

# Crédit Agricole Assurances



## Investor Presentation

September 2016

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## 1

## Executive summary

Crédit Agricole Assurances: first bancassurer in France and in Europe



## Strong Financial Profile

■ A Solvency II ratio<sup>2</sup> that comfortably covers regulatory requirements

■ IFRS Net income Group share

■ AuM in life insurance

2015

**178%****€1.2bn****€260bn**

## Integrated bancassurer model

- Driven by the retail networks of Crédit Agricole Group, with a strong presence in France and abroad (Italy, the Group's second home market, Poland, Luxembourg)
- Thanks to the Group's financial partners in Japan and elsewhere

#1 bancassurer<sup>3</sup> in France and in Europe

- #1 bancassurer in Europe
- #8 insurer in Europe



- #2 life insurer in France
- #1 individual death & disability insurer in France
- #2 creditor insurer in France
- #4 home insurer in France
- #7 car insurer in France

<sup>1</sup> Under IFRS

<sup>2</sup> Calculated using the standardised approach without transitional measures

<sup>3</sup> Source: Argus de l'Assurance rankings published in 2015, Jasmin report "L'assurance emprunteur en France", 2015

### A strong credit profile

- **Key strengths of CAA's credit profile**
  - ✓ Very strong competitive position
  - ✓ Crédit Agricole brand and strength of its distribution network
  - ✓ Recurring profitability
  - ✓ Increasing diversification of the business profile
  - ✓ Strong regulatory solvency position
  - ✓ Robust risk management

### Notes

- Crédit Agricole Assurances (CAA) intends to issue dated subordinated notes 32NC12
- Notes expected to be fully compliant with Solvency 2 requirements as Tier 2 regulatory capital
- Notes compliant with Standard & Poor's (S&P) requirements for inclusion in Total Adjusted Capital

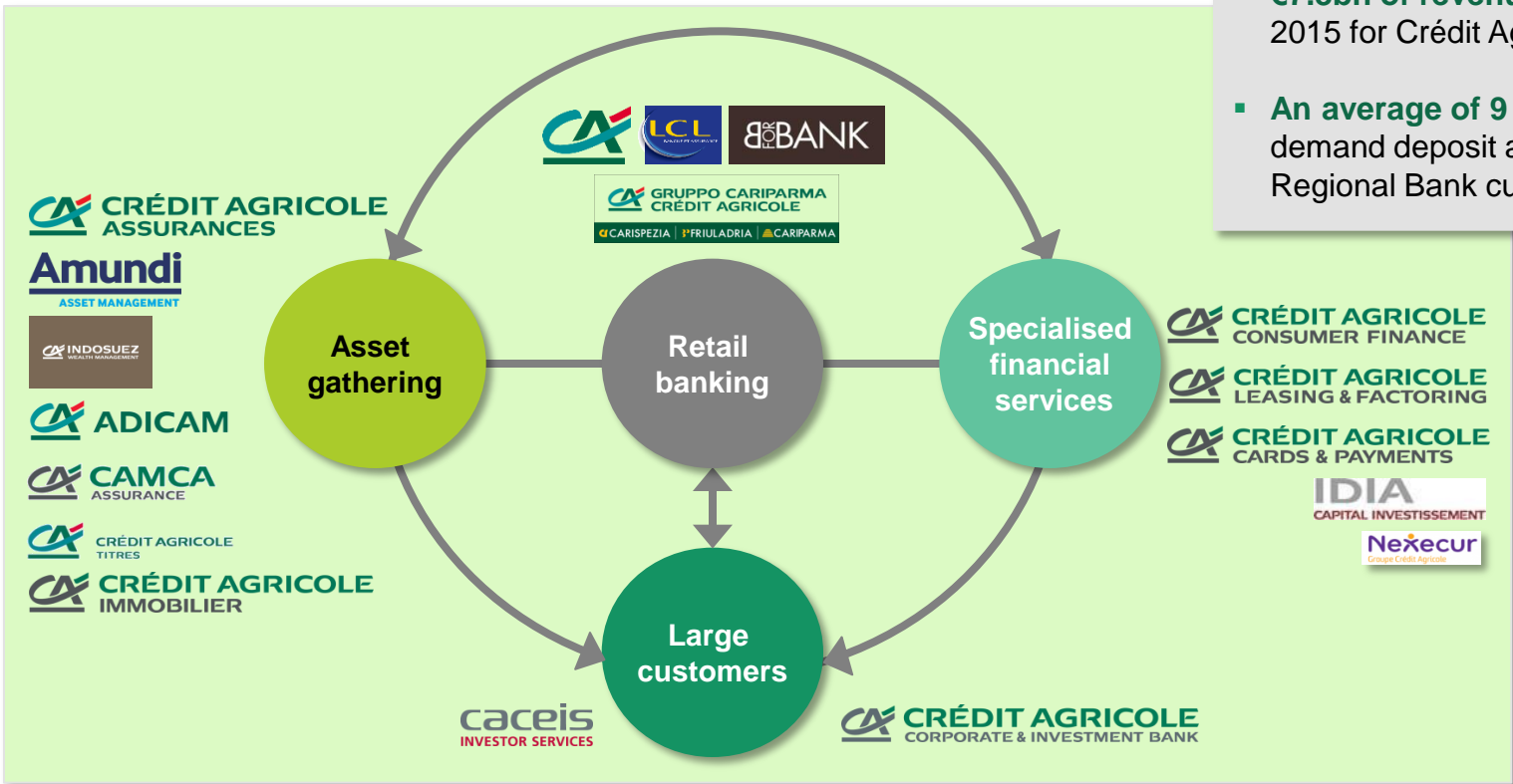
### S&P Ratings

- Since December 2015, the ratings assigned by **S&P** to **CAA's Insurance companies** are aligned with **Crédit Agricole's unsupported group credit profile (UGCP)** at **A- / Stable outlook**
- **CAA**, the holding company, is rated **BBB+ / Stable outlook** by **S&P**, one notch below, as a non-operating holding company
- **The proposed transaction is rated BBB- by S&P**
  - ✓ S&P applies the standard notching for insurance subordinated debt: 2 downward notches from the holding company rating reflecting the instrument's deferral and subordination characteristics

