

New Exclusive Distribution Agreement in Brazil Call

Company Participants

- Antoine Lissowski, Deputy Chief Executive Officer, Finance (Chief Financial Officer)
- Emmanuelle Roux, Head-Corporate Strategy
- Laurent Jumelle, Head-Latin America Business Unit
- Marie Grison, Group Chief Risk Officer
- Thomas Béhar, Group Financial Performance Director
- Vincent Damas, Head-Investor Relations, Analysts & Ratings Agencies
- Xavier Larnaudie-Eiffel, Deputy Chief Executive Officer

MANAGEMENT DISCUSSION SECTION

Vincent Damas {BIO 18954595 <GO>}

Good afternoon, everybody, or good morning for those of you on the other side of the Atlantic and thank you for joining this event. I'm Vincent Damas, Head of Investor Relations, and on behalf of CNP, I would like to welcome you to our conference about the new distribution agreement in Brazil in the Caixa network.

The goal of today's presentation is firstly to recap and contextualize a new agreement we signed last week. And secondly, to provide analysts and investors with answers to frequently asked questions. I would like to preside at this stage that we will answer questions linked to our Brazilian operations.

This event is being recorded and all participants will be on mute during the presentation which will be followed by a Q&A session. A replay of this webcast will be available later on our website.

With us today are Mr. Antoine Lissowski, Chief Executive Officer and Group CFO of CNP; Mr. Xavier Larnaudie-Eiffel, Deputy CEO; Mr. Laurent Jumelle, Head of Latin America Business Unit at CNP; Mrs.

Marie Grison, Group Chief Risk Officer; Mr. Thomas Béhar, Head of Financial Performance; Mrs. Emmanuelle Roux, Head of Corporate Strategy and myself. Thank you again for your participation and I will now leave the floor to Antoine Lissowski.

Antoine Lissowski {BIO 4384399 <GO>}

Good morning, or good afternoon to everybody. I am very delighted to have the opportunity to present to you these agreements which was longly awaited by many of our investors and longly expected and we achieved it with very good work made by our Brazilian and French teams which are around the table and others.

On page 4 of the presentation, you have the different rationales of these agreements. First, our willingness was an ease to secure a very quickly growing new business, value, earnings, and cash flow business in Brazil and secure it until 2041, which is a significant time on a very large part of the current scope of the business. It will be outlined in a second. Doing that, we extend the success story, which was initiated in Brazil by CNP in 2001 and capitalize on very strong market know-how of our local teams, French, as well as Brazilian and Argentinian.

Third, underlying the fact that we, by these agreements, will maintain a very strong presence in Brazil, which is a very important country in terms of population in the world with, as figures which will be presented show, has a very important growth potential for the insurance market.

It is also an opportunity for us to renew a very successful long-term partnership for life insurance with Caixa Econômica Federal, which is a leading Brazilian bank and one of the five largest in Latin America. We will also provide different elements on that.

The financing of this operation relies on the very strong capital of CNP Assurances, which allows us to absorb renewal payment without making any issue of equity or bonds, and maintain a very robust solvency ratio. There will be, of course, no impact on dividend paying capacity of the company in the next years. And last thing on this first page, of course, we affirm our objective of delivering organic EBIT growth of at least 5% in 2018.

Now, we come to first quick presentation of macroeconomic context of our activities in Brazil led by Xavier Larnaudie to whom I am giving the floor.

Xavier Larnaudie-Eiffel {BIO 6035391 <GO>}

Thank you, Antoine. Good afternoon and good morning, everybody. This is Xavier Larnaudie-Eiffel speaking. Before to enter the details of the deal, I think it might be useful to recall our assessment of the market conditions surrounding our activity in Brazil.

First of all, we have put a couple of indicators to give evidence of it on page 5. According to the main international economic organizations, we witnessed a recovery of the Brazilian economy after what was a severe recession starting in 2014 and ending maybe the beginning of 2017.

