

May 2018

# 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 that may cause actual results to differ materially from those currently anticipated in such statements. These risks and uncertainties may concern factors such as changes in general economic conditions and financial market performance, legal or regulatory decisions or changes, changes in the frequency and amount of insured claims, changes in interest rates and foreign exchange rates, changes in the policies of central banks or governments, legal proceedings, the effects of acquisitions and divestments, 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.

This document may contain alternative performance indicators (such as EBIT) that are considered useful by CNP Assurances but are not recognised in the IFRSs adopted for use in the European Union. These indicators should be treated as additional information and not as substitutes for the balance sheet and income statement prepared in accordance with IFRS. They may not be comparable with those published by other companies, as their definition may vary from one company to another.

# AGENDA

- 1. Business Model**
- 2. Profitability**
- 3. Investments & Asset-Liability Management**
- 4. Solvency**
- 5. Rating & Funding**
- 6. Outlook**



# Business Model

# KEY INVESTMENT HIGHLIGHTS



(1) France: in terms of 2016 life insurance reserves. Europe: in terms of 2016 personal insurance premium income

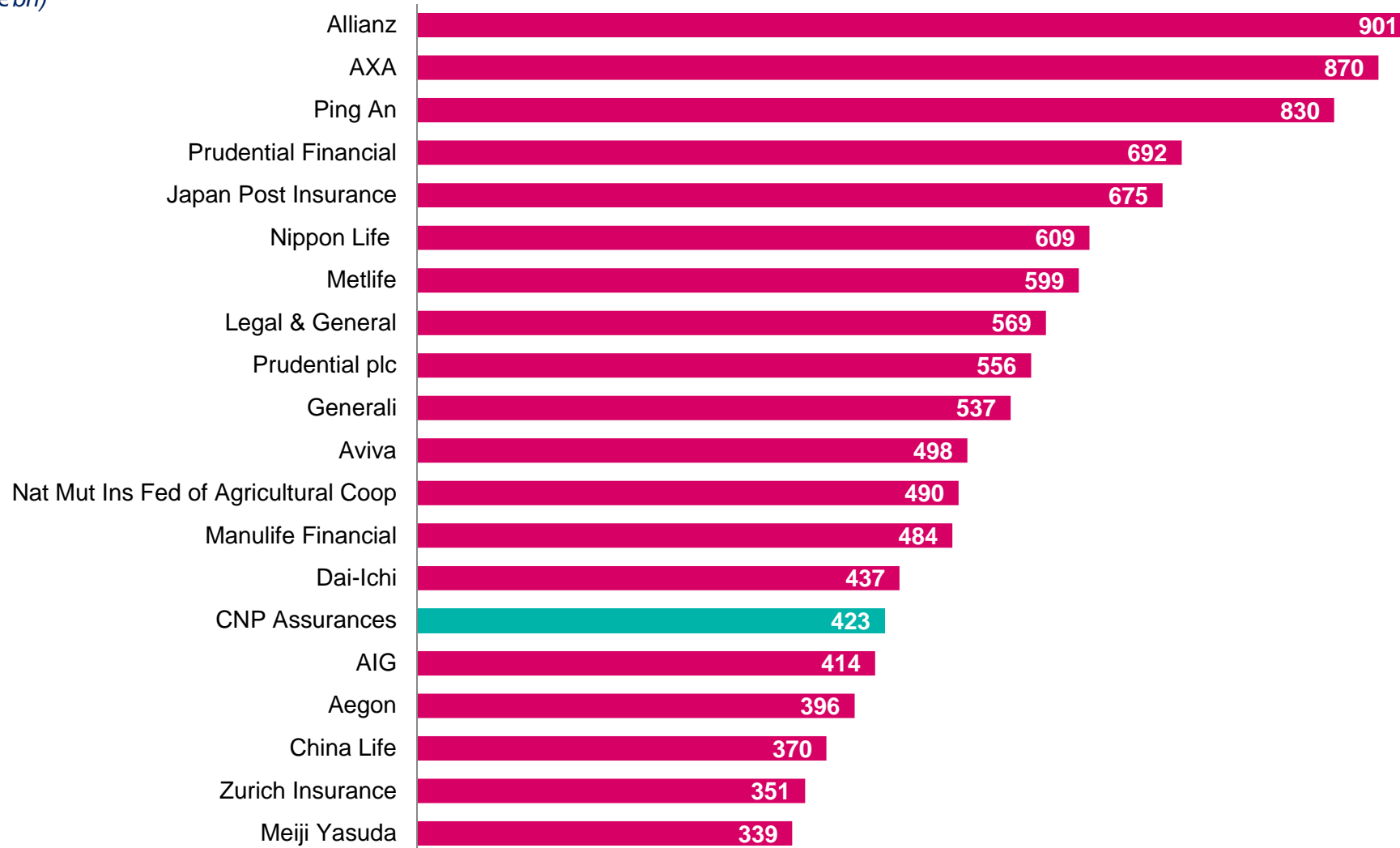
(2) In terms of 2017 insurance premium income

(3) Source: HSBC European Insurance Cost-cutting Calculator November 2017

# CNP ASSURANCES: 7<sup>TH</sup> LARGEST EUROPEAN INSURER BY ASSETS, AND 15<sup>TH</sup> LARGEST WORLDWIDE

## TOTAL ASSETS

(€bn)



# A LEADING POSITION IN FRANCE AND BRAZIL



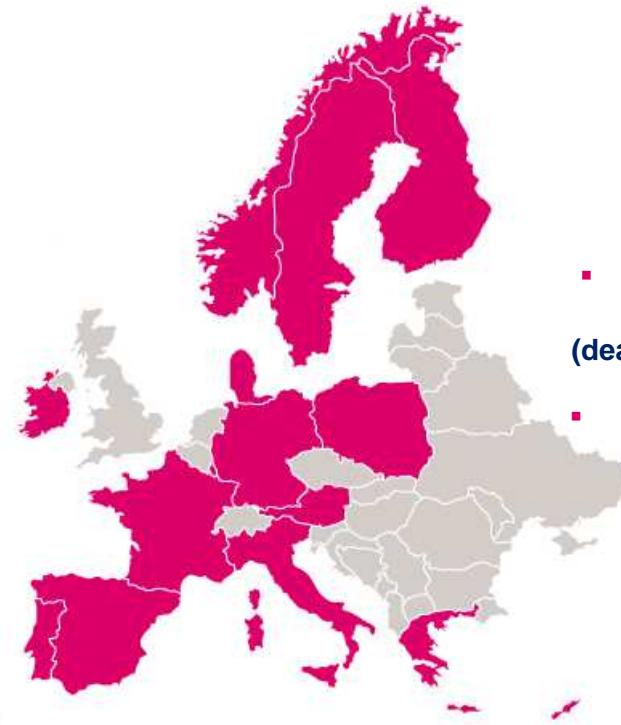
## LATIN AMERICA

- Acquisition of Caixa Seguradora in July 2001
- Exclusive distribution agreement with the public bank Caixa Econômica Federal (CEF)
- 4<sup>th</sup> insurer in Brazil, 8% market share<sup>(2)</sup>
- Self-funded subsidiary with good cash generation (€206m of upstream dividends in 2017 after €162m in 2016)
- Successful launch of Youse, Brazil's first full-online insurance platform



## FRANCE

- Market leader in France life, 18% market share<sup>(1)</sup>
- Significant market share of the term creditor insurance market (death & disability of the borrowers)
- Stable earnings and cash-flows



## EUROPE EXCLUDING FRANCE

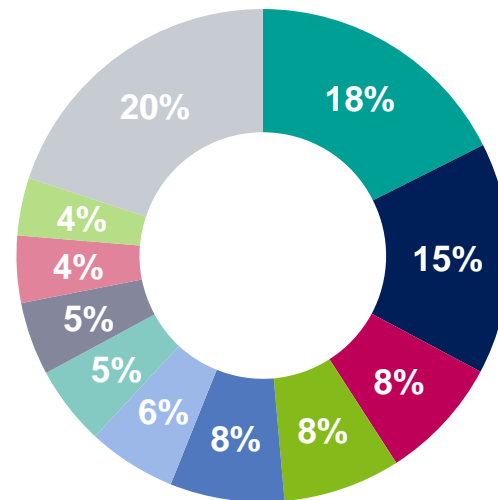
- Strong growth in term creditor insurance with CNP Santander in 10 European countries (Germany, Poland, Nordic countries, etc.)
- Footprint in Italy with CNP UniCredit Vita and Spain with CNP Partners

(1) In terms of 2016 life insurance reserves. Source: FFA

(2) In terms of 2017 insurance premium income. Source: SUSEP

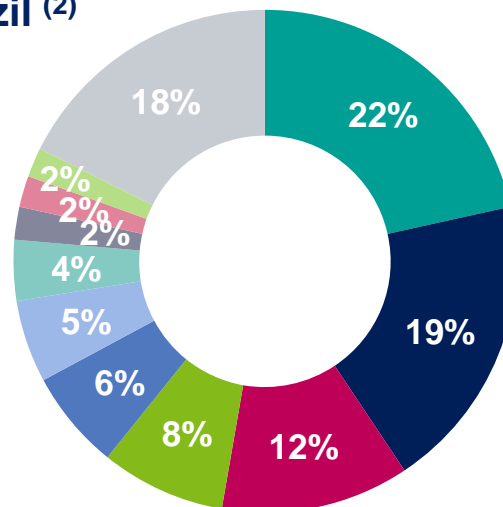
# STRONG MARKET SHARES IN FRANCE AND BRAZIL

**Market share in France (1)**



- CNP Assurances *Market leader in France life*
- Crédit Agricole
- AXA
- Crédit Mutuel
- BNPP
- Société générale
- Generali
- Aviva
- Allianz
- AG2R La Mondiale
- Others

**Market share in Brazil (2)**



- Bradesco
- Banco do Brasil
- Itaú
- Caixa Seguradora *4<sup>th</sup> insurer in Brazil*
- BB Mapfre
- Porto Seguro
- Zurich Santander
- Sul América
- Icatu
- Tokio Marine
- Others

(1) In terms of 2016 life insurance reserves. Source: FFA

(2) In terms of 2017 insurance premium income. Source: SUSEP



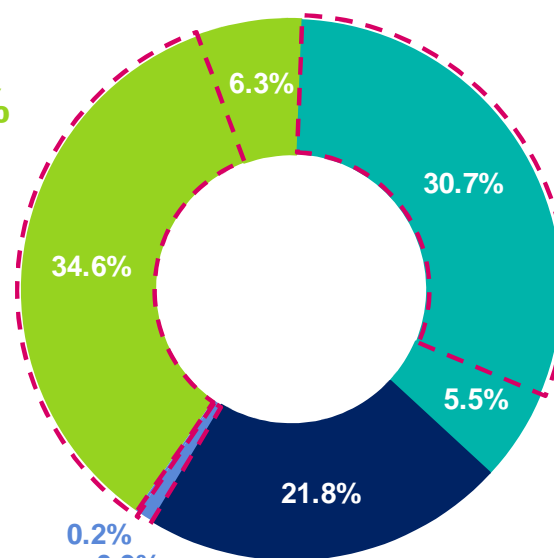
# CNP ASSURANCES OWNERSHIP STRUCTURE

## Caisse des Dépôts 40.9%

100% owned by the French State



## French State 1.1%



## Free float 21.8%<sup>(2)</sup>

## Sopassure 36.3%

50.02% owned by La Banque Postale<sup>(1)</sup> and 49.98% by BPCE



**Shareholder agreement 66.3%**

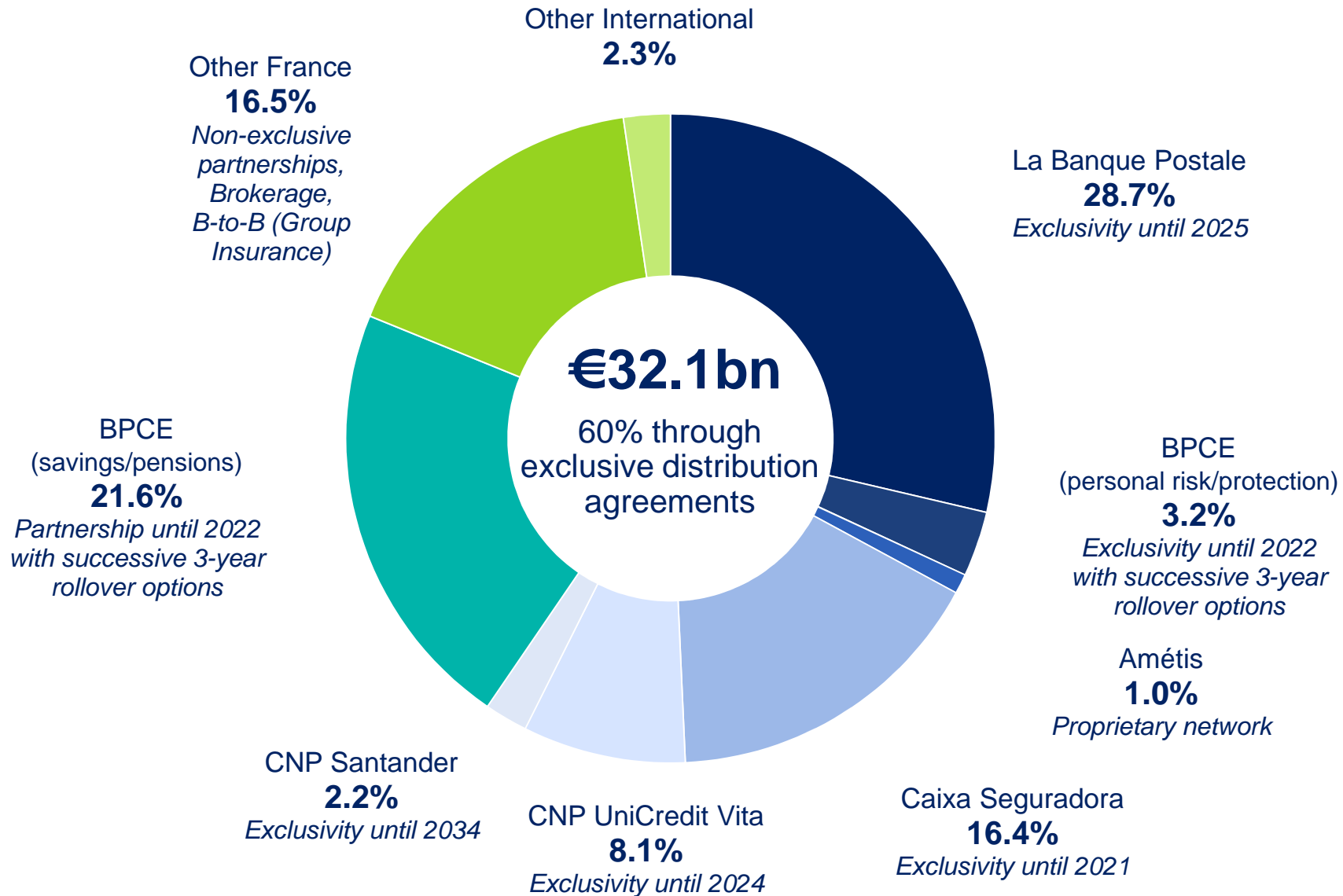
- Relations between Caisse des Dépôts, Sopassure and the French State continue to be governed by a shareholder agreement until 31 December 2019
- CNP Assurances Board of Directors: 41% of female directors, 24% of independent directors

At year-end 2017

(1) Indirectly 100% owned by the French State and Caisse des Dépôts

(2) Institutional shareholders 17.8% (o/w North America 7.4%, UK and Ireland 4.4%, Continental Europe excl. France 3.8%, France 1.3%, Rest of the World 0.9%)  
Individual shareholders 3.9%

# BREAKDOWN OF 2017 PREMIUM INCOME BY DISTRIBUTION CHANNEL

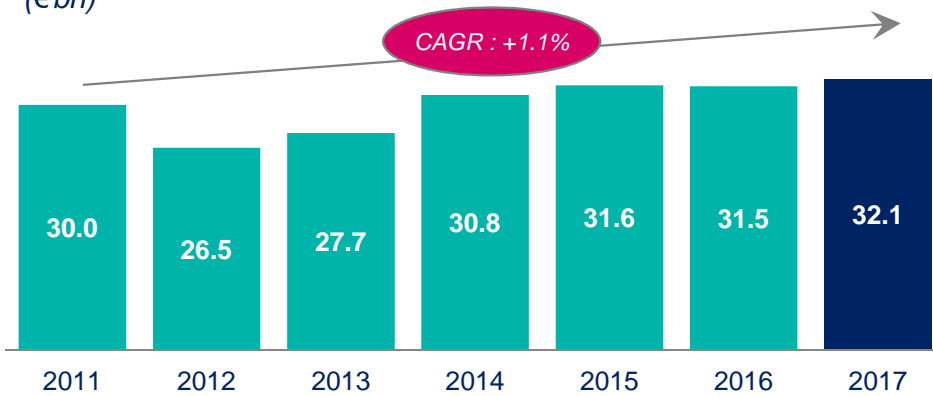


# FINANCIAL OVERVIEW

## SOLID FINANCIAL PERFORMANCE

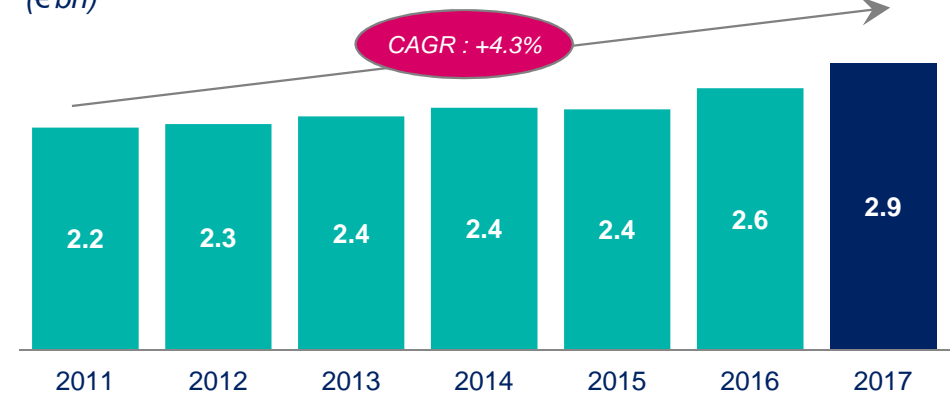
### PREMIUM INCOME

(€bn)



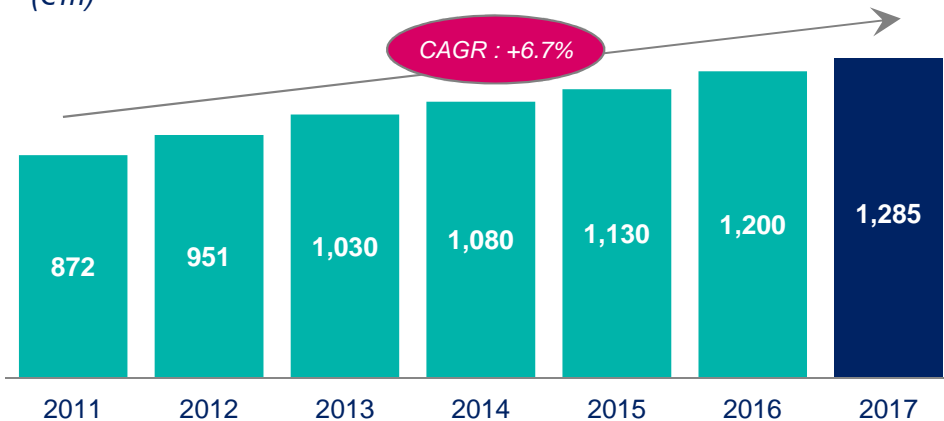
### EBIT

(€bn)



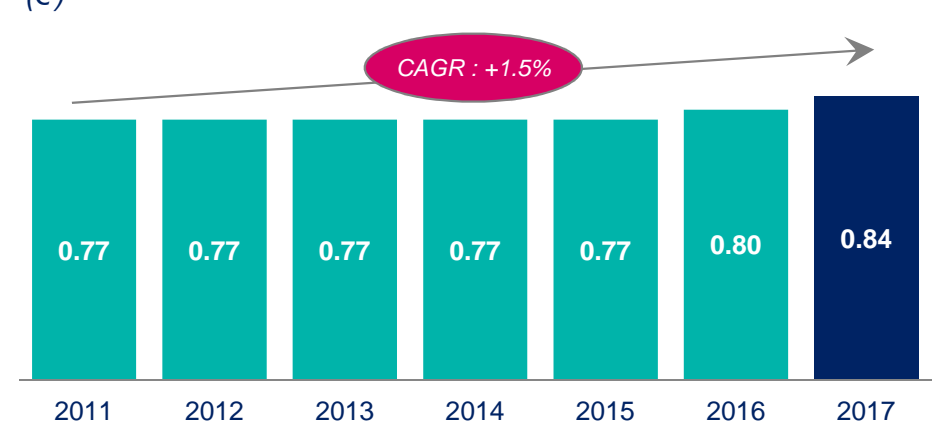
### NET PROFIT

(€m)



### DIVIDEND PER SHARE

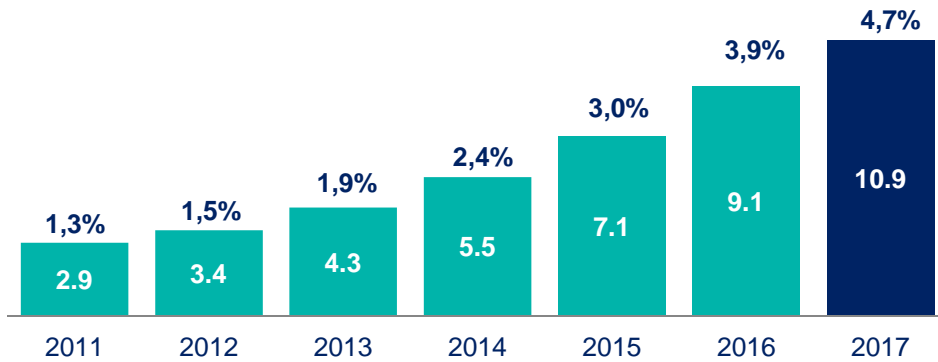
(€)



# ROBUST BALANCE SHEET THROUGH-THE-CYCLE

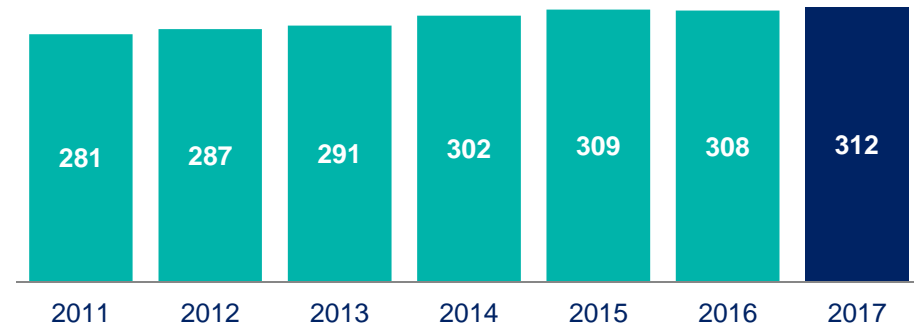
## POLICYHOLDER SURPLUS RESERVE\*

(€bn, % of French technical reserves)



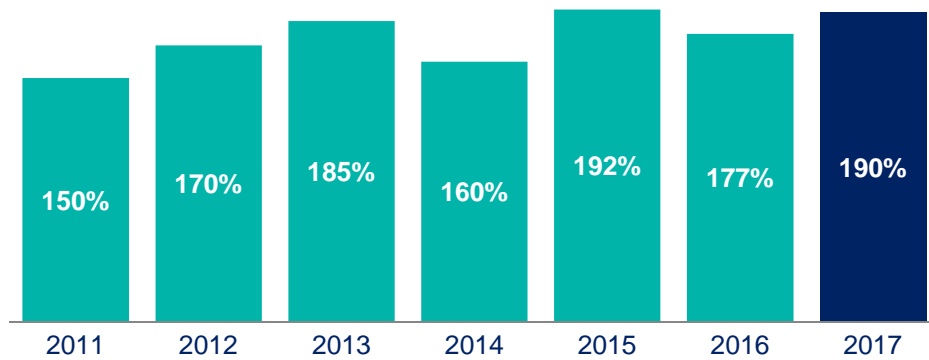
## NET TECHNICAL RESERVES\*

(€bn)



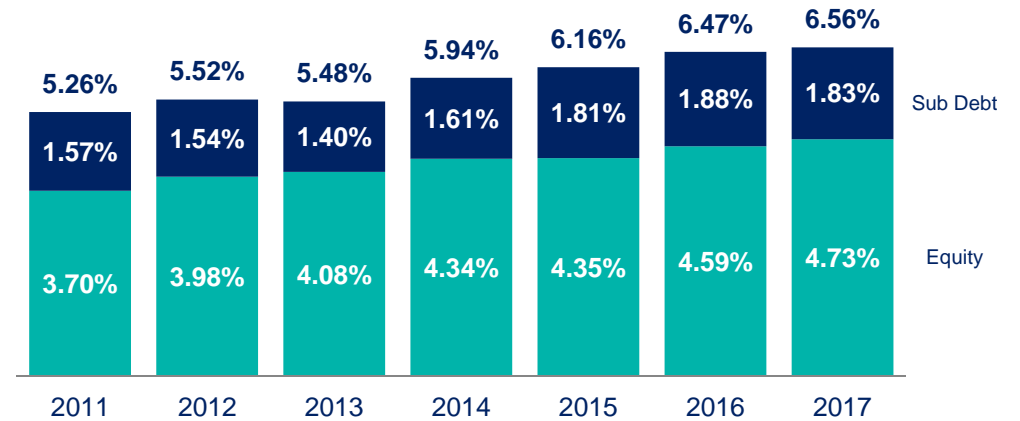
## CONSOLIDATED SCR COVERAGE RATIO

(%)



## IFRS EQUITY AND SUBORDINATED DEBT

(% of total AUM)



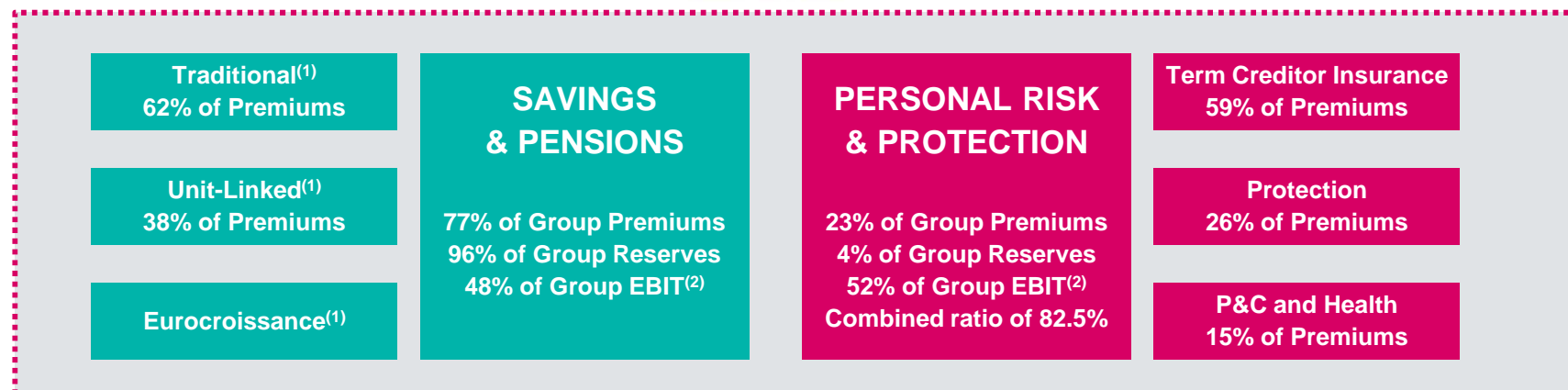
\* End of period

# DIVERSIFIED FRANCHISE & BUSINESS MIX

## Main markets



## Main businesses



At 31 December 2017

(1) Traditional: guarantee of capital at any time. Unit-Linked: no guarantee of capital. Eurocroissance: total or partial guarantee of capital after 8 years

