Introduction

An Independent Actuary's Report ("Report") dated 21 December 2019 has been prepared in order that the Irish High Court, ("the Court"), the Central Bank of Ireland ("CBI), the Dirección General de Seguros y Fondos de Pensiones ("DGSFP"), the policyholders and other affected parties may properly assess the impact of the proposed transfer of Italian unit linked portfolio bond liabilities ("Insurance Policies") and associated assets from CNP Europe Life DAC ("CEL") into CNP Partners de Seguros y Reaseguros ("CNPP") (together known as the "Scheme Companies") via a Portfolio Transfer (the "Scheme"). The portfolio transfer arises from the continued focus to efficiently manage the run-off of the CEL business.

The Report describes the Scheme and considers the potential impact and benefits on all affected policyholders (of both Scheme Companies), including the security of their policy and the levels of service that policyholders should expect to receive after the transfer. This Summary Report is a summary of the Independent Actuary's Report ("Report"). The full Report is available on request from the offices of the Scheme Companies and from the legal advisors William Fry of 2 Grand Canal Square, Dublin 2, Ireland.

The proposed transfer of Italian unit linked portfolio bond policies from one entity to another must be approved by the Court. In addition, the CBI as regulator of CEL will be consulted and the DGSFP as regulator of CNPP will be notified. The terms covering the proposed Scheme are set out in the Scheme document that will be presented to the Court. I refer to that document as the "Scheme of Transfer". It is anticipated that the Scheme of Transfer will be presented to the Irish High Court under Section 13 of the Assurance Companies Act 1909, Section 36 of the Insurance Act 1989 (as amended) and SI No. 485/2015 – European Union (Insurance and Reinsurance) Regulations 2015 at which time the directions of the Irish High Court will be sought. It is intended that the Sanctions Hearing will take place and final approval of the Scheme of Transfer will be sought with a proposed effective date of 31 July 2020 ("Effective Date").

About the Independent Actuary

I am a partner in KPMG Ireland. I am a Fellow of the Society of Actuaries in Ireland with more than 25 years of experience of working in the insurance industry. I have previously conducted similar Independent Actuary roles with respect to businesses in Ireland. My full biography is included in the Report.

Use and Limitations

This Summary Report covers the main conclusions of the full Report. However, this Summary Report must be considered in conjunction with that Report and reliance must not be placed solely on this Summary Report. Both this Summary Report and the full Report must be considered in their entirety as individual sections, if considered in isolation, may be misleading. This Summary Report is subject to the same limitations on its use as are set out in the full Report. In the event of any real or perceived conflict between this Summary Report and the full Report, the latter contains the definitive description.

Neither the full Report, nor any extract from it, may be published without my specific written consent having been given, save that copies of the Report may be made available for inspection by policyholders and shareholders of the Scheme Companies and copies may be provided to any person requesting the same in accordance with legal requirements or any order of the Court. In the event such consent is provided, the full Report must be provided in its entirety. A summary of my Report is set out below.

Background to CEL and CNPP

CEL is a designated activity company regulated in Ireland and it is authorised by the Central Bank of Ireland ("CBI") to write Class I, III, IV and VI life insurance business on a freedom of services basis. CEL currently has two lines of business on its books, a portfolio of unit linked portfolio bonds (i.e. four customers) and a portfolio of individual annuity policies (i.e. 441 individual annuity policies relating to the Buy-Out of a Pension

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Scheme). CEL is a wholly owned subsidiary of CNP Assurances S.A. ("CNP"), a French regulated life insurance company authorised by the Autorité de contrôle prudentiel et de résolution ("ACPR") as a life insurance undertaking. The shareholders of CNP are Caisse des Dépôts; Sopassure, representing La Bnque Postale and BPCE Group (Caisses d'Epargne, Banques Populaires, Crédit Foncier); Institutional and retail investors; and a small holding by the French State.