As the graph on growth shows, we now are back on these topical (00:05:30) levels of the Brazilian economic growth which is not among the highest among BRICS but remains more or less stable between 2% and at maximum 4% a year. Accordingly, unemployment is falling. The CDS have normalized after the crisis situation and which is also absolutely important for our businesses.

The inflation level appears under control as the decrease of the SELIC leading intratrade shows (00:06:02). We have to recall that the Brazilian economy can be supported over the coming decades by very high demographic growth prospect that's why we mentioned them. Of course, we would not remain shy. And we recognize, as everybody, that this economy has a lot of structural problems within transportation, (00:06:30) exportation, industrial products and public services. And most of all - and that will be something very important in the months to come, the fiscal policy at federal level in that direction, however, we could say that today, the economic situation appears normalized whatever the political uncertainty, which is prevailing now a couple of weeks only before the general elections in Brazil late October.

If we turn to page 6, you'll see something which interests us a lot at CNP Assurances, it's the fantastic resilience of the insurance market in Brazil whatever the economic circumstances. If you consider first, let's say, left graph, that Brazil still lies behind an average of, if not comparable - not only comparable developing or more developed economies in terms of penetration of insurance products, you will still get the impression that we are together with our partner keep some hopes to see this increase of our penetration rate over the years to come. This is probably what explains the extraordinary performance of the development of the insurance market throughout the past years even during the recession period.

Each segment of the market has grown at double-digit growth rates over those years in a very steady and firm trend. Of course, past performance does not predict the future ones. But still, it has encouraged us a lot in assessing that our best interest was to go on, exploiting to the maximum extent possible the possibilities of this buoying insurance market.

We were encouraged in that by the fact that we have built a very strong story now, as these new long-term agreement shows, with a very important financial actor on the Brazilian scene. As Antoine just mentioned, Caixa Econômica Federal is among the leading financial actors on the South American continent. It enjoys now very good results because when we met the team and Nelson de Souza, he really was enjoying the fact that at the end of the first half, the net profit of Caixa Econômica Federal has been superior for the first time in history to the one of Banco do Brasil.

But still, what interests us much are two things: first is that only leading financial institution to have a network which absolutely covers the whole of the Brazilian territory; second, it still has a lot to do to improve its performance in insurance products.

Over the past years, you may look at what our performance in previdência, which are a retirement or pension products or life insurance, unit-linked only, where we were lagging behind our competitors and where we took the lead over the three to four past years.

Another example is also due to the fact that even if its market share is receding slowly, the Caixa Econômica Federal had a monopoly strictly in the ancient times to deliver the hipotecario, which is real estate credits, today still enjoys a market share of more than 75% (00:10:07) which is not bad at all, you would agree, to develop creditor insurance. Lastly, it has the best brand reputation in all the Brazilian brands. So, we have very strong partners and we enjoy to work with them.

A - Antoine Lissowski {BIO 4384399 <GO>}

Okay. Thank you, Xavier. Now, we enter in different elements regarding our existing performance in Brazil and the first glimpse on the structure of our agreements with Thomas.

Thomas Béhar

Yes. I'm on slide 8. Our partnership has been very successful in all the past years, as you may see in that slide. Over the past 10 years, all our key indicators have risen sharply. The compound annual growth rate of the premium income has increased by 18%. I will take the numbers in real currency. And it goes up to BRL 9.8 billion.

Our new business value has grown by 16% to BRL 811 million. Our net profit, all the numbers are in CNP's share, is now BRL 1.054 billion. And last, the dividends that we can get from the activity in Brazil is BRL 740 million with a growth of 14% on all the periods.

If we go now to the three components of our activity in Brazil, the first lines is linked with what we have just concluded until 2041 which means the activities of vida, prestamista and previdência.

The second component is what we are doing outside CEF and the third component is, was not included in the exclusive distribution agreement meaning hipotecario, consórcio, activity of capitalization and health, dental activities and nonlife activities.