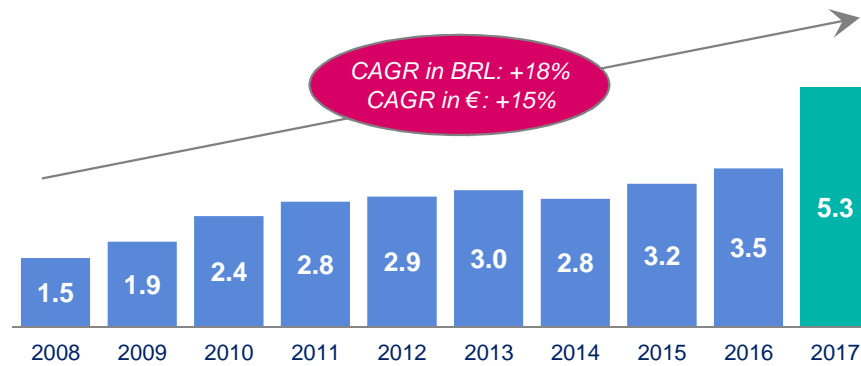
(2) EBIT excluding own-funds portfolios

# CAIXA SEGURADORA: THE BRAZILIAN SUCCESS STORY

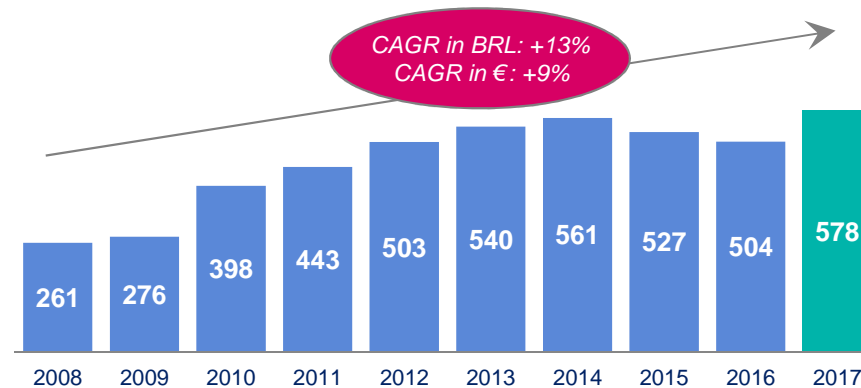
## OWNERSHIP STRUCTURE



## PREMIUM INCOME AT 100% (€bn)

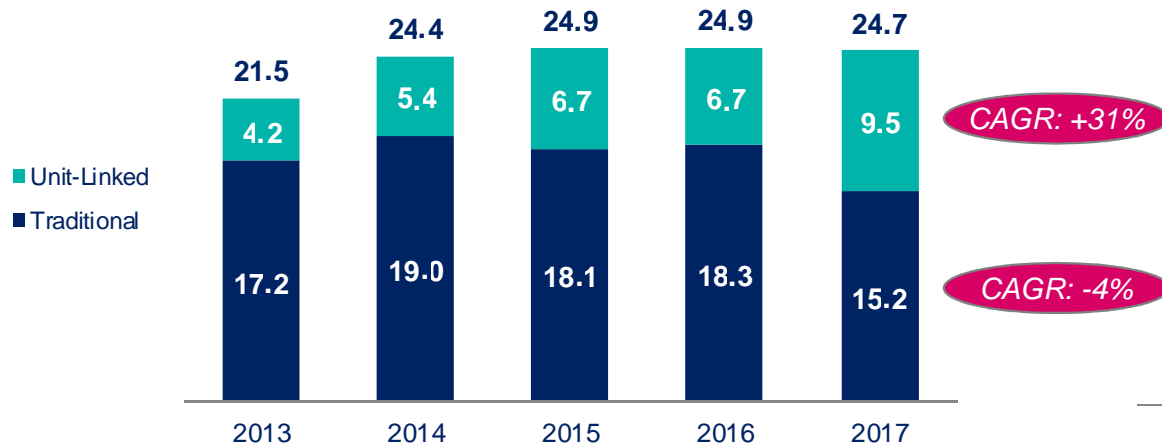


## RECURRING PROFIT AT 100% (€m)

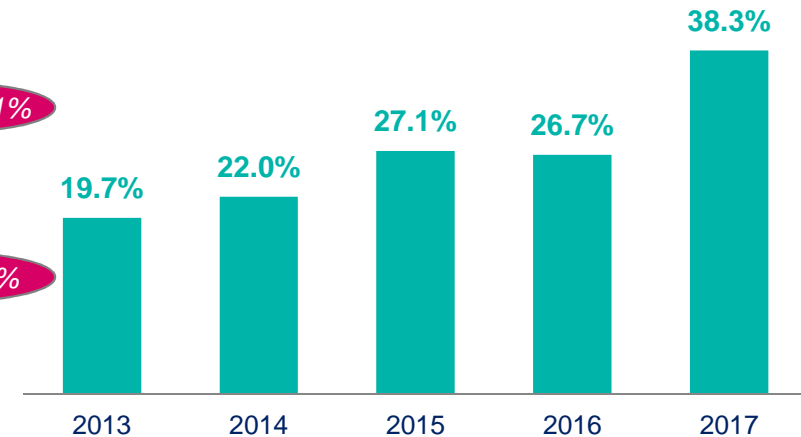


# A STRATEGY TO DEVELOP UNIT-LINKED

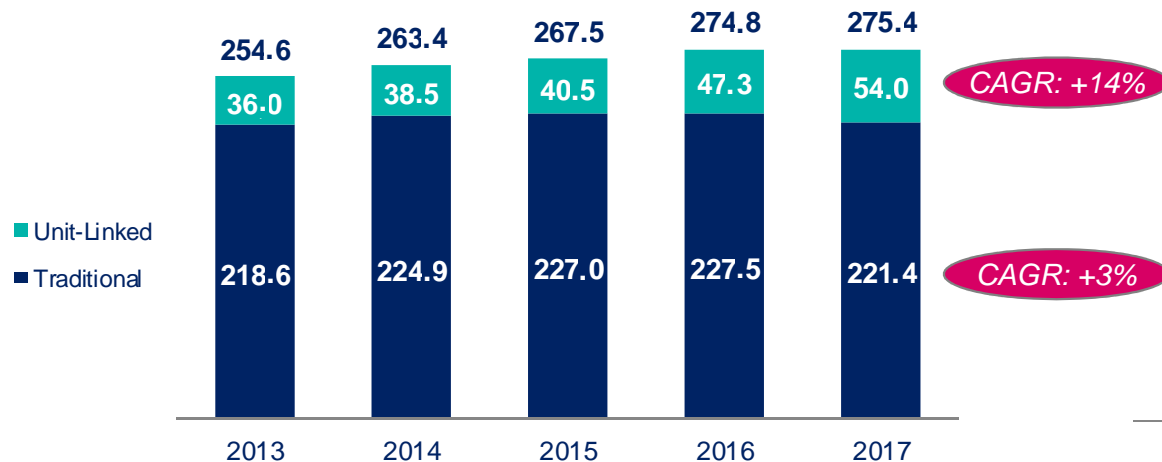
**PREMIUM INCOME\***  
(€bn)



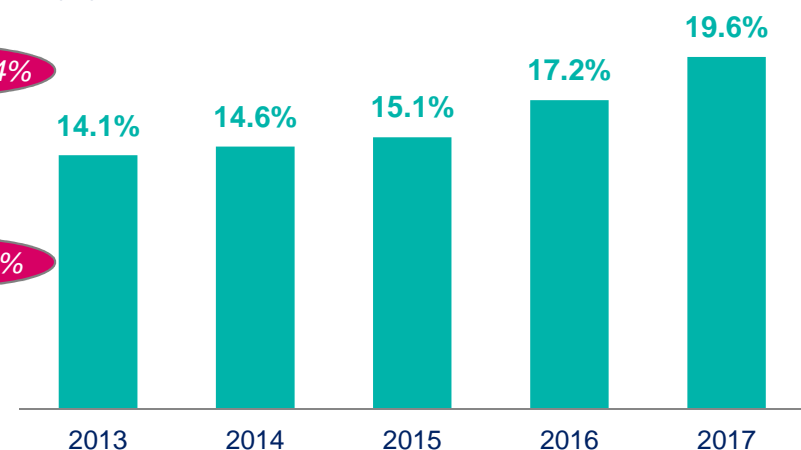
**PROPORTION OF PREMIUM INCOME\*  
REPRESENTED BY UNIT-LINKED**  
(%)



**MATHEMATICAL RESERVES\***  
(€bn)



**PROPORTION OF RESERVES\*  
REPRESENTED BY UNIT-LINKED**  
(%)



\* Savings/Pensions segment

**2.**

**Profitability**



# 2017 FINANCIAL AND BUSINESS PERFORMANCE

(€m)		2017	2016	Change	Change (Like-for-Like) <sup>(1)</sup>
<b>BUSINESS PERFORMANCE</b>	Premium income	<b>32,127</b>	31,536	1.9%	0.7%
	APE	<b>3,316</b>	3,129	6.0%	4.6%
	VNB	<b>782</b>	436	79.6%	76.4%
	APE margin	<b>23.6%</b>	13.9%	9.7 pts	-
<b>EARNINGS</b>	Total revenues	<b>3,827</b>	3,553	7.7%	5.6%
	Administrative costs	<b>938</b>	916	2.4%	1.0%
	EBIT	<b>2,889</b>	2,638	9.5%	7.2%
	Attributable net profit	<b>1,285</b>	1,200	7.0%	5.6%
	ROE	<b>8.0%</b>	7.9%	0.1 pts	-
	Combined ratio <sup>(2)</sup>	<b>82.5%</b>	83.5%	-1.1 pts	-
<b>CASH FLOW AND DIVIDEND</b>	Net operating free cash flow	<b>€1.62/share</b>	€1.54/share	5.4%	-
	Dividend	<b>€0.84/share<sup>(3)</sup></b>	€0.80/share	5.0%	-
	Payout ratio	<b>47%</b>	49%	-2 pts	-
	Dividend cover	<b>1.9x</b>	1.9x	-	-
<b>SOLVENCY</b>	Consolidated SCR coverage ratio	<b>190%</b>	177%	13 pts	-
	Consolidated MCR coverage ratio	<b>324%</b>	300%	24 pts	-

(1) Average exchange rates:

At 31 December 2017: Brazil: €1 = BRL 3.61; Argentina: €1 = ARS 18.75

At 31 December 2016: Brazil: €1 = BRL 3.86; Argentina: €1 = ARS 16.35

In the like-for-like comparatives, the contributions of Arial CNP Assurances (France) and CNP Luxembourg (Luxembourg) have been excluded from the 2017 figures.

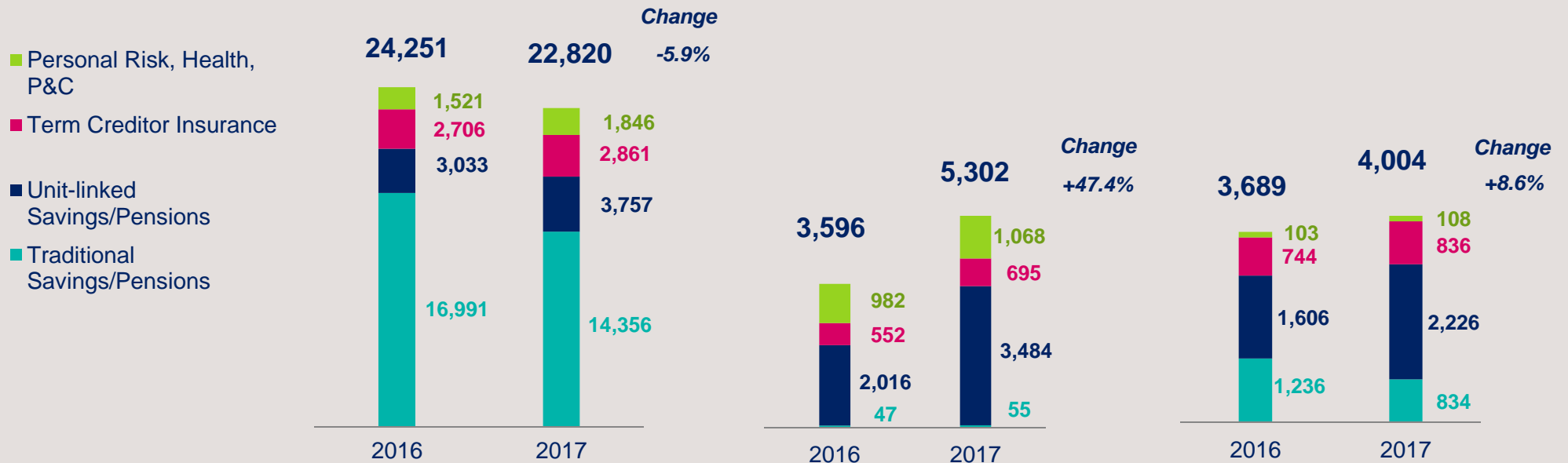
(2) Personal Risk/Protection segment (term creditor insurance, personal risk, health and property & casualty insurance)

(3) Recommended at the Annual General Meeting of 27 April 2018

# 2017 PREMIUM INCOME BY GEOGRAPHICAL AREA

## PREMIUM INCOME

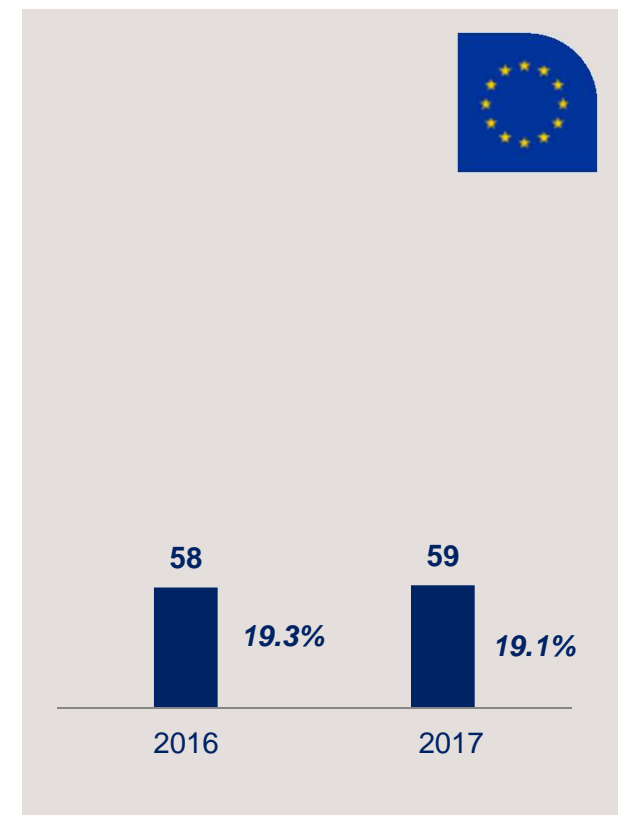
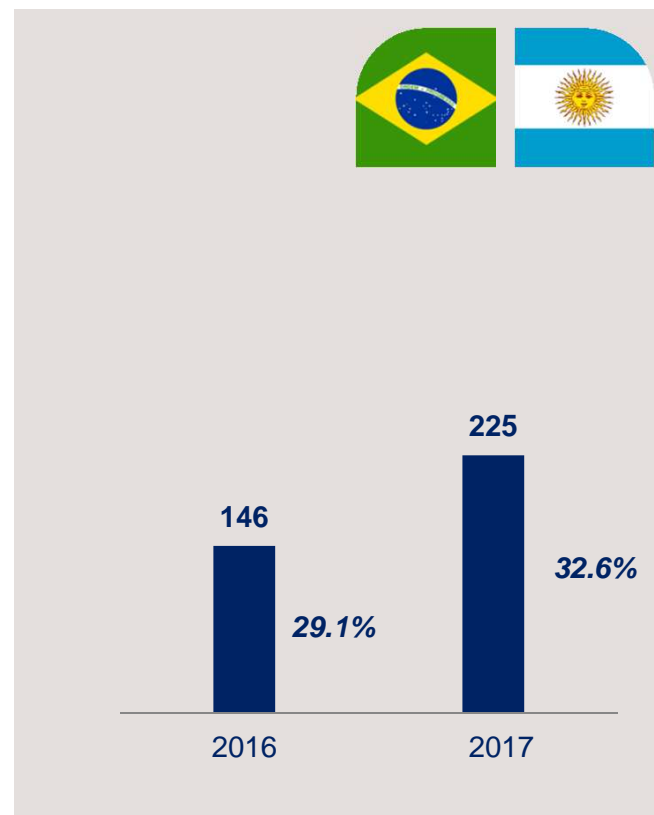
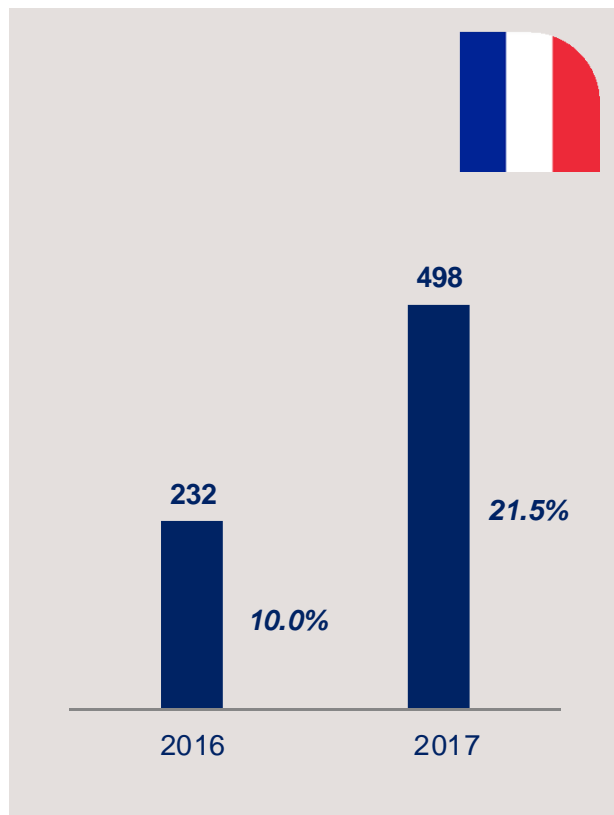
(€m)



# 2017 NEW BUSINESS VALUE BY GEOGRAPHICAL AREA

## NEW BUSINESS VALUE AND APE MARGIN

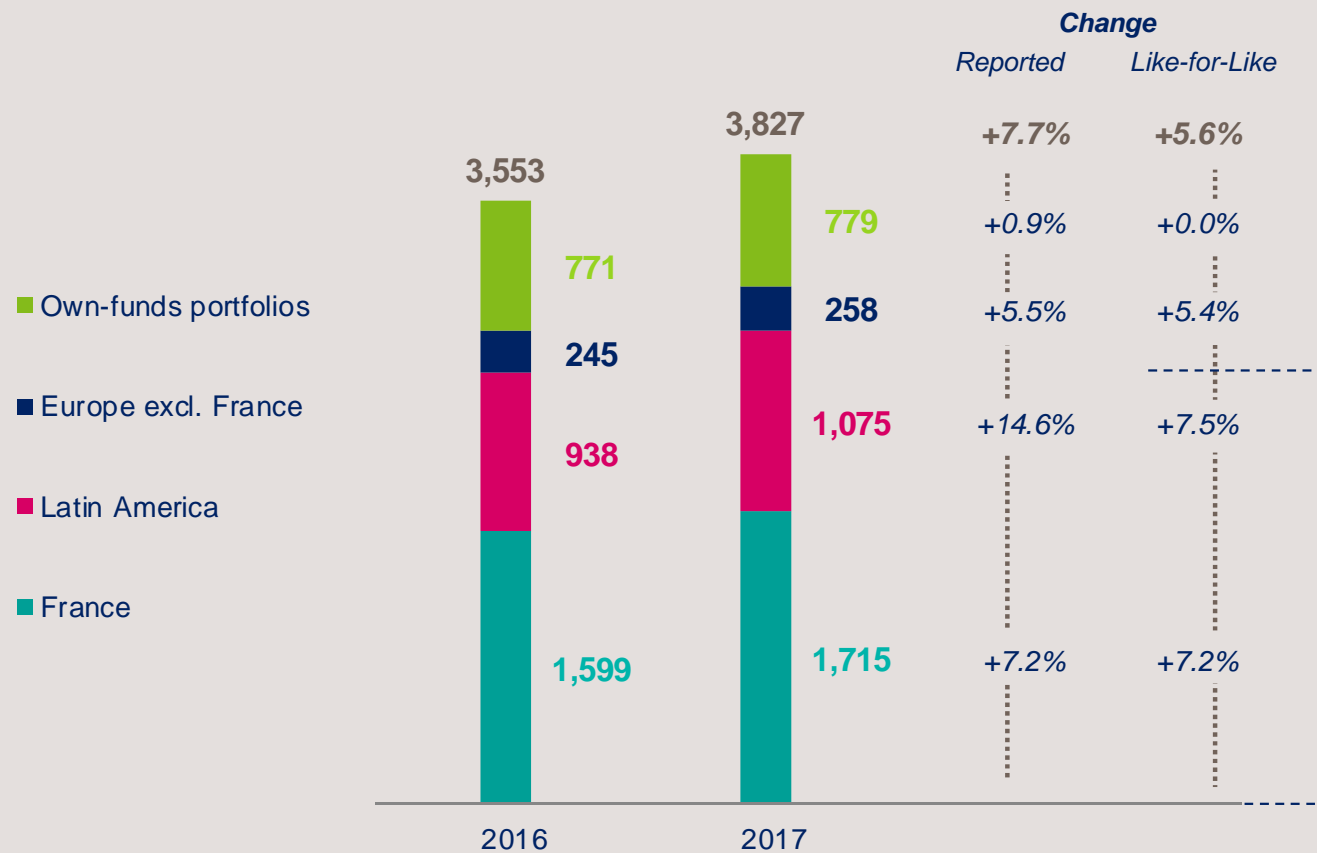
(€m, %)



# 2017 REVENUE BY GEOGRAPHICAL AREA

## TOTAL REVENUE

(€m)



**Net insurance  
revenue**

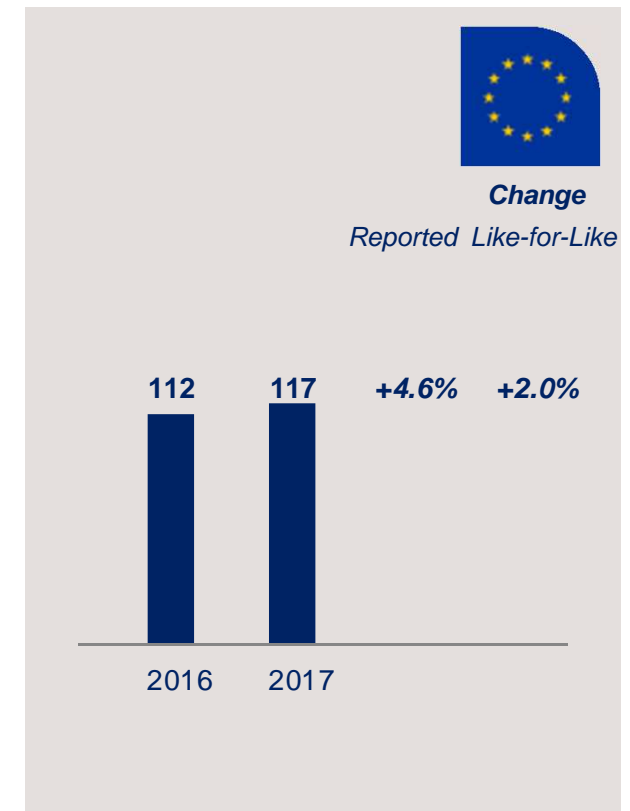
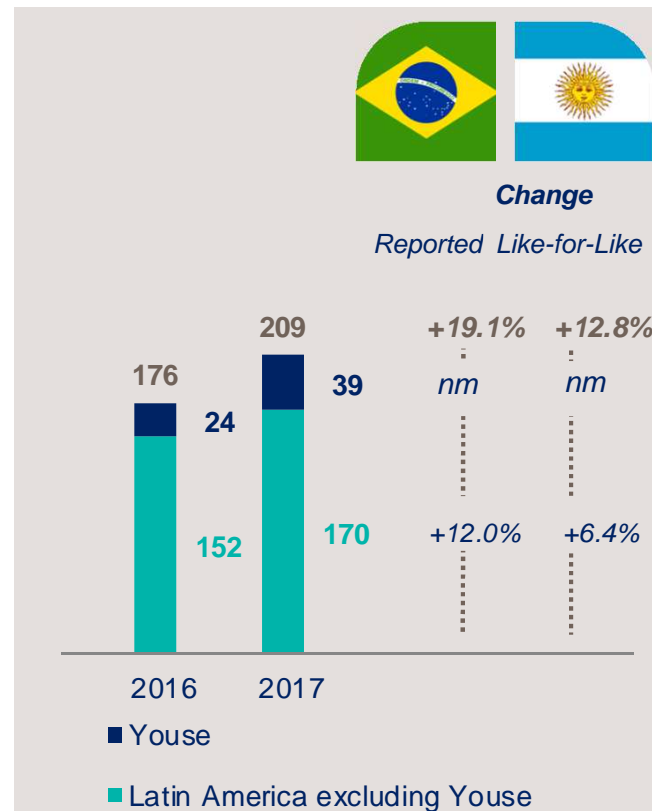
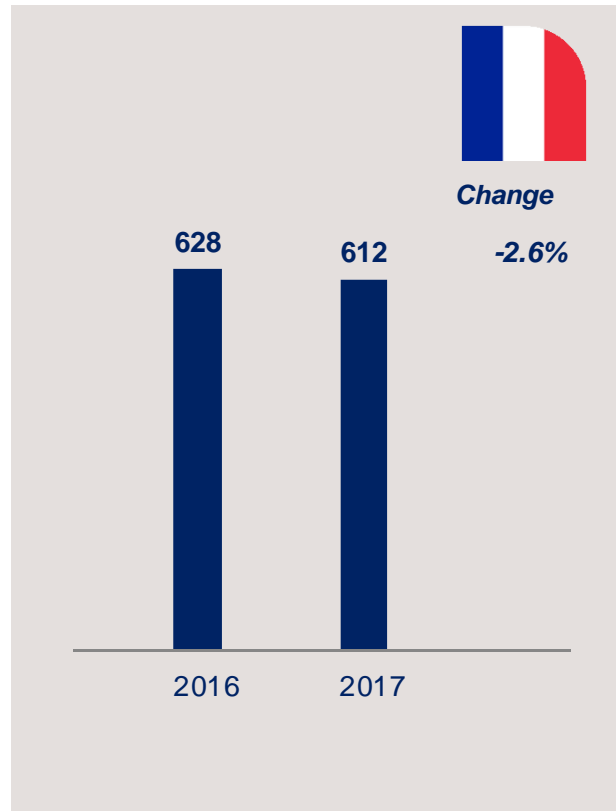
**€3,048m**

up 9.6%  
(7.2% like-for-like)

# 2017 ADMINISTRATIVE COSTS BY GEOGRAPHICAL AREA

## ADMINISTRATIVE COSTS

(€m)



