CNP ASSURANCES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 JUNE 2016

Contents

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (in € millions)	Notes	30.06.2016	31.12.2015
Goodwill	*7*	292.9	258.8
Value of In-Force business	*7*	24.3	25.5
Other intangible assets	*7*	522.7	505.0
Total intangible assets		**839.9**	**789.2**
Investment property	*8*	2,860.5	2,757.6
Held-to-maturity investments	*9*	684.7	641.5
Available-for-sale financial assets	*9*	296,423.8	287,908.1
Securities held for trading	*9*	72,449.4	69,492.6
Loans and receivables	*9*	4,368.8	5,686.8
Derivative instruments	*9*	669.3	4,417.2
Insurance investments		**377,456.5**	**370,903.7**
Other investments		**11.7**	**12.8**
Investments in associates		**236.9**	**186.5**
Reinsurers' share of insurance and financial liabilities	*10*	**23,690.1**	**11,290.8**
Insurance or reinsurance receivables	*11*	5,337.4	2,695.3
Current tax assets		645.2	461.3
Other receivables		3,238.9	3,644.2
Owner-occupied property and other property and equipment	*8*	307.9	307.1
Other non-current assets		1,908.3	1,656.8
Deferred participation asset		0.0	0.0
Deferred tax assets		272.2	278.6
Other assets		**11,710.0**	**9,043.3**
Non-current assets held for sale and discontinued operations		**0.0**	**177.9**
Cash and cash equivalents		**882.7**	**1,328.0**
TOTAL ASSETS		**414,827.6**	**393,732.2**

EQUITY AND LIABILITIES (in € millions)	Notes	30.06.2016	31.12.2015
Share capital	*4*	686.6	686.6
Share premium account		1,716.8	1,716.8
Revaluation reserve		3,408.8	3,364.2
Cash flow hedge reserve		(23.5)	(4.9)
Undated subordinated notes reclassified in equity	*4*	2,635.2	2,635.2
Retained earnings		8,536.4	7,953.6
Profit for the period		620.1	1,130.5
Translation reserve		(193.7)	(369.0)
Equity attributable to owners of the parent		**17,386.8**	**17,113.0**
Non-controlling interests		1,576.2	1,457.8
Total equity		**18,963.0**	**18,570.7**
Insurance liabilities (excluding unit-linked)	*10*	151,505.9	144,326.3
Insurance liabilities (unit-linked)	*10*	35,294.1	32,826.6
Insurance liabilities		**186,800.0**	**177,152.9**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	*10*	132,624.1	135,219.9
Financial liabilities – financial instruments without DPF (excluding unit-linked)	*10*	721.8	605.9
Financial liabilities – unit-linked financial instruments	*10*	7,404.0	7,652.4
Financial liabilities		**140,749.8**	**143,478.2**
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	*10*	30,854.6	29,176.2
Insurance and financial liabilities		**358,404.4**	**349,807.3**
Provisions		**244.3**	**243.1**
Subordinated debt		4,393.1	3,996.0
Financing liabilities		**4,393.1**	**3,996.0**
Operating liabilities represented by securities		6,840.5	6,360.1
Operating liabilities due to banks		101.8	41.9
Liabilities arising from insurance and reinsurance transactions	*12*	17,016.7	1,808.9
Current taxes payable		348.4	237.2
Current account advances		46.5	42.9
Liabilities towards holders of units in controlled mutual funds		854.2	769.3
Derivative instruments	*9*	1,138.1	4,834.1
Deferred tax liabilities		1,378.3	1,330.0
Miscellaneous payables		5,098.3	5,690.8
Other liabilities		**32,822.7**	**21,115.1**
Liabilities related to assets held for sale		**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**414,827.6**	**393,732.2**

CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	30.06.2016	30.06.2015
Premiums written		17,537.1	16,414.9
Change in unearned premiums reserve		(286.2)	(321.0)
Earned premiums	*13*	**17,250.9**	**16,093.9**
Revenue from other activities	*13*	**59.5**	**69.9**
Other operating revenue		**0.0**	**0.0**
Investment income		4,426.7	4,950.9
Gains and losses on sales of investments, net		504.8	746.0
Change in fair value of financial assets at fair value through profit or loss		(854.8)	2,195.5
Impairment losses on financial instruments		(95.7)	184.4
Investment income before finance costs	*14*	**3,981.0**	**8,076.7**
Net revenue		**21,291.4**	**24,240.5**
Claims and benefits expenses		(17,981.8)	(20,545.4)
Investment and other financial expenses, excluding finance costs	*14*	(283.5)	(337.0)
Reinsurance result		141.8	25.8
Expenses of other businesses		(0.1)	0.1
Acquisition costs		(1,883.6)	(1,837.6)
Amortisation of value of acquired In-Force business and distribution agreements		(12.2)	(2.5)
Contract administration expenses		(107.0)	(96.8)
Other recurring operating income and expense, net		65.9	(259.9)
Total other recurring operating income and expense, net		**(20,060.4)**	**(23,053.2)**
Recurring operating profit		**1,231.0**	**1,187.3**
Other non-recurring operating income and expense, net		0.6	0.5
Operating profit		**1,231.6**	**1,187.8**
Finance costs	*14*	(118.6)	(95.1)
Change in fair value of intangible assets		0.8	0.7
Share of profit of associates		3.1	13.7
Income tax expense	*15*	(365.3)	(313.4)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		**751.6**	**793.8**
Non-controlling interests		(131.5)	(178.5)
Profit attributable to owners of the parent		**620.1**	**615.3**
Basic earnings per share *(in €)*		0.87	0.86
Diluted earnings per share *(in €)*		0.87	0.86

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – FIRST-HALF 2016

(in € millions)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**620.1**	**131.5**	**751.6**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**237.1**	**191.0**	**428.1**
Available-for-sale financial assets			
Change in revaluation reserve during the period	2,614.1	62.9	2,677.0
Reclassification of proceeds from disposals to profit or loss	(920.0)	(9.1)	(929.1)
Reclassification of impairment losses to profit or loss	475.3	0.7	476.0
Sub-total including deferred participation and deferred taxes	*2,169.4*	*54.5*	*2,223.9*
Deferred participation excluding deferred taxes	(1,998.9)	13.2	(1,985.8)
Deferred taxes	(90.1)	(27.6)	(117.7)
Sub-total net of deferred participation and deferred taxes	*80.4*	*40.1*	*120.4*
Cash flow hedge reserve	(18.6)	0.0	(18.6)
Change in cash flow hedge reserve during the period	(82.1)	0.0	(82.1)
Cash flow hedge reserve recycled through profit or loss during the period	53.7	0.0	53.7
Deferred taxes	9.8	0.0	9.8
Translation differences	175.4	150.9	326.2
Amounts not recycled through profit or loss	**(0.1)**	**0.0**	**(0.1)**
Actuarial gains and losses	(0.1)	0.0	(0.1)
Other movements	0.0	0.0	0.0
Total income and expense recognised directly in equity	**237.1**	**191.0**	**428.0**
Net income and expense recognised directly in equity	**857.2**	**322.5**	**1,179.6**

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – FIRST-HALF 2015

(in € millions)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**615.3**	**178.5**	**793.8**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(29.0)**	**(40.1)**	**(69.1)**
Available-for-sale financial assets			
Change in revaluation reserve during the period	(1,493.0)	14.3	(1,478.7)
Reclassification of proceeds from disposals to profit or loss	(568.0)	(10.0)	(578.0)
Reclassification of impairment losses to profit or loss	76.5	1.1	77.5
Sub-total including deferred participation and deferred taxes	*(1,984.5)*	*5.3*	*(1,979.2)*
Deferred participation excluding deferred taxes	2,062.8	8.9	2,071.7
Deferred taxes	(34.0)	(6.6)	(40.7)
Sub-total net of deferred participation and deferred taxes	*44.2*	*7.6*	*51.8*
Cash flow hedge reserve	10.0	0.0	10.0
Change in cash flow hedge reserve during the period	92.3	0.0	92.3
Cash flow hedge reserve recycled through profit or loss during the period	(76.0)	0.0	(76.0)
Deferred taxes	(6.2)	0.0	(6.2)
Translation differences	(83.3)	(47.7)	(130.9)
Amounts not recycled through profit or loss	**(0.9)**	**0.0**	**(0.9)**
Actuarial gains and losses	(0.9)	0.0	(0.9)
Other movements	0.0	0.0	0.0
Total income and expense recognised directly in equity	**(29.9)**	**(40.1)**	**(70.0)**
Net income and expense recognised directly in equity	**585.4**	**138.4**	**723.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FIRST-HALF 2016

(in € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2016 – IFRS	**686.6**	**1,716.8**	**3,364.2**	**(4.9)**	**2,635.2**	**9,084.0**	**(369.0)**	**17,113.0**	**1,457.8**	**18,570.7**
Net profit and unrealised and deferred gains and losses for the period			**80.4**	**(18.6)**		**620.1**	**175.4**	**857.2**	**322.5**	**1,179.6**
- Dividends paid						(528.5)		**(528.5)**	(204.3)	**(732.8)**
- Issue of shares								**0.0**	0.0	**0.0**
- Subordinated notes, net of tax						(23.7)		**(23.7)**	0.0	**(23.7)**
- Treasury shares, net of tax						4.3		**4.3**	0.0	**4.3**
- Changes in scope of consolidation			(35.7)			0.4		**(35.4)**	(0.9)	**(36.2)**
- Other movements								**0.0**	1.1	**1.1**
Equity at 30.06.2016	**686.6**	**1,716.8**	**3,408.8**	**(23.5)**	**2,635.2**	**9,156.5**	**(193.7)**	**17,386.9**	**1,576.2**	**18,963.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FIRST-HALF 2015

(in € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2015 – IFRS	**686.6**	**1,716.8**	**3,162.4**	**(11.7)**	**2,635.3**	**8,578.5**	**(88.0)**	**16,679.9**	**1,619.6**	**18,299.5**
Net profit and unrealised and deferred gains and losses for the period			**44.2**	**10.0**		**614.3**	**(83.3)**	**585.4**	**138.4**	**723.8**
- Dividends paid						(528.4)		**(528.4)**	(240.0)	**(768.4)**
- Issue of shares										
- Subordinated notes, net of tax						(24.0)		**(24.0)**		**(24.0)**
- Treasury shares, net of tax						(4.4)		**(4.4)**		**(4.4)**
- Changes in scope of consolidation			(17.0)			(4.5)		**(21.5)**	(158.2)	**(179.8)**
- Other movements						1.4		**1.4**	(1.8)	**(0.5)**
Equity at 30.06.2015	**686.6**	**1,716.8**	**3,189.6**	**(1.7)**	**2,635.3**	**8,633.0**	**(171.2)**	**16,688.4**	**1,357.9**	**18,046.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows includes:

- cash flows of fully-consolidated companies
- cash flows arising from Group investments, dividends and other transactions with associates or jointly-controlled entities accounted for by the equity method.

Definition of cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments (sight deposits and other instruments) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

They include units in "ordinary" money market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines issued by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) No. 2011-13. This approach analyses both the fund prospectus and yield patterns (fund performance, volatility, etc.).

Cash and cash equivalents reported in the statement of cash flows are stated net of bank overdrafts used for cash management purposes.

Definition of cash flows from operating activities

Cash flows from operating activities correspond essentially to the cash flows of the Group's revenue-generating activities.

Definition of cash flows from investing activities

Cash flows from investing activities correspond to cash flows from purchases and sales of investment property and securities, operating property and equipment and intangible assets.

Definition of cash flows from financing activities

Cash flows from financing activities correspond to all cash flows leading to a change in the amount and components of equity and financing liabilities, as follows:

- share issues and cancellations
- debt issues and repayments
- purchases and sales of treasury stock
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

Reconciliation of cash and cash equivalents reported in the balance sheet and in the statement of cash flows

(in € millions)	**30.06.2016**	**30.06.2015**
Cash and cash equivalents (reported in the balance sheet)	882.7	1,123.2
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(101.8)	(118.5)
Securities held for trading	19,115.2	16,080.8
Total (reported in the consolidated statement of cash flows)	**19,896.1**	**17,085.5**

Cash and cash equivalents reported in the statement of cash flows correspond to:

- cash and cash equivalents reported in the balance sheet under assets
- operating liabilities due to banks: short-term bank loans and overdrafts other than financing liabilities, reported in the balance sheet under liabilities
- securities held for trading: money market mutual funds reported in the balance sheet under "insurance investments".

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	30.06.2016	30.06.2015
Operating profit before tax	**1,231.6**	**1,187.8**
Gains and losses on disposal of investments	(631.3)	(532.1)
Depreciation and amortisation expense, net	58.1	53.2
Change in deferred acquisition costs	(157.7)	(215.0)
Impairment losses, net	94.4	(179.9)
Charges to insurance and financial liabilities	(8,612.8)	7,210.6
Charges to provisions, net	(10.5)	(1.6)
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	826.1	(1,455.1)
Other adjustments	(1,482.6)	(1,435.3)
Dividends received from associates	16.3	11.4
Total adjustments	**(9,899.9)**	**3,456.3**
Change in operating receivables and payables	14,332.6	3,707.3
Change in securities sold and purchased under repurchase and resale agreements	480.4	(1,453.3)
Change in other assets and liabilities	(28.5)	(52.4)
Income taxes paid, net of reimbursements	(433.4)	(31.4)
Net cash provided by (used by) operating activities	**5,682.8**	**6,814.2**
Acquisitions of subsidiaries and joint ventures, net of cash acquired	0.0	0.0
Divestments of subsidiaries and joint ventures, net of cash sold	0.0	131.8
Acquisitions of associates	0.0	0.0
Divestments of associates	0.0	0.0
Net cash provided by (used by) divestments and acquisitions	**0.0**	**131.8**
Proceeds from the sale of financial assets	38,457.1	49,045.3
Proceeds from the sale of investment properties	96.1	42.7
Proceeds from the sale of other investments	1.1	1.1
Net cash provided by (used by) sales and redemptions of investments	**38,554.3**	**49,089.1**
Acquisitions of financial assets	(39,745.5)	(52,471.7)
Acquisitions of investment properties	(163.5)	(56.7)
Acquisitions and/or issuance of other investments	0.0	0.0
Net cash provided by (used by) acquisitions of investments	**(39,909.0)**	**(52,528.5)**
Proceeds from the sale of property and equipment and intangible assets	6.2	4.7
Purchases of property and equipment and intangible assets	(39.1)	(35.3)
Net cash provided by (used by) sales and purchases of property and equipment and intangible assets	**(32.9)**	**(30.6)**
Net cash provided by (used by) investing activities	**(1,387.6)**	**(3,338.1)**
Issuance of equity instruments (1)	0.8	3.6
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	4.6	(4.3)
Dividends paid	(768.9)	(778.0)
Net cash provided by (used by) transactions with owners	**(763.5)**	**(778.6)**
New borrowings	450.9	0.0
Repayments of borrowings	0.0	(0.2)
Interest paid on borrowings	(154.8)	(133.7)
Net cash provided by (used by) other financing activities	**296.1**	**(133.9)**
Net cash provided by (used by) financing activities	**(467.5)**	**(912.5)**
Cash and cash equivalents at beginning of period	**15,180.0**	**14,514.3**
Net cash provided by (used by) operating activities	5,682.8	6,814.2
Net cash provided by (used by) investing activities	(1,387.6)	(3,338.1)
Net cash provided by (used by) financing activities	(467.5)	(912.5)
Effect of changes in exchange rates	25.1	2.7
Effect of changes in Group structure and other changes (2)	863.3	4.9
Cash and cash equivalents at the reporting date	**19,896.1**	**17,085.5**

(1) Share issue by CNP Seguros de Vida for €0.8 million
(2) Reclassification of funds from "dynamic" to "ordinary" by CNP Assurances for €0.8 billion

SIGNIFICANT EVENTS OF FIRST-HALF 2016 AND SUBSEQUENT EVENTS

Note 1 Significant events of first-half 2016

• *Economic and financial environment*

Brexit

On 23 June 2016, the United Kingdom voted to leave the European Union. There is considerable uncertainty surrounding the process to unpick the country's relationships with the various European institutions, with negotiations likely to take two years from the date when Article 50 of the Lisbon treaty is triggered.

CNP Assurances' sterling exposure is very limited in relation to its total assets of €377.5 billion.

