REPORT OF THE BOARD OF DIRECTORS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

Only the French language version is binding on the Company

Contents

SIGNIFICANT EVENTS OF THE PERIOD

First half

CNP Assurances' signature recognised by Global Capital

At the Global Capital European Bond Awards on 17 January 2017, CNP Assurances won the award for the best bond issue by an insurance company in 2016.

By structuring its October 2016 issue to qualify as Tier 3 own funds under Solvency II, the Group was able to place the notes at the lowest interest rate ever obtained by a European insurer.

The innovative product attracted considerable investor interest, underscoring the market's confidence in CNP Assurances' signature.

CNP Assurances abandons plan 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 and Pan Corretora from Banco BTG Pactual ("BTGP").

As mentioned in the 21 April 2016 press release, the acquisition was subject to various conditions precedent. On 2 February 2017, CNP Assurances and BTGP noted that their agreement was no longer valid because some of the conditions precedent had not been met and that the plan had therefore been abandoned.

CNP Assurances signs its first QWL agreement

On 16 March 2017, CNP Assurances signed its first quality of work life (QWL) agreement with three unions representing employees. The new agreement recognises that the quality of work life is central to the organisation's successful transformation.

Deep employee engagement is needed to refocus the business model on protection insurance and deliver digital transformation. By promoting a high quality of work life, the three-year agreement will support these strategic developments.

Caisse des Dépôts and CNP Assurances complete their acquisition of 49.9% of RTE

On 31 March 2017, Caisse des Dépôts and CNP Assurances completed the acquisition of a 49.9% indirect stake in RTE, after obtaining anti-trust approval of the deal.

One of the core aims of this investment is to support France's energy and environmental transition, in line with the Group's responsible and long-term investment strategy.

CNP Assurances named best Western insurer in Oekom Research's 2017 Corporate Responsibility Review

For the second year running, CNP Assurances was named the best Western insurer in the Corporate Responsibility Review published by Oekom Research, a German CSR rating agency.

In terms of environmental, social and governance performance, CNP Assurances leads the other Western insurance companies by a wide margin.

The Group's capacity to engineer a lasting change in the business model through an engaged human resources policy, affordable insurance solutions for all and a responsible investment strategy – with ESG screens applied to 80% of portfolio assets – has been supported, since 2015, by a series of measures to help combat climate change.

CNP Patrimoine recognised for its innovation capabilities

CNP Patrimoine was awarded first prize for Innovation in Life Insurance and Personal Risk Insurance at the 32nd awards ceremony organised by wealth management periodical Gestion de Fortune on 6 April 2017 in Paris.

The prize recognises the quality of the *CNP PEPS* Private Equity for Personal Savings offer. This unit-linked fund offered to purchasers of CNP Patrimoine contracts since September 2016 combines the benefits of an investment in private equity with those of a life insurance contract.

Chairman of the Board and Chief Executive Officer's appointments renewed

At the meeting held after the Annual General Meeting on 13 April 2017, the Board decided to maintain the separation between the positions of Chairman of the Board and Chief Executive Officer, and to re-appoint Jean-Paul Faugère as Chairman and Frédéric Lavenir as Chief Executive Officer.

CNP Assurances publishes its solo and group SFCRs for 2016

On 18 May 2017, CNP Assurances published its Solvency and Financial Condition Reports (SFCRs) as required by the new regulations. These 2016 reports were approved by the Group's Board of Directors at its meeting on 10 May 2017. The SFCR is a narrative report intended for public disclosure that insurance undertakings are required to prepare annually as from 2016 in application of the Solvency II directive. Two reports have been prepared:

- A group SFCR providing consolidated information for CNP Assurances SA and its main subsidiaries in France and abroad.
- A solo SFCR providing information for CNP Assurances SA only, without consolidating the operations of its main subsidiaries in France and abroad.