CNPP is a designated activity company regulated in Spain and it is authorised by DGSFP. It is a joint venture between CNP and CNP Caution SA. The principle activity of the company is the underwriting of life and non-life insurance via protection and savings products to customers in Spain, and in Italy through its local insurance branch and to customers in France and Portugal on a freedom of service basis.

In October 2014 CNP, the owners of CEL, requested that CEL cease writing new business and that it be placed into a run off position. CEL is now closed to new business. As part of the agreed run off plan, CEL propose to transfer the 4 Italian unit linked portfolio bond policies from CEL to CNPP via a Portfolio Transfer.

My full report contains a summary of the products offered by the Scheme Companies. I have not reproduced these details in this Summary Report as my full Report is available on request from the Scheme Companies.

Details of the Scheme

The Scheme provides for the transfer of the four remaining Italian unit linked portfolio bond policies from CEL to CNPP, incorporating the underlying insurance contracts, together with the associated liabilities and assets as at the Effective Date to CNPP, such that CEL has no further liabilities to policyholders. The Scheme proposes on the Effective Date to:

- Transfer the policyholder liabilities from CEL to CNPP.
- CNPP will establish regulatory technical provisions in respect of the transferring liabilities and associated capital requirements under the Solvency II regulatory basis and methodology.
- The portfolio transfer will be made on an arm's length basis and will include the transfer of assets (including a transaction fee) to support the maintenance of the portfolios post the portfolio transfer.
- There will be no changes to policyholders' terms and conditions across any of the entities.
- Policy administration which is currently undertaken by an external party on an outsourced basis for CEL will be performed by CNPP.

The structure of the transferring policies is such that future management charges will continue to be applied to the policies. Given the small size of the portfolio means that CEL will need to make a payment to CNPP to cover the cost of the transfer and the future shortfall between ongoing management charge income and ongoing administration costs of the transferring policies for CNPP. This transfer fee is included in the analysis presented below.

Independent Actuary's Approach

My approach to assessing the likely effects of the Scheme on policyholders is to:

- Understand the businesses of the companies affected by the Scheme; and
- Understand the effect of the Scheme on the assets, liabilities and regulatory capital of the companies involved.

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Having identified the effects of the Scheme on the various companies, I then:

- Identify the groups of policyholders directly affected;
- Consider the impact of the Scheme on the security of each group of policyholders;
- Consider the impact of the Scheme on the benefit expectations of each group of policyholders; and
- Consider other aspects of the impact of the Scheme (for example, policyholder service).

Policyholder impacts

The Assumptions underpinning my analysis are set out in Section 2.3 in my Report. The assumptions underlie the analysis and conclusions in my Report. If any of these assumptions were to change, my opinion may also change. At this stage, these key assumptions correctly represent the current intentions of the Scheme Companies.

Security of benefits at portfolio transfer date

I have considered the relative capital strength of CEL and CNPP respectively prior and post the transfer and in respect of all groups of policyholders. I have based my analysis on the most recent audited financial information at 31 December 2018 including regulatory returns to the CBI. I have also considered quarterly unaudited financial information during 2019. The projected capital and solvency position of the Scheme Companies as standalone entities pre transfer and what the projected post transfer position are set out in in the table below based on an effective date of the portfolio transfer as if it occurred at 31 December 2018 and as at 30 June 2019. I consider it reasonable to illustrate the effects at these two dates as I consider it to be a reasonable assessment of what the projected impact would be at the Scheme date during 2020.

Proforma financial position (€'m)				
	31-Dec-18			
	Pre-Transfer		**Post Transfer**	
	CEL	**CNPP**	**CEL**	**CNPP**
Own funds	23.6	258.7	23.5	258.7
Solvency capital requirement	3.9	106.6	3.9	106.6
Excess of own funds	19.7	152.1	19.6	152.0
Solvency capital requirement coverage ratio	**605%**	**243%**	**605%**	**243%**
	30-Jun-19			
	Pre-Transfer		**Post Transfer**	
	CEL	**CNPP**	**CEL**	**CNPP**
Own funds	22.2	247.8	21.9	247.8
Solvency capital requirement	3.8	110.0	3.8	110.0
Excess of own funds	18.4	137.8	18.1	137.8
Solvency capital requirement coverage ratio	**585%**	**225%**	**579%**	**225%**

Source: Provided by CEL and CNPP in files 'Information Request List_CEL_sent16072019.xls' and 'Information Request List_CNP for Actuarial Report_2019.09.06.xls' respectively.