The Group has identified its direct sterling exposure. It has no direct exposure to sterling-denominated equities. It is marginally exposed through a portfolio of sterling-denominated infrastructure investments totalling €34.7 million and settled capital calls of €110.5 million made by UK private equity funds. Its exposure to UK gilts represents €0.1 million and the portfolio of sterling-denominated corporate bonds, in the amount of €918 million, is hedged against currency risk.

On the liabilities side, sterling-denominated insurance liabilities stand at €535.0 million.

Lastly, a €300 million loan in sterling that was obtained in April 2011 is hedged against currency risk.

All calculations concerning financial assets and liabilities (revaluations, impairments) have been performed using 30 June 2016 prices and exchange rates and therefore take into account the impact of the Brexit vote.

• *Developments concerning the partnership between CNP Assurances and La Banque Postale*

Following the authorisation given by the Board of Directors on 16 February 2016, CNP Assurances and La Banque Postale signed a framework agreement on 25 March 2016 renewing their partnership in the areas of term creditor insurance, savings products and personal risk insurance.

Various contracts have been signed in application of the framework agreement. The new agreement is for a 10-year term and its scope has been widened to include La Banque Postale's wealth management subsidiary, BPE.

The partnership with La Banque Postale represents premium income of some €4.9 billion.

In term creditor insurance, the new contracts include a 5% quote-share reinsurance treaty with La Banque Postale Prévoyance covering standard term creditor insurance policies for La Banque Postale customers written by CNP Assurances and a financial contract describing the commission arrangements for La Banque Postale and BPE.

In savings, the new contracts give La Banque Postale and BPE an exclusive right to distribute CNP Assurances products.

In personal risk insurance, the framework agreement provided for the sale by CNP Assurances of its 50% stake in La Banque Postale Prévoyance (LBPP) to La Banque Postale for €306.9 million less dividends of €15.3 million. As a wholly owned subsidiary of La Banque Postale, LBPP will notably continue to write personal risk insurance.

The sale was subject to approval from France's insurance supervisor (ACPR) and anti-trust authorities. ACPR approval was obtained on 6 June 2016 and anti-trust approval on 21 June 2016.

The sale netted an after-tax gain of €160.6 million, which is included in CNP Assurances' profit for the first half of 2016.

• *Signing of a partnership framework contract between AG2R La Mondiale and CNP Assurances*

A partnership framework contract was signed on 15 December 2015 between CNP Assurances and AG2R La Mondiale.

The contract covers the following main aspects:

- Contribution of each of the partners' group pensions contracts (traditional and unit-linked funds), subject to certain conditions precedent.
- A commitment to reinsure the new business written by the partnership vehicle, renamed Arial CNP Assurances, pro rata to each partner's ownership interest.
- Acquisition by CNP Assurances of a 40% stake in Arial Assurance, a subsidiary of AG2R La Mondiale.

As a result of these actions the joint venture would represent some €12 billion in private pension commitments.

Following the signature of a shareholders' pact on 1 April 2016 between CNP Assurances and La Mondiale, to which Arial Assurance and AG2R Réunica Prévoyance are also parties, on 4 April 2016 CNP Assurances and AG2R La Mondiale announced the start of operations of their strategic partnership. The operation has been approved by France's insurance supervisor (ACPR) and anti-trust authorities (ADLC).

The stake in Arial Assurance was acquired by CNP Assurances for €43.3 million.

Renamed Arial CNP Assurances, it has been accounted for by the equity method in the Group's consolidated balance sheet at 30 June 2016 for an amount of €44.4 million. Its contribution to consolidated profit for the period amounted to €1.0 million.

• *New partnership agreements with BPCE*

The new 7-year partnership agreement between the BPCE Group and CNP Assurances has been in full force and effect since 1 January 2016. It includes implementation of an exclusive group term creditor insurance partnership with Natixis Assurances covering the entire BPCE Group network as well as specific partnerships in individual and group death/disability and health insurance. It also establishes a mechanism to align the interests of both partners concerning the contracts purchased by Caisses d'Epargne clients up until 31 December 2015 that will continue to be managed by CNP Assurances, as well as a 10%-quota share reinsurance treaty with Natixis Assurances, representing ceded technical reserves of €12.0 billion.

The partnership with BPCE contributed €6.3 billion to CNP Assurances' consolidated premium income for first-half 2016.

Joint implementation of the reinsurance treaty covering new business written by Natixis Assurances generated €118.0 million in inward reinsurance premiums for the period. Premium income for the period from the new term creditor insurance offer totalled €19.0 million.

- ***Signature by CNP Assurances of an agreement to acquire 51% of Pan Seguros and Pan Corretora***

On 21 April 2016, CNP Assurances announced that it had signed an agreement to acquire a 51% stake in Pan Seguros (excluding its large risks P&C portfolio) and Pan Corretora from Banco BTG Pactual (“BTGP”). Caixa Econômica Federal (“CEF”) holds indirectly 49% in both companies.

Pan Seguros distributes its products – primarily term creditor insurance and protection products – through an exclusive partnership with Banco PAN, as well as a number of partnerships with other financial institutions, including CEF, and specialized distributors such as car dealerships and retailers. The distribution agreement with Banco PAN runs until 2034.

By combining CNP Assurances’ life insurance expertise with Pan Seguros’ footprint, this transaction will allow the clients of Banco PAN and Pan Seguros’ other partners to benefit from an extended and value-creating product offering.

The agreed purchase price for the two stakes combined is BRL 700 million, subject to certain adjustments depending on Pan Seguros and Pan Corretora’s financial performance until closing. CNP Assurances intends to finance the transaction using its existing financial resources.

Completion of the transaction remains subject to regulatory and anti-trust approval, as well as to the agreement of CEF, Pan Seguros and Pan Corretora's other shareholder.

The transaction serves CNP Assurances' double strategic priority to strengthen its presence in Brazil – its second largest market after France – and develop its personal risk and protection business.

It is expected to close during 2017.

- ***$500 million private placement issue***

On Friday, 15 January 2016, CNP Assurances placed a $500 million subordinated note with a major institutional investor. The note was issued in response to a specific request from the investor. The proceeds will support business growth and strengthen the Group’s balance sheet.

The fixed-for-life issue will pay a 6% coupon in dollars. The final maturity is 33 years, with a first call date after 13 years.

The issue has been structured to qualify as equity and will be eligible as Tier 2 capital under Solvency II. The currency risk is hedged by a derivative instrument qualifying as a cash flow hedge under IFRS.

Note 2 Subsequent events

No significant events occurred after the end of the interim reporting period.

ASSETS, EQUITY AND LIABILITIES

Note 3 Summary of significant accounting policies

CNP Assurances SA, the parent company of the Group, is a *société anonyme* (joint-stock company) with a Board of Directors, governed by the French Insurance Code (*Code des assurances*). It has fully paid-up share capital of €686,618,477. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

The registered office is located at 4, place Raoul-Dautry, 75015 Paris.

The Group's principal business is the writing of personal insurance. CNP Assurances' corporate purpose is to:

- write life and endowment insurance
- write bodily injury insurance covering accident and health risks
- hold majority interests in insurance companies.

The consolidated financial statements for the six months ended 30 June 2016 include the financial statements of the Company and its subsidiaries, as well as the Group's interests in the results and net assets of jointly-controlled entities and associates. They were approved by the Board of Directors on 27 July 2016.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. As required by IAS 34, the accounting policies applied by the Group to prepare the interim consolidated financial statements were the same as those used for the annual financial statements.

The Group entities all apply Group accounting policies, as presented in these notes. The accounting policies comply with those used to prepare the financial statements for the year ended 31 December 2015, with the exception of the standards, amendments and interpretations listed below, effective for 2016 financial statements.

New accounting standards adopted since 1 January 2016

The new accounting standards adopted since 1 January 2016 are as follows:

- Disclosure initiative: annual amendment to IAS 1 – Presentation of Financial Statements
- Annual amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Annual amendment to IFRS 11 – Acquisition of an Interest in a Joint Operation
- Annual amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants
- Annual amendment to IAS 27 – Use of the Equity Method in Separate Financial Statements
- Annual amendment to IAS 19 – Defined Benefit Plans: Employee Contributions

These amendments have no impact for CNP Assurances.

IFRS annual improvements, 2010-2012 cycle: the amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, and IAS 24 have no impact for CNP Assurances.
IFRS annual improvements, 2012-2014 cycle: the amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 have no impact for CNP Assurances

Accounting standards and interpretations published but not yet in force and not applicable at 30 June 2016

This concerns amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception), and IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture). These amendments have no impact for the Group.

The amendments to IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses and IAS 7 – Statement of Cash Flows are expected to be adopted by the European Union in the fourth quarter of 2016.

The final version of IFRS 9 – Financial Instruments was published on 24 July 2014 and will be applicable from 1 January 2018 subject to adoption by the European Union.

- This standard, which replaces IAS 39 – Financial Instruments, sets down accounting principles and disclosure requirements for financial assets and liabilities. This comprehensive final version of IFRS 9 follows three earlier partial publications:
  - on 12 November 2009, the IASB published the first (partial) version of IFRS 9 – Financial Instruments, focusing exclusively on "classification and measurement" of financial assets
  - on 28 October 2010, the IASB published the second (partial) version of IFRS 9 – Financial Instruments, incorporating requirements on accounting for financial liabilities
  - on 19 November 2013, the IASB published a new section of IFRS 9 – Financial Instruments, focusing on hedge accounting and amendments to IFRS 9, IFRS 7 – Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement. This new section includes the definition of a business model that more closely reflects an insurance company's strategy for holding and managing financial assets.

The final version consolidates the three core phases, i.e., classification and measurement, impairment and hedge accounting. Macro hedge accounting is covered in a separate IASB project. This has not yet been finalised but a discussion paper was published on 17 April 2014.

Main provisions of IFRS 9

a) Classification and measurement

IFRS 9 introduces a standard approach to classification and measurement of financial assets and contains only three classification categories: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

In the case of debt instruments, the assessment is based around two criteria that determine how a financial asset should be classified and measured:

- the business model that the entity uses for managing the financial asset and
- the contractual cash flow characteristics of the financial asset.

IFRS 9 introduces two types of business model as follows:

- the financial asset is held within a business model whose objective is to collect the contractual cash flows. If this is the case, the financial asset is measured at amortised cost
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. If so, the financial asset must be measured at FVTOCI.

All other financial assets must be measured at fair value through profit or loss (FVTPL). An entity may designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an inconsistency in valuation methods or accounting treatment (sometimes referred to as an accounting mismatch).

Equity instruments are always measured at FVTPL with the exception of those not held for trading. An entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading (including realised gains and losses). Only dividends received from such investments are to be recognised in profit or loss.

IFRS 9 retains the accounting treatment of financial liabilities but adds guidance on certain issues, notably the impact of changes in own credit risk in profit or loss when non-trading financial liabilities are measured at fair value.

b) Impairment

- IFRS 9 also introduces a new debt instrument impairment model that involves writing off expected credit losses at initial recognition. Under IAS 39, impairment losses were only taken if there was a recognised risk due to the existence of one or more objective indicators of impairment.

Under the new model, assets move through three stages:

- at investment: the entity recognises 12-month expected credit losses and interest income is calculated on the gross carrying amount of the instrument
- stage 2: if there has been a significant increase in credit risk since initial recognition, lifetime expected credit losses are recognised, but interest revenue is still calculated on the gross carrying amount of the asset
- stage 3: if a credit event affects the issuer, lifetime expected credit losses are recognised and interest income is calculated on the net carrying amount.

c) Hedge accounting

IFRS 9 broadens hedge accounting eligibility criteria in exchange for greater transparency in risk management disclosure.

The new model marks an important change that aligns hedge accounting more closely with risk management and enables entities to disclose these activities more effectively in their financial statements. For example, IFRS 9 allows entities to hedge the risk components of non-financial items and homogeneous groups of items for all types of risk on a net basis.

IFRS 9 changes certain aspects relating to hedging instruments. In particular, changes in the fair value of the time value of an option used as a hedging instrument may be recognised in OCI. Eligibility also extends to the forward element of a forward contract or the foreign currency basis spread, thus reducing volatility in the income statement.

The standard also makes hedge effectiveness testing less rigid. Retrospective and prospective testing (using the 80%-125% bright line) is replaced by a single prospective test based on three effectiveness requirements: there is ‘an economic relationship’ between the hedged item and the hedging instrument; the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and the hedge ratio is consistent with the entity's risk management approach.

IFRS 9 transition arrangements

An exposure draft was published by the IASB on 9 December 2015, setting out proposed amendments to IFRS 4 – Insurance Contracts addressing concerns about the misalignment of effective dates between IFRS 9 and the forthcoming new insurance contracts standard:

- The first option, which would concern insurance companies that chose to adopt IFRS 9 as from 1 January 2018, would consist of reclassifying from profit or loss to other comprehensive income the additional volatility caused by applying IFRS 9 to assets previously accounted for as available-for-sale financial assets or financial assets at amortised cost under IAS 39 (the "overlay approach"). Insurers would have the option of applying this approach throughout the period until the effective date of the new insurance contracts standard.
- The second option would be to grant an optional temporary exemption from applying IFRS 9 for a period of three years ending on 1 January 2021 (the "deferral approach").

On 16 March 2016, the IASB decided by a majority vote not to allow bancassurers to defer application of the standard. However, traditional insurance companies may defer application until the effective date of the new insurance contracts standard. The insurance subsidiaries of financial institutions cannot claim that they operate separately from the banking business and will be required to produce accounting information using the principles applied by their shareholders. Eligibility will be determined at the level of the reporting entity (parent company) of each group.

On 17 May 2016, the IASB introduced an option to simplify application of IFRS 9 to companies accounted for by the equity method, by allowing them to prepare their consolidation packages in accordance with IAS 39.

Estimated impact for CNP Assurances of applying IFRS 9

The information presented below corresponds to overall estimates of the impact of applying IFRS 9 as it currently stands.

However, confirmation of these estimates will depend on:

- the decisions of the IASB on the exposure draft published on 9 December 2015 (see above)
- the final version of the replacement for IFRS 4 – Insurance Contracts
- adoption by the European Union of IFRS 9 and the future standard on insurance contracts.

In the meantime, preparing estimates is a complex process and the degree of estimation uncertainty is high.

As IFRS 9 has not yet been adopted by the European Union, it is not yet available for early adoption. The Group is currently reviewing the basis of application and the potential impact of the new standard.

As things currently stand, pending publication of the final standard announced for the second half of 2016 the Group expects to defer application of IFRS 9 for the preparation of its financial statements until 2021.

As part of its preparation for IFRS 9, the Group has taken part in several field tests organised by the European Financial Reporting Advisory Group (EFRAG). EFRAG was created in order to assist the European Commission in approving the international financial reporting standards published by the IASB by providing technical advice on accounting matters. These field tests suggest that the standard's main impact will be a possible material increase in securities classified as "Financial assets at fair value through profit or loss".

- IFRS 15 – Revenue from Contracts with Customers

Published on 28 May 2014 and effective for annual periods beginning on or after 1 January 2017, subject to adoption by the European Union, the standard provides a single model to be applied to all contracts with customers. It replaces the standards currently dealing with revenue recognition, namely IAS 18 – Revenue and IAS 11 – Construction Contracts and related interpretations along with the following interpretations: IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services.

Specific types of contracts dealt with in other standards, such as leases, insurance policies and financial instruments, are excluded from the scope of IFRS 15.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new standard also introduces enhanced disclosure requirements and provides a framework for dealing with transactions that were not comprehensively covered previously as well as improved guidance for contracts with multiple-element arrangements. The core principle is delivered in a five-step model framework:

- identify the contract(s) with a customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract
- recognise revenue when (or as) the entity satisfies a performance obligation.

In view of the IASB's plan to publish amendments to IFRS 15 – including clarifications and illustrative examples – in order to improve the application of the new standard, an exposure draft was published on 19 May 2015 proposing to defer the effective date of IFRS 15 from 1 January 2017 to 1 January 2018.
The Group is currently reviewing the basis of application and the potential impacts of IFRS 15.

- Amendments to IFRS 15: on 12 April 2016 the IFRS Foundation published amendments clarifying IFRS 15 – Revenue from Contracts with Customers which have not yet been adopted by the European Union. The amendments to the standard, which was published in 2014, do not alter the underlying principles but simply clarify the way in which they should be applied. Amendments to the body of the standard are limited. Most of the changes concern the Basis for Conclusions and Illustrative Examples. They clarify the question of how to:

  - identify a performance obligation (i.e., the promise to transfer goods or services to a customer) in a contract
  - determine whether an entity is a principal (i.e., the supplier of the goods or services) or an agent (i.e., the party responsible for delivering the goods or services) in the transaction
  - determine whether the revenue from a licence of IP should be recognised immediately or over time.

