



AG2R LA MONDIALE

# LA MONDIALE

## HALF YEAR 2023 EARNINGS

October 12, 2023

# Disclaimer

At half-year, SGAM AG2R LA MONDIALE does not produce full financial statements but only half-yearly financial indicators. They have been presented and reviewed by SGAM AG2R LA MONDIALE Board on October 12, 2023.

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.

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 French GAAP guidelines.

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



# Key Highlights for SGAM for the HY 2023 period

## On-going implementation of the Group's 2023-2025 strategic plan - "Nouvelle donne" (New deal)

- ✓ **Turnaround of the Protection and Health division on track**
- ✓ **Activation of growth and profitability levers** including but not limited to MAIF cross-distribution partnership
- ✓ **Significant investments** in IT System, Digital Transformation, Compliance

## Performance underpinned by

- ✓ **Success of the ongoing turnaround of Protection and Health division** leading to a €30m improvement in net results vs. HY 2022
- ✓ **Strong control of expenses** across all business lines (pension, savings and protection & health insurance) in line with the Group's target
- ✓ **The Group's agility in a challenging environment:**
  - ✓ **Successfully reduced sensitivity to interest rates** following the issuance of supplementary pension framework (FRPS – "French pension funds")
  - ✓ **Strong performance of equities portfolio performance** following the good management of the past hedging strategies

## Financial performance

- ✓ **Strong premium growth:** €6bn (+4.2% vs. HY 2022 pro forma) with a focus on profitable growth with a unit-linked premium mix at 53% (above the average of French life insurers)
- ✓ **Robust net results:** €110m SGAM net result (Group share), stable and in line with the Group's target
- ✓ **Improved solvency:** 177% S2 ratio in HY 2023 (+7pts vs. FY 2022) and a €4.1bn excess of Equity capital. As a reminder, the Group decided not to use transitional measures starting from 2022.
- ✓ **Rating confirmed:** "A stable outlook" confirmed by S&P underscoring the Group's "exceptional liquidity"

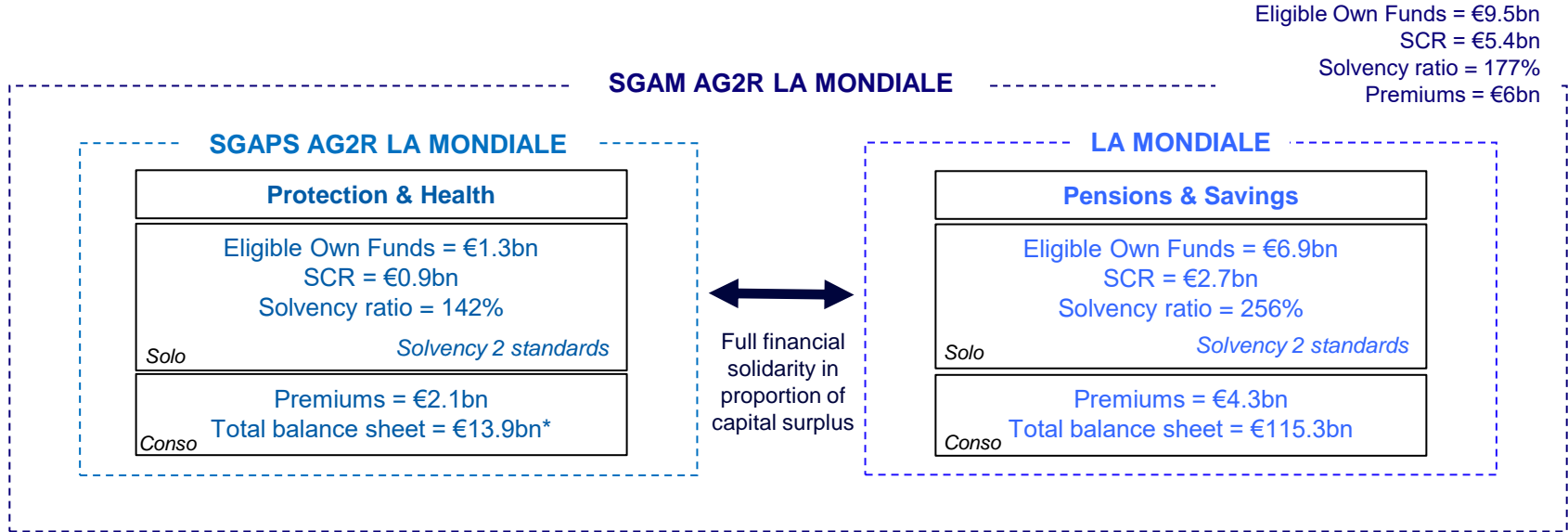
## Extra-financial performance

- ✓ **Strong commitment to gender equality:** 92/100 equality index of in 2022 (4 pts above the average rating of French companies)\*
- ✓ **Lasting commitment to sustainable and responsible investments:** more than 20 years of actions and industry-wide recognition with several awards
- ✓ **Reinforced financing of the energy transition:** dedicated envelope for private equity asset class for a 3-year period

It should be noted that the Group changed its communication standards moving from IFRS to French GAAP standards starting from the full year 2022 communication. Thus, the following half year 2023 communication follows French GAAP standards.

(\*) as of 12/31/2022

# La Mondiale in Group structure



- La Mondiale is a mutual life insurance company, 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.26 / p.34).



(\*) as of 12/31/2022

# KPIs for SGAM for the HY 2023 period

€6bn Gross Written Premiums

- ✓ Strong growth (+4.2% vs. HY 2022 pro forma), with maintained focus on profitability

€110m Net Result

- ✓ Stable SGAM result

SGAM Solvency ratio at **177%**  
(without transitional measures on technical provision)

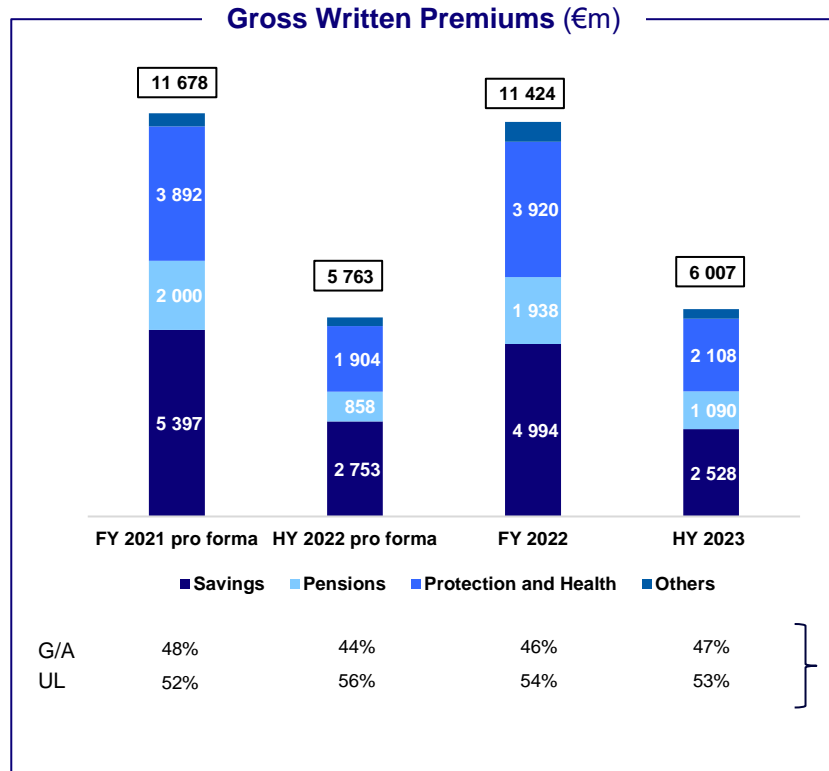
- ✓ +7pts vs. FY 2022, equity capital in excess of €4.1bn

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

- ✓ Confirmed “A stable” rating by Standard & Poor’s, highlighting the “excellent liquidity” level of the Group



# Business overview: SGAM gross written premiums (GWP) grew to €6bn (+4.2% vs. HY 2022 pro forma)



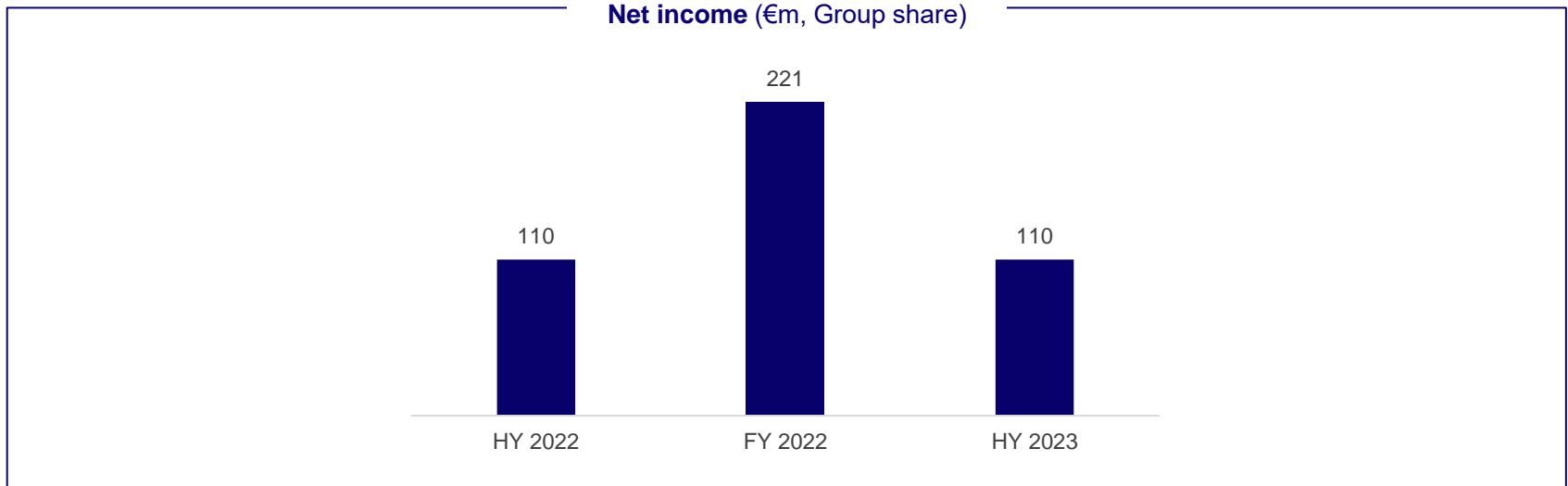
## Drivers of Premium growth

- ✓ Protection & health: positive impact from contract repricing since January 2023, although the main focus is on achieving technical performance for outstanding contracts
- ✓ Pensions & Savings: stable premium collection and a unit-linked rates remaining high at 53% in HY 2023