### ➤ Operational Excellence Programme (OEP) launched in France in early 2016

- Objective confirmed of €60m recurring annual reduction in the cost base in France by end-2018
- As of end-2017: objective 72%-achieved with a €43m recurring annual reduction in the cost base

### ➤ €25m non-recurring costs in France to support the digital strategy

## 2017 EBIT BY SEGMENT

### Savings/Pensions

- Premium income: **€24,712m**
- Total revenue: **€1,457m**
- Administrative costs: **€376m**



EBIT  
**€1,081m**

### Personal Risk/ Protection

- Premium income: **€7,415m**
- Total revenue: **€1,591m**
- Administrative costs: **€438m**



EBIT  
**€1,153m**

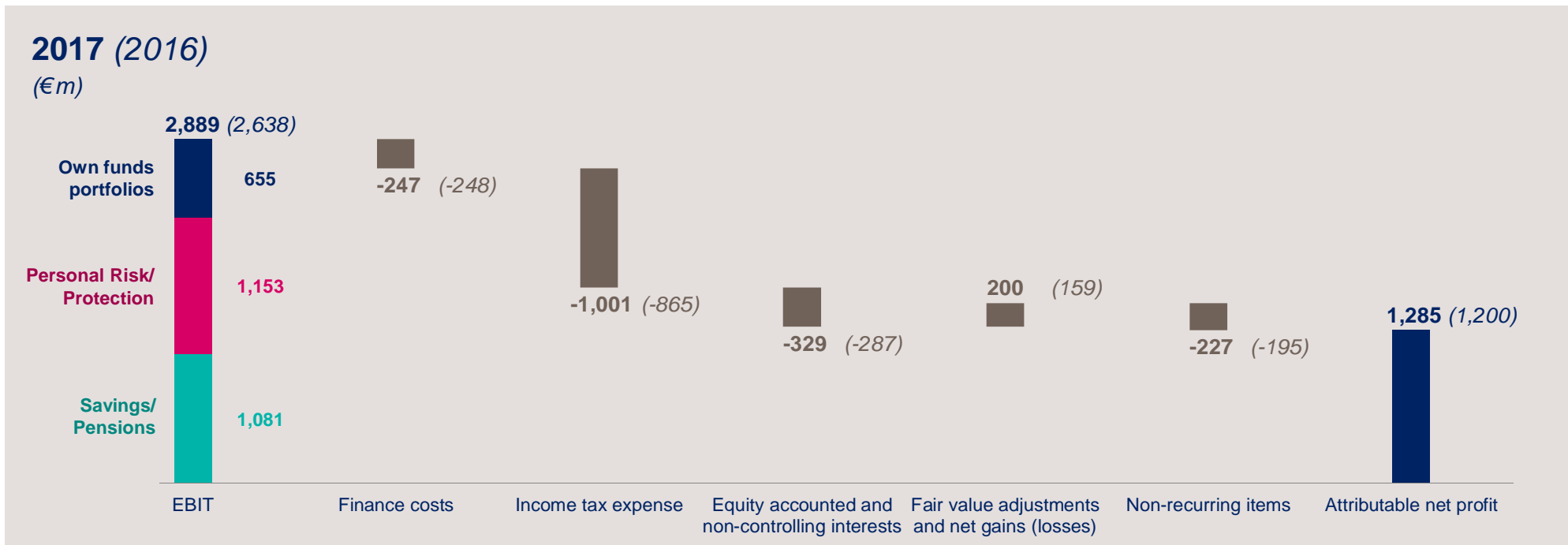
### Own-funds portfolios

- Total revenue: **€779m**
- Administrative costs: **€124m**



EBIT  
**€655m**

# 2017 ATTRIBUTABLE NET PROFIT OF €1,285M, UP 7.0%



## ➤ Finance costs

- Average cost of debt reduced from 5.0% to 4.5%

## ➤ Income tax expense

- In France, exceptional surtax (€95m) partly offset by the refund of tax on dividends (€63m)
- Phased reduction in French corporate tax rate to 25% in 2022

## ➤ Fair value adjustments and net gains (losses)

- Net gains of €162m and €38m positive fair value adjustments to the trading portfolio

## ➤ Non-recurring items

- Effect of French State's withdrawal from financing statutory uplifts to life annuities (Act of 30 December 2017): €212m before tax

## OPERATING FREE CASH FLOW UP 5.4%, ALLOWING A 5% INCREASE IN THE DIVIDEND

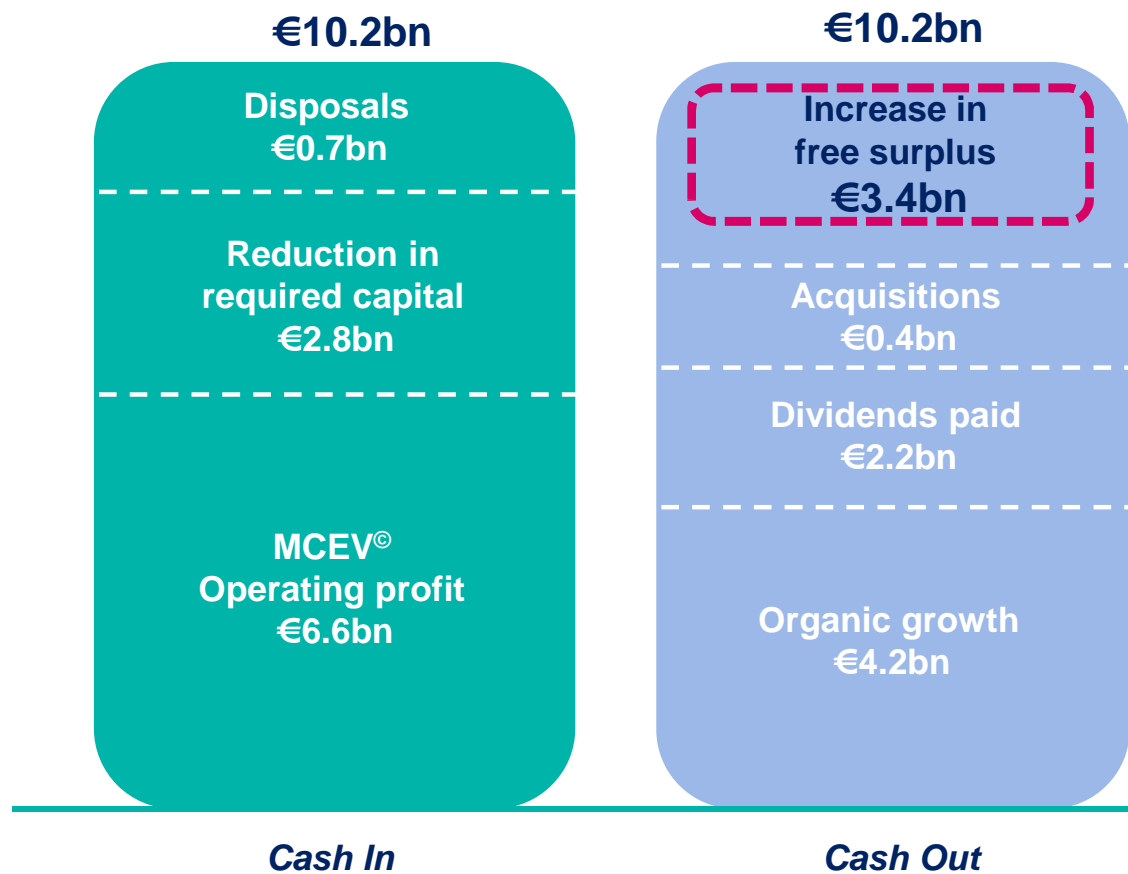


- Operating profit up sharply to €1,346m
- Smaller reduction in required capital for end-2016 In-Force due to revised biometric and behavioural assumptions
- Decrease in required capital for New Business due to sharp rise in VNB



# STEADY CASH FLOW GENERATION CREATING SIGNIFICANT FINANCIAL HEADROOM

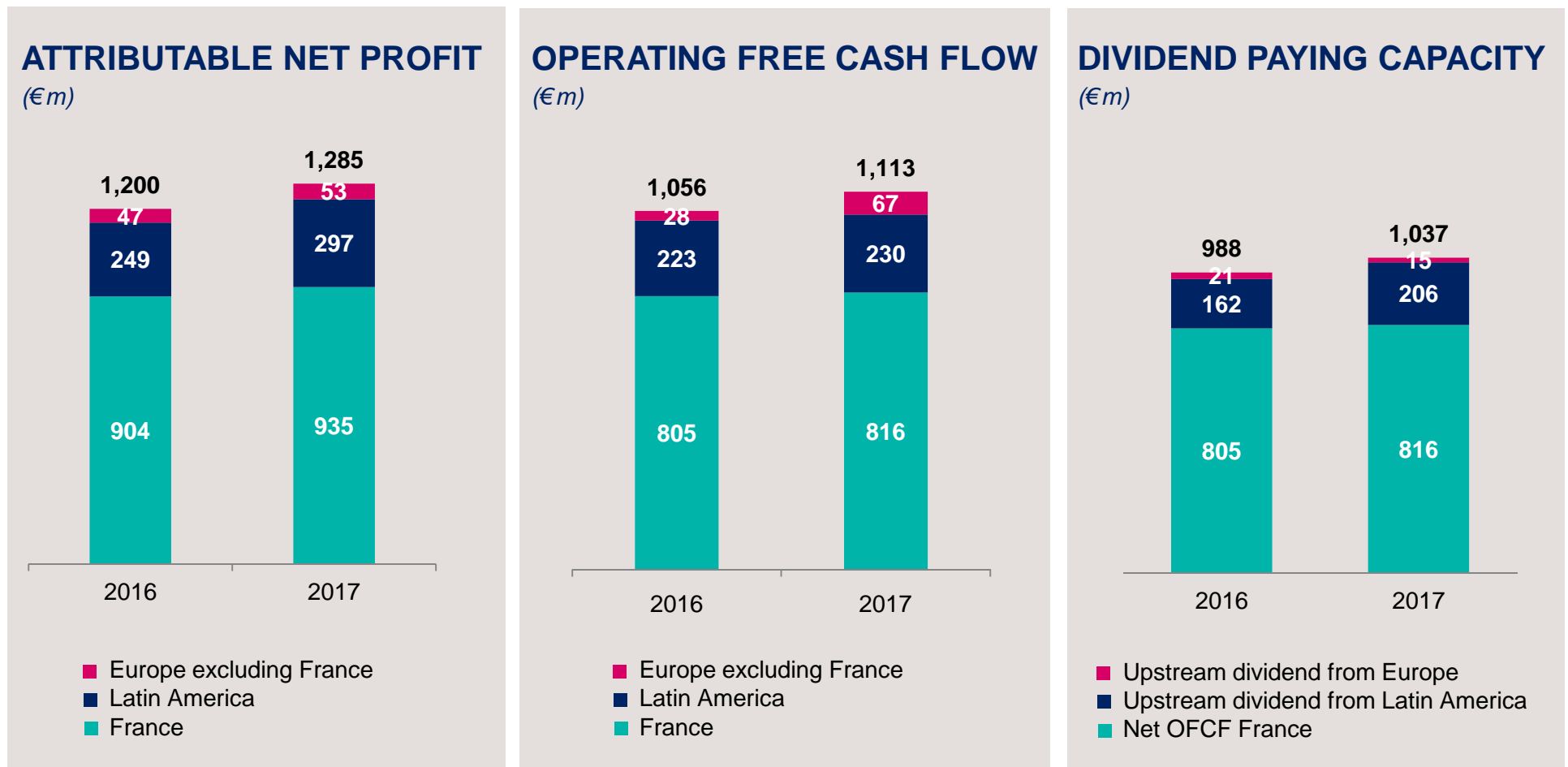
- €10.2bn of cumulative cash flows<sup>(1)</sup> over the period 2012-2017, including €3.4bn added to free surplus



(1) Based on operating free cash flow as calculated for MCEV<sup>®</sup> purposes, taking into account acquisitions and disposals of subsidiaries during the period

# NET PROFIT, FREE CASH FLOW AND DIVIDEND PAYING CAPACITY

Given its role as both an OpCo and HoldCo, CNP Assurances SA's ability to pay dividends depends on its own cash flow generation, plus the upstream dividends paid by its subsidiaries

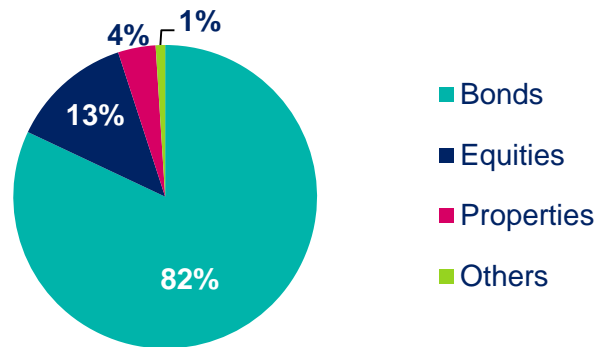


**3.**

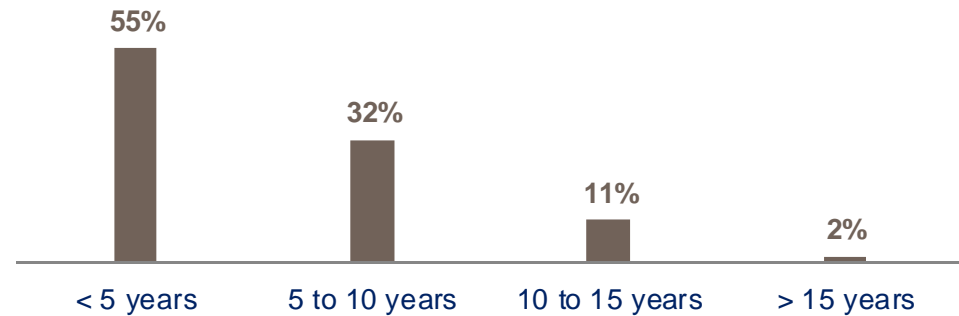
**Investments &  
Asset-Liability  
Management**

# ASSET ALLOCATION AT END-2017

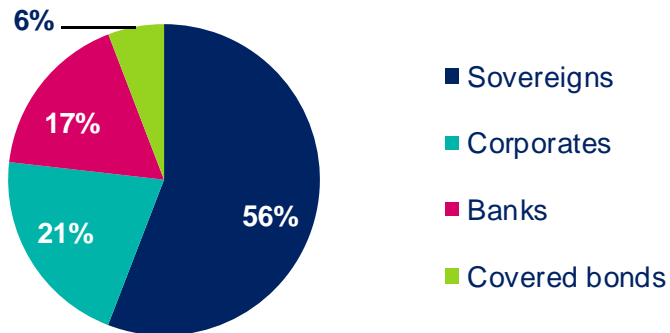
€332BN OF AUM EXCLUDING UL



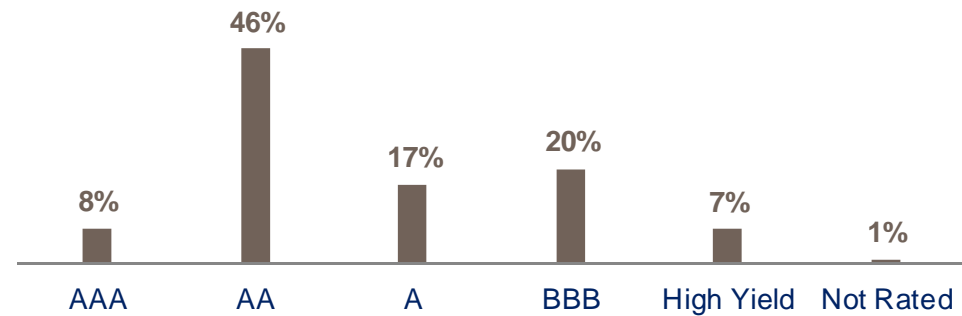
BOND PORTFOLIO BY MATURITY



BOND PORTFOLIO BY TYPE OF ISSUER



BOND PORTFOLIO BY RATING\*

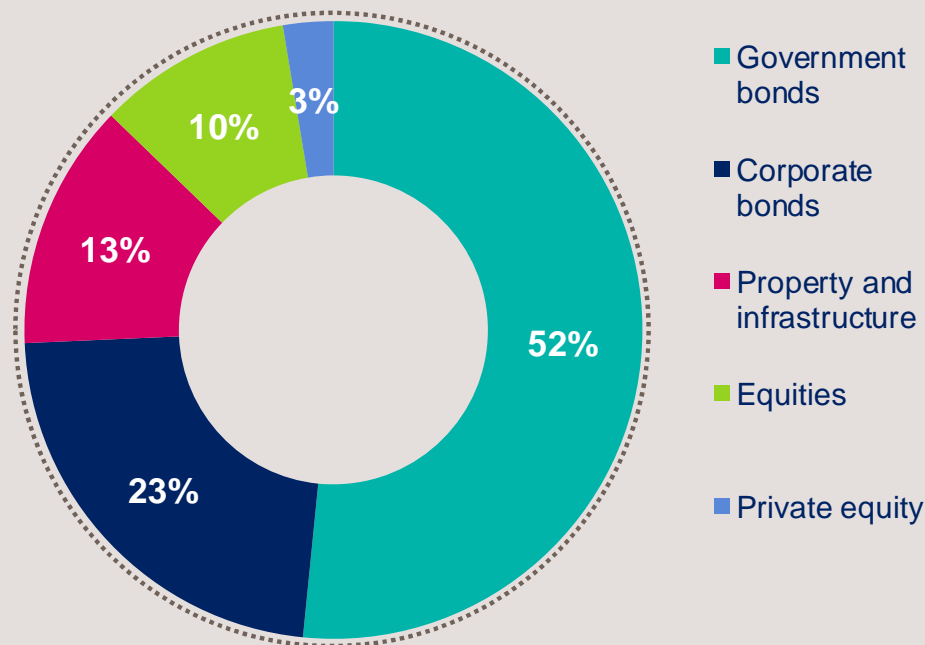


\* Second-best rating: method consisting of using the second best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch  
Unaudited management reporting data at 31 December 2017

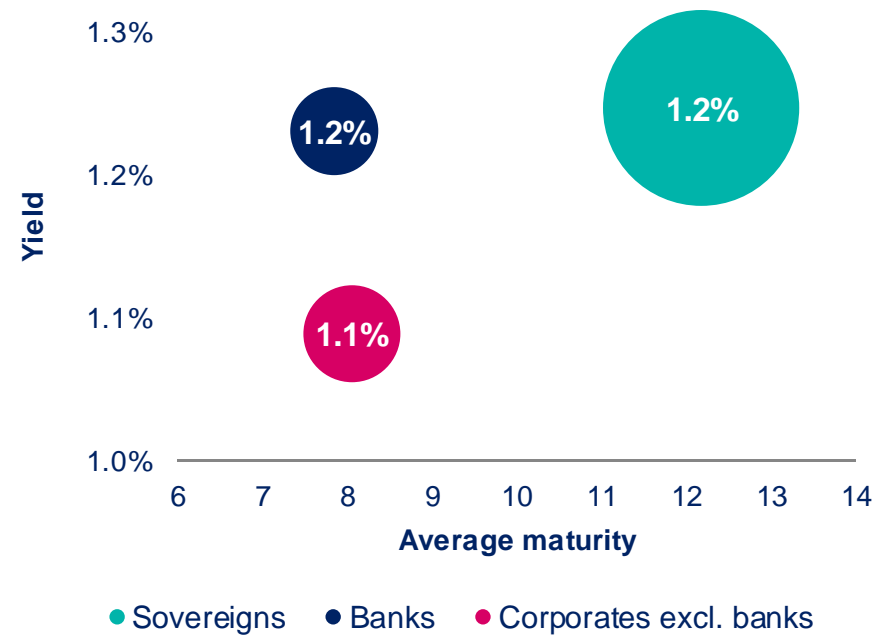


# INVESTMENT STRATEGY

**INVESTMENT FLOWS IN 2017**  
(%)



**BOND INVESTMENT FLOWS IN 2017**

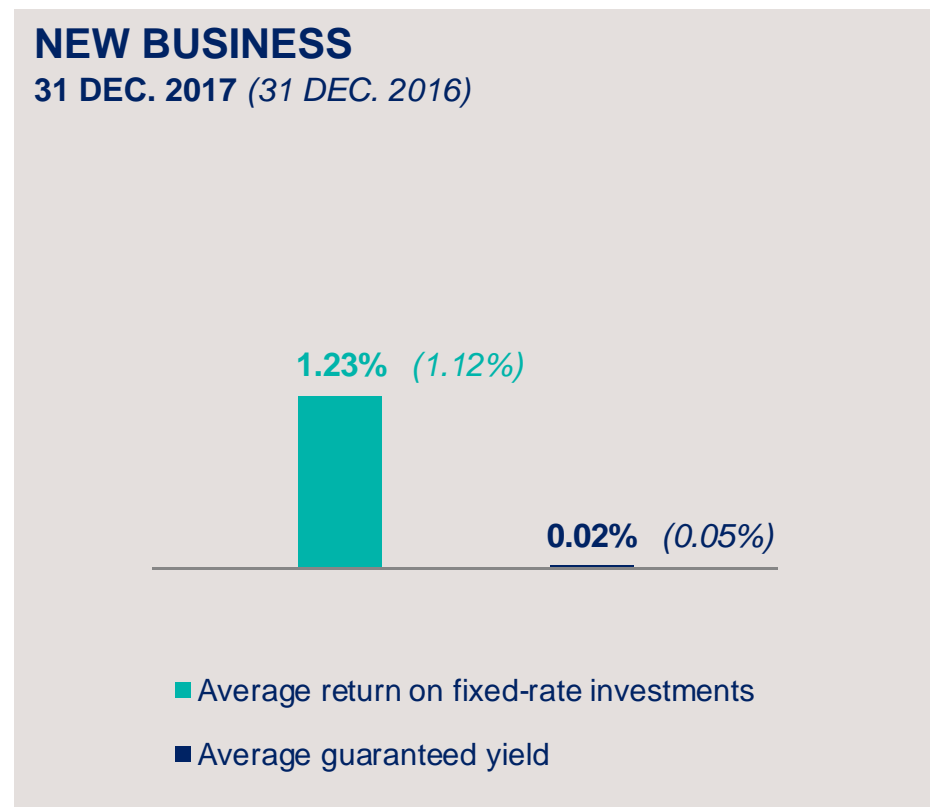
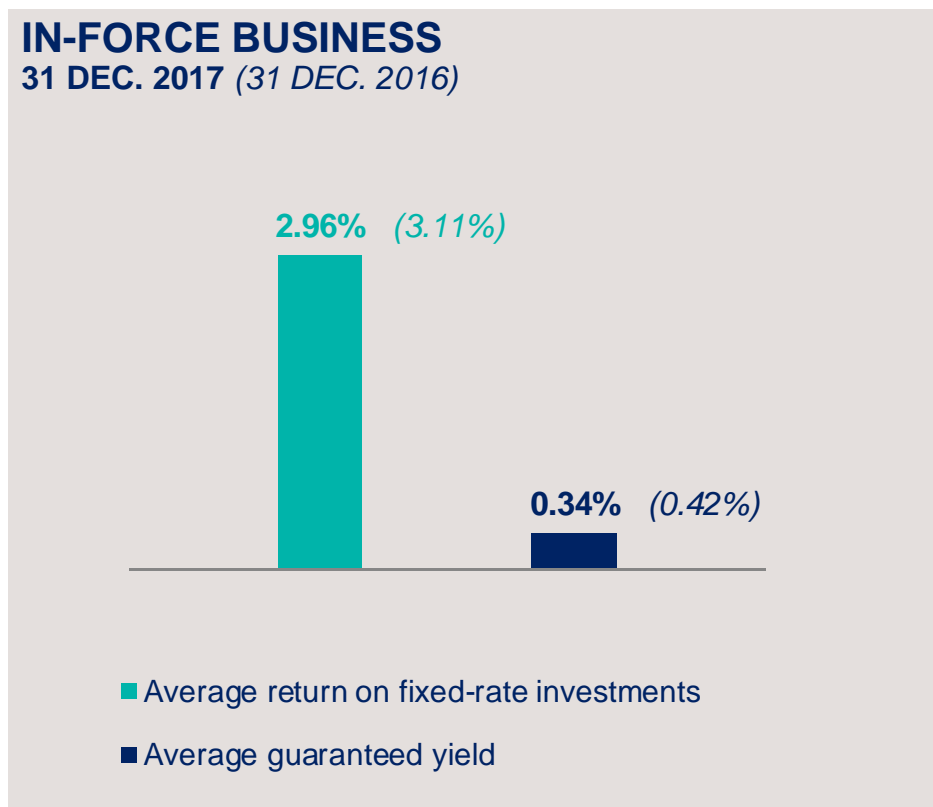


➤ **European bond portfolios: average 2017 reinvestment rate of 1.2%**

# LIMITED EXPOSURE TO GUARANTEED YIELDS



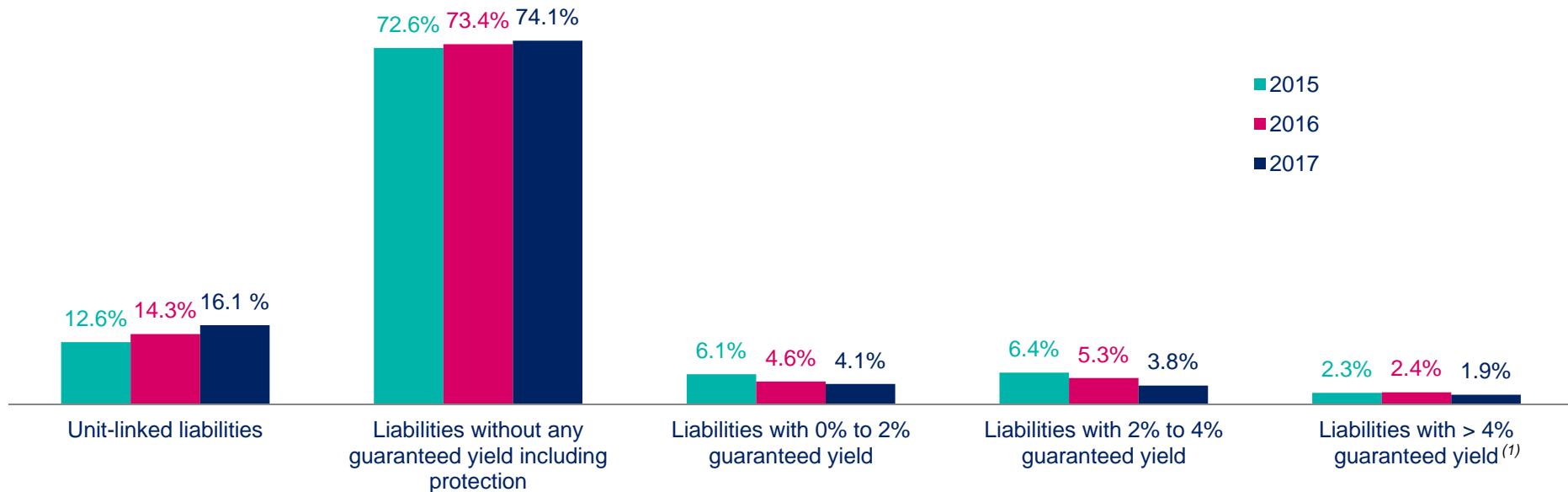
## ➤ Low guaranteed yield on In-Force and new business



