



AG2R LA MONDIALE

# LA MONDIALE

## HALF YEAR 2021 EARNINGS

October 7, 2021

# Half Year 21: delivering on our strategy

## Successful transformation of the pension products and portfolio

- ✓ **Strong performance** and **good UL mix** of the *PER* contracts: nearly **€70m** of premiums with a UL rate of **57%** (+10pts compared to old contracts). A **robust trend** of premiums after a successful launch of new pension contracts in a very competitive market
- ✓ **Transformation of Madelin portfolio into PER** : > 90% positive client return, leading to **25pts** positive impact on the solvency ratio

## Managed and robust solvency position: 222%

- ✓ A **comfortable level** of equity capital, supported by a net income in the Group's target in addition to a reinforcement of stability reserves and no dividend constraint
- ✓ A **tight control on capital requirement** reinforced through General Account strict monitoring (controlled net inflow in line with Group's target), extremely good unit-linked premium mix (50%) and liabilities management

## Acquisition of a 67% stake in Aegide-Domitys on June 30<sup>th</sup>, 2021

*Aegide-Domitys: a leading position in the Senior Services Residences in France*

- ✓ **Senior services residences** developer and operator for **20+ years**
- ✓ **>20% market share (#1)** in France with more than **130 residences** and **12,000 residents**
- ✓ **Value-added creation** through control of the **entire value chain**, along with **strong growth potential**

*Transaction rationale*

- ✓ **Population support** at all ages and stages of life
- ✓ **Synergies** in real estate development, marketing & sales, and finance
- ✓ **Business, profit and risk diversification** through a non-insurance structure purchase



# Group overview

**€5.3bn** Gross Written Premiums at HY 2021

- ✓ Confirming profitable growth of the portfolio and steering towards unit linked (+29% of GWP compared to HY 2020)

SGAM Solvency ratio at **222%** as of HY 2021  
(La Mondiale Solvency ratio at **268%**)

- ✓ In the high end of our target solvency range thanks to the pension transformation and interest rates increase

**€8.4bn\*** IFRS equity capital as of HY 2021

- ✓ Management of organic own funds generation

**€110m** Net Result at HY 2021

- ✓ Managed performance in a robust solvency position

S&P rating '**A**' **Stable outlook**

- ✓ Resilient model as emphasized by the S&P upgrade



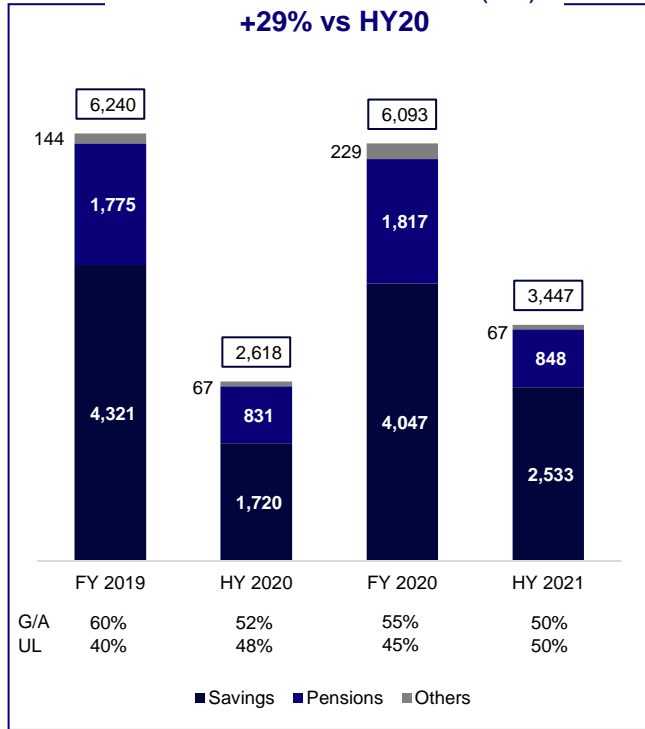
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1. **Group financial results**
2. Additional information

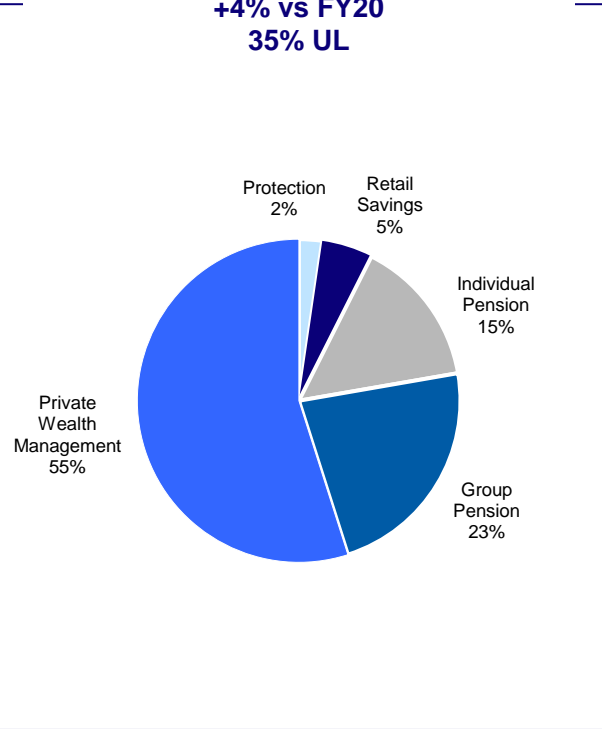


# La Mondiale – Key business figures

**Gross Written Premiums\* (€m)**  
+29% vs HY20



**Technical reserves - €92.5bn**  
+4% vs FY20  
35% UL



Strong growth of **GWP** compared to HY20:

- ✓ +47% savings
- ✓ +2% pensions

35% of La Mondiale's liabilities made of UL (+2pts vs FY20), still above the market