Partnership with the Crédit Agricole Group

On 22 June 2017, CNP Assurances and the Crédit Agricole Group signed a memorandum of understanding relating to term creditor insurance at Crédit Agricole's regional banks. The Crédit Agricole Group announced back in March 2016 that it intended to internalise the group borrower insurance contracts of the regional banks to its Crédit Agricole Assurances subsidiary, as part of its "Strategic ambitions for 2020" plan. The transfer of new business on term creditor insurance to the Crédit Agricole Group will take place gradually starting in September 2017, and the agreement provides for 20% reinsurance by CNP Assurances for five years, from 2018. CNP Assurances will continue to underwrite 50% of the portfolio of existing contracts for as long as the policies remain in force.

For information, regarding CNP Assurances, the average contribution from the partnership with Crédit Agricole to CNP Assurances' recurring EBIT has been €30 million in recent years, i.e., around 1.8% of EBIT France (€1,629 million in 2016) or 1.1% of Group EBIT (€2,638 million in 2016). The decision has no impact on CNP Assurances' target, announced in February 2017, of average annual organic EBIT growth of 5% for the 2017-2018 period compared with the 2016 baseline.

Subsequent events

No material changes have occurred in the Group's financial or commercial position since 30 June 2017.

MARKET AND BUSINESS REVIEW

Economic and financial environment

Robust global growth

Trading conditions in the first half of the year were excellent. Global economic growth accelerated to 3.5% as developed and emerging economies staged a synchronised recovery. World trade rebounded and manufacturing output grew rapidly. The euro zone economies performed especially well during the first quarter, with annualised growth topping 2%, while the United States continued to experience the periods of turbulence that have been a feature of recent years, with growth limited to 1.4% due to inventory build-ups in the supply chain. Chinese growth stabilised, providing scope to support demand in other emerging markets. The commodity markets (particularly metals) were the biggest winners, with rising prices driving a spurt in inflation. Euro zone inflation hit the ECB's target, while central bank targets in the US and UK were overtaken. The trend softened during the second quarter in the wake of falling energy prices (oil prices lost 16% over the first six months of the year).

Broadly stable bond markets

The return to "normal" inflation rates drove up government bond rates in the first three months of the year, with the 10-year Fed Funds rate reaching 2.62% in March and the 10-year OAT rate coming close to 1.15%. The rates fell back in the second quarter as inflationary pressures eased, ending the period at 2.30% and 0.81% respectively. All told, there was little movement in sovereign interest rates over the first half, resulting in small losses on gilts and euro zone government bonds and no profit on US Treasury bonds. The credit market flourished in this environment shaped by robust global economic growth, interest rate moderation and institutional investors' continuous search for assets offering decent yields. Spreads were at their narrowest since the economic crisis despite record high issuance volumes in the first half. Most significantly of all, absolute interest rates declined even further, with the euro high-yield bond rate falling to 2.50%.

Stock prices supported by favourable macro-economic indicators and strong corporate earnings

Resilient demand (with leading indicators at their highest level since 2011 and unemployment at its lowest since 2008) and favourable bond markets helped to drive strong stock market performances, with the CAC 40 gaining 6%, and the DAX and S&P 500 both gaining 8%, although the trend levelled off in the latter part of the period. The markets benefited from improved political visibility (with fewer verbal attacks on world trade by Donald Trump and favourable election results in Europe), as well as from the sharp rise in corporate earnings, which were up 13% in the United States and 25% in the euro zone. The trend was amplified by gains of 17% in emerging market stocks and 20% in US technology stocks. Reflecting the markets' optimism, volatility was exceptionally low during the period.

A weaker dollar, due to delays in implementing the Trump administration's proposed reforms and despite a change of tone at the Federal Reserve

A key development in the second quarter was the fall in the dollar in response to the Trump administration's difficulty in implementing key electoral promises such as reforming the healthcare and tax systems. Set against the 50-bps increase in the Fed Funds rate and the Federal Reserve's announcement that it was tapering its quantitative easing (QE) policy, the euro's 8% gain versus the American currency came as a nasty surprise for the many currency traders who had bet heavily on a rise in the dollar. However, the trend may reverse in the second half of the year. The Federal Reserve currently seems to be set on returning to a more normal monetary policy even in the absence of inflationary pressures (in June, the inflation rate was once again under the 2% bar). This shift in monetary policy, not just by the Federal Reserve but also by other central banks including the ECB, may affect the bond markets which are continuing to minimise the risk of higher interest rates.

