

# S1 2021 Earnings Call

## Company Participants

- Josselin Kalifa, Head of Investment France
- Olivier Guigne, Chief Investment Officer
- Stephane Dedeyan, Chief Executive Officer
- Thomas Behar, Chief Financial Officer

## Other Participants

- Benoit Valleaux
- David Barma
- Marcus Rivaldi
- Michael Igor Huttner
- Thomas Fossard

## Presentation

### Operator

Dear ladies and gentlemen, welcome to the Conference Call of CNP Insurances. At our customer's request, this conference will be recorded. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. (Operator Instructions).

May I now hand over to Stephane Dedeyan, who will lead you through this conference. Please go ahead, sir.

### Stephane Dedeyan {BIO 20969638 <GO>}

Thank you very much. Good morning. I'm really happy to present our first-half 2021 results together with the Thomas Behar. I would like to start with a few words of executive summary, and Thomas will elaborate on our business performance and also our financial performance, asset liability management, corporate social responsibility and I will finish with the outlook which is a development outlook for us.

To start with the big picture, our results reflect both, the great robustness of our model and also our capacity to face the challenges related to the context in which we operate. I think these results form a strong basis for our development ambitions. First, the robustness of our model. As Thomas will detail later, we are seeing a strong recovery of our premium income compared to 2020 and the strong increase of our results compared

to 20/20, but I would add that the comparison to 2020 is not the most significant. And what we are seeing also is there a level of activity and results equivalent to 2019 on the go.

I can say that the 2020 part of the COVID-19 crisis is behind us. Our APE margin is up 1.4 points and our financial strength is confirmed as shown by our consolidated SCR coverage ratio and the confirmation of our ratings. So these results reflect our raw business, but also our capacity to face our three main challenges as shown by the significant events of this first half of the year.

Our first challenge is the low interest rate environment that requires to shift our in-force toward unit-linked and to diversify our business mix to our protection, which is less dependent on financial revenues. Three significant events show our capacity to face this first challenge.

First, the successful integration in La Banque Postale with both resounding shift towards unit-linked sales and the plan to link-up the non-life subsidiaries. This plan will allow us to become a multi-line insurer, life and non-life. And this is an effect of the new dynamic generated by our integration in La Banque Postale.

Second, the dynamic we see with La Banque Postale is also relevant for all our activities and our savings and pensions model is transforming. A strong momentum in unit-linked segments, and the faster growth in the in-force with the PACTE transfers, but I will elaborate on that further. Three, third point, a third significant event in face of this low interest rates challenge is the modernization of the term insurance with our very important partner BPCE.

We refreshed the product and it's a great success I will also get into details just after. The second challenge we have to face is in-force growth levers, France being a mature market. And as far as this issue is concerned, we see a very, very important development in Brazil and Italy with the new agreements in Brazil and the acquisition of the Aviva activities in Italy. I will come back on that.

The third challenge is the demonstration of our positive copyright footprint. I will elaborate later on our corporate mission because this is something which is very important for us. I would like at this stage to underline for the moment that we have increased our focus on socially responsible investing signing the first global investor engagement coalition for a just transition. So I will elaborate on each of these significant events.

The first one is the integration in La Banque Postale Group, which has allowed us to reexamine our ways of working together and has given us a new dynamic with two tangible results. First is the strong growth in unit-linked contribution. The unit-linked contribution to new money is 27%, up 8 points compared to 2020 which is a real significant results. Second, I would like to underline the successful promotion of PACTE transfers. PACTE transfers is a law which allows the customer to shift from an old product to a new one without tax constraints, and what is very interesting in this transfer PACTE movement is that one customer on two uses the transfer as an opportunity to increase

their investments, and in the process, we see up 12 points in the unit-linked waiting. This contributes to the transformation of our in-force in face of the low interest rates environment challenge.

Outlook for 2022 is the link up of non-life businesses. The project have been -- has been launched and we anticipate a closing next year. And I would like to say that this will change significantly our business mix towards risk activities, which are less dependent of low interest rates.

Next significant event, which is also supporting the low interest rate challenge, is the savings and pensions model transformation in all our geographies. As you can see, we have a high unit-linked weighting in new business in Italy and in Brazil and we see here a very significant unit-linked weighting. But the domain transformation we have to operate is in France and we see a strong momentum here because the unit-linked weighting is 28.5%, up 4 percentage point -- points compared to last year. And also, as you can see, a very positive new money in unit-linked and an outflow in traditional savings which means that the in-force is transforming in the right direction.

Also, we are reshaping our technical reserves through EUR4 billion in PACTE transfers with a strong increase in the UL weighting pre and post transfer, up 14 points. And we are very, very satisfied of this activity, and we raised our target, we anticipated EUR5 billion of transfer PACTE and we are now targeting EUR6.3 billion because there is a real dynamic and a capacity to re-examine the situation of each customer, which is very positive in terms of reshaping our technical reserves.

Outlook for 2022 is our plan to create so called FRPS, Fonds de Retraite Professionnelle Supplémentaire. This will optimize our financial revenues and give us a more relevant framework for pension long-term liabilities, which is really important compared to Solvency II framework, which is really a short-term oriented. Third significant event supporting the low interest rate challenge, the refreshing of our term creditor insurance offer with the launch of the new term creditor offer for the BPCE network. This is a very innovative concept and we are very proud of it.

In this new concept, you have a core offer mainly death and disability. And this core offer is completed with options and guarantees tailored to each customer's situation and plans. And this personalization relies on the sales process featuring integrated selling aid. This means that in a very, very fluid experience, we can adapt to every situation of every customer. It's already rolled out to Caisses d'Epargne networks and it is in the process of being deployed in the Banque Populaire networks and it's already a great success. We are very, very satisfied with this innovation.

The second challenge we have to face as the France is a mature market is enforce growth levers. First significant lever is the renewal of our partnerships in Brazil, and we have renewed this partnership for long periods. I would remember you that in this renewal, we have two new joint ventures, Caixa Vida e Previdencia, which operates in pensions, personal risk, consumer finance term creditor insurance, and also CNP - Consorcio which operates in the new business for credits on the Brazilian market. And of course, still

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remains the historical joint venture with the in-force business in home long-term creditor insurance.

If we focus on the Caixa Vida e Previdencia, as you can see, we are number two in pension, number two in consumer finance term creditor insurance, and as Thomas will elaborate in a few minutes, we see a very strong momentum of our activities. As far as our historical joint venture is concerned, this joint venture takes care of the existing customers in the home loan term creditor insurance and develops for the other activities in an open model, which means that we have some gross levers that we can activate, not only with the Caixa network. And as far as Consorcio -- CNP Consorcio is concerned, it's coming soon. We are waiting for the agreement of the (inaudible), but everything is ready to accelerate as soon as we have this agreement.