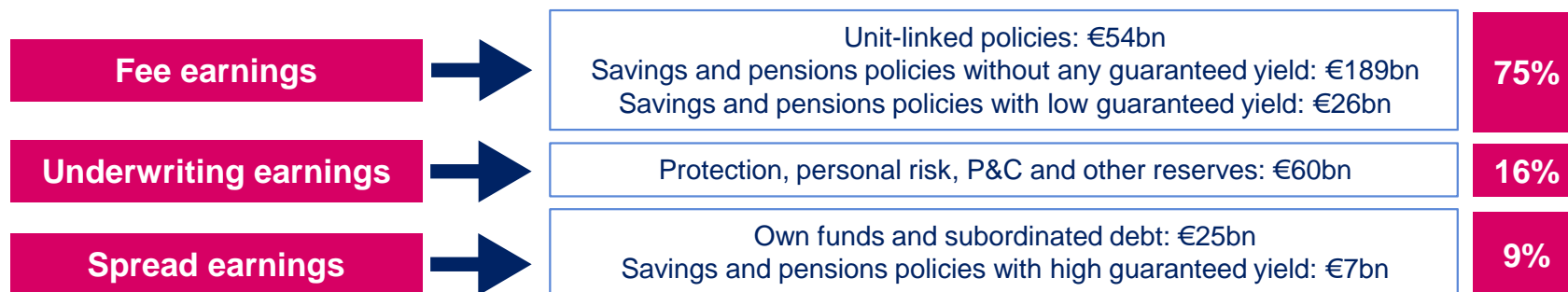
## ➤ €10.9bn policyholders' surplus reserve at 31 December 2017, representing 4.7% of total technical reserves

# LOW GUARANTEED YIELD ON LIABILITIES AND INCREASING SHARE OF UNIT-LINKED

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



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



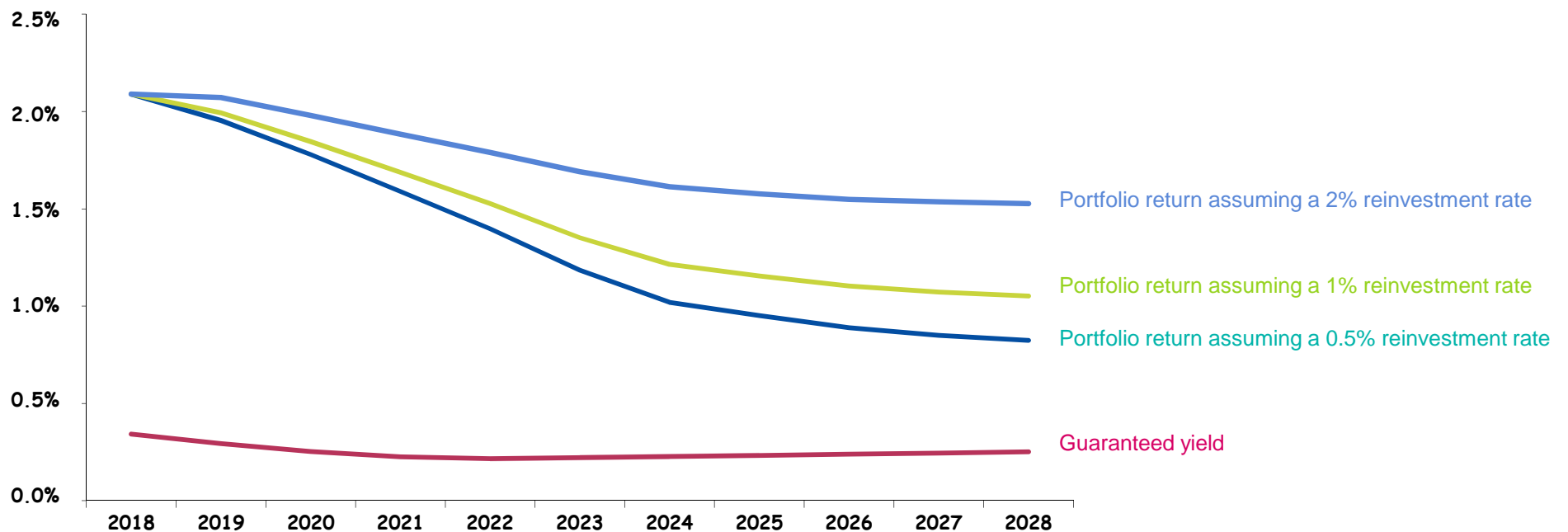
(1) Liabilities with a guaranteed yield of more than 4% mainly concern Caixa Seguradora in Brazil, where interest rates are higher than in Europe

# ACTIVE RATE MANAGEMENT PROVIDES A PROTECTION AGAINST ADVERSE RATE MOVEMENTS



## ► Managing lower for longer interest rates

- Asset portfolio return projected over the next 10 years with cash-flows reinvested in 0.5%, 1% or 2% fixed-rate bonds
- Equity and property assumptions: 0% revenue (i.e. no dividends, no rents and no realized gains)
- Under this stressed scenario, the portfolio return would be 2.09% in 2018 vs. an average guaranteed yield across all policy liabilities of 0.34% at end-2017



Based on CNP Assurances full perimeter. In-force business as of end-2017, surrenders and payments taken into account



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

### ➤ **Low contractually guaranteed yield**

- Current French savings production has no contractually guaranteed yield\* and the overall average guaranteed yield across all policy liabilities is 0.34% at end-2017
- At the end of each year, CNP has the full flexibility to decide the yield attributed to policyholders over and above guarantees (1.49% on average in 2017)

### ➤ **€38.7bn IFRS unrealized gains (13.1% of total asset portfolio) at end-2017**

- 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

### ➤ **€10.9bn Policyholder Surplus Reserve (4.7% of French technical reserves) at end-2017**

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

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

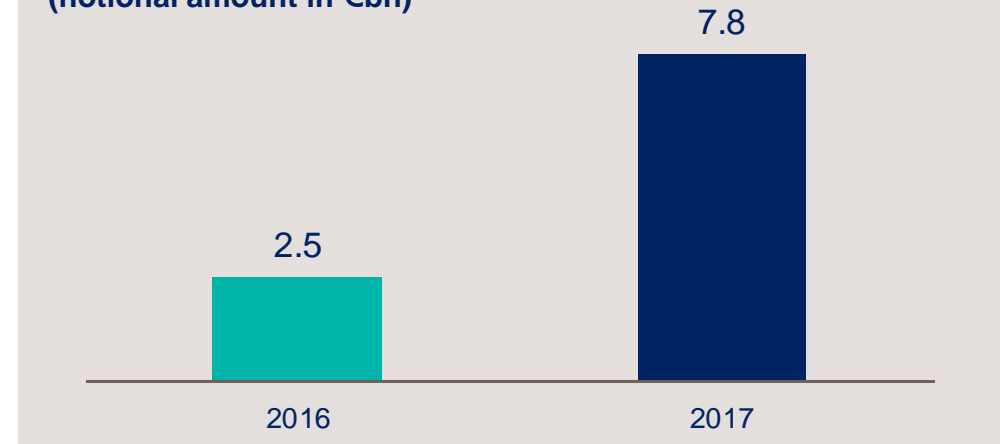
# EXPANDED HEDGING STRATEGY

## ➤ Equity hedges

- Threefold increase in equity risk hedging programme since last year
- At end-2017, portfolio of put options:
  - total notional amount: €7.8bn
  - average remaining life: 3.9 years
  - average strike price: 2,939 pts (CAC 40) and 2,445 pts (Eurostoxx 50)

### Equity hedges

(notional amount in €bn)

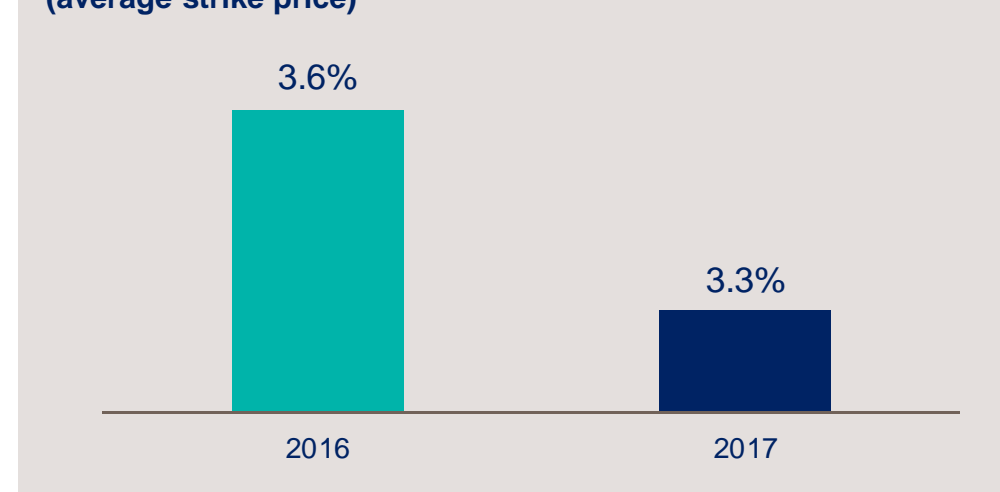


## ➤ Interest rate hedges

- Hedging programme pursued in order to protect against risk of an increase in interest rates
- At end-2017, portfolio of cap options:
  - total notional amount: €53bn
  - average remaining life: 4 years
  - average strike price based on 10-year euro swap rate: 3.3% (vs. 3.6% at end-2016)

### Interest rate hedges

(average strike price)

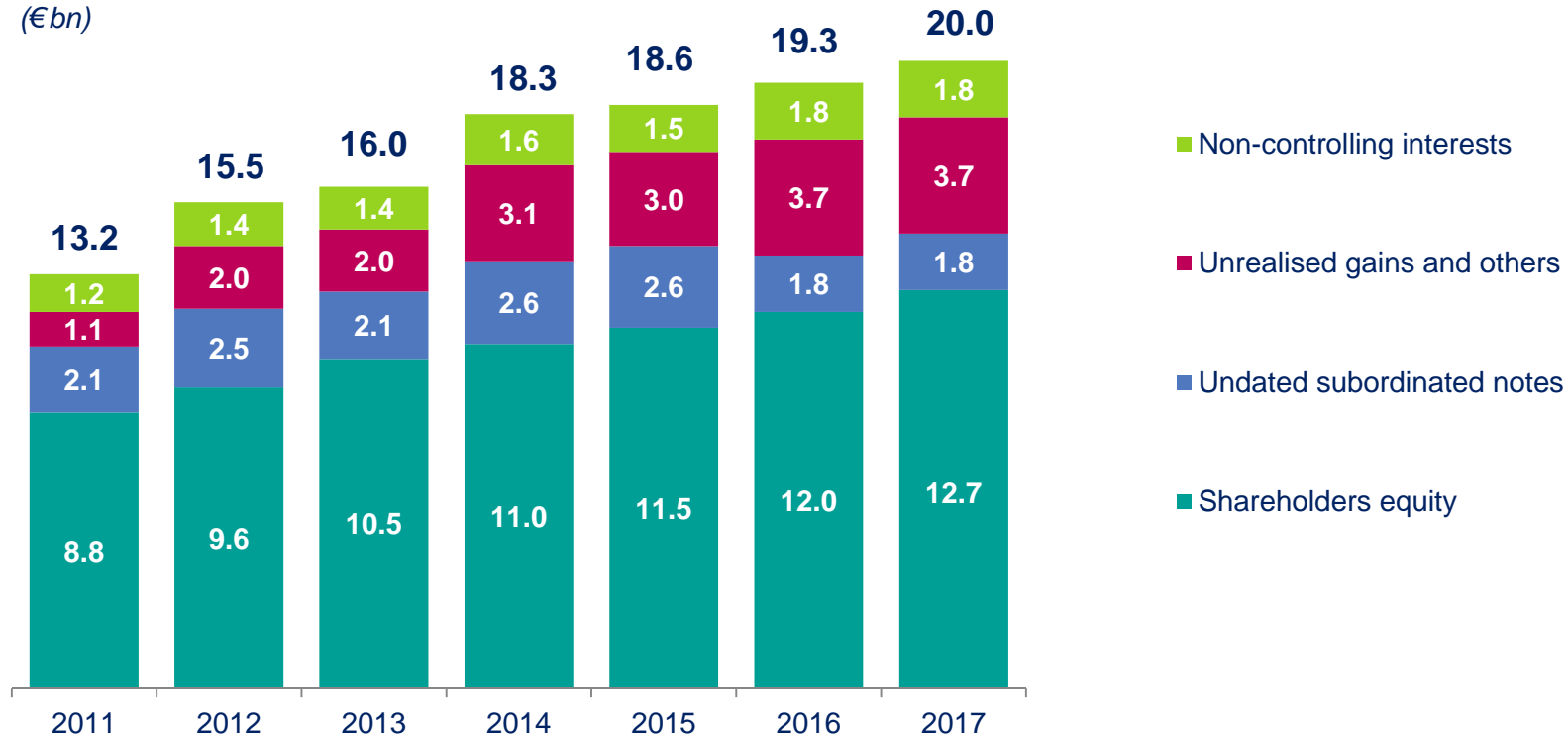


**4.**

**Solvency**

# GROUP CAPITAL STRUCTURE UNDER IFRS

## IFRS EQUITY (€bn)



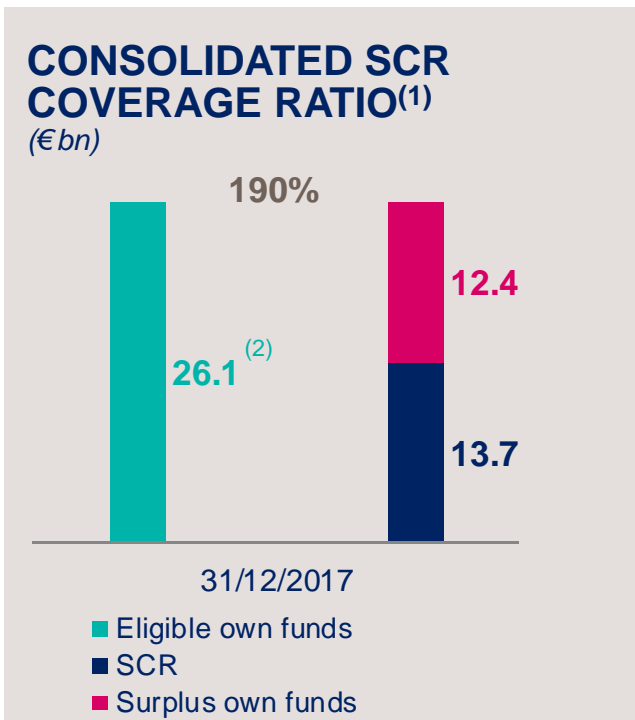
### ➤ Solid capital generation thanks to:

- retained earnings (up from €6.3bn in 2011 to €9.1bn in 2017)
- conservative dividend policy (payout ratio between 47% and 56% over the period)

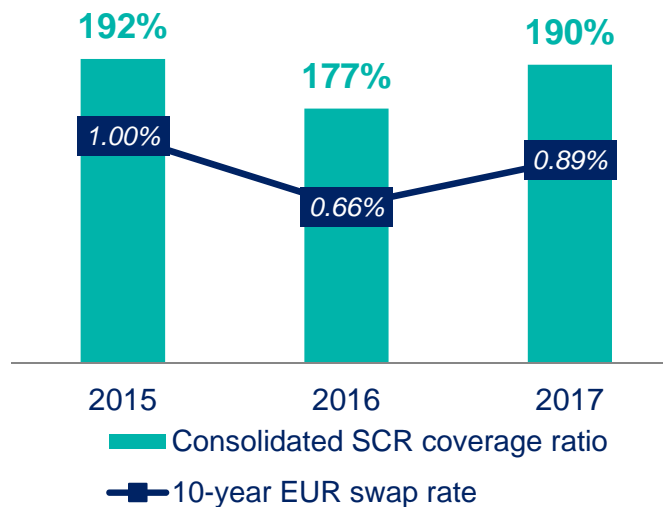
### ➤ Non-controlling interests represent the share of equity in our subsidiaries detained by our banking partners (Caixa Economica Federal in Brazil, Santander in Ireland, UniCredit in Italy)

# SOLVENCY II

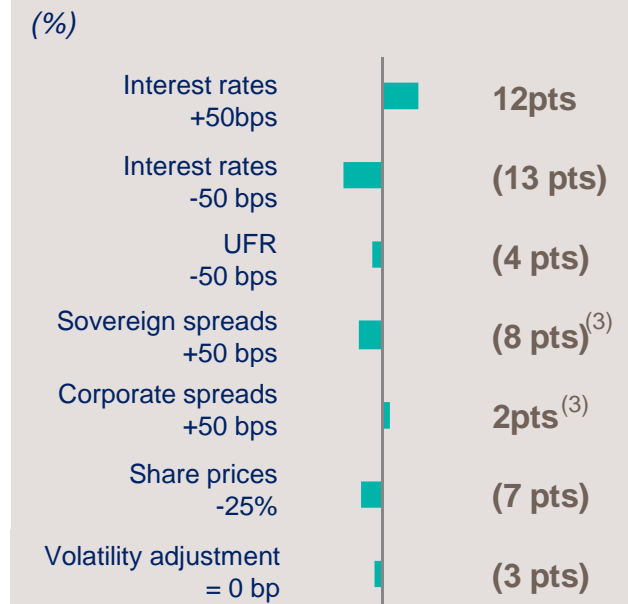
## GROUP SCR COVERAGE RATIO



### HISTORICAL CONSOLIDATED SCR COVERAGE RATIOS



### SENSITIVITIES



- 13-point increase in SCR coverage ratio over the year, mainly led by financial markets performance and increased operational contribution, reflecting shift in business mix towards unit-linked contracts
- Reduced interest rate sensitivity, helped by the more favourable economic environment
- Reduced sensitivity to changes in share prices, reflecting expanded hedging programme

(1) Standard formula without applying transitional measures (except for grandfathering of subordinated debt)

(2) Excludes €3.3bn in subsidiaries' surplus own funds, which are considered non-fungible at Group level

(3) After recalibration of the volatility adjustment

## A COMFORTABLE SOLVENCY POSITION FOR ALL OUR SUBSIDIARIES

### ➤ As of 31 December 2017

Country	Scope	Eligible Own Funds (€bn)	SCR (€bn)	SCR Coverage Ratio
<b>Group</b>	<b>CNP Assurances Group</b>	<b>26.1</b>	<b>13.7</b>	<b>190%</b>
France	CNP Assurances SA	27.1	13.5	201%
Brazil	Caixa Seguradora <sup>(1)</sup>	2.7	1.0	266%
Italy	CNP UniCredit Vita	0.8	0.4	234%
Ireland	CNP Santander Insurance Life	0.3	0.1	220%
Ireland	CNP Santander Insurance Europe	0.2	0.1	133%

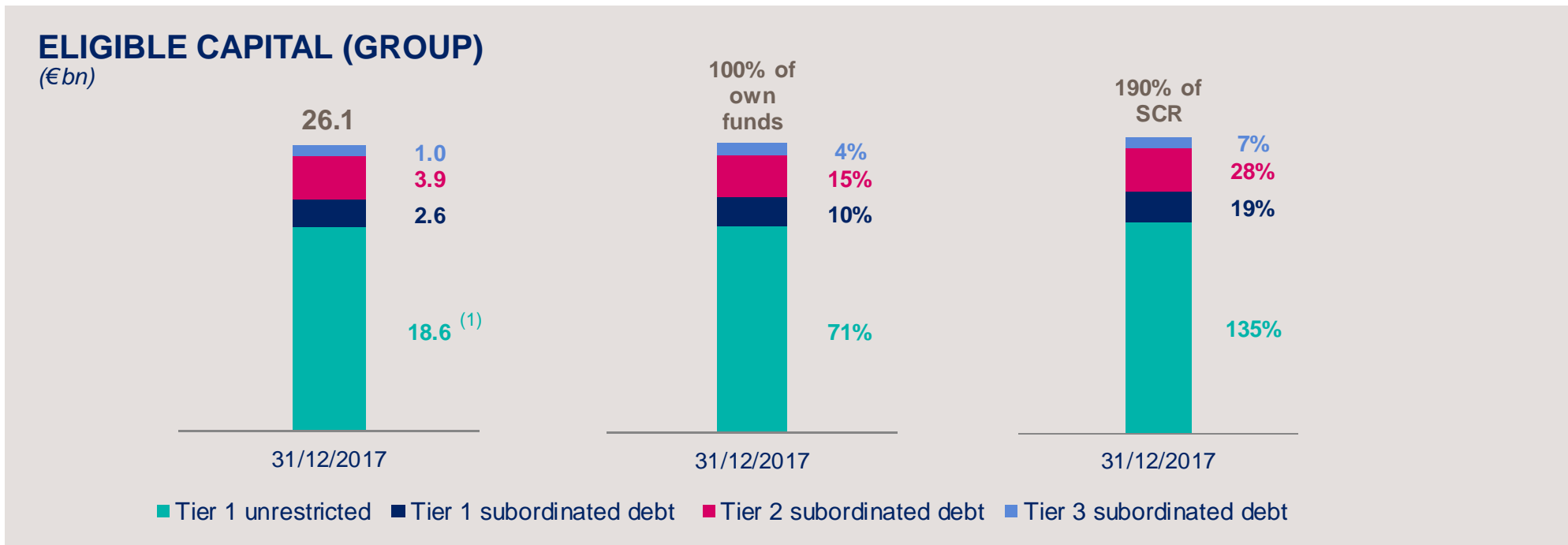
### ➤ The Group SCR coverage ratio is calculated:

- Taking into account 100% of each subsidiary's SCR, even for subsidiaries that are not wholly owned (Caixa Seguradora, CNP UniCredit Vita, CNP Santander Insurance)
- Without taking into account any surplus own funds for the main JVs over and above their contribution to the group SCR, which are not recognised by the supervisor at Group level (€3.3bn including non-controlling interests<sup>(2)</sup> or 24% of the Group SCR)

(1) CNP Assurances applies Solvency II to Caixa Seguradora, without using the Brazilian solvency regulation, solely for the purpose of Group solvency calculations. Caixa Seguradora's SCR coverage ratio has no regulatory impact for the Brazilian insurance undertakings

(2) Of which €2.1bn of surplus own funds in Brazil

# SOLVENCY II GROUP CAPITAL STRUCTURE



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

- high quality eligible own funds
  - 71% of own funds are Tier 1 unrestricted
  - no ancillary own funds
  
- significant subordinated notes issuance capacity at 31 December 2017
  - €2.0bn of Tier 1
  - €2.0bn of Tier 2 of which €1.1bn of Tier 3

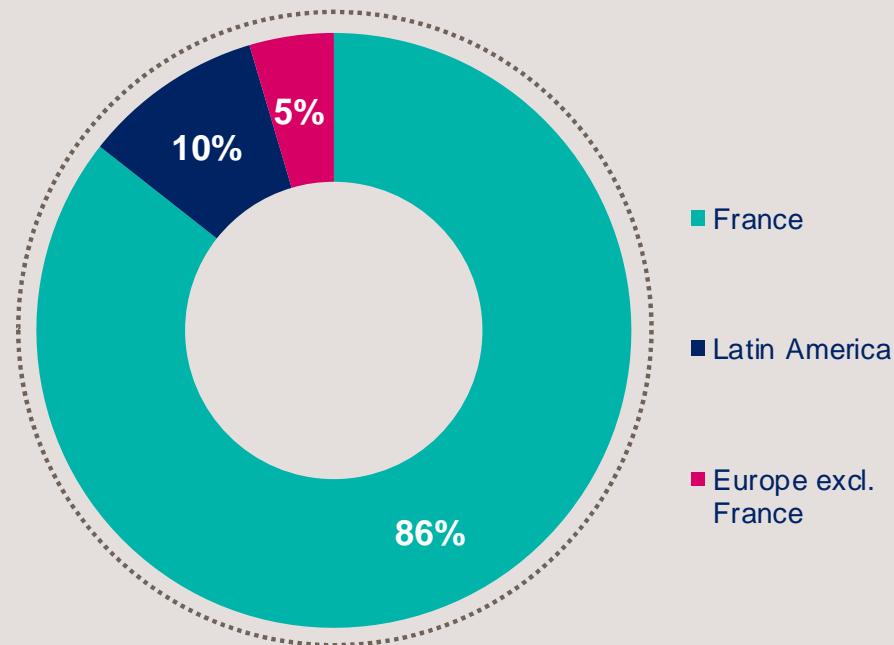
At 31 December 2017

(1) Excludes €3.3bn in subsidiaries' surplus own funds, which are considered non-fungible at Group level

# SOLVENCY II GROUP SCR

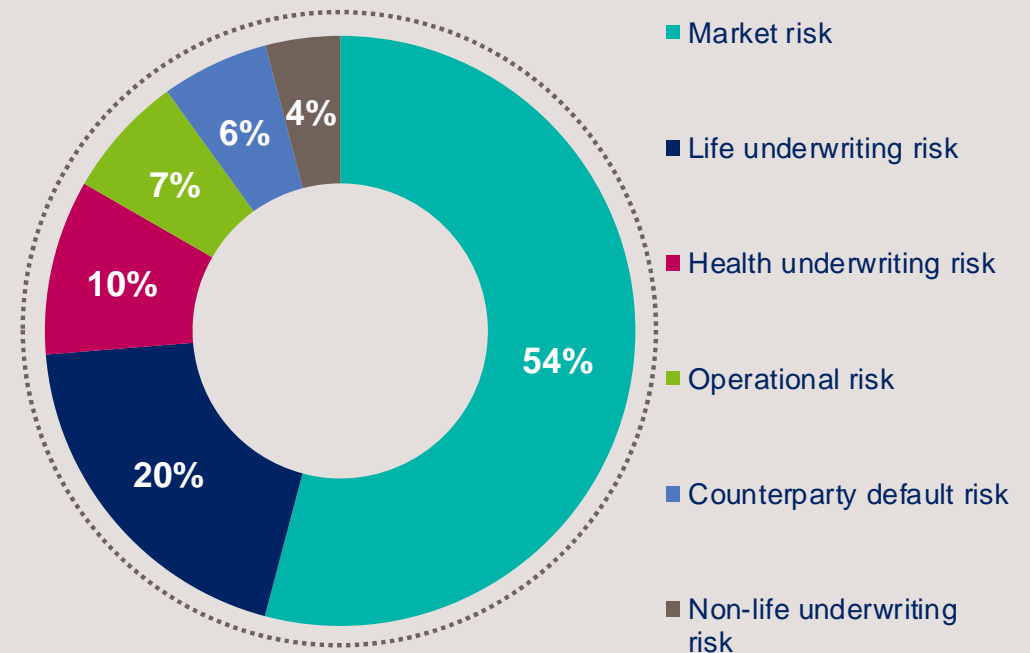
## SCR BY GEOGRAPHICAL AREA

(%)



## SCR BY RISK<sup>(1)</sup>

(%)



