REPORT OF THE BOARD OF DIRECTORS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

Contents

SIGNIFICANT EVENTS OF THE PERIOD

First half

US$500 million private placement

On 15 January, CNP Assurances placed a $500 million subordinated note with a major institutional investor. The note was issued in response to a specific request from the investor. The proceeds will support business growth and strengthen the Group's balance sheet. This success once again demonstrates the quality of CNP Assurances' signature.

The fixed-for-life issue will pay a 6% coupon in dollars which, after being swapped for euros, is in line with the interest rate of the last notes issued by CNP Assurances in December 2015. The final maturity is 33 years, with a first call date after 13 years.

The issue has been structured to qualify as equity and will be eligible as Tier 2 capital under Solvency II.

CNP Assurances' A rating affirmed with a stable outlook

Following its annual rating review, Standard & Poor's affirmed CNP Assurances' A rating with a stable outlook.

In its report, Standard & Poor's highlighted the Group's strong competitive position as leader of France's life insurance market, its significant financial headroom evidenced by the capital support of its core shareholders and its proven ability to raise funds on the bond markets. The A rating with a stable outlook extends to CNP Caution, which is wholly owned by CNP Assurances and is considered as a core subsidiary by Standard & Poor's.

Developments concerning the partnership with the Crédit Agricole Group

On 9 March 2016, the Crédit Agricole Group announced its "Strategic ambitions for 2020" plan, which includes in-sourcing the Regional Banks' term creditor insurance business.

For information, regarding CNP Assurances, the average contribution from the partnership with Crédit Agricole to the recurring EBIT of CNP Assurances has been €30 million over the last three years, i.e., around 2% of EBIT France.

Distribution partnership between CNP Assurances and La Banque Postale

In December 2015, CNP Assurances and La Banque Postale announced the signature of a preliminary memorandum of understanding for the renewal of their partnership as of 2016 for a further period of 10 years. The framework partnership agreement was signed on 25 March 2016.

The framework agreement covers the following aspects:

- in life insurance:

- renewal of the partnership for a period of 10 years as of 1 January 2016, with the scope widened to include BPE, La Banque Postale's wealth management subsidiary.

- in personal risk/protection insurance:

- implementation with La Banque Postale of a 10-year direct partnership in term creditor insurance for mortgage loans, with CNP Assurances substituted for La Banque Postale Prévoyance for this segment;
- sale to La Banque Postale on 28 June 2016, after the conditions precedent were met, of CNP Assurances' stake in La Banque Postale Prévoyance, which will continue to write individual personal risk business.

The renewed partnership between CNP Assurances and La Banque Postale is fully in keeping with their respective strategies.

Developments concerning the partnership between AG2R LA MONDIALE and CNP Assurances

Following the signature of a framework contract on 15 December 2015, CNP Assurances and AG2R LA MONDIALE announced on 4 April 2016 the start of operations of their strategic partnership in the field of private pensions, in a joint venture named Arial CNP Assurances.

The operation has been approved by France's insurance supervisor (ACPR) and competition authorities (ADLC).

The partnership has taken the form of a 40% investment by CNP Assurances in Arial Assurance, a subsidiary of AG2R LA MONDIALE.

Renamed Arial CNP Assurances, the company combines the teams, resources and business portfolios of the two partners, who have also signed management agreements covering support services. The employees of CNP Assurances' Pension Solutions BU (excluding Préfon) will be seconded to Arial CNP Assurances, which aims to become the leading company retirement savings plan provider. The purpose of the joint venture is to manage private pension schemes for nearly 20,000 companies ranging from SMEs to companies leading the CAC40, i.e., almost €12 billion in technical reserves. For its development, Arial CNP Assurances will take advantage of the financial strength and expertise of its two shareholders: AG2R LA MONDIALE, the number-one social protection group and leader in the field of private pensions and CNP Assurances, the number-one provider of personal insurance in France.

