



AG2R LA MONDIALE

HALF YEAR 2016 EARNINGS LA MONDIALE

October 2016, 14th

Cautionary note

At half-year, La Mondiale does not produce full financial statements but only prepares a balance sheet and an income statement. Auditors are not required and do not issue any audit or limited review report on these financial figures. They have been presented and reviewed by La Mondiale Board on October 12, 2016.

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of, or indicate, future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and La Mondiale's plan and objectives to differ materially from those expressed or implied in the forward looking statements. Please refer to "La Mondiale Rapport Financier 2015" for a description of certain important factors, risks and uncertainties that may affect La Mondiale's business and/or results of operations. La Mondiale undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

Unless otherwise specified, financial statements are calculated in accordance with IFRS as adopted by the European Union. Those relating to the solvency margin are, from the 1st January 2016, calculated under the European Union's Solvency II rules.



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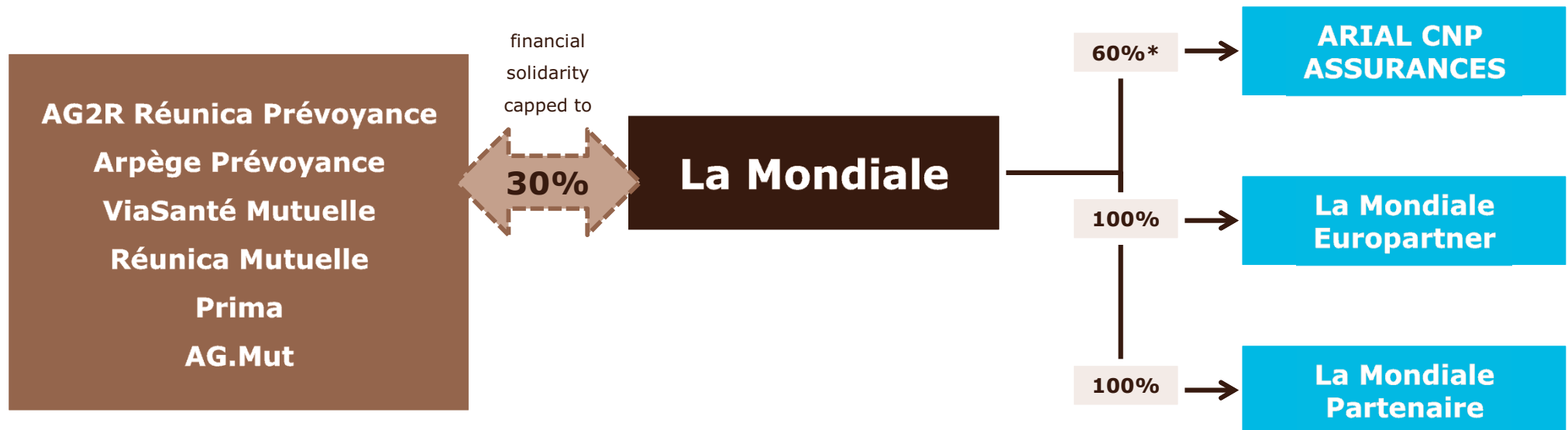


KEY FIGURES

La Mondiale: Company overview

- Founded in 1905
- French Mutual Life Insurance Company
- Strong positions on private wealth management market, Group and Self Employed Retirement Plans
- Multi channel distribution networks
- Long record of sustained growth
- In the capital market since 1989
- Strong risk management and well diversified asset allocation
- La Mondiale and AG2R Réunica Prévoyance are member of a mutual insurance group through a Société de Groupe d'Assurance Mutuelle (Sgam). Within this framework, all members are committed with each others to a financial solidarity (30%).

SGAM AG2R LA MONDIALE



* consolidated through use of the equity method from the 1st of April 2016



Partnership with CNP assurances

OBJECTIVE : TO BECOME THE REFERENCE IN GROUP SUPPLEMENTARY PENSION

- *A core business activities for both Groups*
- *Strategic issues, in the context of an aging population*



Two strong and complementary companies



- **N°3 on the French market Group supplementary pension ***
- **N°1 in life, health and protection insurance**
- 9 millions of French policyholders in savings and supplementary pension
- Partnership with 4,600 companies

- **N°2 on the French market Group supplementary pension ***
- **N°1 in welfare protection groups**
- **N°1 in mandatory occupational pension (Agirc and Arrco)**
- A quarter of these pension are paid via AG2R LA MONDIALE

ARIAL CNP ASSURANCES is destined to manage :

- ✓ **the additional pension of nearly 20,000 companies**
- ✓ **about € 12 bn of technical provisions in supplementary pension**



HY 2016 Summary

- ✓ Increase of premiums especially in private wealth management savings for G/A contracts (a decrease of premiums is expected in the second half)
- ✓ UL/GA (26% / 74%) mix far above the market (+7 pts)
- ✓ High net inflows in G/A contracts
- ✓ Strong HY2016 net income and policyholder surplus reserve
- ✓ Increase of equity (+13%) up to € 3.4 billion
- ✓ La Mondiale (solo) Solvency 2 ratio at 282% (169% excluding transitional rules)*
- ✓ SGAM AG2R LA MONDIALE Solvency 2 ratio at 186% (123% excluding transitional rules)



HY 2016 Key figures (1/2)

LA MONDIALE

In € million	FY 2014	HY 2015	FY 2015	HY 2016	HY16 / HY15
Premiums	7,870	3,337	6,790	3,859	+15.6%
Net Income	260	120	251	152	+26.8%
Total Equity	3,341	2,994	3,114	3,393	+13.3%
Gearing Ratio ⁽¹⁾	34.6%	37.8%	37.0%	34.5%	-3 pts
Technical Provisions	67,582	71,047	72,615	74,173	+4.4%
Total Balance Sheet	85,294	87,918	88,724	94,233	+7.2%
Number of employees	2,817	2,810	2,848	2,937	+4.5%
Solvency II ratio			196%	186%	
Solvency II ratio excl. transitional rules			120%	123%	

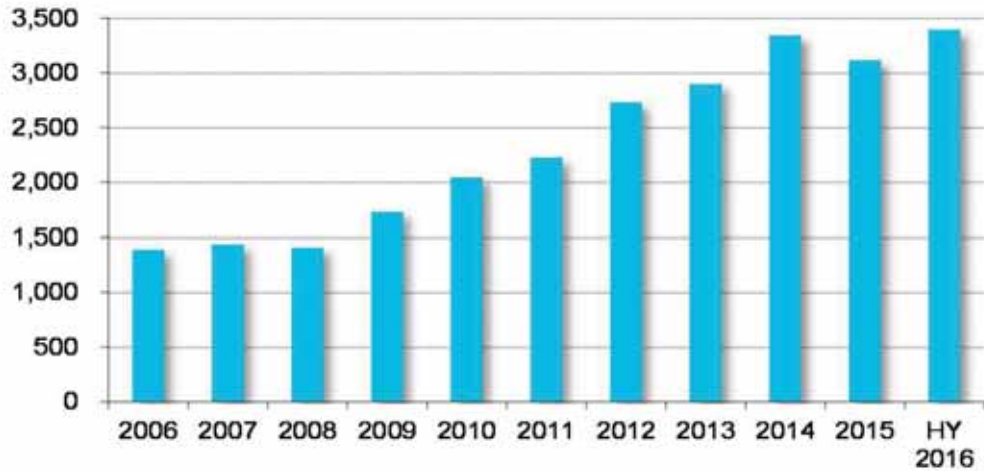
SGAM

(1) Financing debt / total IFRS equity

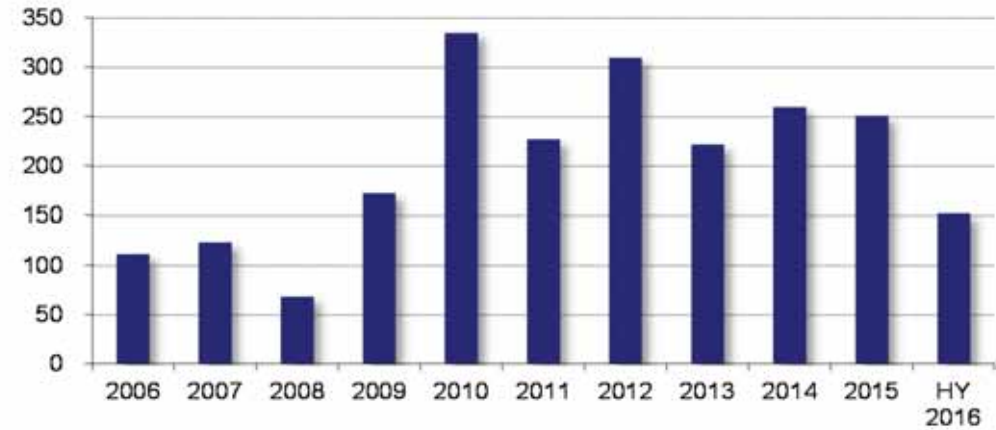


HY 2016 Key figures (2/2)