➤ 26% diversification benefit<sup>(2)</sup>

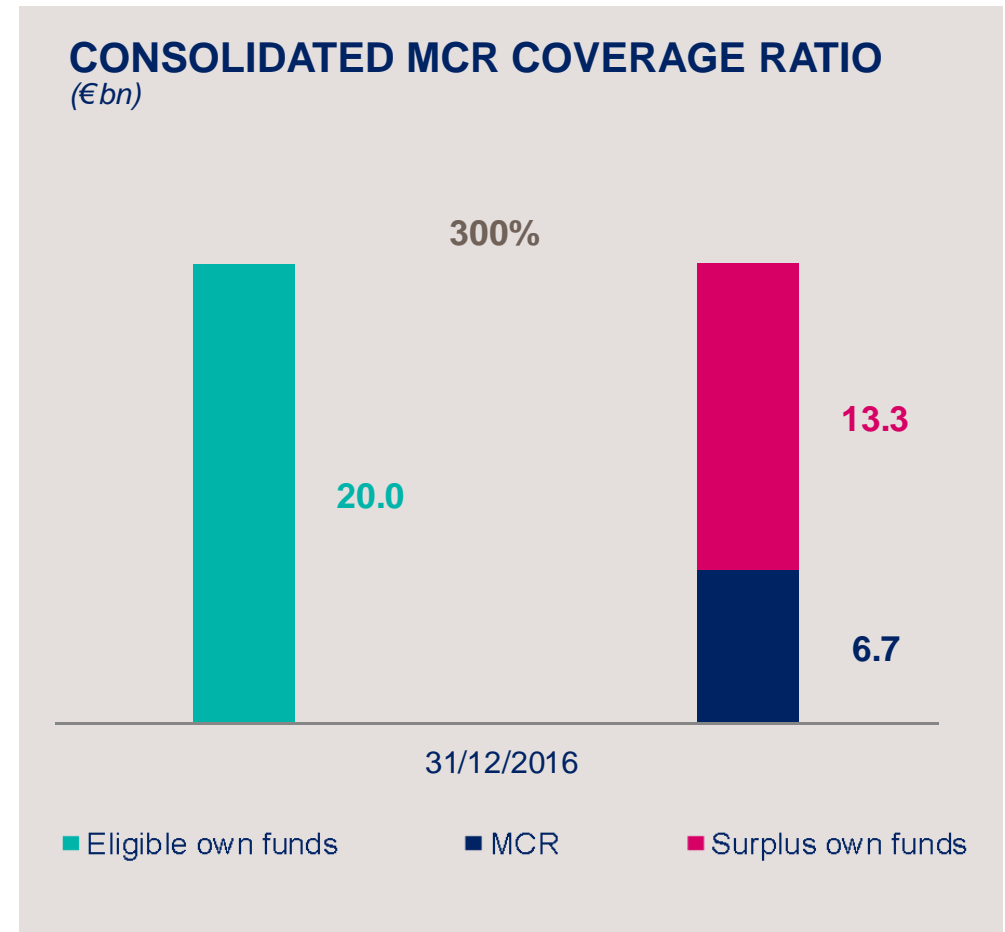
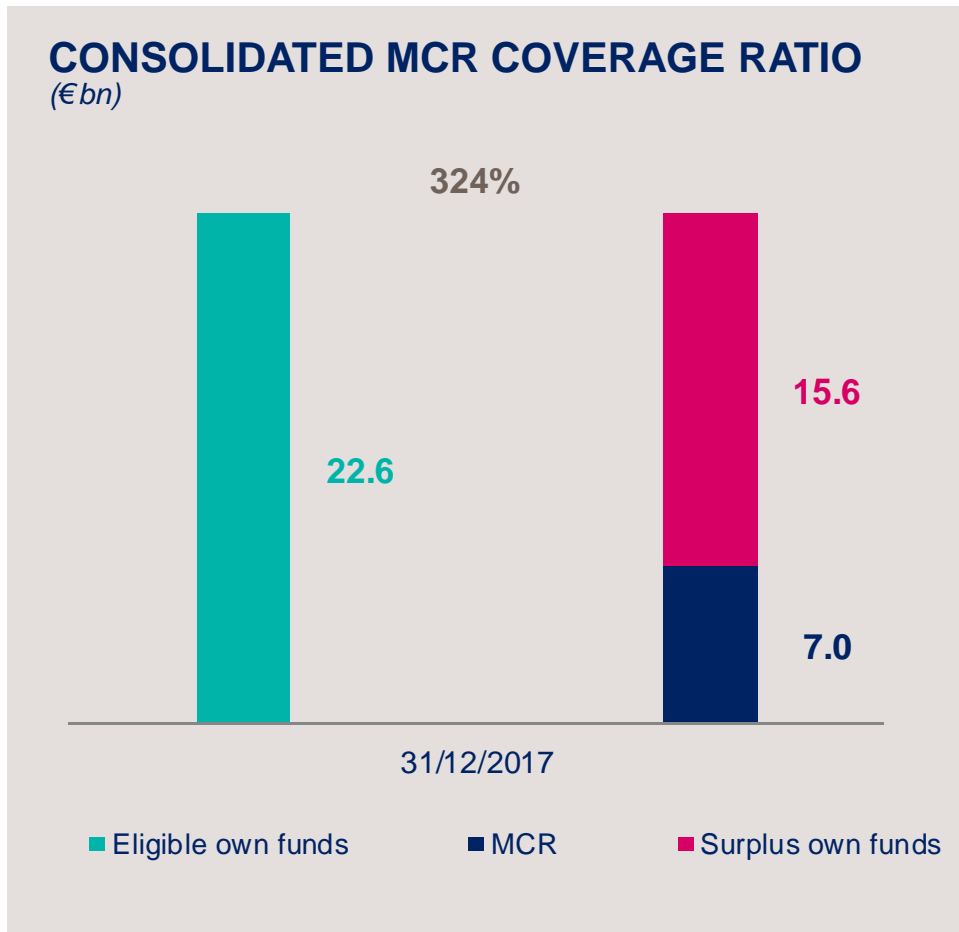
At 31 December 2017

(1) Breakdown presented before diversification

(2) Diversification benefit =  $\frac{\text{sum of net SCR excluding Operational Risk SCR} - \text{net BSCR}}{\text{sum of net SCR excluding Operational Risk SCR}}$



## SOLVENCY II GROUP MCR COVERAGE RATIO



- **Consolidated MCR corresponds to the sum of the MCRs of all the Group insurance companies**
- **Own-funds eligible for inclusion in MCR coverage may be different to those included in SCR coverage due to capping rules:**
  - Tier 2 subordinated notes capped at 20% of MCR coverage (vs. 50% for SCR)
  - Tier 3 subordinated notes not eligible for inclusion in MCR coverage (vs. 15% for SCR)

**5.**

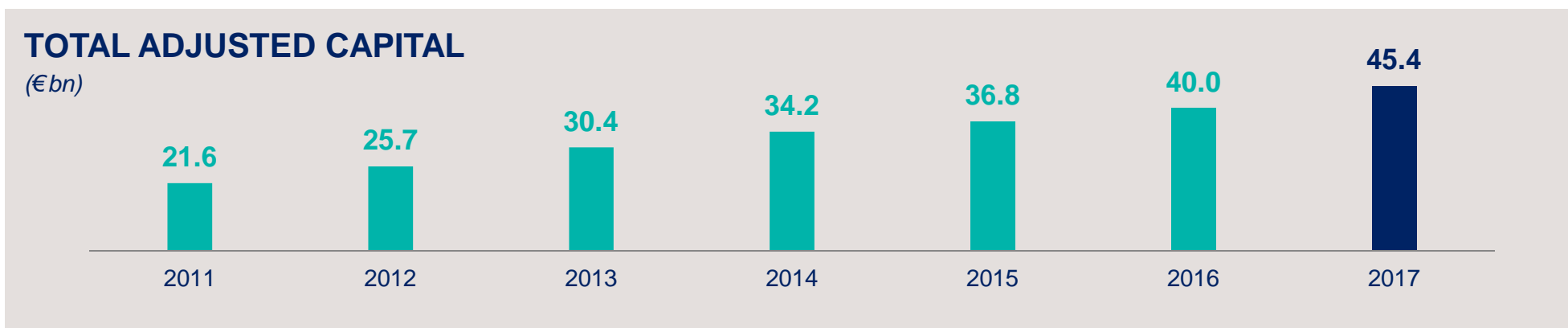
**Rating & Funding**

# 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	December 2017
Standard & Poor's Rating	A+/Negative	A/Stable	A/Stable	A/Stable	A/Stable
Business Risk Profile	Very Strong	Strong	Strong	Strong	Strong
Financial Risk Profile	Moderately Strong	Strong	Strong	Strong	Strong

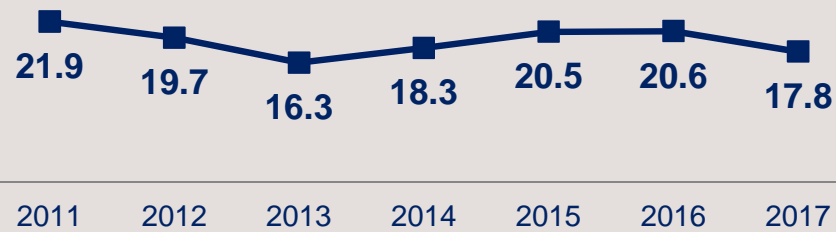
➤ **At 31 December 2017, Total Adjusted Capital (TAC) amounted to €45.4bn**



# DEBT-TO-EQUITY RATIO IN LINE WITH PRUDENT STRATEGY

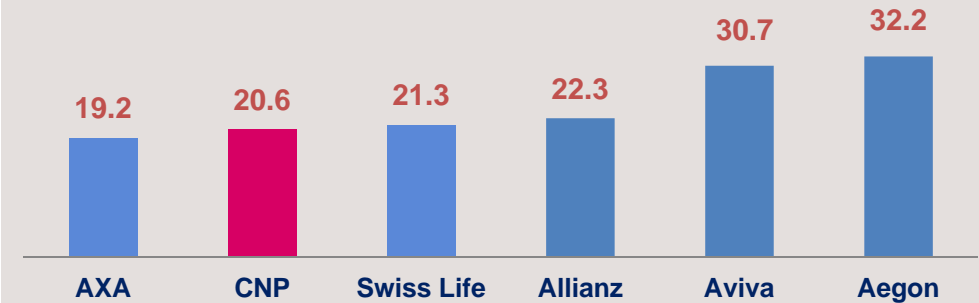
## DEBT-TO-EQUITY RATIO (1)

(S&P, %)



## BENCHMARK BASED ON S&P FIGURES

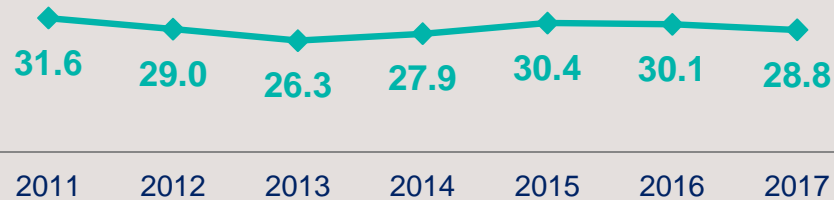
(FY 2016, %)



Source: Latest S&P full analysis of each company. 2016 data except AXA (2015 data)

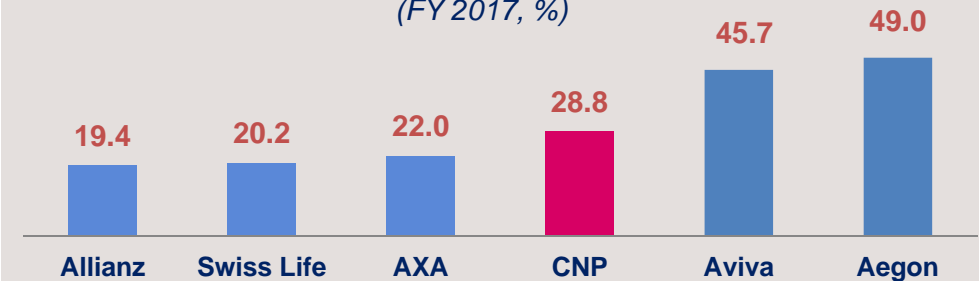
## DEBT-TO-EQUITY RATIO (2)

(IFRS, %)



## BENCHMARK BASED ON IFRS FIGURES

(FY 2017, %)



Source: CNP's estimation based on the latest annual consolidated accounts of each company (intangible assets excluding DAC)

### (1) DEBT-TO-EQUITY RATIO (S&P)

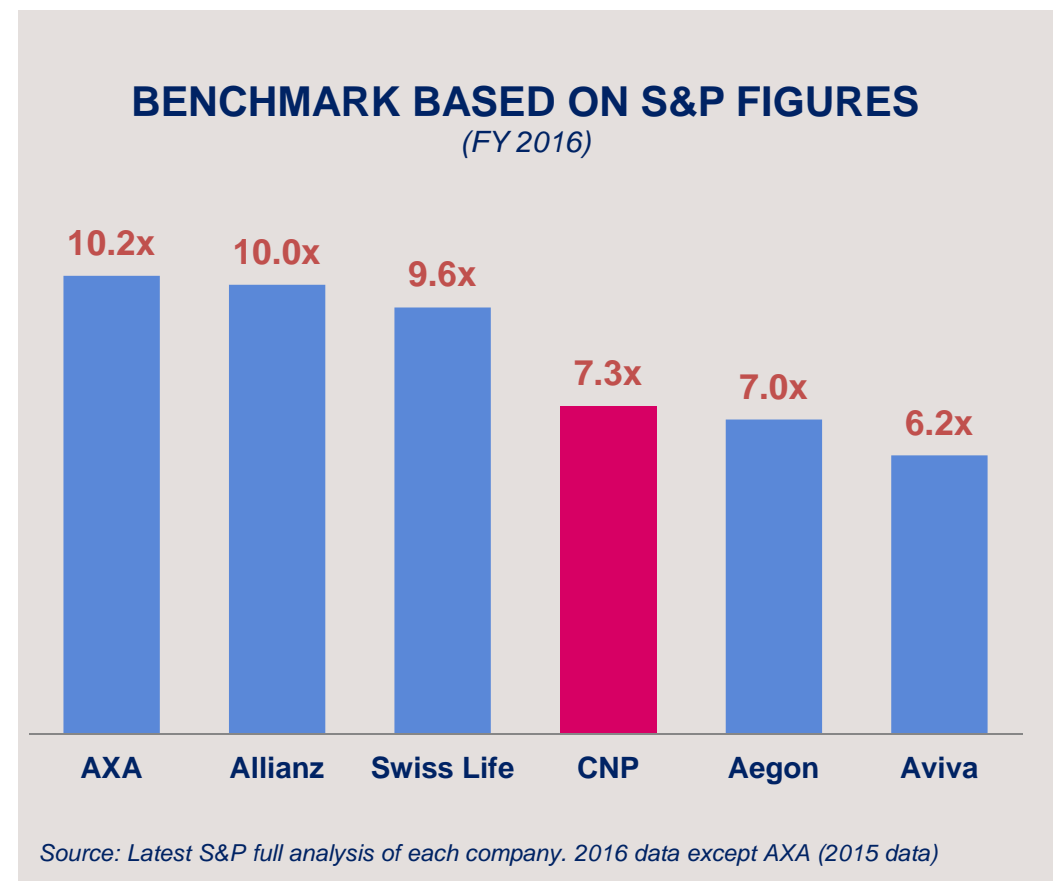
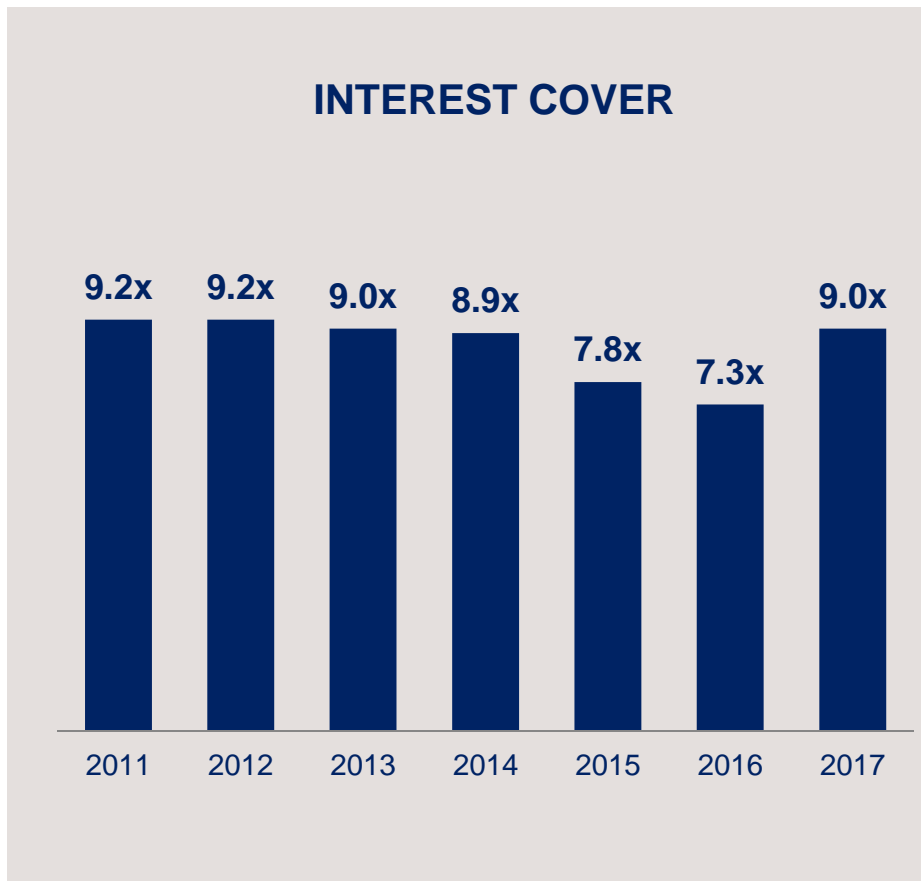
Debt / (Economic Capital Available + Debt)

< 20% = positive  
[20% ; 40%] = neutral  
> 40% = negative

### (2) DEBT-TO-EQUITY RATIO (IFRS)

Debt / (Equity - Intangible Assets + Debt)

# INTEREST COVER AT A SATISFACTORY LEVEL

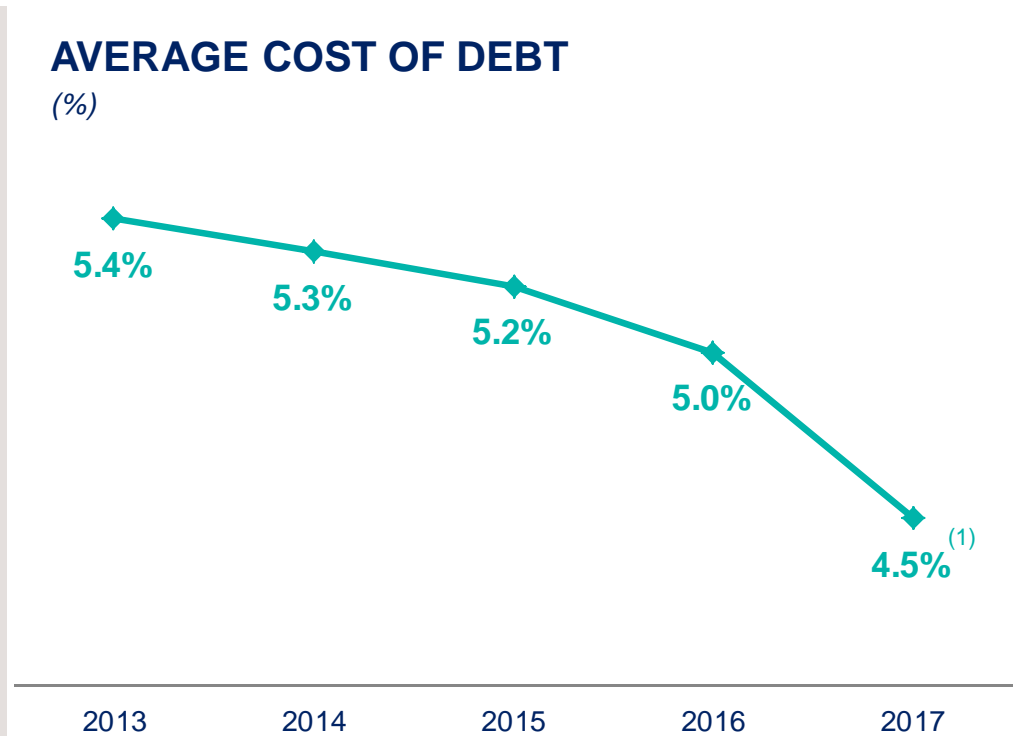
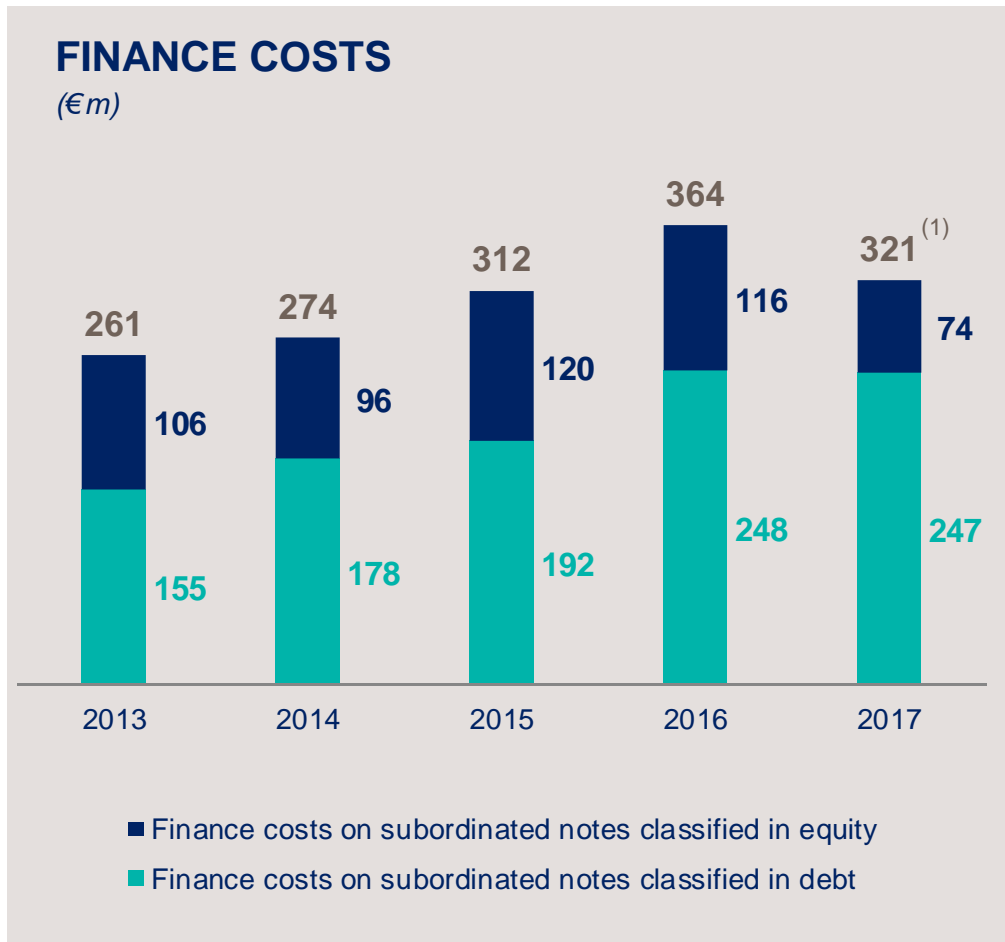


**INTEREST COVER (S&P)**

**EBIT / Interest paid**

> 8x = positive  
 [4x ; 8x] = neutral  
 < 4x = negative

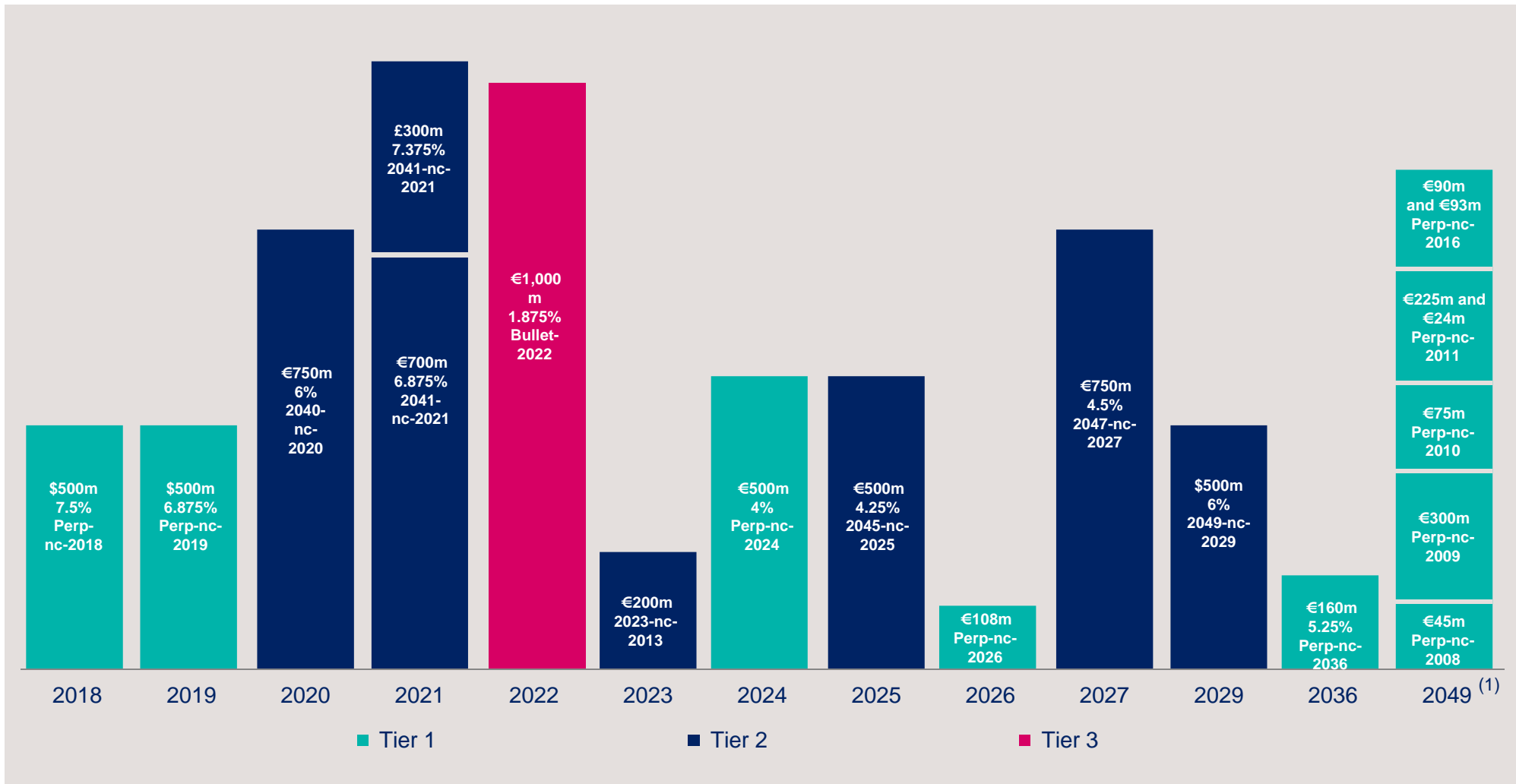
# FINANCE COSTS AND AVERAGE COST OF DEBT



➤ **Next call dates: \$500m in October 2018 (coupon rate: 7.5%) and \$500m in July 2019 (coupon rate: 6.875%)**

(1) As from 2017, finance costs include the impact of interest rate hedges (swaps) on subordinated debt. Without the €11m positive impact of this reclassification, finance costs would have amounted to €332m in 2017 and the average cost of debt would have been 4.6%