38% pensions / 60% savings: natural hedge between liabilities

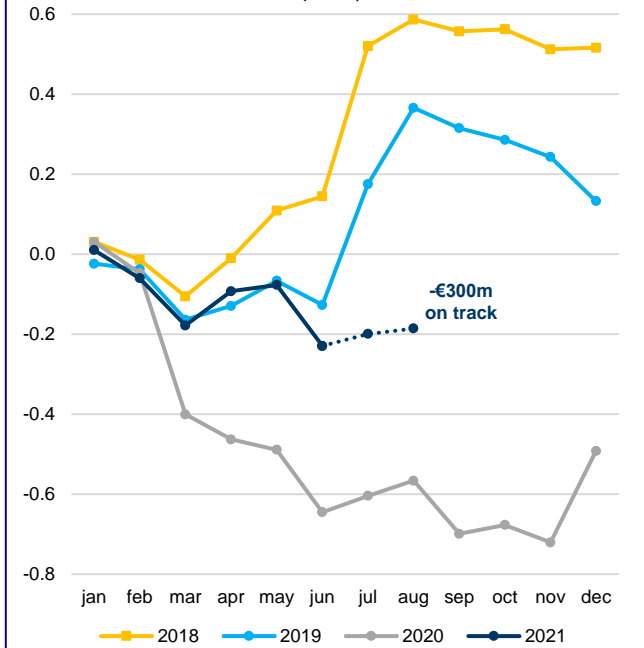
(\*) Excluding internal reinsurance



# La Mondiale – Net inflows

## Net General Account inflows

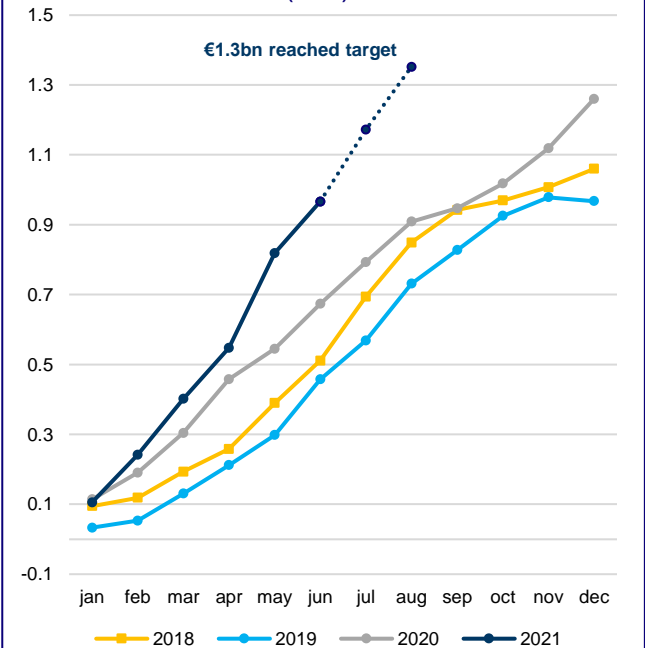
(€bn)\*



(\*) : French Gaap

## Net Unit Linked inflows

(€bn)\*



(\*) : French Gaap

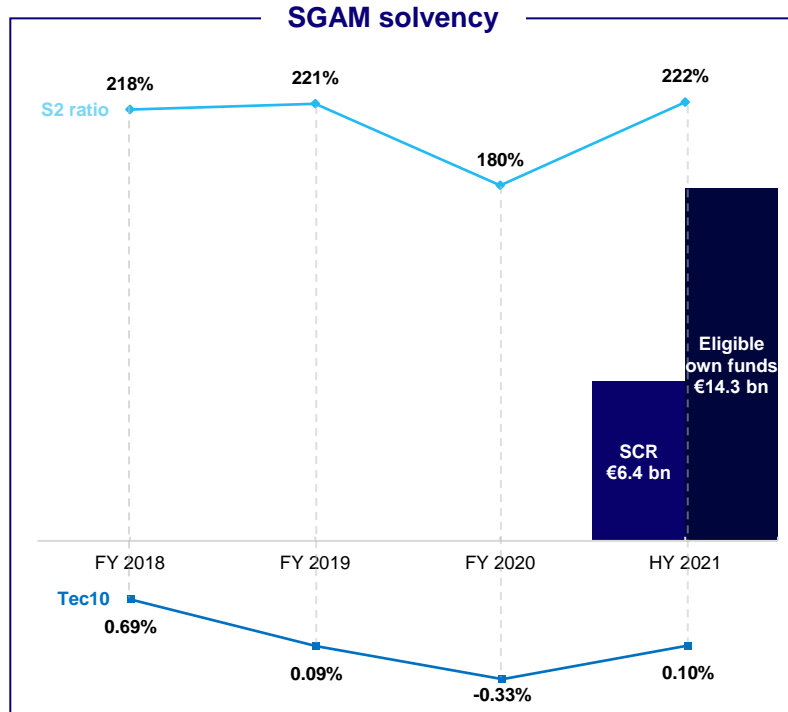
Measures have been taken to monitor the volume in GA while keeping good UL net inflows: levels of **UL net inflows** are **higher than ever**, while GA's levels keep decreasing.

**Great stability of the key business indicators**, maintained at a strong level in line with the Group's strategy:

- ✓ **Steer and limit gross inflows on the general account**
- ✓ **Keep a competitive position on the market**
- ✓ **Maximize the unit linked inflows**



# SGAM – A robust solvency position in a low rates environment



## Successful actions carried out during the first semester to return to a comfortable solvency

The solvency ratio increased by 42pts between FY 2020 and HY 2021 mainly due to :

- ✓ Around +25pts estimated impact through the transformation of *Madelin* contracts into individual *PER* contracts
- ✓ Financial market environment impact (especially rise of interest rates by 40bps and CAC40) for +27pts
- ✓ Around -10pts from others technical impacts (inflation, transitional measures amortization, etc.)

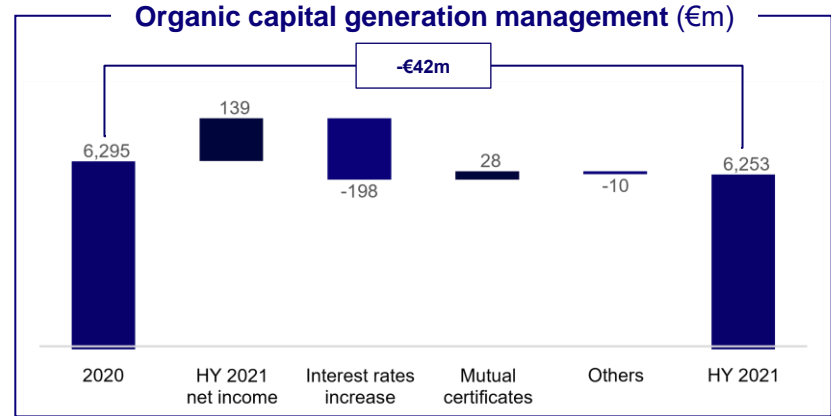
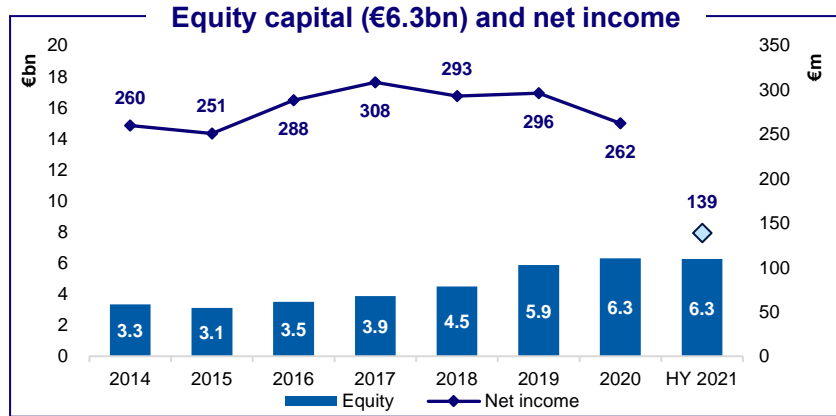
The Group settles into a **comfortable solvency position** that can be managed **with confidence**. Especially since the result directly feeds equity with no shareholders to remunerate.

*Thus, the amount of the transitional measure on technical provision is €2.4bn and represents 57pts of SGAM ratio. The measure has been agreed by the supervisor until 2032*

*The issuer La Mondiale (solo) S2 ratio is at 268% (see details p.27)*



# La Mondiale – Performance in line with our strategy

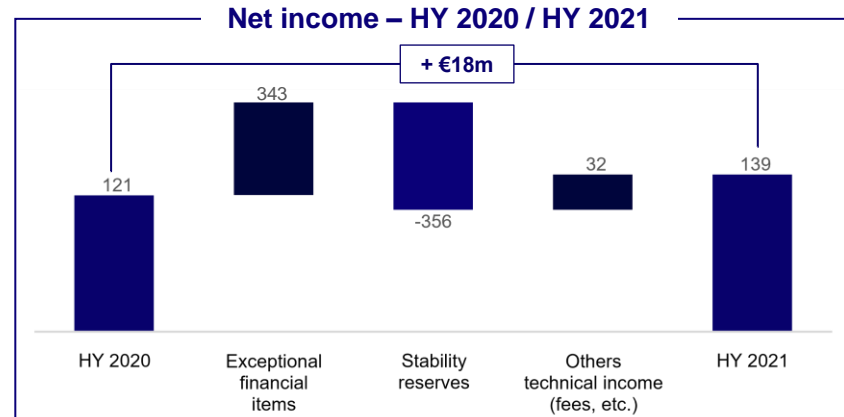


## La Mondiale: €6.3bn of IFRS own funds (-0.7% compared to FY 2020)

- ✓ Stability reserves exceptional funding
- ✓ €28m mutual certificates issuance leading to a total of almost €300m of core Tier 1
- ✓ Lightened organic capital generation driven by the robust solvency position

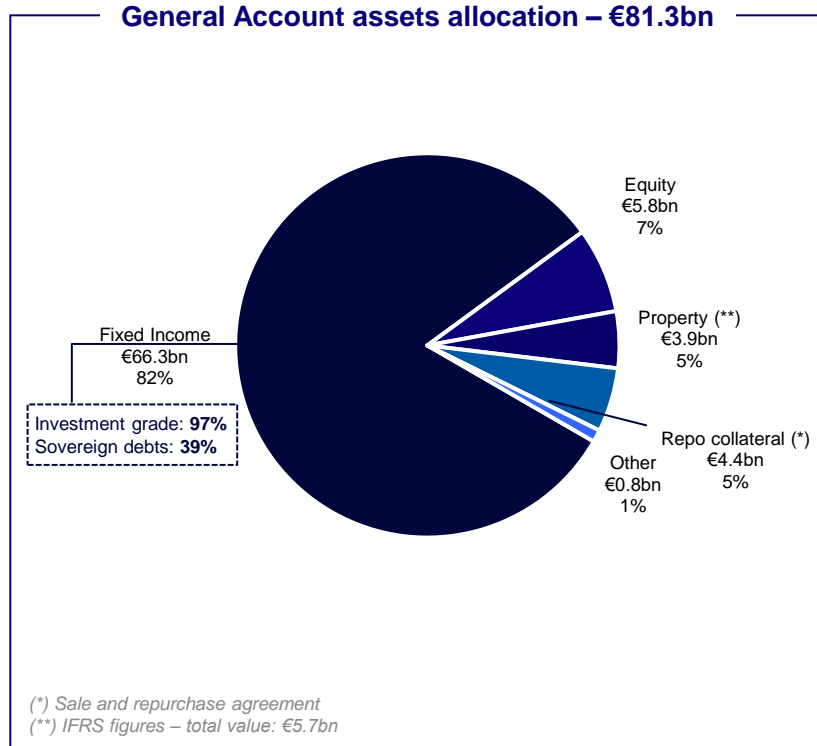
## Net income: €18m of controlled growth in the Group target