} Pensions & Savings



# Stable SGAM net result at €110m

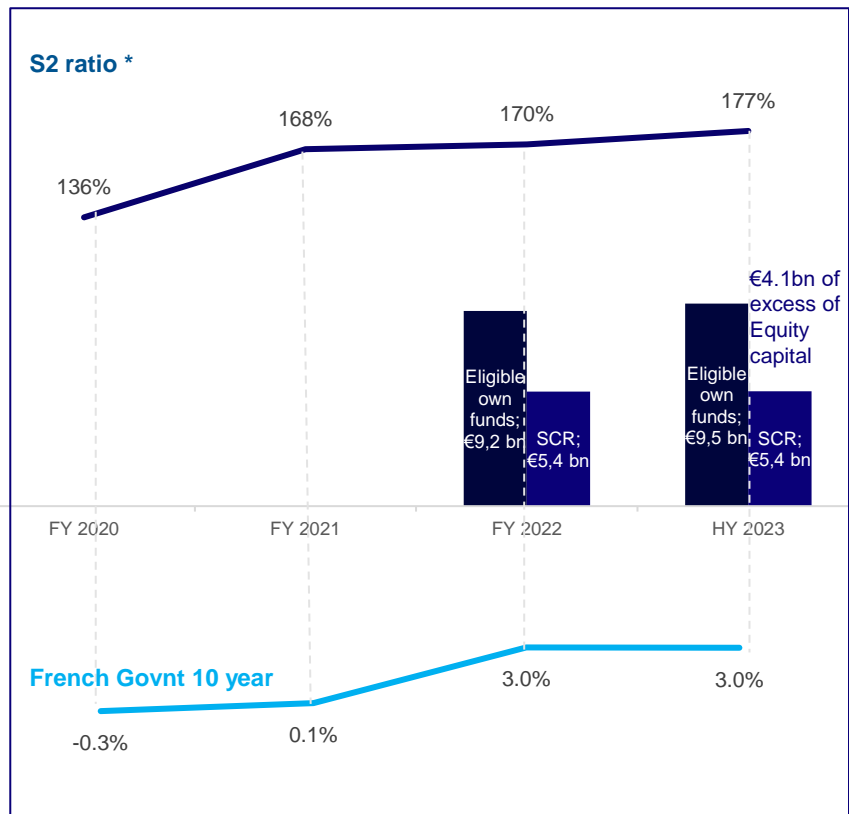


## Drivers of profitability

- ✓ Significant improvement of profitability in Protection and Health (+€30m in net result vs. HY 2022) thanks to the turnaround effort initiated and despite a sharp increase in Health claims
- ✓ Asset total income over forecasted target for the half-year contributing to solid performance in Pensions and Savings assuming an increase of the rate credited to policyholders without releasing the profit-sharing reserve



# SGAM's solvency ratio reaches 177%



## +7pts SGAM Solvency Ratio Increase vs. FY 2022

- ✓ Solvency ratio increase on the back of:
  - ✓ Positive contribution from HY 2023 results
  - ✓ Positive impact of higher interest rates on eligible own funds
  - ✓ Greater share of unit-linked outstanding
- ✓ In 2022, the Group decided not to apply transitional measures on technical provision in the estimation of solvency 2 ratios (end of these measures in 2032).

(\*): Solvency 2 rates estimations do not take into account transitional measures on technical provision



# Group's rating confirmed at "A stable outlook" by S&P

## **S&P Global** Ratings

### 'A' Outlooks Stable

Business risk profile: **Strong**

Financial Risk Profile: **Very Strong**

Liquidity: **Exceptional**

Financial Strength Rating: **A**

### **"A" stable outlook confirmed by S&P on August 1<sup>st</sup> 2023**

- ✓ S&P underlined :
  - ✓ The Group's financial strength
  - ✓ Its leading market position in France
  - ✓ The Group's successful reduction of the Group's sensitivity to low rates and its preparedness for a higher rate environment
  - ✓ The Governance know-how
  - ✓ An exceptional level of liquidity

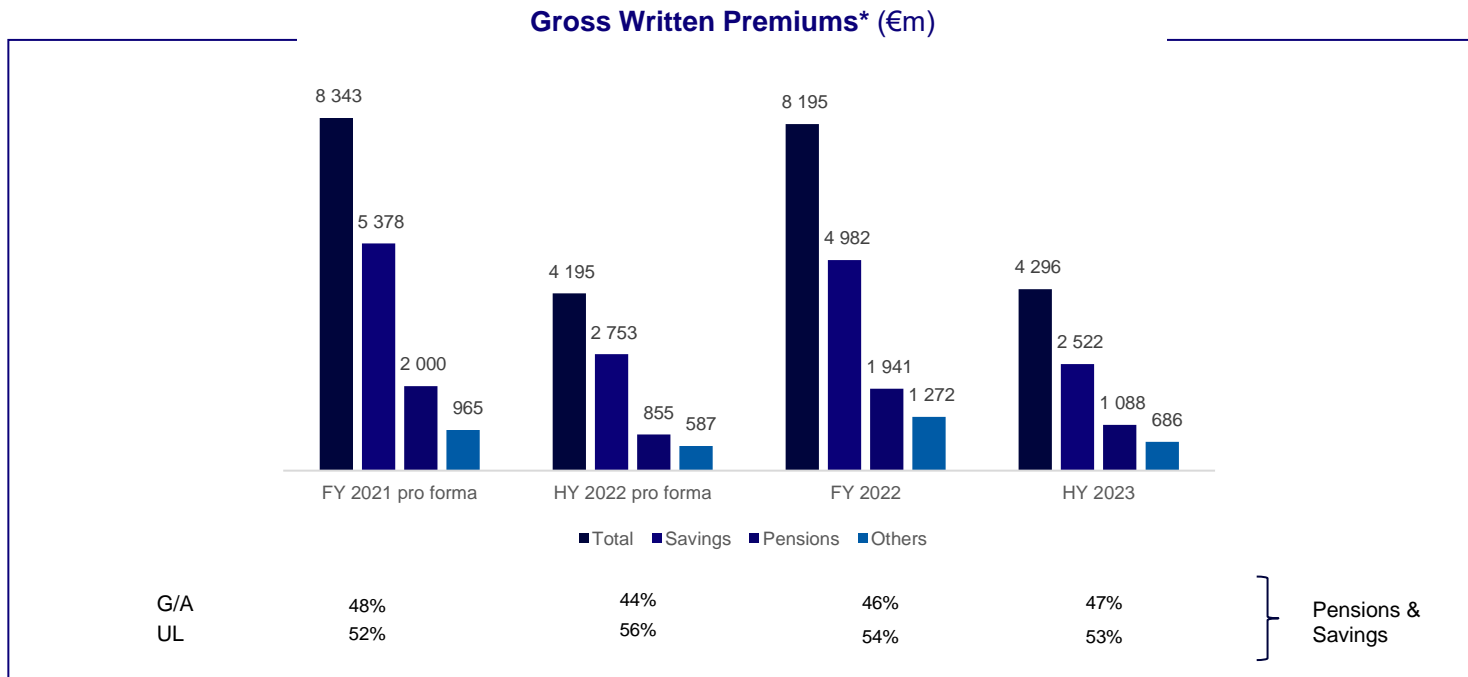


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# La Mondiale's gross written premium have continued to increase in HY 2023 (+2.4% vs. HY 2022 pro forma) in a more competitive environment

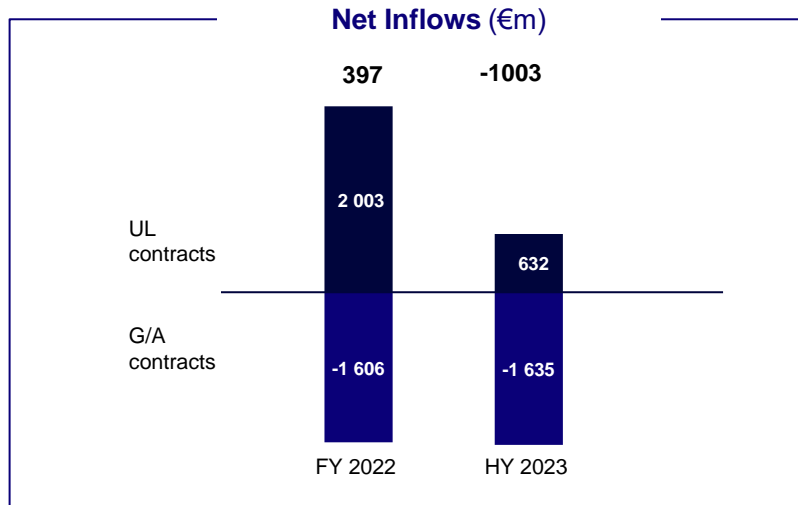


- La Mondiale GWP increased by 2.4% (vs. HY 2022 pro forma) to reach €4.3bn in HY 2023 remaining at a strong level despite increased competition from shorter-term investment products.
- Strong growth of pension line of business with a competitive market position