As explained in the exposure draft, the IASB plans to include in the IFRS 15 transition rules two practical expedients for modified contracts:

- An entity may choose not to retrospectively restate contracts that were completed before the beginning of the earliest period presented.
- For contracts that were modified before the beginning of the earliest period presented, it may consider the aggregate effect of all the modifications for the purpose of identifying fulfilled and unfulfilled performance obligations, determining the transaction price and allocating the transaction price to the fulfilled and unfulfilled performance obligations.

The amendments also include two other measures not provided for in the exposure draft, that are designed to reduce the cost and complexity of applying IFRS 15 for first-time adopters.

- An entity that chooses to apply the simplification measure described above may apply it to all contracts:
  - either for all contract modifications made before the beginning of the earliest comparative period presented in the financial statements in which IFRS 15 is adopted for the first time
  - or for all contract modifications made before the date of first-time adoption of IFRS 15.

- An entity that chooses the alternative method may apply it:
  - either to all contracts
  - or, only to those contracts that are not completed as of the date of first-time adoption of IFRS 15.

The effective date of these amendments is the same as that for IFRS 15, i.e., 1 January 2018. They are applicable retrospectively in accordance with IAS 8, as if they had formed an integral part of IFRS 15 on the date of first-time adoption. Earlier application is permitted.

- IFRS 14 – Regulatory Deferral Accounts

  IFRS 14 – Regulatory Deferral Accounts was published by the IFRS Foundation on 30 January 2014. It is effective for annual periods beginning on or after 1 January 2016, subject to adoption by the European Union. Pending the definitive version, the European Commission has decided not to launch an adoption process for the provisional standard. This provisional standard allows first-time adopters of IFRSs to continue to account for rate-regulated activities in accordance with their previous GAAP until such time as the IASB can complete its comprehensive project on rate-regulated activities. This amendment is not expected to have any impact on the Group's consolidated financial statements.

IFRS 16 – Leases

On 13 January 2016, the IASB published IFRS 16 – Leases, which replaces IAS 17 and the related interpretations (IFRIC 4, SIC 15 and SIC 27). IFRS 16 has not yet been approved for use in the European Union. The principal aims of the new standard are to present the assets and liabilities of lessors and lessees more fairly, provide more transparent information, and improve the comparability of financial information presented by entities that lease assets and those that borrow funds to acquire assets outright. The main changes compared with IAS 17 are as follows:

- All leases will be recognised in the lessees' balance sheet, providing better visibility of their assets and liabilities.
- IFRS 16 introduces a single lease accounting model for lessors, in which all leases are treated as finance leases.
- Lessees may elect not to apply IFRS 16 to short-term leases and leases for which the underlying asset is of low value (such as laptops).
- A new definition of leases: "A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".
- The accounting treatment of service contracts is not modified by IFRS 16. However, the standard provides guidance on separating the "service" component of a complex contract from the "lease" component.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements are presented in millions of euros, rounded up or down to the nearest decimal.

They have been prepared according to the cost model, except for (i) insurance assets and liabilities and assets and liabilities related to investment contracts with a discretionary participation feature which have been measured by the methods used in the French GAAP accounts and (ii) financial assets at fair value through profit or loss (financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss), available-for-sale financial assets, investment property held in unit-linked portfolios and derivative instruments separated from their host contracts, which are measured using the fair value model.

Non-current assets and groups of assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell, with the exception of deferred tax assets, assets generated by employee benefits, financial assets, investment property measured at fair value, biological assets and assets arising under insurance contracts, all of which are measured using their own specific valuation basis.

The preparation of financial statements in accordance with IFRSs requires the use of estimates and assumptions that have an impact on the application of accounting policies and on the reported amounts of assets and liabilities, income and expenses. The main balance sheet headings concerned by such estimates and assumptions include goodwill (particularly with regard to impairment testing), the value of acquired In-Force business, assets measured at fair value not quoted in an active market, insurance-related assets and liabilities (technical reserves, deferred participation assets and deferred participation reserves) and deferred taxes.

These estimates and the underlying assumptions are based on past experience, regulatory information, generally accepted actuarial principles and other factors considered reasonable under the circumstances and they are subject to sensitivity analyses when this is required by regulations or when such tests back up the assumptions made by the Group.

They serve as the basis for the exercise of judgement in determining the carrying amounts of assets and liabilities which cannot be obtained directly from other sources. Actual values may be different from these estimates. Estimates and the underlying assumptions are reviewed at regular intervals.

The effects of changes in accounting estimates are recognised in the period in which the change occurs.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements.

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of subsidiaries, jointly-controlled entities and associates. Other than the regulatory capital requirements of the insurance subsidiaries, the Group does not have any restrictions limiting its access to assets or settling the liabilities of the entities within its scope of consolidation.

Subsidiaries

A subsidiary is an entity controlled by the Company. Control is a function of three elements: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

Power results from existing rights that give the current ability to direct an investee's relevant activities. The rights that confer power may differ depending on the investee's purpose and design, structure, the nature of its relevant activities or the way in which decisions about the investee are taken. It is generally voting or similar rights that give an investor power, either individually or in combination with other arrangements. If contractual arrangements have a bearing on the relevant activities, they need to be analysed to determine whether rights held are sufficient to confer power. In circumstances where it is difficult to determine whether an investor's rights are sufficient to give it power over an investee, it may be necessary to consider evidence of whether it has the practical ability to direct the relevant activities unilaterally.

Exposure or rights to variable returns from involvement with the investee are assessed based on the investor's returns from existing arrangements which have the potential to vary as a result of the investee's performance. An investor assesses whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement and regardless of the legal form of the returns.

Control results not merely from power over the investee and exposure to variable returns, but from the ability to use power over the investee to affect the amount of the investor's returns from its involvement with the investee. Thus, an investor with decision-making rights must determine whether it is acting as a principal or an agent.

Subsidiaries are fully consolidated.

New subsidiaries are consolidated from the date when control is acquired. Divested subsidiaries are consolidated up to the date when control is relinquished.

Non-controlling interests represent holders of non-controlling interests in the Group's subsidiaries. The materiality of these non-controlling interests is assessed based on the percentage interest in the share capital of the subsidiary, as well as their impact on the consolidated financial statements.

Jointly-controlled entities (joint arrangements)

A joint venture is a contractual arrangement whereby the Group and one or more other parties exercise joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation and in accordance with the applicable IFRSs
- joint ventures: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer recognises its interest in the joint venture as an investment using the equity method.

The consolidated financial statements include the Group's interest in the joint venture, recognised by the equity method, from or up to the date when the Group exercises or ceases to exercise joint control.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of the associate.

It is presumed to be exercised when the Group holds at least 20% of the associate's voting rights, directly or indirectly. However, this is only one of the criteria used, and the existence or absence of significant influence may be determined on the basis of other factors, regardless of the percentage of voting rights held. Other indicators of significant influence include representation on the board of directors or equivalent governing body of the associate and material transactions between CNP Assurances and the associate.

The consolidated financial statements include the Group's share of the net assets and profits of associates, recognised by the equity method, from or up to the date when the Group exercises or ceases to exercise significant influence.

If the Group's share of an associate's losses is equal to or greater than the carrying amount of its investment in the entity concerned, the investment is reduced to zero and recognition of the Group's share of future losses is discontinued, unless the Group has incurred legal or constructive obligations to bear a portion of future losses or to make payments on behalf of the associate.

3.4 Intragroup transactions

All material intragroup balances, transactions, income and expenses are eliminated in full. Income and expenses from transactions with associates and joint ventures should be eliminated based on the Group's share of the entity's profit. Losses resulting from the impairment in value of an asset transferred in an intragroup transaction are not eliminated.

3.5 Deferred participation asset/reserve

The adjustments made in application of IFRS 4 lead to the recognition of deferred policyholders' participation in assets or liabilities.

There are two types of deferred participation:

3.5.1 Unconditional participation

All differences in the calculation base of future rights between the separate financial statements and the consolidated financial statements are recognised in the deferred participation reserve.

This applies in particular to policyholder rights in positive and negative fair value adjustments and restatements of the separate financial statements of Group entities. Their amount is adjusted using a method that is consistent with the initial measurement and the pattern of recognition in profit or loss of fair value adjustments and restatements.

3.5.2 Conditional participation

This corresponds to the difference in rights between the separate and consolidated financial statements, whose payment depends on a management decision or the occurrence of an event.

These rights are recognised only when the event or management decision is highly probable. Conditional participation also arises from the application of the shadow accounting technique described in Note 3.13.2.

3.6 Foreign currency translation into the Group's presentation currency

The functional currency of subsidiaries, in which the majority of transactions are denominated, is their local currency.

Assets and liabilities of international operations – mainly international subsidiaries and independent branches – including goodwill and fair value adjustments recorded on consolidation, are translated into euros, i.e., the Group's presentation currency, at the closing exchange rate.

Income and expenses of international operations are translated at the exchange rate on the transaction date. For practical reasons, the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

Translation differences between the exchange rates used to translate assets and liabilities, and those used to translate income and expenses are recognised separately in equity as a translation adjustment.

3.7 Foreign currency balances

The individual Group entities translate foreign currency transactions into the entity's functional currency at the exchange rate on the transaction date. For practical reasons, in certain cases the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

At each reporting date, monetary balance sheet items (excluding available-for-sale financial assets) are translated using the closing rate, and the resulting exchange differences are recognised in profit or loss unless hedge accounting is used as described in Note 3.10.3.

Non-monetary assets and liabilities measured using the cost model are translated into euros at the exchange rate on the transaction date, while non-monetary assets and liabilities measured using the fair value model are translated at the exchange rate on the date of remeasurement at fair value. When a gain or loss on a non-monetary item is recognised directly in equity, e.g., when a non-monetary asset is classified as available-for-sale, the difference arising on translation of the item is also recognised in equity. Similarly, when a gain or loss on a non-monetary item is recognised directly in profit or loss, the translation difference is also recognised in profit or loss.

3.8 Business combinations and other changes in scope of consolidation

Business combinations in which the Group acquires control of one or more businesses are recognised using the purchase method.

Business combinations carried out prior to 1 January 2010 are recognised in accordance with the accounting principles used to prepare the financial statements for the year ended 31 December 2009. Non-controlling interests (also known as minority interests) are measured at the Group's proportionate share in the acquiree's net revalued assets, while adjustments to contingent consideration are treated as an adjustment to the cost of the combination.

Business combinations that took place after 1 January 2010 are recognised and measured in accordance with revised IFRS 3. Consideration transferred (acquisition cost) is measured at the acquisition-date fair value of the assets transferred, liabilities incurred and equity interests issued by the buyer. The acquiree's identifiable assets and liabilities are measured at fair value at the acquisition date. Costs directly attributable to the business combination are expensed as incurred.

Any excess of the consideration transferred over the Group's proportionate share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill (full goodwill method). CNP Assurances can choose to measure its non-controlling interests at fair value.

Goodwill is calculated at the date control is obtained and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests.

Acquisitions and disposals of non-controlling interests are recognised directly in equity.

If the consideration transferred is lower than the Group's proportionate share in the net assets of the acquiree measured at fair value, the difference is recognised directly in profit or loss for the period.

The initial accounting for a business combination must be completed within 12 months of the acquisition date. This timeline applies to the measurement of identifiable assets and liabilities, consideration transferred and non-controlling interests. In principle, any adjustments made after the measurement period affecting financial assets or liabilities are recognised in profit or loss.

3.9 Intangible assets

3.9.1 Goodwill

Goodwill is equal to the difference between the acquisition cost to the buyer and the fair value of the corresponding identifiable assets and liabilities. Negative goodwill is recognised directly in profit or loss.

Positive goodwill is:

- recognised in intangible assets when it arises on the acquisition of entities consolidated by the full-consolidation or proportionate methods
- included in investments in associates when it arises on the acquisition of an entity accounted for by the equity method
- recognised in the local currency of the acquiree and translated into euros at the closing exchange rate when it arises on the acquisition of an international entity (outside the eurozone).

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs likely to benefit from the synergies developed within the scope of the business combination resulting from the acquisition. A CGU is defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Group identifies CGUs by entity or group of similar entities.

When goodwill is positive, it is stated in the balance sheet at cost less any accumulated impairment losses. It is no longer amortised but tested for impairment:

- each year on the same date, usually close to the reporting date
- or more frequently if events or changing market conditions indicate that it may be impaired since it was last tested for impairment
- or at the end of a period in which an acquisition has taken place if there is a marked deterioration in the business environment.

An impairment loss is recognised if the recoverable amount of the CGU to which the goodwill has been allocated is less than its carrying amount. The recoverable amount is defined as the higher of its fair value less costs to sell and value in use.

The Group usually calculates value in use as the net asset value of the CGU plus the present value of expected future revenues from existing portfolios and new business.

Expected future cash flows are based on the assumption that the business will continue over the long-term and that relations with banking partners will be pursued beyond the renewal date of current agreements, as well as on forecasts that have been validated by the Board of Directors and extrapolated in line with the growth rates generally used within the industry for the businesses concerned, and using conservatively estimated discount rates in line with the average weighted cost of capital.

When preparing interim consolidated financial statements, the Group only tests for impairment if two indicators of impairment have simultaneously exceeded the threshold above which an impairment loss is deemed to have occurred.

The Group uses the following indicators proposed under IAS 36 which have been tailored to acquisitions carried out in the insurance sector:

Internal indicators:

- material deterioration in the actual versus budgeted operating results of the CGU
- prolonged, material deterioration in the value of new business
- the amount of funds required during and after the acquisition of the CGU in order to keep the business going is considerably higher than initially budgeted for
- sharp deterioration in the volume of In-Force business (over at least a two-year period).

External indicators:

- local regulatory developments likely to adversely impact the value of the CGU
- significant economic developments likely to lead to a sharp, prolonged fall in investment yields.

3.9.2 Life insurance portfolios

The fair value of insurance contracts and financial instruments with a discretionary participation feature acquired in a business combination or a separate transaction is split into two components, as follows:

- a liability measured in accordance with the Group's accounting policies for insurance contracts and financial instruments with a discretionary participation feature
- an intangible asset ("value of In-Force business") representing the difference between the fair value of these contracts and the amount described above.

The value of In-Force business corresponding to purchased insurance portfolios is generally amortised by the effective interest method over the portfolios' remaining life.

3.9.3 Distribution agreements

The value of a distribution agreement represents the future cash flows expected to result from new business relating to a partner network falling within the scope of such an agreement. These intangible assets are estimated based on the terms and conditions specific to each agreement, and are amortised over the term of the agreement taking into account a residual value where appropriate.

3.9.4 Intangible asset related to the reform of the French pension system

Pursuant to Article 26 of French Act No. 2010-1330 of 9 November 2010 dealing with the reform of the French pension system, the insurer is entitled to receive a termination payment. This entitlement has been recognised as an intangible asset in the consolidated financial statements for its recoverable amount and is being amortised over a five-year period (see Note 7.1).

3.9.5 Software

Purchased software licences are recognised as an intangible asset at cost less accumulated amortisation and any accumulated impairment losses.

Directly attributable internal and external costs of developing software for internal use, integrating business applications and evolutive maintenance are capitalised if, and only if, it is probable that they will have the effect of increasing the future economic benefits to be derived from the asset and comply with the other provisions of IAS 38. Costs that do not fulfil the criteria for recognition as an asset are recorded in expenses for the period.

Software licences and development costs are generally amortised over periods of between five and eight years.

3.10 Investments

3.10.1 Property

Investment property is property (land or building) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment and owner-occupied properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value corresponds to the probable realisable value of properties and shares in unlisted property companies. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French prudential control authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR). In the period between two five-year valuations, fair value is estimated at each year-end and the amounts obtained are certified by a qualified expert.

Under the cost model, properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Borrowing costs directly attributable to acquisition or construction are included in the cost of the asset and expensed once the building is in use.

For the purpose of determining depreciation periods, properties are considered as comprising five significant parts with different useful lives:

- land
- shell and roof structure
- facades and roofing
- fixtures
- technical installations.

Maintenance costs are added to the cost of the part of the property to which they relate when it is probable that they will generate future economic benefits and they can be measured reliably.

