

August 2016

# CREDIT INVESTOR PRESENTATION

insuring all  
our futures



## DISCLAIMER

Some of the statements contained in this presentation may be forward-looking statements referring to projections, future events, trends or objectives that, by their very nature, involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, legal or regulatory decisions or changes, changes in the frequency and amount of insured claims, particularly as a result of changes in mortality and morbidity rates, changes in surrender rates, interest rates, foreign exchange rates, the competitive environment,

the policies of central banks or governments, legal proceedings, the effects of acquisitions and the integration of newly acquired businesses, and general factors affecting competition. Further information regarding factors which may cause results to differ materially from those projected in forward-looking statements is included in CNP Assurances' filings with the *Autorité des Marchés Financiers*. CNP Assurances does not undertake to update any forward-looking statements presented herein to take into account any new information, future event or other factors. Certain prior-period information may be reclassified on a basis consistent with current year data. The sum of the amounts presented in this document may not correspond exactly to the total indicated in the tables and the text. Percentages and percentage changes are calculated based on unrounded figures and there may be certain minor differences between the amounts and percentages due to rounding. CNP Assurances' final solvency indicators are submitted post-publication to the insurance supervisor and may differ from the explicit and implicit estimates contained in this document.



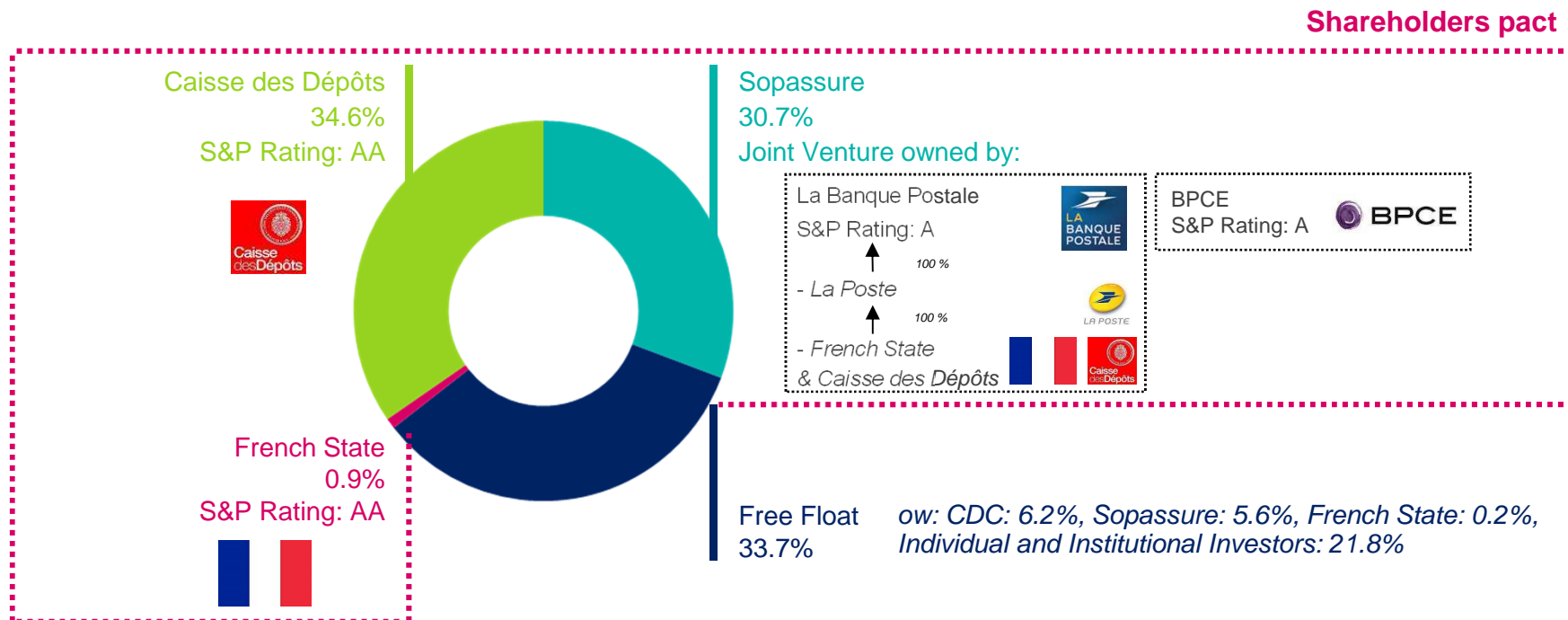
## AGENDA

- 1. A resilient and balanced business model**
- 2. A disciplined risk management and investment policy**
- 3. Solvency, rating and funding policy**
- 4. Appendices**

1.

**A resilient and  
balanced business  
model**

## CNP ASSURANCES OWNERSHIP STRUCTURE (AS OF END 2015)



- The French State sits at the supervisory board of CNP Assurances
- Shareholders pact ends in December 2017

## A CORNERSTONE OF THE FRENCH FINANCIAL SECTOR...

### ➤ **CNP Assurances is a central pillar of the savings and pension system in France and underwrites:**

- Savings and protection guarantees of mass-market retail customers through the networks of:
  - La Banque Postale \*
  - BPCE \* (Banques Populaires, Caisses d'Epargne, Crédit Foncier)
  - and Ametis (salaried sales force of 300 insurance advisors)
- Savings and protection guarantees of high-net worth customers on an open-model basis through:
  - private banks
  - family offices
  - and independent financial advisors
- Pension funds of French civil servants (Prefon) and French local authorities' employees
- Group death, disability and health insurance of French local authorities, mutual insurers and numerous companies, from SMEs to Blue Chips

\* Please refer to p.14 for a description of the distribution agreements with La Banque Postale and BPCE

## ... AND A LEADING POSITION IN FRANCE AND BRAZIL

### ➤ Market leader in France life

- 16.5%\* market share of the French life insurance market
- Significant market share of the term creditor insurance market (death & disability of the borrowers)
- Stable earnings and cash-flows
- France represents 78% of Group premium income, 73% of Group profit and 90% of Group SCR (FY 2015)

### ➤ Strong track record in Brazil with Caixa Seguradora

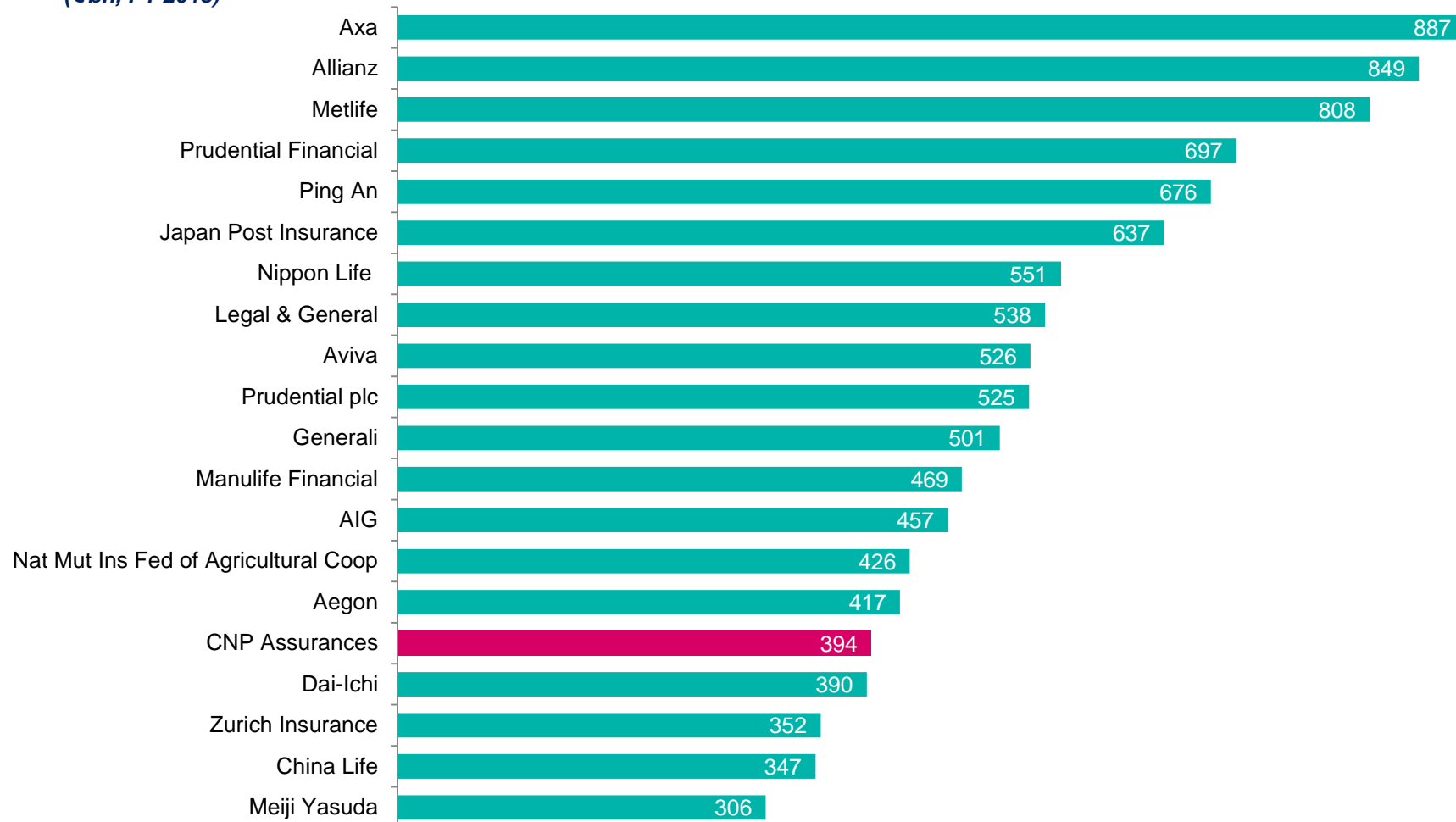
- Acquisition of Caixa Seguradora in July 2001
- Exclusive distribution agreement with the public bank Caixa Econômica Federal, 3rd Brazilian bank by assets
- 5<sup>th</sup> insurer in Brazil, market share of 5.4%\*
- Self-funded subsidiary with good cash generation (€174m upstreamed dividend in 2015 after €156m in 2014)
- Brazil represents 10% of Group premium income, 23% of Group profit and only 6% of Group SCR (FY 2015)

\* Company data as of 31.12.2015

# IN TERMS OF ASSETS, CNP ASSURANCES IS THE 16<sup>TH</sup> LARGEST INSURER IN THE WORLD, AND THE 8<sup>TH</sup> IN EUROPE

## Total assets

(€bn, FY 2015)



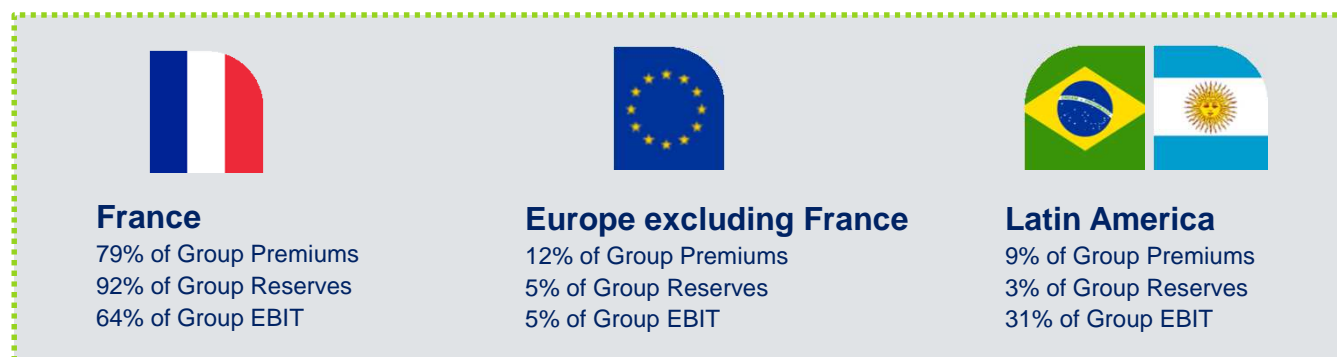
Source: Bloomberg



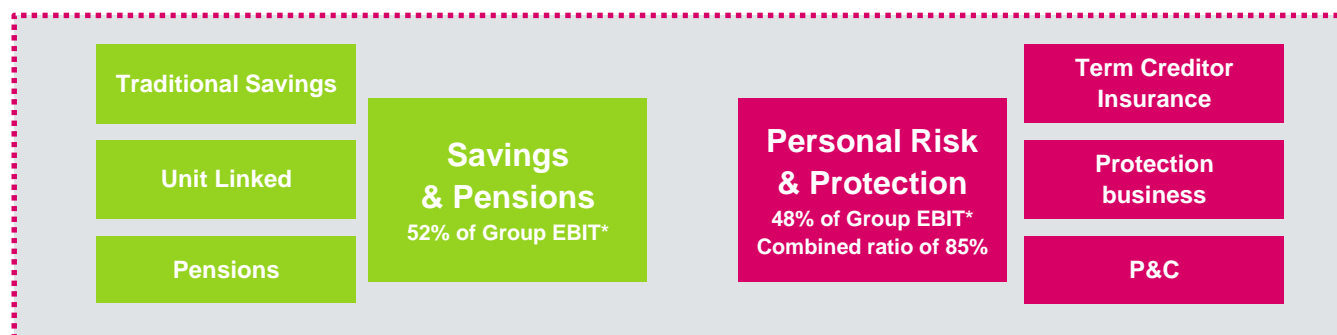
# A BALANCED MIX OF BUSINESSES

## Business dynamics (as of 30.06.2016)

### Main markets



### Main businesses

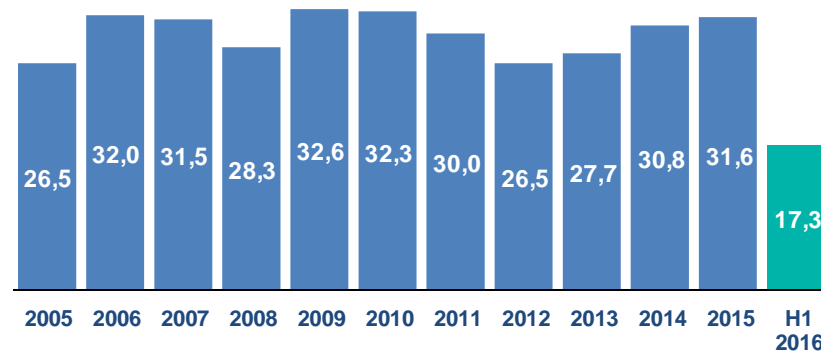


\* EBIT excluding own funds

# FINANCIAL OVERVIEW

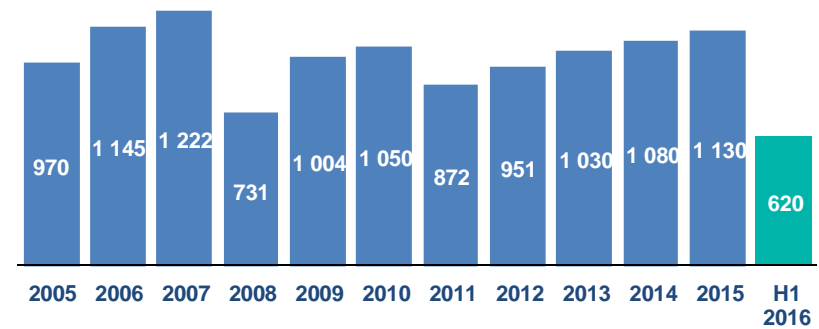
## Premium income

(€bn)



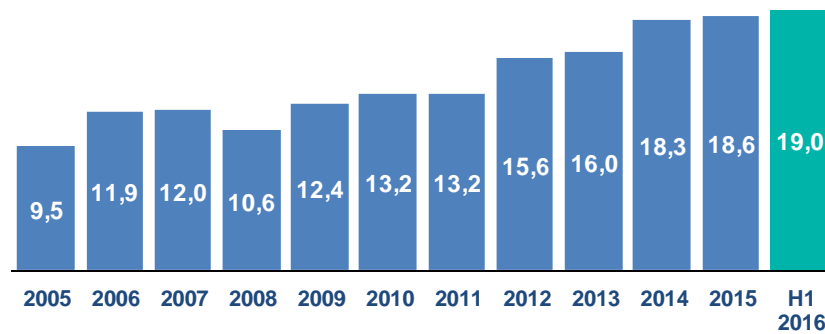
## Net income

(€m)



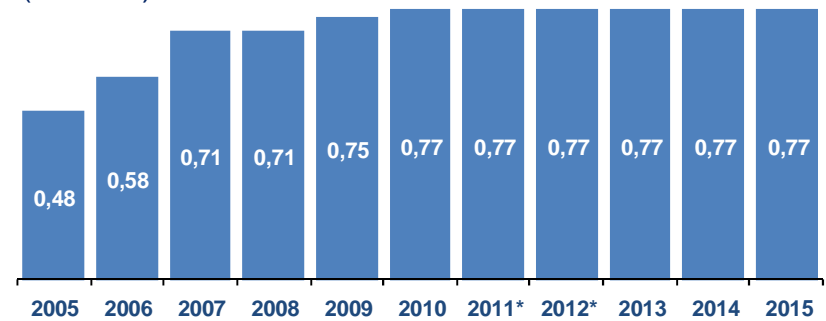
## Total IFRS Equity

(€bn)



## Dividend per share

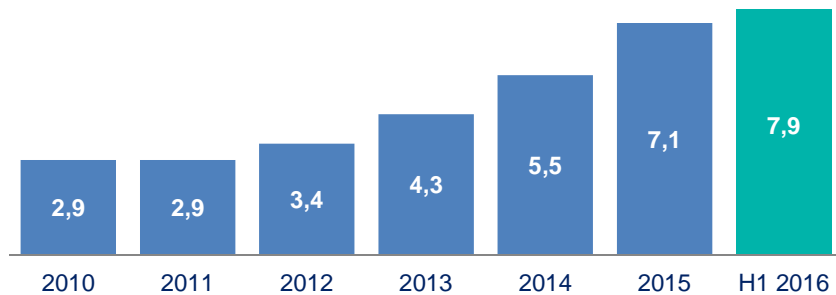
(€/share)