The second significant event supporting the growth challenge is the agreement we signed for the acquisition of Aviva's Life business in Italy. We anticipate anticipated to multiply by two our share of the Italian life insurance market, and we will become the fifth largest life insurer in Italy which means that we will be a very, very significant player on this market, that we know already well. What is very interesting for us is in this agreement, it is that -- it strengthens our relationship with UniCredit, and it will also allow us to diversify our distribution channels, including new bancassurance partnerships and also the access to networks of financial advisors in the wealth management segment.

And we are very confident in our capacity to develop here because we benefit from competitive and innovative savings and protection ranges. The fund performance are ranked among the best in the Italian market, and we have a product with very limited capital requirement, which is a very interesting in terms of this development in a low interest rates environment.

And to finish with this significant events, I would like to unphases -- to unphase, sorry, the supporting -- the launch of the first Investor Coalition for just transition. This event is supporting the challenge of demonstrating our positive corporate footprint. The fact that we signed and we are part of this investor coalition is very consistent with our former strong commitments to lower our carbon investments. The point is that we are here among the 13 founding members that are committed to promoting dialogue with companies to encourage them, to integrate the social aspects related to transition to a low-carbon economy. As you know, carbon and oil are employing a lot of people in the world, and of course, if we go for a low-carbon economy, we have to think about the social consequences of this movement. And that's what we aim to do as a signature of the global investor coalition.

I will now leave the floor to Thomas and I will detail -- he will detail our performance. And to finish with after he speaks, I will say a few words on our development perspectives.

**Thomas Behar** {BIO 18964489 <GO>}

Thank you very much, Stephane. So I will go and present the business performance. I will go through each of our areas, France, Europe outside France, and Latin America. Let's

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begin with France, and perhaps I would sum up with some key points for trends that we are slightly around 2019 for the sales and the review and EBIT. But we have a very strong transformation of the business mix towards unit-linked.

If I begin with the sales for the performance in France, you can see that our sales were at EUR10 billions -- EUR10.6 billions with -- an increase of 48.9%. If we compare to 2019, it's a slight decrease of 5.7%. But if we go through each of the lines of activities, you have a strong increase of unit-linked, an addition of 33% 2019 performance. And the reduction of the Euro part of 16.2% for Personal Risk/Protection is quite the same as minus 3% in comparison between 2021 and 2019. The same phenomenon appears with the net new money. We have a positive net M&A for unit-linked, EUR1.2 billions and negative net new money for the traditional -- contract with a minus EUR2.8 billions.

What appears is that our unit-linked rates have increased now 28.5% for the unit-linked components of the saving and pension business and additional of 4 points throughout the last year. And it's very important as Stephane said for La Banque Postale, we are now at 27% with an additional 8 points in comparison to last year. I would add for the high wealth net worth that we have rose of 161% of the premium, 113% in if we remove the effect of the effect of the COVID-19 last year.

And last, I would say that in addition to the performance of the sales, EUR10.7 billions, you have to add what we are doing with the PACTE transformation, which is also time consuming for the commercial network is a transformation of the PACTE and we did EUR4 billion of transformation in the sixth -- first month of 2021, whereas we did less in the full 2020 year, full-year. As a consequence, the target for 2021 has been changed. We had initially as I expressed that Q1, EUR5 billion target for transformation and it's now EUR6.3 billion for the transformation of the PACTE business.

Let's go now to the revenue for France. So you have an increase of 11% towards in comparison to last year and it comes more from the net insurance revenue and from the revenue coming from the own-funds. For the net insurance revenue, you have an effect on the Personal Risk and Protection business. You know that last year, we had some very specific effects of the COVID-19 in extra guarantees that we had taken into accounts for the Personal Risk business. It was EUR66 million as a summary for all this effect, so it doesn't appear anymore. And we have higher margins for the saving and pension net insurance revenue, but it is smaller effects. And for the own-funds portfolios, increase comes from the fact that we have refund our revenue coming from equity with the dividends and profit -- gains that we have realized on the assets.

So next slide is an answer for some questions that we received at the end of Q1. So it's -- you have toolkit to be able to modernize our own-fund portfolio as the revenue evolving from one quarter to the other quarter. So we have a EUR44 billions of for the own-fund portfolio, but it's an agglomeration, an addition of different kind of portfolio. So you have all the cash management in this part, very limited of course revenue come -- on income coming from this part is 47%, 148% of this amount.

We have a lot of bonds and equity, and so you can multiply the each percentage by the total amount to have the amount of each of the components. On the left -- and on the right, we show the revenue divided between the realized gain and the investment yields, and as you can see, we have an increase of the realized gains this part of the year.

Let's go now to the EBIT. On the administrative costs, you have a very specific one-off effects coming from two components. First, we have changed on the recognition of our legal editor the way we are accounting for the (Foreign Language) which is a tax on sales. Now it is a continuing for the full year at the beginning of January when we have to pay the tax and no more on the previous year when we are generating the sales. And second point is linked with employee benefits. We included the IT teams in CNP Assurance with the close of CNP TI, and so it doesn't affect on employee benefits. If we remove these two effects, the increase of the administrative cost is only 0.6%. As a result of that, we have an EBIT of around EUR1.1 billions which is slightly close to the EBIT of 2019.

Let's go now to Europe excluding France. The key point is a very is a growth of the activity with a high level of unit-linked, and an increase of the revenues. Let's begin with the sales. So we have an increase of 23% in comparison 2020 and 5.6% in comparison 2019. And as in France, the increase comes from the unit-linked, an addition 36% in comparison to 2019 and a decrease of 20 -- of 35% for the euro components. So net new money is the same, is positive one for unit-linked saving pensions of EUR351 millions and the decrease of EUR88 millions for the traditional saving and pensions.

So reduction of net new money comes from the fact that we had a very limited number of lapses last year. People were not removing the money in Italy. And in 2021, we have a little bit more lapses in Italy and also for Luxembourg. The level of unit-linked rates remains at a very high level, 80% for CNP UniCredit Vita in a market where the average is 47%, and 49% for unit-linked rates for CNP Luxembourg, which is aligned with what we are doing in France for the high wealth network.

For the revenue and the EBIT, we have an increase of 8.4% coming from the net insurance revenue and from own-fund portfolio with the same motive as in France. Administrative cost is 0.1%, very, very stable. As a result, we have an EBIT with an increase of 14.3%. And if we compare to 2019, around 11% increase of the EBIT.