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- **€7.8bn of revenue synergies** in 2015 for Crédit Agricole Group
- **An average of 9 products** per demand deposit account<sup>1</sup> per Regional Bank customer at end 2015

■ Crédit Agricole Assurances is the insurance arm of Crédit Agricole Group, France’s leading retail banking Group and one of the largest in the world based on shareholders’ equity

<sup>1</sup> Source: Regional Bank customer database

# 2

## Company overview

CAA: an integrated bancassurance business model in France and abroad

**€30.4bn**  
in premium income  
in 2015<sup>1</sup>

83% in France  
17% abroad



Savings / retirement

**79%**  
~€24.0bn



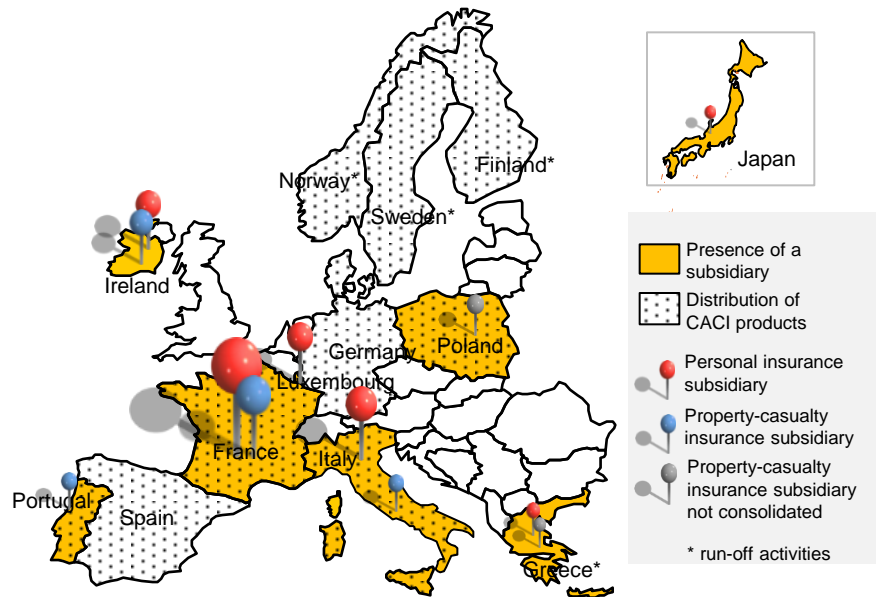
Death & disability /  
creditor / group  
insurance

**10%**  
~€3.0bn



Property & casualty

**11%**  
~€3.4bn



### - 3 distribution models -

**92%** Bancassurance model

Distribution of personal insurance, property & casualty and creditor insurance across the Group's retail banking networks

**6%** Group Partnerships

Distribution of creditor insurance and financial protection products to the Group's financial partners

**2%** Non-Group Partnership

Presence outside of the Crédit Agricole Group retail networks, i.e. presence in Japan in partnership with local banks



<sup>1</sup> Under IFRS



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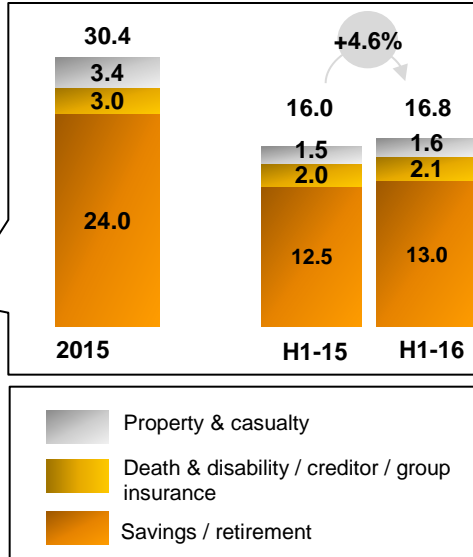
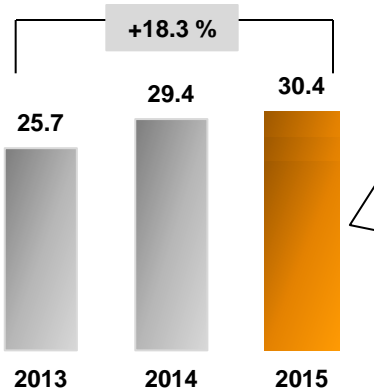
# 3

## Robust business model & 2019 ambitions

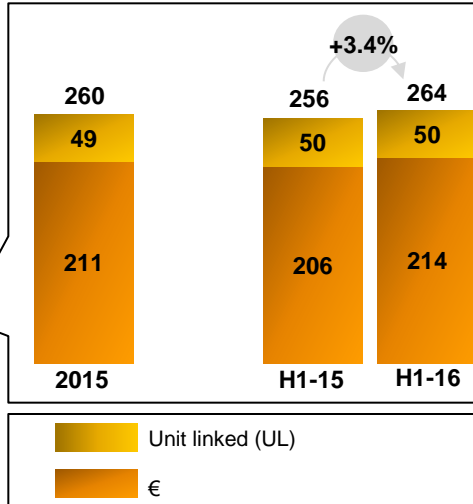
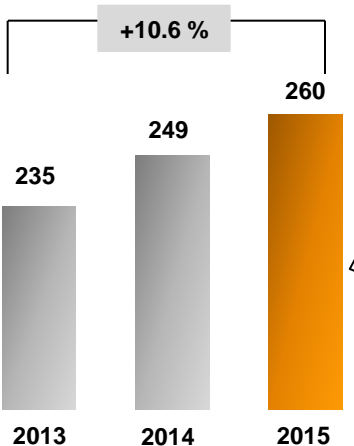
### Strong growth in all business lines



Gross premiums under IFRS (€bn)



AuM in life insurance (€bn)