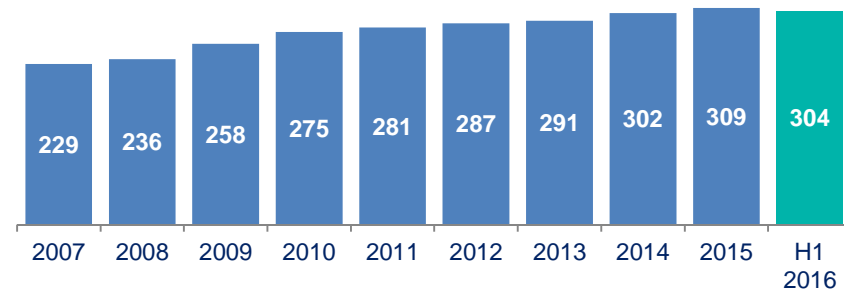
\* Scrip dividend

## A STRONG BALANCE SHEET DESPITE THE RECENT CRISIS

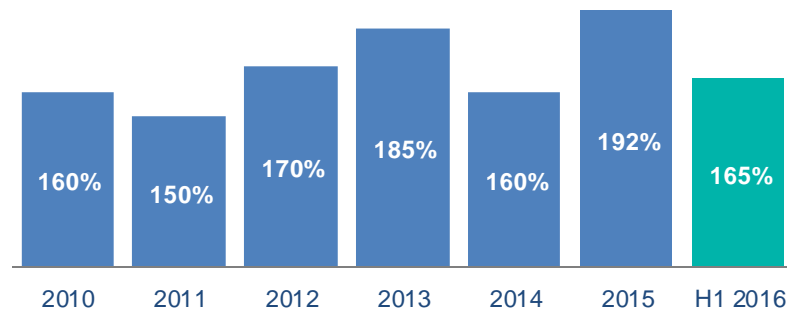
**Policyholders' surplus reserve**  
**Buffer included in the TAC by S&P**  
(€bn)



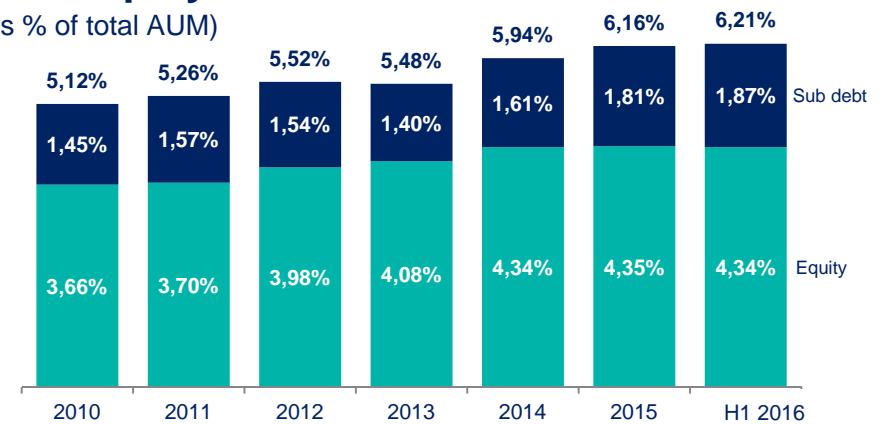
**Technical reserves\***  
(€bn)



**Consolidated SCR coverage ratio\*\***



**IFRS equity and subordinated debt**  
(as % of total AUM)



\* Excluding deferred participation and net of reinsurance

\*\* Standard Formula. No transitional measures except for grandfathering of subordinated debt.

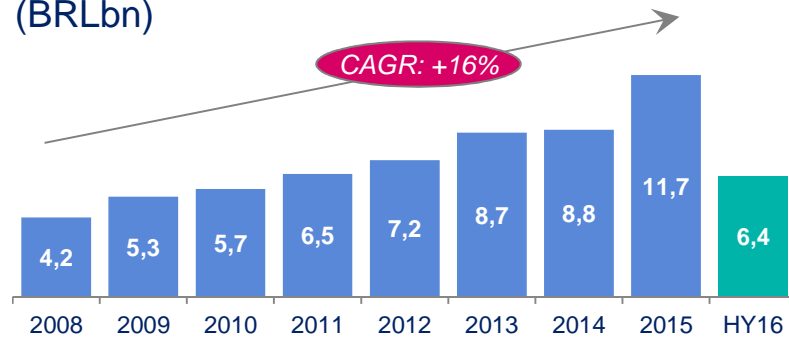
31 Dec 2015 is the 1<sup>st</sup> time application of the new regulatory framework

# CAIXA SEGURADORA THE BRAZILIAN SUCCESS STORY

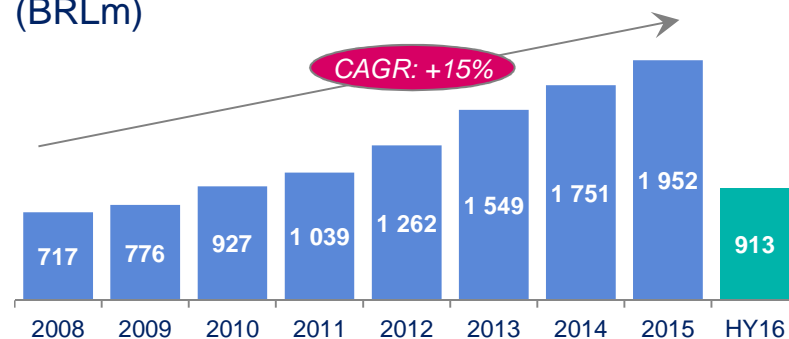
## Ownership structure



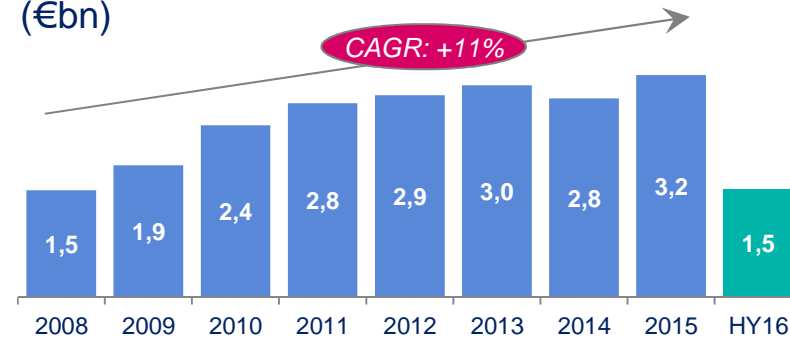
## Premium income (BRLbn)



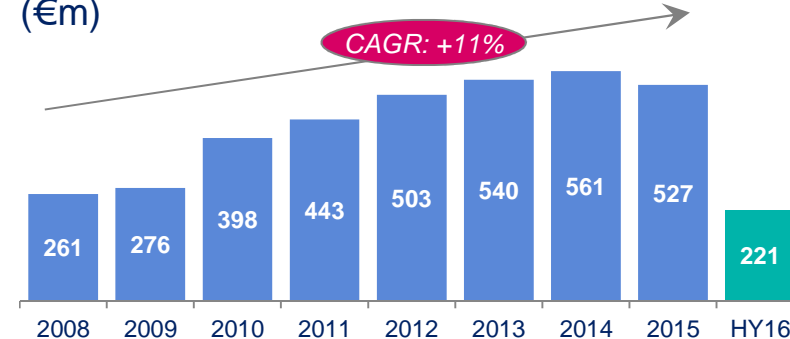
## Recurring profit before minority interest (BRLm)



## Premium income (€bn)



## Recurring profit before minority interest (€m)



## **ONGOING TRANSFORMATION OF THE GROUP IN LINE WITH THE STRATEGY ANNOUNCED IN EARLY 2013**

**Distribution  
agreements with  
BPCE and  
La Banque Postale**

**First year of  
Santander Consumer  
Finance partnership**




**Agreement with AG2R  
La Mondiale to create  
leader in group  
pensions**

**Expansion of  
unit-linked  
business in France,  
Italy and Brazil**

**Ongoing strong growth  
dynamic in Brazil**

**Improved  
underwriting results  
in group health and  
death/disability  
insurance**

## RENEWED PARTNERSHIPS ALIGNED WITH THE GROUP'S STRATEGY

	BPCE	La Banque Postale
 <b>Duration</b>	<ul style="list-style-type: none"> <li>▶ 7 years, renewable for successive 3-year periods</li> </ul>	<ul style="list-style-type: none"> <li>▶ 10 years</li> </ul>
 <b>Savings/ Pensions</b>	<ul style="list-style-type: none"> <li>▶ CNP Assurances to continue managing in-force savings and pension contracts distributed by the Caisses d'Epargne and future instalments on these contracts</li> <li>▶ Savings and pension contracts reinsured by Natixis Assurances under a 10% quota-share treaty</li> <li>▶ New business underwriting gradually taken over by Natixis Assurances. Full-year effect on premium income visible in 2017</li> <li>▶ CNP Assurances high-end life insurance offer marketed via the Banque Privée 1818 platform</li> </ul>	<ul style="list-style-type: none"> <li>▶ Renewal of the life insurance distribution agreement</li> <li>▶ Extension of the distribution agreement to include BPE, La Banque Postale's wealth management subsidiary, for high-end life insurance contracts</li> </ul>
 <b>Personal Risk/ Protection Insurance</b>	<ul style="list-style-type: none"> <li>▶ Expansion of the term creditor insurance business to include the Banques Populaires and Crédit Foncier networks</li> <li>▶ Partnership in group health insurance and employee benefit plans</li> <li>▶ Partnership in individual long-term care and renters' insurance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Direct distribution by LBP and BPE of CNP Assurances term creditor insurance for home buyers, with 5% of the risk reinsured by La Banque Postale Prévoyance</li> <li>▶ Transfer by CNP Assurances to La Banque Postale of its 50% stake in their joint venture, La Banque Postale Prévoyance</li> </ul>

## RENEWED PARTNERSHIPS ALIGNED WITH THE GROUP'S STRATEGY

	MAIN EXPECTED IMPACTS FROM RENEWED PARTNERSHIP WITH BPCE AND LA BANQUE POSTALE
<b>Premium income</b>	<ul style="list-style-type: none"> <li>▶ Decline in savings premium income, because the Group will no longer receive premiums from new business generated by BPCE</li> <li>▶ Increase in term creditor insurance premiums, following extension of distribution to include Banque Populaires and Crédit Foncier networks and direct distribution by La Banque Postale and BPE of term creditor insurance for home buyers</li> </ul>
<b>New business premiums and margin</b>	<ul style="list-style-type: none"> <li>▶ Overall improvement in profitability and new business margin led by the shift in business mix towards personal risk/protection business and away from traditional savings business</li> </ul>
<b>Administrative costs</b>	<ul style="list-style-type: none"> <li>▶ Not material</li> </ul>
<b>EBIT</b>	<ul style="list-style-type: none"> <li>▶ No abrupt increase or decrease</li> </ul>
<b>Solvency II coverage rate (standard formula)</b>	<ul style="list-style-type: none"> <li>▶ Gradual reduction in capital requirement due to decrease in BPCE in-force business</li> <li>▶ Development of personal risk/protection products with lower required capital</li> </ul>

**2016:**

## **FASTER CHANGE IN MULTI-PARTNER BUSINESS MODEL**

### **➤ Development of personal risk/protection insurance business**

- Deployment in 2016 of renewed term creditor insurance partnerships with BPCE and La Banque Postale
- Ramp-up of all-channel employee benefit plan distribution system (Amétis in-house network, Alptis multi-channel platform) in operation since last autumn
- Launch of employee benefit plan partnership with BPCE in late 2015, earlier than scheduled
- Ramp-up of partnership with Santander Consumer Finance in Europe (10 countries) and open model distribution in Southern Europe (CNP Partners)

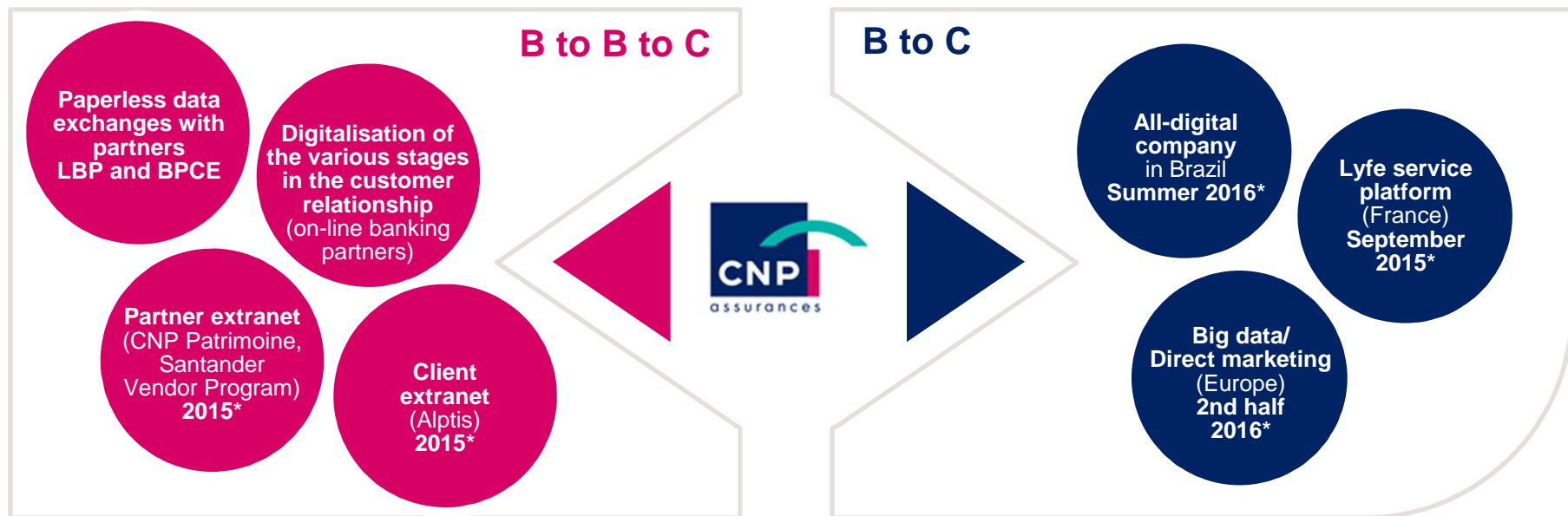
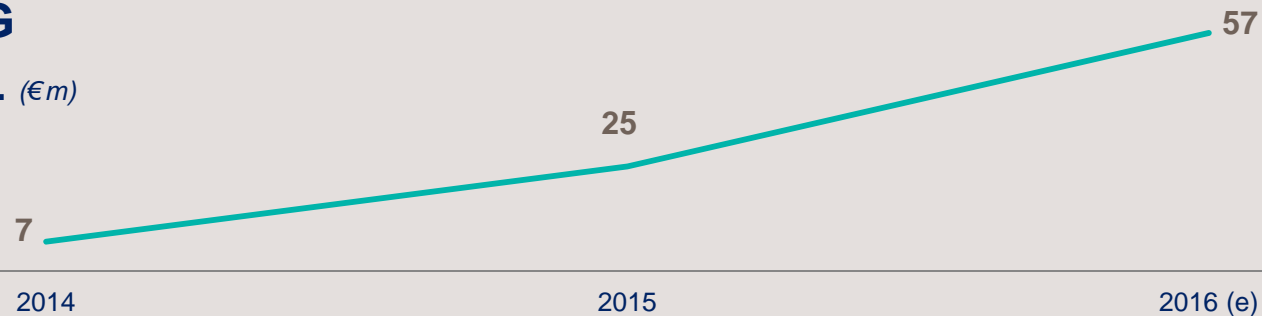
### **➤ Development of high-end savings business**

- Deployment in 2016 of enhanced partnerships with BPCE and La Banque Postale in high-end savings
- New CNP Patrimoine multi-partner distribution system fully up and running with launch of Luxembourg subsidiary on 1 January 2016



# AN AMBITIOUS DIGITAL STRATEGY OPENING UP NEW GROWTH OPPORTUNITIES

## INVESTING IN DIGITAL (€m)



\* Launch date

## **ROADMAP: AGILITY, INNOVATION, OPERATIONAL PERFORMANCE AND GROWTH**

- **With its 5,000 employees, the Company is undergoing a process of change driven by the Cap Digital internal transformation programme (launched in May 2015)**
- **With its partners and the Open CNP programme start-ups (launched in September 2015 with a €100m investment target), the Company is inventing new digital services and customer experiences**
- **An Operational Excellence Programme has been launched to improve customer and employee satisfaction rates, and reduce the cost base in France by €60m over a full year by 2018**
- **In line with the Group's strategy, CNP Assurances' objective is to deliver average organic EBIT growth of at least 5% per year over the next three years (2016 - 2018)**

