustment.

Premium income for life and health insurance amounted to €3.9 billion at 30 June 2014, down 0.7%. This change reflects the decrease in the savings and retirement business in euros and the growth achieved in inflows of unit-linked products as well as in individual health.

Insurance premium income in France at 30 June 2014 amounted to €7.6 billion, down 0.7% compared with 30 June 2013.

In property and casualty insurance, premium income rose 1.8% to €4,147 million, outpacing the market (+1.5% –source FFSA end-May 2014). This reflects notably the rise in insurance for individuals and professionals (+1.4%, or almost 60% of premiums in property and casualty insurance at €2,438 million), which benefited from targeted tariff resets. In home insurance, the Group grew 4.4% whereas the motor insurance segment slightly decreased (-0.6%). The agricultural insurance lines saw strong growth of 3.6% over the period. Specialised subsidiaries (assistance, legal protection, credit insurance) also continued to grow (+13.0%).

In life and health insurance, premium income amounted to €3,468 million, down 3.6% compared with 30 June 2013. This change reflects the decrease in life and savings premium income (-8.3%), which was mainly attributable to the planned reduction in the individual savings and retirement business in euros (-19.5%). Conversely, unit-linked premium income in individual savings/retirement rose sharply (+21.1%). As a result, taking into account arbitrages (euro to unit-linked policies), "Fourgous" transfers and inflows for the first half of 2014, the rate of UC in individual savings reserves amounted to 16.2% compared to 13.3% at 31 December 2013. In addition, the Group recognised an increase of 0.9% in premium income from health insurance (individual and group).

International premium income amounted to €1.4 billion at 30 June 2014, up 6.4% with constant scope and foreign exchange rates compared to 30 June 2013 and up 2.4% on a reported basis, the difference resulting essentially from the appreciation of the Euro against the other currencies. This change was driven by the strong growth in premium income for life and health insurance, which increased by 30.3% to €440 million thanks to the sharp rise in premium income from the individual savings and retirement business (+52.7%), particularly in Italy and Hungary. Individual health insurance gained 10.5% year-on-year.

Property and casualty insurance premium income totalled €993 million at 30 June 2014, a 1.7% decrease compared to the previous period. This is mainly due to the decline of the motor insurance segment (-6.9%) brought about by macroeconomic conditions and difficult market conditions in various countries (notably in Italy, Turkey and Romania). The good performances of the agricultural insurance lines (+29.7%), in particular in Turkey, helped to partly counterbalance this decline.

Strengthened operational and technical effectiveness

Economic operating income amounted to €100 million at 30 June 2014 compared to €26 million at 30 June 2013. This increase of €74 million can be mainly attributed to the 2.4 point improvement in the combined non-life ratio, bringing it to 98.5% at 30 June 2014.

In France, insurance economic operating income came to €82 million, up €40 million compared to the previous year. This increase is mainly attributable to the 2.6 point improvement in the net combined non-life ratio, bringing it to 98.1% at 30 June 2014 thanks to a host of measures taken by the Group to improve its technical risk management. The weight of climate-related claims decreased by 0.3 points despite the bad weather which hit France during the 1st half-year, and particularly during the Pentecost weekend in May, which resulted in a cost of €85 million for the Group (net of reinsurance and before tax).

Internationally, economic operating income amounted to €45 million, with also an improvement of 1.6 points in the combined non-life ratio to 100.0% at 30 June 2014.

The proactive cost-cutting programme led by the Group has continued, with a decrease of about €30 million (before tax) in expenditures during the first half of 2014.

Overall, the Group's net profit amounted to €140 million at 30 June 2014.

Strengthened balance sheet

The Group's shareholders' equity increased to €7.8 billion at 30 June 2014, compared with €6.7 billion at 31 December 2013.

At 30 June 2014, insurance investments stood at €83.2 billion versus €75.6 billion at 31 December 2013. Unrealised capital gains increased by €3.2 billion to reach €8.1 billion at 30 June 2014; of which €5.1 billion from the bond portfolio, €1.0 billion from the equity portfolio and €2.0 billion from real estate assets.