If we see the main growth, what was very important in the deal, that the main growth is coming from the activities of vida, prestamista and previdência with 50% of growth from 2015 and 2017 and these growth has continued in the first half year of 2018.

We can now also look at the column and the first component represented in 2017 quite 80% of the total of our premium activities in Brazil, meaningful, that the (00:13:24) three components that we have in (00:13:26) measure, one with the (00:13:32) growth of activities.

Antoine Lissowski {BIO 4384399 <GO>}

Thank you, Thomas and now we come to the first element, the highlights of the agreement with Emmanuelle who led, I would say, the major terms of negotiations from Paris.

Emmanuelle Roux {BIO 18660157 <GO>}

Good morning. Good afternoon, everybody. So, page 10 and 11 show you the highlights of the new distribution agreement that was signed for the duration of the exclusivity is up until February 2041, so around 23 years in terms of duration. The scope of exclusivity that was under the new distribution agreement covers three lines of business: private pension, consumer credit life insurance, and life insurance. Those activities are, as Thomas mentioned, shown a dynamic growth in the past, and we're still expecting high growth within the Caixa network and also for growing penetration rate also that are expected.

Regarding the other insurance products, we agreed to waive the exclusivity around the distribution rights of CSH, which is Caixa Seguros Holding, our entity that is covering the full partnership right now in Brazil should Caixa Seguridade decide to transfer those distribution rights to other selected partners, in terms of the in-force insurance portfolios that are within CSH, they will keep ongoing, and we - and in case the activities are transferred to selected partners, we have the possibility to seize any option, including a potential transfer of those portfolio to the selected partners.

The other main, let's say, issue to point out is that, of course, this closing is subject to certain condition precedence and including, in particular, approval by the relevant regulatory and competition authorities, which is usual setup. And as long as the closing hasn't happened, the CSH performance, in terms of the actual agreement, will be ongoing without any change.

Regarding some other items that we highlight in our press release, there was a separate agreement that was entered to by Caixa Seguridade, Caixa Seguros Holding and ourselves towards the brokerage group, Wiz, regarding the brokerage services that is actually served by Wiz and will continue to be served, at least up until 2021.

In terms of commission serves, there are no major changes, let's say, concerning CSH and also concerning the new JV. So, we are in the same commission basis, let's say, for both companies as it is today.

Antoine Lissowski {BIO 4384399 <GO>}

Great. Now, we will turn to the conditions of financing of the deal. Marie Grison, the Chief Risk Officer of the company, will remind you of the different elements of financial growth strengths of the company which allow us to envisage not issuing any paper to pay the deal at the closing date.

Marie Grison {BIO 15895562 <GO>}

Hello, everybody. So, the first metric that I wanted to remind you is our current Solvency II coverage ratio at the group level, which is 198%, which represents an excess of €13.4 billion, which is (00:17:58). Concerning, well, as you know, we have local Solvency II excess in Brazil that we do not recognize in the group coverage ratio.

And in the slide page 12, we remind you the metrics for our Brazilian activities in terms of Solvency II calculations and also in terms of local (00:18:29) calculation. So, you can see that local excess is a little bit less. So, the transaction can be financed and we communicated that it will be around a little bit less than 8 points of coverage ratio. And just to be also very clear, we also have a subsidiary called CNP Participações, which is 100% owned by the group and which is completely integrated in CNP metrics and where we have put, in fact, the dividends coming from our Brazilian activities for

the past years, which allows us to have now BRL 2.2 billion in local currency 100% CNP which will participate to the financing in terms of real in terms of cash. Okay.

Antoine Lissowski {BIO 4384399 <GO>}

Okay. Thank you. It is clear, but we have two views in terms of solvency on the left and the views in terms of cash on the right of that slide.