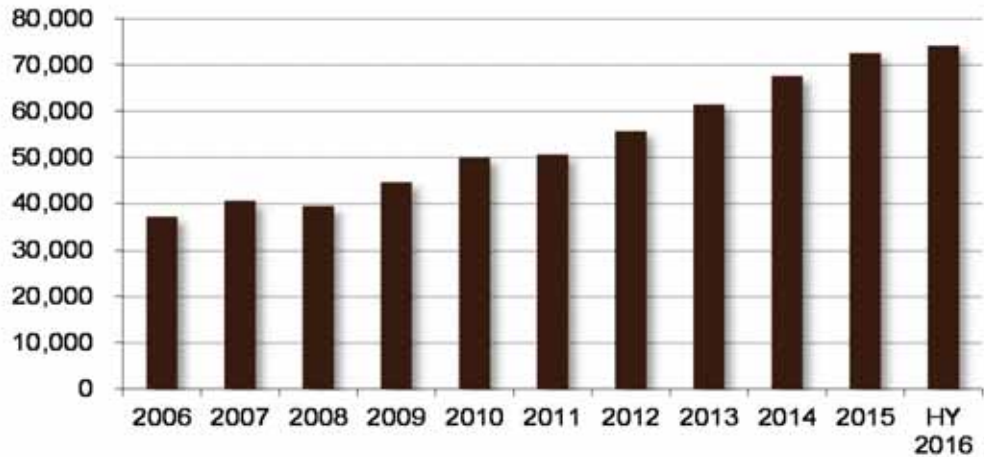
Equity (in € million)



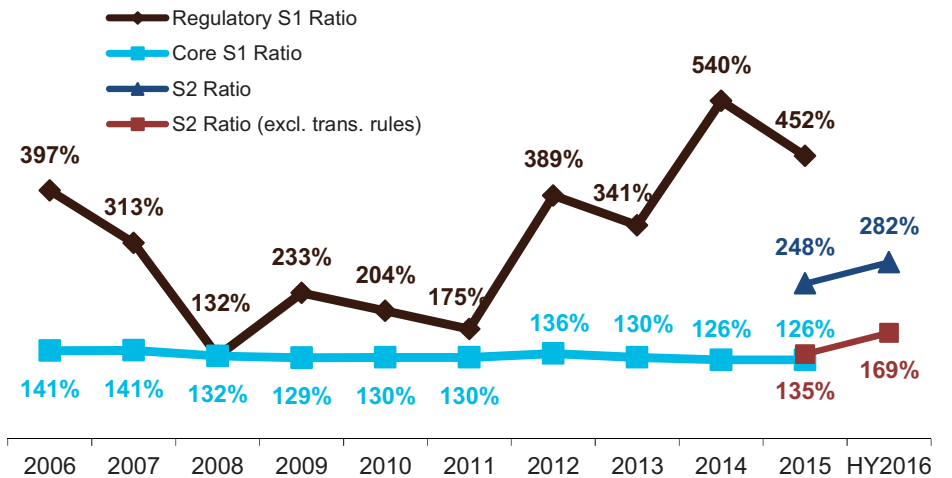
Net results (in € million)



Technical reserves (in € million)



Solvency Margin La Mondiale solo*



* The group prudential level is SGAM AG2R LA MONDIALE.
Solvency 2 ratios are available page 24

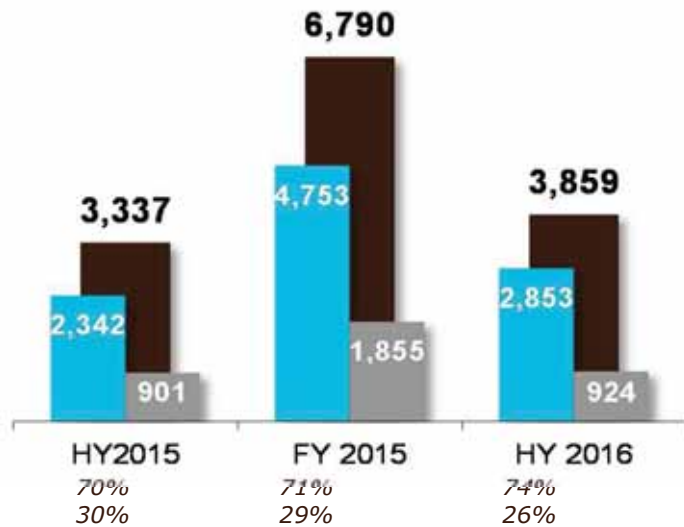


BUSINESS ACTIVITY

HY 2016 Business activity

Premiums (in € mn)

■ Total
■ Savings
■ Pension



Premiums : +15.6% compared to HY 2015, mostly due to :

- ✓ Savings : +28% due to a specific campaign in Luxembourg during the first half year only
- ✓ Pension : +3%

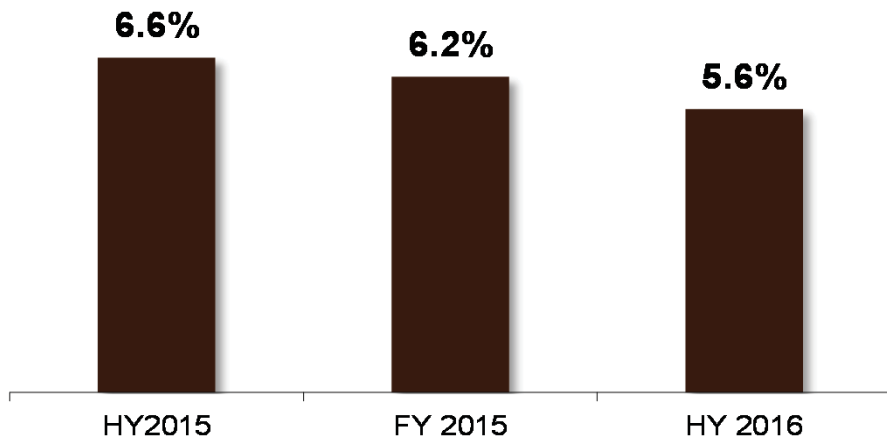
Claims :