■ **Property & casualty insurance: +5.3% H1-15 / H1-16**

- Continued above-market growth in France
- 12 million policy milestone reached
- Combined ratio<sup>1</sup> under control at 96.6% despite recent weather events

■ **Death & disability / creditor / group insurance: +8.7% H1-15 / H1-16**

- Death & disability / group insurance : +19.5% H1 / H1
- Creditor: +2.4% H1 / H1
- Launch of an integrated commercial partnership with Amundi, complementing the group insurance offering

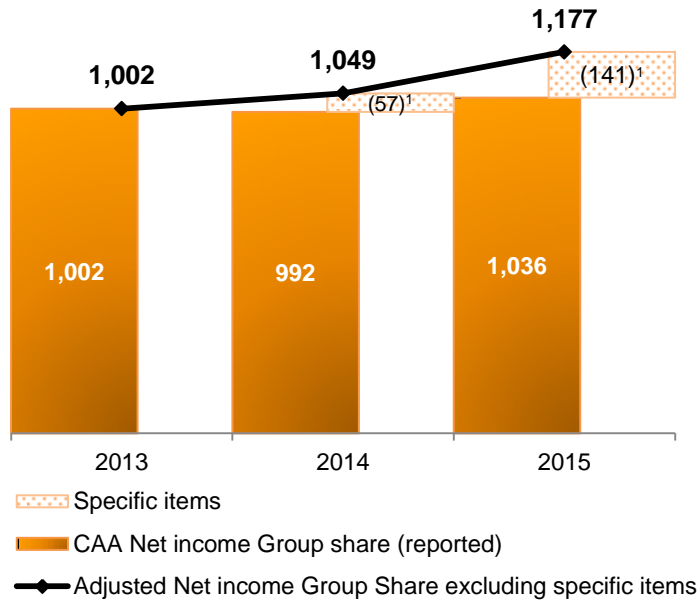
■ **AuM in life insurance of €264bn at H1-16**

- Up 3.4% over one year
- Unit-linked share of AuM 18.8%

<sup>1</sup> Ratio of (claims + operating expenses + commissions) to premium income, net of reinsurance. Pacifica scope



CAA IFRS Net income Group share (€m)



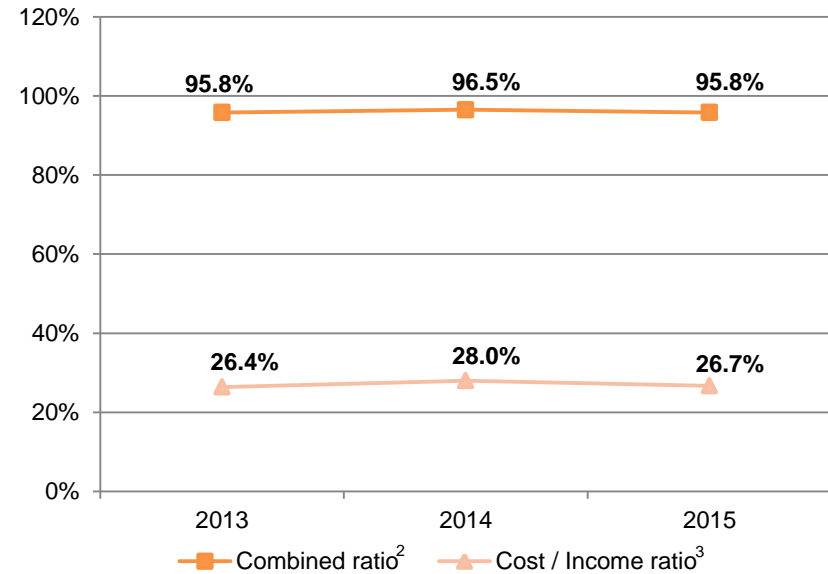
- Steady growth in profitability

<sup>1</sup> Specific items linked to the early repayment of subordinated debt

<sup>2</sup> (Claims + operating expenses + commissions) / gross premiums, net of reinsurance; Pacifica scope

<sup>3</sup> Group operating expenses / Group net insurance revenues

Combined ratio and Cost / Income ratio



- Operational efficiency of bancassurance business model thanks to:
  - strong integration
  - standardisation of processes

# 3

## Robust business model & 2019 ambitions CAA 2019 ambitions



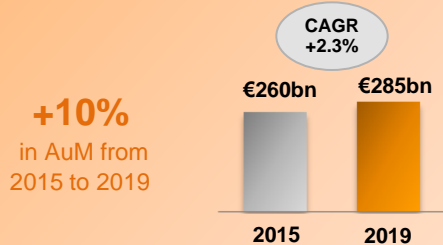
### Our ambition: become the leading insurer in France

#### 3 key strategic areas of focus

1

#### Savings / retirement

Become the #1 life insurer in France and a major player in group pension plans



+5 pts in the share of unit-linked contracts to reach ~25%

1/3 of mass-affluent clients equipped with discretionary/advisory mandates (France)

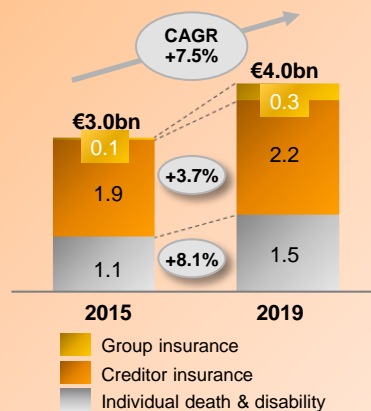
Scope: world

2

#### Death & disability / creditor / group insurance<sup>1</sup>

Scale up the creditor insurance business

+~35% premium income<sup>3</sup> from death & disability, creditor and group insurance from 2015 to 2019