Expenses directly attributable to the purchase of a property are included in its cost and depreciated over the useful life of the shell.

Depreciation

Depreciation is calculated on a straight-line basis to write off the acquisition or construction cost of each significant part of a property over its estimated useful life.

Due to the difficulty of reliably determining the residual value of property, investment and operating properties are considered as having no residual value.

Depreciation periods are based on the estimated useful lives of the significant parts of each property, with the exception of land which is not depreciated. These periods are as follows:

- shell: 50 years
- facades and roofing: 30 years, except for warehouses, factories, shopping centres and cinemas: 20 years
- technical installations: 20 years
- fixtures: 10 years.

Impairment

At the end of each reporting period, properties are assessed to determine whether there is any indication that they may be impaired. One such indicator is a loss of over 20% of the building's value measured against cost. If there is evidence of impairment, CNP Assurances estimates the recoverable amount of the building concerned.

The recoverable amount of a property is the higher of its value in use and its market price less costs to sell, as determined by annual independent valuations of the Group's entire property portfolio.

3.10.2 Financial assets

Classification

Financial assets are allocated among the following four categories, based on the type of portfolio, the type of financial assets, the specific features of certain financial assets and prioritised application of the criteria defining each category:

- financial assets at fair value through profit or loss, corresponding to assets held for trading and assets designated at the outset as being at fair value through profit or loss in accordance with the fair value option. Financial assets allocated to this category include assets backing unit-linked liabilities, assets with an embedded derivative that is separable from the host contract, assets of consolidated mutual funds and derivative instruments
- held-to-maturity investments, corresponding to fixed-income securities that the Group has the positive intention and ability to hold to maturity. This classification is applied restrictively to certain bonds, held mainly by the Group's Brazilian subsidiary
- loans and receivables, corresponding to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than assets classified as held for trading or available-for-sale
- available-for-sale financial assets, corresponding to assets that are not held with the firm intention of being sold but which the Group may decide to sell, for example to meet its liquidity needs. This classification is applied to assets not classified in any of the above three categories.

Recognition

Financial assets are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recorded on the transaction date.

Financial assets are initially recognised at fair value. The carrying amount includes directly attributable transaction costs, except in the case of financial assets at fair value through profit or loss.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the asset is transferred in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

Valuation method

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value.

Changes in fair value of available-for-sale financial assets are recognised directly in equity, taking into account the impact on liabilities arising from insurance contracts and financial instruments with DPF (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Changes in fair value of financial assets at fair value through profit or loss are recognised directly in profit or loss, taking into account the impact on liabilities arising from insurance contracts and financial instruments with DPF (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Loans and receivables and held-to-maturity investments are measured at amortised cost by the effective interest method. Commissions and fees paid or received, directly attributable transaction costs, and all other premiums or discounts are recognised in the income statement over the expected life of the instrument.

The fair value of financial instruments for which there is no active market is estimated using a valuation technique. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment

Financial assets other than those measured at fair value through profit or loss are tested for impairment at each reporting date. A financial asset has been impaired if there is objective evidence of impairment based on one or a number of events whose impact on the asset's estimated future cash flows may be reliably determined.

Assets measured at amortised cost and debt instruments available for sale

For debt instruments held to maturity or available for sale, an impairment loss related to their fair value is recognised in the income statement if future cash flows are unlikely to be entirely recoverable due to the existence of one or more objective indicators of impairment.

However, downgrading by a rating agency or widening credit spreads do not in themselves constitute objective evidence of impairment. One or a combination of the following factors would constitute objective evidence of impairment:

- a credit event as defined by the ISDA (International Swaps and Derivatives Association), namely, bankruptcy of the entity in question, failure to pay, or a reorganisation
- knowledge of material financial difficulties being experienced by the counterparty that amount to a recognised risk, even in instances where the counterparty has not actually defaulted
- the existence of certain facilities that would not have been granted to the counterparty in the absence of financial difficulties.

Available-for-sale equity instruments

At each reporting date, available-for-sale equity instruments are reviewed to determine whether there is any objective evidence that they are impaired. This is considered to be the case when there is:

- a prolonged decline in the fair value: the market price is less than the average carrying amount over the three years preceding the reporting date or
- a significant decline in fair value: the market price at the reporting date represents less than 50% of the average carrying amount.

When objective evidence of impairment is detected, the cumulative unrealised loss previously recorded directly in equity is recognised in profit or loss.

Moreover, in all cases where these thresholds have not been exceeded but the market price represents less than 70% of the average carrying amount over the previous six months, the Group systematically tests all equity instruments on an asset-by-asset basis to ascertain whether or not an impairment loss needs to be recognised.

This approach is based on both the materiality of the decline in the fair value and the intrinsic underlying features of the valuation for each asset.

Any subsequent decline in fair value is recognised in profit or loss as an impairment expense.

A similar method is employed for unlisted variable-income securities.

Reversals of impairment losses

Available-for-sale financial assets

Impairment losses recognised in the income statement on available-for-sale equity instruments are reversed through profit or loss when the instrument is derecognised.

If the fair value of an available-for-sale debt instrument increases in a subsequent period due to new circumstances, e.g., an improvement in the counterparty's credit rating, the impairment loss is reversed in profit or loss.

Loans and receivables, held-to-maturity investments

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account, provided that the reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been, had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.10.3 Derivative instruments

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the "underlying")

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and

c) it is settled at a future date.

Derivative instruments are classified as financial assets at fair value through profit or loss except for instruments designated as hedges whose effectiveness can be demonstrated.

Embedded derivatives are separated from their host contract and recognised as derivative instruments when the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative
- the hybrid (combined) contract is not measured at fair value with changes in fair value recognised in profit or loss.

If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire combined contract is treated as a financial asset or financial liability at fair value through profit or loss.

Hedge accounting

Derivatives designated as hedging instruments are accounted for in accordance with IAS 39 if they are part of a designated hedging relationship as defined by the standard.

The Group has contracted two cash flow hedges on sterling-denominated subordinated notes issued in 2011 and on US dollar-denominated subordinated notes issued in 2013. For these and any future operations, hedge accounting involves (i) documenting the hedging relationship and risk management objective and strategy for undertaking the hedge and (ii) assessing the effectiveness of the hedge at inception and over the life of the hedge by demonstrating the effectiveness of the hedging relationship both retrospectively and prospectively.

Cash flow hedge accounting consists of recognising the effective portion of changes in the fair value of the derivative in equity. The gain or loss on the ineffective portion of the hedge is immediately recognised in profit or loss. The cumulative gains or losses recognised in equity are recycled to the income statement over the period in which the hedged item impacts profit or loss. If the hedging instrument expires, is sold or no longer qualifies for hedge accounting, cumulative gains or losses recognised in equity are recycled to the income statement either immediately or as and when the transaction initially hedged is completed. The fair values of derivatives designated as hedging instruments are disclosed in Note 9.4.

3.10.4 Measurement at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm's length basis. The main criteria used in determining whether or not a market is active is how recent the quoted prices actually are as well as the liquidity of the securities traded. The market in question will be considered inactive if one or more of the following indicators is observed: a sharp fall in the number of transactions, a major increase in settlement costs or volatility, or a rapid widening in Z-spreads.

In the case of financial instruments whose price is not quoted in an active market (i.e., no price is quoted or a price is quoted but the market does not qualify as active, as is the case for certain structured products), fair value prices are estimated using valuation techniques. These are based on:

- prices not freely available provided upon demand by the arrangers or pricing services, or prices provided by an external agency that are freely available but where the market on which the assets are traded is not always active
- internal models that maximise the use of observable market data to measure financial assets.

Structured products held by the Group consist of financial instruments for which income is indexed to indices, baskets of equities, hedge funds, interest rates and credits. They may also comprise embedded derivatives that can modify the structure of revenues or repayments.

The Group negotiates with each arranger for prices to be quoted every month. These prices correspond to the products' economic value. Their reliability is checked on a test basis and in the case of a significant change, using valuation techniques (for example, discounted cash flow analysis) or by asking the arrangers for details of the methods used. To date, these checks have consistently confirmed the reliability of the prices quoted by the arrangers. The CNP Assurances Group checks the quality of the arrangers' valuation methods and issue ratings and the absence of any credit events.

Structured product valuation principles

The aim of the valuation techniques is to obtain estimated values that approximate the economic value of a position using prices and rates corresponding to the underlying assets or benchmark interest rates. The prices quoted by the arrangers correspond to the estimated amount that a buyer would be willing to pay to purchase the asset. Actual prices could be significantly different from these estimates, due to various factors such as credit spreads, market liquidity, the size of the position, financing costs, and hedging costs and risks.

The valuation techniques used:

- make maximum use of market inputs
- incorporate all factors that market participants would consider in setting a price, and
- are consistent with accepted economic methodologies for pricing financial instruments.

Fair value hierarchies

The Group uses the following three-level measurement hierarchy for financial instruments (see Note 9.2):

Level 1: financial instruments measured using quoted prices in active markets. The fair value of most financial instruments held by the Group is determined based on the quoted market price, whenever quoted prices are readily and regularly available and represent actual and regularly occurring market transactions conducted on an arm's length basis. The active market for such transactions is the market in which the most recent prices were quoted along with the largest volumes of transactions. The following financial assets are measured at their quoted market price:

- equities, measured on the basis of quoted prices on their reference market
- mutual fund units, measured at their net asset value
- bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent quoted prices available – on the stock exchange, from brokers, trading rooms or trading platforms, the ICMA Price Service (average prices) or BGN (average prices excluding highs and lows), taking into account liquidity factors in the choice of market
- BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system
- derivatives traded on an organised market.

Level 2: financial instruments measured by standard valuation techniques using mainly observable inputs. These include:

- structured products valued by the Group, arrangers or external valuers
- investments in unlisted securities
- OTC derivative contracts
- money market securities other than BTANs measured based on the zero coupon price curve plus a spread
- investment property measured based on prices recorded for similar recent transactions or the rental value of equivalent-type properties
- any other quoted financial instrument for which no active market exists.

Level 3: financial instruments measured using inputs not based on observable market data (unobservable inputs). These are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date. Very few financial instruments used by the Group fall into this level, but it would be used, for example, to classify asset-backed securities. For such instruments, the Group ensures that any change in inputs used for measurement purposes based on reasonable alternative scenarios would not have any material impact on the consolidated financial statements.

3.10.5 Repurchase and securities lending transactions

Repurchase and securities lending transactions are part of the Group's portfolio optimisation strategy.
The securities sold or loaned are not derecognised as the Group retains substantially all of the risks and rewards of ownership.
They continue to be carried in the same asset category (with their value adjusted accordingly) and the cash received, which represents a liability to the transferee, is recorded in "Operating liabilities represented by securities".
The Group remains exposed to changes in the fair value of securities sold or loaned and has virtually no counterparty risk exposure due to the margin calls used to safeguard the value of the securities in question.

3.10.6 Structured entities

CNP Assurances' business involves investing in different types of financial assets both in policyholder and own-fund portfolios as part of asset allocation and financial risk diversification strategies.

Under IFRS 12, structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. In the Group's case, mutual funds and asset-backed security funds fulfil the criteria for classification as structured entities.

Details of CNP Assurances' investments in unconsolidated structured entities are disclosed in Note 9.1.4.

3.11 Equity

3.11.1 Components of equity

Equity includes share capital, retained earnings, unrealised gains and losses from remeasurement at fair value of available-for-sale financial assets net of tax and shadow accounting adjustments, adjustments to the capitalisation reserve and subordinated debt instruments classified in equity due to the discretionary nature of interest payments (see Note 3.16).

3.11.2 Capital management

Under European insurance directives, the Group is required to comply with certain minimum capital requirements at the level of the Company and of each of its European insurance subsidiaries, as well as at the consolidated level.

At 30 June 2016, the insurance subsidiaries and the Group as a whole complied with these minimum capital requirements. Details of the Group's adjusted solvency capital based on the consolidated financial statements are reported each year to the French insurance supervisor (*Autorité de Contrôle Prudentiel*).

The level of solvency capital is monitored regularly by each subsidiary as well as at Group level by the Finance department. Five-year capital projections are produced using stress scenarios based on extreme conditions in the equity and fixed income markets.

3.12 Treasury shares

The Group may acquire treasury stock via the liquidity contract set up for the purpose of stabilising the CNP Assurances share price or allocating shares under employee share grant plans (see Note 3.15.2). Treasury stock is recorded as a deduction from equity in the IFRS accounts.

3.13 Insurance and financial liabilities

3.13.1 Contract classification

Contracts recognised and measured in accordance with IFRS 4 include:

- insurance contracts (see definition below) that cover a risk for the insured. Examples include personal risk contracts, pension contracts, property and casualty contracts and unit-linked savings contracts with a guaranteed element
- financial instruments with DPF, comprising both traditional savings contracts with DPF and unit-linked contracts including a traditional savings component with DPF.

Financial instruments without DPF are recognised and measured in accordance with IAS 39. This category corresponds to unit-linked savings contracts that do not have any traditional savings component or guaranteed element.

Contracts that do not fulfil the criteria for classification as either insurance contracts or financial instruments without DPF fall within the scope of:

- IAS 18, when they correspond to the provision of services, or
- IAS 19, for contracts taken out in connection with benefit plans in favour of Group employees.

3.13.2 Insurance contracts and financial instruments with DPF

Insurance contracts and financial instruments with DPF are accounted for in accordance with Group accounting policies, as well as with the specific provisions of IFRS 4 concerning shadow accounting and liability adequacy tests. At each reporting date, the Group assesses whether its recognised insurance liabilities net of its insurance assets (deferred participation asset plus other insurance-related intangible assets) are adequate, using current estimates of future cash flows under the insurance contracts and financial instruments with DPF.

Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or beneficiary are classified as insurance contracts.

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more variables such as a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable. In the case of a non-financial variable, if the variable is not specific to a party to the contract, the risk is financial; otherwise it is an insurance risk. Surrender risk, extension risk or the risk of higher-than-expected administrative costs are not insurance risks, unless they are risks originally incurred by the policyholder that are transferred to the Group under an insurance contract.

For each group of contracts with similar characteristics, the significance of the insurance risk is assessed based on a single representative contract. Under this approach, the insurance risk may be considered significant although the probability of the group of contracts generating a loss that has a material adverse effect on the financial statements is remote due to the pooling of risks.

Financial instruments with a DPF

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as financial instruments when they give rise to a financial asset or liability. Contracts are qualified as financial instruments with DPF when they incorporate a contractual or regulatory entitlement to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits
- whose amount or timing is contractually at the Group's discretion, and
- that are contractually based on the performance of a specified pool of contracts or a specified type of contract, or realised and/or unrealised investment returns on a specified pool of assets held by the Group, or the profit or loss of the Company, fund or other entity that issues the contract.

Hybrid contracts

Certain contracts written by the Group comprise both an insurance component and a deposit component. These two components are unbundled only when the deposit component can be measured separately and, under the Group's accounting policies, the rights and obligations arising from the deposit component would not be recognised if the contract was not unbundled. The insurance component of an unbundled contract is accounted for under IFRS 4 and the deposit component under IAS 39.

In line with the policy described above, the components of traditional savings contracts written by the Group are not unbundled.

> Life insurance and savings contracts

Premiums

Premiums on contracts in force during the period are recognised in revenue after adjustment for:

- the estimated earned portion of premiums not yet written on group contracts comprising whole life cover
- estimated cancelled premiums, determined by reviewing written premiums and earned premiums not yet written. This adjustment is made for the main products based on the observed cancellation rate for contracts written and cancelled during the period.

Technical and mathematical reserves

Reserves for contracts including whole life cover include the portion of premiums written but not earned during the reporting period.

Mathematical reserves for traditional savings contracts correspond to the difference between the present value of the respective commitments of the Group and the policyholder.

Life premium reserves are determined using a discount rate that is equal to or less than the conservatively estimated forecast yield on the assets backing the liabilities.

Insurance liabilities are discounted at a rate that is equal to or less than the contractual rate, using regulatory mortality tables or internal experience-based tables if these are more conservative. The discount rate applied to annuities takes into account the effects of a fall in interest rates when the contractual rate is considered too high compared with the expected yield from reinvested premiums.

A general reserve is set up for future contract administration costs not covered by the loading on premiums or by the fees levied on financial products.

When policyholders are entitled to participate in surplus underwriting profits and investment income in addition to the guaranteed minimum yield, any surplus not paid during the period is accumulated in the policyholder surplus reserve.