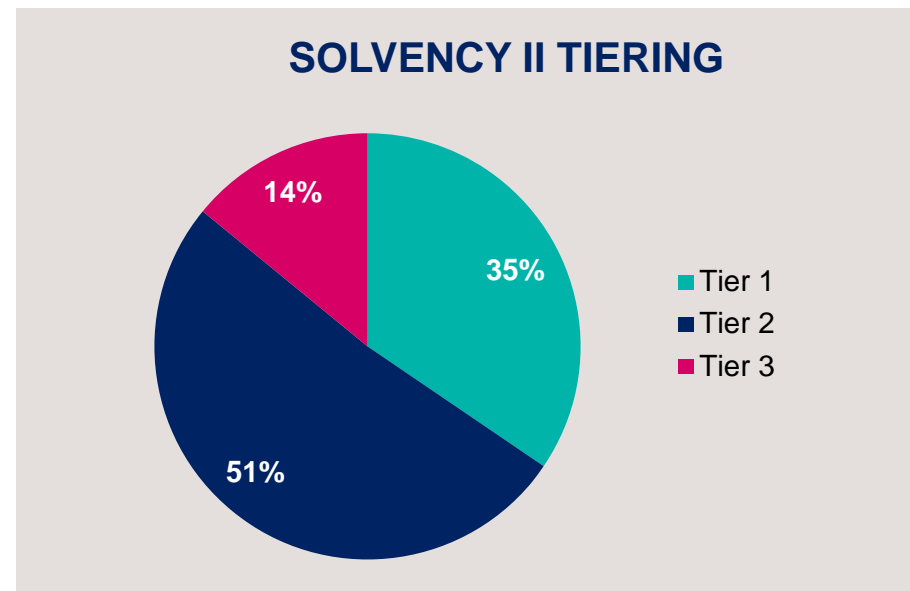
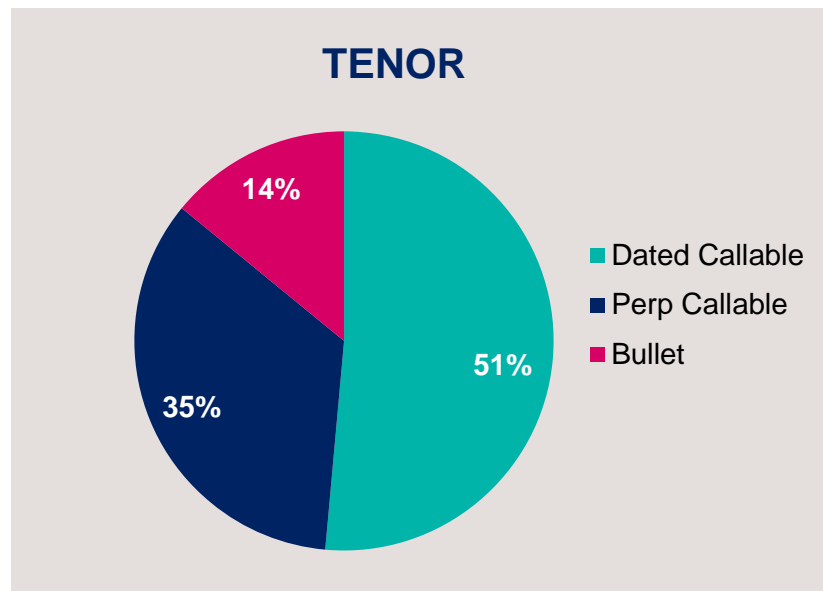
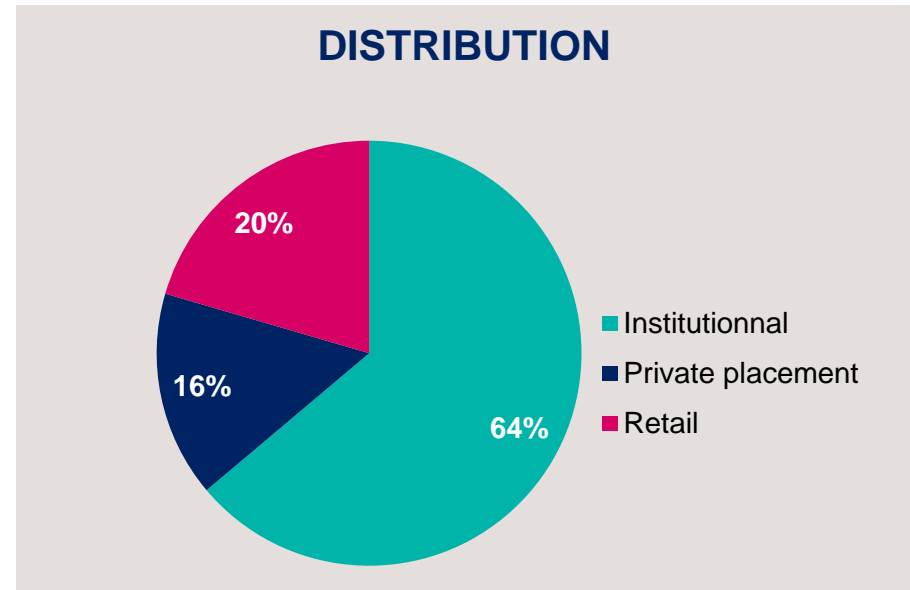
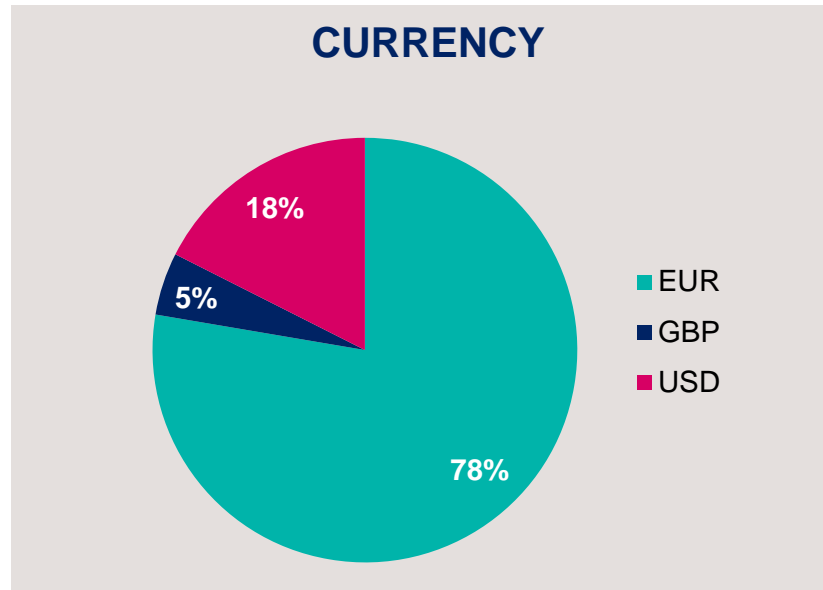
# MATURITIES AND CALL DATES OF SUBORDINATED NOTES



Nominal amounts and exchange rates at 31 December 2017

(1) Perpetual subordinated notes for which the first call date has already passed

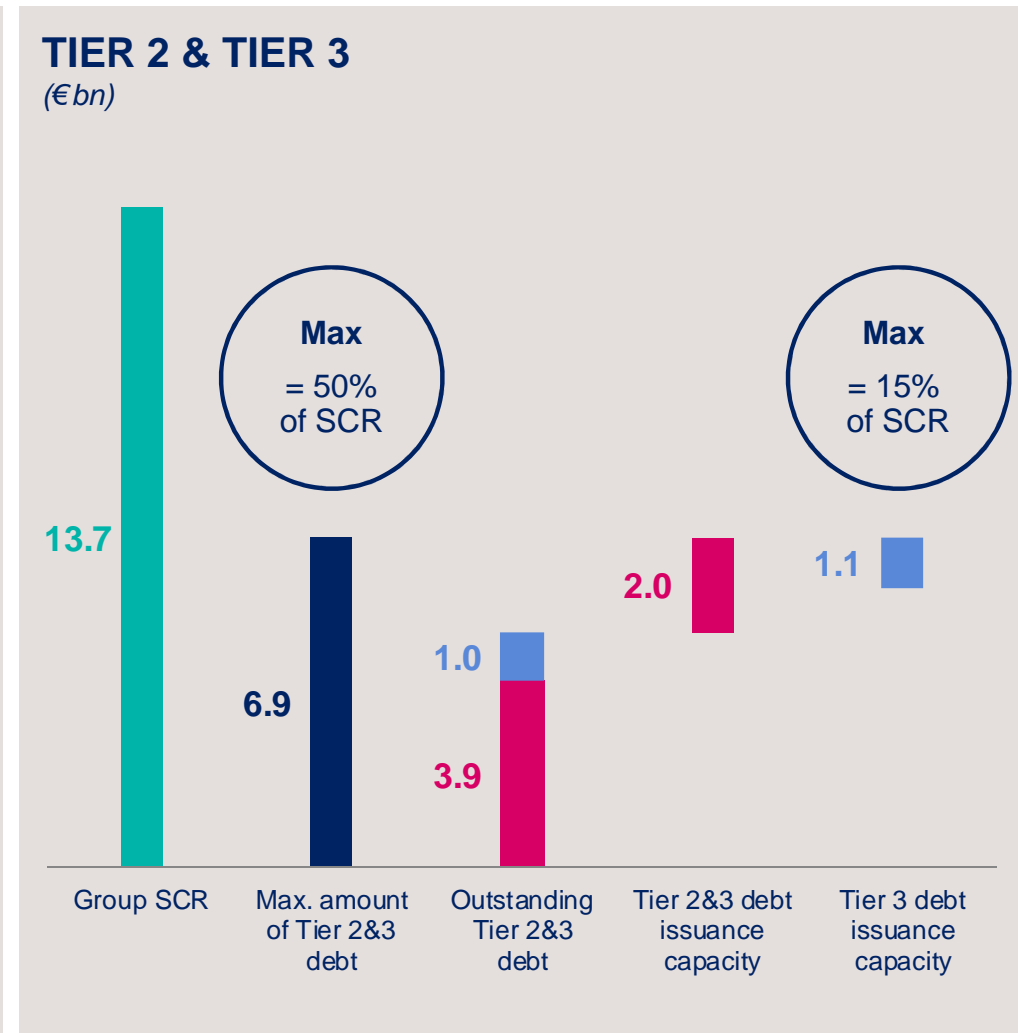
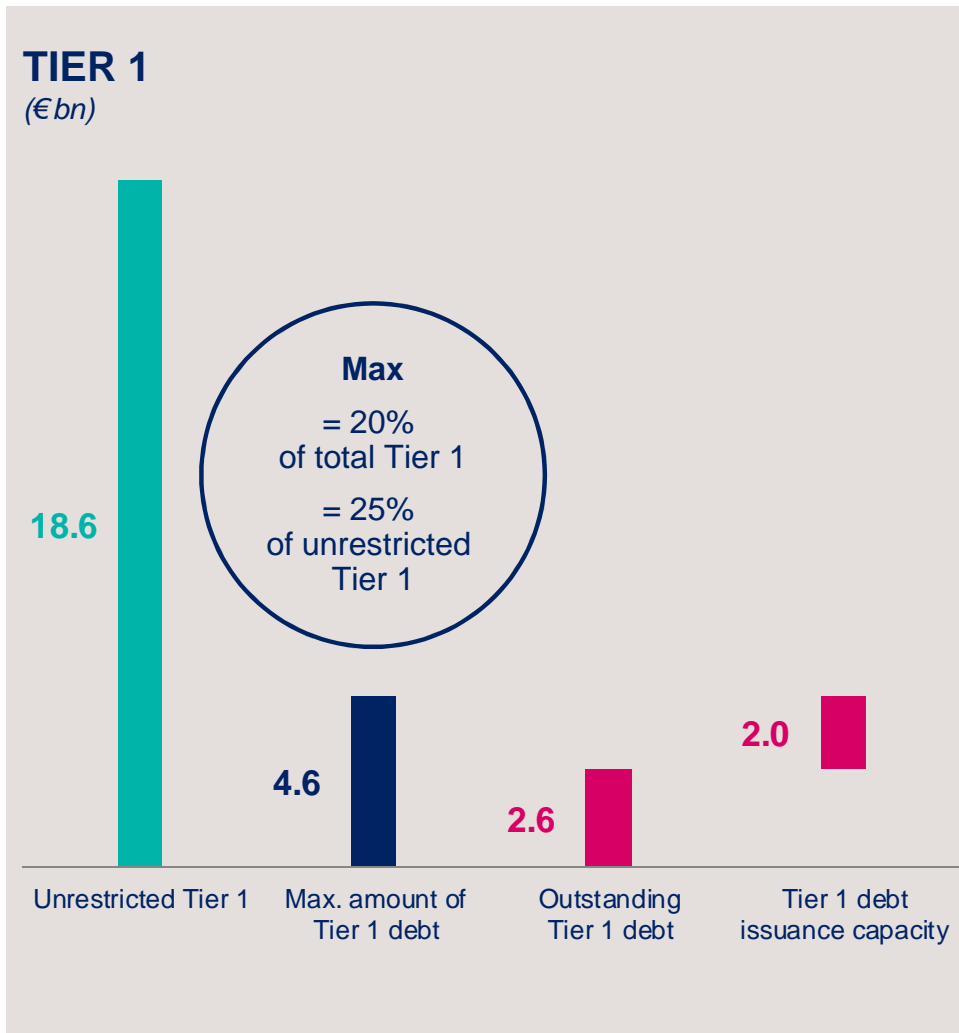
# BREAKDOWN OF CNP ASSURANCES SUBORDINATED NOTES



Nominal amounts and exchange rates at 31 December 2017



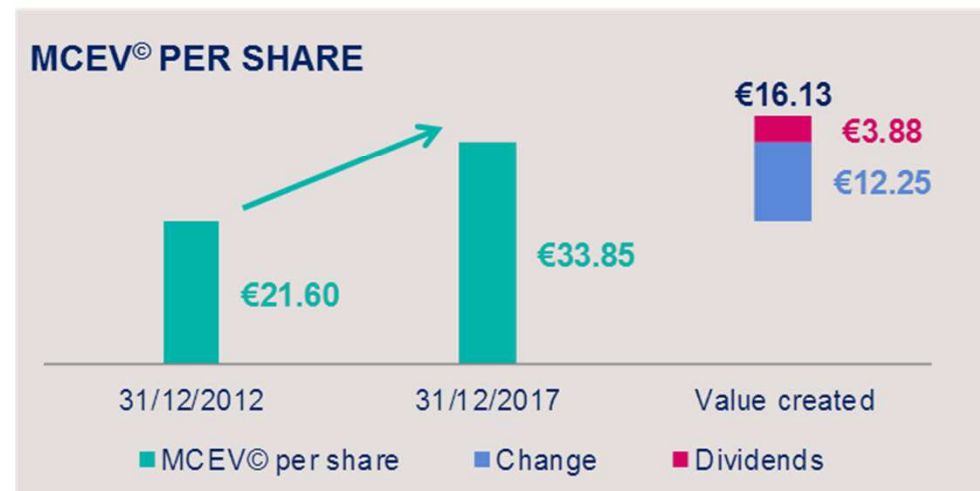
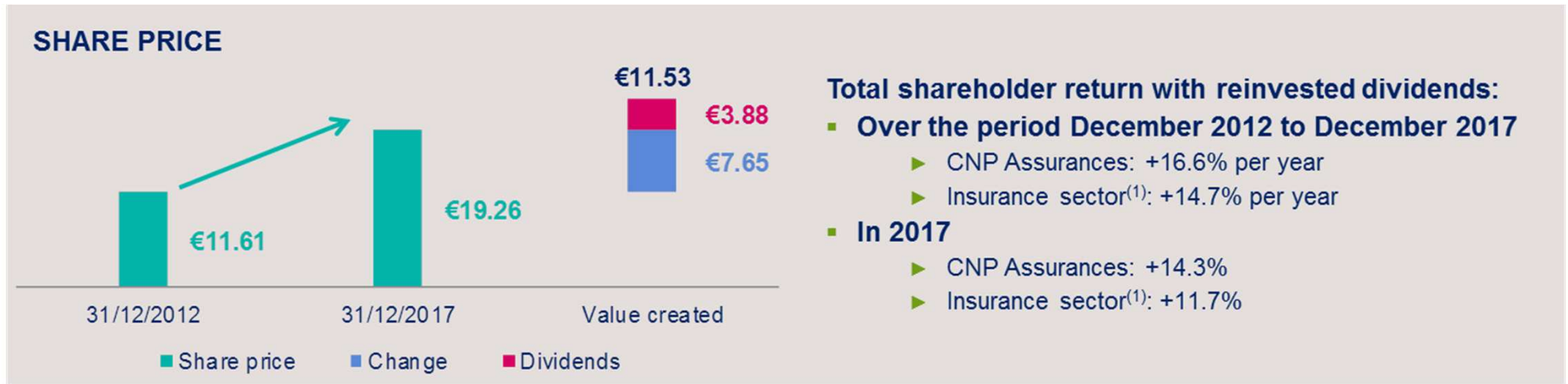
# SOLVENCY II SUBORDINATED NOTES ISSUANCE CAPACITY



**6.**

**Outlook**

# A STRATEGY TO CREATE LONG-TERM VALUE



(1) Stoxx Europe 600 Insurance index

**2018**  
**OBJECTIVE**

CNP Assurances has set  
**the objective of achieving organic EBIT  
growth of at least 5% in 2018**  
compared to the 2017 baseline

2017:

## NEW PARTNERSHIPS AND DIGITAL INNOVATIONS



Over 100,000 contracts sold

**Azimut**

Digital broker in France

*iSalud.com*

Digital broker in Spain



A digital health and well-being portal



AG2R LA MONDIALE

Arial CNP Assurances, the reference in the company pension savings plan market



Italian partnership rolled over for 7 years



**KLÉSIA**

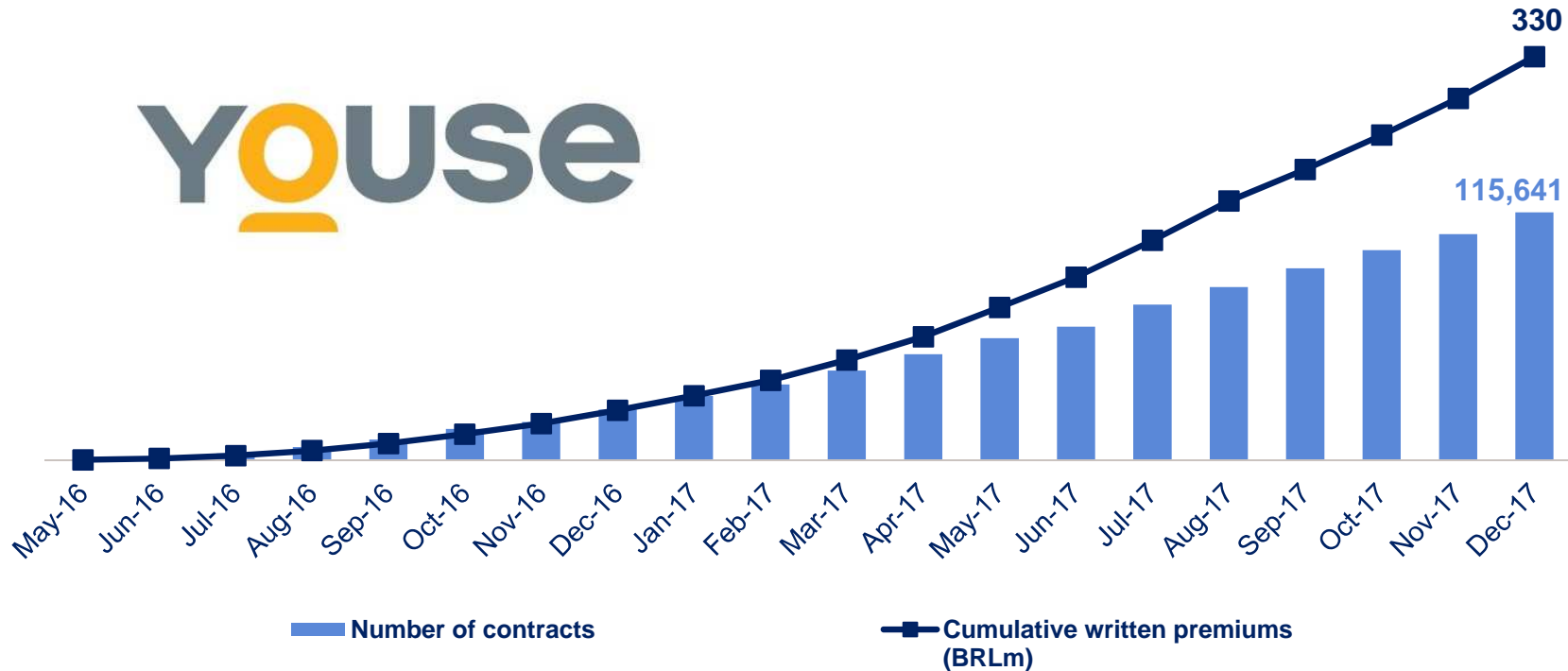
Employee benefits solutions for SMEs and micro-enterprises



malakoff médéric

Death/disability insurance and savings plans for the self-employed, business owners and private individuals

# RAMP-UP OF YOUSE, BRAZIL'S FIRST 100%-DIGITAL INSURANCE PLATFORM



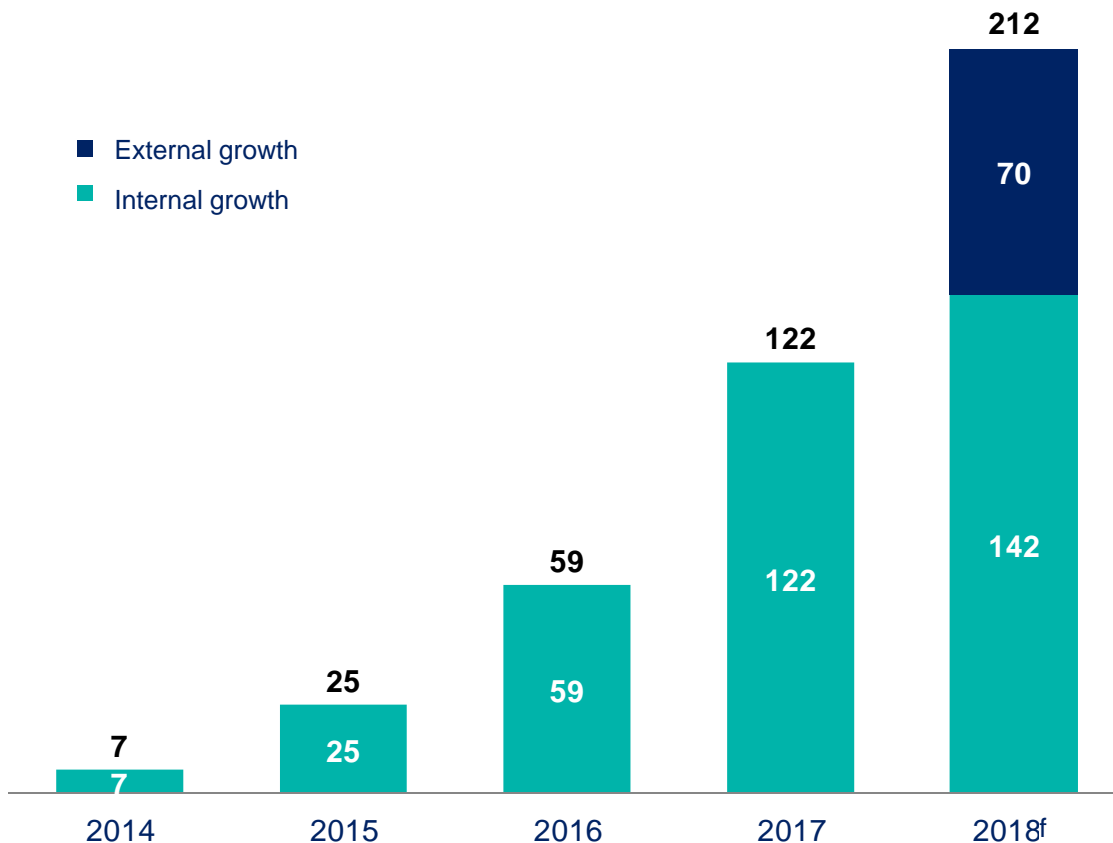
Objective of 100,000 contracts exceeded

<p><b>Brand</b></p>	<ul style="list-style-type: none"> <li>Steady improvement in <b>unaided Youse brand awareness</b>: 11% in October 2017 vs. 4% in August 2016</li> </ul>	<p><b>Time to Market</b></p>	<ul style="list-style-type: none"> <li><b>Market leader</b>, with one of the fastest rates of business growth ever seen in Brazil</li> </ul>
<p><b>Business volume</b></p>	<ul style="list-style-type: none"> <li>~ <b>900 contracts sold per day in January 2018</b></li> <li>Leader on new business volume</li> </ul>	<p><b>Technological innovations</b></p>	<ul style="list-style-type: none"> <li>Launch of <b>Youse Friends</b></li> <li>Investment in connected objects</li> <li>Development of artificial intelligence</li> </ul>

# 2018: TOOLS FOR ACCELERATION

## ▶ INVESTMENTS IN DIGITAL TO ACCELERATE THE TRANSFORMATION

(CNP Assurances Group excluding Open CNP, €m)



Unaudited management reporting data

## ▶ PARTNERSHIPS WITH DISRUPTIVE START-UPS

### Open CNP

- Lendix (crowdlending)
- H4D (telemedecine)
- Alan (insurtech)
- Stratumn (blockchain)
- MyNotary (real estate)
- Lydia (payments)

# CAP 2020

- Our objective is for CNP Assurances to be the benchmark digital insurance company in Europe and South America in the 2020s



Robotization  
Artificial intelligence  
Paperless solutions  
Omni-channel  
Development of selfcare



Direct customers  
Digital brokers  
Affinity groups  
Dedicated offer



# INVESTOR CALENDAR

	Q2 2018	Q3 2018	Q4 2018
First-quarter 2018 results indicators	16 May 7:30 am		
H1 2018 premium income and profit		30 July 7:30 am	
Nine-month 2018 results indicators			16 Nov. 7:30 am

## INVESTOR AND ANALYST RELATIONS

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

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

infofi@cnp.fr or debtir@cnp.fr



# Appendices

# MAIN CHARACTERISTICS OF FRENCH SAVINGS PRODUCTS

Tax change on January 1 <sup>st</sup> , 2018	Bank Deposits & Taxable Passbooks	Tax Free Passbooks e.g. Livret A	Stocks, Bonds & Mutual Funds	Life Insurance	Properties
% of French household wealth	8% (€0.9tn)	5% (€0.6tn)	12% (€1.4tn)	17% (€1.9tn)	58% (€6.6tn)
Maximum amount per person	Unlimited	€23k	Unlimited	Unlimited	Unlimited
Possibility to convert into annuities	No	No	No	Yes	No
Wealth tax [0.5% to 1.5%]	None	None	None	None	Yes, above €1.3m of properties per household
Inheritance tax [0% to 60%]	Yes	Yes	Yes	None below €152k per beneficiary (with illimited # of beneficiaries)	Yes
Income tax [0% to 45%] & Social tax [17.2%]	30% flat tax	0%	30% flat tax	30% flat tax before 8 years 17.2% to 30% after 8 years <sup>(1)</sup>	17.2% to 62.2%
Guarantee of capital	Yes	Yes	None	Traditional: guarantee at any time Unit-linked: optional guarantee in case of death, disability or survival	None
Liquidity	Fully liquid	Fully liquid	Depending on capital markets liquidity	Fully liquid	Illiquid