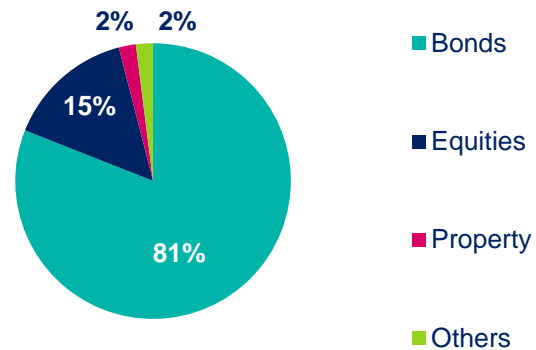
**2.**

**A disciplined risk  
management and  
investment policy**

## ASSET ALLOCATION

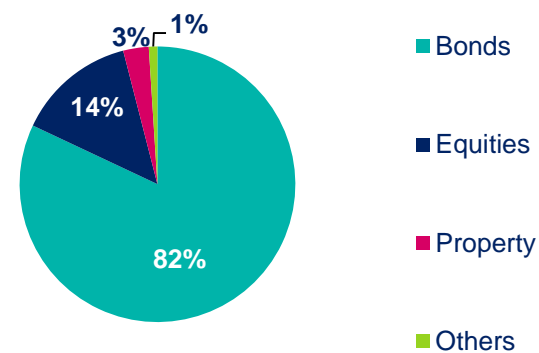
€326bn of AUM excluding UL

FY 2015



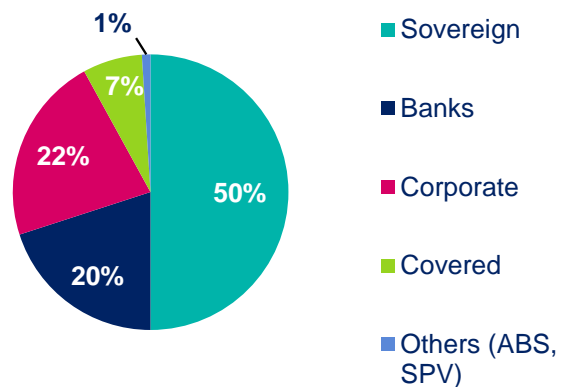
€334bn of AUM excluding UL

H1 2016



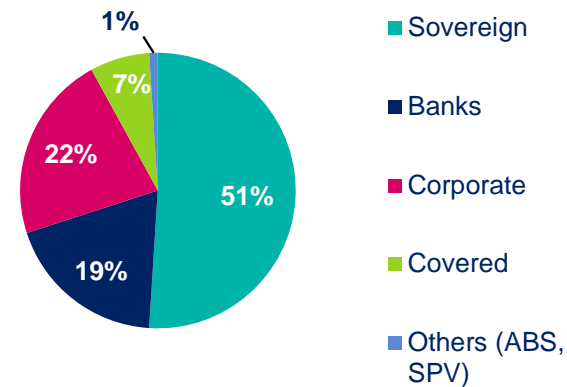
Bond portfolio by type of issuer

FY 2015



Bond portfolio by type of issuer

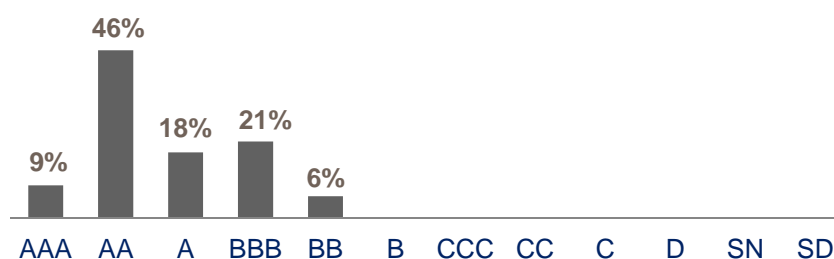
H1 2016



## DEFENSIVE BOND PORTFOLIO

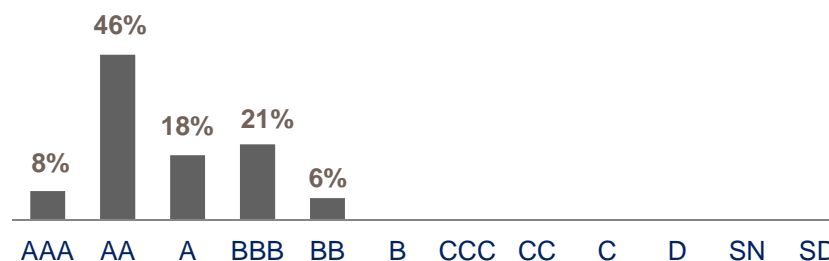
### Bond portfolio by credit rating\*

FY 2015



### Bond portfolio by credit rating \*

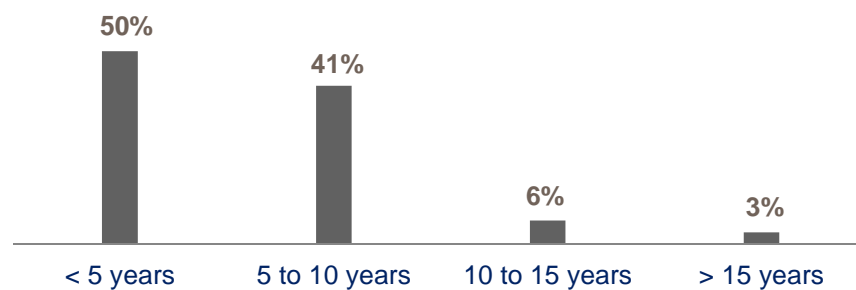
H1 2016



\*Second best rating: method consisting of using the second best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch

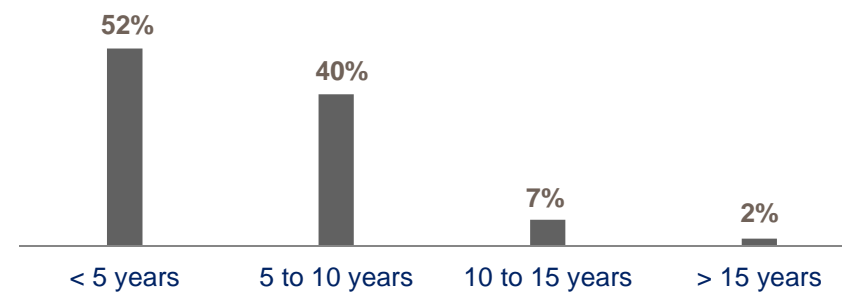
### Bond portfolio by maturity band

FY 2015



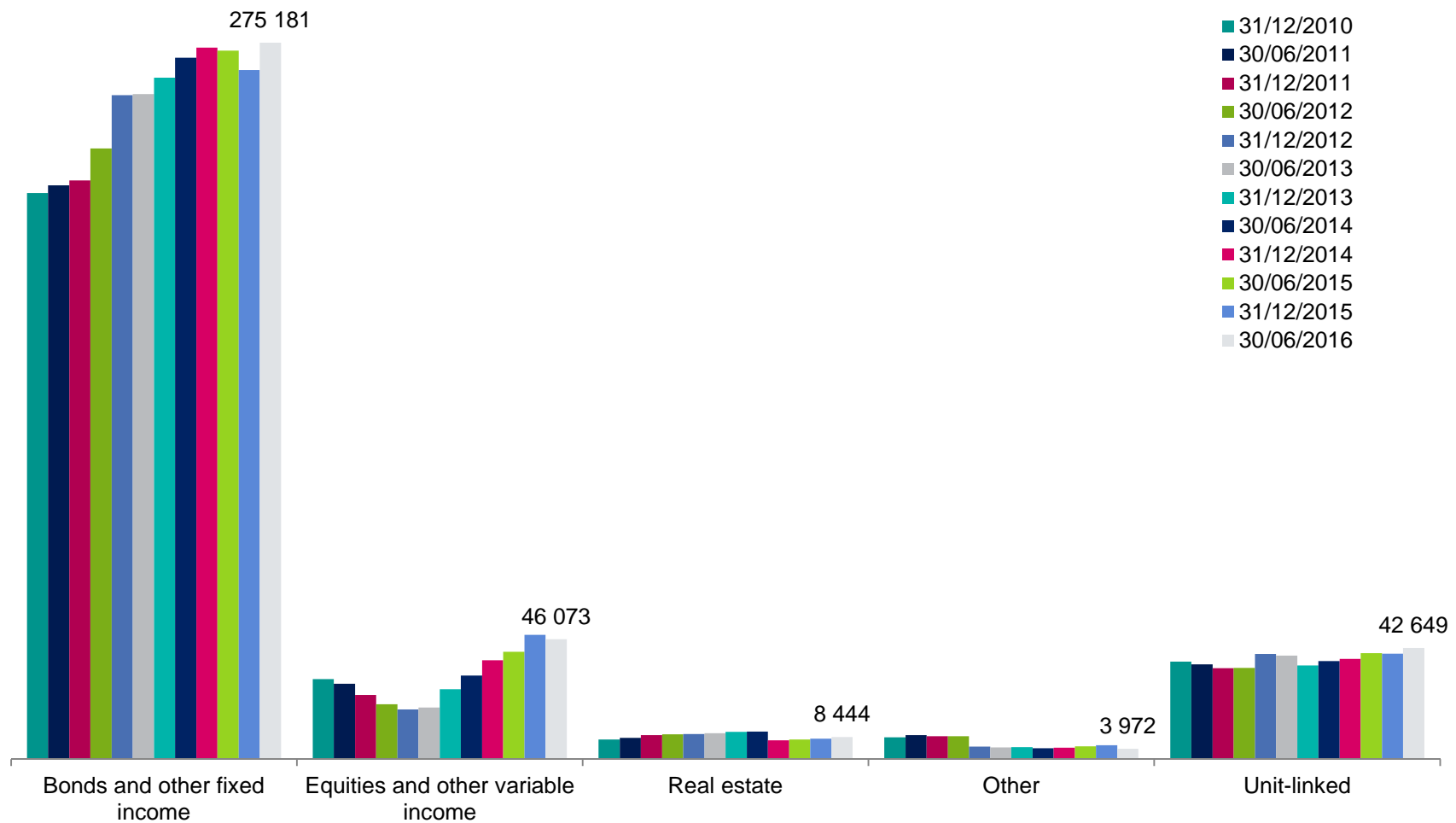
### Bond portfolio by maturity band

H1 2016



# PORTFOLIO ANALYSIS BY ASSET CLASS

Market value (€m)



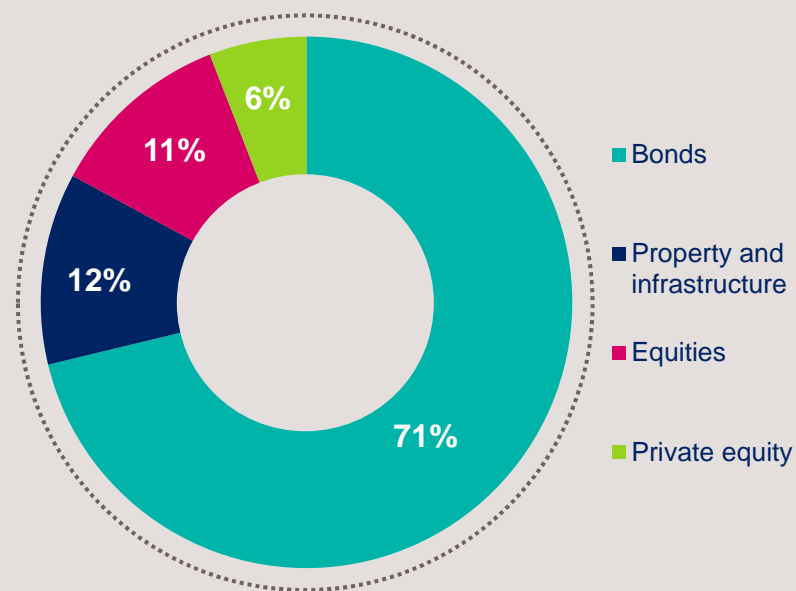
## IFRS UNREALISED GAINS BY ASSET CLASS

(€bn)	31 Dec. 2014	31 Dec. 2015	30 June 2016	<i>Change (%) H1 2016 vs. FY 2015</i>
Bonds	29.5	23.7	28.4	+19,5
Equities	10.0	12.6	9.5	(24,4)
Property	2.4	2.7	2.9	+4,9
Other	(1,2)	(1,2)	(1,2)	-
<b>TOTAL</b>	<b>40.7</b>	<b>37.8</b>	<b>39.5</b>	<b>+4,3</b>

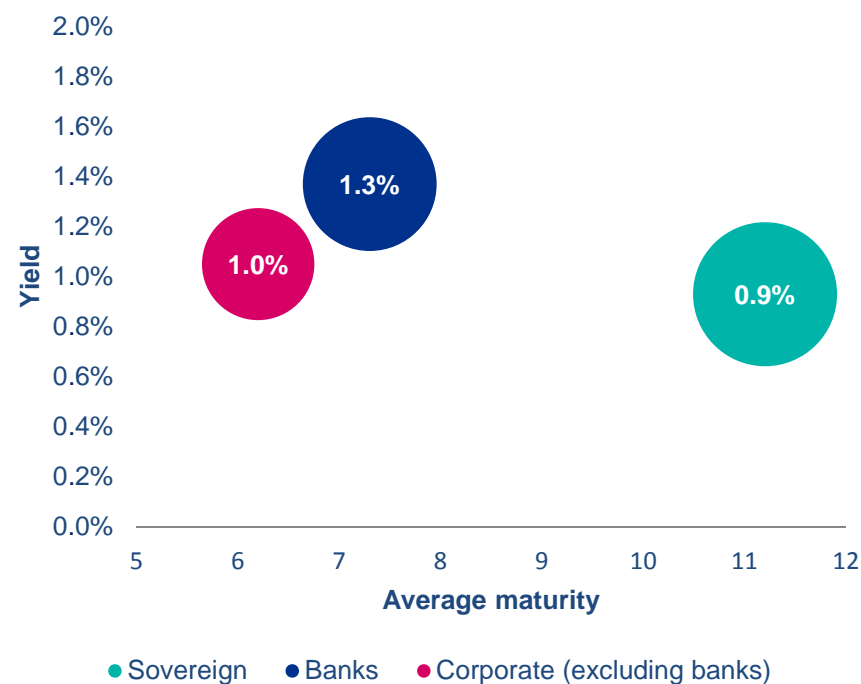
## AN INVESTMENT STRATEGY ALIGNED WITH THE ECONOMIC ENVIRONMENT IN EUROPE

### TOTAL INVESTMENTS IN FIRST-HALF 2016

(%)



### BOND INVESTMENTS IN FIRST-HALF 2016



➤ **European bond portfolios – average reinvestment rate in first-half 2016: 1.1%**



## A DIVERSIFICATION STRATEGY TO IMPROVE PORTFOLIO YIELD

### ➤ **Stabilised equity portfolio**

- Stable portfolio of traditional stocks
- Increased investment in more defensive stocks (low volatility equity funds, funds hedged against falling stock prices, convertible bonds)
- Ongoing refocusing away from US stocks in favour of European stocks offering higher relative valuations

### ➤ **Increased investment in non listed assets in the first-half of 2016**

- Real estate: €900 million in equity and €320 million in debt.  
Historical average IRR of 7.5%
- Infrastructure: €40 million in equity (Méri diam III fund) and €250 million in debt.  
Historical average IRR of 10.8%
- Private equity: €310 million in equity.  
Historical average IRR of 8.2%

### ➤ **6% to 7% of assets held in cash due to market volatility**

## AN EXPANDED HEDGING STRATEGY IN 2016

### ➤ Ongoing Brazilian real hedging strategy

- Use of puts to limit impact of a fall in the real on net profit and on dividends received from the local subsidiary

### ➤ Stepped up equity portfolio hedging strategy

- Purchases of out-of-the-money long puts to protect the equity portfolio against the risk of a fall in stock market prices and reduce the solvency capital requirement generated by the portfolio

### ➤ Ongoing interest rate hedging strategy

- Ongoing purchases of long caps to limit the risk in the event of a future increase in interest rates

### ➤ Launch of a credit spread hedging strategy

- Purchases of iTraxx puts to protect the corporate bond portfolio against widening credit spreads

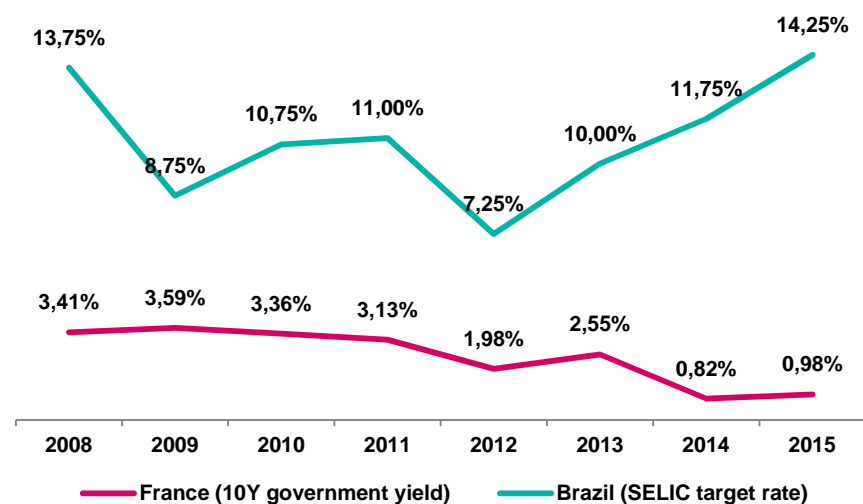
### ➤ Option premiums paid under the hedging programme implemented in H1 2016 before the UK referendum amounted to €167m. The fair value of these hedges at 30 June 2016 was €404m.