Then now we are on page 13. The price of a transaction was BRL 4.65 billion, equivalent to €965 million by end of August. It will be fixed cash payment which will be made at the closing date, and it is a payment made for exclusive rights over 2018 to 2041. There would be earn-outs, no claw-back components, and the expected return on investment is in excess of 15% capital (00:20:23).

As you have already understood, the deal is expected to be fund by internal resources, and the impact of 8 percentage points on the SCR could be easily covered. The figures precedently (00:20:41) shown by Marie show that, in fact, the impact could be lower than 8% we have accounted for the whole payment when calculating this 8% but of course - there will be a part of the payment will be made with excess capital coming from our Brazilian activities. That means that the real impact will be below.

I cannot indicate to you what will be the definitive impact first, because I do not know exactly at what moment will occur the payment, and second because we intended to develop the business in Brazil and to leave part of existing excess capital on the premises in order to be able to size other growth opportunities in the short future.

Then, all in all, the group overall capital position still will be very strong. And, of course, there will be no consequence on CNP's capacity to pay regular dividend into the coming years. The currency risk is partly mitigated by CNP's existing resources in real (00:21:51) and expected cash generation until closing. That means that for the amount considered, we consider that the management of currency risk of CNP is completely sufficient to protect us against any negative evolution of the real which in fact already occurred over the last month.

Then the last page of the transaction, of the slideshow on page 14 shows you which is the extent of the perimeter which is secured through this agreement, 90% of the group's attributable net profit is already secured. If you look at economic perimeter already secured, if you compare it to the perimeter at the Brazilian level, it represents 70% of premium income, 60% of the value of new business and 50% of attributable net profit.

At a group level, the part secured for taking account 2017 figures, would be 95% in terms of premiums, 90% in terms of value of new business and 90% in terms of net profit. There is an (00:23:20) economic perimeter which is not included in the new agreement for evolution of a contribution of a remainder of a business related to CEF, namely hipotecario, consórcio, capitalização, P&C

insurance, saúde and odonto, will depend on the next half years on the potential transfer of the distribution rights for these products to other companies chosen by Caixa Seguridade and the performance of in-force insurance portfolios of CSH balance sheet.

Of course, and we have already communicated on that, our intention is to be - we're very interested by further development of Caixa Econômica Federal allocation of its business to different companies. And we firmly intend to be present for the eventual auction, which could happen by the set of businesses, which we have had so far, and which we expect to keep for main part of this business.

Then in the end, we, of course, can easily reaffirm our objective of delivering organic EBIT growth of at least 5% in 2018. And we are - all the people around the table plus Laurent Jumelle, who is the head of our activities in Brazil, who will join the call, we are all at your disposal to answer to your question, which will be conveyed by Vincent.

Vincent Damas {BIO 18954595 <GO>}

Thank you, Antoine. At that time, we open the Q&A session and welcome any question you would have regarding our new agreement in Brazil. I will moderate the Q&A session. So, if you have any question, please write it down to the webcast form or chat, and our management team in Paris and in Brasilia will be happy to give you an answer.

Q&A

A - Vincent Damas {BIO 18954595 <GO>}

So, we take the first question from Ralph Hebgen, KBW. You say in the press release that the agreement with Brazil will expire in February 2041, and the second paragraph that the length of the agreement is 23 years. What is the effective date at which you will start distributing a more limited product range to the new agreement?

A - Antoine Lissowski {BIO 4384399 <GO>}

(00:25:58) can you answer in that detail?

A - Vincent Damas {BIO 18954595 <GO>}

Sure. So, basically, this is going to happen at closing for the last part of your question. And the 23 years was used to highlight, as Antoine mentioned, that the price was covering the period 2018, 2041, the reason why we mentioned the 23 years (00:26:19). But definitely, everything happened at closing at least for the new JV perimeter. The rest in terms of waiving the exclusivity for the rest of the product will happen again whenever Caixa Seguridade will transfer those distribution rights to any selected partners.

