

Paris, 30 August 2018

Conclusion of a binding framework agreement with Caixa Seguridade

CNP Assurances announces the conclusion of a binding framework agreement providing for the establishment of a new long-term exclusive distribution agreement until 13 February 2041 in Brazil in the network of Caixa Econômica Federal (CEF), one of the leading Brazilian banks and one of the five largest in Latin America.

This agreement is an important milestone for CNP Assurances as it secures, for the very long term (23 years) and on a new perimeter, a significant part of the business currently conducted with CEF's network, and the exclusive access to CEF's 78 million clients. CNP Assurances will therefore remain CEF's main life insurance partner in Brazil and at the same time continue developing its other activities in Latin America.

This new agreement builds on the successful track-record of CNP Assurances and CEF's partnership since 2001, through their Caixa Seguros Holding (CSH) joint venture, which demonstrated an ability to combine strong growth, high profitability and regular cash flow generation:

- premium income growing by 18% p.a. on average between 2008 and 2017¹
- value of new business growing by 16% p.a. on average between 2008 and 2017¹
- attributable net profit growing by 14% p.a. on average between 2008 and 2017¹
- dividend growing by 14% p.a. on average between 2008 and 2017¹

The new exclusivity perimeter in CEF's network includes life insurance, consumer credit life insurance and private pension plans (*vida, prestamista, previdência*). In line with the terms of the non-binding Memorandum of Understanding signed at the end of September 2017, the new distribution agreement will be implemented through a newly formed insurance joint venture between CNP Assurances and Caixa Seguridade, the holding company for CEF's insurance operations, with CNP Assurances and Caixa Seguridade owning respectively 51% and 49% of the voting rights and 40% and 60% of the economic rights. On the closing date, CSH will transfer to the new joint venture the in-force insurance portfolios for the products included in the scope of the agreement (life insurance, consumer credit life insurance and private pension plans).

Moreover, CNP Assurances reached a separate agreement with Caixa Seguridade and the insurance brokerage group Wiz regarding the terms of the future cooperation with Wiz, including in particular operational back office services provided by Wiz to CSH and to the new insurance joint venture to be created as part of the new agreement concluded with Caixa Seguridade.

¹ In local currency.

CNP Assurances will continue holding its 51.75% equity interest in CSH, the existing joint venture with Caixa Seguridade. CSH will keep all its existing activities in Brazil distributed outside of the CEF network, and will keep developing its multichannel strategy, in particular through its digital channel Youse and through brokers.

As part of the agreement, CNP Assurances agreed to waive the existing exclusive distribution rights of CSH for other insurance products (mortgage life insurance (*hipotecario*), credit (*consórcio*), savings products (*capitalização*), P&C insurance, health (*saúde*), dental insurance (*odonto*)) should Caixa Seguridade decide to transfer the distribution rights for these products to other companies. The existing in-force insurance portfolios related to these products and already underwritten by CSH will not be impacted by the agreement and will remain on CSH's balance sheet. They could potentially be sold in the future, after discussions with CEF and with the companies that would then be selling these products.

As part of the agreement, CNP Assurances agreed to pay a fixed amount of R\$4.65bn (equivalent to €0.96bn on 28 August 2018²) on the closing date. The expected internal rate of return of the investment in relation to this new agreement is over 15%, which will contribute to long-term value creation within the CNP Assurances group³.

Indicatively, the new agreement (taking into account the new exclusivity perimeter and the reduced economic rights for CNP Assurances compared to the current situation) allows to sustainably extend the partnership with CEF and to already secure an economic perimeter which, for the financial year 2017, corresponded to approximately 70% of the group's share of premium income, 60% of the value of new business and 50% of the attributable net profit achieved by the Group in Brazil.

The evolution of the contribution of the remainder of the business related to CEF (*hipotecario, consórcio, capitalização, P&C insurance, saúde, odonto*) to the Group's financial metrics will depend on the potential transfer of the distribution rights for these products to other companies which would be subsequently chosen by Caixa Seguridade, and on the performance of the in-force insurance portfolios on CSH's balance sheet.

The solvency and profitability of the Group enable CNP Assurances to finance the transaction using its own resources, without affecting its financial strength or its capacity to pay a regular dividend. The impact of the transaction-related payment on the consolidated SCR coverage ratio, which was 198% on 30 June 2018, is estimated at around 8 percentage points.

The closing of the transaction is subject to a number of condition precedents, including in particular its approval by the relevant regulatory and competition authorities.

CNP Assurances reiterates its objective of achieving organic EBIT growth of at least 5% in 2018 compared to 2017.

"CNP Assurances is pleased to have concluded this new agreement, which allows extending in the long-term the successful partnership between CNP Assurances and Caixa Econômica Federal. This new agreement sustainably consolidates the presence of CNP Assurances in the Brazilian insurance market, which continues to offer good prospects for profitable growth " said Frédéric Lavenir, CNP Assurances' Chief Executive Officer.

² BRL/EUR exchange rate of 4.84 on 28 August 2018.

³ The level of the commissions for the products which are included in the perimeter of the new agreement (life insurance, consumer credit life insurance and private pension plans) will remain identical to the current situation.

About CNP Assurances

CNP Assurances is France's leading personal insurer, with net profit of €1,285 million in 2017. The Group has operations in other European countries and in Latin America, with a significant presence in Brazil, its second largest market.

It has more than 38 million personal risk/protection insureds worldwide and over 14 million savings/pensions policyholders. Acting as an insurer, co-insurer and reinsurer, CNP Assurances develops innovative personal risk insurance and savings solutions. These solutions are distributed by many partners and are tailored to their distribution methods, ranging from physical networks to full online, and to policyholders' needs in each country.

CNP Assurances has been listed on the Paris Stock Exchange since October 1998 and has a stable core shareholder base (Caisse des Dépôts, La Banque Postale, Groupe BPCE and the French State).

Contacts

Press

Florence de Montmarin | +33 (0)1 42 18 86 51

Tamara Bernard | +33 (0)1 42 18 86 19

servicepresse@cnp.fr

Investors and analysts

Vincent Damas | +33 (0)1 42 18 71 31

Jean-Yves Icole | +33 (0)1 42 18 86 70

Typhaine Lissot | +33 (0)1 42 18 83 66

Julien Rouch | +33 (0)1 42 18 94 93

infofi@cnp.fr

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