The governance of Arial CNP Assurances reflects the balance between the two groups within the joint venture, with the composition of the Board of Directors representing the respective stake of each partner. Frédéric Lavenir, CEO of CNP Assurances, serves as Chairman and André Renaudin, CEO of AG2R LA MONDIALE, as Vice Chairman. Operational governance is shared between representatives of the two groups.

Signature of an agreement to acquire 51% of Pan Seguros and Pan Corretora

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

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

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

The agreed purchase price for the two stakes combined is BRL700 million, subject to certain adjustments depending on Pan Seguros and Pan Corretora’s financial performance until closing. CNP Assurances intends to finance the transaction using its existing financial resources.

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

This transaction serves CNP Assurances' double strategic priority to strengthen its presence in Brazil – its second largest market after France – and develop its personal risk and protection business. The transaction is expected to close in 2017.

Acquisition of Barclays Vida & Pensiones business in Italy

In June 2016, CNP Partners, the Spanish subsidiary of CNP Assurances which also has operations in Italy through its CNP Partners Italia branch, announced that it had completed the acquisition of the insurance book of BVP Italia, the Italian branch of Barclays Vida & Pensiones.

The transaction concerns BVP Italia's entire business, which mainly comprises the savings business (including unit-linked contracts for 40%) and a term creditor insurance book managed on a run-off basis, representing total assets of some €700 million.

It is in line with CNP Partners' strategic goal of stepping up the pace of growth in Italy, in both the protection segment (term creditor insurance, personal risk insurance) and the premium savings market. Representing an investment of less than €10 million, the transaction will make a positive contribution to CNP Partners' bottom line from day one.

Agreements with the Bank of Cyprus

Following the financial crisis in Cyprus in March 2013 and the subsequent restructuring of the banking sector, including the winding up of Laiki Bank, it was agreed that the Bank of Cyprus would distribute CNP CIH's products through its branch network. However, a dispute arose after the Bank of Cyprus refused to recognise the agreement. The dispute was put to arbitration and was heard by the International Court of Arbitration in London in June 2016.

The Court's ruling is expected to be handed down before the end of the year.

Subsequent events

No material changes have occurred in the Group's financial or commercial position since 30 June 2016.

MARKET AND BUSINESS REVIEW

Economic and financial environment

- **An unexpectedly difficult start to the year followed by a strong central bank-driven rebound**

The year started on a chaotic note due to uncertainty about the growth outlook in the global economy. These concerns were fuelled by sluggish global trade as import demand declined, the continuing fall in demand for commodities which drove oil prices down to just US$27, financial tension in China that was amplified by the devaluation of the yuan in January, and slower US growth, with GDP rising by just 1% on an annualised basis in the first quarter of 2016. All of these factors severely affected the financial markets, leading to a sharp price correction in the first six weeks of the year. The prices of high risk assets fell across the board, with European stocks losing up to 18% in February.

The period of extreme risk aversion came to an end in late February, when the United States and other countries announced improved economic indicators and China reaffirmed its commitment to stabilising the yuan. As from March, robust consumer spending in both Europe and the United States, combined with a more promising outlook for commodity prices fuelled a market rebound that was once again boosted by central bank intervention. The Bank of Japan and the ECB both took their interest rates into negative territory and the Federal Reserve decided to wait for a while before restoring rates to a more normal level. Sovereign interest rates nosedived as a result of these extremely aggressive monetary policies, forcing investors to turn to more risky assets despite growing political uncertainty in Spain, where the government does not have a parliamentary majority, in the United Kingdom, ahead of the Brexit vote, and in the United States, due to the "Trump factor".