This reserve also includes the deferred policyholders' participation resulting from the use of shadow accounting.

The policyholder surplus recognised at 30 June is calculated by multiplying investment income for the period by the forecast participation rate for the year, excluding capital gains on Group subsidiaries and affiliates.

An unexpired risks reserve is set up to cover claims and benefits outstanding at the reporting date.

Mathematical reserves for unit-linked contracts are determined by reference to the assets backing the linked liabilities. Gains and losses arising from the remeasurement of these assets at fair value are recognised in profit or loss, to offset the impact of changes in the related technical reserves.

Reserves for guaranteed yields are determined using the Black & Scholes method.

> Disability, accident and health insurance

Premiums are recognised net of taxes and estimated cancelled premiums.

Earned premiums for the period are adjusted for:

- estimated earned premiums not yet written at the period-end
- the change in the unearned premium reserve (corresponding to the portion of premiums written during the period that relates to the next period).

A reserve is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums.

Claims are recognised in the period in which they are incurred. The amount recorded covers both reported claims and estimated claims incurred but not reported (IBNR).

Claims reserves are based on the estimated cost of settling the claims, net of any forecast recoveries.

A deferred participation reserve is recorded for participating contracts, based on shadow accounting principles.

A reserve is also recorded for claims handling expenses.

> Liability adequacy test

At each period end, the Group assesses whether its recognised insurance liabilities, net of its insurance assets (deferred participation asset, deferred acquisition costs and insurance-related intangible assets), are adequate, based on current estimates of future cash flows under its insurance contracts and financial instruments with DPF. The test is performed using asset-liability management models, by applying a stochastic approach to estimate liabilities according to a wide range of scenarios. The models take into account embedded derivatives (policyholder surrender options, guaranteed yields, etc.) and administrative costs. The test determines the economic value of insurance liabilities corresponding to the average of the stochastic trajectories. Similar-type contracts are grouped together when performing the test and the results are analysed at entity level: if the sum of the surrender value and deferred participation (asset or liability), less related deferred acquisition costs and related intangible assets, is less than the fair value of the recognised insurance liability, the shortfall is recognised in profit or loss.

> Shadow accounting

Shadow accounting procedures are designed to address the risk of an artificial imbalance between assets and liabilities valued using different valuation models. When the measurement of liabilities, deferred acquisition costs or the value of In-Force business is directly affected by realised gains and losses on assets, a deferred participation reserve is recorded in insurance liabilities to offset the unrealised gains or losses in financial assets. Deferred participation is accounted for in the same way as the underlying, i.e., by adjusting either profit or the revaluation reserve.

The deferred participation reserve is determined by multiplying fair value adjustments to assets by the estimated participation rate corresponding to the contractual obligations associated with each portfolio. The estimated participation rate takes into account regulatory and contractual participation clauses, as well as the Group's profit-taking programme and policyholder bonus policy. Participation rates applied to unrealised gains and losses for shadow accounting purposes are the same as the rates applied to consolidation adjustments for the purpose of determining deferred participation.

The portion of gains or losses attributable to policyholders is determined based on the terms of participating contracts. Shadow accounting is not applied to non-participating contracts that fall outside the scope of regulations requiring payment of a guaranteed minimum participating dividend.

The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve or in assets as a deferred participation asset.

> Testing deferred participation assets for recoverability

Deferred participation assets are tested for recoverability to ensure that the amount calculated based on the participation rates estimated as described previously and in accordance with the going concern principle, is recoverable out of future actual or unrealised profits and will not result in liability inadequacy vis-à-vis the Group's economic obligations. Recoverability testing uses the same methods as liability adequacy testing described above and testing is performed by each group of contracts in order to factor portfolio segregation arrangements into the assessment.

Pursuant to the recommendation of the French National Accounting Board (*Conseil National de la Comptabilité* – CNC) of 19 December 2008 concerning the recognition of deferred participation assets in the consolidated accounts of insurance companies, the recoverability of these amounts is enhanced by the Group's conservative assessment of its ability to continue to hold its assets. In particular, no future retained fund flows have been taken into account. Moreover, the Group has demonstrated the recoverability of the deferred participation assets using unprecedented surrender rates.

> Reinsurance

Outward reinsurance

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under the "Reinsurance result" line item of the income statement.

Ceded technical reserves are tested for impairment at each reporting date. If there is objective evidence that these reserves are impaired, as a result of an event that occurred after initial recognition, the carrying amount of the asset is reduced by recording an impairment loss in the income statement. For reinsurance assets secured by collateral, the estimated discounted cash flows from the asset take into account cash flows from the sale of the collateral, net of the estimated cost of obtaining execution of the guarantee, regardless of whether or not such sale is considered probable.

Inward reinsurance

Inward reinsurance contracts give rise to a significant insurance risk and are therefore accounted for in the same way as insurance contracts.

3.13.3 Financial instruments without DPF (IAS 39)

Financial instruments without DPF are initially recorded at fair value. Loadings on premiums are recognised in "Revenue from other activities".

Unit-linked contracts are subsequently measured at fair value, with changes in fair value recognised in profit or loss.

Traditional savings investment contracts are subsequently measured at fair value, corresponding to their surrender value.

3.13.4 Service contracts

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as service contracts when they do not give rise to any financial asset or liability. In accordance with IAS 18, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, provided that the transaction's outcome can be estimated reliably.

3.14 Property and equipment

Property and equipment consists mainly of office equipment and miscellaneous installations.
Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over ten years.

3.15 Employee benefit obligations

Employee benefit obligations are recognised in full in the balance sheet in accordance with IAS 19, except for share grants which are recognised and measured in accordance with IFRS 2.

3.15.1 Employee benefit plans

Defined benefit pension plan

The annuity and financial risks arising from the retirement of plan participants are covered by an insurance policy.

Obligations under defined benefit plans and the related costs are measured by the projected unit credit method. The amount recognised in the balance sheet for pension obligations corresponds to the difference between the projected benefit obligation and the fair value of the plan assets.

The actuarial assumptions used to measure defined benefit obligations vary depending on economic conditions in the country in which the plan has been set up.

Pension plans in the international entities

Several defined contribution plans and a limited number of defined benefit plans have been set up throughout the different Group entities. The related obligations are non-material from a Group perspective.

Length-of-service awards payable to employees on retirement and jubilees

Obligations for the payment of length-of-service awards and jubilees are measured by the projected unit credit method and recognised as a liability.

Early-retirement plans

Obligations under early-retirement plans are measured at the discounted present value of probable future benefit payments and recognised as a liability.

Business start-up grants

Financial assistance given to employees to set up a new business or acquire an existing business is recognised in the balance sheet.

Discount rate

The discount rate corresponds to the yield on investment grade corporate bonds that are traded in an active market (or the government bond rate if no active market exists) with maturities that match the duration of the benefit obligation.

Accounting treatment

Assets of funded plans are segregated and managed separately from the Group's assets, and any funding surplus or deficit is recognised in the balance sheet.

Liabilities under unfunded plans are recognised in the balance sheet.

The Group recognises gains and losses on post-employment defined benefit plans directly in equity. Actuarial gains and losses on other post-employment benefits are recognised directly in profit or loss.

Actuarial losses recognised in current profit for defined benefit plans comprise two elements:

- current service cost and past service cost
- interest cost (reflecting the unwinding of any discounting to present value) less the expected return on plan assets.

3.15.2 Share-based payment

Accounting treatment of employee share grants

The shares held for allocation when the share grants vest are recorded as a deduction from equity. The difference between the average cost of the shares and their fair value at the grant date is recognised in equity, with no impact on profit or loss. The cost of the employee services received in exchange for the grants is measured by reference to the fair value of the shares, in accordance with IFRS 2, and is recognised in employee benefits expense over the vesting period, with a corresponding adjustment to equity. The cost recognised in profit or loss takes into account the estimated number of grantees at each reporting date and the cost of managing the shares.

3.16 Financing liabilities and subordinated debt

Subordinated notes for which the contractual clauses do not stipulate any obligation to repay the nominal amount or pay any compensation are classified as equity instruments. All other dated and undated debt instruments, especially those with a repayment schedule, are classified as financing liabilities in accordance with IAS 32.

3.17 Acquisition costs and operating expenses

Underwriting expenses are presented by function:

- claim and benefit handling expenses include the costs of the departments responsible for paying claims, endowments and periodic benefits and processing surrenders
- acquisition costs include all selling, distribution and administrative costs incurred for the acquisition of new contracts
- contract administration expenses include all the costs of managing In-Force business
- investment management costs include all internal and external costs of managing asset portfolios and financial expenses
- other underwriting costs correspond to overhead expenses that cannot be allocated rationally to the other functions
- non-underwriting costs correspond to costs related to businesses that have no technical link to the insurance business.

Cost recognition and allocation:

- operating expenses are initially recognised by nature and are then reallocated by function
- costs recognised by nature that relate to a single function are posted to the function concerned without applying any allocation key.

Other costs are analysed between:

- corporate costs, which are allocated to the operating centres using statistical cost allocation keys or actual business data
- operating costs, as adjusted to include corporate costs, which are allocated to the functions using a specific allocation key for each business.

3.18 Taxation

Group relief

CNP Assurances and its main French subsidiaries have elected to file a consolidated tax return under French group relief rules. The companies in the tax group are CNP Assurances, Préviposte, Investissement Trésor Vie (ITV), CNP International, CNP Caution, Carrés Bleus SA, Prévimut, CICOGE SA (property investment company), Âge d'Or Expansion, SAS Theemim, AEP 3, AEP 4, Assurimmeuble, Pyramides 2, Assurhélène, Ecureuil Vie Investment, 270 Investment, US Real Estate EVJ, US Real Estate 270, SAS PIAL 34 and SAS Foz Participations.

Current and deferred taxes

Income tax expense reported in the income statement includes both current and deferred taxes.

The income tax rate for the six months to 30 June corresponds to the estimated tax rate for the current year (before adjustments made in accordance with IFRS).

Deferred taxes are recognised on temporary differences between the carrying amount of assets and liabilities and their tax base. However, for taxable temporary differences related to investments in subsidiaries, associates, joint ventures and branches, a deferred tax liability is recognised only when the Group is unable to control the period in which the temporary difference will reverse and it is improbable that it will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset at the level of each taxable entity or tax group. Deferred tax assets and liabilities arising from changes in asset values and from the recognition of deferred participation are calculated and tracked separately.

Deferred tax assets are recognised for tax losses carried forward when it is probable that sufficient taxable profit will be available to permit their realisation. Net deferred tax assets resulting from the offsetting of deferred tax assets and liabilities are recognised when sufficient taxable profit can be expected to be generated to permit their realisation. Deferred tax assets and liabilities are not discounted.

3.19 Operating segments

In accordance with IFRS 8, the Group's reportable business segments are based on the internal reporting system approved by the Group's Executive Committee, regarded as the chief operating decision maker as defined by IFRS 8. They are defined based on the technical features of the products distributed by the Group and the Group's management of its own funds portfolios.

Four business segments have been identified, that generate risks and returns which are separate from those of the other segments.

- the Savings business concerns products enabling policyholders to build up capital which they can cash in. A key feature of these products is their sensitivity to changes in interest rates
- the Pensions business concerns products designed to enable policyholders to receive an annuity or lump sum on retirement. The main risk associated with these products concerns the probable annuity payment period
- the Personal Risk business includes products enabling policyholders to insure against the risks of death, accident or illness, property damage or liability claims. The return on these products depends on the occurrence of the insured risk
- Revenue from own funds portfolios corresponds to the yield on all assets owned directly by the CNP Assurances Group. The "Own funds portfolio" segment has been added in the segment income statement effective from 2016 in order to be consistent with the indicators regularly provided to the chief operating decision maker. Comparative information has been presented to reflect the addition of this new segment.

The Group's internal reporting system is based on the following indicators:

- premium income: new money, corresponding to premium income measured under French GAAP, i.e., before adjustments related to the deposit component of financial instruments without a discretionary participation feature
- net new money: premium income as defined above, net of claims settled during the period, and excluding changes in the unexpired risks reserve
- net insurance revenue: premium loading on insurance products, net of commissions paid, and revenue from own funds portfolios
- general expenses: expenses allocated to each reportable segment based on internal allocation keys normally applied.
- EBIT: operating profit adjusted for net fair value adjustments to financial assets and before finance costs, taxes and non-controlling interests. EBIT is a key indicator of profit by reportable segment based on analyses by Group senior management. EBIT corresponds to attributable profit for the period adjusted for:
    - finance costs
    - share of profit of equity-accounted companies
    - non-recurring items
    - income tax expense
    - non-controlling interests
    - fair value adjustments on the trading portfolio (corresponding to unrealised gains and disposal gains on financial instruments recognised as at fair value through profit or loss) and
    - net capital gains on equity securities and property, after non-recurring write-downs on the portfolio and goodwill (corresponding to disposal gains on equity instruments classified as available-for-sale financial assets and write-downs on financial instruments and property assets)

- segment assets and liabilities: until 31 December 2015, assets and liabilities under IFRS were broken out by reportable segment and presented in the notes to the consolidated financial statements. On the assets side, only “Goodwill and the value of acquired In-Force business” and “Financial investments and investments in associates” were tracked by reportable segment on a regular basis. Effective from 30 June 2016, the segment balance sheet is no longer presented in accordance with paragraph 23 of IFRS 8 which bases the presentation of operating segments on indicators regularly provided to the chief operating decision maker.

3.20 Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements, except when it is not probable that they will give rise to an outflow of resources. Contingent liabilities are regularly reviewed to determine whether an outflow of resources has become probable or can be measured with sufficient reliability.

If this is the case, a provision is recognised in the financial statements for the period in which the change in probability or measurability occurs.

Note 4 Share capital

4.1 Undated subordinated notes reclassified in equity

30.06.2016

(in € millions)	Issuance date	Interest rate	Currency	Amount
Subordinated notes (attributable to owners of the parent)				**2,635.2**
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	EUR	23.8
	June 2005	7% until June 2010, then 10-year CMS +30 bps	EUR	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	EUR	160.0
	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	EUR	870.0
	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	EUR	108.0
	Oct. 2012	7.5% until Oct. 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	380.0
	Nov. 2014	4% until Nov. 2024, then reset at the 5-year fixed swap rate +410 bps	EUR	493.6
Total				**2,635.2**

31.12.2015

(in € millions)	Issuance date	Interest rate	Currency	Amount
Subordinated notes (attributable to owners of the parent)				**2,635.2**
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	EUR	23.8
	June 2005	7% until June 2010, then 10-year CMS +30 bps	EUR	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	EUR	160.0
	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	EUR	870.0
	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	EUR	108.0
	Oct. 2012	7.5% until Oct. 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	380.0
	Nov. 2014	4% until Nov. 2024, then reset at the 5-year fixed swap rate +410 bps	EUR	493.6
Total				**2,635.2**

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	280,615,940	40.87%
Sopassure (La Banque Postale and BPCE)	248,926,986	36.25%
French State	7,645,754	1.11%
Total shares held in concert	**537,188,680**	**78.24%**
Private investors	149,429,797	21.76%
of which: CNP Assurances (treasury shares) *	675,414	0.10%
TOTAL	**686,618,477**	**100.00%**

* The terms and conditions of the CNP Assurances liquidity contract currently in force are set out in the draft resolutions submitted to the CNP Assurances Annual General Meeting included in the 2015 Registration Document

4.3 Equity

Issued capital	Ordinary shares	
	30.06.2016	31.12.2015
Number of shares outstanding at the beginning of the period	686,618,477	686,618,477
Shares issued during the period	0	0
Number of shares outstanding at the end of the period	**686,618,477**	**686,618,477**

4.4 Basic and diluted earnings per share

(in € millions)	30.06.2016	30.06.2015
Profit attributable to owners of the parent	620.1	615.3
Charge on deeply-subordinated notes, net of tax	(23.7)	(24.0)
Profit attributable to ordinary shares	**596.4**	**591.3**
Number of ordinary shares at 1 January	686,618,477.0	686,618,477.0
New shares (weighted number)	0.0	0.0
Weighted average number of shares at end of reporting period	**686,618,477.0**	**686,618,477.0**
Treasury shares	(399,853.8)	(452,841.0)
Weighted average number of shares at end of reporting period	**686,218,623.2**	**686,165,636.0**
Impact of instruments with a potential dilution impact	0.0	0.0
Diluted profit attributable to ordinary shares	**0.87**	**0.86**

Diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the reporting period.