- ✓ Realization of exceptional equity gains (€343m) used to fund profit sharing reserve (-€356m)





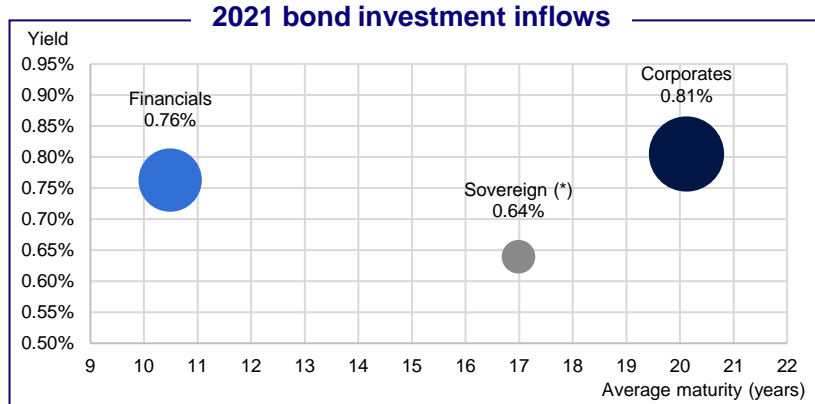
# Stable asset allocation in line with liabilities profile and sound investments



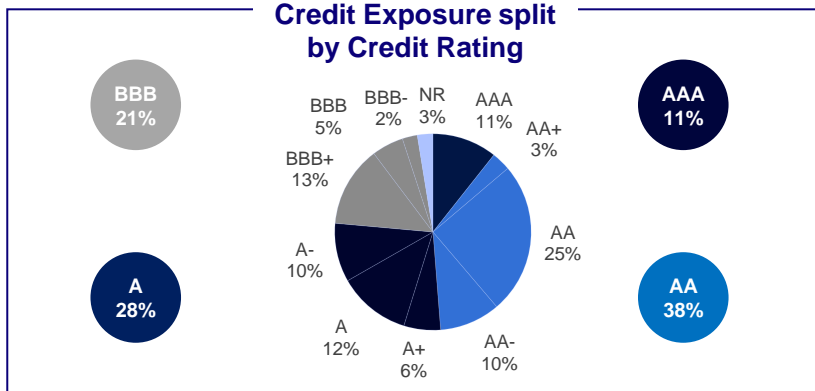
## Total AuM €113.7bn – 29% UL / 71% GA

- ✓ AuM growth: +4.7% compared to FY 2020
- ✓ Risk monitoring increased in the current environment
- ✓ Asset allocation stable over time, with a slight increase in the share of UL (+2pts vs FY 2020)

# Stable asset allocation in line with liabilities profile and sound investments



(\*) including Supra / Agencies



## Steering towards Corporates – No change in the credit policy

- ✓ Lengthening of the average maturity at purchase
- ✓ Slight increase of investments in financials

## Total fixed income exposure is at €66.3bn

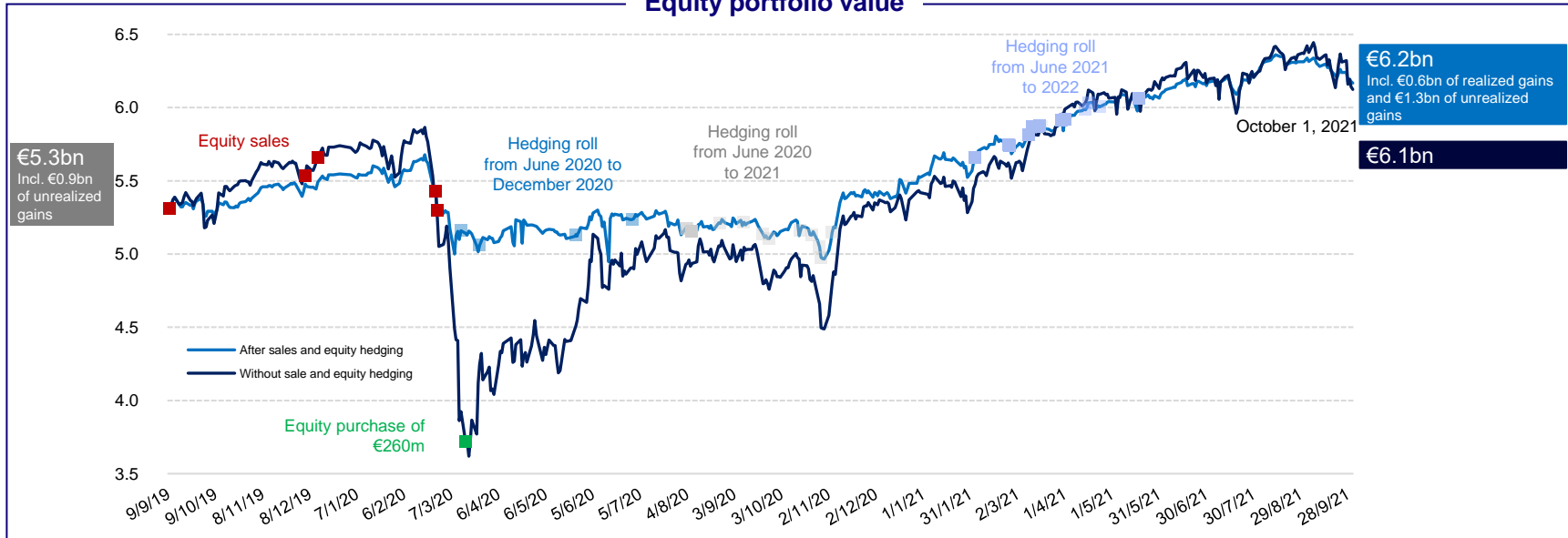
- ✓ No floating rate bond
- ✓ Duration / sensitivity of portfolio (7.8) in line with liabilities sensitivity, much lower than their duration (13.9) due to crediting rate policy



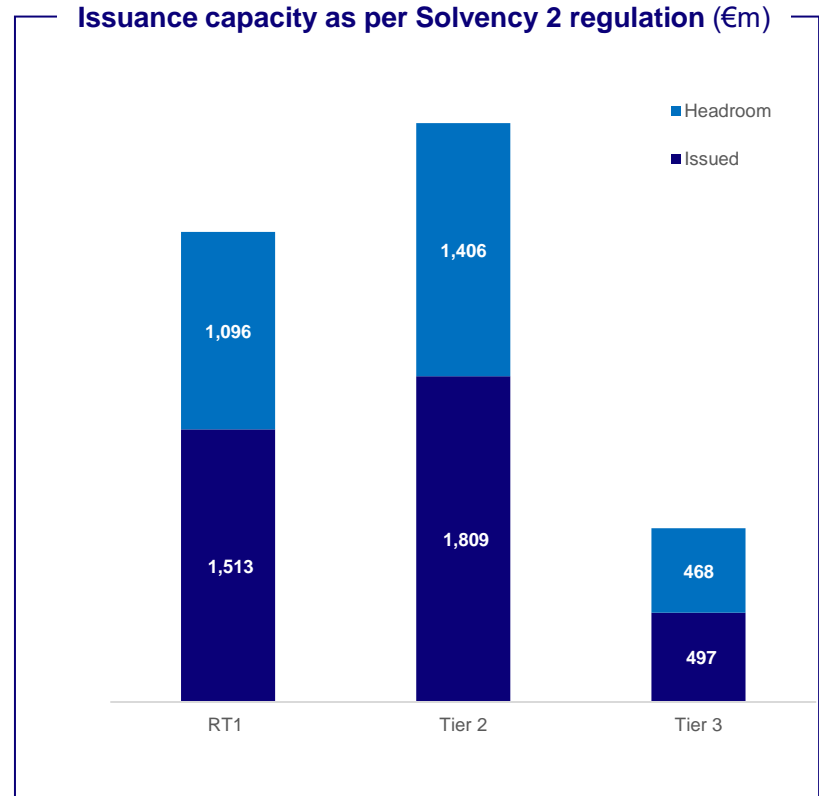
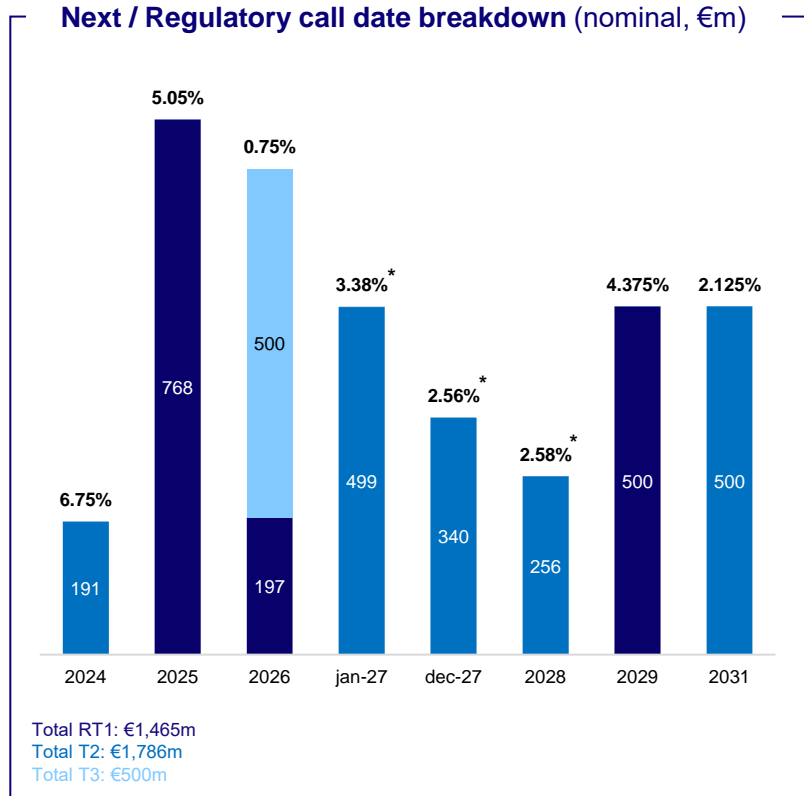
# The equity hedge allows to keep active management of underlying equities portfolio