(\*) Including internal reinsurance

# La Mondiale holds diversified technical reserves in terms of liquidity

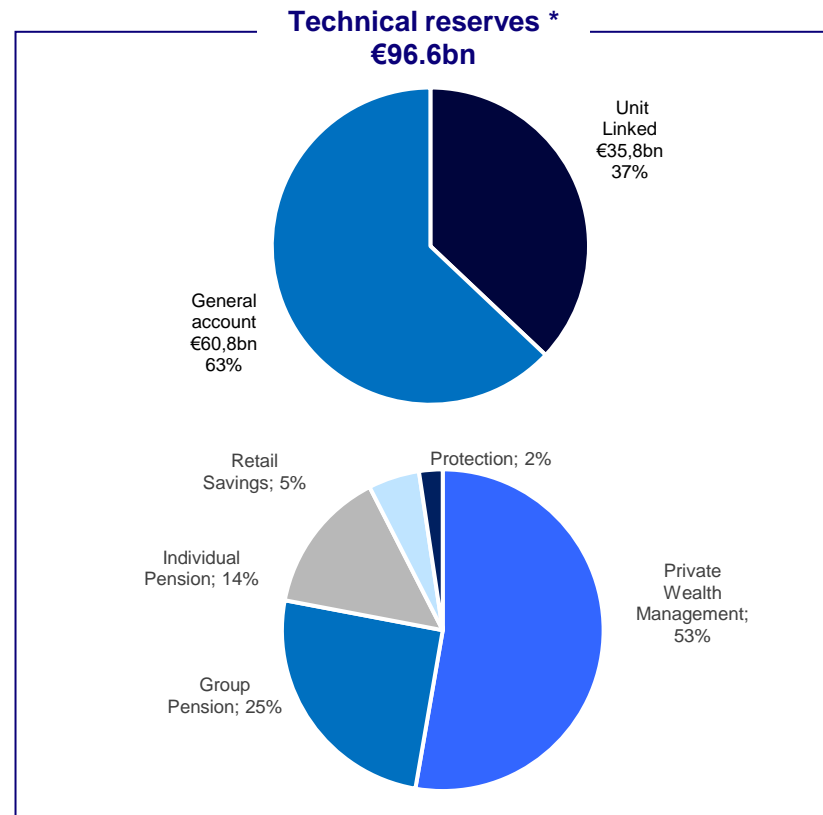


## Net inflows:

- Negative net inflows, due to stronger competition from shorter-term investment products in a high-rate environment
- Unit linked inflows still at a high level

## Technical reserves:

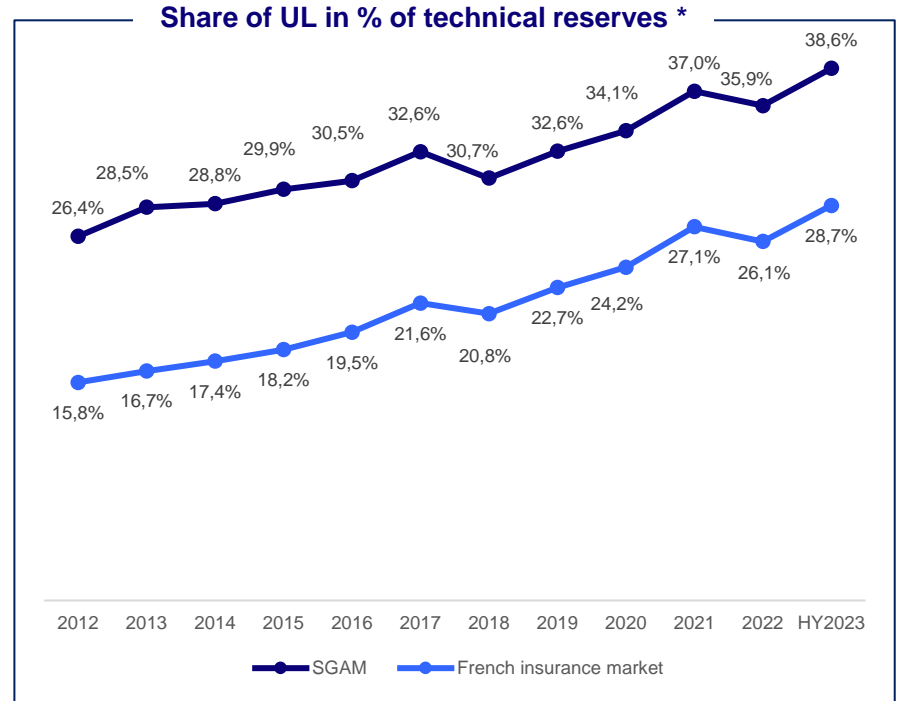
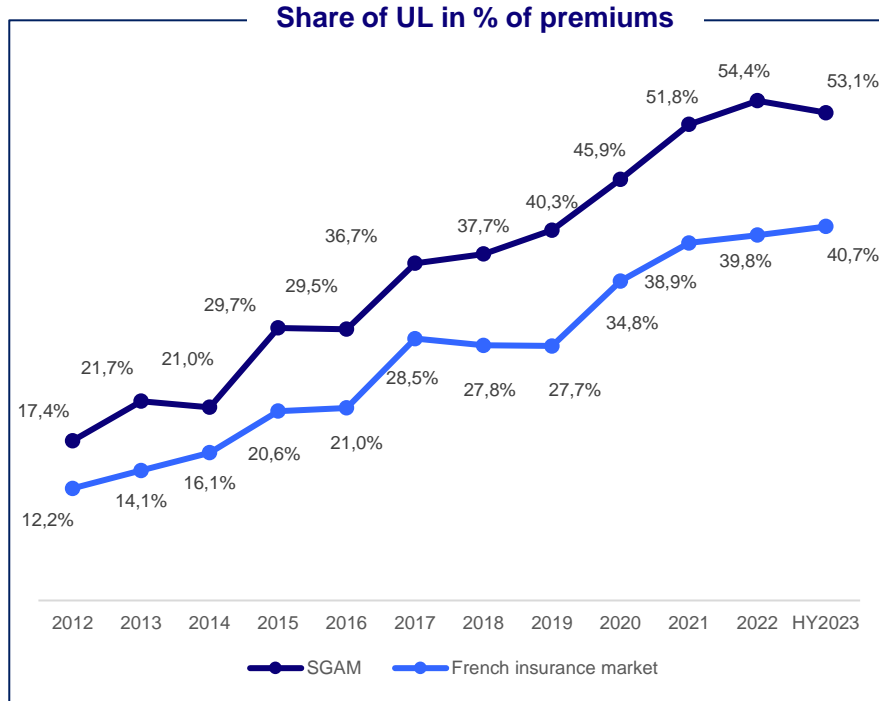
- 40% pensions / 58% savings: natural hedge in terms of liquidity
- pension durations around 20 years (including redeposit)



Focus La Mondiale

(\*) including profit sharing reserve

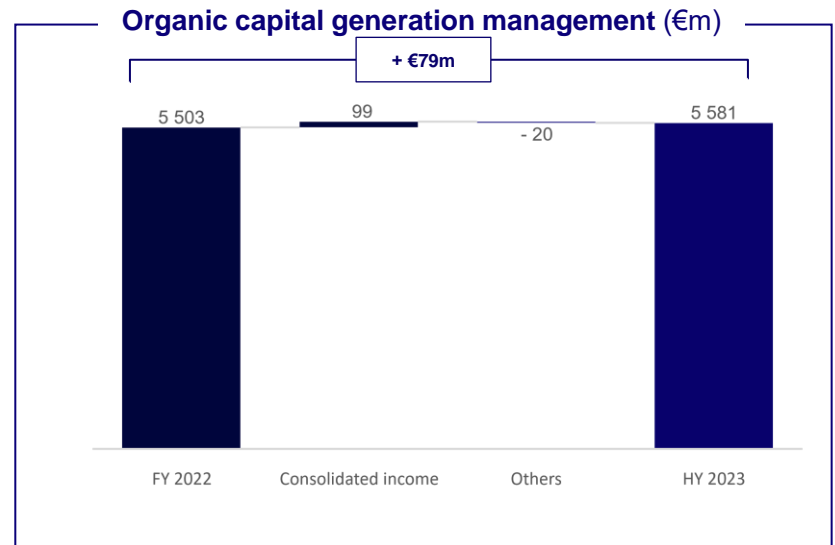
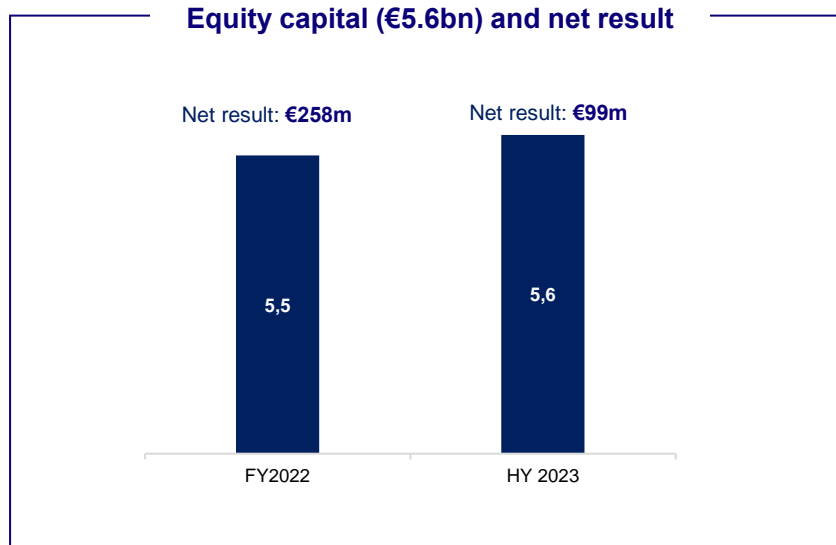
# A Unit Linked rate well above the market and at it highest level for reserves



Increase of the unit-linked share, for the Group reaching a highest pick at 38,6% in June 2023.