## HEDGING PORTFOLIO

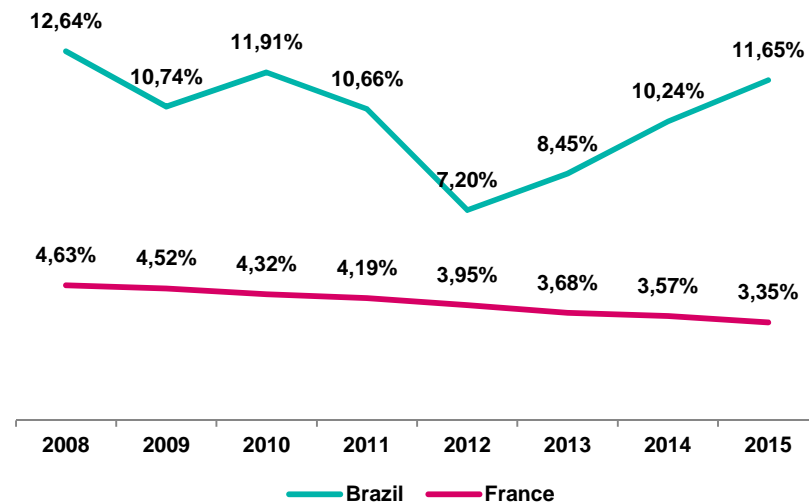
HEDGED RISK		Type of hedge	Hedge maturity	Options set up in first-half 2016		Outstanding options at 30 June 2016	
				Option premiums	<i>Notional amount</i>	Fair value	<i>Notional amount</i>
EQUITY RISK	Protects equity portfolio against a falling market	Put	< 7 years	€57m	€0.9bn	€164m	€1.9bn
CURRENCY RISK	Protects profit and dividend paid to parent by Caixa Seguradora	Put	1 year	-	-	€0.2m	BRL 0.9bn
INTEREST RATE RISK	Protects traditional savings portfolio against rising interest rates	Cap	< 10 years	€100m	€5.6bn	€221m	€60bn
CREDIT RISK	Protects bond portfolio against wider corporate spreads	Put	1 year	€10m	€1.5bn	€19m	€1.5bn

# INTEREST RATES ENVIRONNEMENT ON OUR TWO MAIN MARKETS

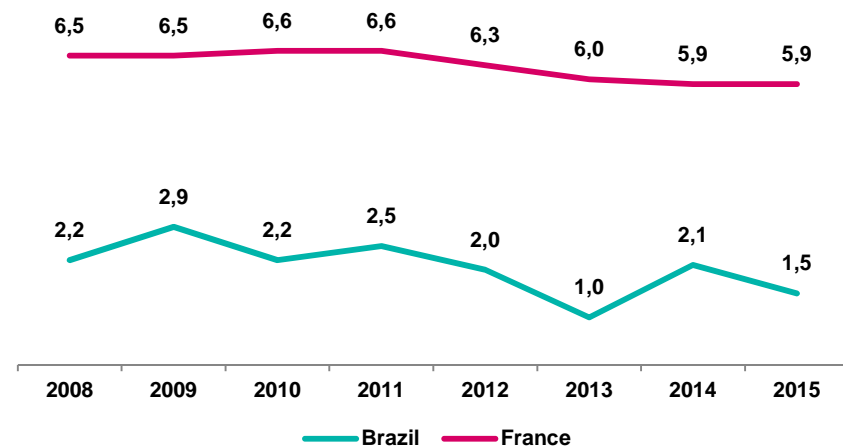
## Sovereign interest rates



## Fixed-rate bond portfolio current yield by country

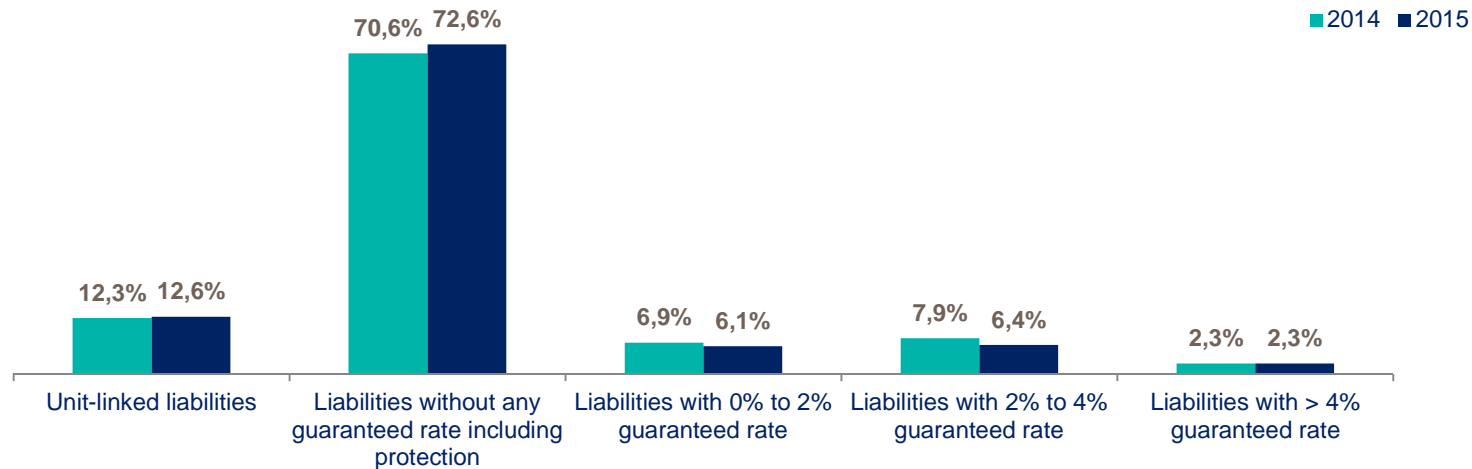


## Weighted average remaining life of bonds (years)

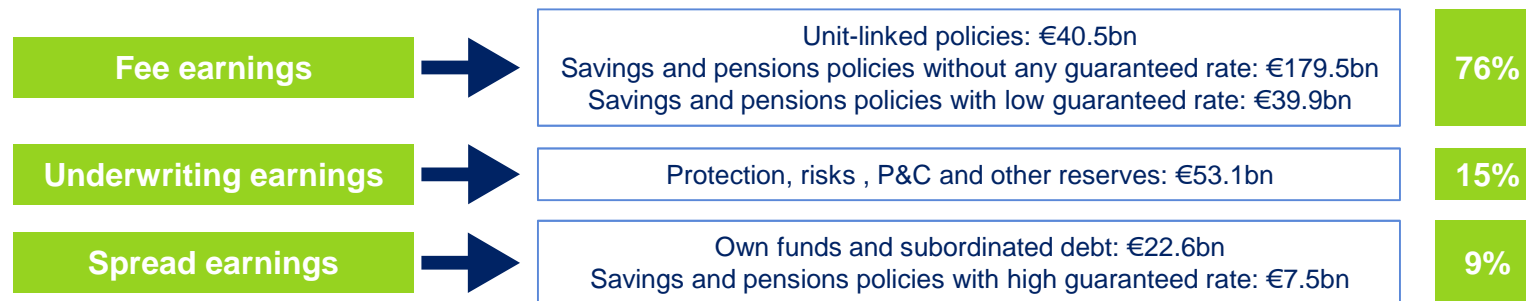


## LOW GUARANTEED RATE ON LIABILITIES

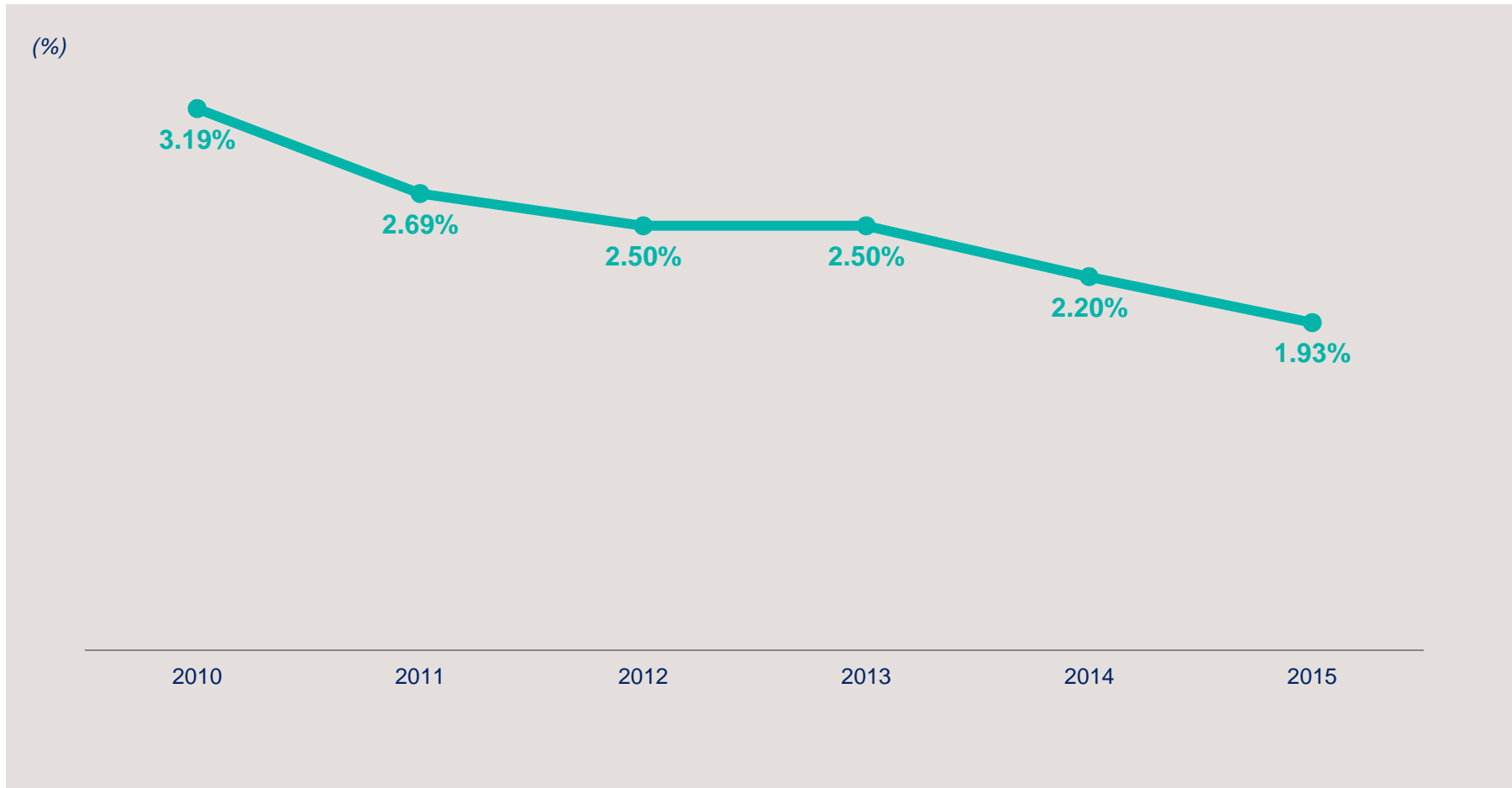
### ➤ Breakdown of CNP Assurances liabilities by guaranteed rate:



### ➤ CNP Assurances business model is mainly based on fee and underwriting earnings, as reflected by the breakdown of liabilities:



## CNP ASSURANCES POLICYHOLDER YIELDS IN FRANCE\*



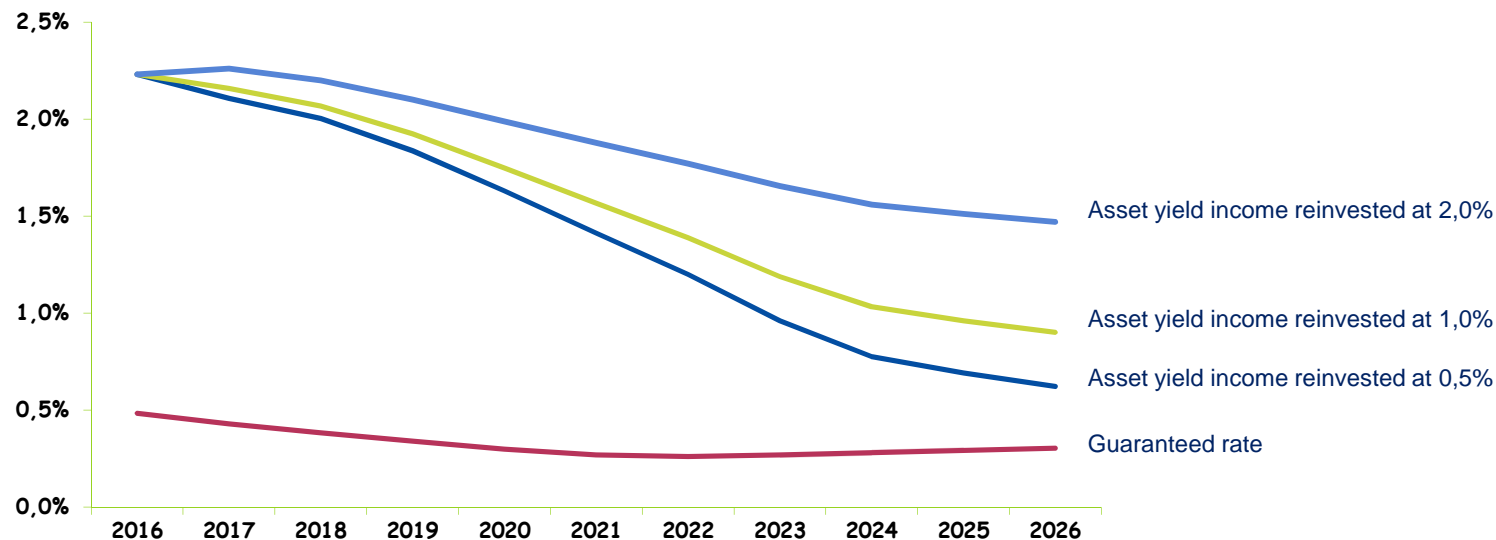
\* Source: CNP Assurances, traditional savings contracts

## LOW GUARANTEED RATES PROVIDE A PROTECTION AGAINST ADVERSE INTEREST RATE MOVEMENTS



### ➤ Managing lower for longer interest rates

- Asset portfolio yield projected over 10 years with redemptions reinvested in 0.5%, 1% or 2% fixed rate bonds
- Equity and real estate assumptions: 0% revenue and flat prices
- Under this stressed scenario, the asset portfolio yield would be 2.23% in 2016 vs. average guaranteed rate of 0.44% at the end of June 2016



Notes: Based on CNP Assurances full perimeter. In-force business as of end-2015, surrenders and payments taken into account

### ➤ Protection against rising interest rates

- As of end June 2016, CNP Assurances has a portfolio of €60bn nominal long-term interest rate derivatives (caps) to protect the balance sheet against rising interest rates

## STRONG RESILIENCE IN SPITE OF SEVERE MARKET SHOCKS

- Despite severe market shocks, CNP Assurances' fundamentals have remained strong over time
- Since its IPO in 1998, CNP Assurances has continuously posted 17 years of positive annual and quarterly net income

		Subprimes crisis & Lehman Brothers default FY 2008	Eurozone crisis FY 2011	Very low interest rate & disinflation FY 2014	EM slowdown & weakening of Brazilian real FY 2015
Market YoY Variations	Euro Stoxx 50	(44%)	(17%)	1%	4%
	10Y French government yield	(88 bps)	(19 bps)	(173 bps)	16bp
	EUR-BRL	25%	10%	(1%)	(25%)
CNP Assurances key figures	Net income (€bn)	0,73	0,87	1,08	1,13
	Shareholders equity (€bn)	10,6	13,2	18,3	18,6
	Policyholder Surplus Reserve (€bn)	2,2	2,9	5,5	7,1



## CNP ASSURANCES HAS SEVERAL BUFFERS TO COPE WITH FINANCIAL MARKET VOLATILITY

### ➤ Low contractually guaranteed rates

- Current French savings production has no contractually guaranteed rate\* and the overall average guaranteed rate across all policy liabilities is 0.44% at 30 June 2016
- At the end of each year, CNP Assurances has the full flexibility to decide the yield attributed to policyholders over and above guarantees (1.93% on average in 2015)

### ➤ €39.5bn IFRS unrealized gains at 30 June 2016

- If necessary, gains can be realized to offset the impact of asset impairments or low interest rates
- By construction, at least 85% of market movements are “pass-through” to policyholders, with equity impact to shareholders being of second order

### ➤ €7.9bn Policyholder Surplus Reserve at 30 June 2016

- If necessary, amounts in the surplus reserve can be used to absorb investment losses

### ➤ Tax impact

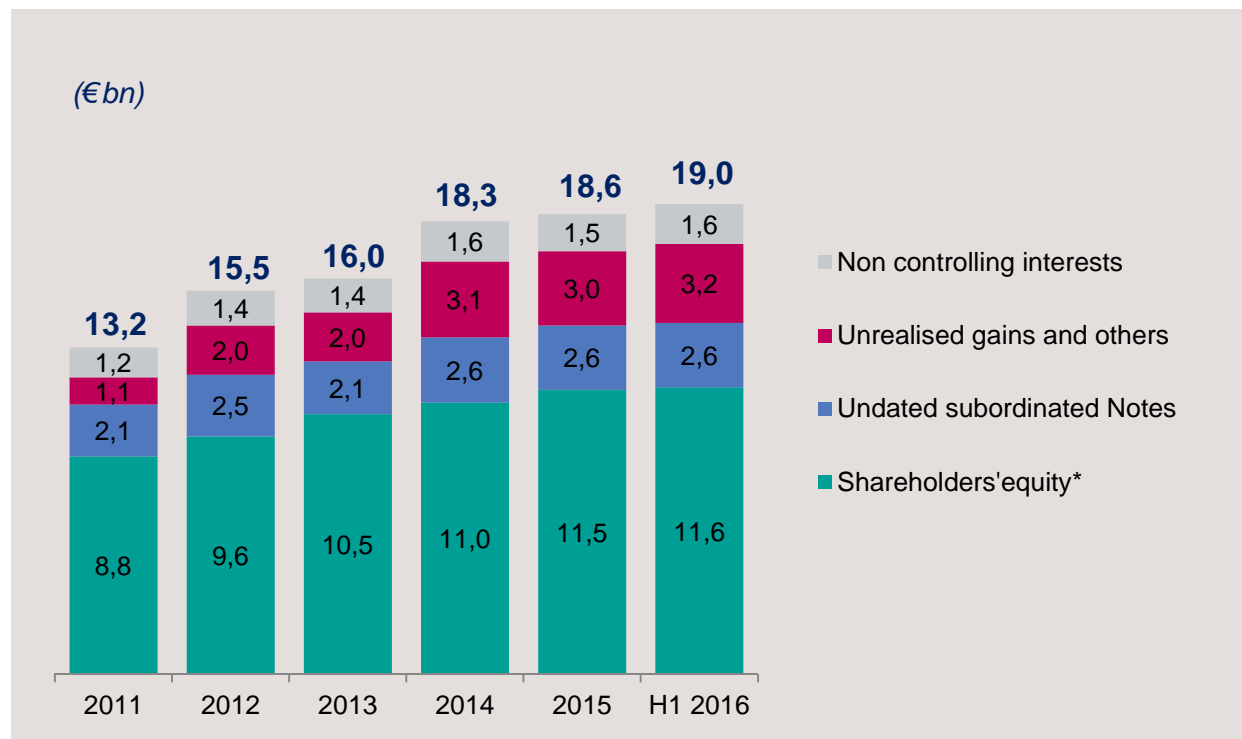
- Losses retained by CNP Assurances would benefit from tax deductibility, reducing the impact on the Group

\*All new policies have 0% guaranteed rate, some old policies still exist with a positive guaranteed rate on additional payments. These old policies, which include guaranteed rate, will progressively disappear due to lapses and deaths of policyholders.