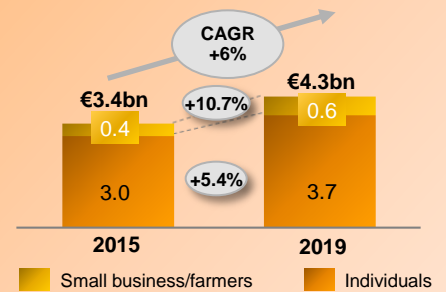
Scope: world

3

#### Property & casualty<sup>2</sup>

Intensify the growth momentum in all customer segments

+~27% premium income<sup>3</sup> from 2015 to 2019



Scope: world

+~3 pts contribution of small businesses and farmers to premium income

### Adapt the model abroad according to the local features of international markets

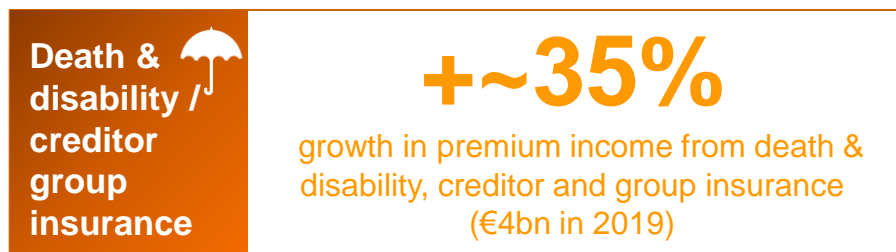
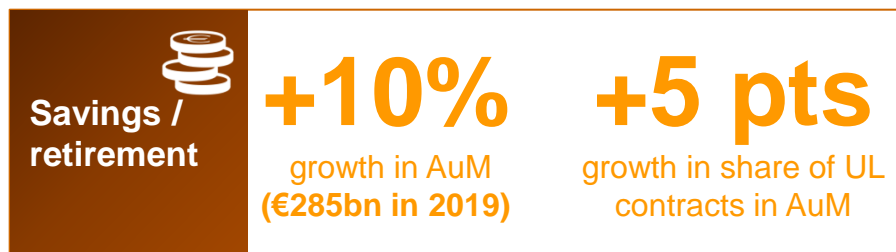
<sup>1</sup> Scope: Individual death & disability (excluding personal accident), creditor and group insurance (excluding retirement)

<sup>2</sup> Scope: Property & casualty, personal accident and health (excluding small business and farming group plans)

<sup>3</sup> Under IFRS



### ➤ COMMERCIAL TARGETS



### ➤ FINANCIAL TARGETS

	2015	2015 <sup>1</sup> Pro forma	2019 <sup>1</sup>
Contribution to the Group's revenues <sup>2</sup> (€bn)	5.6	5.3	> 6.0 CAGR: > 2.5%
NIGS <sup>3</sup> (€bn)	1.2	1.0	~ 1.3 CAGR: > 5%
Cost / income ratio	26.7%	30.2%	< 30%
Combined ratio	95.8%	95.8%	< 96%

<sup>1</sup> Pro forma : analytical transfer of Switch 2 guarantee to Insurance activity

<sup>2</sup> Revenue + fees paid to our distributors

<sup>3</sup> NIGS: Net Income Group Share

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# 4

## Solvency and capital management

A healthy solvency ratio under Solvency 2 at end-2015

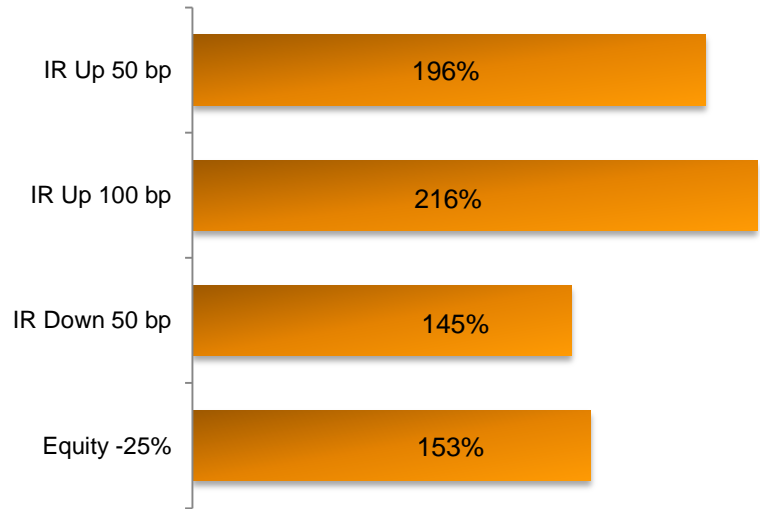


Group coverage rate

Key sensitivities

**178%**  
Solvency 2 ratio at end-2015

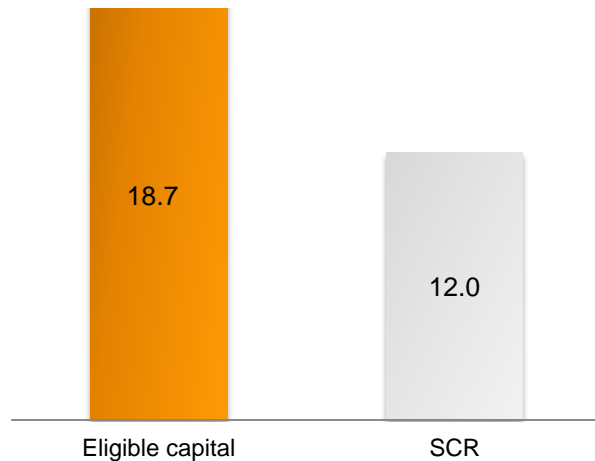
- Standard formula
- No transitional measures<sup>1</sup>



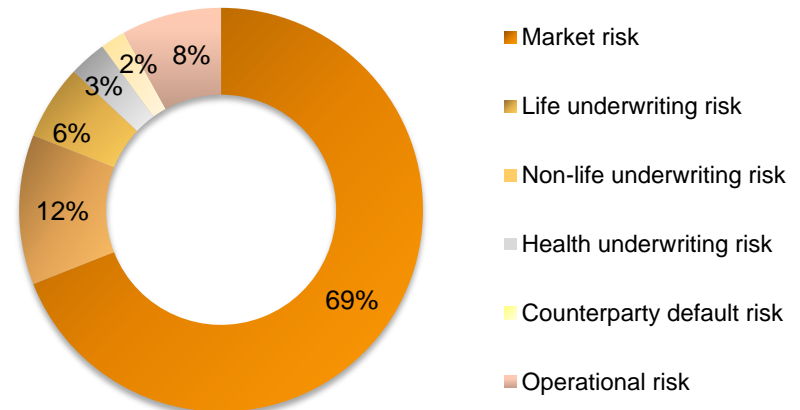
<sup>1</sup> Except for grandfathering of subordinated debt