- The equities portfolio value was at €5.3bn in September 2019, with unrealized gains significantly higher than expected (€0.9bn at the end of September vs €0.2bn at the end of 2018)
- The hedging strategy allowed a **22pts gain on solvency ratio at the worst moment of the financial crisis**
- 20% of the portfolio have been sold, and the remaining 80% have been hedged with an original strike of Stoxx50 3150 – Update in order to gradually lengthen the hedging maturity to end of 2021

Equity portfolio value



# Significant financial flexibility left



(\*) euro equivalent issuance rate, after hedging

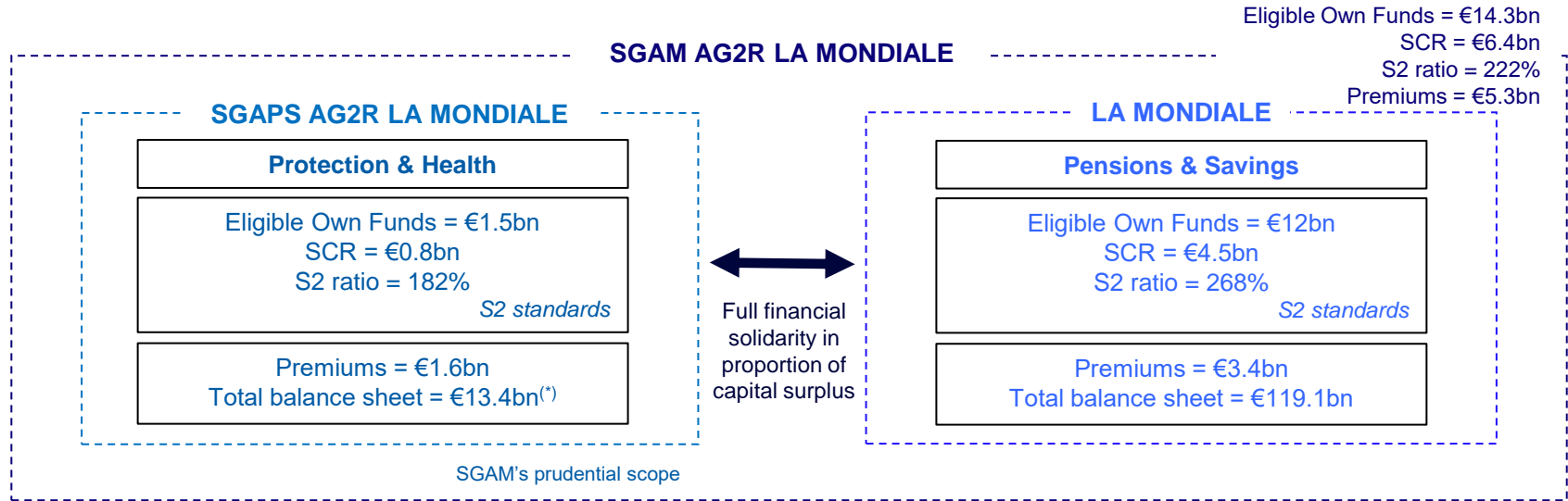


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1. Group financial results
2. **Additional information**



# Group structure



- A mutual life insurance company is a company with no shareholders, i.e. results go directly into equity
- All securities issued since 2016 have a dual trigger on both the SGAM and La Mondiale solvency ratios (see details p.7 / p.27)



(\*): as of EoY2020

# Executive summary (SGAM AG2R LA MONDIALE, as of 06/30/2021)

Robust balance sheet and monitored solvency	
<b>SGAM</b>	
<b>€8.4bn<sup>1</sup></b>	IFRS Equity capital (stable / FY 2020)
<b>222%</b>	S2 ratio +42pts / FY 2020)
<b>La Mondiale</b>	
<b>€6.3bn</b>	IFRS Equity capital (-0.7% / FY 2020)
<b>268%</b>	S2 ratio (+73pts / FY 2020)

Capital items	
<b>€3.8bn</b>	Total amount of subordinated debt
<b>€298.6m</b>	Total amount of mutual certificates (unrestricted Tier 1)

Diversified and steered business model	
<b>SGAM</b>	
<b>€5.4bn</b>	Premiums (+29.4% / HY 2020) 48% <i>Life &amp; Savings</i> 16% <i>Pensions</i> 20% <i>Health</i> 16% <i>Protection</i>
<b>€99.2bn<sup>1</sup></b>	Liabilities
<b>€110m</b>	Net income
<b>La Mondiale</b>	
<b>€3.7bn</b>	Premiums, 50%/50% UL <sup>2</sup> /GA <sup>3</sup> mix above the French market: FY 2020: 34%/66%
<b>€92.5bn</b>	Liabilities, 35%/65% UL <sup>2</sup> /GA <sup>3</sup> mix above the French market FY 2020: 24%/76%
<b>€139m</b>	Net income

Sound asset allocation & risk management (La Mondiale HY 2021)	
<b>4.7%</b> of reserves	High level of profit sharing reserve with €2.6bn
Around 21% of investments rated BBB+ or below (lower than the market)	

Complete and competitive player on the French market	
<b>2<sup>nd</sup></b>	in Supplementary Pension
<b>6<sup>th</sup></b>	in Health Insurance
<b>6<sup>th</sup></b>	in Protection
<b>12<sup>th</sup></b>	in Savings
<b>Top3</b>	in Private Wealth Management

Rated A / stable outlook	
<b>Upgrade on March 25, 2021 by S&amp;P, in an unusual environment</b>	

(1) : HY estimated

(2): Unit Linked are low capital need products

(3): General Account products are more capital intensive than Unit Linked ones



# A strong recognition by S&P of the robustness of AG2RLM model

## Upgrade to 'A' Stable outlook

### **S&P Global** Ratings

#### 'A' Outlooks Stable

Business risk profile: **Strong**

Financial Risk Profile: **Very Strong**

Liquidity: **Exceptional**

Financial Strength Rating: **A**

#### Rating upgraded on March 25, 2021

S&P points out :

- ✓ the financial strength of SGAM
- ✓ its leading positions in France
- ✓ stabilization of fundamentals
- ✓ control of net General Account inflows
- ✓ the continued decrease of guaranteed rates
- ✓ the transformation of Madelin contracts expected by end of 2021