A - Antoine Lissowski {BIO 4384399 <GO>}

Clear. For the remaining years of our current agreement, we have renounced the value of exclusivity agreement, but it is included in the payment of BRL 965 million. It is a net payment.

A - Vincent Damas {BIO 18954595 <GO>}

The second part of the question from Ralph is if the closing is in 2019, will the consideration to be paid be reduced?

No impact on the price. The price is a fixed price. Whenever the closing happen, the price is the one that is mentioned. The only thing that is - will be an adjustment is just that part of the (00:27:26) resources from the transfer of the existing portfolio will be transferred to the new JV and

this month is not yet defined because it will be defined at closing but this is a marginal adjustment.

Thank you. So, let's take the next question from Thomas Fossard, HSBC. In case you are not selected as the new partner for hipotecario, which is mortgage loan insurance, how do you envisage the future of the current JV Caixa Seguros Holding?

A - Antoine Lissowski {BIO 4384399 <GO>}

To be clear, there must be different steps. First, the step that there is an action on these businesses; second step, that we present our proposals; third step, that we are not accepted in these different (00:28:14). Of course, the business model of the company will be concentrated on the existing lines, which we have already expressed, plus others. But there are many things to be done in Brazil with CEF and with other partners which is possible under this agreement, because this agreement explicitly opens the way for our subsidiary (00:28:41) to have businesses with other partners except the bank insurance partners in Brazil and, in general, in Latin America.

A - Vincent Damas {BIO 18954595 <GO>}

Next question comes from David Barma, Exane BNP Paribas. Do you plan on trying to get back all the business lines which are out of the new distribution scope, or will you target only certain activities?

A - Antoine Lissowski {BIO 4384399 <GO>}

David, we are not in negotiation with you. We will be in negotiation with the seller of these businesses. But let us have a (00:29:17) possibility to make a surprise to our seller.

A - Vincent Damas {BIO 18954595 <GO>}

Next question is from Nick Holmes, Société Générale. Why did you decide not to use the surplus capital in Brazil (00:29:33) up from premium as originally indicated. What are the chances of securing the mandate in the future for the products (00:29:43) currently excluded like mortgage and life insurance?

A - Antoine Lissowski {BIO 4384399 <GO>}

On the second point, chances are it's just a question of competition in an auction. But we are very determined. And I would say that our existing know-how in these markets and, in general, the existing know-how of CNP Assurances in this business line worldwide, gives us a very, I would say, very appreciable position to get this business.

Second, underlying the fact that our willingness to develop a business in Latin America is not limited to what we do nowadays and that we intend to do many other things within these subsidiaries. Therefore, we will keep a part of excess capital there.

And, of course, this will depend, the amount of excess capital which we will use for the payment, will strongly depend on what are the expectations or precise expectations of making other expenses in terms of capital in the months coming just after the closing. But of course we cannot now say which will be the situation when this closing occurs.

A - Vincent Damas {BIO 18954595 <GO>}

Thank you. We take a question from Benoît Valleaux, ODDO BHF. So, two questions related to FX hedging. What has been your currency hedging policy this year, I guess,

in Brazil? And did you hedge the FX risk on the level of upfront fee (00:31:37) to be paid to the partner in Brazil?

A - Antoine Lissowski {BIO 4384399 <GO>}

The policy of hedging is traditional. We are hedging results coming from Brazilian subsidiary at a consolidated level, and we are hedging them from Paris. When you look at publications of CNP Assurances every year, we indicate which was the cost of this hedging, which we have to protect the result. What we do is to protect the expected results, which is in the budget at the beginning of the year against a negative evaluation of value of real until the end of economic year.

Regarding the second aspect of your question, in fact, the importance of our Brazilian activities and business make risk in terms of currency intrinsically embedded in the value of CNP, and it is a risk which is existing for 20 years, and we will not dispose these different activities in the coming years when accounting materiality of this risk can be expected as being nil.