**3.**

## **Solvency, rating and funding policy**

## GROUP CAPITAL STRUCTURE UNDER IFRS



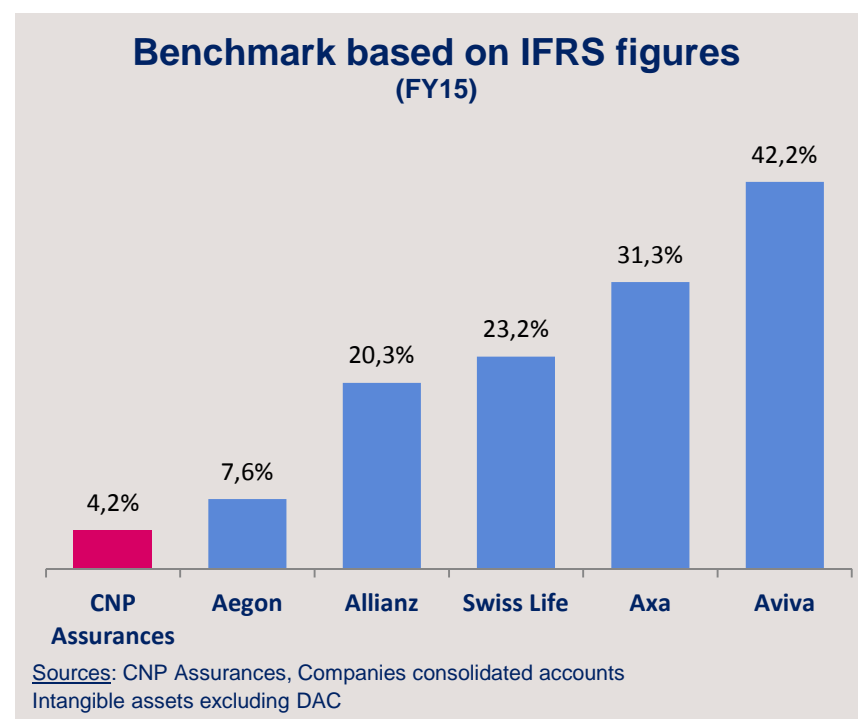
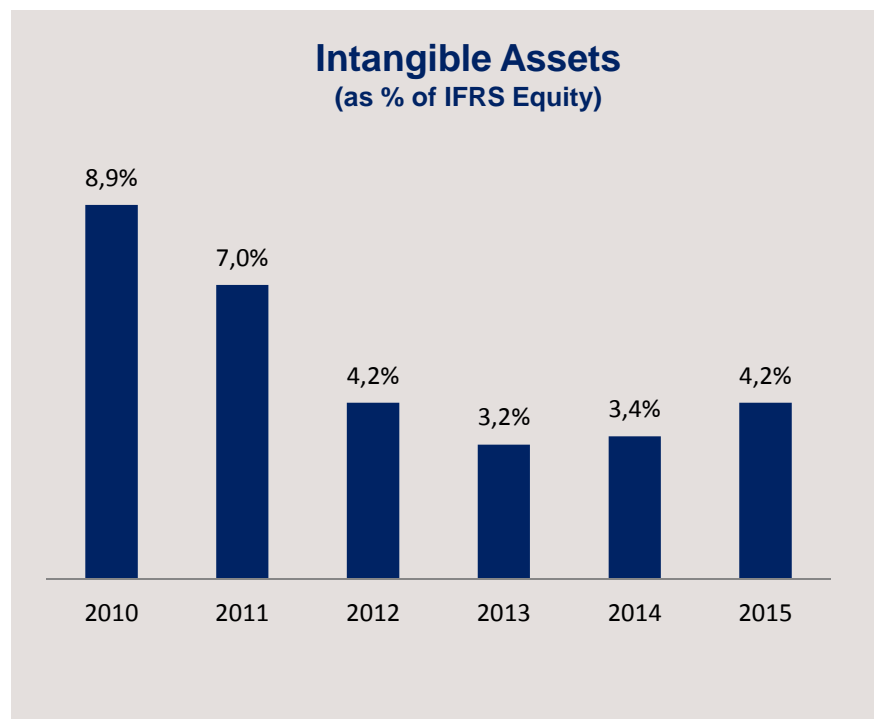
### ➤ Solid capital generation thanks to:

- retained earnings (up from €6.3bn in 2011 to €8.5bn in H1 2016)
- conservative dividend policy (payout ratio down from 56% in 2011 to 47% in 2015)

### ➤ Non controlling interests represent the share of equity in our subsidiaries detained by our banking partners (Caixa Economica Federal in Brazil, Santander in Ireland, UniCredit in Italy)

\*of which equity represents €2.4bn, retained earnings €8.5bn and profit for the period €0,6bn in H1 2016

## VERY LIMITED INTANGIBLE ASSETS ON THE BALANCE SHEET



➤ Since 2010, CNP Assurances ratio of intangible assets to IFRS equity has decreased due to:

- solid growth of IFRS equity
- cautious M&A policy
- impairment of goodwill on the Italian and Cypriot businesses

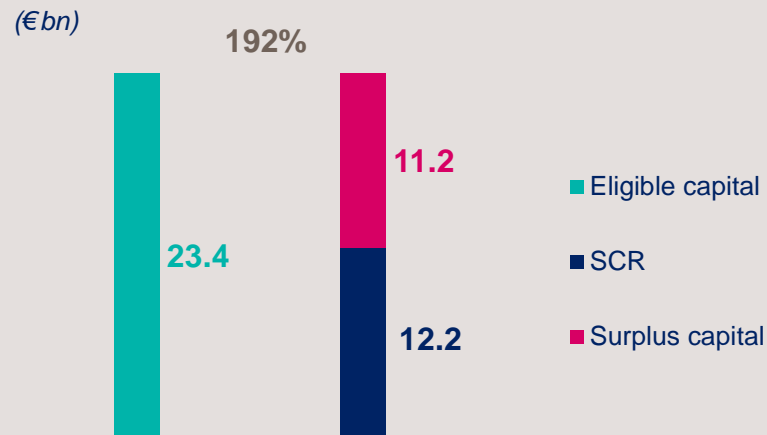
## TWO SOLVENCY ASSESSMENT MODELS

- ▶ **CNP Assurances has a strong loss absorption capacity due to its liabilities structure (with-profit contracts and unit-linked policies accounts for 80% of consolidated liabilities)**
- ▶ **These features are taken into account with an economic balance sheet approach**

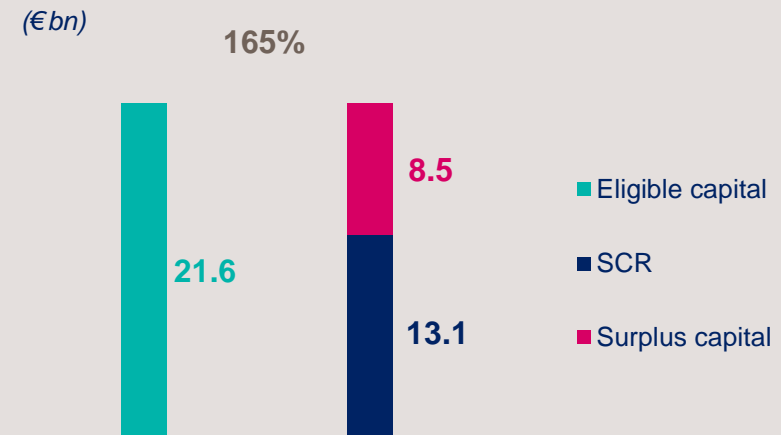
	<b>S&amp;P Rating Agency</b> <i>based on IFRS Balance Sheet</i>	<b>Solvency II</b> <i>based on Regulatory Balance Sheet</i>
<b>Eligible capital</b>		
Core Equity net of intangibles	Yes	Yes
Subordinated debt	Yes	Yes
Policyholders' surplus reserve	Yes	Yes, partly included in VIF
Value of In Force (VIF)	50%	100%
Unrealized gains (equity and real estate portfolio)	100%	Yes, partly included in VIF
Unrealized gains (bond portfolio)	No	Yes, partly included in VIF
<b>Required capital</b>		
Function of balance sheet size and premium volume	Yes	Yes
Function of asset allocation	Yes	Yes
Function of loss absorption capacity of with-profit contracts	No	Yes
Function of minimum guaranteed rate on liabilities	No	Yes
Function of derivatives and hedging strategy	No	Yes
Function of reinsurance	Yes	Yes
Diversification benefit	Yes	Yes
<b>CNP Assurances H1 2016 Solvency</b>	<b>Close to 'A' rating</b>	<b>165%</b>

## SOLVENCY II: CONSOLIDATED SCR COVERAGE RATIO

**CONSOLIDATED SCR COVERAGE RATIO  
31 DECEMBER 2015**

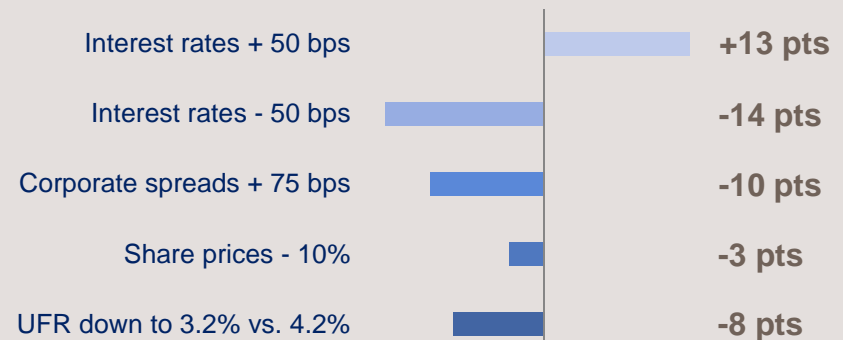


**CONSOLIDATED SCR COVERAGE RATIO  
30 JUNE 2016**



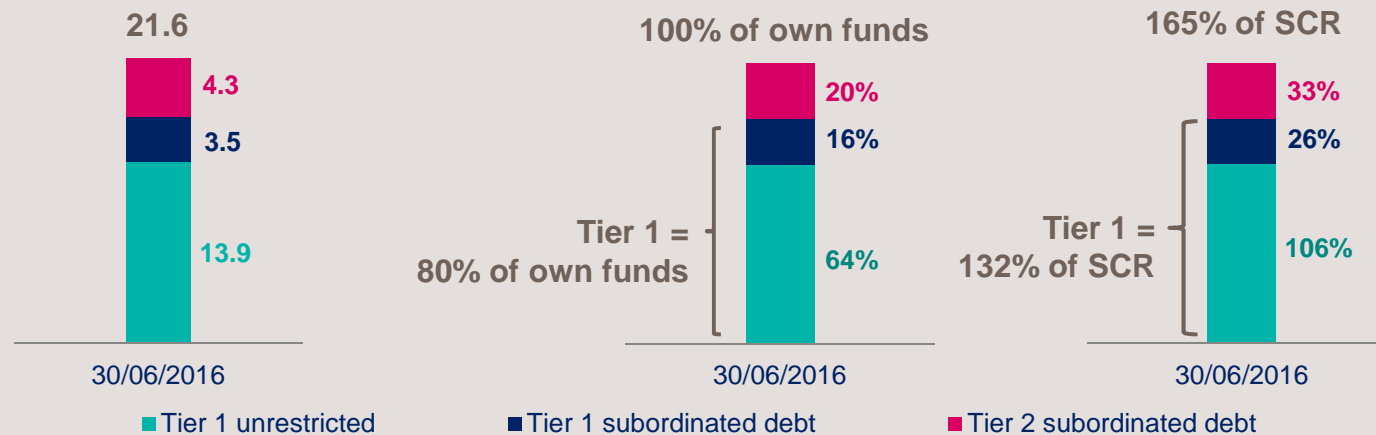
- Eligible capital and SCR affected by sharp fall in interest rates and deteriorating stock markets
- CNP Assurances calculates its consolidated SCR coverage ratio as follows:
  - Standard formula without applying transitional measures (except for grandfathering of subordinated debt)
  - No equivalent regulatory capital measurement in Brazil
  - Net of current year's dividend

**CONSOLIDATED SCR COVERAGE RATIO SENSITIVITY  
31 DECEMBER 2015**



## GROUP CAPITAL STRUCTURE UNDER SOLVENCY II

### GROUP ELIGIBLE CAPITAL (€bn)



### ➤ The Group's financial headroom is based on:

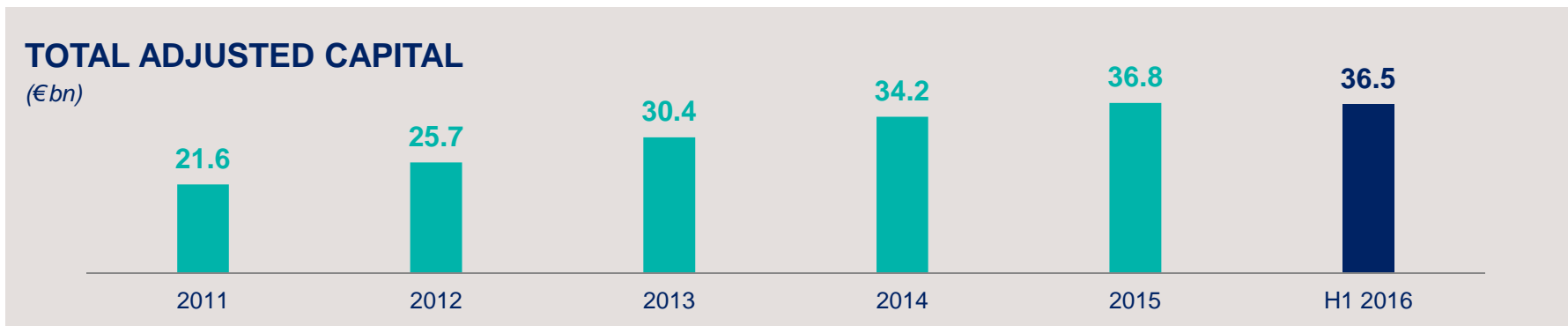
- high quality eligible capital (80% of Tier 1 capital, no Tier 3 capital, no ancillary own funds)
- significant subordinated debt issuance capacity at 30 June 2016: €2.3bn of Tier 2, including €2.0bn of Tier 3

## STANDARD & POOR'S RATING

➤ **CNP Assurances is rated A, with a stable outlook, by Standard & Poor's:**

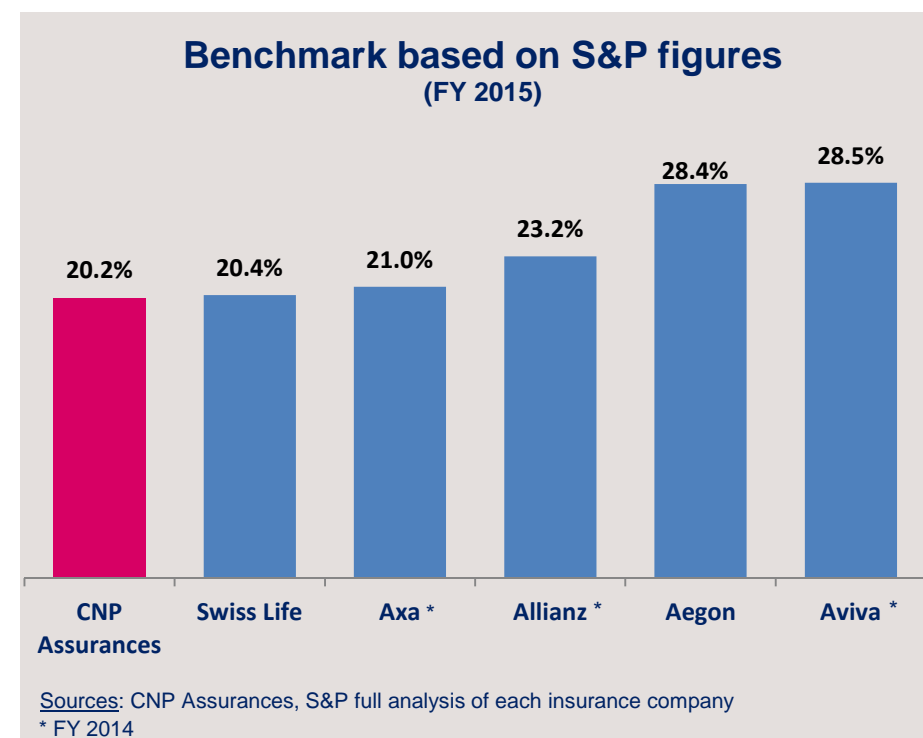
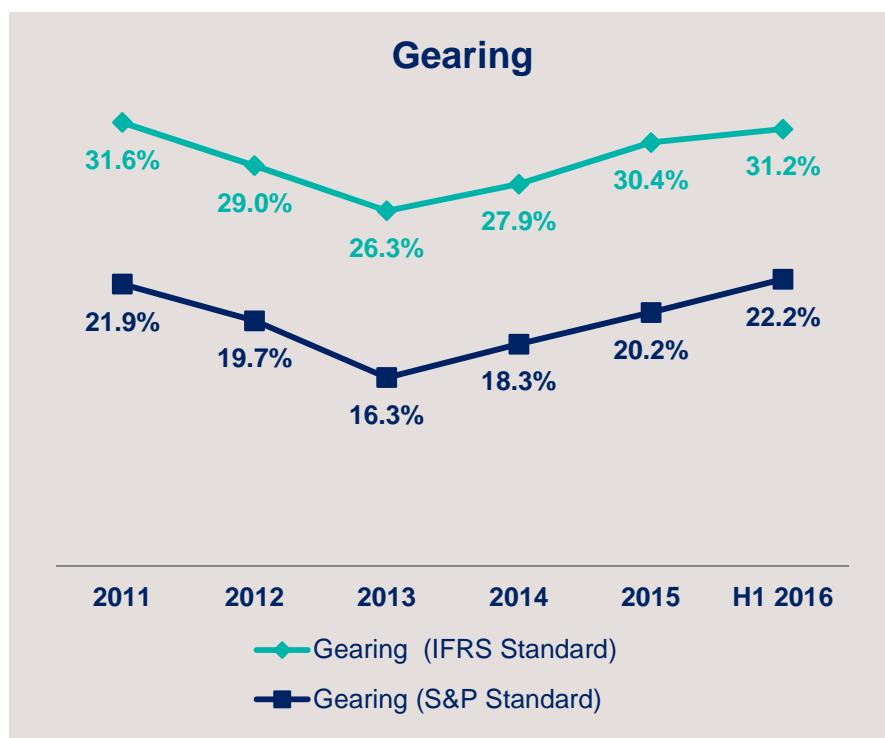
	June 2013	February 2014	February 2015	January 2016
Standard & Poor's Rating	A+/Negative	A/Stable	A/Stable	A/Stable
Business Risk Profile	Very Strong	Strong	Strong	Strong
Financial Risk Profile	Moderately Strong	Strong	Strong	Strong