Let's go now for the first zone, Latin America. As key points, I would say that it's a very big increase of the sales. It's a booster for the whole group for the activities that we can have, first point. The second point, we will go for the COVID-19 claims where we have -- I don't know if we can say that in English, wave of claims in Latin America, and we have also the impact of the new agreements in Latin America which began -- which has begun in -- at the beginning of 2021.

Let's go for the sales. For the premium income, you have an increase of 65% like-for-like with only express numbers like-for-like, as you had a decrease of the real of 20% if we compare 2020 and 2019. And so you have a very, very important increase of sales of the pensions where we are the second largest pensions provider in Brazil with 99% unit-

linked realized in these details. We have 22.1% of the shares of the market at the end of May. And this decrease is 19% -- 91% in comparison to 2020 like-for-like.

As a whole, as a comparison to 2019 is an increase of sales of 41%. So net money is very positive and unit-linked based with EUR1.1 billions of Europe for the unit-linked saving pensions business.

If we go to the revenue, we have an impact of the claim experience. You know that for Brazil, people who are dying at younger than in Europe around 50 years old, which is the average age of our portfolio of credit protections for consumer loans. We have younger age for a particular (inaudible) and for individual risk for the average age of the portfolio. But we have an increase of the claims is, this increase is EUR116 millions as increase of the claim, which is offset by different factors, and especially some review of the technical reserves that we did during this, this first half of the year for EUR80 million, meaning that the impact on the accounts is quite small towards what we have seen as increase of the claims.

For the next part of the year, we can't have the vaccine as in Brazil, nowadays, 47% of the officer Brazilian populations has received one dose and around 17% two doses, meaning that they will go quickly as in France at the same kind of level. They will be able to be as us at around more than 50% receiving the two dose and perhaps more and more months after months in Brazil with the same kind nowadays of vaccine as we have in France, which is now Pfizer, which is also distributed for the population in Brazil. As a total revenue, so we are at EUR475 millions of and we have a reduction of the own-funds revenue and it's like quite the same for the net insurance revenue.

If we go now to the administrative costs, we -- you can see that we as like-for-like has done a job to in this context to reduce the cost of 2.6%. For the EBIT, so you have -- if we -- I compare to 2019, it's an increase of 5.3%. So even if we have a change of the agreement and now we have only 40% of economic rights on the new GV, you can see an increase as a whole for the EBIT like-for-like.

Let's go now to the value of new business and the APE margin. Due to the best improvements of the economic conditions in France, you have an increase of the APE margin for the group. We are now at 13.8% and the increase in France is around 4 points for the increase of the APE margin. We have a slight increase in Europe excluding France and a slight decrease in Latin America, but with we've very high level of APE margin in South America.

Let's go now after the operational performance to the financial performance and the solvency ratio. For the financial performance, you can see that the attribute net profit is at EUR690 millions. So it's a lot more above 2020, EUR629 millions and slightly above 2019, which was EUR687 million. I will not comment each of the numbers, but just to say that we are little bit in advance for the realized gains, and so we have the opportunity to add EUR156 million of net of tax to the policyholder surplus reserve, which is now over EUR14.5 billion meaning 6.6% of the total technical reserves in France.

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So net operating free cash flow is EUR691 million and as increase -- as the net profit has increased during the year. For the solvency capital ratio, it's 219% and the main effect comes from the increase of interest rates. You have -- even if the 10 years remains around zero, you have an increase of the maturities, which are over 10 years, which helps for the solvency capital ratio, 219%, and the increase is 13 points for the market changes. So it means that we have a very solid ratio and the impact of the policyholder surplus reserve in this ratio is 71 points in this 219%. Of course, this ratio takes into account all the issues that we have done during this half year and the acquisition price of Aviva in Italy.

A few words about asset liability management. So first point, which is very important for us is the transformation of our business mix for the sales and for the technical reserve. For the sales, you know that we have an objective to be at 30% in France at the end of 2030, and with this 29%, we are very pleased that we are not far from that in the way to 2030, we've 29% in France, which is an addition of 4 points. We are now for the world at 49% which is a small increase of 0.5 points. And for technical reserves, the way will be longer of course, and we are now at 22% for the group and 40% for France, an addition of 1 point this year and the target is the same, is 30% for France in 2030.

So -- let's go to the next part, which is the exposures that we have on guarantee yields. Nothing new for us, quite nothing for the sales and 0.70% on the in-force business. We have a reduction of the average return of fixed rates that we have done during this first part of the year of 0.74%. The way we are investing in fact depends on the price that we can get on markets. So we went not so as much as the first half for the year 2020 to cooperates. And so we have a shorter durations meaning that we the investment yields that we can get have decreased.

Let's go now to the point that we are very proud of is a way we can support the real economy. We have done a lot of investments that can add to the fixed rate revenue with infrastructures, which is an engagement to support EUR1.4 billions of investments, direct ones in fiber networks energy transfer, water and waste management, we have a very big deal that we have done during this first part of the year.

We are also investing in private debt, EUR1.7 billions of and we are committed to take part as the Fonds de Prets Participatifs Relance with a commitment of EUR1.5 billions if there is a need to do so. We are also among the biggest -- one of the world's biggest investors in private equity. And we have invested EUR676 millions of during this as part of the year and an investments of EUR127 millions in property, and the forests -- we have increased our investment in the new forests which can also act as a transition for the next part which is the corporate and social responsibility of the Group.

We continue to be a very strong operator for us to be aligned with the Paris agreement commitments. As you know, we are investing a lot of money in as equity in a lot of different undertakings, and so we are discussing hardly with each of the undertakings where we have investments taking part of the general -- in the general meetings of these undertakings and promoting the alignment with the 1.5% trajectory and supporting shareholder resolutions calling on company to strengthen their climate commitments.



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We are also adapting the insurance offer with the launch of unit-linked in contract specialized to fight to reduce global warming. And we have also increased our greens investment portfolio. We are now with a total asset of EUR17.9 billions, we have a target of EUR20 billion at end of 2023. This policy is also taken into account in the way we are in the insured investing in unit-linked SRI funds. We have now 39%, which we -- unit-linked funds with respect to ESG filter. So it's the books that is going to go to ESG factors and is 39% is a very good performance during this year. We remind you about all the ratings that we have for ESG agencies, I will not details, then which closes my part. And I'll give back the floor to Stephane.