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The proforma analysis above illustrates the transfer of the policies plus the transaction fee from CEL to CNPP. At the proforma date there is a strong Solvency II regulatory capital position in CEL and CNPP pre and post the Scheme. Considering the impact of the Scheme on the main groups of policyholders separately I note:

- For the remaining CEL policyholders post the transfer, CEL's solvency capital position based on the proforma analysis is expected to remain strong and above risk appetite tolerance levels.
- The impact of the Scheme on CNPP is not material in respect of CNPP's existing business and their policyholders, given €15.1 million of best estimate liabilities transferring into a company with c.€2.0 billion of best estimate liabilities. CNPP's own funds position and regulatory capital coverage ratio are projected to remain materially unchanged post the portfolio transfer.
- For the transferring CEL policyholders, they are moving into a company with a lower regulatory capital ratio post transfer, however they will be part of a much larger company with a more diversified risk profile that has a higher level of available capital resources and own funds (moving from a company with an own funds balance of €22.2m to a company with a significantly larger own funds balance of €247.8m at 30 June 2019).

Therefore, based on the financial analysis provided I do not believe that the implementation of the Scheme will have a material adverse effect on the security of the transferring CEL scheme members, remaining CEL policyholders or existing CNPP policyholders.

Risk profile analysis

If the proposed transfer takes place, the risk profile of CNPP is not expected to materially change as shown by the relatively stable regulatory capital coverage ratio in the table above. The transfer is inclusive of assets required for the business to operate on a standalone basis, including provisions for expenses which will be transferred along with the associated liabilities.

Similarly, the risk profile of CEL is not expected to change after the Scheme, CEL will no longer have any exposure to the associated benefit liabilities of the Italian unit linked retail portfolio bond policies. I have no issues to note.

I have been provided with each entity's most recent Own Risk Solvency Assessments. Post the Scheme both CEL and CNPP maintain a positive solvency capital coverage ratio (greater than 100%) under their view of potential adverse scenarios. This again gives comfort over the robustness and financial stability of each entity.

Fair treatment of policyholders

I have also considered the effects of the Scheme on the fair treatment of CEL and CNPP policyholders including Policyholders Reasonable Expectations focusing on the following aspects:

- Entitlement to Benefits: Existing practices in CEL and CNPP in respect of benefit payments will remain in place in CNPP post transfer.
- Policy terms and conditions: There will be no change to policy terms and conditions of the transferring CEL policies or the remaining CEL/ CNPP policies.
- Investment choices: There will be no impact on investment choices for transferring policyholders. After the Effective Date CNPP will provide the same investment choices for transferring policyholders as currently provided by CEL.

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- Servicing of policies: As described in Section 5.2.2 of my Report, there will be a change in administration provider for the transferring policies, given the day to day administration of the small group of transferring policies is limited, I do not expect the change of administration provider to be a concern.
- Expenses and charges: Charges are guaranteed so there is no discretion in how these charges get implemented. There is more discretion for Laguna given the nature of the business but CNPP's practice will not change as a result of the Scheme.
- Costs of the Scheme: The costs and expenses associated with implementing the transfer will be met CEL. The key is that no costs are borne by CEL or CNPP policyholders.
- Complaints and redress: The transfer makes no reference to complaints and redress, so these practices will remain unchanged as a consequence of the transfer for all policyholders.
- Policyholder member communications: I am comfortable with this communication approach adopted for the transfer and in particular that existing CEL policyholders and CNPP policyholders are not communicated with.