➤ **At 30 June 2016, Total Adjusted Capital (TAC) amounted to an estimated €36.5 billion, up 14.9 billion from 2011**



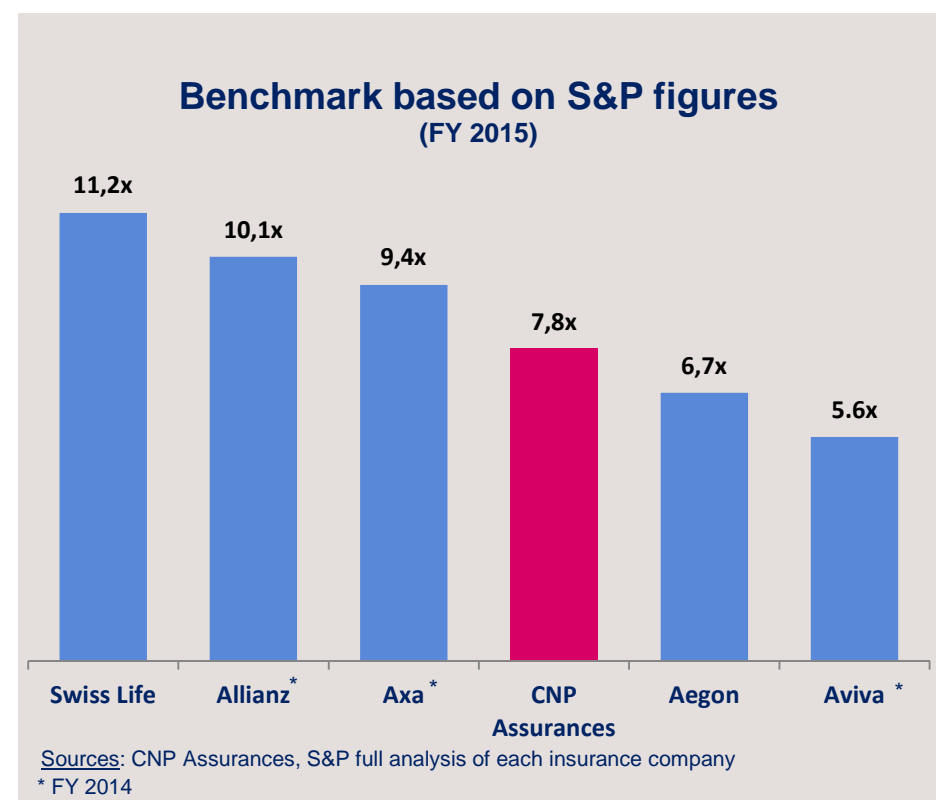
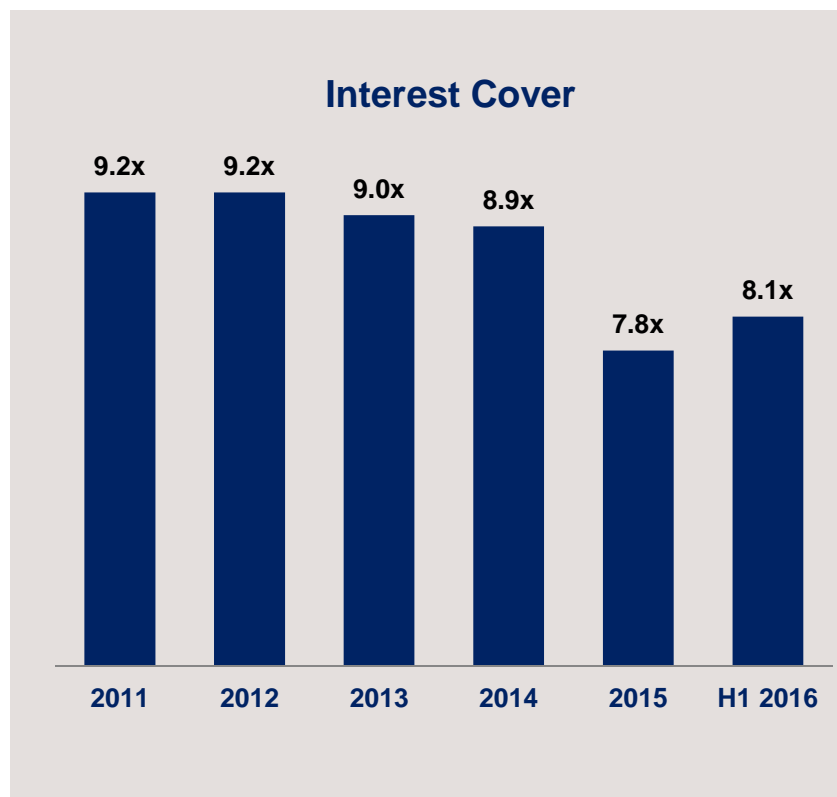


## GEARING IN LINE WITH PRUDENT STRATEGY



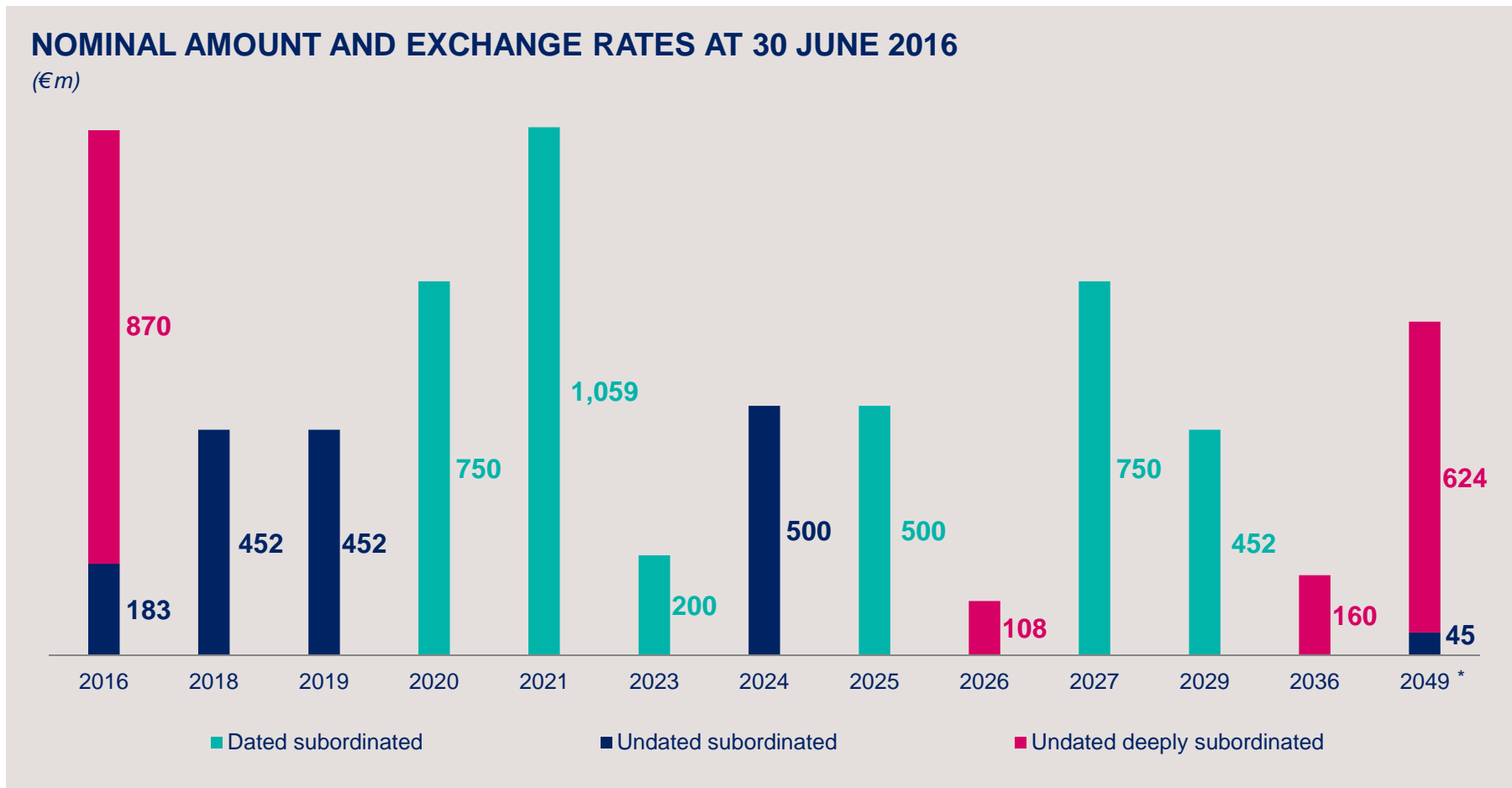
Gearing (IFRS Standard)	Gearing (S&P Standard)
Debt / (Equity – Intangible Assets + Debt)	Debt / (Economic Capital Available + Debt)
	< 20% = positive [20% ; 40%] = neutral > 40% = negative

## INTEREST COVER AT A SATISFACTORY LEVEL



Interest Cover (S&P Standard)
EBIT / Interest paid
> 8x = positive
[4x ; 8x] = neutral
< 4x = negative