## **Stephane Dedeyan** {BIO 20969638 <GO>}

Thank you very much, Thomas. So to sum up, I would like to underline the three points: first, financial strength confirmed; second, the robustness of our model; and three, the strong momentum abroad. And I will add that these three pillars form a strong basis for the future. And in this final chapter, it gives me the opportunity as the new CEO of CNP Assurance to elaborate and our development perspective. And I would like to start with our corporate mission. This corporate mission has been included in our articles of association, pursuant to a resolution of the 2021 Annual General Meeting.

And I'm personally deeply convinced that tomorrow, there won't be any development without a tangible positive impact for all stakeholders. Our corporate mission includes our two main activities, insurance and investments, and it pushes us to create an inclusive and sustainable society. And we want to put our corporate mission at the heart of our strategy, which means that we want to provide solutions to as many people as possible to protect and support them on their chosen path. This ambition will be translated into detailed commitments and in objectives. We are currently working on it and we will of course report to all stakeholders on its progress and admitting these objectives.

On the investment side, we will first continue to commit to low-carbon investments and to take into account the social consequences of this transition. And we will open a new field in the next weeks, which is to limit our negative impact on biodiversity. We started to measure the impact of our investment on biodiversity. We have a first the situation and we want to improve our footprint in terms of biodiversity.

On the insurance side, we want to work on two fields. The first one is to extend the limits of insurability. For instance, for people with aggravated health risk, we are already one of the best player in providing them with a coverage for instance when they want to acquire an house -- home and we protect the credit.

Second field is to encourage prevention. We are strongly convinced that, for instance, by modulating our tariffs, we have the possibility to encourage virtuous behaviors in terms of environment and social responsibility. So I've just said that, we wanted to put our corporate mission at the heart of our strategy, and I would, therefore, like to give you some details about this strategy.

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First of all, what is very important to have in mind is that it's a development strategy. You know, we are today French life insurance company with international activities and we want to become a full-service, multi-partner bancassurer with a positive operate footprint, operating as an integrated international group. So this is our development ambition. And for this, we have launched nine major projects grouped into three different priorities. Our first priority is to consolidate our fundamentals. First project, the transformation of our technical reserves in France, we have already detailed that. This is about adapting our offers to the low interest rates environment.

Second project is to amplify the BPCE partnerships momentum. BPCE, as you know, is our second largest partner. We have excellent relationship with BPCE and we want to continue to innovate as we did with home loan term credit, term creditor insurance, as I said before.

Third point, deliver and lock the strong business growth expected in Latin America. This is a bit paradoxal to have a lock-in objective in -- and the growth objective, sorry, in the chapter which aim to consolidate our fundamentals. But in fact, we strongly believe in Brazil, we strongly believe in its economic growth and in the development of its middle class. And we anticipate here a strong momentum. So it's already in our anticipations.

And the project for us is to deliver and lock in the strong business growth that we anticipate for our Brazilian activities. And we want also to use Brazil as a base camp to develop in the Latin America.

Second priority, enforce growth levers that first define and deploy initiatives to support new ambition in Property and Casualty Insurance. We want here to capitalize on the new dynamic with La Banque Postal with the new agreement. And we want to exploit the untapped potential of the client base of the bank, the penetration rate in the client base, is very low compared to our bancassurance competitors that started this type of multi equipment of the customer long-time ago. So we think that we have here organic growth opportunities and we are strongly confident in the fact that we can grow here and diversify our activity towards more risk lines.

Second, we want to strengthen and extend the existing partnership in Europe outside France. I've spoken already of Italy, but I would like also to underline our agreement with - our partnership with Santander. We are present in 11 different European countries. And for us, this presence is a base camp to extend and to develop our activities in different geographies in Europe and we will be very, very attentive to all the opportunities we can seize to develop in Europe.

Third, we want to transform our model through operational excellence, digital excellence, and excellent customer and partner relations. So this is also a little bit surprising to have operating excellence in a chapter dedicated to growth levers. But for us, this is a very, very simple. There cannot be any development without customer satisfaction, so this will be a top priority for us.

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We are speaking here about excellence in the operations, of course, but also user experience. And also something which is perhaps more important quality of the relation we have with the customers, because we think that insurance is something that is really emotional for instance when you have to face a claim or even in the underwriting process you always have the fear not to be well guaranteed. So all the studies we make with our customers show that the insurance is emotional and that the quality of the relationship is very important for growth.

Third priority, optimize our business portfolio. As a joke, I would say that in the CNP, you have the P of protection. This is a real asset for us, this is historical, and we think we have a lot of assets and that we can develop in a social protection offers. And we have to rationalize here our assets and to make sure that we use all our forces, all our strong points to develop. We are already leader in the term creditor insurance. And as you've seen, we can be very innovative. So we think that we have also some additional value to catch with our -- leveraging our leadership in term creditor insurance and in personal risk businesses.

And last, the management of our own-funds has to adapt was a low interest rate environment, and this is also a major project for our ambition -- for our development ambition. So I would like to thank you for your attention.

And of course now, we have time to answer your questions. Thank you very much.

## Questions And Answers

### Operator

(Question And Answer)

Dear, ladies and gentlemen, now we will begin our question-and-answer session.

(Operator Instructions) We have a question from David Barma. The line is now open for you.

### Q - David Barma {BIO 19957338 <GO>}

Good morning, and thank you for taking my questions. The first I have is, it's probably for Mr.Dedeyan this last slide, and thank you for signing your ambitions there. I think I have two questions on that. The first one is you seem to underline quite a bit the ambition to become a multi-line insurer and that goes obviously by developing more towards the non-life and protection side of the business. On non-life particularly, what are the big steps for CNP to get to the place that -- to the place that you want? And do you really need to set off the Banque Postale partnership strongly before considering more? And then on Latin America, you mentioned using Brazil to develop elsewhere, with the IDD be similar there to strike partnerships with bank insurers and in other countries or are you more developing the -- take the direct platforms that you have been working on in the past? So that's my first question.

Then I have a -- my second one would be on the investment income, and thank you for forgiving more details on the own-fund portfolio. So, obviously, the result is quite volatile there and especially with the capital gains being included now. Is there any guidance that you can give us on the recurring income part of the own-funds revenue?

And then lastly on the -- you've mentioned the FRPS transition for 2022. What kind of capital benefits can we expect from that? Thank you.

**A - Stephane Dedeyan {BIO 20969638 <GO>}**

Thank you very much. So, I will take the first question and leave to Thomas for the second one. You know we are going to be a very step-by-step as you said. The first step for us is to -- is a link up of the non-life activities of La Banque Postale in France, because we have here a huge potential. If you look at the penetration rate of the non-life business in the customer base of the bank, it's roughly 12% and our competitors that have started this movement much earlier than us, they are already around 50%, so that means that on the French market which is quite mature, we have in fact an organic growth possibility and this will of course be our first priority.