Lower than historical level following for the French market trend

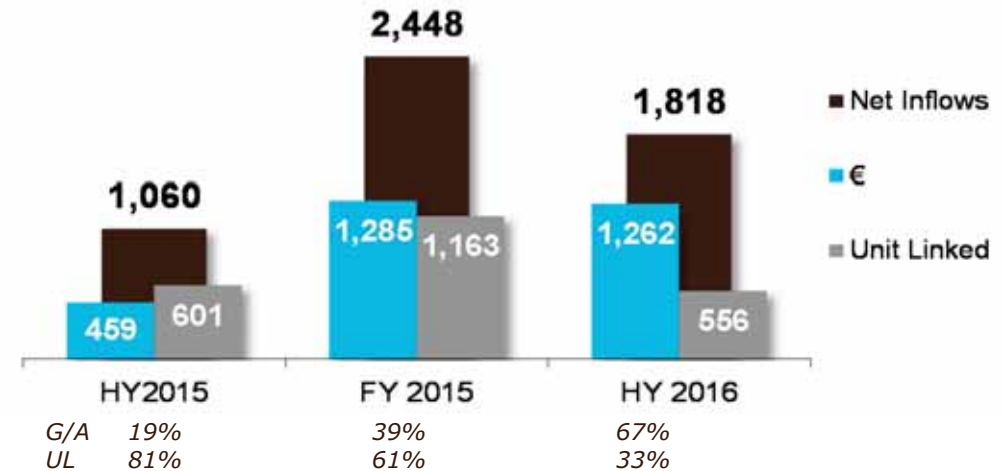
Net inflows :

+71% compared to HY 2015, mainly G/A

Insurance claims ratio

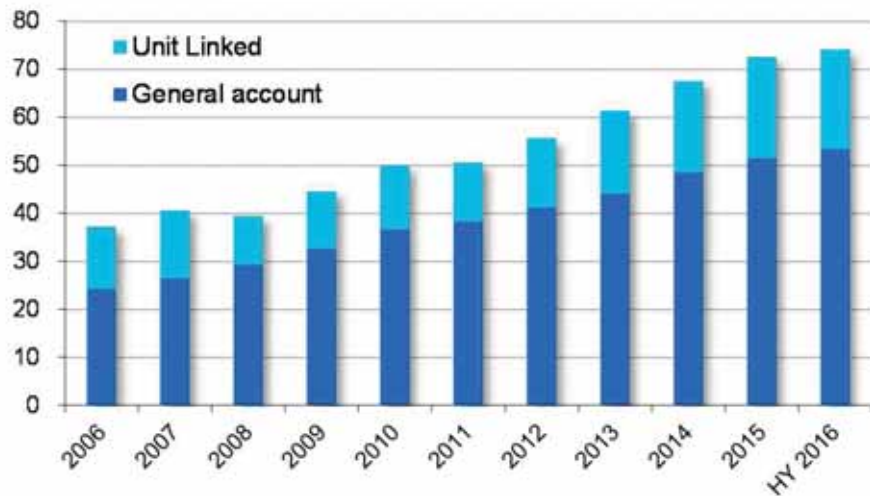


Net inflows (including arbitrage, in € mn)



HY 2016 Core businesses' Financial structure

Outstanding liabilities
74 € bn



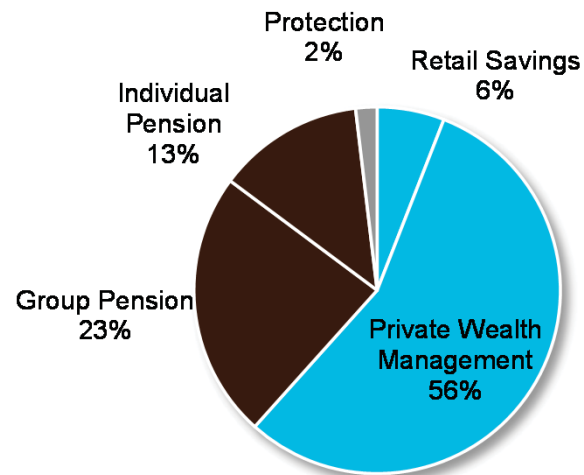
Liabilities : +2.1% compared to FY 2015

- General account : +3.6% including +5.3% of the policyholder surplus reserve
- Unit linked : -1.3% with a negative performance (-3.6%) of underlying assets but positive net inflows.

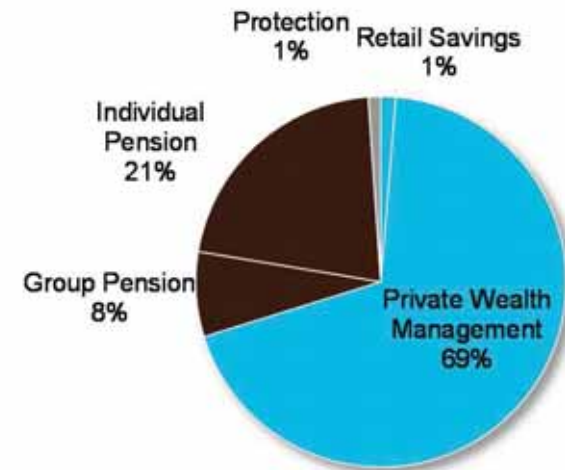
Compared to 1,1% to French market : GA (+1.4%) and UL (-0.5%) liabilities

Stable UL/GA mix at 28% / 72% (above the French market at 17% / 83%)

Liabilities by products
74 € bn



New business breakdown (APE)
300 € mn

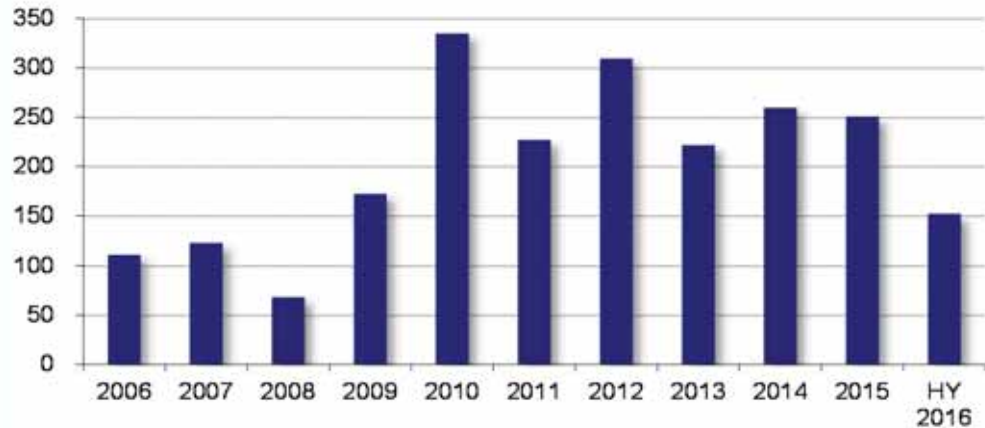




FINANCIAL PERFORMANCE

HY 2016 Earnings and profitability

Net results (in € mn)



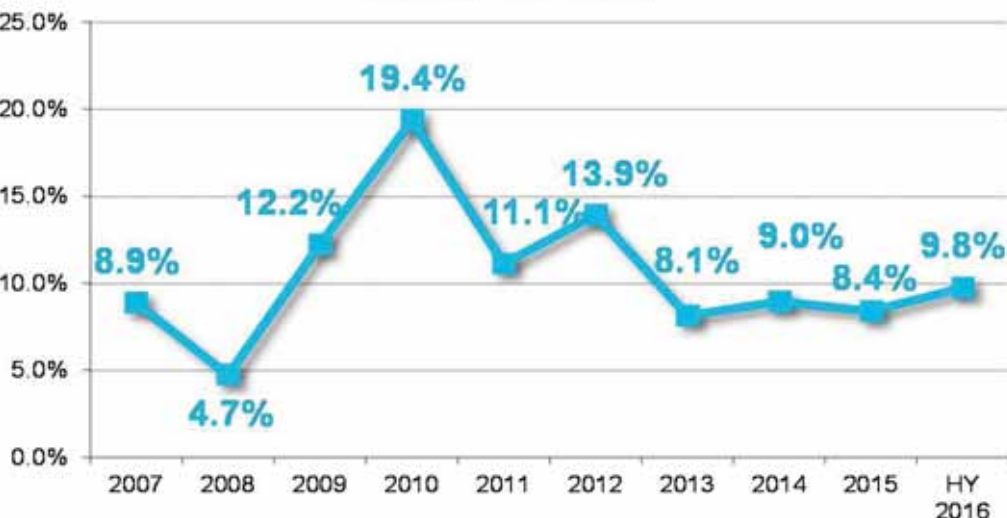
HY 2016 net result : € 152 mn

- Increase of policyholder surplus reserve by € 81 mn
- Cumulated net results of € 2,230 mn since 2006, facing two financial crisis