- **Bonds and emerging markets outperformed, while equities and the dollar underperformed**

Contrary to the consensus at the start of the year, the bond market outperformed the stock market (registering a 6.1% gain versus a 0.5% loss), while emerging market assets and commodities outperformed developed market assets, gaining 8.1%. Government bond markets gained 7% (in both euros and dollars) thanks to central bank purchases, while credit markets benefited from the recovery in commodity prices and extension of the ECB's quantitative easing programme to include corporate bonds. Prices for investment grade corporate bonds rose by 7.6% in the United States and 4.1% in the euro zone, while junk bond prices increased by 9.3% and 3.5% respectively. Emerging market debt prices gained 15.5%, led by a 7% rise in exchange rates, notably for the Brazilian real and the ruble. Emerging market equities advanced 3.6% despite a 20% fall in the Chinese stock market, overtaking the 2.5% increase in US equity prices. The reverse was true for euro zone and Japanese equities, which lost 8.7% and 19.6% respectively in local currency. This was due to the 2.5% gain in the euro against the dollar to 1.11 and the 17% gain in the yen to 103. Commodity prices benefited from defensive investment strategies (for example, precious metal prices gained 25%), reduced production cutbacks (leading to increases of 32% for oil prices and 7% for metal prices) or adverse weather conditions (which drove up the price of agricultural commodities by 6%).

- **A steep decline in long-term rates due to political uncertainty and investor caution**

Aside from these fluctuations, the outstanding feature of first-half 2016 was the collapse of bond prices with the volume of negative-yield bonds in the market totalling US$ 12 trillion as of 30 June. France's 10-year OAT rate fell from 0.95% at end-2015 to 0.15% six months later, while Germany sold 10-year government bonds with a negative yield of 0.12% and Japanese rates also entered negative territory, for maturities as long as 30 years. Even in the United States, where the Federal Reserve repeatedly announced planned interest rate rises and the core inflation rate rose above 2%, the 10-year Fed Funds rate was cut from 2.3% to 1.5%.

The markets remained jittery despite resilient economic growth in Europe (with euro zone GDP expanding by 0.6% in the first quarter, representing 2.1% on an annualised basis) and the surge in US growth to an estimated 2.5% in the second quarter. The unprecedented gap between European stock yields (over 4%) and bond yields (less than 1%) reflected investors' ultimately justified fears of a UK vote in favour of Brexit.

- **Increasingly ineffective quantitative easing policies and a growing risk of the ECB losing credibility**

In the end, the ECB's over-use of quantitative easing programmes led to an unprecedented fall in bond prices and endangered the stability of the European financial system by driving interest rates into negative territory with the result that the banks and the pension systems were severely weakened. Despite this, unlike previous successful programmes in the United States in 2008 and 2011, and Japan in 2012, the measures failed to drive up stock prices (on the contrary, prices fell by 20% in the period from April 2015), lift inflation (10-year forecasts put inflation at just 0.8%) or make the euro cheaper.

These failures increased investor doubts about whether the ECB is following the right strategy and, above all, confirmed the growing ineffectiveness of unconventional measures.

Regulatory and tax environment

In the first half of 2016, there were no changes in the regulatory and tax environment that would be likely to materially affect CNP Assurances' business activity.

First-half 2016 business review

Consolidated premium income (IFRS) came to €17.3 billion, a year-on-year increase of 6.4% as reported and 10.2% like-for-like, with new business margin standing at 11.9%.

In **France**, premium income for the period was 9.7% higher at €13.7 billion. Unit-linked volumes were stable, at 15.1% of total savings and pensions premiums. Savings and pensions net new money (French GAAP, excluding death benefit) was a positive €0.4 billion, reflecting a €1.1 billion net inflow to unit-linked contracts and a €0.7 billion net outflow from traditional savings/pension products. The 2.9-point decline in new business margin to 8.5% was entirely due to the decline in interest rates during the period.

In **Latin America**, business growth remained strong, with premium income rising 11.6% like-for-like to €1.6 billion. In a Brazilian insurance market[(1)] up 5.5% over the year-earlier period, Caixa Seguradora increased its market share by 0.5 points to 5.9%. Profitability remained high, with new business margin standing at 26.7%.