(\*) Excluding profit sharing reserve

# La Mondiale's equity capital has slightly increased



## Net income

- ✓ Solid result
- ✓ Thanks to gains on the equity market, planned ability to increase credited rate to policyholders without releasing the profit-sharing reserve
- ✓ Strong control of expenses in line with the Group's target
- ✓ Domitys' result declined within a challenging environment in real estate market, high inflation level and Domitys' growth structure. Goodwill will be updated at year end.

## €5.6bn of FGAAP own funds

- ✓ Results directly contribute to equity, hence driving equity growth
- ✓ No dividend distribution, as per the Group's mutual structure
- ✓ Organic capital generation of €79m

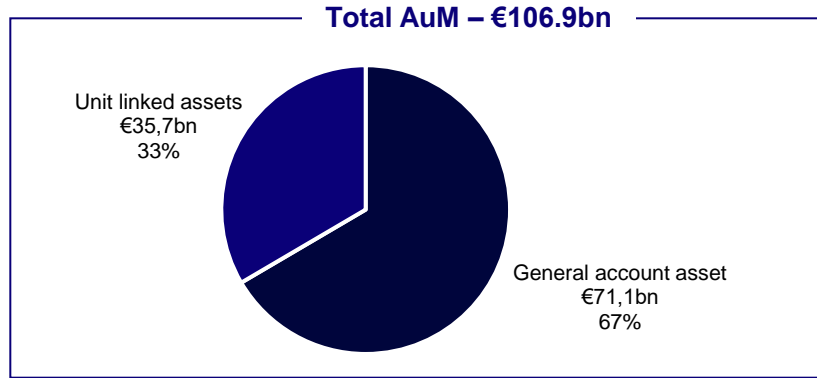


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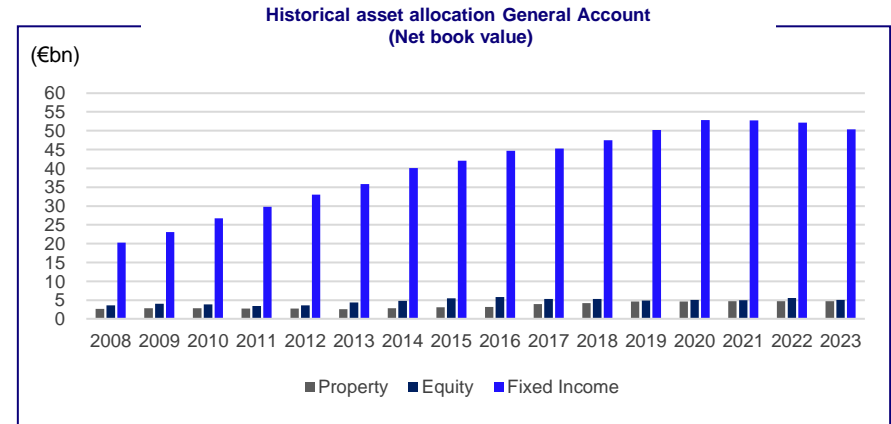
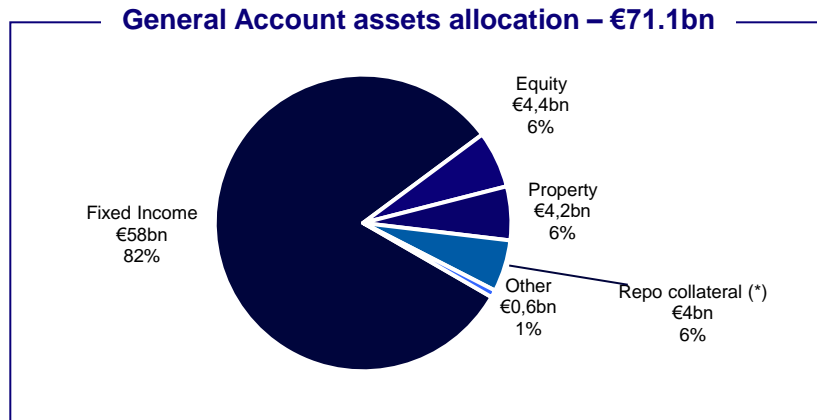
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# Stable and diversified asset allocation in line with liabilities profile

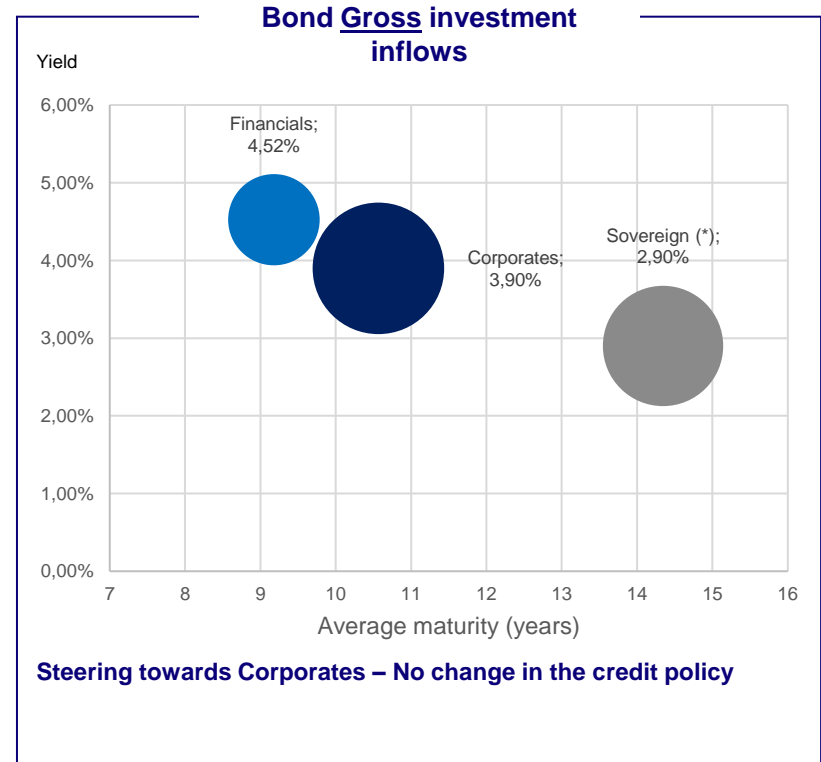
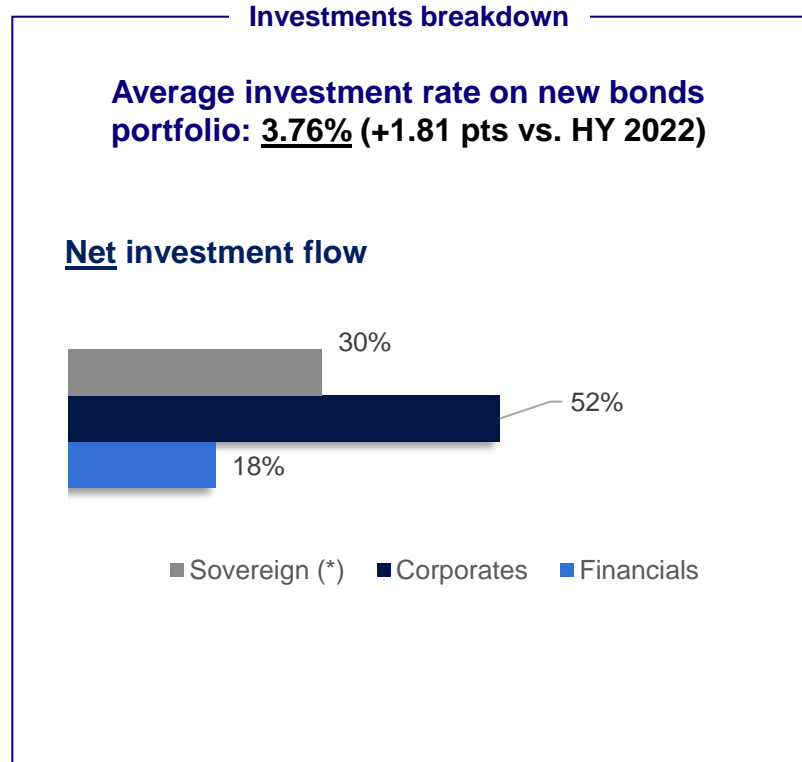


✓ Net book value AuM increase: +2% vs. FY 2022 with the increase of unit linked assets (+9% vs. FY 2022)





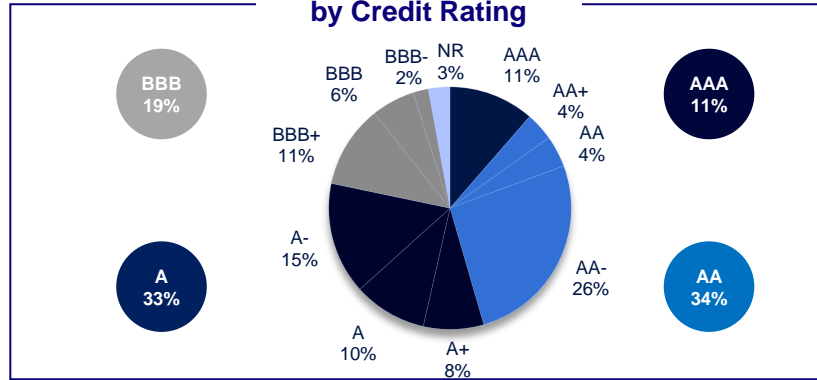
# HY 2023 fixed income cash flows: strong growth in new bonds portfolio's average investment rate to 3.76% (+1.81pts vs. HY 2022)