Regulatory and tax environment

In the first half of 2017, there were no changes in the regulatory and tax environment that would be likely to materially affect CNP Assurances' business activity.

First-half 2017 business review

Consolidated premium income for the period came to €16.4 billion, down 5.2% as reported (7.6% like-for-like) versus first-half 2016.

In France, premium income declined 12.3% to €12.0 billion.

Savings and pensions premium income contracted by 16.0% to €9.7 billion, after underwriting of new Caisses d'Epargne savings and pensions business was discontinued in the fourth quarter of 2016. Under the new distribution agreements with BPCE, CNP Assurances reinsures 40% of new savings and pensions contracts sold by Natixis Assurances in the Caisses d'Epargne network between 2016 and 2019. The related inward reinsurance premiums included in premium income for first-half 2017 amounted to €0.7 billion. Premium income from unit-linked contracts continued to rise, representing 20.4% of the total in first-half 2017 (15.1% for full year 2016). The trend was supported by marketing campaigns designed to encourage policyholders to transfer their savings to products with a lower capital requirement. During the first half, €1.7 billion was transferred, of which 27% was invested in unit-linked and *Eurocroissance* products. Transfers to *Eurocroissance* products amounted to €85 million. Net new money for the period reflected a €1.3 billion net inflow to unit-linked contracts and a €4.6 billion net outflow from traditional savings and pensions products.

Premium income from personal risk and protection business rose 7.6% to €2.3 billion, led by good momentum in term creditor insurance and personal risk insurance.

The APE margin was 14.1% (10.0% for 2016), reflecting the improved contribution of operations (particularly in the term creditor insurance and unit-linked savings segments) and the favourable environment shaped by higher yields.

In **Latin America**, premium income totalled €2.5 billion, an increase of 61.3% as reported (34.8% like-for-like). All market segments contributed to this dynamic operating performance.

Savings and pensions premium income soared 90.6% as reported (59.0% like-for-like). Caixa Seguradora continued to outperform the Brazilian pensions market, leading to market share gains. The proportion of savings and pensions premiums represented by unit-linked contracts rose slightly to 98.0%. Savings and pensions net new money was nearly three times higher at €0.8 billion, substantially all of which came from sales of unit-linked contracts.

Premium income from personal risk and protection business climbed 27.4% as reported (6.8% like-for-like), led by term creditor insurance for consumer and mortgage loans and by personal risk insurance.

The APE margin was stable at 28.3% (29.1% for full-year 2016).

In **Europe excluding France**, premium income came to €1.9 billion.

The 8.7% decrease primarily reflected the successful refocusing of the product mix on unit-linked contracts for CNP UniCredit Vita and CNP Partners. In Europe excluding France, unit-linked business represented 75.3% of total premium income for first-half 2017 (56.5% for full-year 2016). Savings and pensions net new money reflected a €0.3 billion net inflow to unit-linked contracts and a €0.4 billion net outflow from traditional products.

Premium income from personal risk and protection business rose 9.4%, thanks to 12.5% growth at CNP Santander led by strong performances in Germany, Spain and the Nordic countries.

Higher unit-linked sales drove an increase in the APE margin to 20.7% (19.3% at end-2016).