156% Group coverage rate at H1-16 (€bn)



Breakdown of the SCR<sup>1</sup>



- CAA's capital structure is based on high quality eligible capital (79% of own funds are Tier 1, no ancillary own funds)
- Financial flexibility and active capital management
  - In H1-16, CAA issued Tier 2 debt in the amount of €1bn, fully subscribed by Crédit Agricole S.A., reflecting Crédit Agricole S.A.'s commitment to support CAA over the long-term
  - Subordinated debt issuance capacity of €0.9bn in Tier 1 and €2bn in Tier 2 at H1-16

<sup>1</sup> Solvency Capital Requirements (SCR) breakdown presented before diversification



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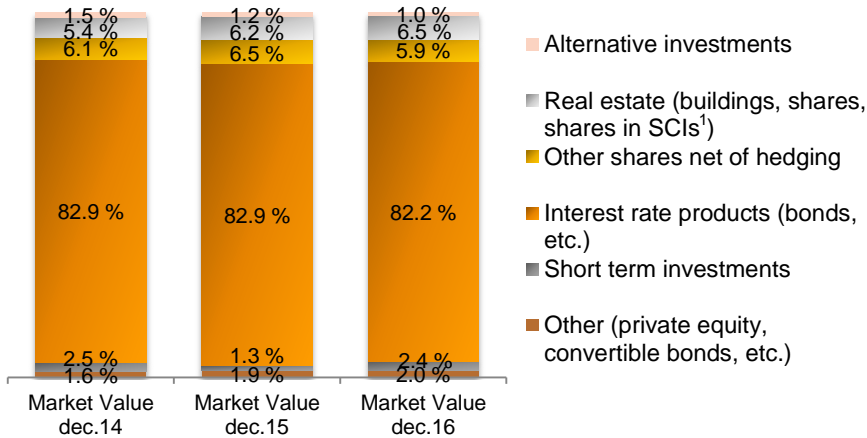
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# 5

## Disciplined risk management A prudent and diversified asset allocation



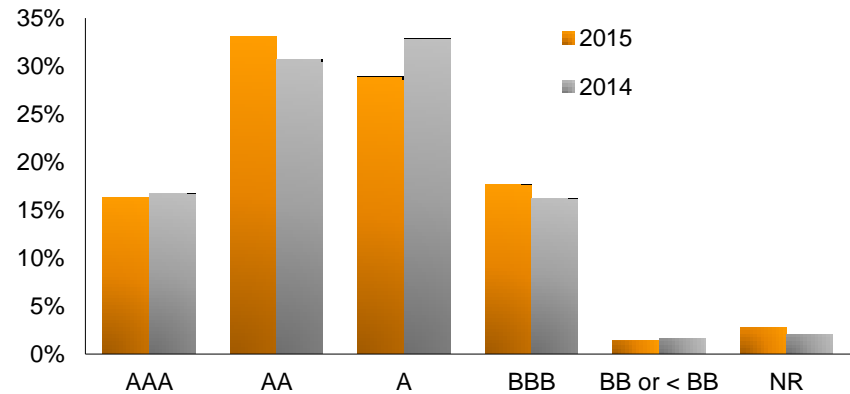
### Breakdown of investments by asset class (excl. Unit-linked accounts)\*



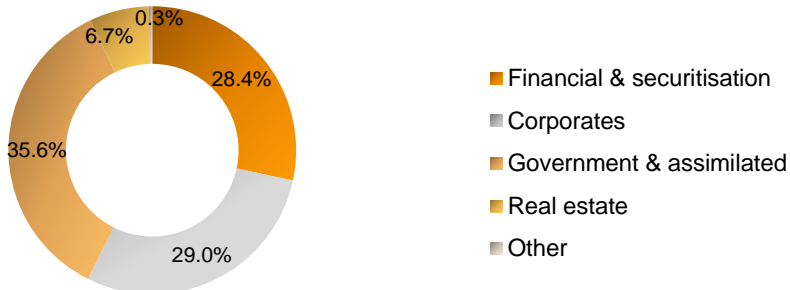
\* Scope: life insurance Companies of CAA

<sup>1</sup> Société civile immobilière: non-trading real estate investment company

### At 31 Dec. 2015, 78% of bonds rated A or higher

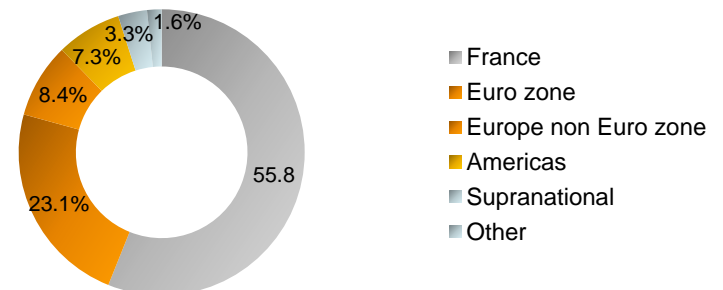


### Breakdown of investments by economic sector at end-2015\*\*



\*\* Scope: CAA Group AuM excluding GNB Seguros and CA Assicurazioni in net book value

### Breakdown of investments by geographical area at end-2015 \*\* 2



<sup>2</sup> Stock except non-transparent UCITS, derivatives and unlisted investments