4.5 Related party information

The renewed partnership agreement between CNP Assurances and La Banque Postale provided for the sale of CNP Assurances' interest in La Banque Postale Prévoyance to La Banque Postale.

La Banque Postale Prévoyance was therefore accounted for in accordance with IFRS 5 in the consolidated balance sheet at 31 December 2015.
The sale agreement was signed on 25 March 2016 and the conditions precedent were fulfilled in the second quarter of the year. The sale was therefore recognised in the interim consolidated financial statements.

Note 5 Scope of consolidation

Consolidated companies and percentage of voting rights

Company	Consolidation method	Country	Business	30.06.2016 % rights	30.06.2016 % interest	31.12.2015 % rights	31.12.2015 % interest
1. Strategic subsidiaries							
CNP Assurances	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
Préviposte	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
ITV	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
La Banque Postale Prévoyance	Equity method	France	Insurance	0.00%	0.00%	50.00%	50.00%
CNP Caution *	Full	France	Insurance	100.00%	100.00%	0.00%	0.00%
Arial CNP Assurances	Equity method	France	Insurance	39.95%	39.95%	0.00%	0.00%
MFPrévoyance SA	Full	France	Insurance	51.00%	65.00%	51.00%	65.00%
CNP Assurances Compañia de Seguros	Full	Argentina	Insurance	76.47%	76.47%	76.47%	76.47%
CNP SA de Capitalización y Ahorro p/ fines determinados	Full	Argentina	Insurance	65.38%	50.00%	65.38%	50.00%
CNP Holding Brasil	Full	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
Caixa Seguros Holding SA	Full	Brazil	Insurance	51.75%	51.75%	51.75%	51.75%
Caixa Seguros Participações Securitárias Ltda	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Seguradora	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Capitalização	Full	Brazil	Insurance	51.00%	26.39%	51.00%	26.39%
Caixa Vida e Previdência	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Consórcios	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Assessoria e Consultoria	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Saúde	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Previsul	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Seguros Participações Do Sul Ltda	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
FPC Par Corretora de Seguros SA	Equity method	Brazil	Brokerage	25.00%	12.94%	25.00%	12.94%
Odonto Empresas Convenios Dentarios Ltda	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
Holding Caixa Seguros Participações em Saude Ltda	Full	Brazil	Insurance	100.00%	51.75%	100.00%	51.75%
CNP UniCredit Vita	Full	Italy	Insurance	57.50%	57.50%	57.50%	57.50%
CNP Partners	Full	Spain	Insurance	100.00%	100.00%	99.50%	99.50%
CNP Partners Solutions	Full	Spain	Insurance	100.00%	100.00%	100.00%	99.50%
CNP Cyprus Insurance holdings	Full	Cyprus	Insurance	50.10%	50.10%	50.10%	50.10%
CNP Cyprus Tower Ltd	Full	Cyprus	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Zois	Full	Greece	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Praktoriaki	Full	Greece	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Cyprialife	Full	Cyprus	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Asfalistiki	Full	Cyprus	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Santander Insurance Life Ltd	Full	Ireland	Insurance	100.00%	51.00%	100.00%	51.00%
CNP Santander Insurance Europe Ltd	Full	Ireland	Insurance	100.00%	51.00%	100.00%	51.00%
CNP Santander Insurance Services Ireland Ltd	Full	Ireland	Insurance	100.00%	51.00%	100.00%	51.00%
CNP Europe Life	Full	Ireland	Insurance	100.00%	100.00%	100.00%	100.00%

2. Mutual fund units

Ecureuil Profil 30	Full	France	MUTUAL FUND UNITS	95.90%	95.90%	96.04%	96.04%
Univers CNP 1 FCP	Full	France	MUTUAL FUND UNITS	100.00%	100.00%	99.68%	99.68%
CNP ACP Oblig FCP	Equity method	France	MUTUAL FUND UNITS	49.25%	49.25%	48.99%	48.99%
Natixis Ionis	Full	France	MUTUAL FUND UNITS	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP	Equity method	France	MUTUAL FUND UNITS	48.08%	48.08%	49.79%	49.79%
Ecureuil Profil 90	Full	France	MUTUAL FUND UNITS	55.55%	55.55%	55.67%	55.67%
Vivaccio ACT 5 DEC	Full	France	MUTUAL FUND UNITS	80.09%	80.09%	79.92%	79.92%
OPCVM Caixa Seguradora SA	Full	Brazil	MUTUAL FUND UNITS	100.00%	51.75%	100.00%	51.75%
OPCVM Caixa Capitalizaçao SA	Full	Brazil	MUTUAL FUND UNITS	100.00%	26.39%	100.00%	26.39%
OPCVM Caixa Vida e Previdencia	Full	Brazil	MUTUAL FUND UNITS	100.00%	51.75%	100.00%	51.75%
OPCVM Caixa Consórcios	Full	Brazil	MUTUAL FUND UNITS	100.00%	51.75%	100.00%	51.75%
OPCVM Holding Caixa Seguros Holding SA	Full	Brazil	MUTUAL FUND UNITS	100.00%	51.75%	100.00%	51.75%

3. Property companies and other

Assurbail Patrimoine	Full	France	Lease financing	100.00%	100.00%	100.00%	100.00%
AEP 3 SCI	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
CIMO	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
AEP 4 SCI	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
PB6	Equity method	France	Property	50.00%	50.00%	50.00%	50.00%
OPCI AEW Imcom 6	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
SICAC	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
CNP Immobilier	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
Assurimmeuble	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
OPCI MTP Invest	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEW Imcom 1	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEP247	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
LBP Actifs Immo	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
Ecureuil Vie Développement	Equity method	France	Brokerage	49.00%	49.00%	51.00%	51.00%
Outlet Invest	Full	France	OPCI	99.95%	99.95%	99.95%	99.95%

* Following the portfolio transfer of CNP IAM to CNP Caution, CNP Caution enters into the scope of consolidation.

Note 6 Segment information

Effective from 30 June 2016, the segment balance sheet is no longer presented in accordance with paragraph 23 of IFRS 8 which bases the presentation of operating segments on indicators regularly provided to the chief operating decision maker. The "Own funds portfolio" segment has been added in the segment income statement effective from 2016 in order to be consistent with the indicators regularly provided to the chief operating decision maker. Comparative information has been presented to reflect the addition of this new segment.

6.1 Segment income statement for the six months ended 30 June 2016

(in € millions)	Savings	Pensions	Personal risk	Other (excluding insurance)	Own funds portfolios	Total segments	Reconciliation with IFRS financial statements: Deposit accounting adjustments (IAS 39)	Total IFRS
Premium income	12,679.5	1,476.0	3,265.2	0.0	0.0	17,420.7	(151.9)	17,268.9
Net new money	1,586.6	78.2	1,171.2	0.0	0.0	2,836.0		2,836.0
Net revenue from insurance activities	**548.1**	**126.0**	**577.6**	**29.5**	**426.1**	**1,707.4**		**1,707.4**
General expenses	(166.8)	(37.3)	(155.0)	(17.3)	(51.6)	(427.9)		(427.9)
EBIT	**381.3**	**88.8**	**422.7**	**12.2**	**374.5**	**1,279.5**		**1,279.5**
Finance costs						(118.6)		(118.6)
Share of profit of equity-accounted companies						3.1		3.1
Non-recurring items						(66.9)		(66.9)
Income tax expense (effective rate)						(435.4)		(435.4)
Non-controlling interests						(129.4)		(129.4)
Fair value adjustments to trading securities						(50.5)		(50.5)
Net realised gains on equities and investment property						138.3		138.3
Net profit attributable to owners of the parent						**620.1**		**620.1**

(in € millions)	Desensitised income statement 30.06.2016
EBIT	**1,279.5**
Net fair value adjustments	(79.1)
Net realised gains on equities and investment property	132.8
Non-recurring items	(101.7)
Operating profit	**1,231.6**

6.2 Pro forma segment income statement for the six months ended 30 June 2015

(in € millions)	Savings	Pensions	Personal risk	Other (excluding insurance)	Own funds portfolios	Total segments	Reconciliation with IFRS financial statements Deposit accounting adjustments (IAS 39)	Restatement – La Banque Postale Prévoyance	Total IFRS
Premium income	11,139.0	1,765.7	3,524.9			16,429.6	(201.9)	(110.2)	16,117.5
Net new money	490.5	270.9	1,698.9			2,460.3		(84.2)	2,376.1
Net revenue from insurance activities	**502.0**	**96.8**	**584.9**	**38.5**	**444.2**	**1,666.4**		**(24.6)**	**1,641.8**
General expenses	(169.1)	(37.2)	(158.8)	(18.9)	(47.2)	(431.2)		8.1	(423.0)
EBIT	**333.0**	**59.6**	**426.0**	**19.6**	**397.0**	**1,235.3**		**(16.5)**	**1,218.8**
Finance costs						(95.1)		0.0	(95.1)
Share in earnings of associates						2.4		11.2	13.6
Non-recurring items						(216.1)		0.0	(216.1)
Income tax expense (effective tax rate)						(421.9)		6.3	(415.6)
Non-controlling interests						(177.2)		0.0	(177.2)
Fair value adjustments on securities held for trading						40.7		(0.4)	40.3
Net gains on equities and property						247.3		(0.6)	246.7
Attributable to owners of the parent						**615.3**		**0.0**	**615.3**

(in € millions)	Desensitised income statement 30.06.2015	o/w LBPP
EBIT	**1,235.3**	**16.5**
Net fair value adjustments	59.9	0.7
Net gains on equities and property	258.5	1.0
Non-recurring items	(347.7)	0.00
Operating profit	**1,206.0**	**18.1**

Note 7 Intangible assets

7.1 Intangible assets by category

(in € millions)	30.06.2016				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**686.1**	**0.0**	**(393.2)**	**0.0**	**292.9**
Value of In-Force business	**351.5**	**(168.5)**	**(158.8)**	**0.0**	**24.3**
Distribution agreements	**390.6**	**(29.7)**	**0.0**	**0.0**	**360.9**
Software	**385.2**	**(233.6)**	**0.0**	**0.0**	**151.6**
Internally-developed software	188.7	(115.8)	0.0	0.0	72.9
Other software	196.5	(117.8)	0.0	0.0	78.7
Other	**26.6**	**(12.7)**	**(3.6)**	**0.0**	**10.4**
TOTAL	**1,840.0**	**(444.5)**	**(555.6)**	**0.0**	**839.9**

(in € millions)	31.12.2015				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**652.0**	**0.0**	**(393.2)**	**0.0**	**258.8**
Value of In-Force business	**337.4**	**(153.1)**	**(158.8)**	**0.0**	**25.5**
Distribution agreements	**390.0**	**(19.6)**	**0.0**	**0.0**	**370.4**
Software	**339.7**	**(215.7)**	**0.0**	**0.0**	**124.1**
Internally-developed software	173.8	(107.0)	0.0	0.0	66.9
Other software	165.9	(108.7)	0.0	0.0	57.2
Other *	**26.0**	**(11.9)**	**(3.6)**	**0.0**	**10.5**
TOTAL	**1,745.1**	**(400.2)**	**(555.7)**	**0.0**	**789.2**

* Since 31 December 2010, “Other” included the intangible asset related to the reform of the French pension system. The year-on-year decrease in this item from the original amount of €161.9 million to €4.2 million at end-2014 was fully funded in first-half 2015

7.2 Goodwill

7.2.1 Goodwill by company

(in € millions)	Original goodwill	Goodwill investments held at 30.06.2016	Goodwill investments held at 31.12.2015
Caixa Seguros group	389.9	203.7	169.6
CNP UniCredit Vita	366.5	0.0	0.0
CNP Cyprus Insurance holdings	81.6	34.8	34.8
CNP Santander Insurance	54.4	54.4	54.4
TOTAL	**892.4**	**292.9**	**258.8**

The Group's annual and half-yearly goodwill impairment testing procedures are described in Note 3.9.1.

The Group verified that no two indicators of impairment were identified simultaneously for material CGUs at 30 June 2016. As a result, no goodwill impairment tests were performed on these CGUs.

Changes in the value of goodwill relating to Caixa Seguros over the period through to 30 June 2016 were mainly attributable to translation differences.

At 31 December 2015, impairment testing was carried out using the procedures described in Note 7.2.1. "Value of goodwill" of the consolidated financial statements at 31 December 2015.

7.2.2 Changes in goodwill for the period

(in € millions)	30.06.2016	31.12.2015
Carrying amount at the beginning of the period	**258.8**	**473.8**
Goodwill recognised during the period	0.0	0.0
Adjustments to provisional accounting	0.0	(137.0)
Adjustments resulting from changes in earn outs	0.0	(20.8)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustment on gross value	34.1	(57.3)
Other movements	0.0	0.0
Impairment losses recognised during the period	0.0	0.0
Translation adjustment on movements during the period	0.0	0.0
Increase in interest rates	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**292.9**	**258.8**

7.3 Value of In-Force business and distribution agreements

7.3.1 Value of In-Force business

(in € millions)	Original value	Carrying amount at 30.06.2016	Carrying amount at 31.12.2015
Caixa Seguros group	123.5	5.4	4.9
CNP UniCredit Vita	175.3	0.0	0.0
CNP Partners	24.0	0.0	0.0
CNP Seguros de Vida	0.9	0.0	0.0
CNP Cyprus Insurance holdings	44.4	13.1	13.9
MFPrévoyance SA	8.3	0.0	0.0
CNP Santander Insurance	14.7	5.7	6.8
TOTAL	**391.0**	**24.3**	**25.5**

7.3.2 Changes in the value of In-Force business

(in € millions)	30.06.2016	31.12.2015
Gross amount at the beginning of the period	**337.4**	**343.8**
Newly-consolidated companies	0.0	17.2
Translation adjustments	14.1	(23.6)
Acquisitions for the period	0.0	0.0
Disposals for the period	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Other movements	0.0	0.0
Gross amount at the end of the period	**351.5**	**337.4**
Accumulated amortisation and impairment at the beginning of the period	(311.9)	(323.0)
Translation adjustments	(13.2)	22.2
Amortisation for the period	(2.2)	(11.0)
Impairment losses recognised during the period	0.0	0.0
Impairment losses reversed during the period	0.0	0.0
Disposals for the period	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Accumulated amortisation and impairment at the end of the period	**(327.3)**	**(311.9)**
Carrying amount at the end of the period	**24.3**	**25.5**

7.3.3 Distribution agreements

(in € millions)	30.06.2016	31.12.2015
Carrying amount at the beginning of the period	**370.4**	**2.6**
Acquisitions for the period	0.0	388.2
Amortisation for the period	(10.0)	(19.6)
Adjustments	0.0	0.0
Impairment losses recognised during the period	0.0	0.0
Translation adjustments	0.5	(0.8)
Other movements	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period *	**360.9**	**370.4**

* Distribution agreements at the end of the period results mainly to CNP Santander Insurance.

7.4 Software and other intangible assets

7.4.1 Internally-developed software

(in € millions)	30.06.2016	31.12.2015
Carrying amount at the beginning of the period	**66.9**	**61.9**
Acquisitions for the period	12.4	24.1
Amortisation for the period	(6.4)	(11.3)
Impairment losses	0.0	(2.1)
Translation adjustments	0.0	0.0
Other movements	0.0	(5.8)
Carrying amount at the end of the period	**72.9**	**66.9**

7.4.2 Other software and other intangible assets

(in € millions)	30.06.2016	31.12.2015
Carrying amount at the beginning of the period	**67.7**	**58.4**
Acquisitions for the period	18.6	36.8
Amortisation for the period	(7.3)	(13.4)
Impairment losses	0.0	(6.0)
Translation adjustments	10.3	(12.3)
Other movements	(0.4)	4.2
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**89.0**	**67.7**

Note 8 Investment and owner-occupied property

The purpose of this note is to show depreciation and impairment losses recognised/reversed during the period through profit or loss in respect of property and the captions impacted by the movements.

It presents:

- the gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period
- a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing (i) additions; (ii) disposals; (iii) depreciation; (iv) impairment losses recognised and reversed during the period; (v) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; (vi) transfers to and from inventories and owner-occupied property and (vii) other changes
- the fair value of investment properties held in unit-linked portfolios.