# Overview of La Mondiale Balance sheet (consolidated, IFRS)

€m	FY 2019	HY 2020	FY 2020	HY 2021	%Change HY 2020/ HY 2021
<b>TOTAL ASSETS</b>	<b>107,418</b>	<b>108,053</b>	<b>114,151</b>	<b>119,059</b>	<b>10.2%</b>
Intangible assets	49	48	46	390	710.9%
<i>ow. Goodwill</i>	39	38	38	376	879.3%
<b>Insurance investments</b>	<b>75,313</b>	<b>76,746</b>	<b>79,223</b>	<b>81,269</b>	<b>5.9%</b>
<b>Unit Linked investments</b>	<b>27,383</b>	<b>26,520</b>	<b>29,342</b>	<b>32,452</b>	<b>22.4%</b>
Others assets	3,757	3,487	3,691	4,012	15.1%
Cash and cash equivalent	917	1,252	1,849	936	-25.2%

€m	FY 2019	HY 2020	FY 2020	HY 2021	%Change HY 2020/ HY 2021
<b>TOTAL LIABILITIES</b>	<b>107,418</b>	<b>108,053</b>	<b>114,151</b>	<b>119,059</b>	<b>10.2%</b>
Equity Group Share	5,495	5,524	5,923	5,878	6.4%
Minority Interests	367	363	372	376	3.4%
<b>Total Equity</b>	<b>5,862</b>	<b>5,888</b>	<b>6,295</b>	<b>6,253</b>	<b>6.2%</b>
Financing debt	2,144	2,648	3,056	3,093	16.8%
Insurance and financial liabilities	91,711	90,080	95,624	97,888	8.7%
Other liabilities	7,700	9,437	9,176	11,825	25.3%



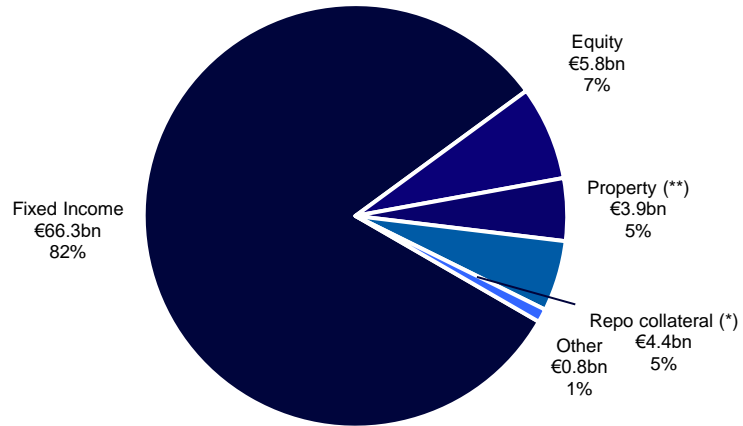
# Overview of La Mondiale P&L account (consolidated, IFRS)

€m	FY 2019	HY 2020	FY 2020	HY 2021	%Change HY 2020/ HY 2021
Revenue	6,241	2,617	7,414	3,745	43.1%
Financial Products	2,594	1,211	2,480	1,702	40.5%
Others	3,921	-1,455	939	1,981	-236.1%
<b>Current operating income</b>	<b>12,756</b>	<b>2,374</b>	<b>10,833</b>	<b>7,428</b>	<b>212.9%</b>
<b>Current operating expenses</b>	<b>-12,357</b>	<b>-2,209</b>	<b>-10,465</b>	<b>-7,245</b>	<b>228.0%</b>
<b>Operating Income</b>	<b>400</b>	<b>166</b>	<b>369</b>	<b>184</b>	<b>11.2%</b>
<b>CONSOLIDATED NET RESULT</b>	<b>296</b>	<b>121</b>	<b>262</b>	<b>139</b>	<b>15.1%</b>
<i>o.w Group share</i>	292	120	259	134	11.8%
<i>o.w Minority Interest</i>	4	1	4	5	



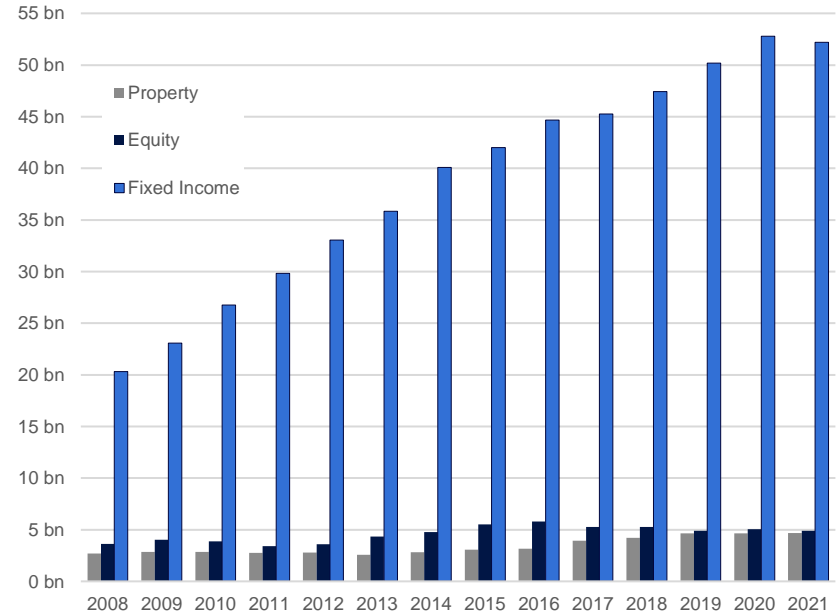
# Stable asset allocation in line with liabilities profile

General Account assets allocation – €81.3bn



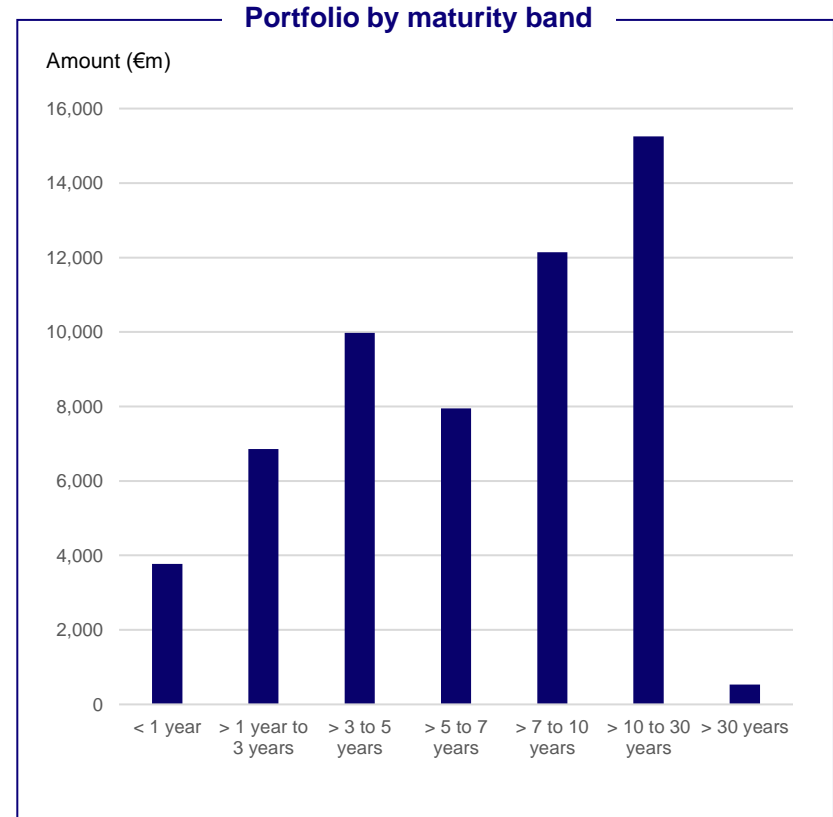
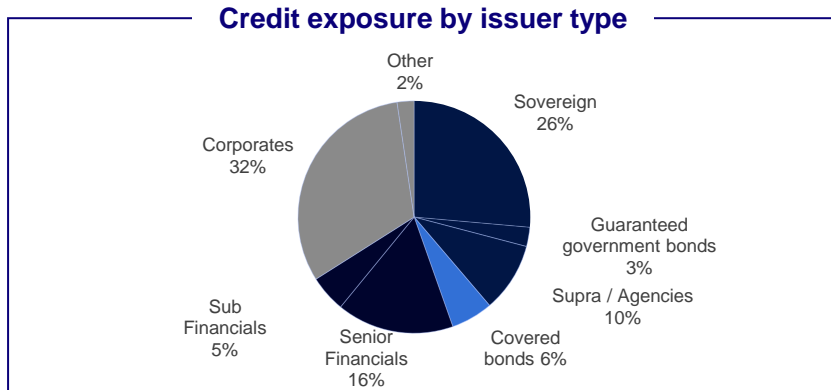
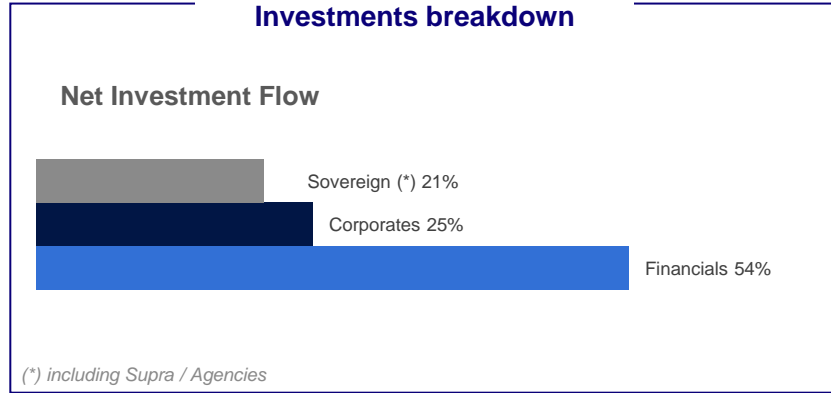
(\*) Sale and repurchase agreement  
 (\*\*) IFRS figures – total value: €5.7bn