We have already non-life activities in Brazil as you said. We can think about use [ph], which is the first fintech in the Latin America. We think that we have a gross potential for use in Brazil. So this will be the second step to see how we can leverage the presence of CNP use in the Brazilian market, and I think that's already two main priorities and I don't want you to know to be too ambitious and not to be efficient. So I think for the next years, our top priorities will be non-life in France exploiting the untapped potential of the customer base of La Banque Postale and grow the activity of use in Brazil. Of course, if there are any opportunities, we will look at them very, very closely, but I think that our major operational priorities are the two I've mentioned.

**A - Thomas Behar {BIO 18964489 <GO>}**

Coming for you -- your questions. According to the investment income, of course, as you can always ask, we are not giving guidance about the future, but you have -- we have explained how it is formed, what is -- how -- what reflects the size of the portfolio, how was the assets are taken, you have both which are following the same kind of revenue that we can get from the insured the portfolio. Perhaps from the way we are realizing -- we are doing, we are realizing is the gains. Josselin Kalifa (inaudible) say how we do that and how long is the rotation of the equity portfolio to the gains.

**A - Josselin Kalifa {BIO 22199802 <GO>}**

Yes. Good morning. What I can say maybe about the dividend yields that we expect to rebound in 2021 as compared to the reference of 2020 due to better revenues of companies, of course, but also a dilution of fixed income revenues and a better realized gains. We realized a lot of our program for 2021 already and will realize probably not too much realized gain for the rest of the 2021 with the idea that from 8% to 12%, 8% to 10% of the value of equity should be in general realized each year.

**A - Thomas Behar {BIO 18964489 <GO>}**

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Thank you, Josselin. Your last question which was about the benefit I think again from Fonds de Retraite Professionnelle Supplémentaire. As you know, we are moving all our pension business to our FRPS, one with the JV (inaudible), which will become FRPS and also for the activities that we have in CNP Assurances. So, the arrangement acceptance that we get from our CNP Assurances and the direct business such as -- or the individual products. They will be switched to FRPS. We have presented our case to the French Supervisor and are forecasted to do the transformation next year. The impact so concerns more than EUR25 billion in results growth of pay insurance. The impact on capital is that we are going from 70 to 71. It's too early to present a number, as of course we have discussion with the French Supervisor. What I may say that in Solvency 2, you have 70 capital requirement on assets, and as a whole we are now between 8% and 10% of the technical reserve as the capital.

On the opposites, the minimum in Solvency 2 is 1% per unit-linked and 4% for the traditional component of the contract, without any requirements on the assets. But you have in addition to 71 different tests that you have to pass and you will be between the above numbers for the result of going to FRPS, which is now a condition to operate in the pension business every actors is going to FRPS. So later, we will disclose the number, but as I said, we are in discussions with the supervisor and will be between that, and it concerns more than EUR25 billion; and what I said, I think you can do some calculations.

**Q - David Barma** {BIO 19957338 <GO>}

Yeah. It's very clear. Thank you. And just to be sure on this point before on the own-funds revenues on the assets allocation that the 48% of cash that's just intended for cash management purposes. It's not -- there's no particular objective to read before that and yielding asset.

**A - Thomas Behar** {BIO 18964489 <GO>}

We have a lot of cash as you know, it's also in links with the very low investment rate environment that we know nowadays, and it's a way we are operating our management of the assets.

**Q - David Barma** {BIO 19957338 <GO>}

Okay. Thank you.

**Operator**

Our next question is from Michael Huttner. The line is now open for you.

**Q - Michael Igor Huttner** {BIO 21454754 <GO>}

Thank you very much. Thanks. And I had three questions. On the back book transformation in France, I was just wondering whether you can give maybe an update, it sounds to me you're sort of on track, but you're not beating in France. You had 14% now, you aim for 30% in 2030 and you're doing about 1%, it was six months that might take you to June 2019. So I just wanted is there -- is this a runway you're happy with or could it improve? And the second is, so it's the -- and I guess, the non-life business in like

(inaudible). Maybe you can give some reminders on Italy because I think you have published, but I forgotten and maybe on La Banque Postale on non-life, give us some idea of the potential profit contribution these will bring.

And then on mortality in Brazil, I wasn't quite clear. So I probably got the figures wrong. What the net impact or net cost was to earnings and I just wondered if you can remind us of that figure, and then say well how this could look like if the vaccination improves? Thank you.

### **A - Thomas Behar {BIO 18964489 <GO>}**

Okay. Many thank you, Michael. So, we'll go for your different questions. The first one concerns the transformation of (inaudible) and of course, with the number we have presented. So as you said, we beat our -- the way we wanted to go and we are very happy in fact with that, which is -- which comes directly with the transformation that we did with La Banque Postale, it's not the only network where the transformation is operating, it's the same with BPCE with our own network committees and with the i world. But it's a very strong work that has been done with La Banque Postale with working groups that we did with them to go for all the prevention that was exiting the different resistance that we can get from compliance or other parts to find the way, to find our way to go for more unique thing in the sales that we have done and to the success of the PACTE transformations that we did.

So it's something that is a strong commitment from Philip, I'm and Stephane Dedeyan to go to this transformation and so conservation we are very happy for that. To be honest in the transformation, part of it comes from the sales that we did. But also from the improvement of the value of the unit-linked, you have growth of 17% of the CAC counts from the beginning of the year. And it's also part of the way, but we are all expecting more revenues coming from the unit-linked to an increase of the valuation. And so it's part of the of the road that we lead in 2021.

For your second question is about, I think you were speaking about today, but it's more about the non-life contribution of La Banque Postale. So, you know the project is open. We have the perspective to do -- to know what we want to do at the end of the year and to finish the acquisition next year. So projects are as begin. And so you were asking a few numbers, the sales of this undertaking is around EUR1 billion is for different undertakings, its individual personal protection and non-life cash insurance, home insurance for this La Banque Postale business for the two major undertakings. So, EUR1 billion of sales and around EUR100 million of net profits.

The way the acquisition will be operate is not defined as it states as usually, you have the question, it will be done later during the year. For the last point is about -- was about to mortality in Brazil. So I will repeat the numbers. So you have an increase of the claims of EUR116 million and revenue of the results for EUR80 million. And the total impact is all affect COVID-19, revenue of the reserve and other matters concerning the own-fund of Brazil or the margins that we get from the Brazil business is EUR16 million.