## MATURITIES OF CNP ASSURANCES SUBORDINATED DEBT

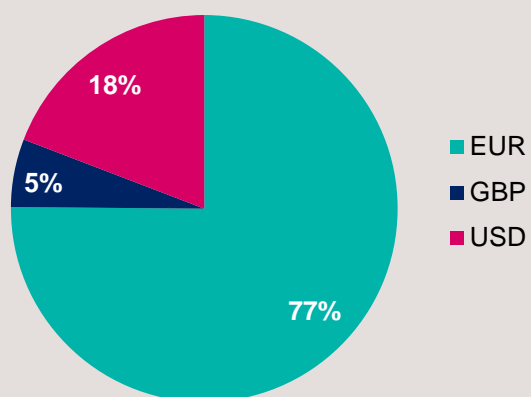


\* First call date already passed

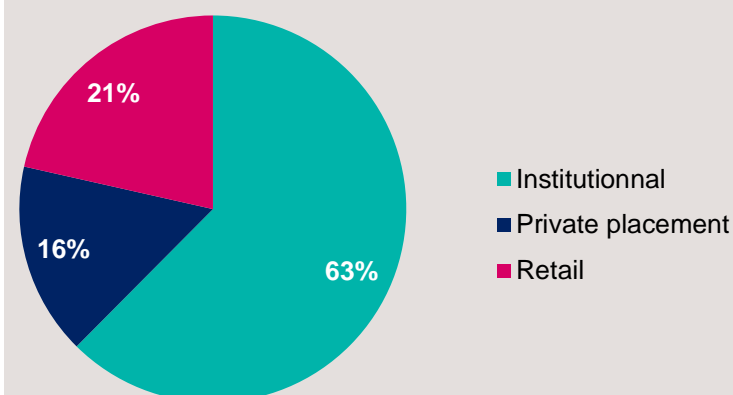
## BREAKDOWN OF CNP ASSURANCES SUBORDINATED DEBT

Nominal amount and exchange rates at 30 June 2016

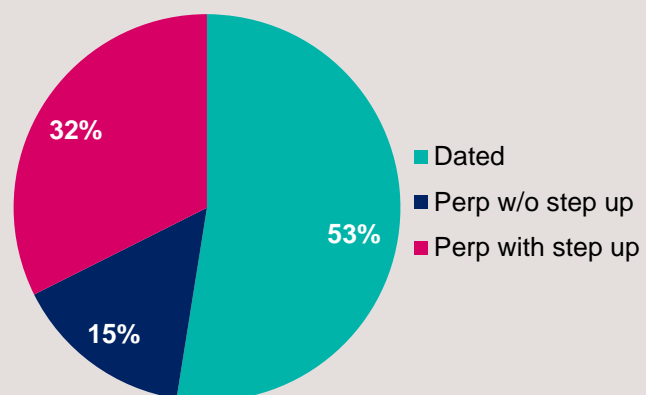
**Subordinated debt by currency**



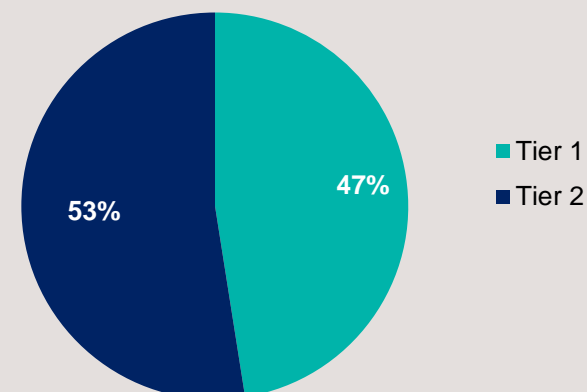
**Subordinated debt by distribution**



**Subordinated debt by tenor**



**Subordinated debt by Solvency II Tiering**



## NEXT RESULTS ANNOUNCEMENT

➤ First 9 months results indicators **9 November 2016**

### Investor and Analyst Relations

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

Annabelle Beugin-Soulon | +33 (1) 42 18 83 66

Julien Docquincourt | +33 (1) 42 18 94 93

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

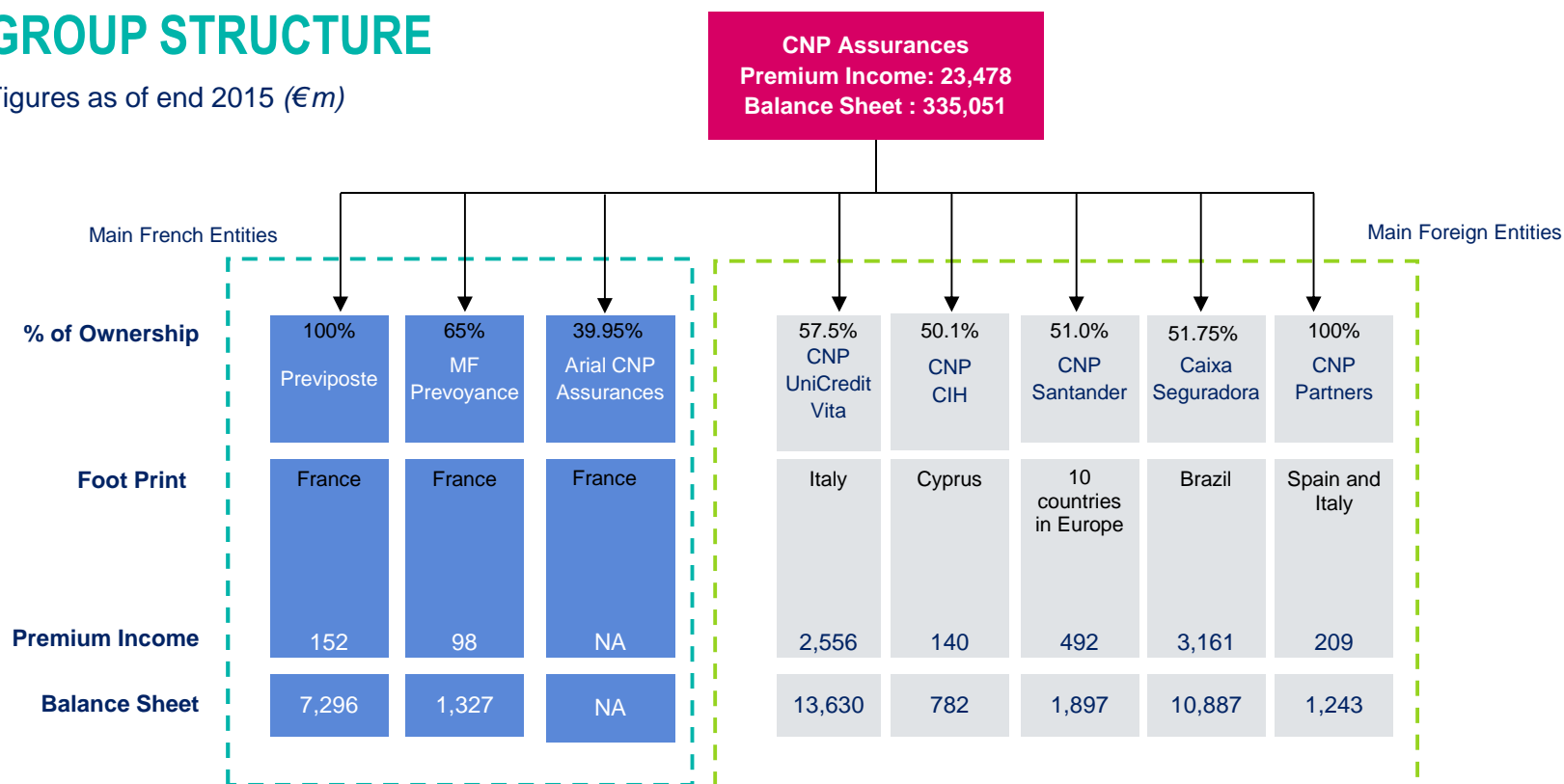
debtir@cnp.fr

**4.**

## **Appendices**

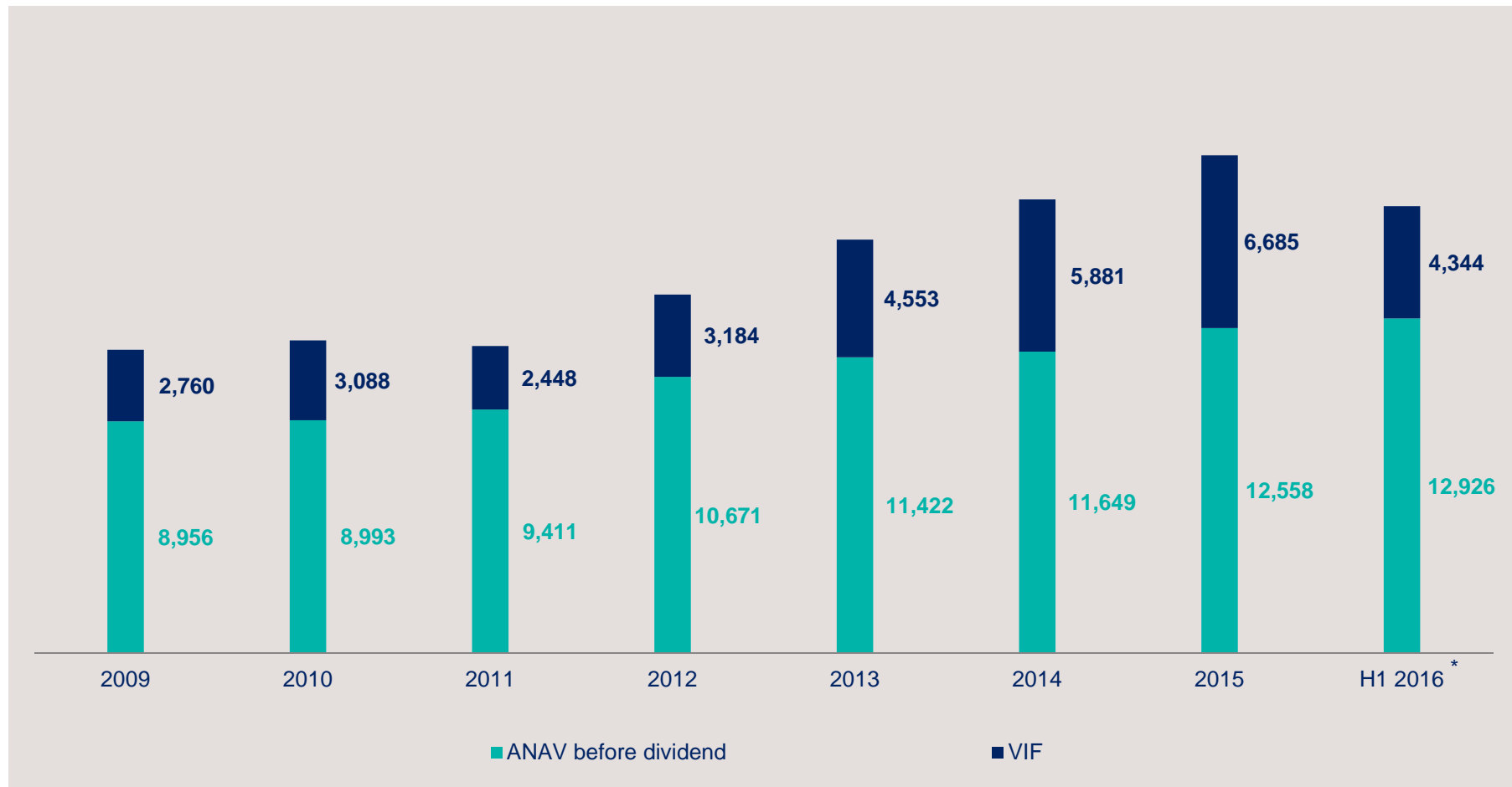
## GROUP STRUCTURE

Figures as of end 2015 (€m)



- The Group issues bonds through CNP Assurances SA which is the listed entity and the main Operating Company of the Group (~80% of the consolidated balance sheet)
- Bonds are not issued through a Holding Company or a SPV
- No senior bond outstanding within the capital structure

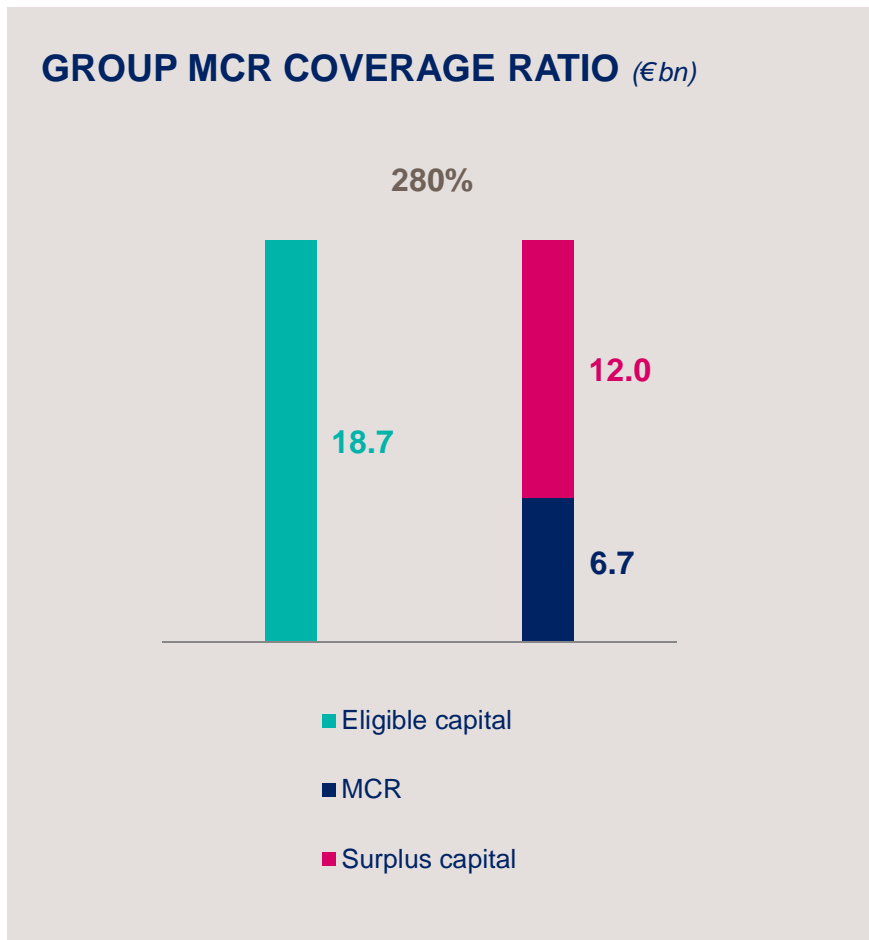
## GROUP MCEV<sup>©</sup>



\* Transition to Solvency II environment



## SOLVENCY II: GROUP MCR COVERAGE RATIO OF 280% AT 30 JUNE 2016



- **Group MCR corresponds to the sum of the MCRs of the Group's various insurance companies**
- **Capital that is eligible for inclusion in MCR coverage may differ from that eligible for SCR coverage due to capping rules:**
  - Tier 2 subordinated debt securities are eligible for inclusion up to 20% of MCR coverage (vs. 50% of SCR)
  - Tier 3 subordinated debt securities are not eligible for inclusion in MCR coverage (vs. 15% of SCR)

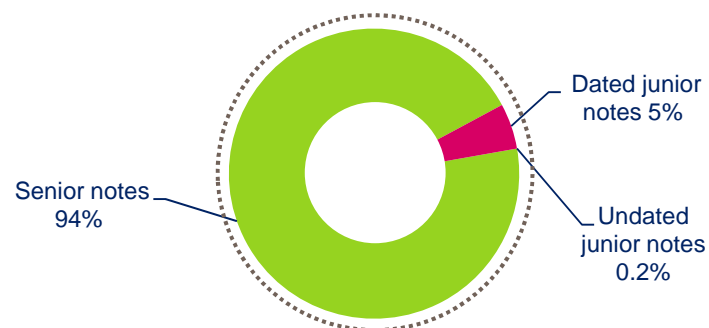
## SOVEREIGN EXPOSURES

(€m)	30 June 2016			31 December 2015			31 December 2014		
	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value
France	66,918.1	81,100.5	5,128.1	66,951.5	77,735.6	4,941.1	67,676.2	81,013.0	4,344.1
Italy	9,332.1	10,943.6	1,254.4	9,134.8	10,708.0	1,234.7	9,644.9	11,117.8	1,093.0
Belgium	7,631.9	8,970.6	531.3	7,402.4	8,621.0	494.4	8,201.0	9,617.8	417.3
Spain	4,715.0	5,483.1	468.5	3,751.0	4,390.8	344.9	3,695.8	4,378.1	304.9
Austria	4,348.6	5,098.1	191.4	4,434.0	5,197.8	219.3	4,793.8	5,739.5	202.1
Brazil	1,666.0	1,608.3	965.1	1,448.8	1,265.6	759.5	1,628.0	1,528.5	917.7
Portugal	266.0	294.7	7.2	271.4	310.8	7.6	431.7	468.5	11.7
Netherlands	139.8	168.2	9.3	179.5	204.2	15.5	124.8	154.0	10.4
Ireland	595.1	695.7	30.8	617.1	724.3	31.8	608.5	724.4	18.2
Germany	2,010.0	2,433.6	220.4	2,481.7	2,823.0	240.8	2,637.4	3,031.1	217.7
Greece	3.9	1.5	0.1	3.9	2.2	0.1	4.3	4.6	0.2
Finland	14.0	18.3	1.9	16.3	19.7	3.2	34.4	38.6	4.3
Poland	346.5	387.7	44.4	346.7	391.9	43.1	337.2	391.1	31.4
Luxembourg	49.5	55.4	20.5	50.4	56.3	20.8	34.1	39.0	15.4
Sweden	54.2	55.6	29.1	11.4	12.4	0.3	1.2	2.4	1.1
Denmark	3.5	3.5	1.6	45.2	60.1	4.5	45.2	49.2	3.3
Slovenia	137.7	155.7	3.4	140.6	158.7	3.5	237.9	269.4	14.2
United Kingdom	0.1	0.1	0.0	78.1	233.0	0.0	78.1	213.6	0.0
Canada	664.3	737.4	86.6	649.0	710.8	85.9	548.1	625.7	61.9
Cyprus	19.7	21.5	8.1	16.6	18.5	6.1	15.7	16.2	4.0
Other	6,103.1	7,271.4	701.0	6,401.8	7,459.8	735.2	6,414.2	7,617.0	650.0
<b>TOTAL</b>	<b>105,019.0</b>	<b>125,504.4</b>	<b>9,703.2</b>	<b>104,072.3</b>	<b>121,104.4</b>	<b>9,192.0</b>	<b>107,192.3</b>	<b>127,039.4</b>	<b>8,322.9</b>

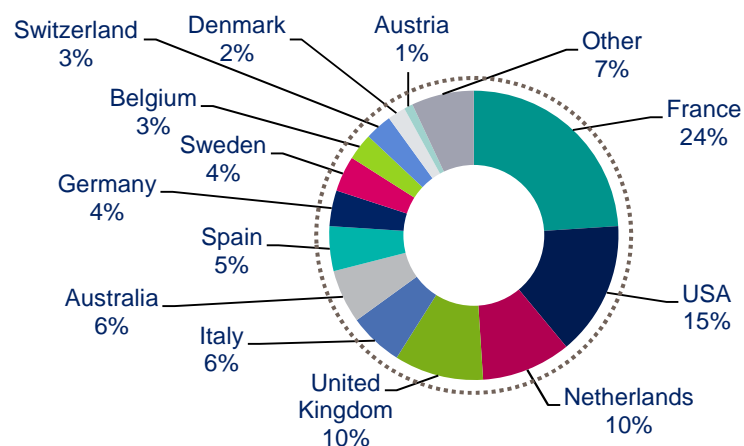
\* Carrying amount, including accrued coupon

## BANK EXPOSURES (EXCLUDING COVERED BONDS)

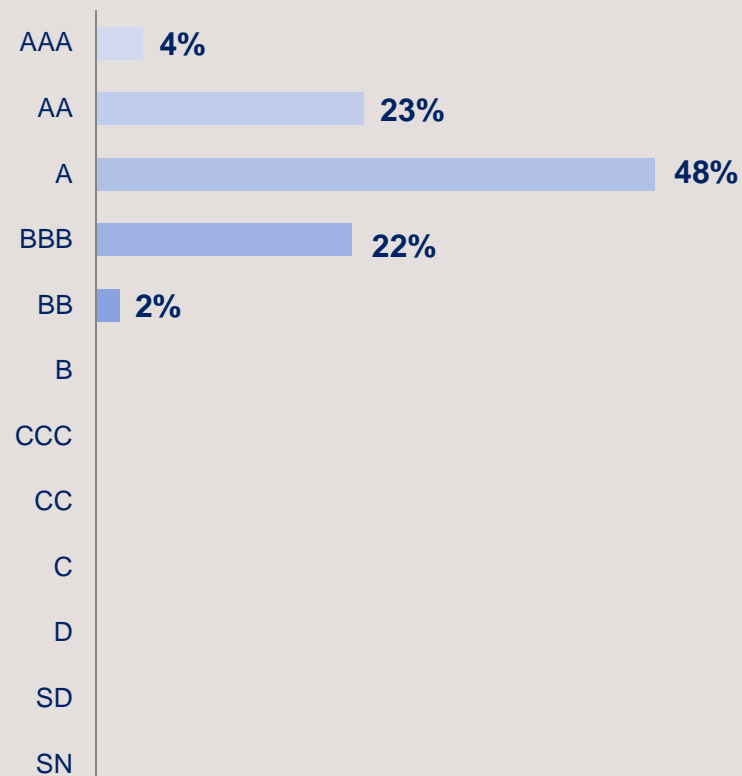
### BANK EXPOSURES BY TYPE OF SECURITY (% of Group portfolio)



### BANK EXPOSURES BY COUNTRY (%)



### BANK EXPOSURES BY RATING\* (% of Group portfolio)

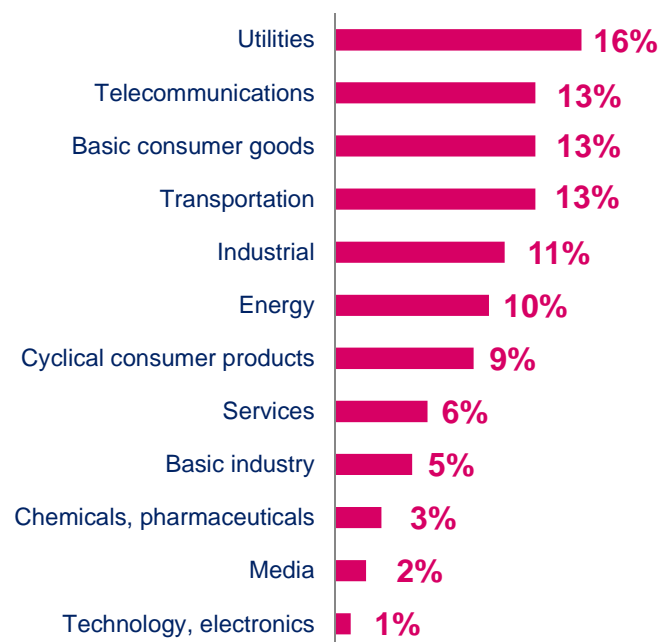


\* Second-best rating: method consisting of using the second best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch  
Unaudited management reporting data at 30 June 2016

## CORPORATE EXPOSURES (EXCLUDING BANKS)

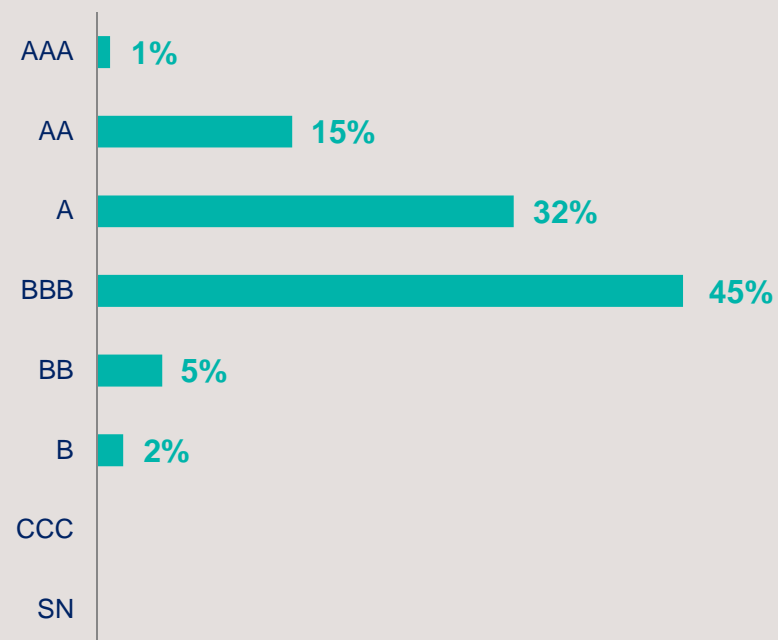
### CORPORATE EXPOSURES (EXCL. BANKS) BY INDUSTRY

(% of Group portfolio)



### CORPORATE EXPOSURES (EXCL. BANKS) BY RATING\*

(% of Group portfolio)



\* Second-best rating: method consisting of using the second best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch  
Unaudited management reporting data at 30 June 2016

## ENERGY INDUSTRY EXPOSURE

### ➤ Direct energy industry exposure: bond portfolio

- 9.4% of corporate bond portfolio (excluding banks)
- 1.9% of total bond portfolio
- Maximum exposure to a single issuer: €762m (Eni SpA)

### ➤ Direct energy industry exposure: equity portfolio

- 6.7% of equity portfolio
- Maximum exposure to a single issuer: €556m (Total)

### ➤ Direct energy industry exposure: infrastructure investments

- Total exposure: €691m
- Maximum exposure to a single issuer: €408m (GRT Gaz)

### ➤ Direct energy industry exposure: private equity portfolio

- Total exposure: €84m, through several funds

## COMMODITIES AND STEEL INDUSTRY EXPOSURE

### ➤ **Direct commodities and steel industry exposure: bond portfolio**

- 2.1% of corporate bond portfolio (excluding banks)
- 0.4% of total bond portfolio
- Maximum exposure to a single issuer: €327m (BHP Billiton)

### ➤ **Direct commodities and steel industry exposure: equity portfolio**

- 0.2% of total equity portfolio
- Maximum exposure to a single issuer: €16m (Vallourec)

## STERLING AND UNITED KINGDOM EXPOSURE

### ➤ **Sterling exposure**

- Limited unhedged sterling exposure (less than 1% of the asset portfolio) because most UK exposures consist of euro-denominated bonds or hedged exposures