(\*) including Supra / Agencies

# Credit exposure: very high credit quality at A+ in average in portfolio

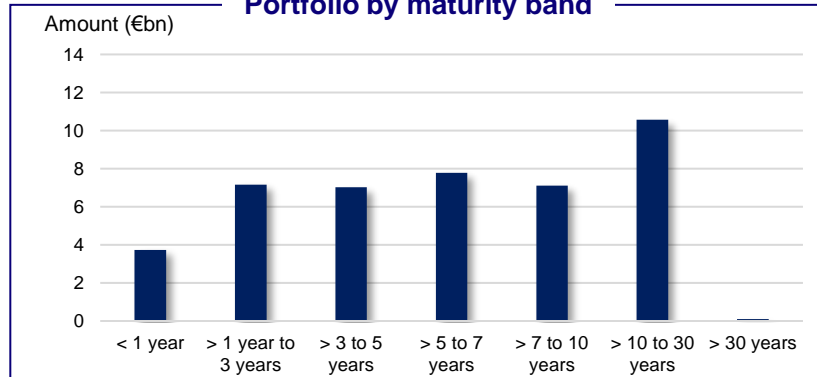
**Credit Exposure split by Credit Rating**



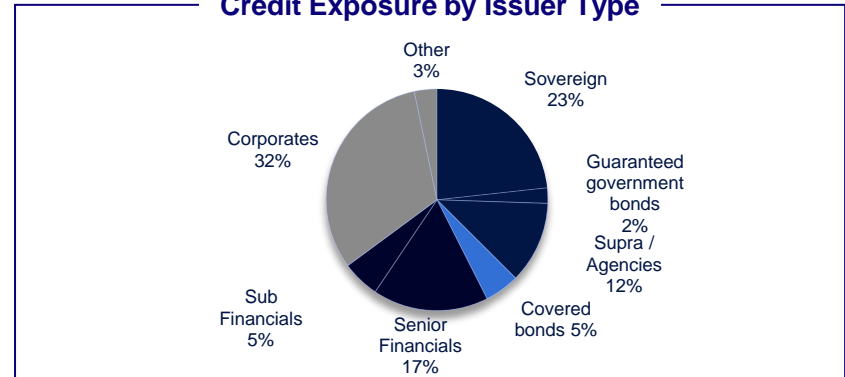
**Total fixed income exposure is at €58bn**

- Limited exposure to risky investments, 19% of the investments currently rated BBB, no material high yield exposure
- No floating rate bond
- Sovereign and sovereign-like exposure accounts for 37% of total fixed income exposure

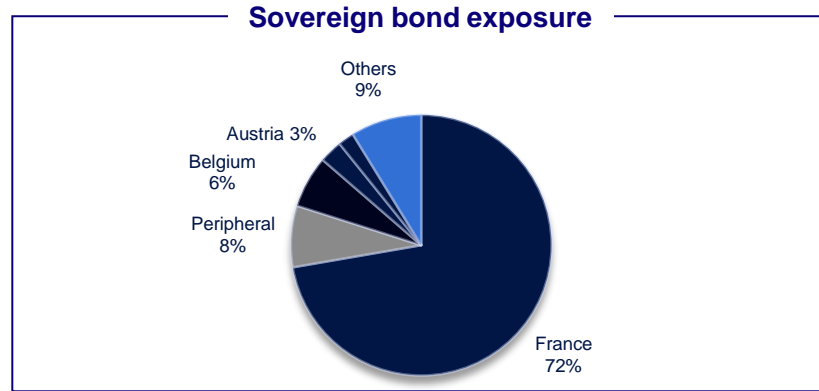
**Portfolio by maturity band**



**Credit Exposure by Issuer Type**

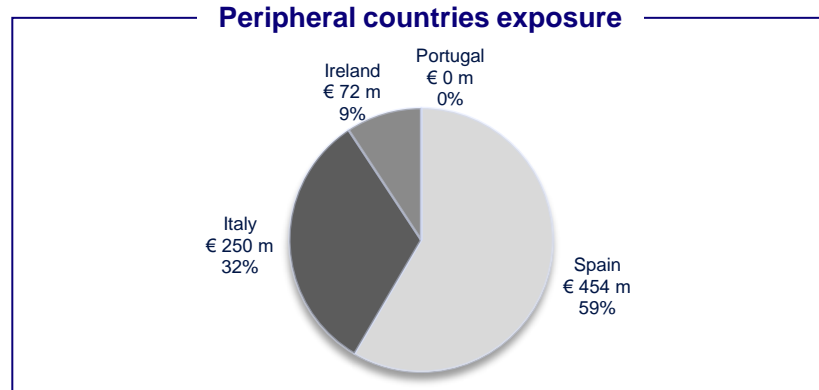


# Sovereign bond exposure: peripheral countries make only 8% of the sovereign bond portfolio



**Total Sovereign exposure is at €10.2bn**

- Sovereign exposure accounts for 23% of total fixed income exposure

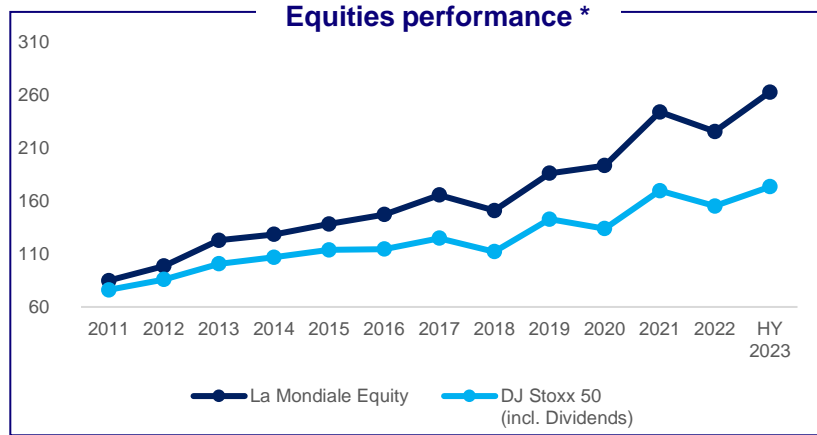


**Total Sovereign exposure on Peripheral countries is at €0.8bn**

- Peripheral countries exposure represents 8% of the sovereign bucket and hence represents only 1,5% of overall total investments

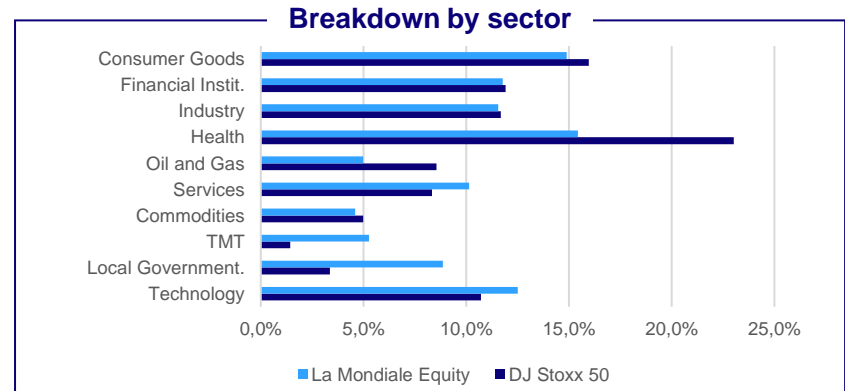
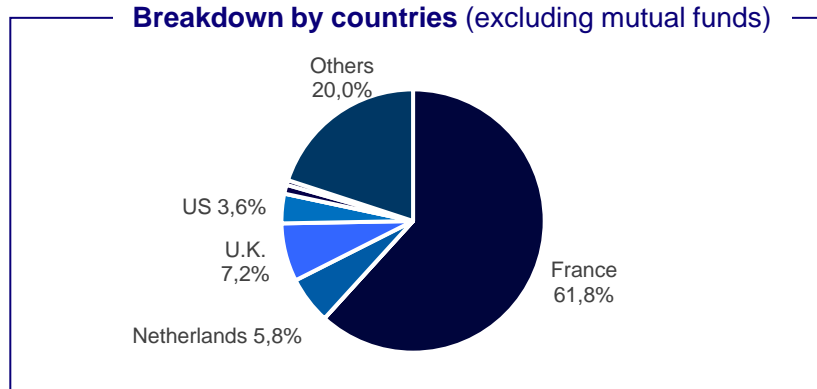