Historical asset allocation General Account (Net book value)



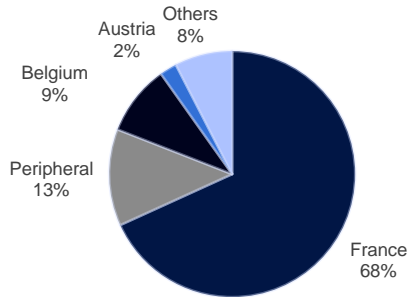
# HY 2021 fixed income cash flows and allocation

Average investment rate on new bonds portfolio: 0.81%



# Fixed income allocation – Sovereign exposure

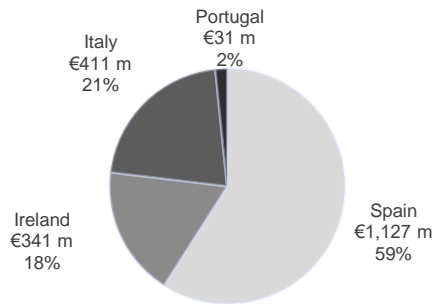
## Sovereign bond exposure



**Total Sovereign exposure is at €15.0bn**

- Sovereign exposure accounts for 26% of total fixed income exposure

## Peripheral countries exposure



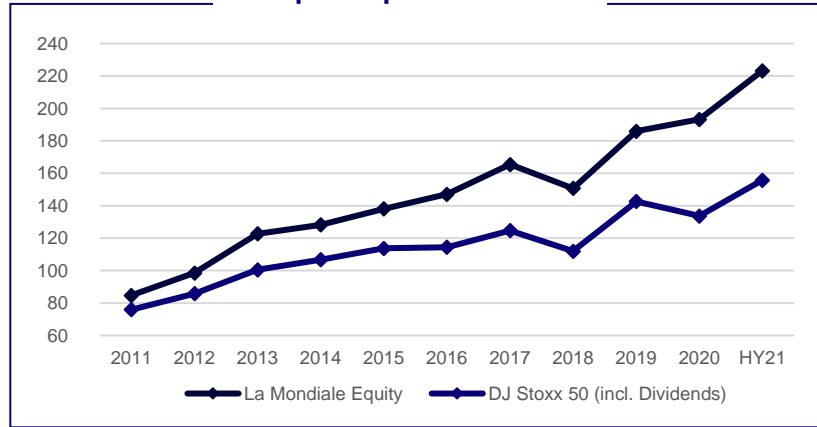
**Total Sovereign on Peripheral countries exposure is at €1.9bn**

- Peripheral countries exposure forms 13% of this sovereign bucket and hence represents only 3% of overall total investments
- High level of unrealized gains (€272m) allowing credit shock absorption



# Equity allocation

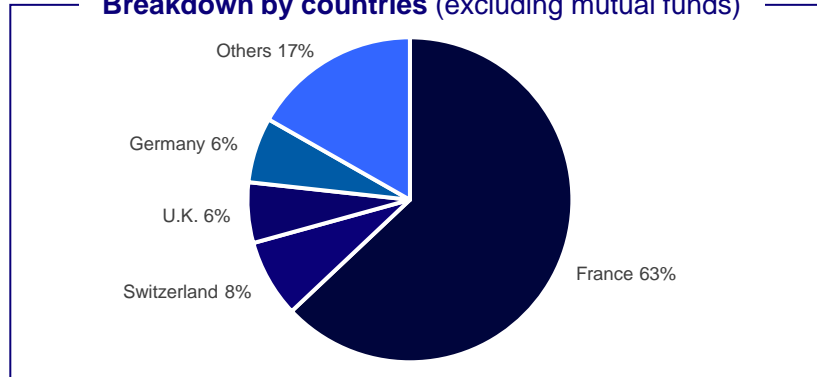
## Equities performance



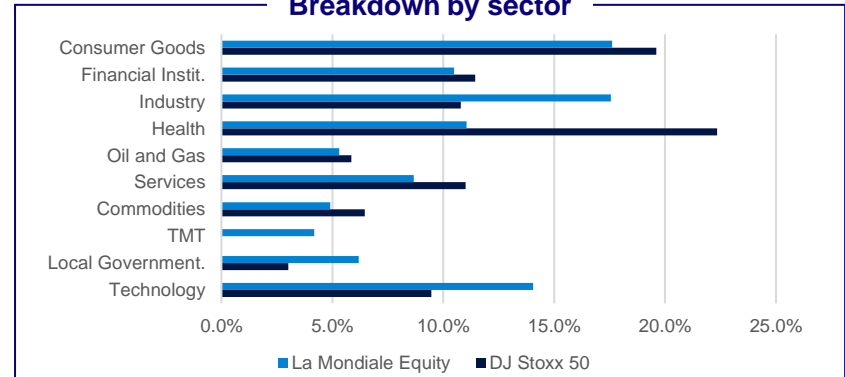
**Equities exposure: €5.8bn** (including €1.5bn through mutual funds)

- HY 2021 performance at 15.5%, after 3.9% in 2020 and 23.3% in 2019
- A well diversified equity portfolio by geography and sector
- Focus on large liquid equity stocks traded on the main exchange markets
- All FX exposures are fully hedged

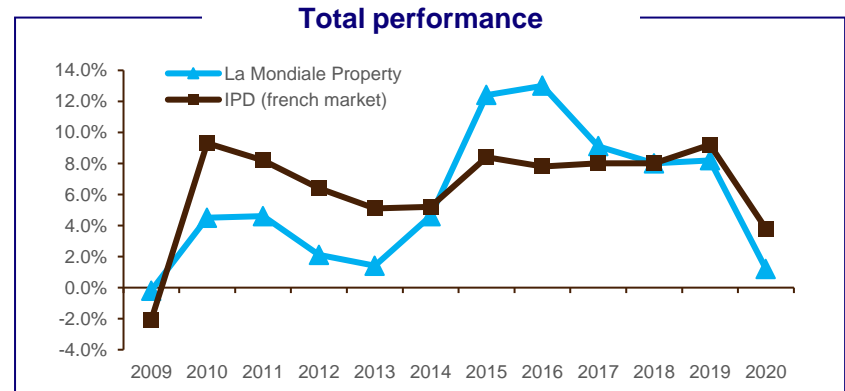
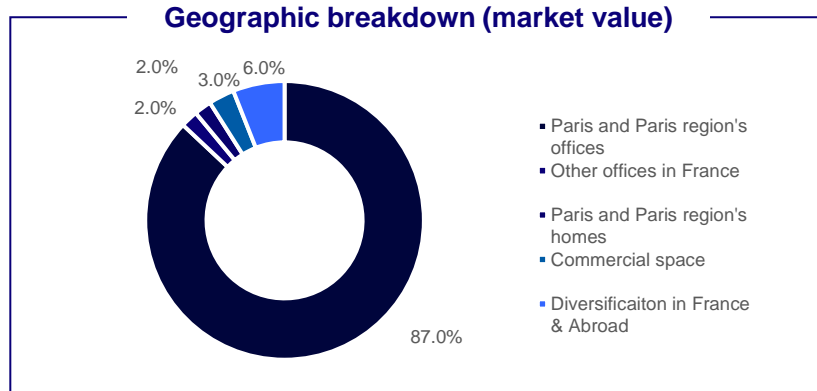
## Breakdown by countries (excluding mutual funds)



## Breakdown by sector



# Property allocation



IPD = Investment Property Databank

**Total Property exposure is at €3.9bn (fair value: €5.7bn).**

La Mondiale property assets represent 708,000 sq.m. and are mainly offices located in the center or Western Paris, i.e. only Prime Real Estate.