Policyholder surplus reserve : € 1,617 mn

3.15% (+0.6pt compared to FY 2015) of G/A insurance liabilities

Return on equity



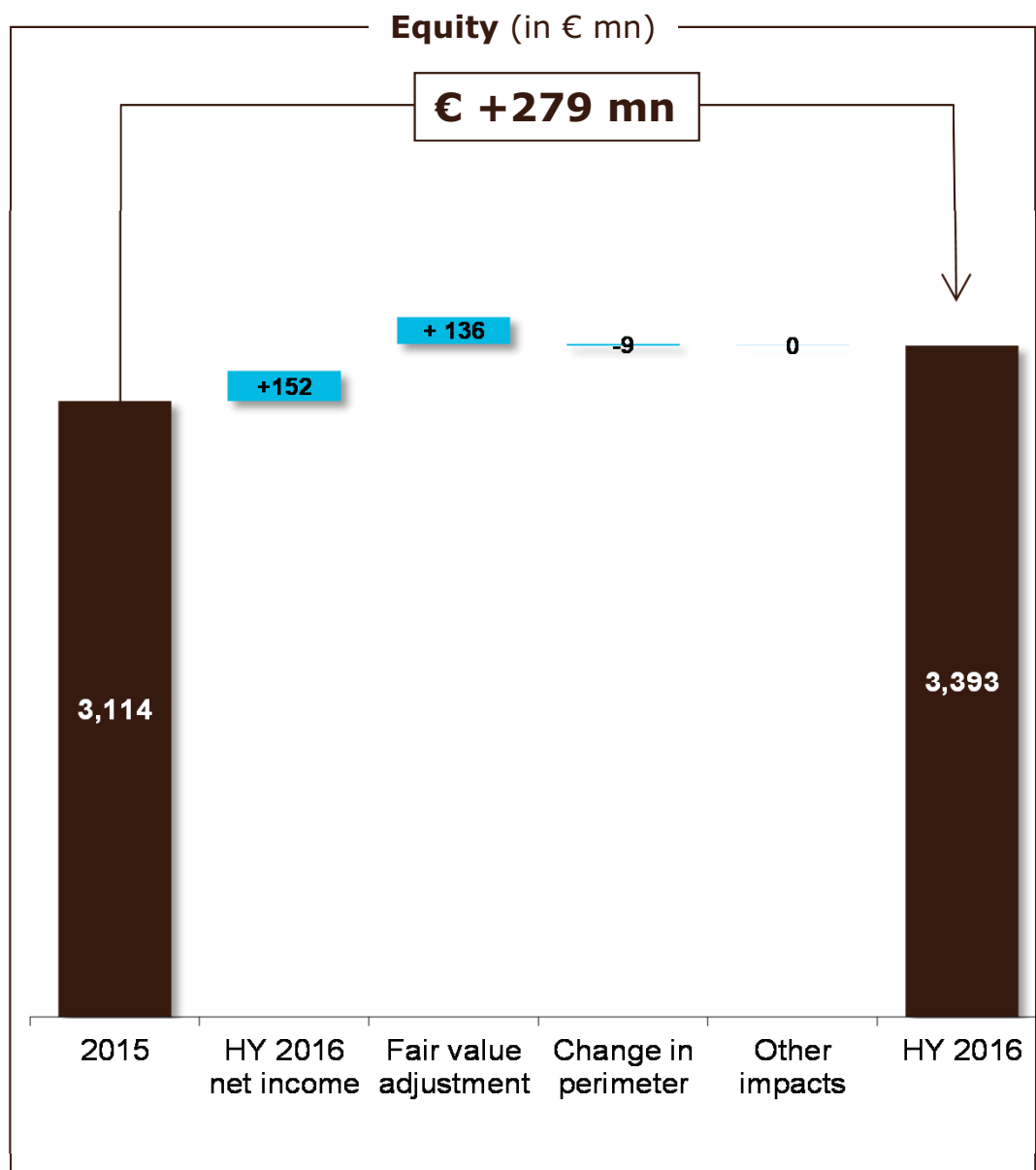
Consolidated Policyholder Surplus Reserves*



* Savings and Pensions surplus reserve



HY 2016 Equity



Total Equity : +8,9% compared to FY 2015

HY net result € +152 mn

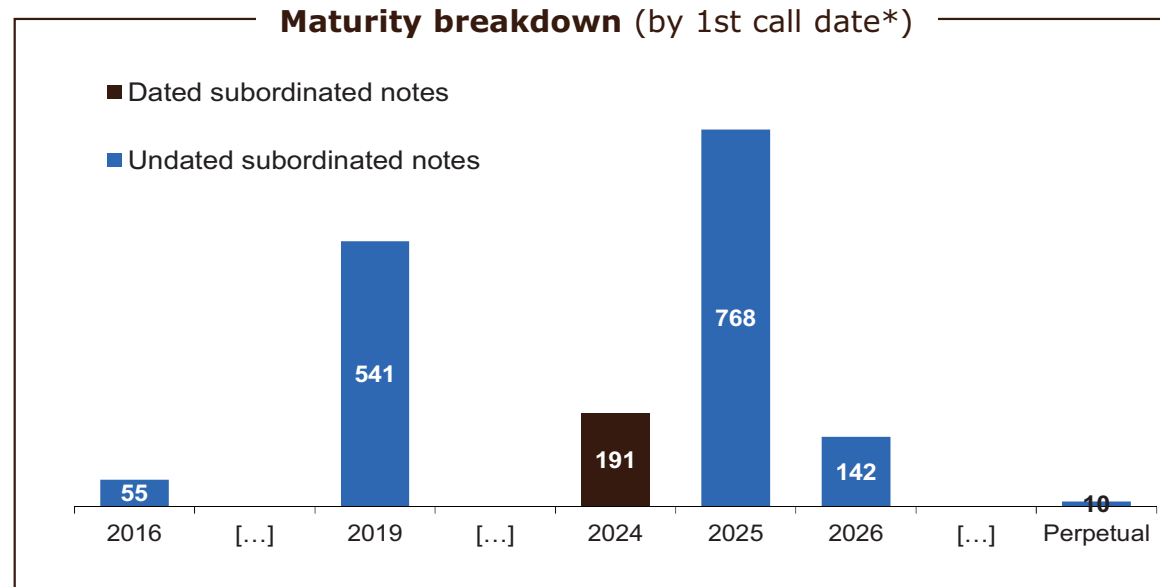
Fair value adjustment € +136 mn

Due to the decrease of long term rates

Change and other impacts € -9 mn



Subordinated redemption profile



Subordinated Financial debt : € 1,708 mn

€ 191 millions of EUR dated debt with a 1st call option in 2024, Tier2 until 2026

€ 541 millions of perpetual debt denominated in USD, with a 1st call option in 2019, restricted T1 until 2026