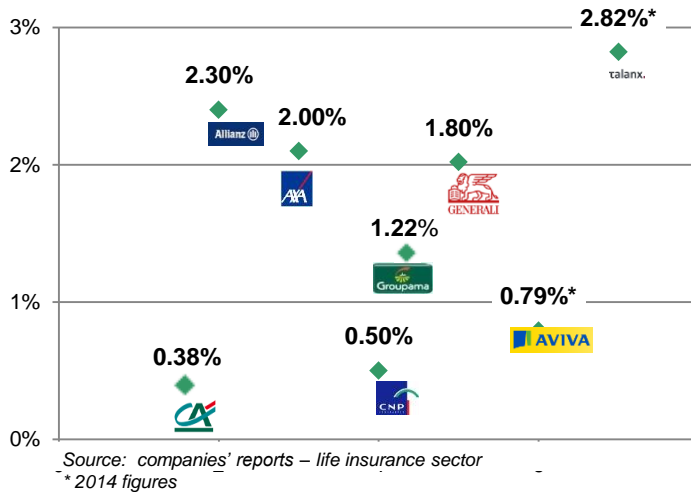
# Disciplined risk management

## Efficient protection against rate fluctuations



### Low structural exposure of CAA to minimum guaranteed rates

- Low average guaranteed rate of 0.38% on outstandings at end-2015

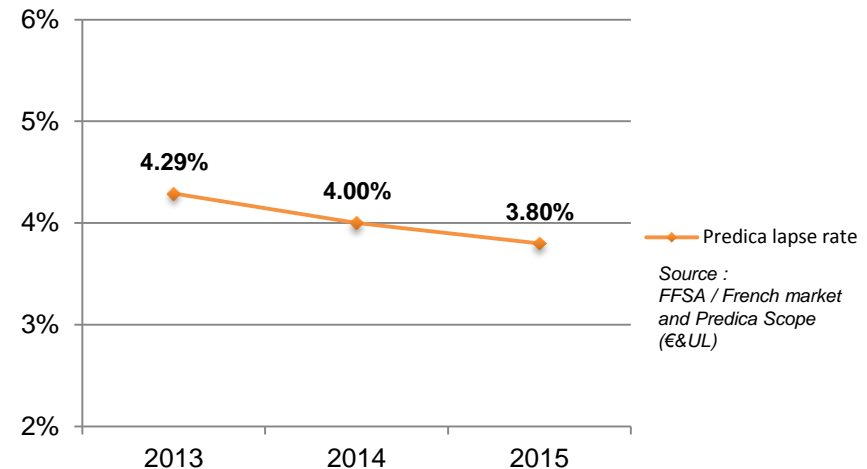


- No minimum guaranteed rate (beyond one year) in life insurance since 2000 in France
- Average investment portfolio yield of 3.67%<sup>1</sup> in 2015, materially above the average guaranteed rate
- Ability to adjust the profit-sharing rate to reflect a decrease in the average investment return shown over the last years

<sup>1</sup> Scope: Life Insurance (France)

### Ability to adjust to the upward shift of the yield curve

- Strong customer loyalty (lapse rate below those of the market of 4.5% at end-2015)



- Management of duration adapted to the expected maturity of liabilities
- Dynamic management of the investment portfolio
- Flexibility offered by a high level of unrealised gains (€24.4bn at end-2015)
- Ability to increase the yield paid to policyholders in case of rate increases
  - Policy of reserves allowance
  - Significant part of the bond portfolio was covered by caps at end-2015

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# Contemplated transaction

## Summary Terms of the Offering (Indicative, Non Binding)








Issuer	Crédit Agricole Assurances S.A.
Issuer Rating	'BBB+' (S&P)
Expected Issue Rating	'BBB-' (S&P)
Maturity	2048 Redemption subject to Relevant Supervisory Authority approval and other Conditions to Redemption and Purchase (no Regulatory Deficiency or Insolvent Insurance Affiliate Winding-up, subject to regulatory waiver in certain conditions)
Status	- Ordinarily Subordinated Obligations - Senior to prêts participatifs granted to the Issuer, any Deeply Subordinated Obligations and any class of share capital
Interest	- Fixed rate until 2028 (the "First Call Date") payable annually in arrear. Thereafter reset on the First Call Date and for each Interest period thereafter to the sum of the relevant 5-year mid swap rate and the margin.
Denomination	EUR 100k
Interest Deferral	- Interest will be mandatorily deferred in case of Regulatory Deficiency (each such date, a "Mandatory Interest Deferral Date"), subject to regulatory waiver - The Issuer may elect to defer any interest provided that a discretionary dividend did not occur in any forms on any ordinary or preference shares in the preceding 12 months (provided that the Interest Payment Date is not a Mandatory Interest Deferral Date) - Deferred interest payments will constitute Arrears of Interest which are cumulative and compounding
Areas of Interest	- Arrears of Interest may be paid at any time (in whole or in part) and must be paid (in whole) on the earliest of (i) redemption of the Notes, (ii) winding-up of the Issuer, or (iii) the next Interest Payment Date whereby a discretionary dividend did occur in any forms on any ordinary or preference shares in the preceding 12 months (provided that the Interest Payment Date is not a Mandatory Interest Deferral Date)
Optional Redemption	- The Issuer may redeem all of the Notes at par on the First Call Date and on any Interest Payment Date thereafter - Redemption subject to Relevant Supervisory Authority approval and Conditions to Redemption and Purchase (no Regulatory Deficiency or Insolvent Insurance Affiliate Winding-up, subject to regulatory waiver in certain conditions)
Special Event Redemption	- All redemptions are subject to Relevant Supervisory Authority approval and Conditions to Redemption (no Regulatory Deficiency or Insolvent Insurance Affiliate Winding-up, subject to regulatory waiver in certain conditions) - The Notes may not be redeemed or purchased prior to the fifth anniversary of the Issue Date, unless the redemption or purchase has been funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality (tenth anniversary for WHT redemption, subject to Redemption Alignment Event, as determined by the Issuer and provided this does not cause regulatory disqualification)
Special Event Substitution/Variation	- As an alternative to early redemption, the Issuer has the option to substitute the Notes (in whole) or vary the terms at any time without the consent of the Noteholders upon a Capital Disqualification Event, a Gross-up Event, a Tax Deductibility Event or a Rating Event (subject to certain conditions, including the terms of the substitution or variation not being prejudicial to the interest of Noteholders)
Regulatory Deficiency	- Non-compliance with Group capital requirements including SCR and MCR, or - Regulatory request for the Issuer to take specified action in relation to payments under the Notes
Law/Listing	- French Law / France