Premium Income by Country

IFRS premium income				
(in € millions)	H1 2017	H1 2016	% change (reported)	% change (like-for-like)
France	**11,991.3**	**13,672.0**	**-12.3**	**-12.3**
Brazil	2,504.7	1,541.4	+62.5	+35.5
Italy	1,384.7	1,610.2	-14.0	-14.0
Germany	227.2	204.7	+11.0	+11.0
Spain	111.6	95.3	+17.1	+17.1
Cyprus	69.1	67.9	+1.9	+1.9
Poland	27.2	30.8	-11.5	-11.5
Argentina	22.3	25.0	-10.5	-4.8
Norway	13.0	5.2	+150.3	+150.3
Denmark	8.1	5.5	+48.4	+48.4
Austria	4.1	3.3	+23.0	+23.0
Portugal	2.8	3.2	-11.2	-11.2
Other International	5.1	4.4	+14.5	+14.5
Total International	**4,380.0**	**3,596.8**	**+21.8**	**+10.2**
Total	**16,371.2**	**17,268.9**	**-5.2**	**-7.6**

Premium Income by Segment

(in € millions)	H1 2017	H1 2016	% change (reported)	% change (like-for-like)
Savings	10,558.6	12,529.4	-15.7	-15.8
Pensions	2,148.1	1,474.4	+45.7	+28.0
Personal risk insurance	936.9	880.4	+6.4	+0.2
Term creditor insurance	2,205.8	1,976.4	+11.6	+8.9
Health insurance	325.1	248.2	+31.0	+26.2
Property & casualty	196.8	160.2	+22.8	+5.1
Total	**16,371.2**	**17,268.9**	**-5.2**	**-7.6**

CONSOLIDATED FINANCIAL STATEMENTS

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

In € millions	Geographic area – France	Geographic area – Latin America	Geographic area – Europe excluding France	Total first-half 2017	Total first-half 2016	*% change (reported)*	*% change (like-for-like)*
Average technical reserves	279,848	13,267	16,132	309,247	306,627	0.9%	n/a
Premium income	**11,991.3**	**2,527.0**	**1,853.0**	**16,371.2**	**17,268.9**	**- 5.2%**	**- 7.6%**
Total revenue	1,187.2	595.1	135.8	1,918.1	1,707.4	+ 12.3%	+ 6.7%
Administrative costs	(284.7)	(100.7)	(55.7)	(441.1)	(427.9)	+ 3.1%	- 0.5%
EBIT	**902.5**	**494.4**	**80.1**	**1,477.0**	**1,279.5**	**+ 15.4%**	**+ 9.1%**
Finance costs				(130.4)	(118.6)	+ 9.9%	+ 9.9%
Share of profit of equity-accounted companies				3.9	3.1	+ 24.6%	+ 7.1%
Income tax expense				(468.6)	(435.4)	+ 7.6%	+ 0.6%
Non-controlling interests				(177.3)	(129.4)	+ 37.0%	+ 18.1%
Fair value adjustments and net gains (losses)				135.7	87.8	n/a	n/a
Non-recurring items				(182.8)	(66.9)	n/a	n/a
Attributable net profit				**657.4**	**620.1**	**+ 6.0%**	**+ 1.7%**

Note: There were no changes in the scope of consolidation. The Brazilian real gained 16.6% against the euro, with the average exchange rate standing at 3.44 in first-half 2017 versus 4.13 in the year-earlier period.

EBIT is a key performance indicator used by the Group, because it is not affected by the timing and magnitude of profit-taking on equities and investment property (as reflected in realised capital gains attributable to owners of the parent) or by changing market prices.

EBIT corresponds to attributable net profit before:

- finance costs
- share of profit of equity-accounted companies
- income tax expense
- non-controlling interests
- fair value adjustments and capital gains and losses
- non-recurring items.

The two main business indicators are:

- **premium income**, representing €16.4 billion in first-half 2017 (see comments in the Business Review).
- average **technical reserves** (excluding the deferred participation reserve and ceded reserves), which rose by 0.9% in first-half 2017.

Net insurance revenue (NIR) totalled €1,474 million in first-half 2017, a strong increase of 15.0% on the same period in 2016 that was led by 8.9% growth in France, 23.7% growth in Latin America and 21.0% growth in Europe excluding France. The like-for-like increase was 8.2%.

In France, net insurance revenue rose 8.9% from first-half 2016, led mainly by the personal risk/protection segment which benefited from the slower reduction in regulatory discount rates and an improvement in the combined ratio.