Solid rental market, especially on all recently delivered surfaces, prompting a very good vacancy rate of c.16.9%.

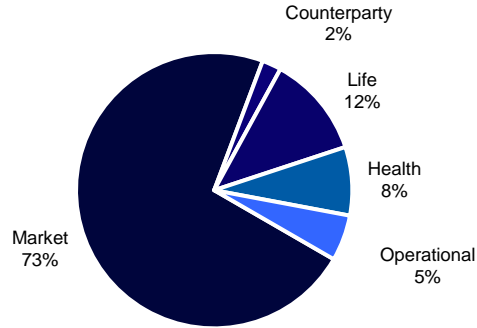
Average revenue: €463/m<sup>2</sup>



# SGAM: Solvency position

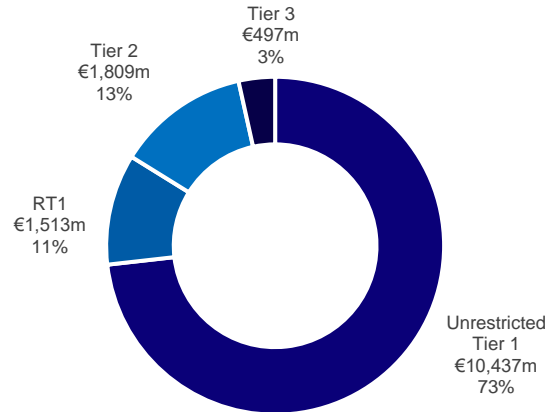
- ✓ Eligible Own Funds mostly made of the hardest form of capital
- ✓ Stability of the risk profile

## SGAM SCR breakdown – €6.4bn

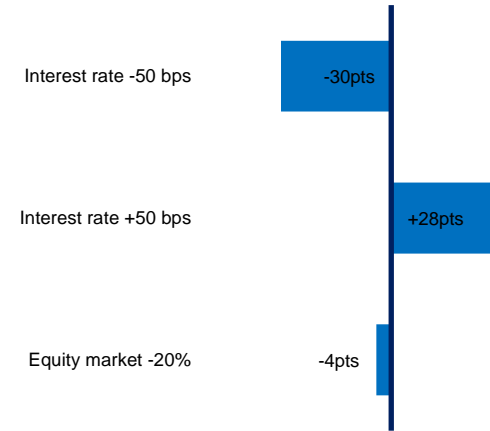


16% of diversification benefit<sup>1</sup>

## SGAM Eligible Own Funds – €14.3bn



## Key Sensitivities

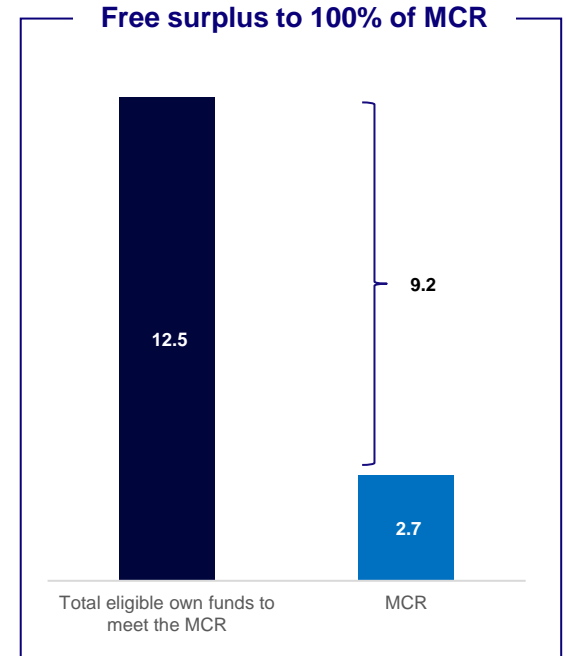
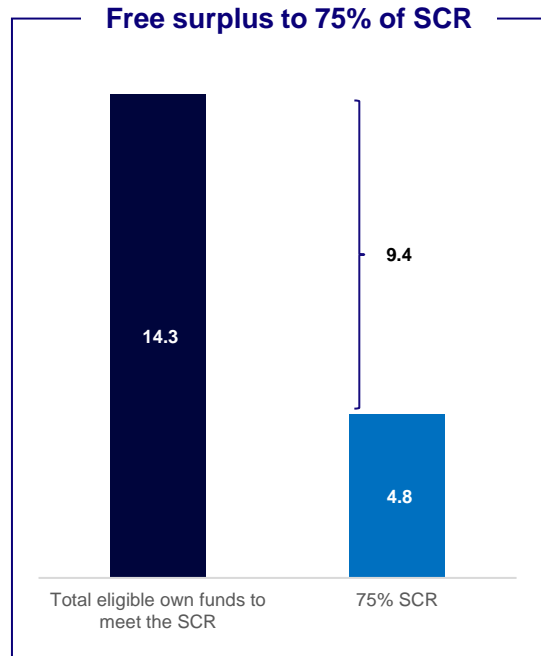
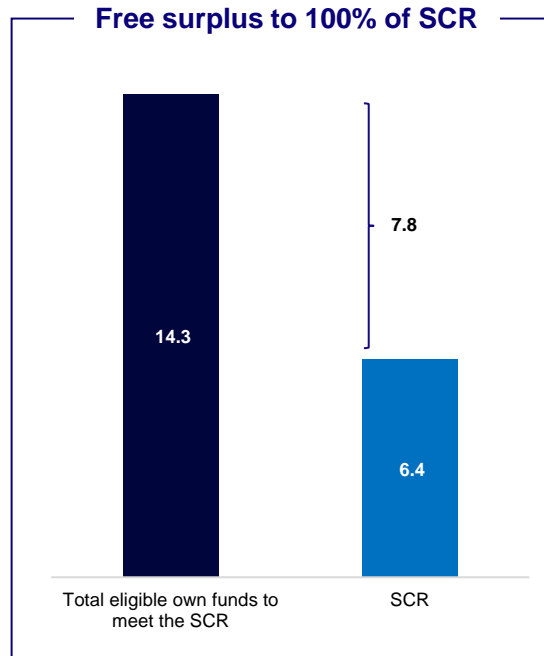


(1) Diversification benefit = (sum of net SCR excluding Operational risk SCR - net BSCR) / sum of net SCR excluding Operational risk SCR

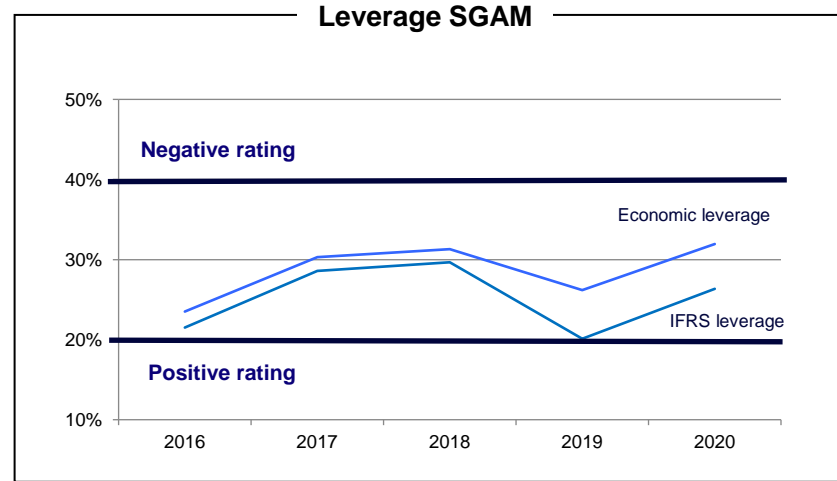
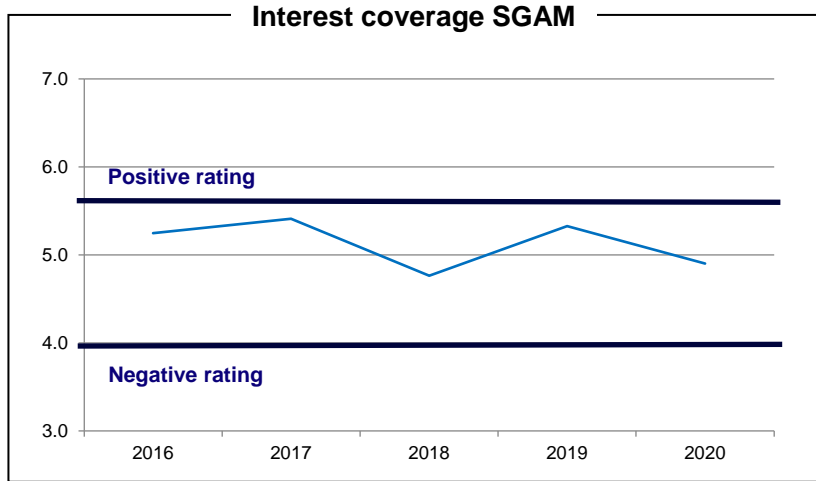