# Equity allocation: a well diversified equity portfolio by geography and sector



**Equities exposure: €4.4bn** (including €0.9bn through mutual funds)

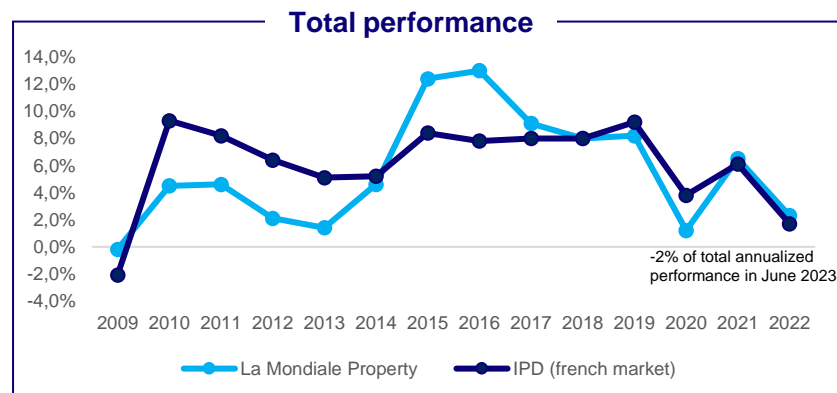
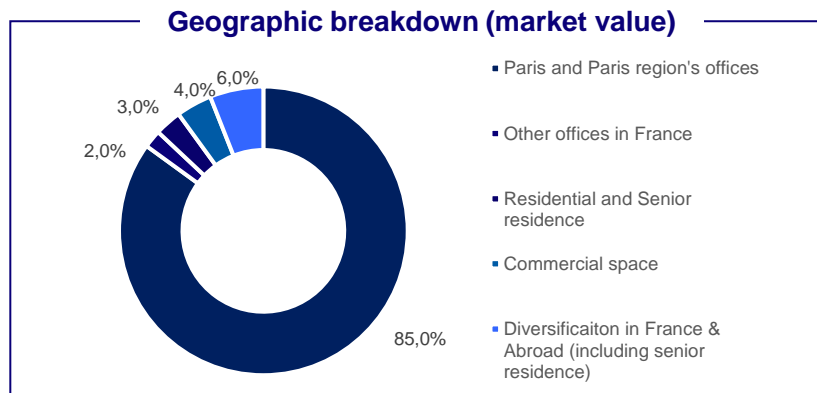
- HY 2023 performance at 16.5% (versus 11.8% of market performance), after -7.5% in 2022 and +26% in 2021
- A well diversified equity portfolio by geography and sector
- Focus on large liquid equity stocks traded on the main exchange markets
- All FX exposures are fully hedged



Focus La Mondiale solo and La Mondiale Retraite Supplémentaire

\* : 100 basis in 2006

# Property allocation: a prime real estate portfolio of offices located at 85% in Paris and the Paris region



IPD = Investment Property Databank

## Total Property exposure is at €4.2bn

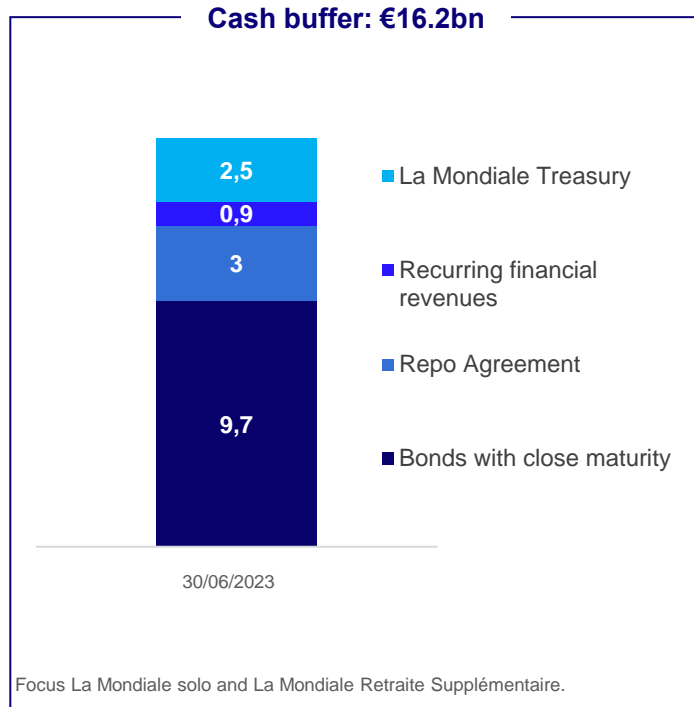
La Mondiale property assets represent 629,560 sq.m. and are mainly offices located in the center or Western Paris, i.e. only Prime Real Estate.

Solid rental market, especially on all recently delivered surfaces, prompting a good vacancy rate of c.20.09 %.

Average revenue: €485/m<sup>2</sup>



# La Mondiale: an exceptional liquidity



40% pensions / 60% savings: natural hedge in terms of liquidity, pension durations around 20 years (including redeposit)

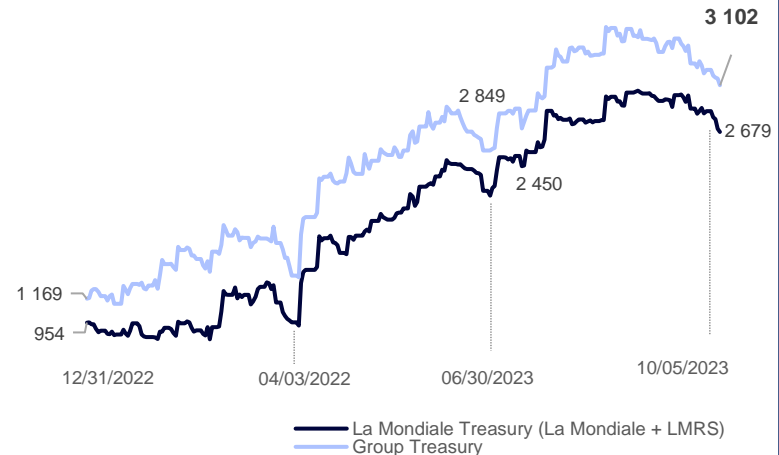
## S&P analysis

### Liquidity: Exceptional

“AG2R LM has exceptional liquidity, given that it has sustained highly marketable investment assets (notably investment-grade bonds), that could provide liquidity should any cash needs arise. Its liquidity ratio under our methodology stands at 235% at year-end 2022. The group’s pension business, which cannot be easily surrendered, is positive for its liquidity.”

Extract of detailed analysis - August 1<sup>st</sup>, 2023

### Focus on La Mondiale Treasury (€m)



Sharp increase in 2023 leading to a **Group treasury level at €3.1bn on October 5**

# A lasting SGAMS's commitment to sustainable and responsible investment policy of more than 20 years

## ✓ A reinforced responsible investment policy

- **€100bn** Responsible investment portfolio including 9 SRI label funds
- **€300m** Reinforcement of the envelope for private equity asset class dedicated to financing the energy transition over a 3-year period : already including €151m at the end of the first half of 2023

## ✓ A strong contribution to financing the economy

- **€580m** Private debt investments (more than 50 issuers)
- **€700m** Specialised debt funds (more than 50 funds)
- **€650m** Private equity funds (more than 200 funds and investment flow of €100m per year)



# Industry-wide recognition of the Group's commitment to sustainable and responsible investment

8 trophies awarded during the first semester 2023 including 6\* related to our CSR, SRI and ESG integration approach related to ecological transition and diversity areas



(\*) Winner or highly recommended

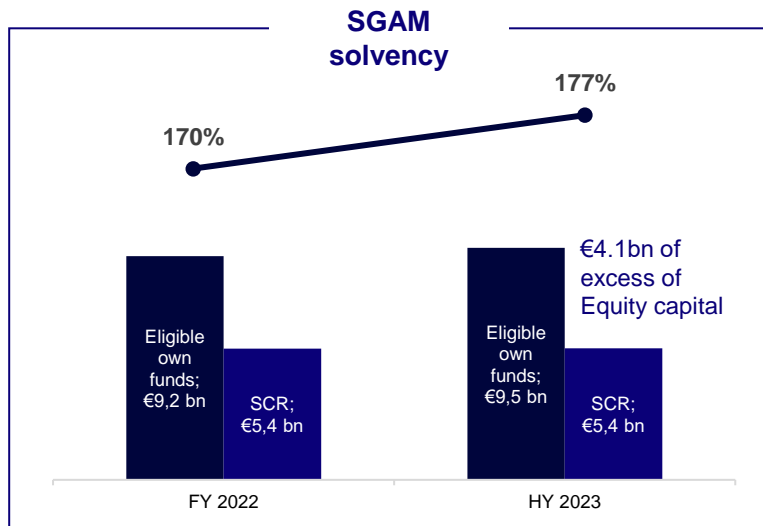


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# A 7-point increase of SGAM solvency ratio and stability in Debt monitoring indicators



The SGAM solvency ratio increased by 7pts between FY 2022 and HY 2023 mainly due to:

- ✓ Positive effect of first half year result
- ✓ Positive impact of interest rates evolution on eligible own funds
- ✓ Positive impact of the increasing percentage of unit-linked outstanding

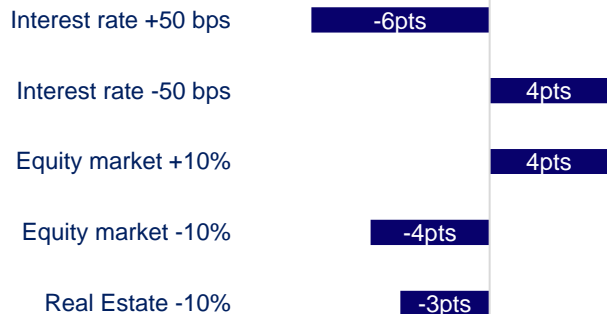
The Group not longer apply transitional measures on technical provision in the estimation of solvency 2 ratios (end of these measures in 2032).