In Latin America, the 3.6% increase in net insurance revenue at constant exchange rates was driven by ongoing good momentum in the personal risk/protection business and the sharp rise in technical reserves for the pensions business.

In Europe excluding France, net insurance revenue rose by 21%, mainly due to robust growth in CNP Santander's personal risk/protection business and the increased contribution from CNP UniCredit Vita.

Revenue from own-funds portfolios totalled €444 million, representing a period-on-period increase of 4.3% as reported (2.3% at constant exchange rates).

Administrative costs amounted to €441 million, up 3.1% as reported (down 0.5% at constant exchange rates). The ongoing benefits of the operational excellence programme combined with lower taxation of insurance premiums helped to drive a 4.3% reduction in administrative costs in France.

At €1,477 million, EBIT was up 15.4% as reported (9.1% at constant exchange rates), powered by operations in France.

Finance costs were up €12 million at €130 million, reflecting the impact over the full six months of interest on the January and October 2016 subordinated debt issues.

The **effective tax rate** declined to 34.8% from 37.5%, due to the recognition of a deferred tax asset for the tax loss of an indirect subsidiary in Brazil.

The 37% increase in profit attributable to **non-controlling interests** mainly reflected the currency effect in Latin America and the higher profits reported by the Group's joint ventures.

The impacts of net gains (losses) on disposal of investments, fair value adjustments to financial assets and non-recurring items appear at the foot of the income statement.

Fair value adjustments and net gains (losses) on disposal of investments increased to €136 million. Net disposal gains, in the amount of €88 million, primarily concerned equities and were realised earlier in the year than in 2016 due to the strong prices observed in first-half 2017.

Non-recurring items in first-half 2017 corresponded to the €183 million added to provisions (after the tax effect) versus €67 million added in the year-earlier period.

Reported attributable **net profit** was 6.0% higher at €657 million. At constant exchange rates, the increase was 1.7%.

Consolidated balance sheet at 30 June 2017

Total assets amounted to €421.1 billion at 30 June 2017 compared with €419.1 billion at 31 December 2016, representing a 0.5% increase.

Insurance and financial liabilities totalled €363.0 billion at 30 June 2017, up 0.3% from 31 December 2016.

Equity attributable to owners of the parent remained fairly stable compared with 31 December 2016, at €17,492 million, with the payment of a €549 million cash dividend for 2016 offset by first-half 2017 profit of €657 million. The total includes €1,765 million in deeply subordinated notes reclassified in accordance with the IFRIC interpretation published in November 2006.

Solvency capital

CNP Assurances calculates its group SCR coverage ratio using the standard formula without applying transitional measures (except for grandfathering of subordinated debt), without using the Brazilian solvency regulation, and net of the current year's dividend. The group SCR coverage ratio was 193% at 30 June 2017 versus 177% at 31 December 2016. The increase in the coverage ratio over the first half was mainly attributable to rising swap rates and equity prices.

Asset portfolio and financial management

Insurance investments at 30 June 2017 totalled €383.6 billion versus €383.3 billion at 31 December 2016, an increase of €0.3 billion over the period.

Most investments are measured at fair value, except for held-to-maturity investments and property assets not backing linked liabilities, which are measured using the cost model.

Available-for-sale financial assets at 30 June 2017 represented 77.1% of total investments, financial assets at fair value through profit or loss (trading securities) represented 20.4%, and held-to-maturity investments and other investments (mainly investment property and loans) accounted for 2.5%.

RISK FACTORS

Following a risk assessment, CNP Assurances considers that the Group is not exposed to any risks other than those described on pages 159 to 171, 293 to 306, and 344 to 355 of the 2016 Registration Document.

OUTLOOK

The Group is actively refocusing its product mix in favour of personal risk/protection and unit-linked products, while also accelerating its digital transformation with the successful launch of YOUSE in Brazil and the business model digitisation strategy in France and Europe.

CNP Assurances confirms its objective of delivering average organic EBIT growth of at least 5% per year over the period 2017-2018 compared with 2016.