# Large buffers to principal write-down triggers – SGAM (€bn)



# Interest coverage and Leverage, as of FY 2020

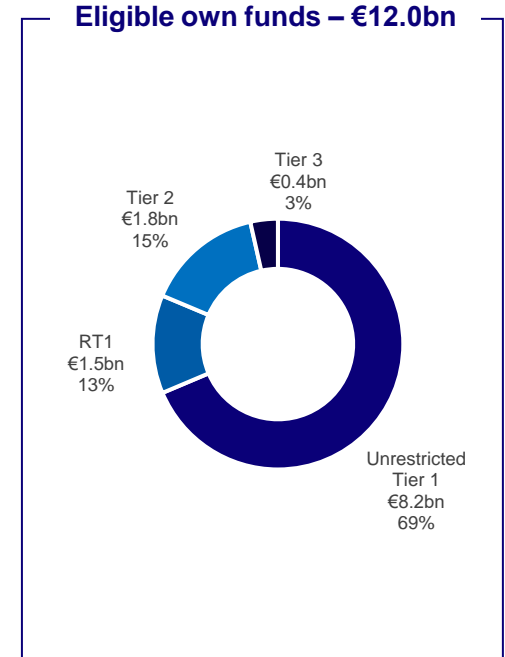
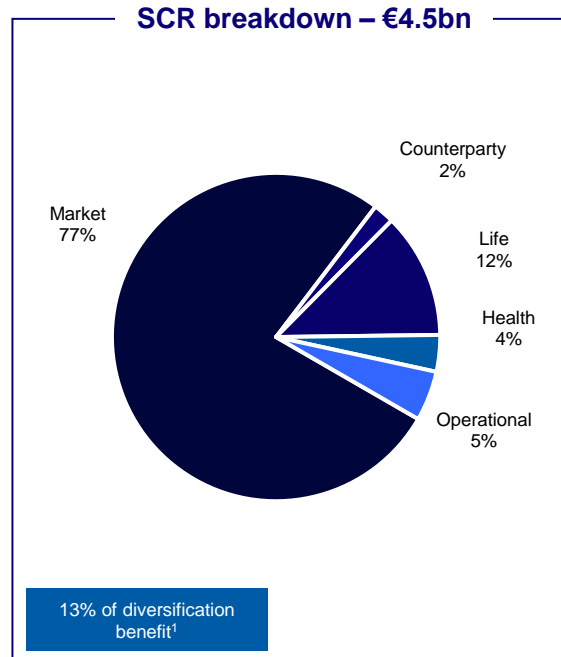
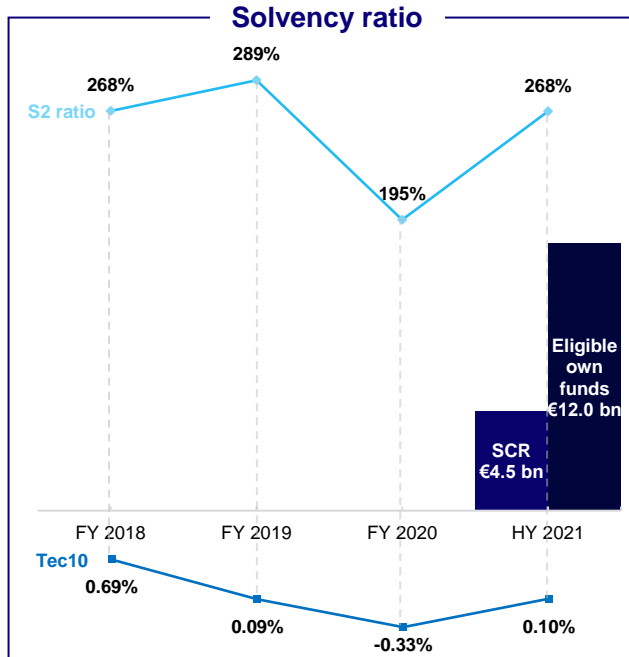


NB : IFRS leverage doesn't take into account €146m of Super Subordinated Debts and €500m of RT1

Liability management of the 7.07 2013 PerpNC6 in April 2019  
Issuance of the 4.375 PerpNC10 (RT1) in October 2019  
Issuance of the 2.125 11Y Bullet (T2) in June 2020  
Issuance of the 0.75 5.5Y Bullet (T3) in October 2020



# LA MONDIALE: Solvency figures and SCR breakdown

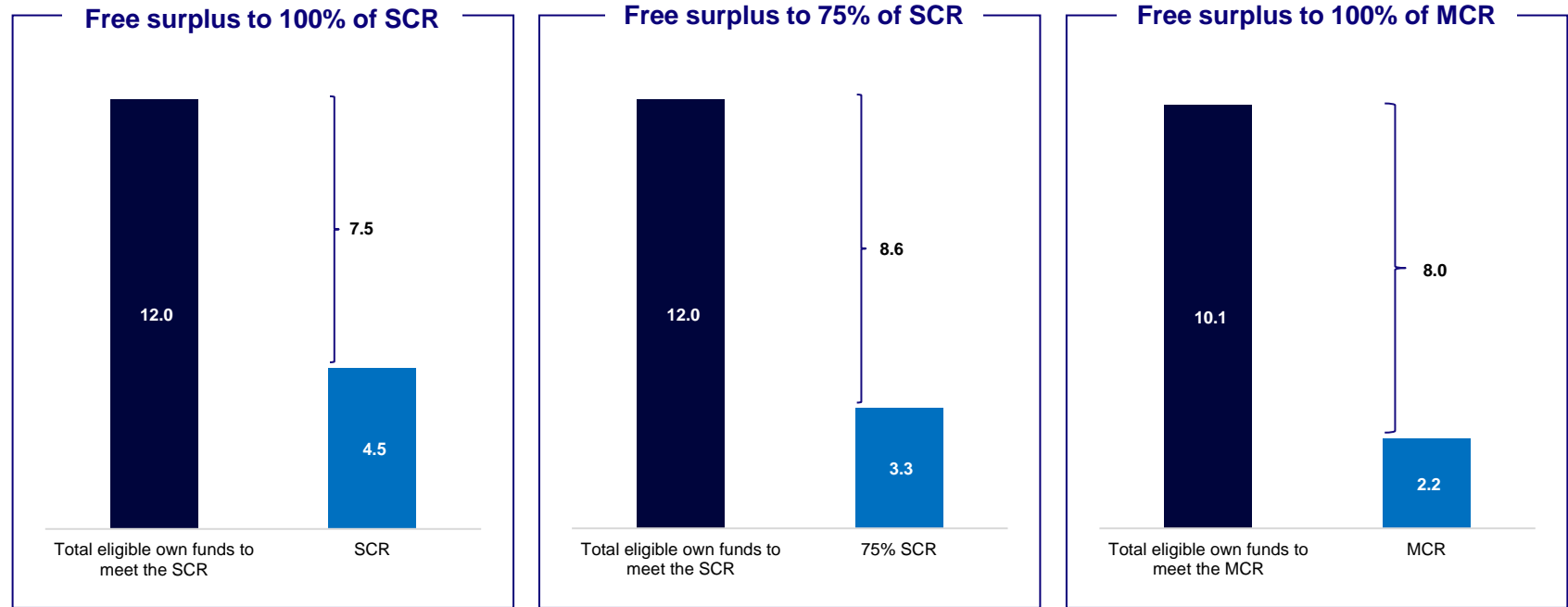


The amount of the transitional measure on technical provision is €2.1bn and represents 79pts of La Mondiale ratio. The measure has been agreed by the supervisor until 2032

(1) Diversification benefit = (sum of net SCR excluding Operational risk SCR - net BSCR) / sum of net SCR excluding Operational risk SCR



# Large buffers to principal write-down triggers – La Mondiale (€bn)



As of HY 2021, available distributable items<sup>1</sup> amounted to €1.3bn



<sup>1</sup>Distributable Items: (i) the retained earnings and the distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; plus (ii) the profit for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; less (iii) the loss for the period (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date, each as defined under national law, or in the articles of association of the Issuer.)

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**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.**

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**Unless otherwise specified, financial statements are calculated in accordance with IFRS as adopted by the European Union. The IFRS figures are subject to the review by the statutory auditors, whose work is still in progress.**

**In the presentation, SGAM AG2R LA MONDIALE is called "SGAM" and is a French prudential insurance group.**