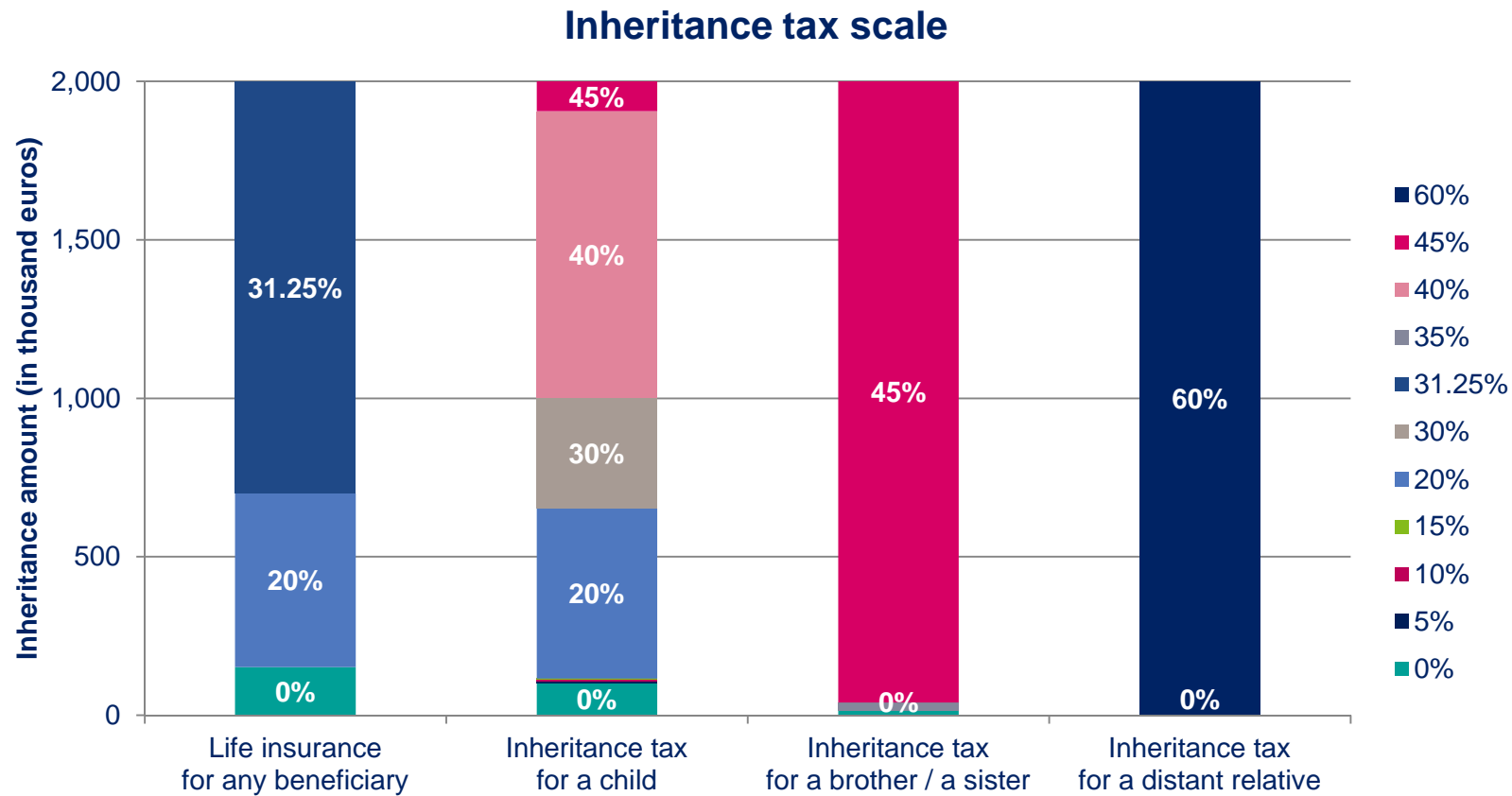
Simplified description for illustration purpose only. Source: INSEE and Banque de France

(1) 17.2% for the part of annual gains below €4.6k for a single person (€9.2k for a couple)

24.7% for premiums written before 2018 or with an AUM below €150k for a single person

30% flat tax for premiums written after 2018 and with an AUM above €150k for a single person, for the fraction of AUM above this threshold

# FOR FRENCH SAVERS, LIFE INSURANCE IS THE BEST WAY TO LIMIT INHERITANCE TAX



➤ **Average tax rate for €150k of inheritance amount:**

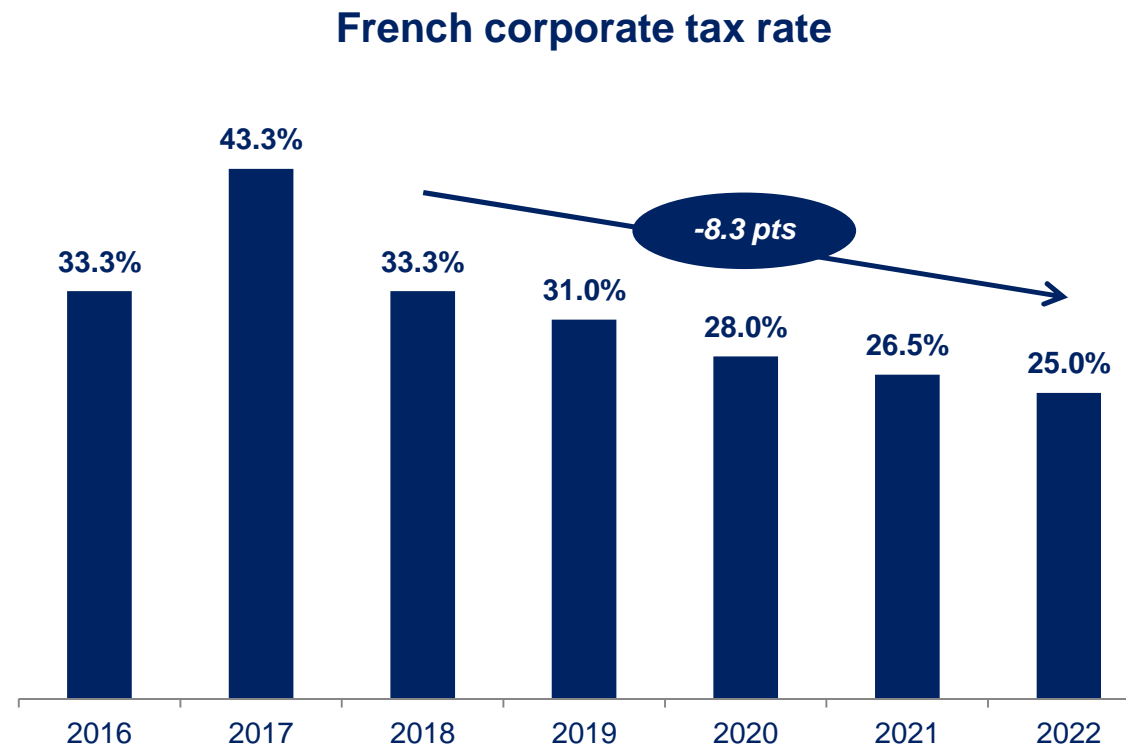
**0%**

**5%**

**39%**

**59%**

## A GRADUAL DECREASE OF FRENCH CORPORATE TAX RATE

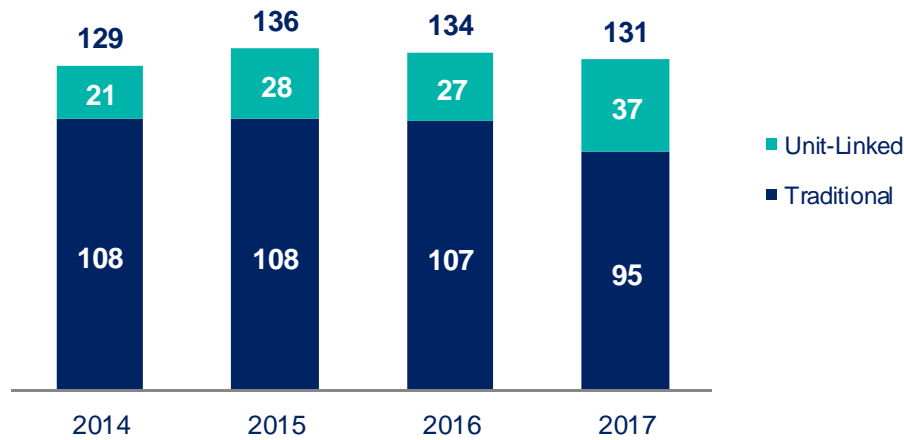


- The finance law for 2017 provided for a gradual decrease of French corporate tax rate from 33.3% to 28% between 2018 and 2020
- The finance law for 2018 extends the decrease from 28% to 25% between 2020 and 2022

# FRENCH LIFE INSURANCE MARKET KEY FIGURES

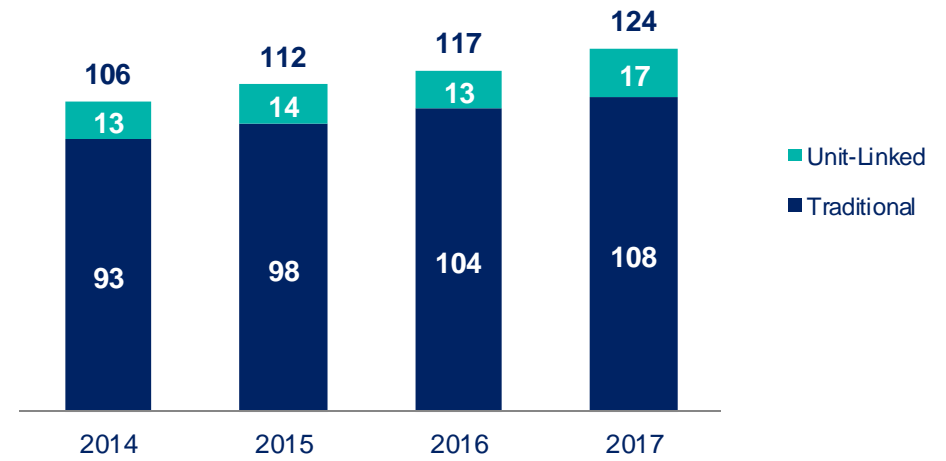
## PREMIUM INCOME

(€bn)



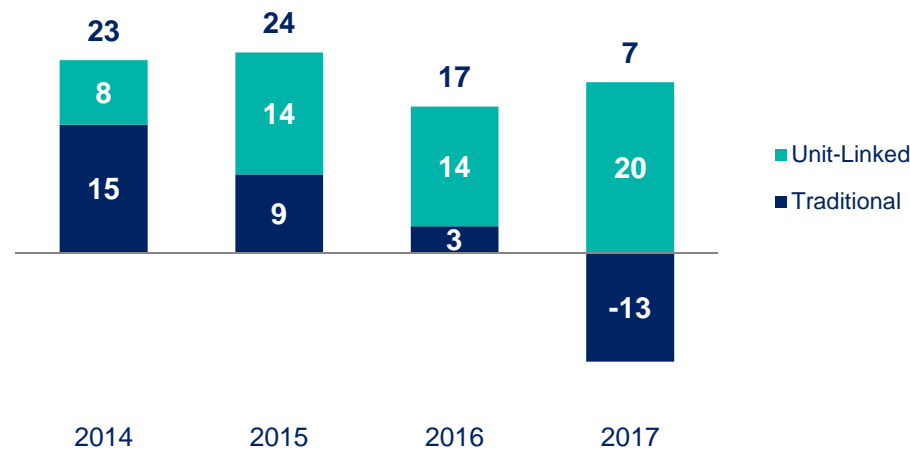
## WITHDRAWALS

(€bn)



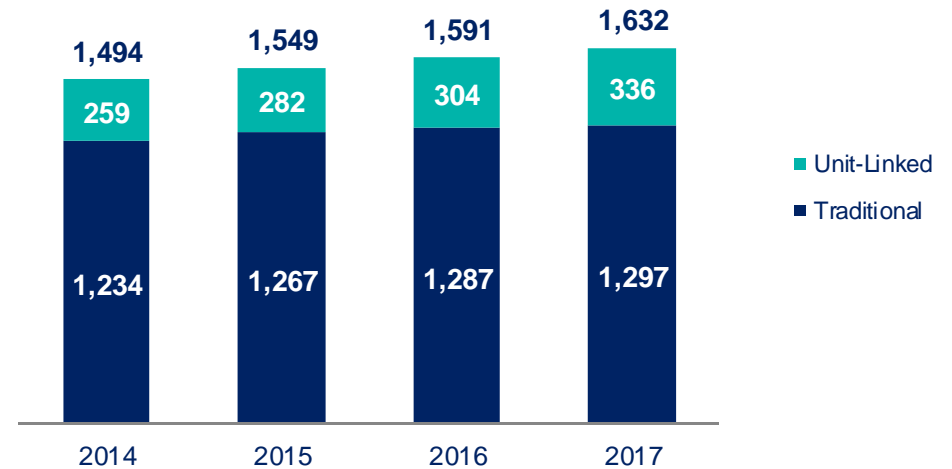
## NET INFLOWS

(€bn)



## MATHEMATICAL RESERVES

(€bn)

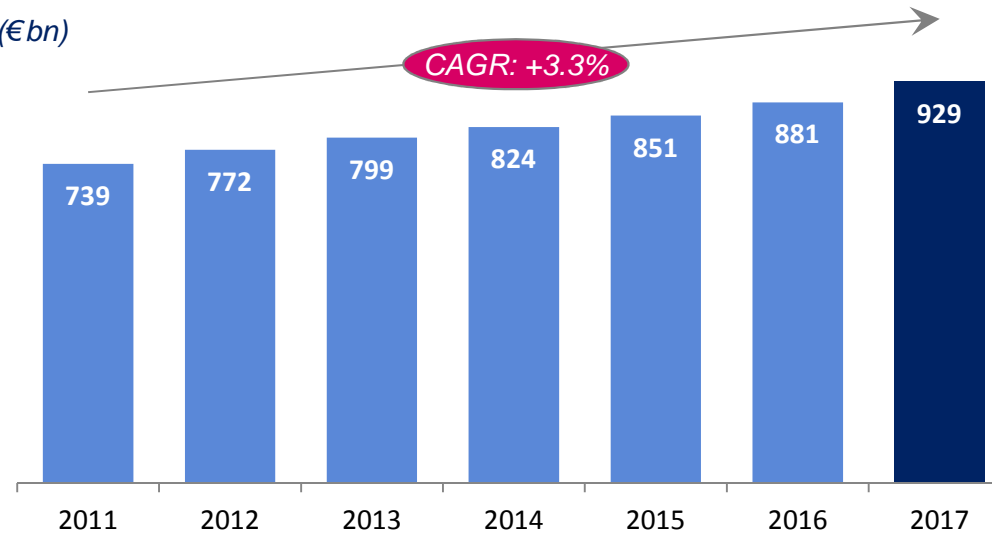


Source: FFA

# FRENCH MORTGAGE MARKET KEY FIGURES

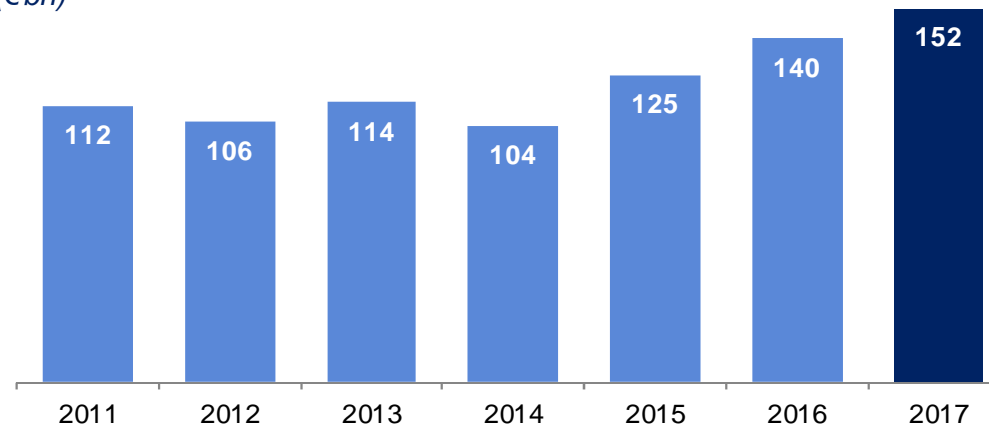
## OUTSTANDING MORTGAGE LOANS

(€bn)



## ANNUAL VOLUME OF NEW MORTGAGE LOANS

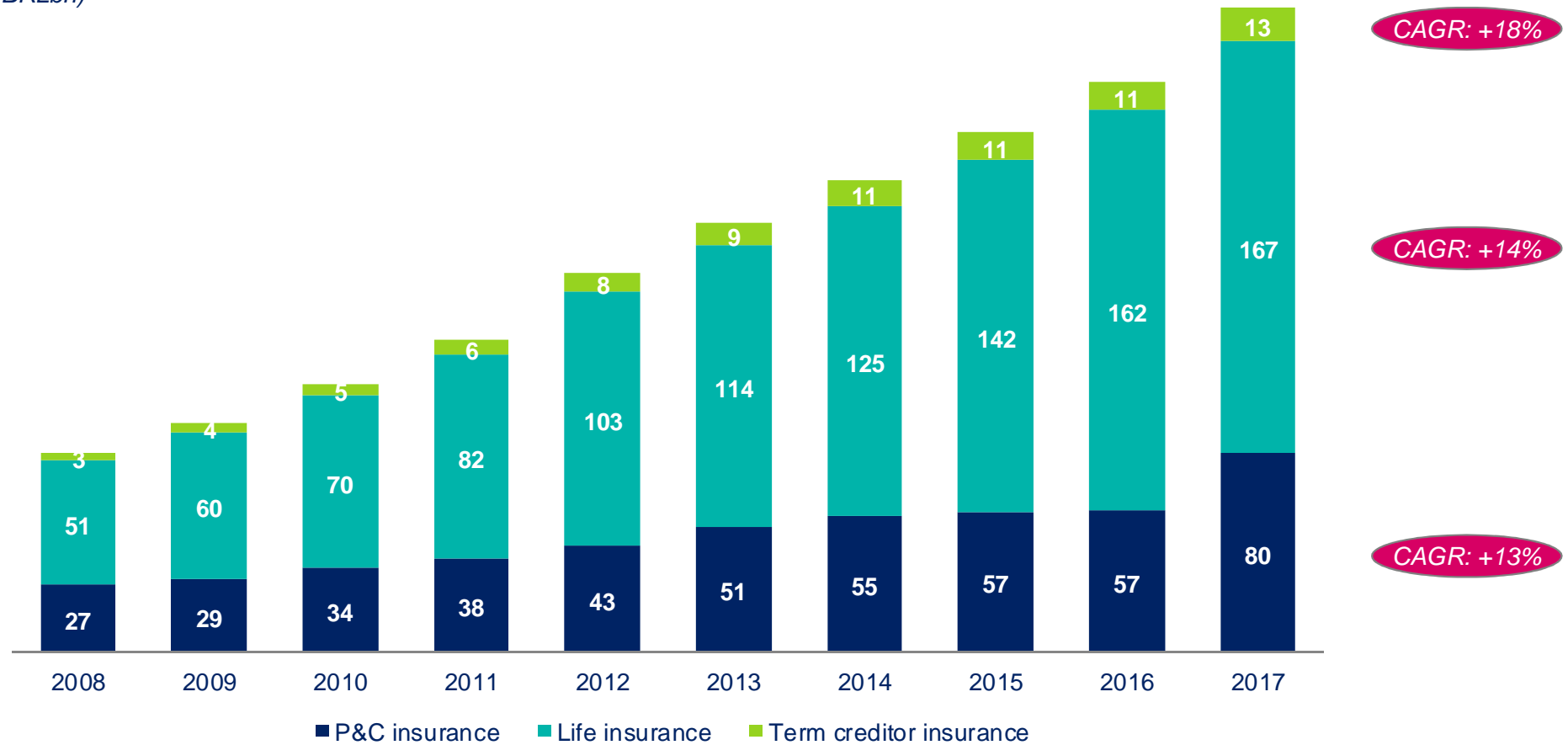
(€bn)



# BRAZILIAN INSURANCE MARKET KEY FIGURES

## PREMIUM INCOME

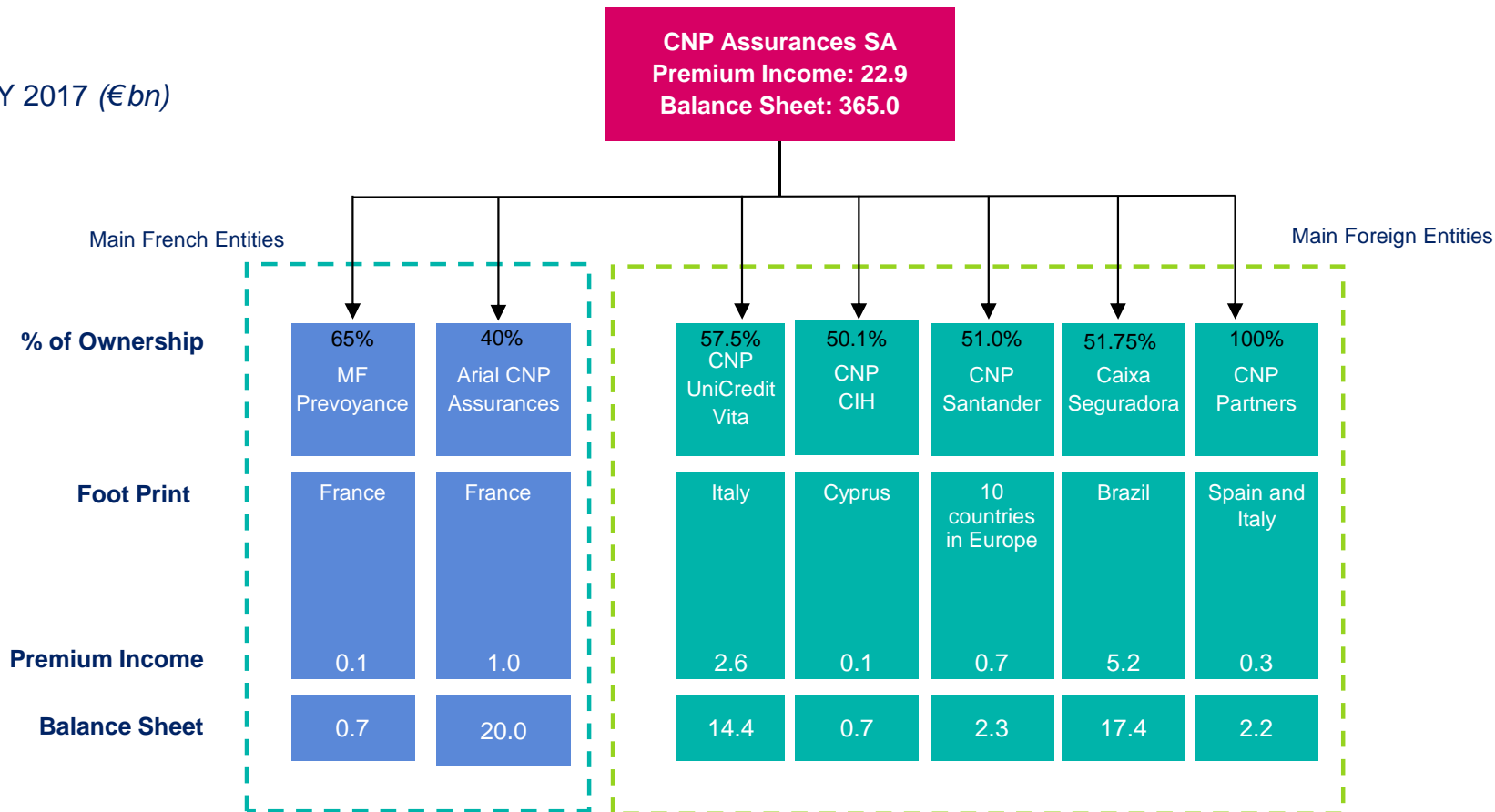
(BRLbn)





# GROUP STRUCTURE

FY 2017 (€bn)



- 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 pure holding company nor a SPV
- No senior bond outstanding within the capital structure

## NET PROFIT AND ROE BY GEOGRAPHICAL AREA/SUBSIDIARY

(€ m)	GROUP	FRANCE	CAIXA SEGURADORA	OTHER LATIN AMERICA	CNP UNICREDIT VITA	CNP SANTANDER INSURANCE	OTHER EUROPE EXCL. FRANCE
Premium income	32,127	22,820	5,261	41	2,606	692	706
Period-end technical reserves net of reinsurance	312,139	281,035	14,252	23	12,390	1,642	2,797
Total revenues	3,827	2,388	1,166	24	103	68	78
Administrative costs	-938	-612	-197	-12	-36	-16	-65
<b>EBIT</b>	<b>2,889</b>	<b>1,777</b>	<b>969</b>	<b>12</b>	<b>67</b>	<b>52</b>	<b>13</b>
Finance costs	-247	-246	0	0	-1	0	0
Income tax expense	-1,001	-578	-396	-5	-18	-6	3
Non-controlling and equity-accounted interests	-329	0	-278	-2	-21	-22	-6
Fair value adjustments and net gains (losses)	200	211	-2	0	2	-11	0
Non-recurring items	-227	-229	0	0	1	0	0
<b>Attributable net profit</b>	<b>1,285</b>	<b>935</b>	<b>292</b>	<b>5</b>	<b>31</b>	<b>12</b>	<b>10</b>
<b>ROE</b>	<b>8.0%</b>	<b>6.8%</b>	<b>18.8%</b>		<b>7.2%</b>		



# DISTRIBUTION AGREEMENTS WITH BPCE AND LA BANQUE POSTALE

## BPCE

## La Banque Postale (LBP)

### Expiry date

► **End-2022, with successive 3-year rollover options**

► **End-2025**

### Savings/ Pensions

► **2017 premium income: €6.9bn**

- Top-up premiums: €3.7bn
- Transfers from traditional savings products (“Fourgous” transfers): €1.8bn
- Inward reinsurance: €1.4bn
- Strong growth in unit-linked new money (up 23%)

► **2017 premium income: €9.0 billion**

- Top-up premiums: €4.4bn
- Transfers from traditional savings products (“Fourgous” transfers/transfers to Eurocroissance): €1.4bn
- New business: €3.2bn
- Sharp rise in new money invested in unit-linked contracts and Eurocroissance funds (up 25%)

► **Technical reserves at end-2017: €122bn before reinsurance**

- €110bn net of reinsurance (10% ceded to Natixis Assurances)
- Marketing campaigns have driven a gradual increase in linked liabilities as a percentage of total technical reserves

► **Technical reserves at end-2017: €127bn**

- Marketing campaigns have driven a gradual increase in linked liabilities as a percentage of total technical reserves

► **Outlook**

- All new business is written by Natixis Assurances, while CNP Assurances reinsures 40% of business written up until 2019
- CNP Assurances continues to manage in-force business and top-up premiums
- Erosion of technical reserves will be very gradual thanks to top-up premiums
- Action will continue to refocus technical reserves and new money on unit-linked contracts

► **Outlook**

- Very strong demand for the Eurocroissance fund launched as an alternative to traditional savings funds, with option to make transfers from GMO or Ascendo contract to Cachemire 2 (Eurocroissance offers a capital guarantee on 80% of the investment, subject to 12-year investment period)
- Action will continue to refocus technical reserves and new money on unit-linked contracts and Eurocroissance funds

### Personal Risk/ Protection

► **2017 premium income: €1.0bn**

- Extension of Term Creditor Insurance partnership with BPCE to include the Banques Populaires and Crédit Foncier networks
- Group contracts realigned, and networks supported in applying “Bourquin amendment” giving policyholders an annual right to terminate their policy

► **2017 premium income: €0.2bn**

- New term creditor insurance offer launched in October 2016, underwritten directly by CNP Assurances and reinsured by LBPP under 5% quota-share treaty
- Term creditor insurance offer extended to include BPE customers
- Group contracts realigned, and networks supported in applying “Bourquin amendment” giving policyholders an annual right to terminate their policy

# TECHNICAL RESERVES AND PREMIUM INCOME BY SEGMENT AND REGION

Average net technical reserves (€m)		Savings/Pensions excl. unit-linked	Savings/Pensions unit-linked	Personal Risk/ Protection	Total
2017	France	241,666	30,330	8,028	280,024
	Europe excl. France	7,185	7,008	2,147	16,339
	Latin America	857	11,224	1,624	13,705
	<b>Total</b>	<b>249,709</b>	<b>48,561</b>	<b>11,798</b>	<b>310,068</b>