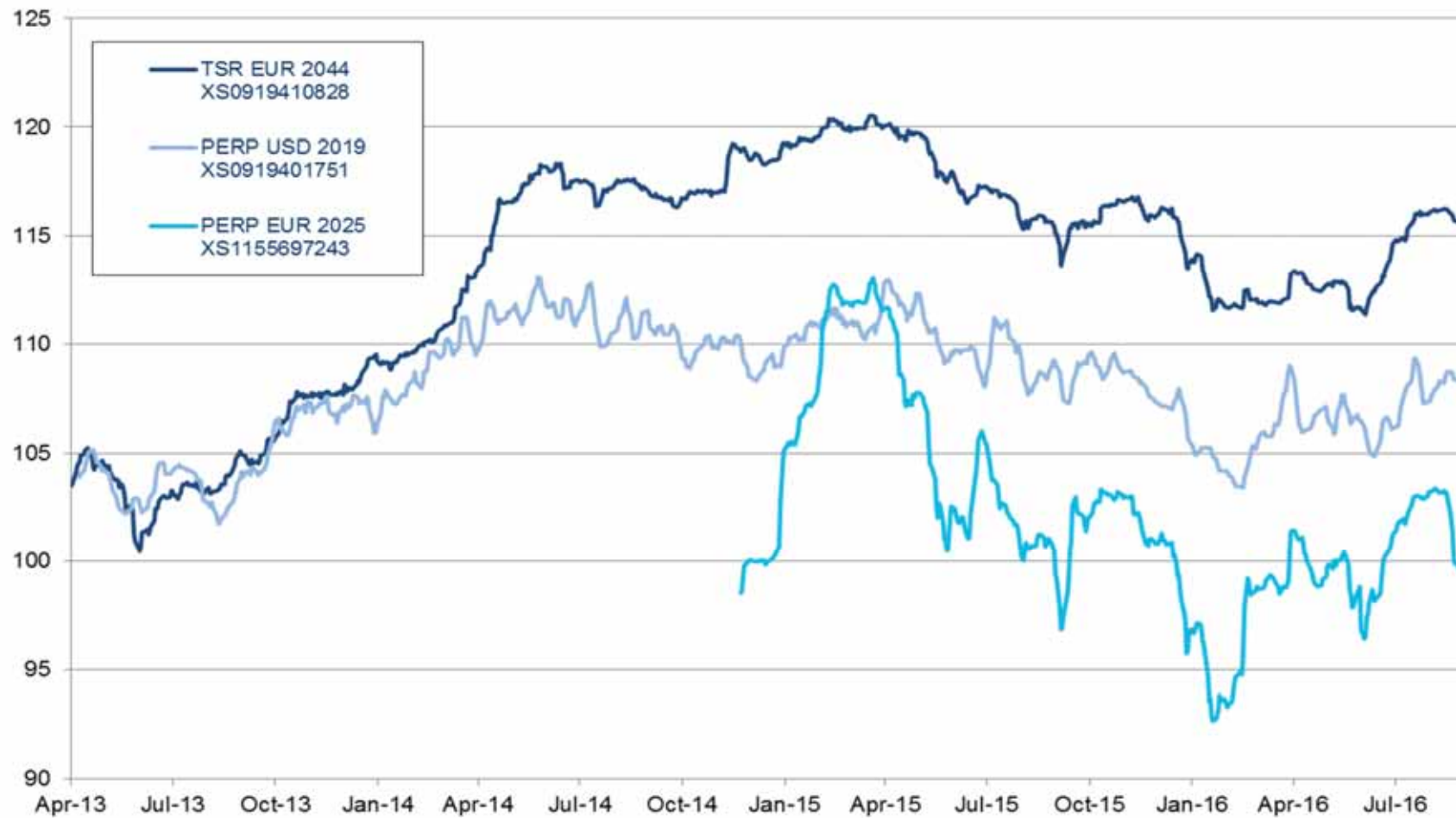
➤ Fully hedged until 2019

€ 768 millions of EUR perpetual debt, with a 1st call option in 2025, restricted Tier1 until 2026, Tier2 after

€ 207 millions of other EUR perpetual debts, mostly outstanding amounts remaining from past liability management operations, Restricted Tier1 until 2026



Robustness of La Mondiale' secondary levels



Price evolution of main bond issues

Despite recent adverse conditions, still good performances for last issuances

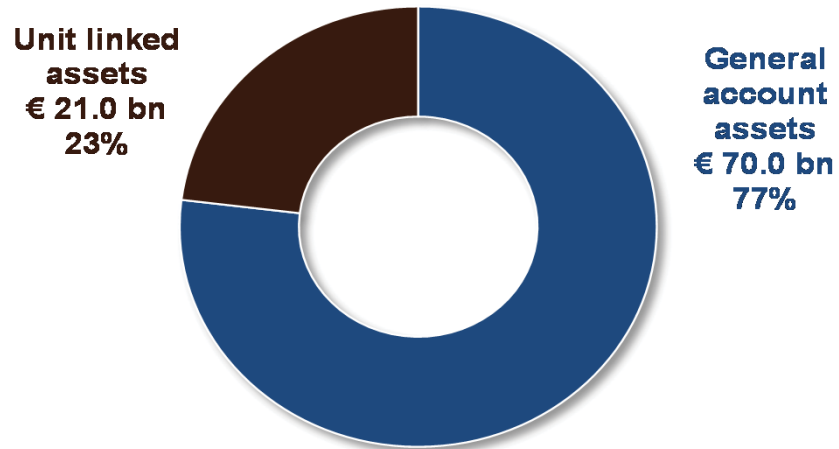




INVESTED ASSETS

HY 2016 Asset allocation

Outstanding assets
91 € bn



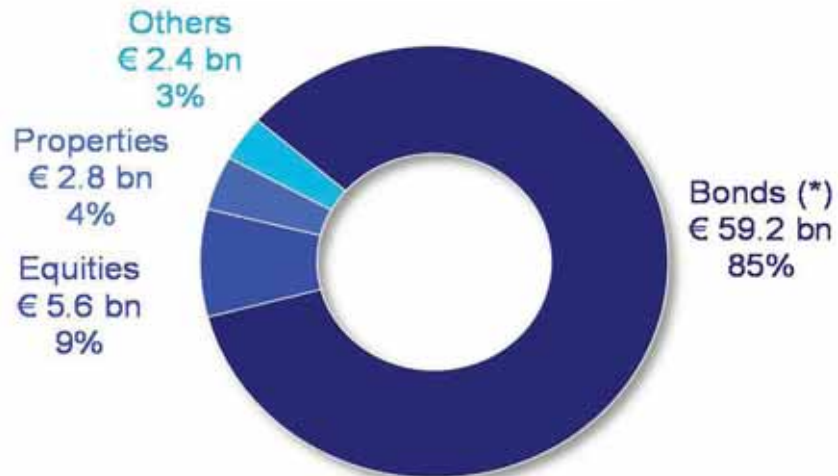
Assets : +6.8% compared to FY 2015

- General account : +9.6%
- Unit linked : -1.8%

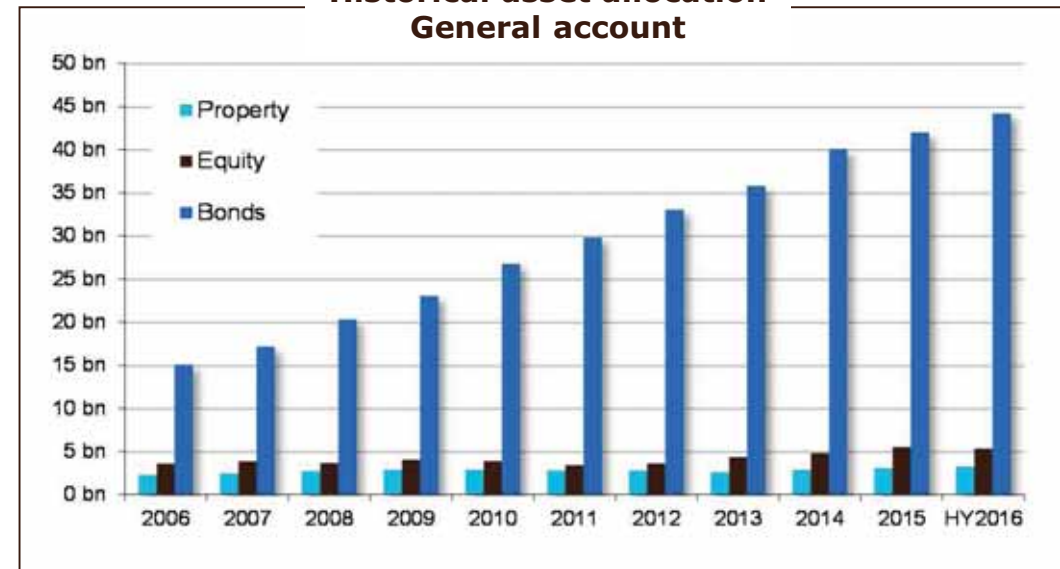
Assets under management have grown significantly over the last decade at an average annual growth rate of **+10.8%** since 2006