## 6

# Contemplated transaction

## Structural comparison



					
Issue Date	27 Sep 2016	1 Dec 2015	23 Mar 2016	31 May 2016	24 May 2016
First Call Date	27 Sep 2028	10 Jun 2027	6 Jul 2027	8 Jun 2028	27 May 2028
Maturity	27 Sep 2048	10 Jun 2047	6 Jul 2047	8 Jun 2048	27 May 2048
Issuer Rating (S&P/ Fitch / Moody's)	BBB+ / - / -	A / - / -	A+ / AA- / Aa3	- / A- / Baa1	AA- / AA- / A1
Issue Rating (S&P/ Fitch / Moody's)	BBB- exp. / - / -	BBB+ / - / -	BBB / BBB / A3	- / BBB / Baa3	A / A- / -
CCY/ Size	EUR 1.0bn	EUR 750m	EUR 1.5bn	EUR 850m	EUR 500m
Interest	4.750% until FCD, 5y m/s+ 535bp thereafter	4.500% until FCD, E3M + 460bp thereafter	3.375% until FCD, E3M + 375bp thereafter	5.000% until FCD E3M + 535bp thereafter	3.625% until FCD, 10y m/s + 390bp thereafter
Step-up	100 bps at FCD	100 bps at FCD	100 bps at FCD	100 bps at FCD	100 bps at FCD
Optional Deferral	At issuer's discretion subject to dividend pusher (12m look-back)	At issuer's discretion subject to dividend pusher (6m look-back)	At issuer's discretion subject to dividend pusher (6m look-back)	At issuer's discretion subject to dividend pusher (6m look-back)	At issuer's discretion subject to dividend pusher (6m look-back)
Mandatory Deferral	Upon Regulatory Deficiency	Upon Regulatory Deficiency	Upon Regulatory Deficiency	Upon Solvency capital event	Upon Regulatory Deficiency
Arrears of Interest	Cash Cumulative	Cash Cumulative	Cash Cumulative	Cash Cumulative	Cash Cumulative
Early Redemption	Par upon Gross-up, Tax Deductibility, Accounting, Capital Disqualification or Rating Methodology Event	Par upon Gross-up, Withholding Tax, Tax Deductibility, Regulatory or Rating Methodology Event, clean-up redemption	Par upon Tax, Regulatory, Accounting or Rating Methodology Event	Par upon Regulatory, Tax or Rating Event	Par upon Tax, Accounting, Regulatory or Rating Methodology Event, clean-up redemption
Liquidation Ranking	Pari passu with other subordinated debt, senior to deeply subordinated debt	Pari passu with other ordinary subordinated debt, senior to junior subordinated debt	Pari passu with other dated subordinated debt, senior to undated subordinated debt	Pari passu with dated subordinated, senior to deeply subordinated	Pari passu with other subordinated debt, senior to deeply subordinated debt
Exchange and Variation	Yes	Yes	Yes	Yes	Yes
Denomination	100k	100k	100k	100k	100k
Governing Law	French Law	French Law	English Law	English Law	French Law
Listing	Euronext	Euronext	Luxembourg SE	Luxembourg SE	Luxembourg SE

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## Appendices Crédit Agricole Group insurance companies



### In France,

- Life insurance and Death & disability activities, with Predica and Spirica
- Property & casualty insurance activity led by Pacifica and La Médicale de France