### ➤ **UK exposure: bond portfolio**

- 0.0% of sovereign portfolio
- 8.8% of corporate bond portfolio
- 4.7% of total bond portfolio

### ➤ **UK exposure: equity portfolio**

- No direct exposure
- Indirect exposure through European equity funds partially invested in the United Kingdom, estimated at around 7% of the equity portfolio

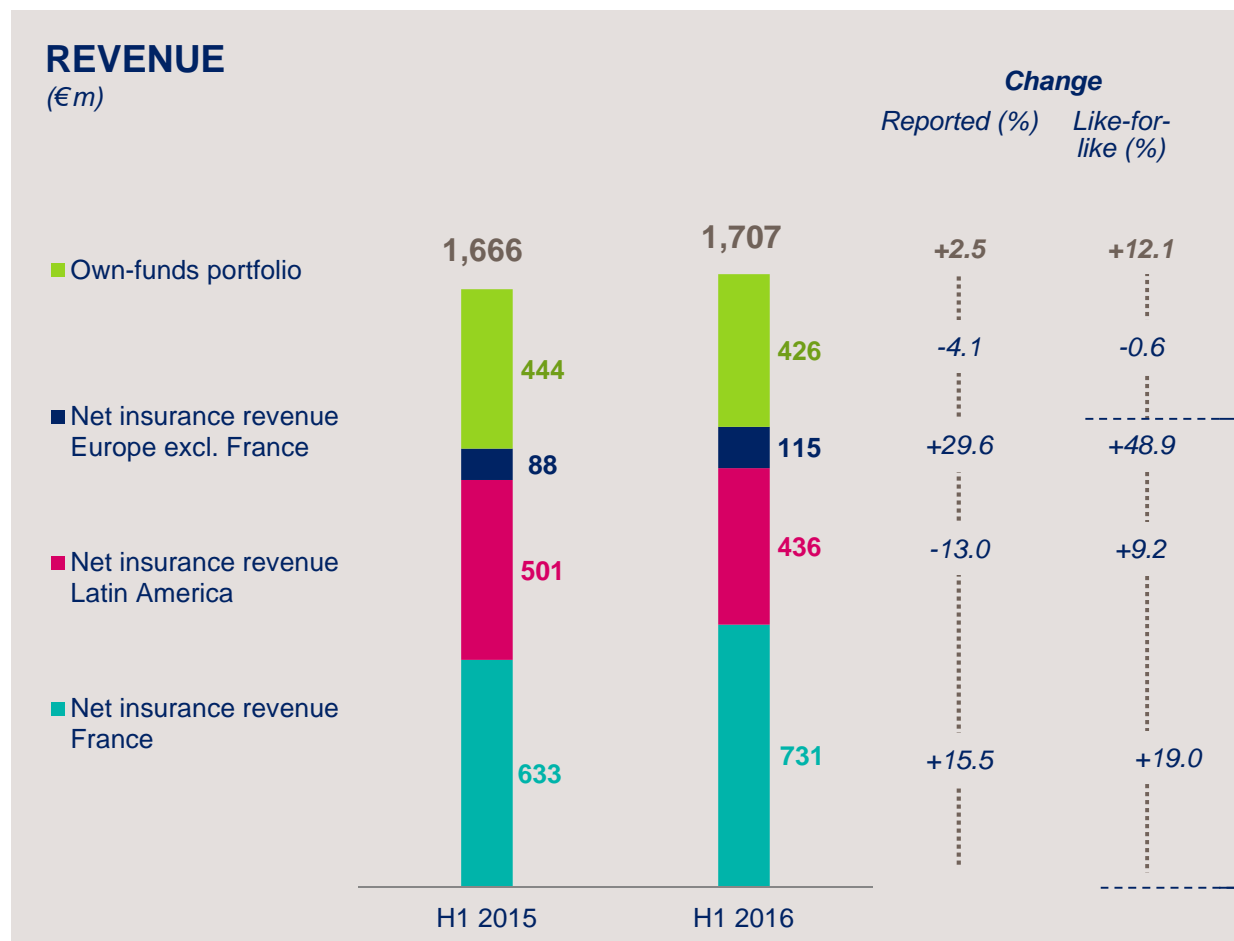
### ➤ **UK exposure: infrastructure and property portfolios**

- No exposure to the commercial or residential property market
- Infrastructure exposure: €35m

### ➤ **UK exposure: private equity portfolio**

- Total exposure: €111m, through several funds

## REVENUE BY REGION AT 30 JUNE 2016

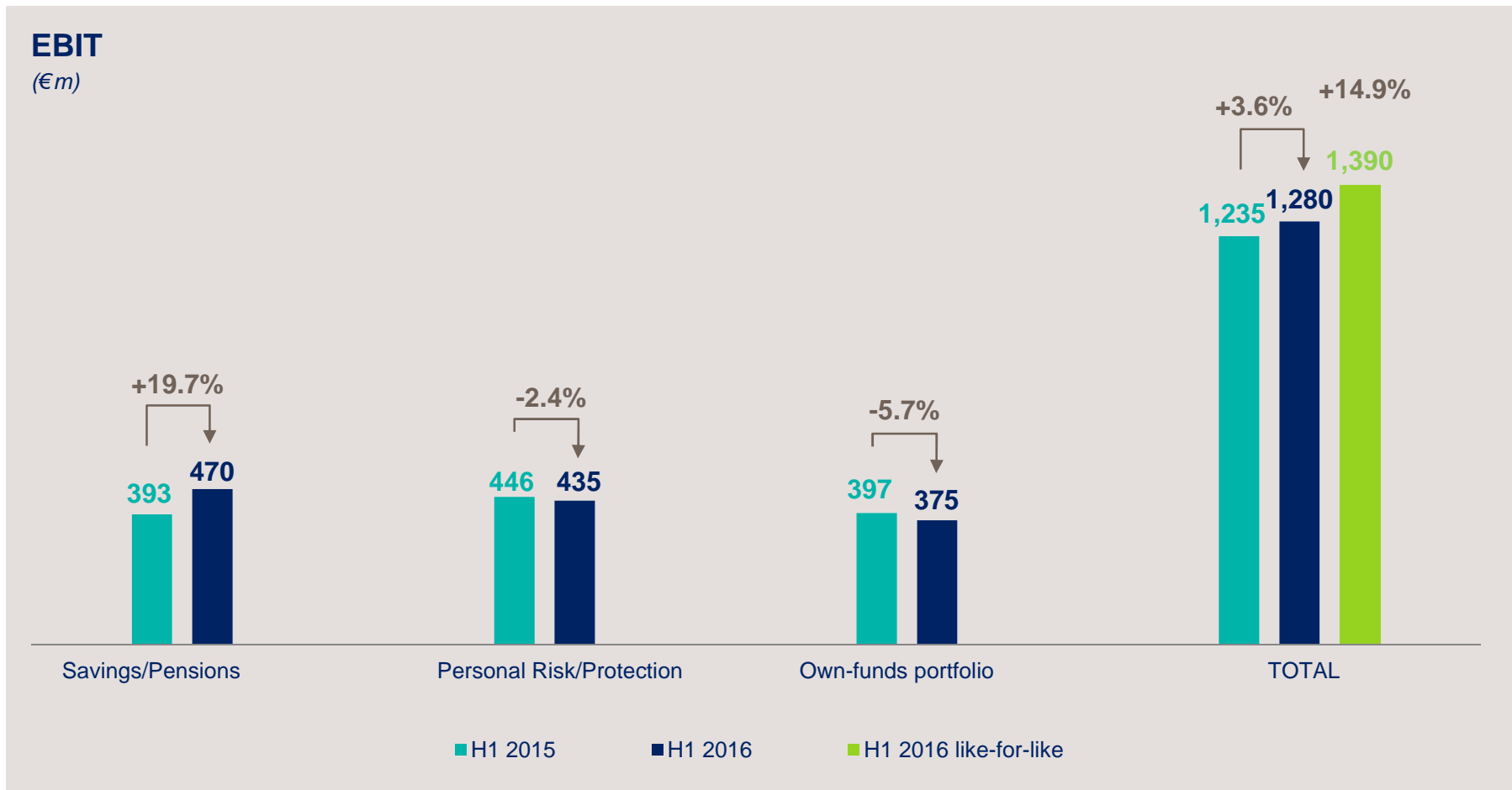




## REVENUE BY SEGMENT AT 30 JUNE 2016



## EBIT BY SEGMENT AT 30 JUNE 2016



## CNP ASSURANCES IFRS BALANCE SHEET

(€m)	H1 2016	2015	2014	2013	2012	2011
<b>Assets</b>	<b>414,828</b>	393,732	395,401	365,429	353,216	321,011
Intangibles assets	840	789	618	518	647	923
Insurance investments	377,455	370,904	367,141	344,840	333,470	302,903
Reinsurers' share of insurance and financial liabilities	23,691	11,291	10,951	9,795	8,927	8,258
Cash and cash equivalent	883	1,328	796	1,069	955	703
Non current assets held for sale	0	178	3,041	0	0	0
Other assets	11,959	9,242	12,854	9,208	9,217	8,224
<b>Liabilities</b>	<b>414,828</b>	393,732	395,401	365,429	353,216	321,011
Equity	18,963	18,570	18,299	15,994	15,558	13,217
Subordinated debt	4,393	3,996	3,175	2,614	2,560	2,551
Insurance and financial liabilities	358,404	349,807	344,354	320,086	314,856	289,304
Liabilities related to assets held for sales	0	0	2,658	0	0	0
Other liabilities	32,823	21,115	26,915	26,735	20,212	15,938

## AVERAGE TECHNICAL RESERVES\* BY SEGMENT AND REGION

(€m)		SAVINGS	PENSIONS	PERSONAL RISK/ PROTECTION	TOTAL
H1 2015	France	245,805	26,643	9,155	281,603
	Europe excluding France	11,960	766	1,337	14,063
	Latin America	805	7,693	1,282	9,780
	<b>TOTAL</b>	<b>258,570</b>	<b>35,102</b>	<b>11,773</b>	<b>305,445</b>
H1 2016	France	245,775	27,233	8,275	281,284
	Europe excluding France	12,884	635	1,796	15,314
	Latin America	685	8,074	1,271	10,029
	<b>TOTAL</b>	<b>259,344</b>	<b>35,942</b>	<b>11,342</b>	<b>306,627</b>

\* Excluding deferred participation and net of reinsurance

## WE ARE NOT IN THE SAME SITUATION AS JAPANESE LIFE INSURERS IN THE 1990s

<b>Scenario that led to the bankruptcy of 7 Japanese life insurers in the 1990s</b>	<ul style="list-style-type: none"> <li>Decline in interest rates</li> </ul>	=	<ul style="list-style-type: none"> <li>Decline in interest rates</li> </ul>	<b>CNP Assurances environment</b>
	<ul style="list-style-type: none"> <li>Large duration mismatch</li> </ul>	≠	<ul style="list-style-type: none"> <li>Duration gap is less than one year</li> </ul>	
	<ul style="list-style-type: none"> <li>High guaranteed rate on savings portfolio, even higher than JGB* yields until the mid 1990s, leading to negative spreads</li> </ul>	≠	<ul style="list-style-type: none"> <li>Since 1995, the French supervisor has prohibited guaranteed rate higher than 60% or 75% of FGB* yield</li> <li>In France, 0.44% average guaranteed rate on the back book and no guaranteed rate on new policies</li> </ul>	
	<ul style="list-style-type: none"> <li>Decline in Japanese equity markets</li> <li>Large exposure to equities (&gt;20% of portfolio)</li> </ul>	≠	<ul style="list-style-type: none"> <li>European equities do not seem overvalued**</li> <li>Exposure to equities limited to 14%</li> <li>Increased equity portfolio hedging</li> </ul>	
	<ul style="list-style-type: none"> <li>Yen appreciation</li> <li>Large exposure to unhedged foreign assets (up to 10% of portfolio)</li> </ul>	≠	<ul style="list-style-type: none"> <li>Euro is below 10 year average vs. main developed markets currencies</li> <li>No material exposure to unhedged foreign assets (less than 5% of portfolio)</li> </ul>	
	<ul style="list-style-type: none"> <li>Low profitability as large part of the business was savings and not protection</li> </ul>	≠	<ul style="list-style-type: none"> <li>48% of group EBIT comes from underwriting earnings of protection business (mortality, morbidity)</li> </ul>	

Sources : JP Morgan « European and Japanese Life insurance » Feb 2015 / ACPR « Bankruptcies in the life insurance industry in Japan in the 1990s and 2000s » May 2014

\* JGB: Japanese Government Bond. FGB: French Government Bond

\*\* Japanese equities average PER was 54 in 1988 . French equities average PER was 22 in June 2016

## FRENCH LIFE INSURANCE SAVINGS DESCRIPTION

### ➤ The basics

- A long-term savings vehicle for French households
- Key benefit of life insurance savings: attractive income & inheritance tax treatment

### ➤ CNP Assurances' obligations extend to

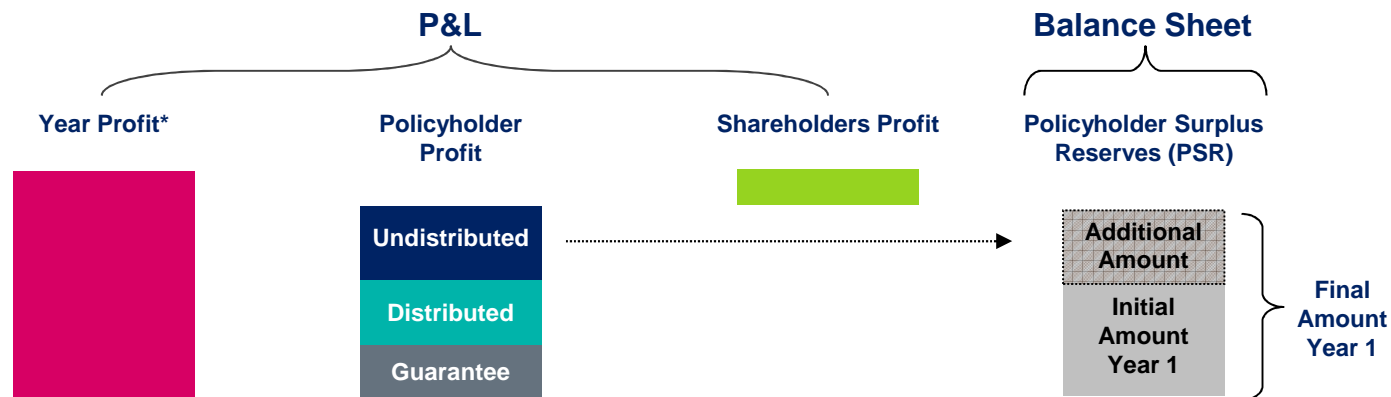
- Guaranteeing the principal + declared policyholder bonus
- Passing through most of the portfolio yield, net of contractual fees

### ➤ Policyholder Surplus Reserves (PSR)

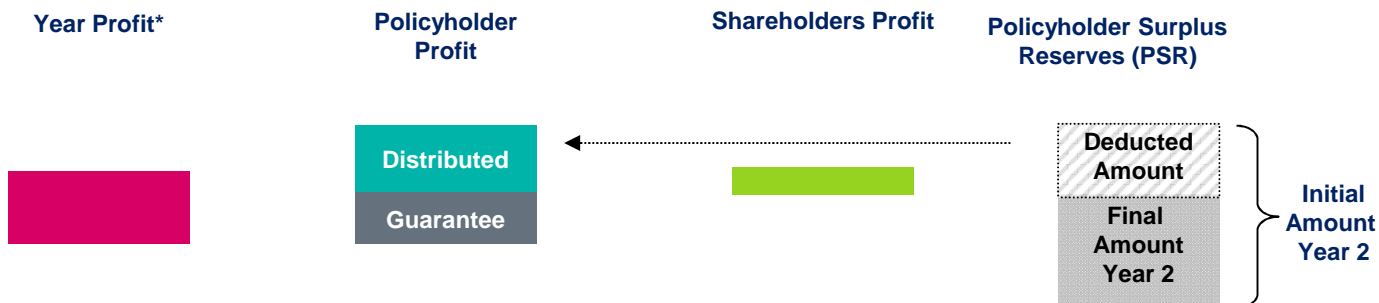
- This balance sheet reserve reflects policyholders' share of underwriting and investment income generated by CNP Assurances over and above guarantees
- Amounts have been realised and attributed to policyholders, but have not yet been paid over to them via bonuses (at which point they become guaranteed by CNP Assurances)
- If necessary, amounts in the surplus reserves can be 'clawed back' by CNP Assurances and used to absorb investment losses

# FRENCH LIFE INSURANCE SAVINGS LOSS ABSORPTION MECHANISM

## ➤ Year 1



## ➤ Year 2



➤ French life insurance savings have loss absorption mechanism that gives flexibility to manage policyholders yield through the cycle

\* Underwriting profits and investment income generated by CNP Assurances

# MAIN CHARACTERISTICS OF FRENCH SAVINGS PRODUCTS

	Deposits and Taxable Passbook Savings	Tax Free Passbook Savings e.g. Livret A	Specific Savings Plans e.g. PEL*	Securities e.g. PEA**	Life Insurance
% of French household savings (€4,461bn in 2015)	12%	13%	6%	32%	37%
Maximum amount	Unlimited	€22,950	€61,200	€150,000	Unlimited
Crediting rate before taxes	[0.0% to 1,0%]	0,75%	1,5%	Depends on stocks performance	[1,8% to 3,6%]
Possibility to convert into annuities	No	No	No	Yes	Yes
Income tax (from 0% to 45%)	Yes	Immediate attractive tax treatment	Attractive tax treatment after 4 years	Attractive tax treatment after 5 years	Attractive tax treatment after 8 years
Social security tax (15,5%)	Yes	No	Yes	Yes	Yes
Inheritance tax	Yes	Yes	Yes	Yes	None under €152,500 per beneficiary
Guarantee on the principal amount	Yes	Yes	Yes	No	Yes (excluding unit-linked)
Liquidity	Fully liquid	Fully liquid	Withdrawal closes the Savings Plan	Withdrawal before 8 years closes the Plan	Tax penalty if withdrawal before 8 years

Simplified description for illustration purpose only.

\* PEL: Plan d'Epargne Logement

\*\* PEA: Plan d'Epargne en Actions