The Group continued its financial risks reduction policy, reducing notably its equity portfolio, which net of hedges during the first half of 2014, now represents 5.2% of the assets portfolio* compared to 6.5% at 31 December 2013.

During the month of May, Groupama SA successfully carried out an exchange offer and an issue of subordinated notes. The operation resulted in an extension of the maturity of the Group's liability profile and to reinforce its financial flexibility. Groupama's debt to equity ratio excluding revaluation reserves thus reaches 20.8% at 30 June 2014.

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

Solvency margin of 239%

The regulatory solvency margin requirement is covered 239% at 30 June 2014, an increase of 39 points compared to 31 December 2013.

CONSOLIDATED RESULTS OF GROUPAMA SA
First half 2014

Premium income

in millions of euros	30/06/2013 Reported premium income	30/06/2013 Pro forma premium income*	30/06/2014 Reported premium income	2014/2013 change: Change on a reported consolidation and exchange rate basis %	2014/2013 change: Change on a like-for-like exchange rate and consolidation basis %
> FRANCE	**4,746**	**4,730**	**4,526**	**-4.6%**	**-4.3%**
Life and health insurance	2,559	2,559	2,281	-10.8%	-10.8%
Property and casualty insurance	2,184	2,168	2,242	+2.7%	+3.4%
Discontinued activities	3	3	3	-13.1%	-13.1%
> INTERNATIONAL & OVERSEAS	**1,400**	**1,347**	**1,433**	**+2.4%**	**+6.4%**
Life and health insurance	349	338	440	+26.1%	+30.3%
Property and casualty insurance	1,051	1,010	993	-5.6%	-1.7%
TOTAL INSURANCE	**6,146**	**6,077**	**5,960**	**-3.0%**	**-1.9%**
FINANCIAL AND BANKING ACTIVITIES	130	130	139	6.8%	6.8%
TOTAL	**6,276**	**6,207**	**6,099**	**-2.8%**	**-1.8%**

*Based on comparable data.

Net income

in millions of euros	30/06/2013	30/06/2014
Economic operating income	-42	6
Net realised capital gains	196	53
Impairment losses on financial instruments	-3	0
Gains and losses on financial assets and derivatives recognised at fair value	-5	-42
Other costs and income	-41	-9
Net income Group share	104	8

Balance sheet

in millions of euros	31/12/2013	30/06/2014
Shareholders' equity (Group share)	3,816	4,755
Gross unrealised capital gains	3,939	7,014
Subordinated debt	1,238	793
Total balance sheet	91,397	98,549

THE GROUPAMA SA SHARE

Share buyback price: €32.16, up 12.8%

Since the buyback value produced by the application of the revalued net asset method at 31 December 2013, which amounted to €8.61, was less than the value produced by the application of the liquidity commitment, namely €32.16, increased by 12.8% compared to the previous value, it is the latter value which apply from 1st August 2014 to 31 January 2015.

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 2014	**(A)**	**€28.51**
Consolidated net assets of Groupama SA at 31 December 2013 under IFRS referential		€3,815,838 K
➜ Deduction of the net goodwill of the Groupama SA shares at 31 December 2013 under IFRS standards		-€770,962 K
Consolidated net assets under IFRS standards of Groupama SA at 31 December 2013, adjusted for goodwill of the Groupama SA shares	**(B)**	**€3,044,876 K**
Consolidated net assets of Groupama SA at 30 June 2014 under IFRS referential		€4,755,145 K
➜ Deduction of the net goodwill of the Groupama SA shares at 30 June 2014 under IFRS standards ➜ Undeted Deply Subordinated notes issued by Groupama SA under IFRS referentiel		-€770,962 K -€549,400 K
Consolidated net assets under IFRS standards of Groupama SA at 30 June 2014, adjusted for goodwill of the Groupama SA shares	**(C)**	**€3,434,783 K**
Share buyback price applicable as from 1st August 2014	**(A) x (C) / (B)**	**€32.16**

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Groupama

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