### **Q - Michael Igor Huttner {BIO 21454754 <GO>}**

Excellent. Can I -- just on the French non-life business. So the -- you must know the figure of the cost there. Let me ask in another way. What is -- what's the capital of this unit?

**A - Thomas Behar** {BIO 18964489 <GO>}

We don't have the number of the capital for this, and we clearly and I thought we will disclose when we will have done all the acquisition path for the project and it will be later, because asking what is the capital needed means what is a business plan we want to do for this activity because the capital will be linked with a business plan that we want to ask for this activity and so it will be done later during the year.

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Yes. Let me add perhaps to a point here. What we decided is to put first the -- on the industrial and operational model, because we think that this is at the core of the growth engine and the diversification engine we want to build. So we start first with La Banque Postale to discuss the operating model and the industrial project, and we will then after do the M&A transaction to so-called M&A transaction, this is very important for us to start business first.

**Q - Michael Igor Huttner** {BIO 21454754 <GO>}

Make sense. Super. Thank you.

**Operator**

Our next question is by Tom [ph] Fossard from HSBC. The line is now open for you.

**Q - Thomas Fossard** {BIO 1941215 <GO>}

Yes. Good morning. A couple of question. First for Mr.Dedeyan. Just wanted to come back on the P&C part. Maybe just to get some reassurance regarding the governance. I mean, actually we are minority shareholders, and in this M&A process, how can we be sure that actually La Banque Postale is not going to force you to buy P&C assets on the I would say expensive side and how can we be sure that it will be a positive transaction, value creative transaction for P&C shareholders? That's the first question.

The second question will be also, as and you see you -- can you update us on what's your view regarding CNP dividend capacity? And your way of potentially embracing the dividend payout, which has been recently set up by CNP?

And the third question will may be for Thomas. Just on the Brazilian mortality, I think that in the Q1 call, you said that the events of mortality will be up 40% in Brazil, the impact on CNP with the EUR100 million. It seems that you're quoting in H1 is a EUR116 million mortality impact growth of any positive reserve development or (inaudible) exactly what you what you mean by positive reserve development? So I mean, it seems to be a pretty extreme development in Q2 standalone, so compared to the initial guidance. So just wanted to maybe get a bit of your mind regarding what we what we should expect in Q3, especially if the EUR80 million policy was a bit of a one-off? Thank you.

## A - Stephane Dedeyan {BIO 20969638 <GO>}

Thank you very much. So concerning your two first questions. We are very concerned by the interests of our minority shareholders and this is very, very simple because our governance is very clear. Veronique Weill who is the Chairman of CNP Assurance is an independent person. We have also BPCE at the board, and we have also a lot of board member which -- who are independent. And I would add that when the board will have to decide on this transaction concerning the non-life activities of LBP, the LBP people who are at our board won't vote. So that will be very clear, and in a having BPCE around the table or so, it means that the governance is very well balanced and there will be a structurally a defense of the interests of the minority shareholders. And concerning the dividend the capacity, I don't give any guidance, but I just want to say that we are very concerned by the interest of our minority shareholders.

## A - Thomas Behar {BIO 18964489 <GO>}

On your other parts, first, concerning the mortality in Brazil, in fact, you have an increase of the -- in Brazil that we haven't -- not new in -- an unknown in Q1. It went up to around 4,000 deaths per day. Now it's back to something wrong 1,000 deaths per day. But you had an increase that we have not -- we didn't knew in -- at the beginning of the year. The impact in Brazil was only EUR 26 million in Q1 about the -- and we did EUR13 million of review of the technical reserve in Q1. So, EUR13 million of claims.

In the Q2 and Q1. So, Q2 if you have EUR26 millions of claims of COVID in Q1. In Q2, it's more around EUR80 million of COVID-19 claims, on the different claims of business that we have. It's an increase of around 20 points of the claims ratios that we add on the three lines of business, in particular, (inaudible) and personal and risk protection. So it's a bigger numbers due to the evolution of the disease, due to the delta variant, delta mutation of the virus that we didn't have at the beginning of the year, and it was sadly the bad news of this Q2 that we have known in Brazil.

Effectively, the 80 review of the technology provision is a one-off, we will see what will be the evolution of -- for the next part of the year. So we don't give any guidance, but technical reserves, and we will see also what is evolution of the disease. Because we know what we know today, but with the disease no one can say what will be the evolution of it, what will be the mutation and so on. But we are looking at that. And plus, I would say that we have also changed the contract in Latin America and now you have some delay where when you underway to contract, so we don't take into charge any death coming from COVID-19 in the first month of the other contracts. So, it's a way to prevent deaths from the COVID-19 situation.

Is it okay Thomas for this question?

## Q - Thomas Fossard {BIO 1941215 <GO>}

Thank you. Maybe one additional one or strategic one for Mr.Dedeyan. On health insurance, because maybe I think that this is what you referred when you say that actually you will gather all the social protection assets. And I've read some comments in -- I think that we're in fact you formulate the bit more ambition as well for CNP on the health



insurance business that is a very smaller tiny business at the present time. So, could you shed some light as well on this side of things? Thank you.

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Yes. Thank you for your question. In fact on the French market, there is a part of the market which is very interesting because growing and profitable which is the SMEs. And as far SMEs are concerned, there is a need for all-in-one approach, mixing health, protection and pension protection. So that means that this is a very interesting together our assets concerning this three main activities in order to provide our SMEs the customers with a one-stop shop and an all-in-one offer. So, this is what we are working on at the moment.

**Q - Thomas Fossard** {BIO 1941215 <GO>}

Thank you.

**Operator**

Our next question is by Benoit Valleaux of ODDO BHF. The line is now also open for you.

**Q - Benoit Valleaux** {BIO 2443205 <GO>}

Yes. Good morning. Few question on my side. Just may be follow-up question still on the deal to in non-life with La Banque Postale. Just to clarify, you mentioned at closing to be expected next year, would you expect it to occur in first part of the year or more at the end of next year? And maybe also on that front, it will increase your diversification benefit, do you plan to move to a kind of partial internal model in terms of '22 to remain with the standard formula?

Second question is regarding PACTE transfers, we have a new target of EUR6.3 billion for full year '21. Do just some target for next year or should be more or less over for this year? And with respect transfer, can you tell us what could be or what will be the impact in the end in terms of, I don't know, EBIT or net income and in terms of solvency. I mean, are you able to quantify, you mentioned that you will have a higher share of asset into unit-linked?