Bonds represent 85% of General account in HY 2016 vs. 72% in 2006

Euro assets allocation
70 € bn



Historical asset allocation
General account

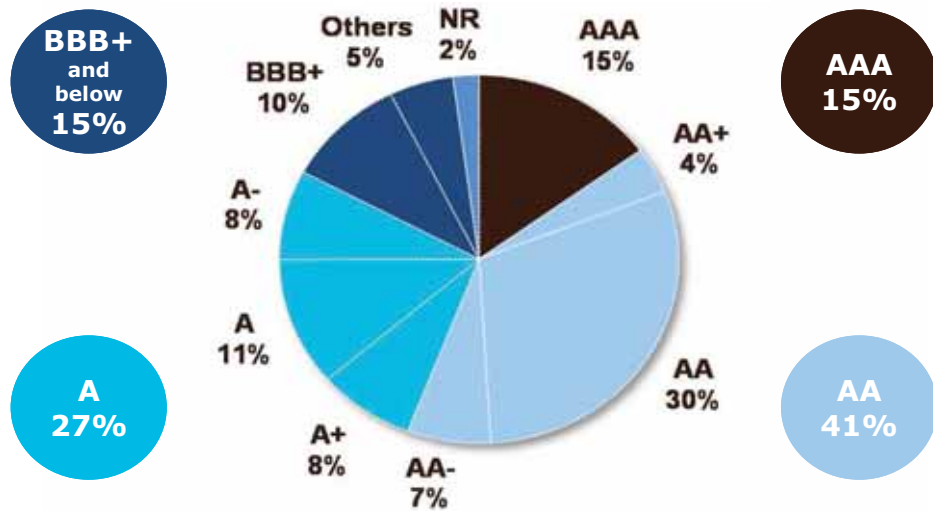


(*)including repo (sale and repurchase agreement)



HY 2016 Bonds allocation

Credit exposure by credit rating

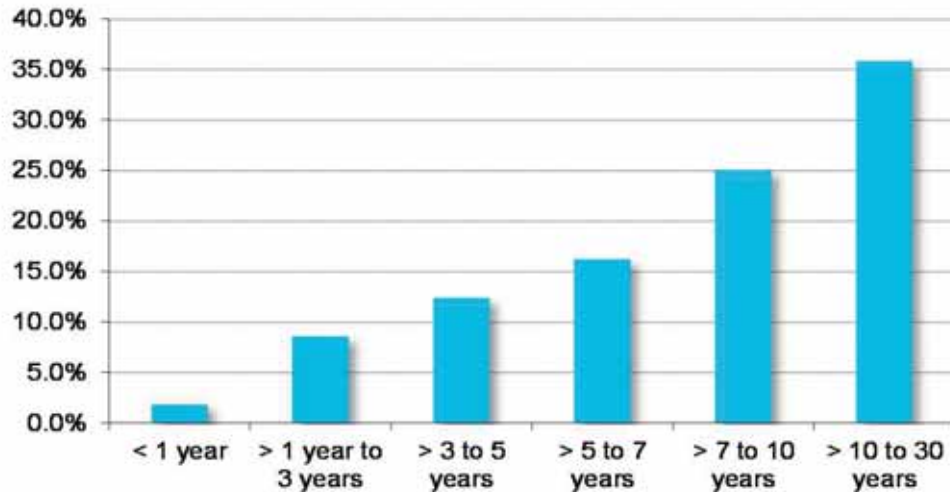


Bond exposure : € 57.5 bn

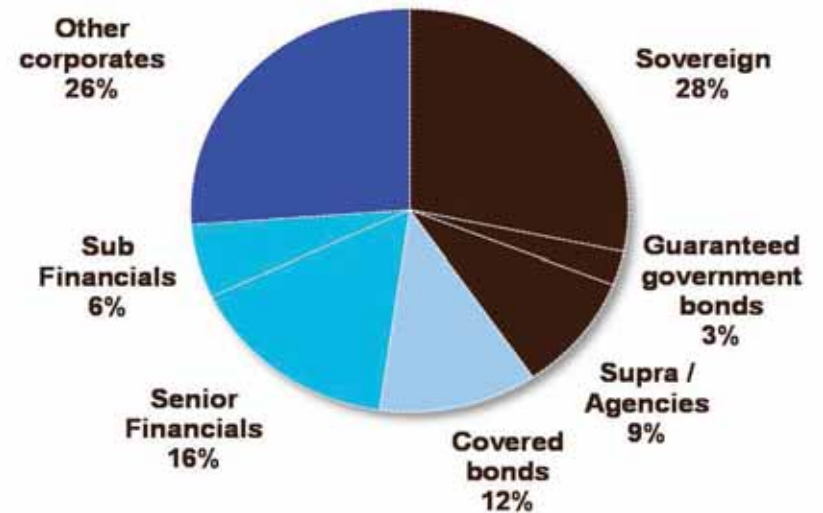
Limited exposure to risky investments with as less than 15% of the investments currently rated BBB+ or below, exposure lower than the market

An estimated 15-year liabilities duration is a key strategic element of our asset management policy

Portfolio by maturity band

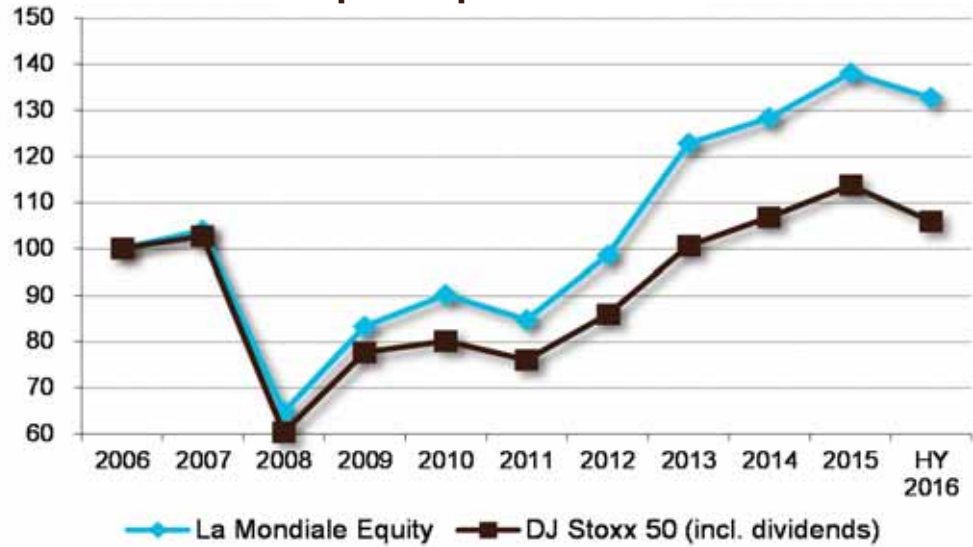


Credit exposure by Issuer type



HY 2016 Equities allocation

Equities performance



Equities exposure : € 5.6 bn
(including € 1.1 bn through mutual funds)

HY2016 performance at -3.9%, after +7.6% performance in 2015.