A - Vincent Damas {BIO 18954595 <GO>}

Next question comes from Michael Huttner, JPMorgan. How does this new agreement affect the dividend stream from Brazil going forward?

A - Antoine Lissowski {BIO 4384399 <GO>}

What is the effect is simply that a part of new business and net profit, which will be attributed to CNP, will be slightly lower than before under this agreement. But I would say the upstream to the group level and the dividend payable to CNP shareholders will not be modified by that, in fact.

You have noted that we have said, during this presentation as before that, in fact, a large part of dividends we get from Brazilian subsidiary remains in Brazil for several years in order to pay precisely an extension of our business on the premises thus far (00:34:12).

That means that the dividend which simply pays to each shareholder is, in fact, in terms of cash coming from other activities than the Brazilian activities, in a way, you can consider the Brazilian activity as being self-financed and the dividends of CNP has rely on other activities than Brazil.

A - Vincent Damas {BIO 18954595 <GO>}

Thank you. Next question comes from Thomas Fossard, HSBC. Is the new JV likely to benefit from the IT and back systems of Caixa Seguros Holding's current JV, or will you have to restart from scratch with potentially heavy start-up costs? If this is the case, how may this affect the new business value initially and what will be the capital contribution of CNP to capitalize a new JV on its own??

A - Antoine Lissowski {BIO 4384399 <GO>}

Well, at least, for the first part of the question, the operational part, Laurent Jumelle, which is online there, he can perhaps say how we consider the follow-up between existing subsidiary and the new subsidiary in terms of IT and other operational expenses.

Laurent?

A - Laurent Jumelle {BIO 20326328 <GO>}

Yeah. Good morning. Good afternoon, everybody. It's clear that we are going to utilize the current IT system we have. And more broadly speaking, IT staff and all this will be, of course, discussed with our partner with the new JV in the objective to maximize synergies between CSH and the new JV.

A - Antoine Lissowski {BIO 4384399 <GO>}

Okay. Regarding the second part of the question, the capital stream which will be eventually necessary to develop our business well, of course, we first will rely on the capital produced by Latin American activities. And if we had to consider highly extended businesses, we will, of course, increase the capital of the subsidiary from Paris but I would say it is not specifically considered today in terms of amounts. We are ready to do significant growth in Latin America if it happens to be necessary or consistent with our strategy but we have no figures in mind.

A - Vincent Damas {BIO 18954595 <GO>}

So, let's take the next question which comes from David Barma, Exane BNP. With a large part of your local resources being dedicated to Brazil (00:37:09), how do you plan on financing the additional ones that may come by yearend which will arguably come at a higher multiple?

A - Antoine Lissowski {BIO 4384399 <GO>}

Well, as you see, we consider that largest part of the business is - if the existing business is renewed by last week's agreement, that means that a further effort to be made will be, of course, much lower than the payment which is today expected for the first agreement. And of course, we will take means in Brazil and in France to make an overpayment. But when we say that 8 points in terms of solvency is in excess of what we will have to pay for our first agreement, that means that if another agreement comes as it will necessarily be lower, the importance of the payment will be lower and it will be much less at 8% in terms of solvency. Then at that moment, I do not know when it will occur, but it will be, I would say, very marginal in terms of solvency ratio for CNP.

A - Vincent Damas {BIO 18954595 <GO>}

The next question is from Ralph Hebgen, KBW. Just to clarify as Caixa not started the tender process yet, which will pick the new insurance partner for the products not covered by the new JV.

A - Antoine Lissowski {BIO 4384399 <GO>}

(00:38:57) any comment on behalf of them on that point. So, I suggest you address the question to Caixa.

A - Vincent Damas {BIO 18954595 <GO>}

A question from Ralph Hebgen, how will the new venture be capitalized? So, we partly answered the question. And can you transfer equity from the old JV, Caixa Seguros Holding to the new JV, or will you need to make a capital injection from Paris? What form would that take?