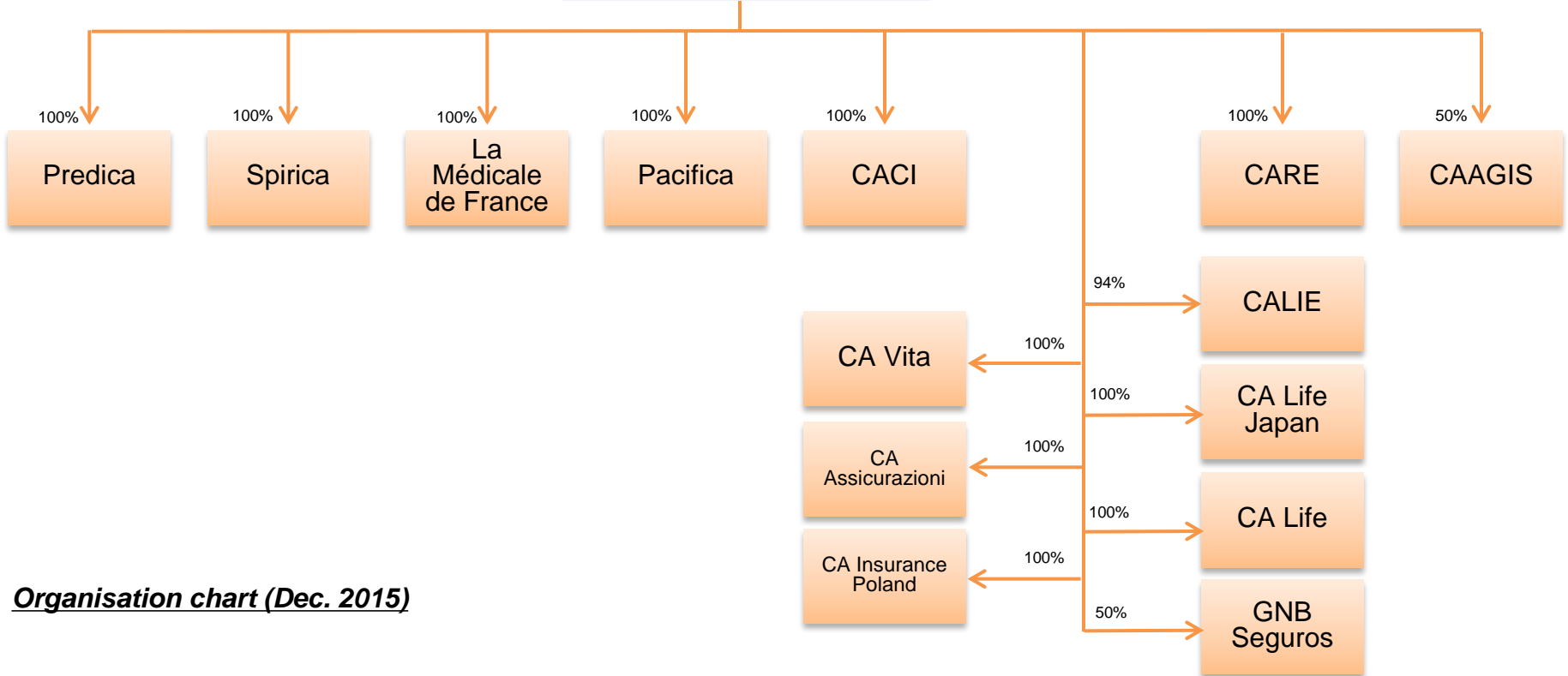


### In Europe,

- CACI develops creditor insurance

### Worldwide,

- Presence in several countries, mainly Italy and Luxembourg



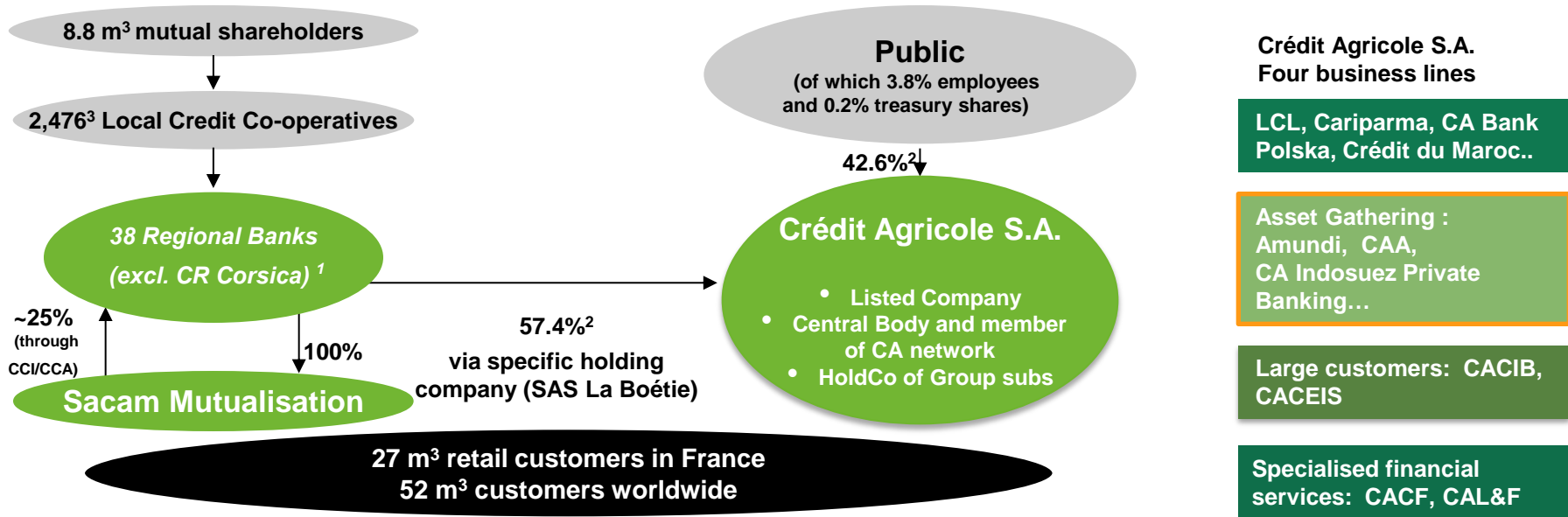
**Organisation chart (Dec. 2015)**



# 7

## Appendices

### CAA position within Crédit Agricole Group



■ **2,476 Local Credit Co-operatives form the foundation of the Group and hold nearly all of the share capital of Crédit Agricole's 39 Regional Banks, which in turn are the majority shareholders of Crédit Agricole S.A.**

- **Local Credit Co-operatives:** Private law co-operative companies owned by their members, owning 100% of the voting rights and the majority of the share capital of the Regional Banks; no branches
- **Regional Banks:** Private law co-operative companies and individually licensed banks, forming France's leading retail banking network; majority owned by Local Credit Co-operatives, Crédit Agricole S.A. (~25% through CCI/CCA) and, for 13 of them, by retail and institutional investors through non-voting shares with rights on net assets
- **SACAM Mutualisation:** An entity to be wholly owned by the Regional Banks for the purpose of pooling part of their earnings
- **SAS La Boétie:** The HoldCo managing, on behalf of the Regional Banks, their 57.4% equity interest in Crédit Agricole S.A.
- **Crédit Agricole S.A.:** A listed company and the Central Body of the Crédit Agricole Network, of which it is a member according to the French Monetary and Financial Code; at the same time, the holding company of Group subsidiaries and functionally, the lead institution of Crédit Agricole Group

<sup>1</sup> The Regional Bank of Corsica, which is 99.9%-owned by Crédit Agricole S.A., will also be a shareholder of SACAM Mutualisation at end-December 2015

<sup>2</sup> At 30 June, 2016

<sup>3</sup> At 31 December, 2015

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- 6 Contemplated transaction
- 7 Appendices
- 8 **CAA contact list**



**Grégory Erphelin**  
Chief Financial Officer

+33 1 57 72 43 30  
[gregory.erphelin@ca-assurances.fr](mailto:gregory.erphelin@ca-assurances.fr)

**Marie-Isabelle Marcellesi**  
Head of Corporate Finance & Financial  
Communication

+33 1 57 72 12 84  
[marie-isabelle.marcellesi@ca-assurances.fr](mailto:marie-isabelle.marcellesi@ca-assurances.fr)