The issuer La Mondiale solvency ratio is at 256% (see details p.33)

## Debt monitoring indicators\*

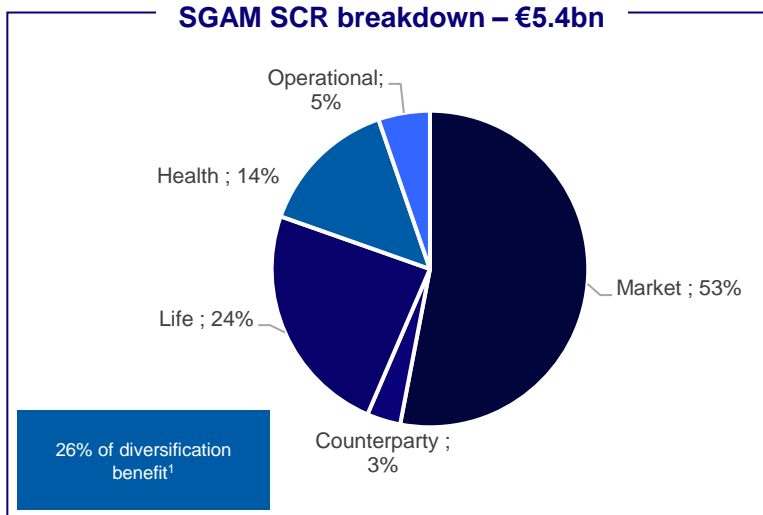
- ✓ **Financial leverage : 37%** (between 20% and 40%) is expected to remain stable
- ✓ **Interest coverage : 3.2**
  - ✓ Slight decrease in Group debt expense
  - ✓ 2022 net income including a limited profit-sharing reserve release
  - ✓ Additional positive impact of Protection and health recovery plan expected in 2023
  - ✓ No dividend to be paid to shareholders

## Key sensitivities\*

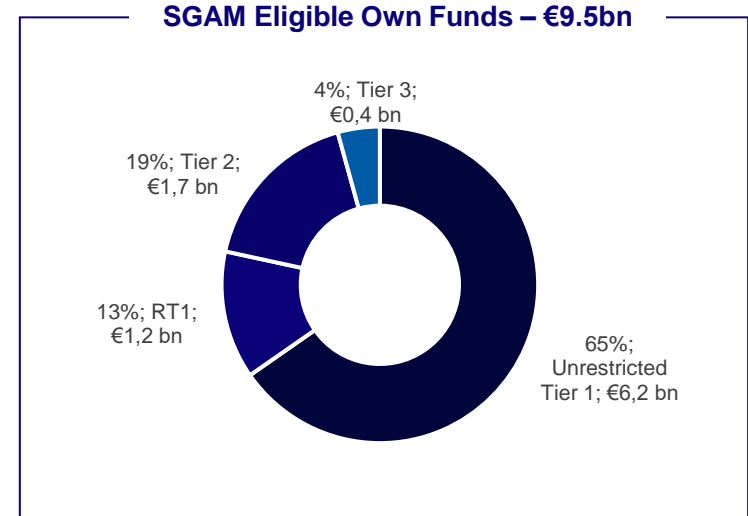


(\*) as of 12/31/2022

# Solvency position: €4.1bn excess of equity capital



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

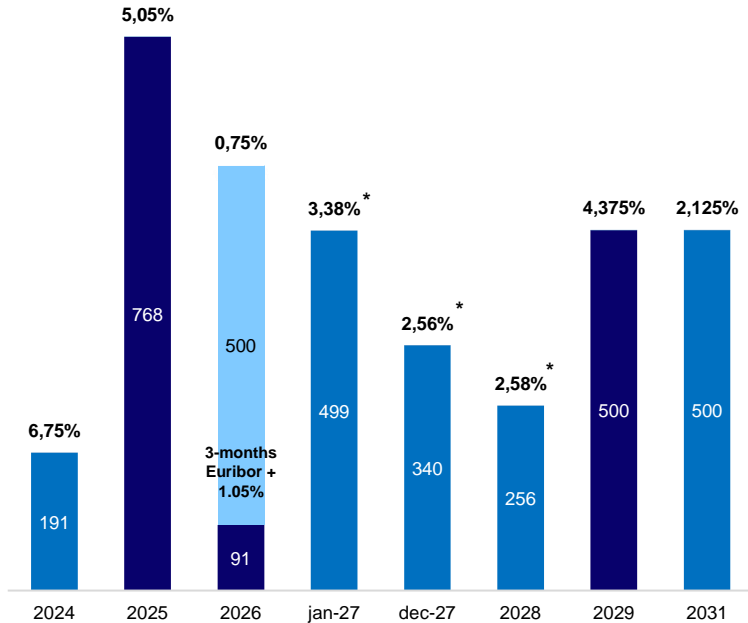


Eligible Own Funds mostly made of the hardest form of capital



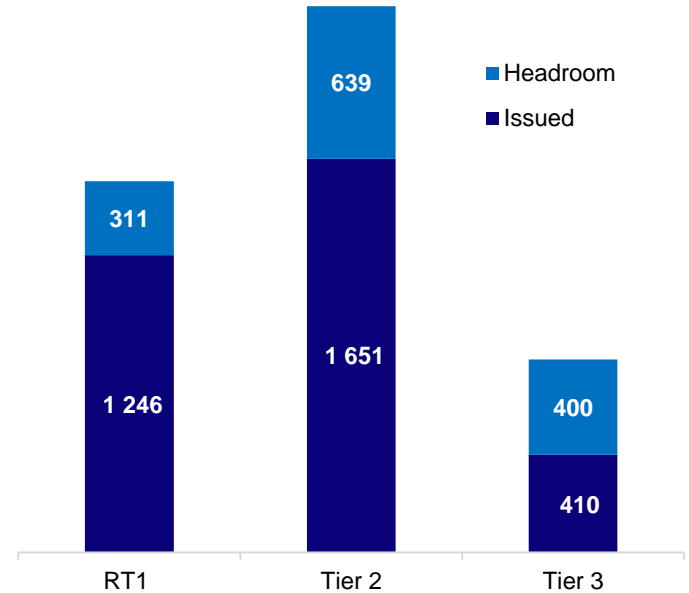
# Financial flexibility and diversified sources of funding

Next / Regulatory call date breakdown \* (nominal, €m)



Total RT1: €1,359m  
 Total T2: €1,786m  
 Total T3: €500m

Issuance capacity as per Solvency 2 regulation (€m)



(\*) euro equivalent issuance rate, after hedging



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# Executive summary SGAM AG2R LA MONDIALE (as of 06/30/2023)

## Robust balance sheet and strong solvency

### SGAM

<b>€6bn</b>	Premium (+4.4% vs. HY 2022 pro forma)
<b>177%</b>	Solvency ratio (+7pts vs. FY 2022)

### La Mondiale

<b>€5.6bn</b>	FGAAP Equity capital (+1% vs. FY 2022)
<b>256%</b>	Solvency ratio (+15pts vs. FY 2022)

## Capital items

<b>€3.7bn</b>	Total amount of subordinated debt
<b>€356m</b>	Total amount of mutual certificates (unrestricted Tier 1)

## Diversified business model

### SGAM

<b>€6bn</b>	Premiums (+4.2% / HY 2022) <i>45% Life &amp; Savings</i> <i>18% Pensions</i> <i>18% Health</i> <i>18% Protection</i>
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**€104bn<sup>4</sup>** Liabilities

**€110m** Net income

### La Mondiale

**€4.3bn** Premiums, 53%/47% UL<sup>1</sup>/GA<sup>2</sup> mix above the French market:  
HY 2023: 41%/59%

**€96.6bn** Liabilities, 37%/63% UL<sup>1</sup>/GA<sup>2</sup> mix above the French market

**€99m** Net income

## Sound asset allocation & risk management

**4.5%** High level of profit-sharing reserve with €2.5bn of G/A reserves<sup>3</sup>

Around 19% of investments rated BBB+ or below (scope La Mondiale solo and LMRS)

## A leading player on the French market

**2<sup>nd</sup>** in Supplementary Pension (reserves)  
**7<sup>th</sup>** in Health Insurance  
**5<sup>th</sup>** in Protection  
**12<sup>th</sup>** in Savings  
**Top3** in Private Wealth Management

## Rated A / stable outlook

**Confirmation of rating on August 1<sup>st</sup>, 2023 by S&P**

(1): Unit Linked are low capital need products

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

(3): Scope La Mondiale

(4): HY estimated

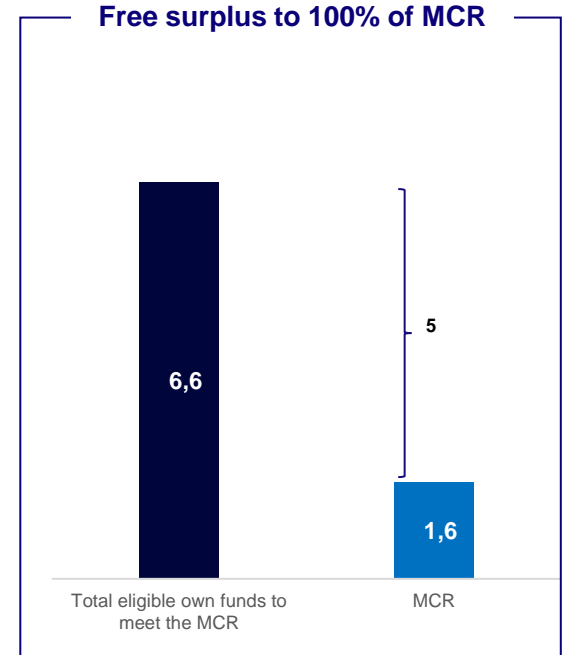
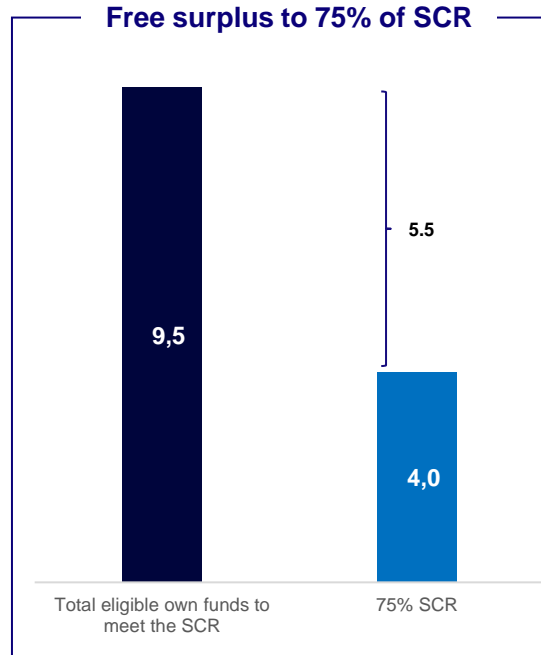
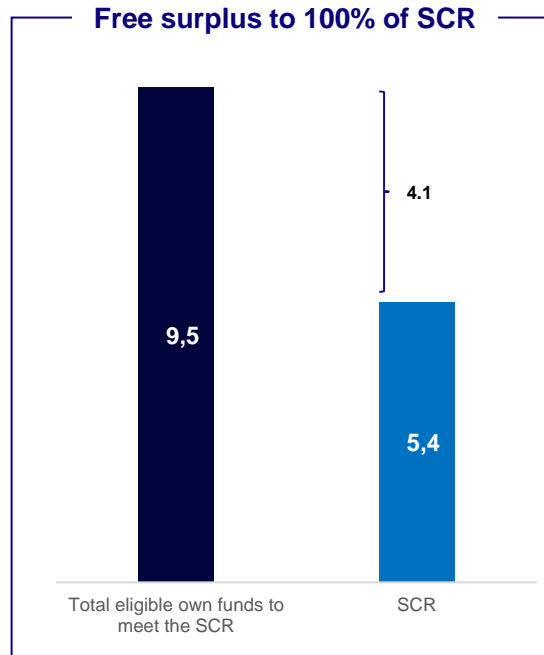
# Overview of La Mondiale Balance sheet (consolidated, FGAAP)