So, the new JV will be an insurance company on its own. So, we'll be required to have the regulatory capital that is required in Brazil. And, of course, there will be a capitalization. We will have to have a capitalization of this new JV. But this is, I mean, as it is in CSH, I mean, the insurance company will have to be run with the own funds necessary to underlie the growth of the business.

A - Antoine Lissowski {BIO 4384399 <GO>}

To complete the transfer (00:40:10), it is clear that we are on the path of a definite agreement. That means that, for the second part of the agreement, which will come at moment (00:40:19) with us or with someone else, will make the figures definitive. What I mean is that we do not know now so far what will be the complementary eventual amount which we will have to pay for having, for instance, hipotecario or other businesses, and so on.

At the end of the hold (00:40:43) process, we will look at what is the business plan of the two subsidiaries we have, the new one, and the existing one, which will keep some developments and some activities. And we will, of course, restructure the capital allocation in Brazil with the new business model in Brazil in order to avoid spreading (00:41:08) capital by letting it too much in a subsidiary which doesn't grow and not enough or in the other (00:41:14).

The only issue there will be to have a sufficient decrease in regular terms in order to have not too much capital if one of the activities becomes runoff. But so far as we intend to try to get more activities run only on the last week's agreement, we do not consider putting too many things in runoff in the sales-slash-company (00:41:49).

A - Vincent Damas {BIO 18954595 <GO>}

Thank you. Next question from Juan Fabienne (00:41:52), KBW. What return on equity were you generating on Caixa Seguros Holding in 2017?

As you will see that in the financial communication of last year, page 44. The return of equity under all activities that we have in Latin America was 18.8%. And all major part of – quite all the attributable net profit comes from Caixa Seguradora. So you have an attributable (00:42:38) net profit of €292 million with this return on equity of 18.8%. And for the half year, it was 18.2%.

Thank you. Two questions from Michael Huttner, JPMorgan. When is the closing date likely to occur? And will there be a bond issue to (00:43:05)?

A - Antoine Lissowski {BIO 4384399 <GO>}

First question, as soon as possible, it really depends on different regulatory authorizations which we expect. And the second, there will be no supplementary issue to finance significantly (00:43:21).

A - Vincent Damas {BIO 18954595 <GO>}

The question from Ralph Hebgen, KBW, what drove the exceptional growth in new business value in 2017 in Latin America? Was there a one-off or something specific?

A - Thomas Béhar

Thomas Béhar speaking. It comes directly with what we have expressed on page 9 of our presentation, which is a growth of the volumes at there are (00:43:53) 50% of growth of the activities of pensions and (00:43:59) consumer loans. And you will see all the details in page 33 of the embedded value report on last year with the increase of the volume explaining the increase of the new business value. There is no one-off. It's the expansion of the activity.

A - Vincent Damas {BIO 18954595 <GO>}

Let's move to the next question from Thomas Fossard, HSBC. Could you provide more granularity on the expected contribution from Brazil to CNP group net profit based on last year figures? As it is expected that Caixa Seguros Holding will continue to produce some contribution to the group's earnings for a while, what is the profile of the average booked duration of Caixa Seguros Holding currently predominantly weighted toward hipotecario which is mortgage loan insurance?

We don't disclose at a granular level the expected contribution of Brazil. The only disclosure that you have today is the one that you can find in our presentation between the three components, where we explained how these three components have contributed to premium income. And also, you will see on page 14, which percentage, the first component explains out of the net profits of the Brazilian activities, which is 50%. We have not disclosing in more details that kind of matter.

According to the durations, so you may see in the embedded value report some numbers about the durations. When we said that the lines of business include both short term, short duration products and long duration products for the risk activities, we have non-life activities who are one year of durations and longer activities such as mortgage protection, life insurance. And the main driver for the one-off is, of course, hipotecario, our mortgage, life insurance activities.