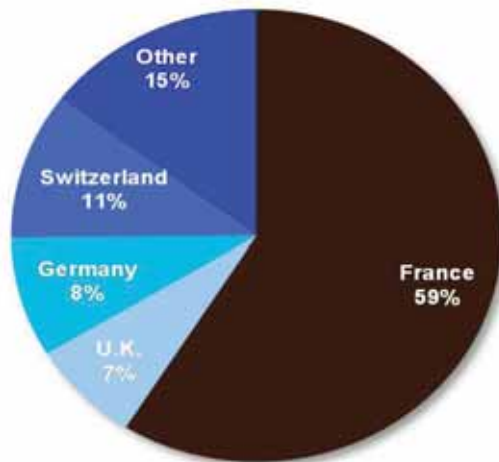
An Equity portfolio well diversified by geography and sector

A focus on large liquid Equity stocks traded on the main exchange markets

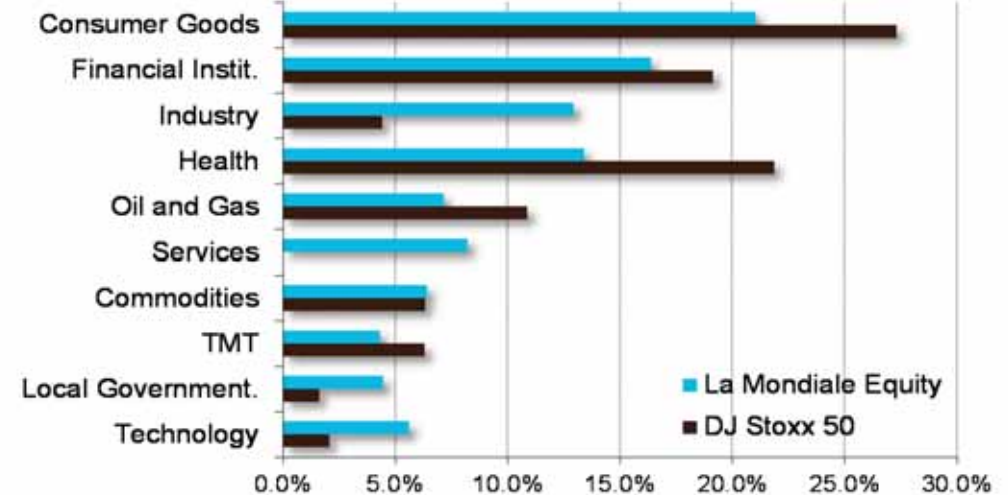
Breakdown by countries
(excl. mutual funds)

100% in European countries

82% in Euro countries

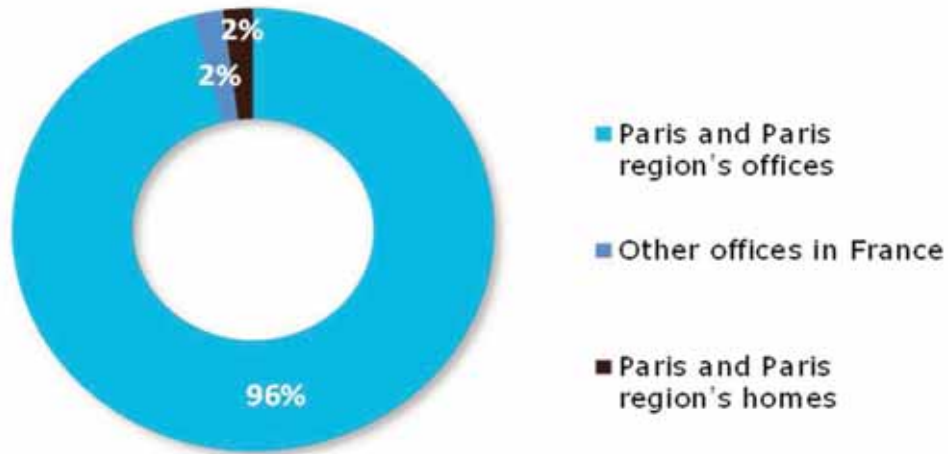


Breakdown by sector



HY 2016 Property allocation

Geographic breakdown



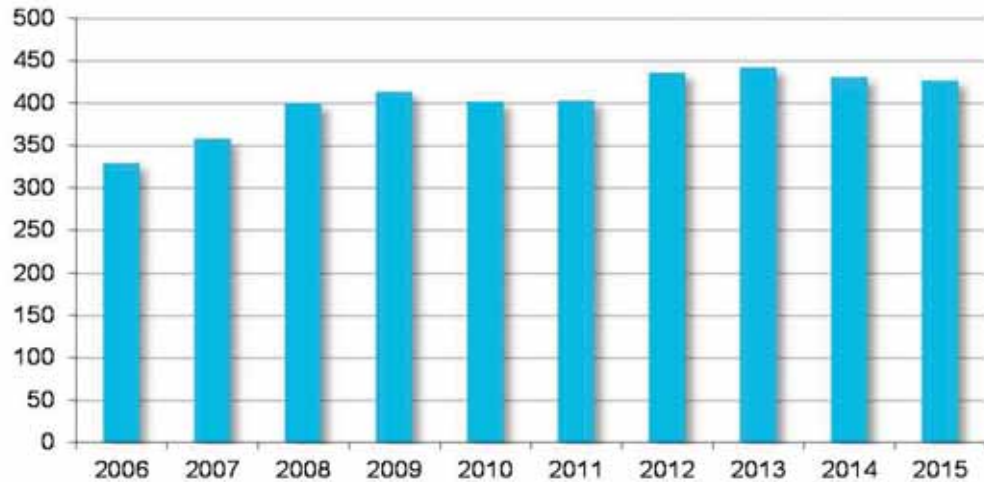
Property exposure : € 2.8 bn (fair value : € 3.9 bn)

La Mondiale property assets represent 471,000.00 sq.m. and are mainly offices located in the center of or in Western Paris, i.e. only Prime Real Estate

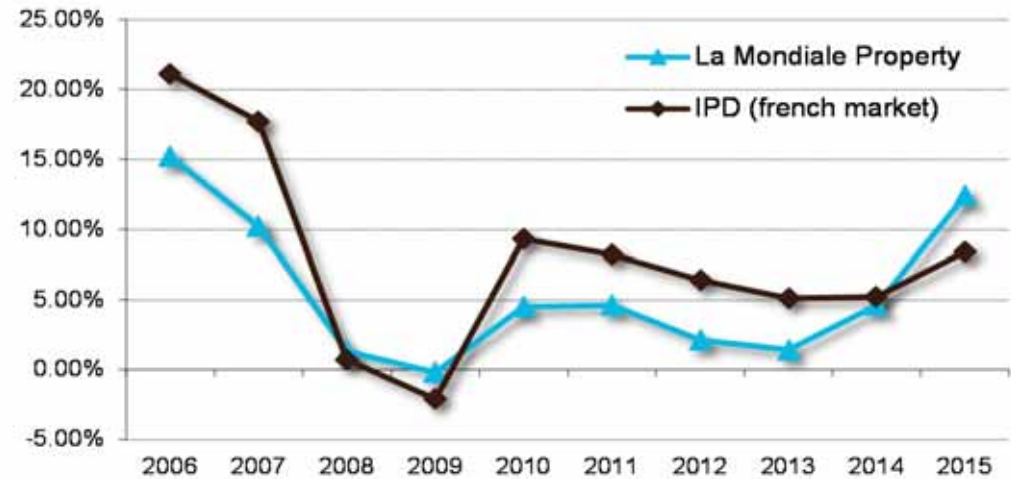
Rental yields largely outperforms the fixed income markets even though they have been trending slightly downwards recently

From 2015, La Mondiale property performance outperforms the IPD index due to the successful development and restructuration strategy driven before.