€m	HY 2022	HY 2023	%Change HY 2022/ HY 2023
<b>TOTAL ASSETS</b>	<b>118 061</b>	<b>115 282</b>	-2,4%
Intangible assets	312	336	7,8%
<i>ow. Goodwill</i>	298	303	1,7%
<b>Insurance investments</b>	<b>74 852</b>	<b>71 127</b>	-5,0%
<b>Unit Linked investments</b>	<b>32 483</b>	<b>35 746</b>	10,0%
Others assets	10 414	8 073	-22,5%

€m	HY 2022	HY 2023	%Change HY 2022/ HY 2023
<b>TOTAL LIABILITIES</b>	<b>118 061</b>	<b>115 282</b>	-2,4%
Equity Group Share	5 092	5 214	2,4%
Minority Interests	362	367	1,4%
<b>Total Equity</b>	<b>5 453</b>	<b>5 581</b>	2,3%
Subordinated liabilities	3 251	3 147	-3,2%
Debts	13 307	9 410	-29,3%
Insurance and financial liabilities	95 493	96 589	1,1%
Other liabilities	556	555	-0,2%

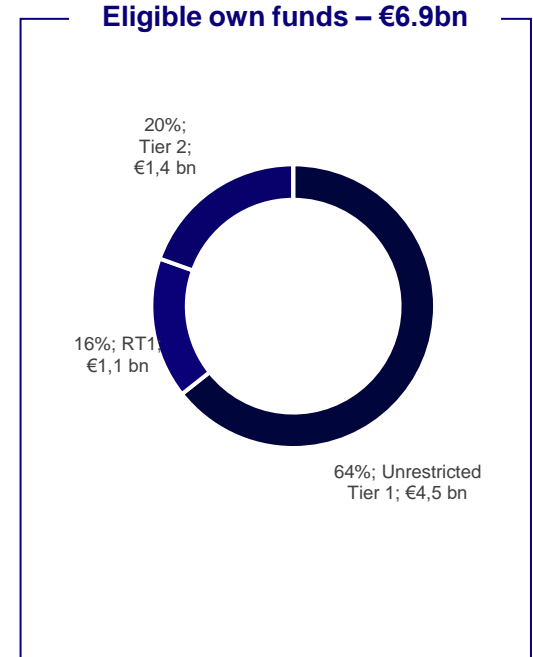
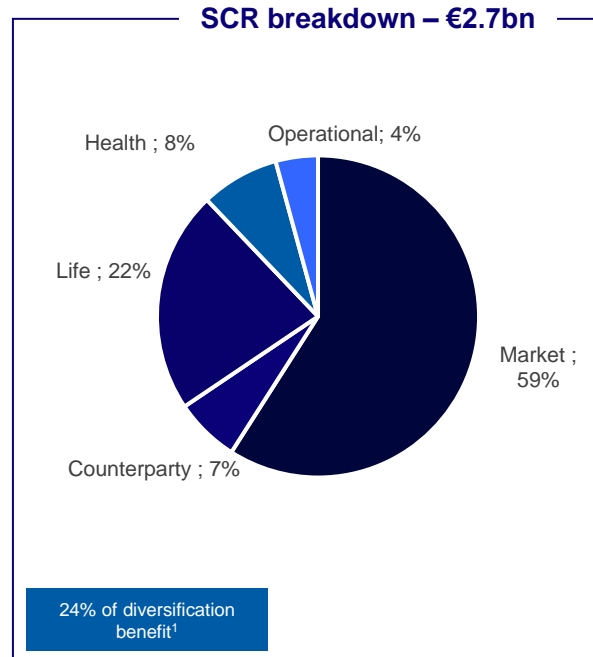
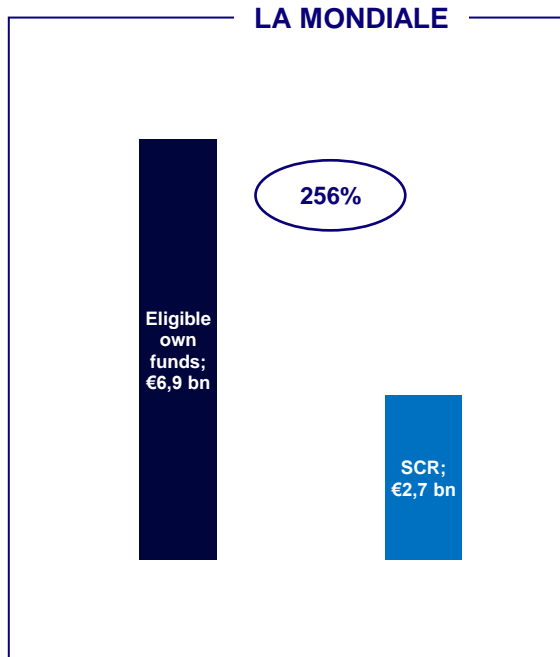


# Large buffers to principal write-down triggers – SGAM (€bn)



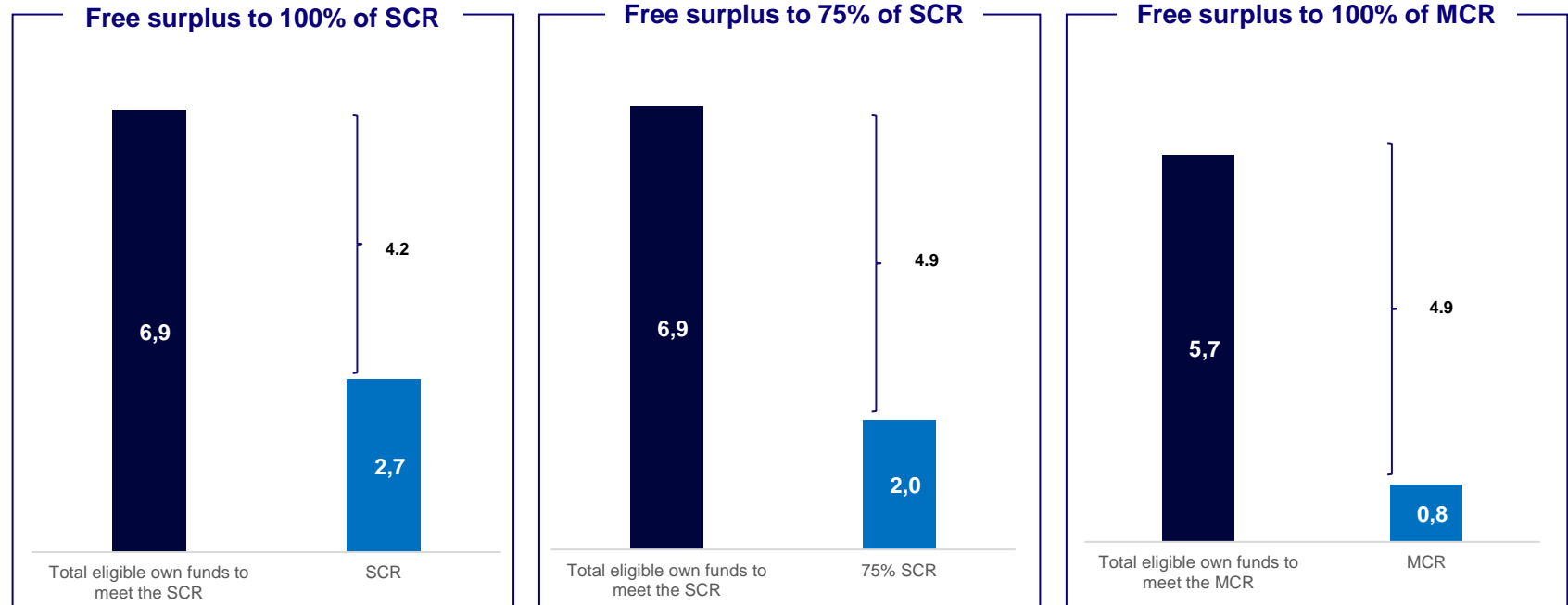


# LA MONDIALE: Solvency figures and SCR breakdown



(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)



# Contact details

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