Premium income (€m)		Traditional Savings/Pensions	Unit-linked Savings/Pensions	Personal Risk/ Protection	Total
2017	France	14,355.6	3,757.4	4,707.5	22,820.5
	Europe excluding France	833.5	2,226.5	944.2	4,004.2
	Latin America	55.4	3,483.9	1,763.1	5,302.3
	<b>Total</b>	<b>15,244.6</b>	<b>9,467.7</b>	<b>7,414.8</b>	<b>32,127.0</b>

# SOVEREIGN BOND PORTFOLIO

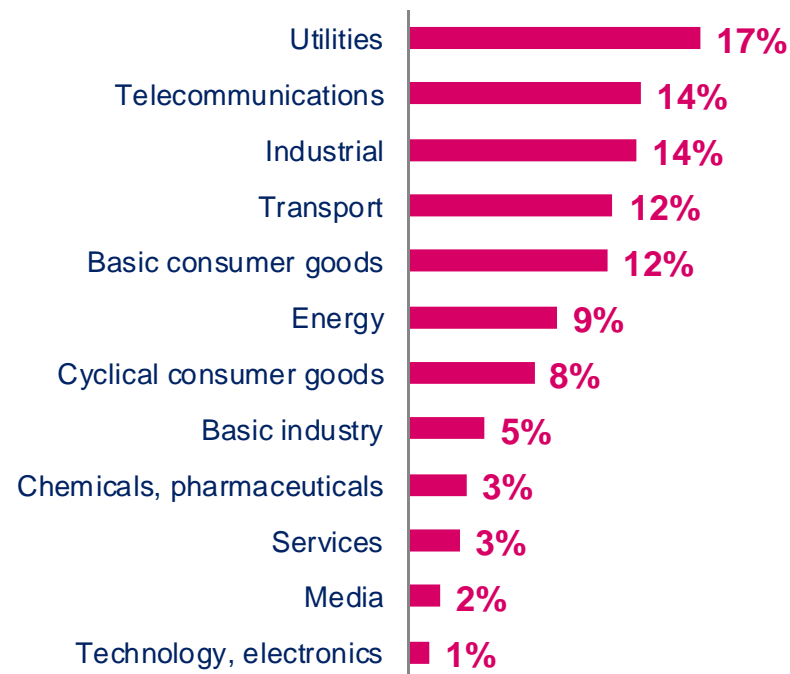
Country	31/12/2017			31/12/2016			31/12/2015		
	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value	Gross exposure Cost*	Gross exposure Fair value	Net exposure Fair value
France	71,494	81,865	5,384	66,952	77,736	4,941	67,676	81,013	4,344
Italy	9,394	10,516	694	9,135	10,708	1,235	9,645	11,118	1,093
Spain	8,685	9,276	787	3,751	4,391	345	3,696	4,378	305
Belgium	6,257	7,120	418	7,402	8,621	494	8,201	9,618	417
Austria	4,401	4,909	164	4,434	5,198	219	4,794	5,740	202
Germany	1,777	2,052	155	2,482	2,823	241	2,637	3,031	218
Brazil	1,677	1,690	1,015	1,449	1,266	760	1,628	1,529	918
Canada	782	824	106	649	711	86	548	626	62
Ireland	600	665	26	617	724	32	609	724	18
Poland	294	325	73	347	392	43	337	391	31
Portugal	272	306	8	271	311	8	432	469	12
Netherlands	182	202	8	180	204	16	125	154	10
Slovenia	140	151	5	141	159	4	238	269	14
Finland	91	92	3	16	20	3	34	39	4
Cyprus	58	67	34	17	19	6	16	16	4
Luxembourg	50	53	19	50	56	21	34	39	15
Greece	10	11	0	4	2	0	4	5	0
Sweden	1	2	0	11	12	0	1	2	1
Denmark	0	0	0	45	60	5	45	49	3
United Kingdom	0	0	0	78	233	0	78	214	0
Other (incl. supra)	5,860	6,661	632	6,402	7,460	735	6,414	7,617	650
<b>TOTAL</b>	<b>112,027</b>	<b>126,787</b>	<b>9,529</b>	<b>104,432</b>	<b>121,105</b>	<b>9,192</b>	<b>107,193</b>	<b>127,040</b>	<b>8,323</b>

(1) Carrying amount, including accrued coupon

# CORPORATE BOND PORTFOLIO

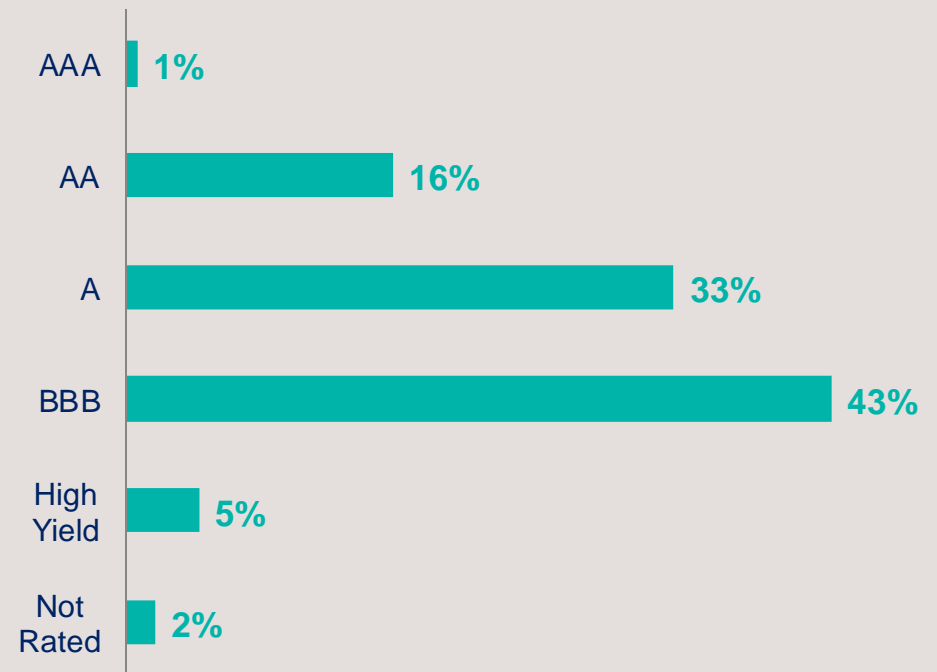
## CORPORATE BOND PORTFOLIO BY INDUSTRY

(%)



## CORPORATE BOND PORTFOLIO BY RATING\*

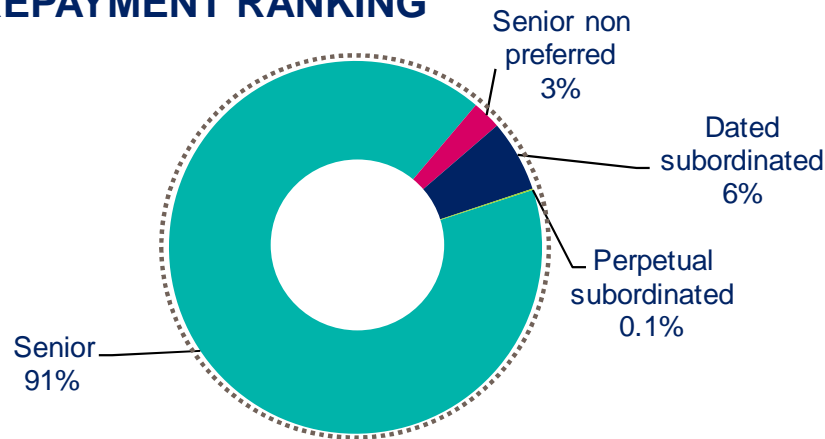
(%)



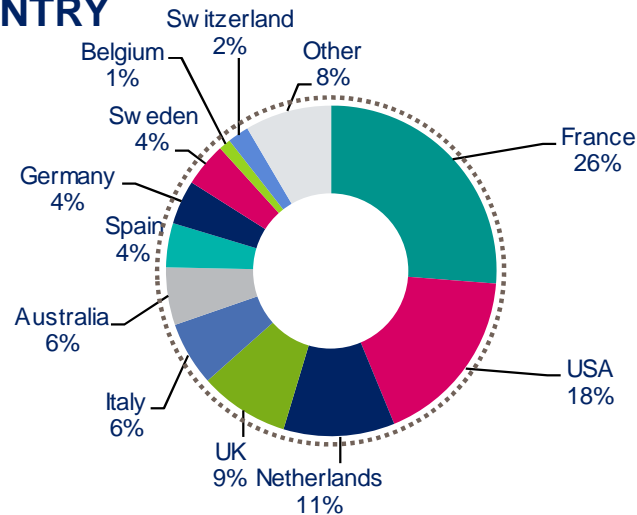
\* Second-best rating: method consisting of using the second-best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch  
 Unaudited management reporting data at 31 December 2017

# BANK BOND PORTFOLIO

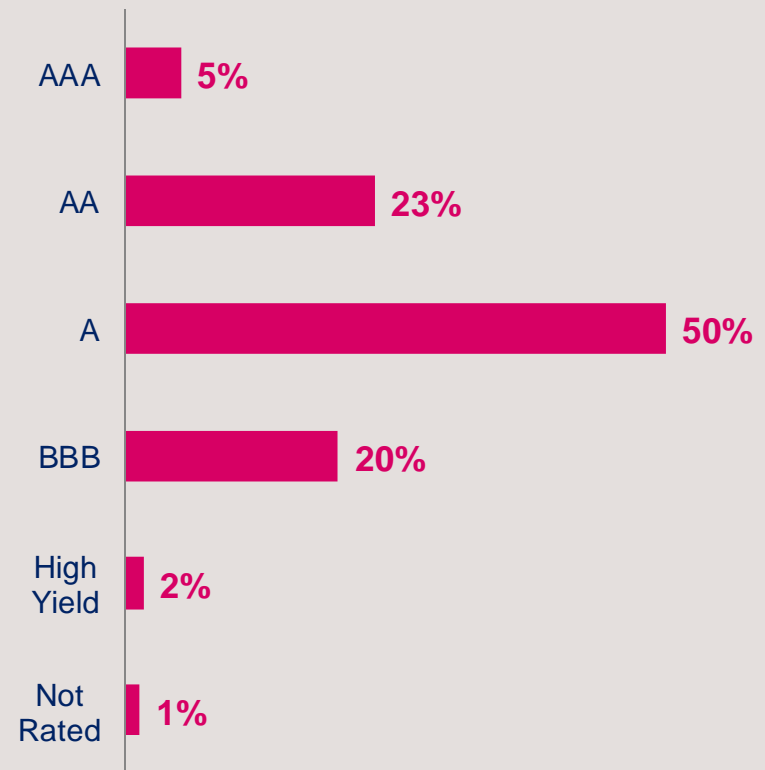
**BANK BOND PORTFOLIO BY REPAYMENT RANKING (%)**



**BANK BOND PORTFOLIO BY COUNTRY (%)**



**BANK BOND PORTFOLIO BY RATING\* (%)**

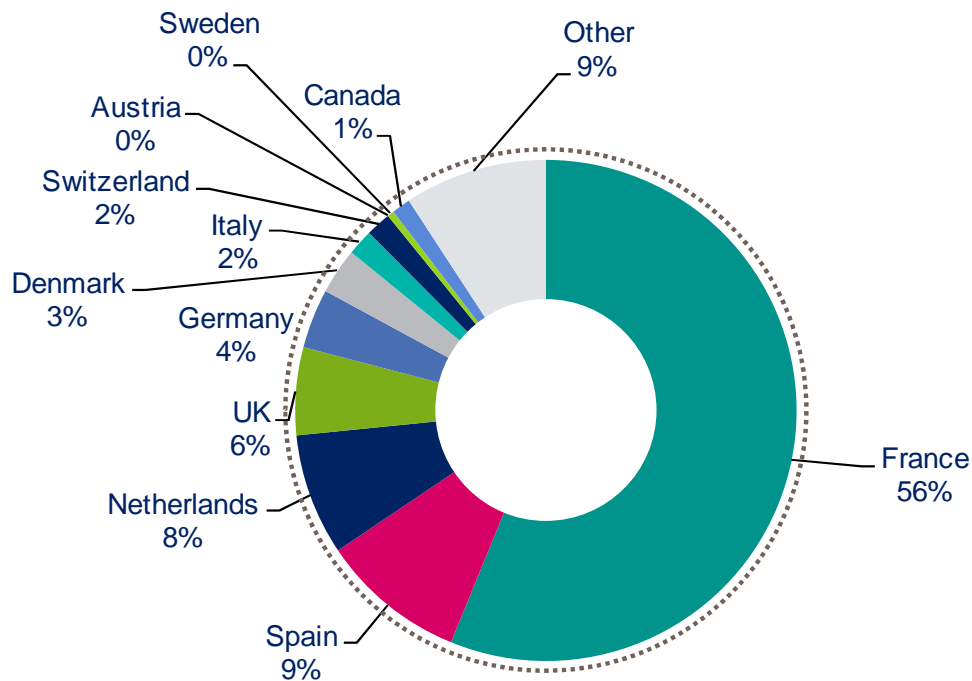


\* Second-best rating: method consisting of using the second-best rating awarded to an issue by the three leading agencies, S&P, Moody's and Fitch  
 Unaudited management reporting data at 31 December 2017

# COVERED BOND PORTFOLIO

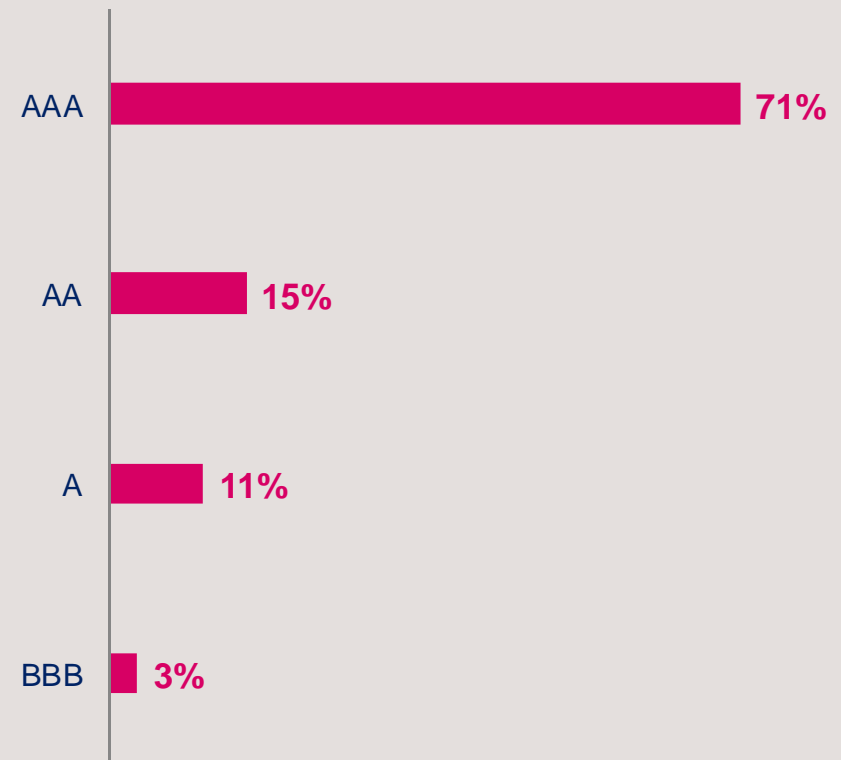
## COVERED BOND PORTFOLIO BY COUNTRY

(%)



## COVERED BOND PORTFOLIO BY RATING\*

(%)



\* 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 31 December 2017



## UNREALISED GAINS (IFRS) BY ASSET CLASS

### UNREALISED GAINS (IFRS)

<i>(€m)</i>	31/12/2017	31/12/2016
Bonds	22,183	26,021
Equities	14,113	12,037
Property	3,608	3,135
Other	-1,217	-1,319
<b>TOTAL</b>	<b>38,687</b>	<b>39,874</b>

### UNREALISED GAINS (IFRS)

<i>(as a % of total asset portfolio)</i>	31/12/2017	31/12/2016
Bonds	7.5%	8.8%
Equities	4.8%	4.1%
Property	1.2%	1.1%
Other	-0.4%	-0.4%
<b>TOTAL</b>	<b>13.1%</b>	<b>13.5%</b>

## EXPANDED HEDGING STRATEGY

HEDGED RISK		Type of hedge	Hedge maturity	Options set up in 2017		Outstanding options at 31 December 2017	
				Option premiums	Notional amount	Fair value	Notional amount
EQUITY RISK	Protects equity portfolio against a falling market	Put	< 7 years	€404m	€5.2bn	€398m	€7.8bn
CURRENCY RISK	Protects profit and dividend paid to parent by Caixa Seguradora	Put	< 2 years	€27m	BRL 2.4bn	€19m	BRL 1.4bn <sup>(1)</sup>
INTEREST RATE RISK	Protects traditional savings portfolio against rising interest rates	Cap	< 10 years	€98m	€6.2bn	€184m	€53bn
CREDIT RISK	Protects bond portfolio against wider corporate spreads	Put	1 year	€8m	€1.5bn	€0m	€0bn <sup>(2)</sup>

➤ **The hedging programme set up in 2017 covered all market risks.  
The fair value of hedging instruments stood at €585m at 31 December 2017.**

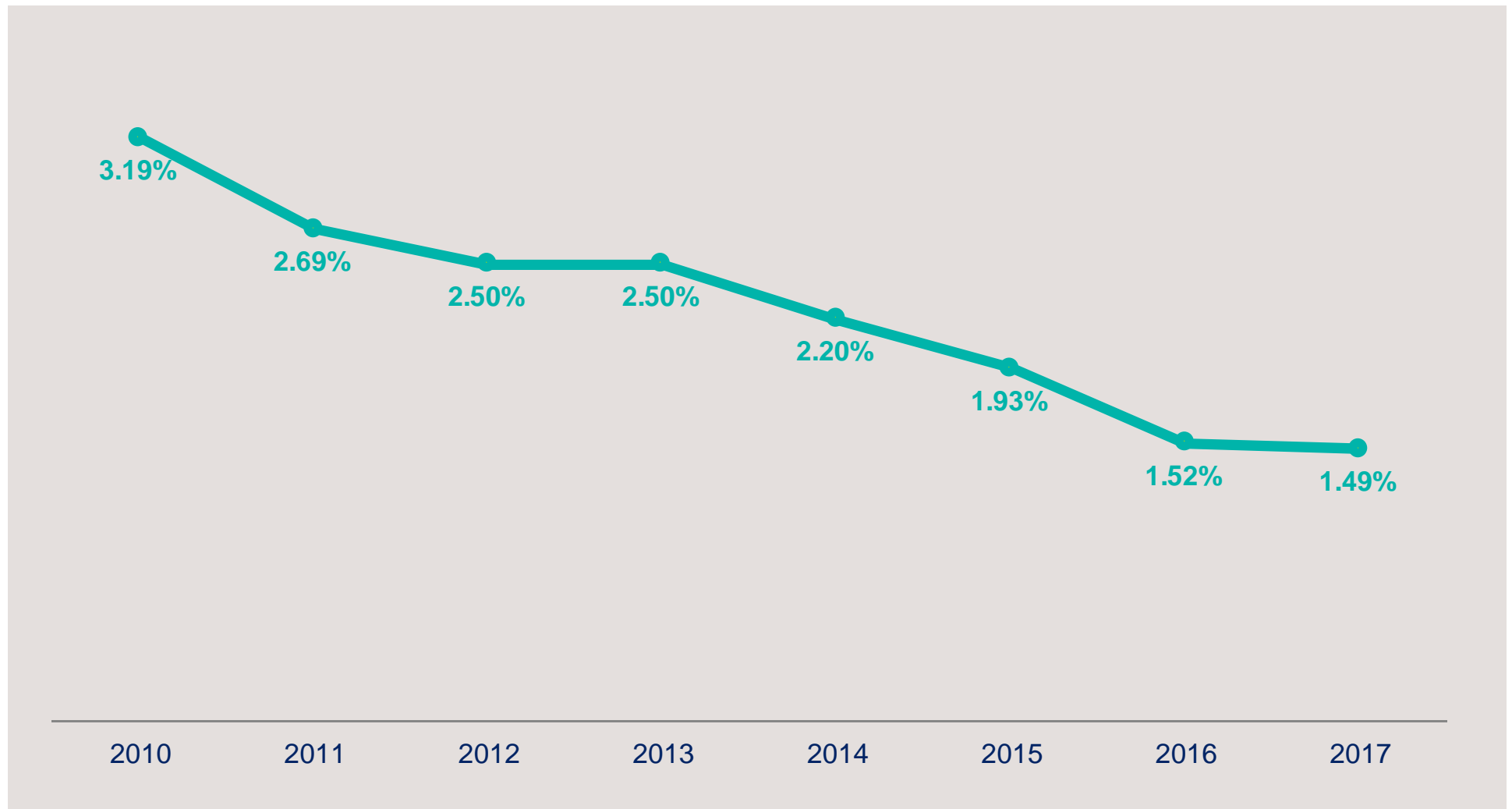
- Equity portfolio hedging strategy expanded
- Brazilian real hedging strategy maintained
- Interest rate hedging strategy maintained
- Credit spread risk hedge maintained

(1) Notional amount of BRL 2.4bn at 31 January 2018: the 2018 profit hedging programme is complete as of the date of this document

(2) Notional amount of €1.2bn at 31 January 2018

Unaudited management reporting data

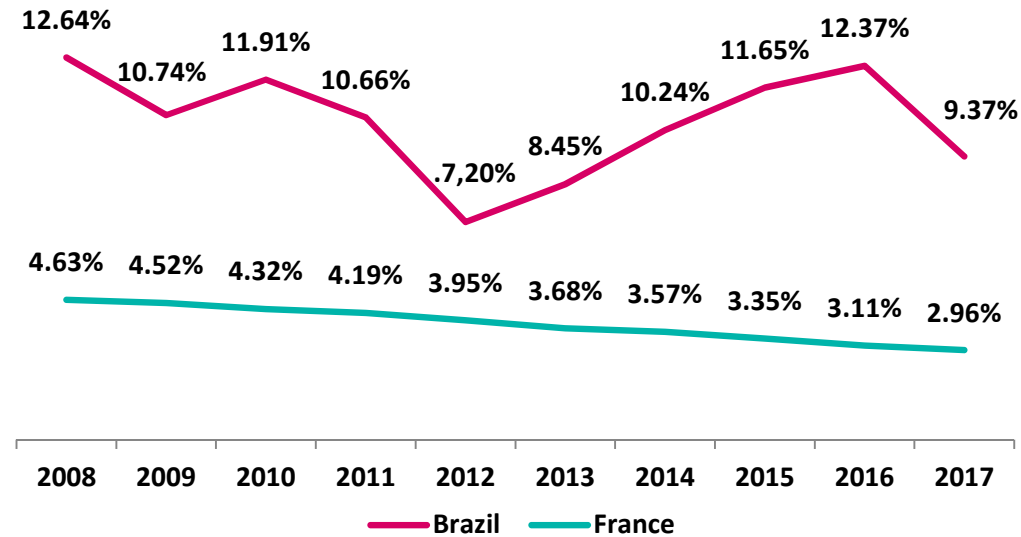
## AVERAGE POLICYHOLDER YIELD IN FRANCE\*



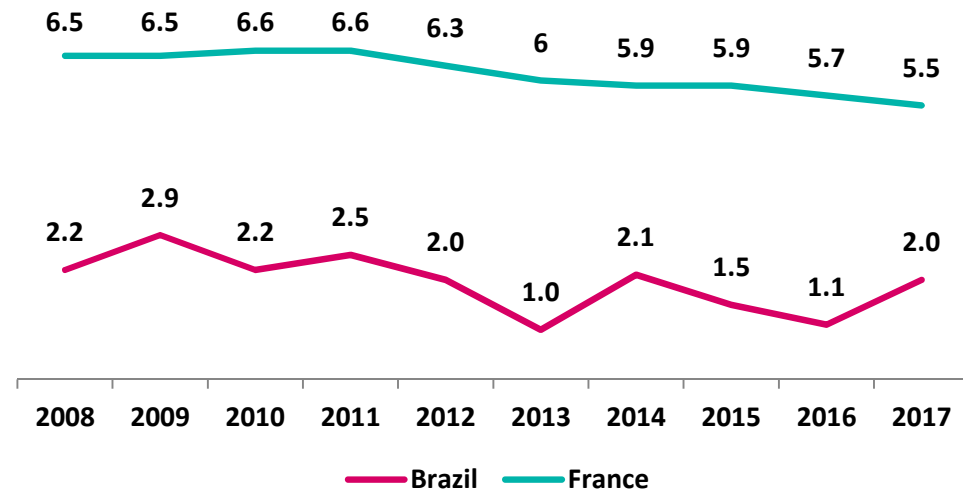
\* CNP Assurances traditional savings contracts

# BOND PORTFOLIO'S CHARACTERISTICS ON OUR TWO MAIN MARKETS

## AVERAGE RETURN ON FIXED-RATE INVESTMENTS

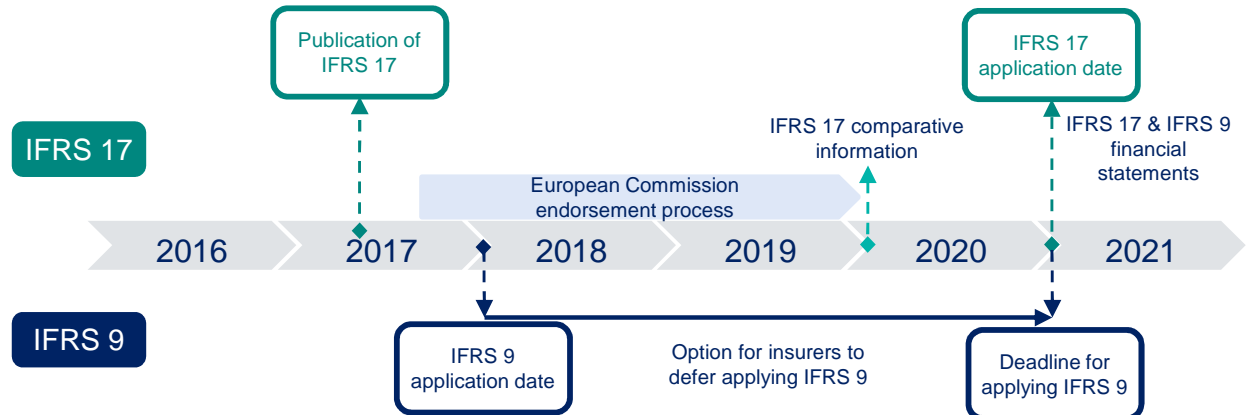


## WEIGHTED AVERAGE REMAINING LIFE OF BONDS (years)



# IFRS 9 & IFRS 17

**IFRS 9** (Financial Instruments) and **IFRS 17** (Insurance Contracts) will modify insurance groups' results and balance sheets as from 2021.



## IFRS 9

*Classification & Recognition*

*Impairment*

*Hedge Accounting*

- ▶ CNP Assurances intends to exercise the option of deferring application of IFRS 9 until **1 January 2021**, to coincide with the first-time application of IFRS 17
- ▶ During the **transition period**, from 2018 to 2021, additional disclosures will be provided concerning the classification of assets and the Group's exposure to credit risk

## IFRS 17

Contractual service margin	}	IFRS 17 Insurance liabilities (general measurement model)
Risk adjustment		
Best estimate of future cash flows (incl. time value of options and guarantees)		

New granularity

Different measurement and recognition options

New profit recognition profile

New financial statements and indicators

Transformed processes and organisation

Adapted tools and systems

Revamped monitoring systems and financial communications

- ▶ Application from **1 January 2021** with pro forma data from 1 January 2020
- ▶ Ongoing **lobbying** and **consultations** (EFRAG case study in particular) until endorsement by the European Commission
- ▶ In 2017, CNP Assurances launched an **IFRS 17 implementation programme**, starting with a review of the standard and the financial implications and development of a project approach