Overall, I am comfortable that CEL and CNPP policyholders will continue to be treated fairly post transfer and their reasonable expectations will not be adversely affected due to the transfer.

General aspects

I have also considered some more general aspects:

- Taxation: It is expected that policyholders will be unaffected by the Scheme in respect of taxation.
- Legal risk: In considering any legal risks, I have relied on the fact that CEL and CNPP have followed the advice of their legal advisers and Counsel in finalising the legal agreements in relation to this transaction. Thus, in my opinion, all reasonable steps have been taken to reduce the legal risks arising from the Scheme to a minimum.
- Pending legal proceedings: I understand that there are no material legal proceedings pending or current against CEL and CNPP at the date of this Report.

Overall, I do not consider that these aspects will have a material adverse impact on policyholders' entitlements.

A Supplementary Report may be required from me containing an update on any developments that may have occurred in the period between the Court Directions hearing and the formal order sanctioning the portfolio transfer to proceed. I understand that this Supplementary Report will be made available on the website of the respective Companies.

Conclusions

Having considered the impact of the Scheme on both the transferring policyholders of CEL, remaining policyholders of CEL and the policyholders of CNPP, it is my opinion that:

- The Scheme will not have a material adverse effect on the security of benefits for any of the policyholders involved; and
- The Scheme will not have a material adverse effect on the reasonable benefit expectations of any of the policyholders involved.

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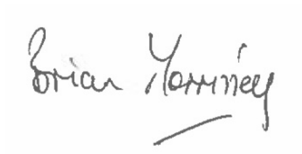
My opinion in relation to CEL and CNPP policyholders is based on:

- My review of all the pertinent historic and current information provided by CEL and CNPP; and
- Discussions with the management of CEL and CNPP on what will happen post transfer.

My assessments are made in the context of the current Solvency II regulatory regime.



21 December 2019

Brian Morrissey, FSAI

Date

Independent Actuary

KPMG in Ireland

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3 March 2020

Dear Gary,

I refer to my Independent Actuary Report ("Report") of December 2019. I understand that the Company (i.e. CNP Europe Life DAC) intend to issue a notification to the Central Bank to trigger the portfolio transfer process.

As highlighted in Section 2.4 of my Report, I noted that I may be required to issue a Supplementary Report containing an update on any developments that may have occurred in the period between the directions hearing and the formal order sanctioning the portfolio transfer to proceed. So, it is on that basis that I have been asked to prepare this supplementary letter – noting though that the directions hearing has not taken place yet.

In preparing this supplementary letter, I have discussed with the Companies (i.e. CNP Europe Life DAC and CNP Partners de Seguros y Reaseguros) the following matters that have arisen:

- The financial information in my Report was up to 30 June 2019. I have been provided with updated financial information at 31 December 2019 for both Companies, which is still subject to external audit, and note that the updated financial position in line with that outlined in my Report. Therefore, my findings remain unchanged based on this updated financial information.
- I note that of the 4 policyholders who were to be transferred, 1 of the policyholders has surrendered their policy in line with normal business practice and is no longer a policyholder of CNP Europe Life DAC. This does not impact on my assessment of the Scheme and my findings remain unchanged.
- No other issues arose in my discussions.

On that basis, I do not consider it is necessary to reissue a full Report to reflect these items.

I note that the conclusions set down in my Report remain valid i.e. that having considered the impact of the Scheme on both the transferring policyholders of CEL, remaining policyholders of CEL and the existing policyholders of CNPP, it is my opinion that:

- The Scheme will not have a material adverse effect on the security of benefits for any of the policyholders involved; and
- The Scheme will not have a material adverse effect on the reasonable benefit expectations of any of the policyholders involved.

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I understand that this letter will be posted onto the website of the Companies as part of the overall communication process for the portfolio transfer and I am comfortable with that.

Regards

Brian Morrissey

Brian Morrissey, FSAI
Independent Actuary