And maybe third question, just to come back on your investment portfolio. You have increased -- I understand you -- your situation. What is your situation at the end of June compared to your industry and what is currently your generation gap? And when I look also at your investment rate, it seems that in 2020 has been for your fixed income portfolio reopened 74%, which is roughly 20 bps below the average finishing rate that you gave or you paid last year for your customers. So even if it's too early, I assume that your plan to further decrease, you're creating with this year and it is something that you can continue to do for the next few years while you are still increasing use of PPE. So don't you feel that maybe at some point of time, it might become more difficult to further reduce you creating rate while you will further increase your PPE or not? Thank you.

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Okay. So for the first part of your question about the calendar and the non-life activities, we are looking at all the options at the moment and we focus on the industrial model which means that we don't have a precise calendar in mind. We want first to make sure that we leverage on the new possibilities of very fluid work together with La Banque Postale to define a very precise and value-creating operational model. So, no new calendar, no precise calendar at the moment.

Thomas, for the rest of the question.

### **A - Thomas Behar** {BIO 18964489 <GO>}

For the diversification, it's not with what we will acquire from La Banque Postale that it will transform the 70 capital ratio of -- the goal is too small to have a real important effect on the solvency capital requirement. It's more on a medium-term, if we continue after this operation to diversify in non-life that you will have some effects. But at this stage, it's too early. And so too early or so to ask a question about an internal partial model. So, it's too early for that. So we have to go and to have a significant part of the sales in activities to go that way.

Your third question was about PACTE and the transfer. So, we went effectively to EUR6.3 billion as an objective of 2021, doing objectives, commercial activities means having discussions with partners as a partner as the discussions for 2022 are not settled at the stage with La Banque Postale or with BPCE. Traditionally, they are occurring between September and November. And so we'll have a discussion with them about to target for next year during that part. But there is a lot of capacity to continue on that way for PACTE transformation as we have a lot of legacy and an old book contracts, that can be transformed, but the precise objective has to be fixed with the partners and it will be done during their turn.

We don't have a precise calculation, but in fact in Solvency 2, you can only know that where you are going for unit-linked is the cost of capital is around -- for the euro components and nowadays is around 5.45% for the cost of capital in Solvency 2. So you have a clear reduction when you go from zero to unit-linked. If I looked at the rate of the transformation, the inflow, unit-linked rates average coming after transformation is 31% and before transformation is -- was 17%. So you have an increase for the business contract we have transformed coming from 17% to 31%. So, an increase of 40% of the sharing unit-linked in this contracts. And also, it's also more modern contract with different fees that we are thinking and evolution of the contract which is also part of the transformation that we are operating.

On the questions about the assets, Josselin Kalifa add -- besides Olivier Guigne will answer your questions.

### **A - Josselin Kalifa** {BIO 22199802 <GO>}

Yes. So since Q4 2020, we have increased the sensitivity of your assets likely while we have decreased the sensitivity of our liability. Therefore, our sensitivity gap has now decreased to a slightly below 3 which is a better than it was at the Q4 2020.

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**Q - Benoit Valleaux** {BIO 2443205 <GO>}

And we're getting question, sorry, I'm quitting, right. I mean, do you believe it's normally mid-term question? I'm sorry. Yeah. Sorry.

**A - Olivier Guigne** {BIO 18263857 <GO>}

So yes, on discretionary participation, it's too early because discussions are very -- now we are doing that in preparing that during September, October and discussions are in December. So it's too early to give any flavor of discretionary participation that we will have on Q2 with the near convention that we are using and we're using the same rates as last year. And on average last year, it was 0.94% for the discretionary participation. So, we are taking that as a convention, but discussions will be later during the year.

Of course, you know that we have in our policy where we increased extra bonuses where you invest more in unit-linked and this policy will of course continue. We haven't -- it tells us insurers in advance and it's a way we are encouraging or so investment in unit-linked and the risk that insurers are taking.

For PPA, we are now at EUR14.5 billion 6.6%. Counts rise a little more than this is the kind of level where we are, because we have to distribute it back to insurer that 80. So it's -- we have not guidance to give about PPE, but each will not develop a lot more than we're kind of levels that we -- we are nowadays. So we will see at the end of the year for the PPE, it depends also on the discussion that we can have on the discretionary participation rates.

Have we answered all the questions?

**Q - Benoit Valleaux** {BIO 2443205 <GO>}

Okay. Just to --. Yes. Thank you. Maybe just looking back on this PACTE transfer, you mentioned that new product as a new kind of fees and so on. So, -- transfer. But what do you expect in terms of impact on the P&L? I mean, the EUR6.3 billion transfer, I mean, can you just give a rough calculation on the impact on your P&L or EBIT?

**A - Thomas Behar** {BIO 18964489 <GO>}

I'm not sure that we are disclosing revenues that we get separately for unit-linked and from the traditional components. So, it's not something that we are disclosing. But as an average number in the market that we have more fees coming from unit-linked and when you increase that, but it's just an average. And so also more work to deliver unit-linked and manage them than the euro components.

**Q - Benoit Valleaux** {BIO 2443205 <GO>}

Okay. Okay. Thank you very much.

**Operator**

Your next question is by Marcus Rivaldi, Jefferies. The line is now open for you.

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## **Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Good afternoon, everybody. Thanks for taking my questions. I booked three, please. First of all, when you look at the sales progress over the full half year in France, don't see a very successful first half of the year. If I look back at the commentary in Q1, it was maybe more cautious reflecting on perhaps small subdued consumer demand in Q1 and perhaps more cautious approach to underwriting from your perspective. So, I was wondering if you could just describe a bit more detail what happened into Q2 to end up with the results that you saw that would seem today? Was it very much more consumer-driven to demand up? I was also from your perspective, be it more comfortable from an underwriting perspective in the context of maybe a continuing rising rate environment we saw during that period.

Secondly, very interested in PACTE transfer process. Question here is to what extent can this be used as a real tool to be very fascinated? Maybe fascinated changes to your back book by may be accelerating that transfer from -- capital, heavy traditional business into more capital light and such more lucrative you will business, so could you -- (Technical Difficulty) -- liability management is to some extent he offers to policyholders to use this tool to move into different type of products?

And the third question for me, of course, rates have fallen back somewhat since the half year stage. So, as long as there's any update given the solvency ratio or lease, has it moved in line with your published sensitivity you've got to rather expensive debt deals coming to call in the second half of the year. Just want to ask about also the debt raise in the first half of 2021. Was that more aimed at refinancing that or was it for other solvency general corporate purposes and therefore to what extent should we think about simply wanting to come back to market in the next two months with a due to reducing its interest costs going forward? Thank you.