8.1 Investment property

Carrying amount of investment property *(in € millions)*	**30.06.2016**	**31.12.2015**
Investment property measured by the cost model		
Gross value	2,170.5	2,083.8
Accumulated depreciation	(297.9)	(333.7)
Accumulated impairment losses	(4.5)	(5.1)
Carrying amount	**1,868.0**	**1,745.0**
Investment property measured by the fair value model		
Gross value	992.5	1,012.6
Total investment property	**2,860.5**	**2,757.6**

Investment property (other than property held in unit-linked portfolios) *(in € millions)*	**30.06.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**1,745.0**	**1,763.4**
Acquisitions	151.5	40.5
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(10.7)	(34.2)
Depreciation for the period	(21.7)	(40.5)
Impairment losses recognised during the period	0.0	(2.4)
Impairment losses reversed during the period	0.6	12.8
Translation adjustments	1.6	(1.3)
Other movements	1.7	6.7
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**1,868.0**	**1,745.0**

Investment property held in unit-linked portfolios *(in € millions)*	**30.06.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**1,012.6**	**645.0**
Acquisitions	11.9	343.5
Post-acquisition costs included in the carrying amount of property	0.1	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(42.4)	(6.4)
Net gains (losses) arising from remeasurement at fair value	9.1	31.5
Translation adjustments	1.4	(1.2)
Other movements	(0.2)	0.2
Carrying amount at the end of the period	**992.5**	**1,012.6**

As explained in the description of significant accounting policies, investment properties backing linked liabilities are measured at fair value, while other investment properties are measured using the cost model.

8.2 Owner-occupied property and other property and equipment

Owner-occupied property *(in € millions)*	**30.06.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**263.9**	**304.6**
Acquisitions	0.6	16.2
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(4.0)	(20.2)
Depreciation for the period	(2.0)	(7.4)
Impairment losses recognised during the period	0.0	(0.7)
Impairment losses reversed during the period	0.0	0.0
Translation adjustments	9.8	(20.3)
Transfers	(1.8)	(8.3)
Carrying amount at the end of the period	**266.5**	**263.9**

Other property and equipment *(in € millions)*	**30.06.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**43.2**	**44.4**
Acquisitions for the period	7.4	17.9
Depreciation for the period	(8.6)	(17.3)
Disposals for the period	(2.2)	(1.2)
Translation adjustments	1.7	(2.4)
Other movements	(0.1)	1.8
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**41.5**	**43.2**

Note 9 Investments

9.1 Investments by category

The following tables show the fair value of securities held by the Group, by category and intended holding period.

9.1.1 Investments at 30 June 2016

(in € millions)		30.06.2016 Impairment	30.06.2016 Carrying amount	31.12.2015 Impairment	31.12.2015 Carrying amount
Assets at fair value through profit or loss	Fixed-rate bonds		10,523.5		9,908.9
	Variable-rate bonds		20,581.9		18,877.4
	TCNs (money market securities)		306.0		142.9
	Equities		3,339.0		3,592.5
	Mutual fund units		36,565.8		35,841.8
	Shares in non-trading property companies		981.5		960.2
	Other (including lent securities and repos)		151.7		168.8
	Total		**72,449.4**		**69,492.6**
Derivative instruments	Derivative instruments (positive fair value)		669.3		4,417.2
	Derivative instruments (negative fair value)		(1,138.1)		(4,834.1)
	Total		**(468.8)**		**(416.9)**
Available-for-sale financial assets	Fixed-rate bonds	(9.9)	177,105.3	(0.5)	173,056.5
	Variable-rate bonds	(36.3)	30,587.5	(32.9)	31,432.4
	TCNs (money market securities)	0.0	3,385.5	0.0	3,517.3
	Equities	(5,062.7)	15,228.5	(4,833.6)	16,359.2
	Mutual fund units	(364.8)	46,267.5	(326.8)	41,195.5
	Shares in non-trading property companies	(271.4)	5,751.3	(269.3)	5,160.2
	Non-voting loan stock	(3.5)	58.2	(2.8)	60.0
	Other (including lent securities and repos)	(121.2)	18,040.0	(323.2)	17,127.1
	Total	**(5,869.9)**	**296,423.8**	**(5,789.1)**	**287,908.1**
Held-to-maturity investments	Fixed-rate bonds		377.2		376.7
	Variable-rate bonds		307.4		264.7
	Total		**684.7**		**641.5**
Loans and receivables	Loans and receivables	(17.1)	4,368.8	(17.1)	5,686.8
	Total	**(17.1)**	**4,368.8**	**(17.1)**	**5,686.8**
Investment property	Investment property at amortised cost	(4.5)	1,868.0	(5.1)	1,745.0
	Investment property measured by the fair value model	0.0	992.5	0.0	1,012.6
	Total	**(4.5)**	**2,860.5**	**(5.1)**	**2,757.6**
TOTAL		**(5,891.5)**	**376,318.4**	**(5,811.3)**	**366,069.6**

Derivative instruments with a positive fair value are recorded as assets and those with a negative fair value are recorded as liabilities.

Until 31 December 2015, the amounts recorded under assets and liabilities were determined by analysing the two legs of each instrument separately.
Effective from 1 January 2016, each derivative instrument is presented as a single instrument without analysing the two legs separately. At 31 December 2015, this change of presentation would have had the effect of reducing the fair value of derivative instruments recorded as assets from €4,417.2 million to €699.2 million and reducing the fair value of derivative instruments recorded as liabilities from €4,834.1 million to €1,116.0 million.

Portfolios at fair value through profit or loss at 30 June 2016

	Carrying amount		Total
(in € millions)	Unit-linked	Traditional savings	
Fixed-rate bonds	5,348.0	5,175.5	**10,523.5**
Variable-rate bonds	8,769.4	11,812.5	**20,581.9**
TCNs (money market securities)	84.7	221.3	**306.0**
Equities	229.8	3,109.2	**3,339.0**
Mutual fund units	23,303.9	13,261.9	**36,565.8**
Shares in non-trading property companies	0.0	981.5	**981.5**
Other	150.4	1.2	**151.7**
Assets at fair value through profit or loss	**37,886.4**	**34,563.0**	**72,449.4**

Portfolios at fair value through profit or loss at 31 December 2015

	Carrying amount		Total
(in € millions)	Unit-linked	Traditional savings	
Fixed-rate bonds	4,583.7	5,325.2	9,908.9
Variable-rate bonds	7,307.4	11,569.9	18,877.4
TCNs (money market securities)	81.5	61.4	142.9
Equities	99.7	3,492.8	3,592.5
Investment funds	23,437.8	12,404.0	35,841.8
Shares in non-trading property companies	0.0	960.2	960.2
Other	167.2	1.6	168.8
TOTAL	**35,677.4**	**33,815.2**	**69,492.6**

9.1.2 Reconciliation of insurance investments in the balance sheet to investments analysed in Notes 9.1.1 and 9.1.2

(in € millions)	30.06.2016	31.12.2015
Analysis of investments	376,318.4	366,069.6
Balance sheet – Liabilities – Derivative instruments (negative fair value) *	(1,138.1)	(4,834.1)
Balance sheet – Assets – Insurance investments	377,456.5	370,903.7
Variance	**0.0**	**0.0**

* At 31 December 2015, applying the new presentation method would have had the effect of reducing the reported amount from €(4,834.1) million to €(1,116.0) million.

9.2 Measurement of financial assets and liabilities at fair value

The following tables show financial assets classified at fair value whose prices are estimated using a valuation technique.

9.2.1 Valuation methods at 30 June 2016

(in € millions)	**Category 1: last available quotation of assets quoted in an active market**	**Category 2: estimated market value using valuation model based on observable market inputs**	**Category 3: estimated market value using valuation model not based solely on observable market inputs**	**TOTAL**
Financial assets at fair value through profit or loss *	63,596.9	9,521.7	0.0	**73,118.7**
Available-for-sale financial assets	272,762.1	23,635.2	26.5	**296,423.8**
Total financial assets	**336,359.1**	**33,156.9**	**26.5**	**369,542.5**
Investment property at amortised cost	0.0	2,774.1	21.7	**2,795.8**
Investment property measured by the fair value model	0.0	983.9	8.6	**992.5**
Total investment property	**0.0**	**3,758.0**	**30.3**	**3,788.3**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	721.8	0.0	0.0	**721.8**
Financial liabilities (linked liabilities) – financial instruments without DPF	4,118.2	0.0	0.0	**4,118.2**
Derivative instruments	0.0	1,138.1	0.0	**1,138.1**
Total financial liabilities	**4,839.9**	**1,138.1**	**0.0**	**5,978.0**

* Includes derivative financial instruments (assets)

9.2.2 Valuation methods at 31 December 2015

(in € millions)	Category 1: last available quotation of assets quoted in an active market	Category 2: estimated market value using valuation model based on observable market inputs	Category 3: estimated market value using valuation model not based solely on observable market inputs	TOTAL
Financial assets at fair value through profit or loss *	59,952.7	13,957.0	0.0	**73,909.7**
Available-for-sale financial assets	265,757.6	22,132.2	18.3	**287,908.1**
Total financial assets	**325,710.3**	**36,089.2**	**18.3**	**361,817.8**
Investment property at amortised cost	0.0	2,621.4	20.9	**2,642.3**
Investment property measured by the fair value model	0.0	1,005.5	7.2	**1,012.6**
Total investment property	**0.0**	**3,626.8**	**28.1**	**3,654.9**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	605.9	0.0	0.0	**605.9**
Financial liabilities (linked liabilities) – financial instruments without DPF	4,187.5	0.0	0.0	**4,187.5**
Derivative instruments **	0.0	4,834.1	0.0	**4,834.1**
Total financial liabilities	**4,793.4**	**4,834.1**	**0.0**	**9,627.4**

* Including derivative instruments with a positive fair value of €4,417.2 million or €699.2 million based on the new presentation

** At 31 December 2015, applying the new presentation method would have had the effect of reducing the reported amount from €(4,834.1) million to €(1,116.0) million.

Insofar as all of the Group's derivatives are collateralised, counterparty risk is extremely limited, and credit and debt valuation adjustments have no impact on the measurement of these derivatives.

9.2.3 Reconciliation of movements for the period in securities measured using a valuation model not based solely on observable market inputs

	30.06.2016											
(in € millions)	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Remeasurement at fair value through equity	Remeasurement at fair value through profit or loss	Impairment	Translation adjustments	Closing carrying amount
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	18.3	15.5	0.0	6.1	(13.8)	0.0	0.0	0.0	0.0	0.0	0.4	26.5
Total financial assets	**18.3**	**15.5**	**0.0**	**6.1**	**(13.8)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**26.5**
Investment property at amortised cost	20.9	0.0	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	21.7
Investment property at fair value	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	8.6
Total investment property	**28.1**	**0.0**	**(3.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5.2**	**30.3**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

31.12.2015

(in € millions)	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Remeasurement at fair value through equity	Remeasurement at fair value through profit or loss	Impairment	Translation adjustments	Closing carrying amount
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	69.5	7.3	0.0	0.0	(58.3)	0.0	0.0	0.5	0.0	0.0	(0.6)	18.3
Total financial assets	**69.5**	**7.3**	**0.0**	**0.0**	**(58.3)**	**0.0**	**0.0**	**0.5**	**0.0**	**0.0**	**(0.6)**	**18.3**
Investment property at amortised cost	1.7	0.0	0.0	23.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.7)	20.9
Investment property at fair value	0.0	8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.2)	7.2
Total investment property	**1.7**	**8.3**	**0.0**	**23.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(4.8)**	**28.1**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.3 Derivative instruments

The following table analyses derivative instruments recorded in assets (positive fair value) and in liabilities (negative fair value) by maturity:

(in € millions)	30.06.2016											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	2.7	(18.0)	151.9	(392.5)	32.2	(385.1)	5.4	(143.3)	49.3	(180.6)	241.5	(1,119.5)
Cap/floor	0.0	(0.3)	121.7	0.0	98.8	0.0	0.0	0.0	0.0	0.0	220.6	(0.3)
Equity derivatives	13.6	0.0	64.2	0.0	129.3	(18.3)	0.0	0.0	0.0	0.0	207.2	(18.3)
Total	**16.3**	**(18.3)**	**337.9**	**(392.5)**	**260.4**	**(403.4)**	**5.4**	**(143.3)**	**49.3**	**(180.6)**	**669.3**	**(1,138.1)**

(in € millions)	31.12.2015											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV-
Swap	48.4	(57.2)	1,320.0	(1,435.9)	1,386.6	(1,522.9)	475.4	(584.6)	153.3	(226.0)	3,383.7	(3,826.6)
Cap/floor	10.0	(12.7)	216.8	(302.5)	657.5	(553.0)	0.2	(55.7)	1.0	(75.8)	885.4	(999.7)
Equity derivatives	28.4	(7.8)	10.7	0.0	109.0	0.0	0.0	0.0	0.0	0.0	148.0	(7.8)
Total	**86.7**	**(77.7)**	**1,547.4**	**(1,738.4)**	**2,153.1**	**(2,075.9)**	**475.6**	**(640.3)**	**154.3**	**(301.8)**	**4,417.2**	**(4,834.1)**

Until 31 December 2015, the amounts recorded under assets and liabilities were determined by analysing the two legs of each instrument separately.

Effective from 1 January 2016, each derivative instrument is presented as a single instrument without analysing the two legs separately. At 31 December 2015, this change of presentation would have had the effect of reducing the fair value of derivative instruments recorded as assets from €4,417.2 million to €699.2 million and reducing the fair value of derivative instruments recorded as liabilities from €4,834.1 million to €1,116.0 million.

The new presentation of derivative instruments at 31 December 2015 would have had the following breakdown:

(in € millions)	31.12.2015											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV -	FV+	FV-
Swap	2.9	(13.9)	212.4	(434.3)	19.1	(398.7)	0.2	(87.6)	33.1	(180.9)	267.8	(1,115.5)
Cap/floor	0.0	(0.5)	122.9	0.0	168.2	0.0	0.0	0.0	0.0	0.0	291.1	(0.4)
Equity derivatives	20.6	0.0	14.2	0.0	105.5	0.0	0.0	0.0	0.0	0.0	140.3	0.0
Total	**23.5**	**(14.4)**	**349.5**	**(434.3)**	**292.8**	**(398.7)**	**0.2**	**(87.6)**	**33.1**	**(180.9)**	**699.2**	**(1,116.0)**

9.4 Derivative instruments qualifying for hedge accounting

	30.06.2016	31.12.2015
(in € millions)	Currency swap	
Notional amount	**1,181.4**	**722.7**
Cash flow hedge reserve	**(18.6)**	**6.9**
Change in cash flow hedge reserve during the period	(82.1)	82.5
Cash flow hedge reserve recycled through profit or loss during the period	53.7	(71.0)
Deferred taxes	9.8	(4.6)

Derivative instruments correspond to three currency swaps used to hedge against fluctuations in exchange rates that could impact annual interest payments and principal repayments on three subordinated debt issues denominated in foreign currencies:

- The first derivative was put in place to hedge against foreign exchange risk arising on the euro-sterling exchange rate through to 30 September 2021 and affecting sterling-denominated subordinated notes issued in 2011
- The second derivative concerns subordinated notes issued in US dollars in 2013 and hedges payments on the notes through to 18 July 2019
- The third concerns subordinated notes issued in US dollars in January 2016 and hedges payments on the notes through to 22 January 2029.

These derivatives are eligible for cash flow hedge accounting (see Note 3.10.3). At 30 June 2016, no amount had been recognised in profit or loss for the ineffective portion of the hedges.

9.5 Classification of investments by type of asset and by geographic region

The purpose of this note is to provide an analysis of investments by type of financial asset and by geographic region.