Annual revenue (€ per sq.m)



Total performance



SOLVENCY 2 RATIO

SGAM & La Mondiale – Solvency Key Figures

	La Mondiale (solo)		SGAM	
	FY 2015	HY 2016*	FY 2015	HY 2016
Solvency I ratio	452%		285%	
Solvency II ratio	248%	282%	196%	186%
Solvency II ratio excl. transitional rules	135%	169%	120%	123%
Part of Tier 1 in Own Funds	98%	98%	98%	98%
Part of Tier 1 covering SCR	242%	276%	192%	192%
Market risk part	83%	83%	82%	82%

*According to regulations rules, the SCR has not been updated for HY 2016. Only eligible elements are updated



HY2016 Solvency 2 ratios of SGAM AG2R LA MONDIALE

**FY 2015
Sgam ratio :
196%**

**HY 2016
Sgam ratio :
186%**

The HY 2016 Solvency 2 ratio of SGAM AG2R LA MONDIALE is 186%, less 10bps compared to the end of 2015 – rates have lost 70bps on the same period.

Excluding transitional rules, the HY 2016 ratio is 123% (+ 3 pts compared to FY 2015).

The HY 2016 Solvency 2 ratio of La Mondiale solo ratio is 282% and 169% excluding transitional rules (with a non updated SCR for solo calculations according to regulations rules).

Solvency ratios are quite stable due to management decisions to adapt to a deteriorated market environment.

Part of Tier 1 in Own Funds

98%

Part of Tier 1 covering SCR

192%

Market risk part

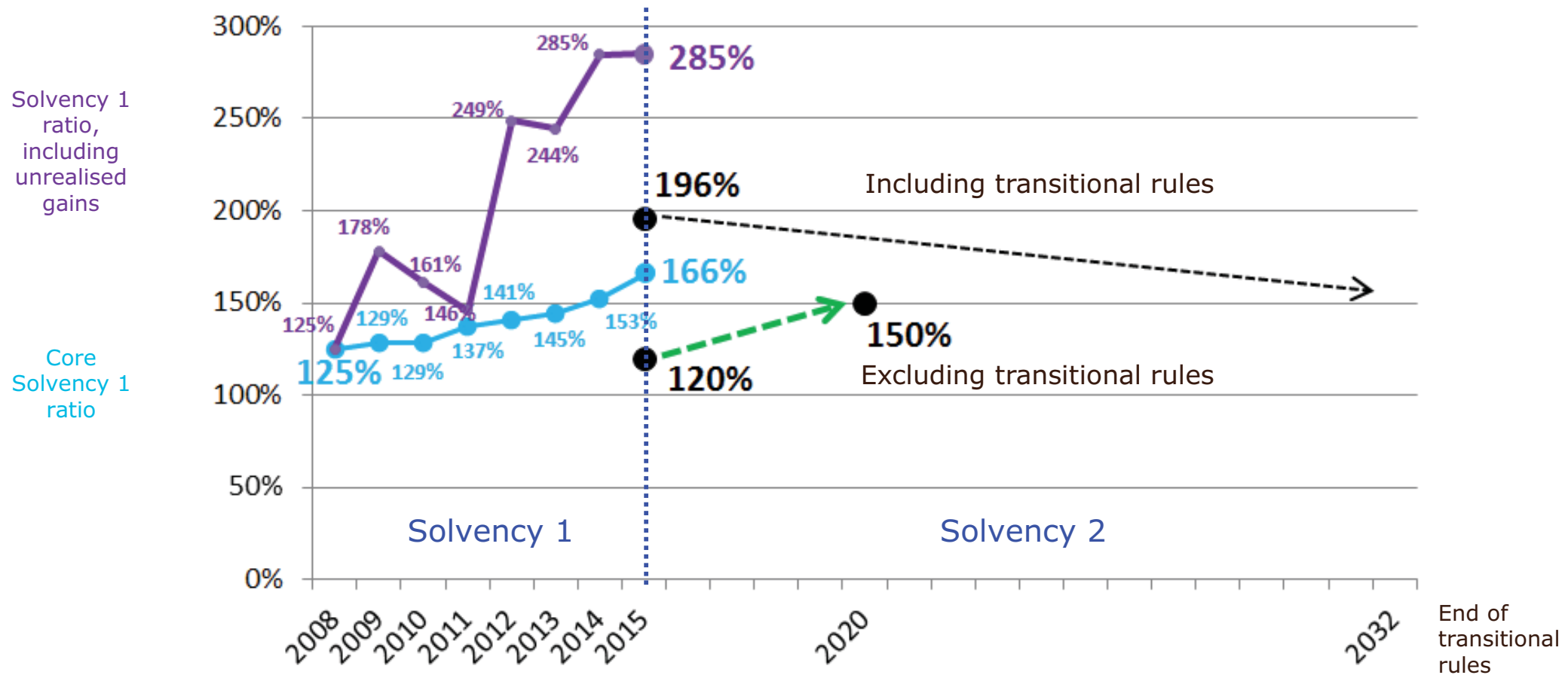
82%

Sgam Tiering profile is mainly Tier 1 own funds. La Mondiale Tiering profile is similar with 83% of Tier 1.

Market risk is the main one in Sgam risk profile. Setting up a FRPS and, if needed, reviewing asset allocation could lower its part.



AG2R LA MONDIALE Solvency 2 data



AG2R LA MONDIALE intends to reach a target of 150% with the Standard Formula and excluding technical reserves transitional rules by 2020.



Measures contemplated for increasing Solvency ratios, in the medium term

- AG2R LA MONDIALE has launched issuance of « Certificats Mutualistes » in October 2016, which is a new unrestricted Tier 1 capital instrument. A first target is to issue one hundred million euros of additional capital by 2017.
- The discretionary benefits rates on saving and pension contracts have been adjusted to increase company's margins.
- Business mix will also be adapted to limit guarantees requiring a high level of capital.
- Regarding the protection business, AG2R LA MONDIALE will continue to reduce the loss ratios to strengthen its margins.
- Additional capacity for hybrid capital recognition.
- Asset allocation could also be reviewed, if needed, to reduce the capital requirement.
- On the pension business, a new opportunity : creation of a French Pension Scheme (FRPS). AG2R LA MONDIALE and especially ARIAL CNP ASSURANCES could take advantage of this new regulatory framework in the first half of 2018. A positive impact of minimum 30 points on the Solvency 2 ratio of SGAM AG2R LA MONDIALE is anticipated.

[Detailed measures in FY 2015 Earnings](#)



APPENDIX

Overview of La Mondiale Balance sheet

<i>€mio</i>	HY 2015	FY 2015	HY 2016	%Change HY 2016/ HY 2015
TOTAL ASSETS	87,918	88,719	94,233	+7.2%
Intangible assets	49	68	65	+32.3%
<i>ow. Goodwill</i>	39	56	55	+39.2%
Insurance investments	63,936	63,898	70,029	+9.5%
Unit Linked investments	21,165	21,360	20,984	-0.9%
Others assets	2,543	3,096	2,747	+8.0%
Cash and cash equivalent	225	298	408	+81.3%

<i>€mio</i>	HY 2015	FY 2015	HY 2016	%Change HY 2016/ HY 2015
TOTAL LIABILITIES	87,918	88,719	94,233	+7.2%
Equity Group Share	2,985	3,104	3,383	+13.3%
Minority Interests	9	9	10	+0.6%
Total Equity	2,994	3,114	3,393	+13.3%
Financing debt	1,585	1,599	1,562	-1.4%
Insurance and financial liabilities	76,254	77,685	80,956	+6.2%
Other liabilities	7,085	6,321	8,323	+17.5%



Overview of La Mondiale P&L account

<i>€mio</i>	HY 2015	FY 2015	HY 2016	%Change HY 2016/ HY 2015
Revenue	3,337	6,790	3,859	+15.6%
Financial Products	1,832	3,431	1,288	-29.7%
Others	1,397	798	-576	-141.3%
Current operating income	6,567	11,018	4,570	-30.4%
Current operating expenses	-6,382	-10,653	-4,352	-31.8%
Operating Income	184	365	218	+18.2%
CONSOLIDATED NET RESULT	120	251	152	+26.8%



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