## **A - Thomas Behar** {BIO 18964489 <GO>}

On your first question about the sales, I wonder if you are not comparing Q2 2021 to Q2 2020. As you know Q2 2020, you have a lot of reduction of activities, it was the beginning of the COVID-19 in France, a little bit earlier in Italy, and so we have a strong reduction of activities, and little bit later in Brazil and both Caixa -- in Brazil and La Banque Postale in France have a priority on giving subsidies to people and not delivering insurance. So, we have a lot of reduction of business last year. That's why we are comparing 2019 and 2021 and not comparing to 2020 when banking are closed, you don't sell life insurance.

If I compare -- if I go to France, if I compare Q1 and Q2, the monthly level of the sales, in fact are exactly the same. It's around EUR1,800 million of the level of the monthly sales in Q2 as in Q1. So we're exactly as the same kind in France of sales, which is very different from Q2 2020 where we run. We were around EUR1 billion as an average of sales in Q2 2020.

Does it answer your question about that? Because it's -- you have a real difference between Q1 2020 and Q2 2020.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Yeah. Thanks very much. I'll follow up with Olivier separately on that point, but I've got some questions on that, but thank you for that answer.

**A - Thomas Behar** {BIO 18964489 <GO>}

So second question, that's some difficulty EU, was about capital light products.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Yeah. So the patterns of that process, the question being is whether it feels like a very voluntary process at the moment, and a good route for investors to move products without losing any tax advantages. Just wondering whether it provides a route for you to accelerate the transformation of your back book perhaps through more broad offers to policyholders to shift into new products without losing any tech advances to improve the back book dynamics of your business.

**A - Thomas Behar** {BIO 18964489 <GO>}

Exactly what we're doing, where we transformed EUR4 billion, it's the transformation from an old product to a new one, with an increase of the unit-linked components. And what is very interesting is that it's done with any tax penalty about the year, the product was underwrite. So, it's underwritten. So it's something that can continue and we can transform two times, three times the same contracts into a new one. So, it's something that when we have a new contract, we can rediscuss with a policyholder and adapt it to the new conditions and the new kind of guarantees that we can propose.

And of course, when you are increasing the unit-linked component is not only going from an old contract to a new contract, it's also revisiting the contract with the policyholder, the risk appetites as always change, because the person's has become older and different mix from the times where he began to save his money for insurance. And so, it's also way to revisit the percentage of unit-linked in the contracts, the risk appetite of the object policyholder and it's within because it's a voluntary process. You need both the insurer and the insure to do the transformation. And if you go for unit-linked, you have of course less capital which is needed. So, it's clearly a big part of our transformation of the business not only the sales, but also transformation of the inflows.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Okay. Thank you.

**A - Thomas Behar** {BIO 18964489 <GO>}

Okay. And perhaps as Stephane said, it's also an opportunity to add additional premium and it's done as a quite a few cases. That's what was your second question.

As for third question, of course, we are not disclosing when we are going to the market for issuance of debt, as you know. You can go to see when the different timelines of the maturity of the bond that we have today, so we are -- hence you can see also when we are

-- we have some gap to in the next year or so, meaning we are trying to we were to have some stable way of reimbursing the debt in the years. So, it's what we are doing. And so we have a call in 2021 that we will come, but it's something that we are -- and we are not discussing when we are going back to the market.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Could you give me some, I also said that maybe the mark-to-market on the solvency ratio, maybe if you're not happy to disclose the actual number, whether if you could confirm, whether maybe the movements you have may since the half year has been brought in line with market in solvency?

**A - Thomas Behar** {BIO 18964489 <GO>}

Capital requirement, that I can give the question to Stephane. Could you repeat -- we difficulty to hear you about your question about the solvency capital requirements? Tell about the impacts on of the markets.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Yeah. -- (Multiple Speakers) -- fallen since June, and just a question of the movement in the solvency ratio, would it be following the public sensitivities that you'd expected, so in line with expectation.

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Excuse me. Can you reformulate, because it's very difficult here to hear precisely your question. Sorry.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Yeah. My apologies. So my -- just my question would be interest rate have somewhat fallen back since end of the quarter, just wanted to confirm that any movements on the solvency ratio would be in line with the market sensitivity that you published?

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

As you know, it's not -- as in the past, it's not an exact calculation, because you have always different phenomenon that are being in the -- when you are doing the precise calculation. But you can use the sensitivities that are given with a presentation to see in line with the different evolution of the interest rate was going on, but you have to get -- take into account, not only the evolution of the 10 years but also solution of the world curves and especially longer maturity of the rates.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Okay. Thank you very much for your time.

**Operator**

Our next question is by Michael Huttner. The line is now also open for you.

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**Q - Michael Igor Huttner** {BIO 21454754 <GO>}

Thank you. Thank you so much. Just a one follow up question and one wish. The follow up question is, you said the 25% -- EUR25 billion pension liabilities would move to a kind of Solvency 1 plus framework. And you said that would mean between 1% and 5% capital allocation depending on whether their euro will also unit-linked. And I just wondered whether you can say these EUR25 of the unit-linked to give a split, that was a question.

And then my wish is and you had a -- you presented today effectively on your new strategy, but maybe not absent precise targets, and we have an Investor Day please and when can that be?

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

On your first question about FRPS, I don't have with me the percentage between unit-linked and traditional euro, but we really give the information later after the call.

On your second question, please Michael could you will formulate it.

**Q - Michael Igor Huttner** {BIO 21454754 <GO>}

Yeah. Sure. When could we have -- when is your Investor Day?

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Good question. And so we are working out to prepare that event. The precise date is not fixed, but we are expecting to be able to fix a date, when we will be back in Q3 and to give you -- for this, this meeting because that we know you are waiting for.

**Q - Michael Igor Huttner** {BIO 21454754 <GO>}

Okay. Thank you.

**Operator**

We have no further questions. And so I hand back to the moderators.

**A - Stephane Dedeyan** {BIO 20969638 <GO>}

Okay. So if there is no more questions, I would like to thank you very much for your attention. And we were very, very happy to have this question-and-answer session with you. And Thomas, you want to add something?

**A - Thomas Behar** {BIO 18964489 <GO>}

Yeah. Just to note and give you specific information, just thank to Khalil, because he is now going to Italy. And Khalil is the Head of the Investor Relations team and will be replaced with (inaudible) after the summer, and so all good luck for Khalil your move to choose Italian business, where we have very, very important objective to fulfill there.

Bloomberg Transcript

## A - Stephane Dedeyan {BIO 20969638 <GO>}

Thank you, Thomas. And Khalil, we are expecting you boosting the Italian business. So, thank you very much. Have a nice end of day and see you next time. Thank you very much.

## Operator

Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may disconnect.

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