Analysis of sovereign debt risk exposure

	30.06.2016			31.12.2015		
List of countries (for information) *(in € millions)*	**Gross exposure – carrying amount ***	**Gross exposure – fair value**	**Net exposure – fair value**	**Gross exposure – carrying amount ***	**Gross exposure – fair value**	**Net exposure – fair value**
France	66,918.1	81,100.5	5,128.1	66,591.5	77,735.6	4,941.1
Italy	9,332.1	10,943.6	1,254.4	9,134.8	10,708.0	1,234.7
Belgium	7,631.9	8,970.6	531.3	7,402.4	8,621.0	494.4
Spain	4,715.0	5,483.1	468.5	3,751.0	4,390.8	344.9
Austria	4,348.6	5,098.1	191.4	4,434.0	5,197.8	219.3
Brazil	1,666.0	1,608.3	965.1	1,448.8	1,265.6	759.5
Portugal	266.0	294.7	7.2	271.4	310.8	7.6
Netherlands	139.8	168.2	9.3	179.5	204.2	15.5
Ireland	595.1	695.7	30.8	617.1	724.3	31.8
Germany	2,010.0	2,433.6	220.4	2,481.7	2,823.0	240.8
Greece	3.9	1.5	0.1	3.9	2.2	0.1
Finland	14.0	18.3	1.9	16.3	19.7	3.2
Poland	346.5	387.7	44.4	346.7	391.9	43.1
Luxembourg	49.5	55.4	20.5	50.4	56.3	20.8
Sweden	54.2	55.6	29.1	11.4	12.4	0.3
Denmark	3.5	3.5	1.6	45.2	60.1	4.5
Slovenia	137.7	155.7	3.4	140.6	158.7	3.5
United Kingdom	0.1	0.1	0.0	78.1	233.0	0.0
Canada	664.3	737.4	86.6	649.0	710.8	85.9
Cyprus	19.7	21.5	8.1	16.6	18.5	6.1
Other [(1)]	6,103.1	7,271.4	701.0	6,401.8	7,459.8	735.2
TOTAL	**105,019.0**	**125,504.4**	**9,703.2**	**104,072.3**	**121,104.4**	**9,192.0**

[(1)] Of which see above

* Carrying amount, including accrued coupon

At 30 June 2016, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €125.5 billion, representing an estimated exposure net of deferred participation and deferred taxes of €9.7 billion. Virtually all of the securities concerned are classified as available-for-sale financial assets. The Group's exposure is calculated based on asset values and before non-controlling interests.

The calculation of net exposure has been standardised at Group level and reflects both the current market environment and policies concerning deferred participation: calculating net exposure from gross exposure takes account of the impacts of deferred taxes and deferred participation based on shadow accounting principles. In accordance with these principles, a change in the deferred participation reserve is recorded to offset unrealised gains or losses on financial assets taking into account contractual participation obligations and the Group's policyholder bonus policy (see Notes 3.18 and 3.13.2, respectively, regarding the Group's accounting policies for more information). The relatively low weighting of contracts with a guaranteed rate of return and the Group's ability to allocate losses on financial assets to policyholders over the long term, reinforces the validity of this approach to presenting the impact of net exposure.

The apparent 7.7% ratio of “net exposure” to “gross exposure” therefore reflects the deferred tax impact (factor of approximately 65.9% corresponding to the impact of the weighted average tax rate on the Group’s entities) and a deferred participation impact (11.7% factor, supplementing the effective participation rate and corresponding to shareholders’ entitlements to unrealised gains or losses).

The combination of these two impacts (taxes and deferred participation) results in a ratio of 7.7% (65.9% multiplied by 11.7%) of net exposure to gross exposure.

The difference between gross and net exposure does not necessarily represent the loss that would be borne by policyholders. The recoverability of successive losses on sovereign debt is limited by the following:

- the policyholder surplus reserve which totalled €7.9 billion at 30 June 2016 for France
- the Group’s ability to lower the discretionary participation it pays to policyholders. In France, the estimated minimum guaranteed interest rate is approximately 0.5% for a projected DPF rate of around 1.9% at end-2015, whereas in Italy, Spain and Portugal this ability is limited by the guaranteed yields on policies in these countries
- unrealised gains, especially on property (€2.9 billion) and on equities (€9.5 billion). These amounts are taken into account when testing deferred participation assets for recoverability.

In the absence of an incurred loss, no other sovereign debt securities have been impaired.

9.6 Commitments given and received

Securities commitments correspond to securities pledged by cedants under the terms of inward reinsurance contracts.

Securities commitments correspond to securities pledged to reinsurers under the terms of outward reinsurance contracts.

There were no material changes in commitments given or received during the six months to 30 June 2016 when compared with the disclosures in the 2015 Registration Document.

Note 10 Analysis of insurance and financial liabilities

The following tables show the sub-classifications of insurance liabilities that require separate disclosure under IFRS:

10.1 Analysis of insurance and financial liabilities at 30 June 2016

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**8,281.3**	**6,871.1**	**1,410.2**
Unearned premium reserves	1,006.3	901.8	104.5
Outstanding claims reserves	5,398.4	4,366.3	1,032.1
Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities)	42.5	41.3	1.2
Other technical reserves	1,834.0	1,561.6	272.4
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**178,518.7**	**161,012.6**	**17,506.1**
Unearned premium reserves	1,348.3	1,204.3	144.0
Life premium reserves *	169,431.6	152,342.1	17,089.5
Outstanding claims reserves	2,305.2	2,090.0	215.2
Policyholder surplus reserve	4,761.5	4,712.1	49.4
Other technical reserves	672.2	664.1	8.1
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**135,909.9**	**131,278.1**	**4,631.7**
Life premium reserves	128,931.4	124,575.2	4,356.2
Outstanding claims reserves	2,687.8	2,577.0	110.8
Policyholder surplus reserve	4,290.7	4,125.9	164.7
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,839.9**	**4,697.9**	**142.0**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**30,854.6**	**30,854.6**	**0.0**
Total insurance and financial liabilities	**358,404.4**	**334,714.4**	**23,690.1**
Deferred participation asset	**0.0**	**0.0**	**0.0**

* Most of the €12 billion change corresponds to the deposit paid under the quota-share reinsurance treaty provided for in the partnership agreement between CNP Assurances and BPCE. Under the terms of this treaty, 10% of technical reserves for savings contracts sold to Caisses d'Epargne customers after 1 January 2016 are ceded to Natixis Assurances.

10.2 Analysis of insurance and financial liabilities at 31 December 2015

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**8,372.2**	**7,033.8**	**1,338.4**
Unearned premium reserves	676.6	558.1	118.5
Outstanding claims reserves	5,917.1	4,953.6	963.6
Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	41.5	40.6	0.8
Other technical reserves	1,737.0	1,481.6	255.4
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**168,780.7**	**158,975.5**	**9,805.2**
Unearned premium reserves	1,199.6	1,012.4	187.1
Life premium reserves	161,156.9	151,729.1	9,427.7
Outstanding claims reserves	2,021.8	1,845.5	176.4
Policyholder surplus reserve	3,766.0	3,761.0	5.0
Other technical reserves	636.5	627.4	9.1
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**138,684.8**	**138,684.8**	**0.0**
Life premium reserves	132,834.6	132,834.6	0.0
Outstanding claims reserves	2,453.1	2,453.1	0.0
Policyholder surplus reserve	3,397.0	3,397.0	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,793.4**	**4,646.3**	**147.1**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**29,176.2**	**29,176.2**	**0.0**
Total insurance and financial liabilities	**349,807.3**	**338,516.5**	**11,290.8**
Deferred participation asset	**0.0**	**0.0**	**0.0**

Note 11 Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 30 June 2016 and 31 December 2015.

(in € millions)	30.06.2016	31.12.2015
Earned premiums not yet written	4,490.0	2,293.6
Other insurance receivables	623.5	288.4
Reinsurance receivables	223.9	113.3
Total	**5,337.4**	**2,695.3**
Doubtful receivables	4.9	4.8

Note 12 Liabilities arising from insurance and reinsurance transactions

This note discloses details of insurance and reinsurance liabilities at 30 June 2016 and 31 December 2015.

(in € millions)	30.06.2016	31.12.2015
Cash deposits received from reinsurers *	12,225.0	315.8
Liabilities arising from insurance transactions	3,663.6	588.6
Liabilities arising from reinsurance transactions	961.4	698.2
Deferred acquisition costs	166.7	206.3
Total	**17,016.7**	**1,808.9**

* Most of the €12 billion change corresponds to the deposit paid under the quota-share reinsurance treaty provided for in the partnership agreement between CNP Assurances and BPCE. Under the terms of this treaty, 10% of technical reserves for savings contracts sold to Caisses d'Epargne customers after 1 January 2016 are ceded to Natixis Assurances.

Analysis of the main components of the income statement

Note 13 Revenue

Revenue comprises:

- earned premiums
- loadings on premiums on financial instruments without DPF (IAS 39), reported under "Revenue from other activities".

13.1 Earned premiums and revenue from other activities

Business segment and contract type *(in € millions)*	**30.06.2016**	**30.06.2015**
Insurance contracts	**14,610.1**	**13,794.1**
Life	**13,174.5**	**12,283.4**
Pure premiums	12,288.7	11,438.6
Loadings	885.8	844.9
Non-life	**1,435.6**	**1,510.7**
Pure premiums	929.4	1,027.4
Loadings	506.2	483.3
Financial instruments with DPF	**2,640.8**	**2,299.8**
Pure premiums	2,612.1	2,265.2
Loadings	28.7	34.6
Earned premiums	**17,250.9**	**16,093.9**

Revenue from other activities *(in € millions)*	**30.06.2016**	**30.06.2015**
Financial instruments without DPF	**26.7**	**25.8**
Loadings	26.7	25.8
On premiums	18.0	23.6
On outstandings	8.7	2.2
Services (IAS 18)	**35.2**	**44.8**
Other activities	**(2.4)**	**(0.7)**
Total	**59.5**	**69.9**

13.2 Reconciliation to reported revenue

(in € millions)	**30.06.2016**	**30.06.2015**
Earned premiums	17,250.9	16,093.9
Loadings on premiums on financial instruments without DPF (IAS 39)	18.0	23.6
Total	**17,268.9**	**16,117.5**

13.3 Revenue by distribution partner

(in € millions)	30.06.2016	30.06.2015
La Banque Postale	4,938.7	4,115.8
Caisses d'Epargne	6,334.2	5,615.7
Amétis	218.1	230.6
Financial institutions	734.0	738.7
Companies and local authorities	832.4	1,032.6
Mutual insurers	270.0	412.4
Foreign subsidiaries	3,596.8	3,765.2
Other	344.6	206.5
Total revenue	**17,268.9**	**16,117.5**

13.4 Revenue by business segment

(in € millions)	30.06.2016	30.06.2015
Savings	**12,529.4**	**10,937.6**
Pensions	**1,474.4**	**1,765.5**
Personal Risk	1,976.4	1,031.8
Term Creditor Insurance	160.2	1,929.9
Health insurance	880.4	273.0
Property & Casualty	248.2	179.8
Sub-total personal risk and other	**3,265.1**	**3,414.5**
Other business segments	**0.0**	**0.0**
Total revenue	**17,268.9**	**16,117.5**

13.5 Revenue by company

(in € millions)	30.06.2016	30.06.2015
CNP Assurances *	13,507.1	11,075.2
CNP IAM	0.0	1,122.5
Préviposte	76.3	69.5
ITV	3.9	6.5
CNP Caution	44.1	0.0
MFPrévoyance SA	63.2	110.8
CNP Seguros de Vida	25.0	31.7
Caixa Seguros	1,541.4	1,727.9
CNP UniCredit Vita	1,543.9	1,484.1
CNP Partners	105.3	103.6
CNP Cyprus Insurance Holdings	69.1	68.7
CNP Europe Life Ltd	0.1	0.9
CNP Barclays Vida y Pensiones	0.0	99.5
CNP Santander Insurance	289.5	216.7
Total revenue	**17,268.9**	**16,117.5**

* At 31 Décember 2015 CNP IAM was partially absorbed by CNP Assurances.

13.6 Revenue by country

	Under IFRS		Under local GAAP	
(in € millions)	30.06.2016	30.06.2015	30.06.2016	30.06.2015
France	13,672.0	12,352.2	13,675.2	12,355.2
Italy	1,610.2	1,603.2	1,638.1	1,642.3
Portugal	3.2	32.7	3.2	40.2
Brazil	1,541.4	1,727.9	1,661.3	1,881.2
Argentina	25.0	31.7	25.0	31.7
Spain	95.3	106.1	95.3	106.1
Cyprus	67.9	67.2	68.6	67.3
Ireland	0.1	0.5	0.1	0.5
Germany	204.7	164.1	204.7	164.1
Norway	5.2	5.1	5.2	5.1
Poland	30.8	22.2	30.8	22.2
Other	13.1	4.7	13.3	4.9
Total revenue	**17,268.9**	**16,117.5**	**17,420.7**	**16,320.7**

13.7 Direct and inward reinsurance premiums

(in € millions)	30.06.2016	30.06.2015
Insurance premiums	16,828.9	15,584.1
Inward reinsurance premiums	440.0	533.3
Total revenue	**17,268.9**	**16,117.5**

Note 14 Investment income

14.1 Investment income and expense

This note discloses the main income, expenses, profits and losses generated by financial assets and liabilities that have been recognised in profit or loss or directly in equity for first-half 2016 and first-half 2015.

(in € millions)		30.06.2016	30.06.2015
Available-for-sale financial assets	Income from debt securities	(101.2)	169.5
	Interest income	3,092.4	3,313.7
	Income from other financial assets	864.3	761.2
	Capital gains and losses on disposals	516.2	351.9
	Impairment	(96.3)	175.5
	Net income from available-for-sale financial assets	**4,275.4**	**4,771.9**
Held-to-maturity investments	Interest income	45.9	42.6
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income from held-to-maturity investments	**45.9**	**42.6**
Loans and receivables	Interest income	32.7	36.1
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income (expense) from loans and receivables	**32.7**	**36.1**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	(505.9)	2,706.4
	Profit (loss) on derivative instruments held for trading and hedging	(80.6)	(143.9)
	Capital gains and losses on disposals	(54.4)	394.0
	Net income (expense) from financial assets at fair value through profit or loss	**(640.8)**	**2,956.5**
Investment property	Rent and other revenue	55.7	58.6
	Fair value adjustments	12.4	(5.8)
	Capital gains and losses on disposals	43.0	0.0
	Net income from investment property	**111.1**	**52.8**
Other investment expenses		**(126.8)**	**(120.2)**
Dilution gain		**0.0**	**0.0**
TOTAL INVESTMENT INCOME		**3,697.5**	**7,739.7**
Interest on subordinated debt at amortised cost		(118.6)	(95.1)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		**(118.6)**	**(95.1)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**3,578.9**	**7,644.6**

Reconciliation of investment income and expenses to the amounts reported in the income statement

(in € millions)	30.06.2016	30.06.2015
Investment income before finance costs	3,981.0	8,076.7
Investment and other financial expenses, excluding finance costs	(283.5)	(337.0)
Finance costs	(118.6)	(95.1)
Total	**3,578.9**	**7,644.6**

14.2 Impairment

This note discloses the nature and amount of impairment losses on financial assets recognised in profit or loss, by significant category of financial assets.

(in € millions)	30.06.2016	30.06.2015
Available-for-sale financial assets	**(275.8)**	**(77.5)**
Fixed-rate bonds	(9.3)	0.0
Variable-rate bonds	(3.4)	(2.7)
TCNs (money market securities)	0.0	0.0
Equities	(188.7)	(28.0)
Equity funds	(44.7)	(27.4)
Non-voting loan stock	(0.8)	0.0
Other (including mutual fund units)	(28.9)	(19.4)
Held-to-maturity investments	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment expense	**(275.8)**	**(77.5)**
Available-for-sale financial assets	**179.5**	**253.1**
Fixed-rate bonds	0.0	0.0
Variable-rate bonds	0.0	3.9
TCNs (money market securities)	0.0	0.0
Equities	144.0	209.9
Equity funds	2.2	34.3
Non-voting loan stock	0.0	0.0
Other (including mutual fund units)	33.3	5.0
Held-to-maturity investments	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment reversals	**179.5**	**253.1**
Net change in impairment provisions	**(96.3)**	**175.5**

Expenses of provisions of equities relate notably to shares in Deutsche Bank and Engie. Reversal of provisions of equities as a result of disposals relate notably to shares in Arcelor.

Note 15 Income tax expense

The purpose of the table below is to disclose the main components of income tax expense (benefit).

(in € millions)	30.06.2016	30.06.2015
Current tax	358.7	276.3
Deferred tax	6.6	37.1
Income tax expense	**365.3**	**313.4**
Profit for the period	751.6	793.8
Tax rate	32.70%	28.31%
Income tax expense	**365.3**	**313.4**

The higher effective tax rate in first-half 2016 is due to the capital gain on last year's sale of BVP, which was taxed at a reduced rate and was greater than the gain on this year's sale of the Group's interest in La Banque Postale Prévoyance.

The gap between the effective rate and the standard rate in France widened in first-half 2016 due to the higher volume of profit taxable at a reduced rate in France, including the gain on the sale of the Group's interest in La Banque Postale Prévoyance.