For instance, the maximum maturity that we may have on that kind of loans is 35 years. And if we take into account some lapsed assumption and so on, the average life of our loans is 15 years. After when you take into account the high level of the interest rates in Brazil, the durations fall down and in the MCEV Report, you have a 3.9 years preservation of risk protection, mixing these mortgage activities and the one year activities that we may have on non-life.

Another question from Thomas Fossard, HSBC. Regarding the financing of the cost of the new agreement, what is preventing you from using the circa €2 billion of excess capital located (00:47:43) in the JV? What is the cash liquid buffer of the JV currently?

Yes. Just to be precise, when you speak about €2 billion excess, it's in Solvency II and it's 400% (00:48:01). As we explained again, you have everything on page 12. So, it's not billion (00:48:09). I think we explained already what we intend to do. And as Antoine said, we look at the usage of the excess given the future, given the development of our Brazilian activities and given also the liquidity and cash position of our activities over there.

A - Antoine Lissowski {BIO 4384399 <GO>}

And Laurent Jumelle was appointed in Brazil just one year ago. In the first year, he spent about €1 billion in terms of growth and his appetite to making investment is intact. And he's only 40.

A - Vincent Damas {BIO 18954595 <GO>}

Next question is from Michael Huttner, JPMorgan. How much capital do you expect to use over pure online digital platform in Brazil to require your midterm or whether (00:48:59) what is the extract capital investments you plan there would use.

A - Antoine Lissowski {BIO 4384399 <GO>}

Laurent, you have a global idea (00:49:11) perhaps not on figures but on the tendency and of global extent of capital at work or could be at work in use, in the forthcoming years?

A - Laurent Jumelle {BIO 20326328 <GO>}

Yes, Antoine. We should spend around the same amount over the next three to five years that we have already spent during the last three years. So, we are still going to invest quite a lot in our digital operations.

A - Vincent Damas {BIO 18954595 <GO>}

Thank you. Next question from Michael Huttner, JPMorgan. What will be the accounting treatment of the €1 billion upfront investment until 2041?

(00:50:10-00:50:43)

So two questions regarding the guidance or expectations we can give to the markets. One from Nick Holmes, Société Générale. Can you give us an indication of the likely group earnings guidance next year? Do you expect to retain your 5% EBIT growth target but from a lower base? And second related question from Michael Huttner. Do you expect that €292 million of net profit from Brazil to grow or to be flat in the next 18, 24 months?

A - Antoine Lissowski {BIO 4384399 <GO>}

It is a good try to have expectation from the company, but we never provide such guidance chiefly in September probably next year. We will perhaps say something about 2019 but much later.

A - Vincent Damas {BIO 18954595 <GO>}

Next question is from Ralph Hebgen, KBW. What percentage of expected earnings is represented by the upfront payment of BRL 4.65 billion?

(00:51:52-00:52:09)

Yes, well, the answer is 50% figure we have said through this agreement, we have secured already 50% of the net profit we make in Brazil, which is the answer we can make to your question.

A question from Benoit Valleaux, ODDO BHF. Could this new agreement lead to an increase in investments in order to further accelerate the group of use (00:52:35)? I guess we answer this

with Laurent Jumelle's answers a few minutes ago.

And final question at this stage by Ralph Hebgen, would you be happy to make a similar payment to secure access to Caixa network for the own products? At which point will it become more economical for CNP to sell the in-force book rather than double up and pay more for continued access to this network.

FINAL

A - Antoine Lissowski {BIO 4384399 <GO>}

Ralph, sorry, but we will not have with you such a discussion before having started to discuss such a thing with our board.

A - Vincent Damas {BIO 18954595 <GO>}

Okay. Thank you very much to everyone. This concludes today's Q&A session. I would like to thank you all for your participation in our webcast. As a reminder, materials used today and replay of this webcast will be available on CNP website soon. Thank you, again, for your participation and have a very nice day.

Bye-bye.

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