In **Europe excluding France**, premium income rose by 1.2% to €2.0 billion. New business margin was 17.3%, reflecting the solid performance by CNP Santander Insurance which reported premium income up 33.6% led by the strong growth dynamic in the Nordic countries, Spain and Poland. Unit-linked contracts accounted for half of the premium income generated in the Europe excluding France region.

(1) Excluding health insurance. Source: SUSEP

Premium Income by Country

	Premium income (IFRS)			
(in € millions)	**H1 2016**	**H1 2015**	**% change**	**% change (like-for-like*)**
FRANCE	**13,672.0**	**12,462.5**	**+9.7**	**+10.6**
Italy	1,610.2	1,606.4	+0.2	+4.1
Brazil	1,541.4	1,727.9	-10.8	+11.3
Germany	204.7	164.1	+24.7	+24.7
Spain	95.3	106.1	-10.2	+2.1
Cyprus	67.9	67.2	+1.0	+1.0
Poland	30.8	20.2	+52.3	+52.3
Argentina	25.0	31.7	-21.3	+28.0
Denmark	5.5	1.9	+193.1	+193.1
Norway	5.2	3.2	+62.3	+62.3
Portugal	3.2	32.7	-90.2	-36.1
Ireland	0.1	0.5	-85.1	-85.1
Other (excluding France)	7.7	3.5	+118.5	+118.5
TOTAL INTERNATIONAL	**3,596.8**	**3,765.2**	**-4.5**	**+8.9**
TOTAL	**17,268.9**	**16,227.7**	**+6.4**	**+10.2**

Premium Income by Segment

	Premium income (IFRS)			
(in € millions)	**H1 2016**	**H1 2015**	**% change**	**% change (like-for-like*)**
Savings	12,529.4	10,937.6	+14.6	+15.6
Pensions	1,474.4	1,765.5	-16.5	-5.0
Personal Risk	880.4	1,112.8	-20.9	-7.6
Term Creditor Insurance	1,976.4	1,947.1	+1.5	+5.7
Health Insurance	248.2	285.0	-12.9	-3.4
Property & Casualty	160.2	179.8	-10.9	+7.8
TOTAL	**17,268.9**	**16,227.7**	**+6.4**	**+10.2**

* Average exchange rates:

First-half 2016: Brazil: €1 = BRL 4.13; Argentina: €1 = ARS 16.01

First-half 2015: Brazil: €1 = BRL 3.31; Argentina: €1 = ARS 9.84

For the determination of like-for-like comparatives, the contributions of CNP BVP (Europe excluding France) and La Banque Postale Prévoyance (France) have been excluded from 2015 figures and the contributions of CNP Caution (France) and the digital company (Brazil) have been excluded from 2016 figures.

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			Own-funds portfolios	Total first-half 2016	Total first-half 2015	*Change (%)*	*Change on a like-for-like basis (%)*
	France	Latin America	Europe excluding France					
Average technical reserves					306,627	305,445	0.4%	
Premium income	**13,672**	**1,566**	**2,030**	**-**	**17,269**	**16,228**	**6.4%**	**10.2%**
Net insurance revenue	731	436	115		1,281	1,222	4.8%	16.8%
Revenue from own-funds portfolios				426	426	444	-4.1%	-0.6%
Administrative costs					(428)	(431)	-0.8%	4.0%
EBIT					**1,280**	**1,235**	**3.6%**	**14.9%**
Finance costs					(119)	(95)	24.8%	24.8%
Share of profit of equity-accounted companies					3	2	28.7%	4.4%
Income tax expense					(435)	(422)	3.2%	17.1%
Non-controlling interests					(129)	(177)	-27.0%	-8.0%
Attributable recurring profit					**599**	**543**	**10.3%**	**18.9%**
Fair value adjustments and net gains (losses)					88	288	-69.5%	n/a
Non-recurring items					(67)	(216)	n.m.	n/a
Attributable profit for the year					**620**	**615**	**0.8%**	**8.7%**

Note: - In the like-for-like comparatives, the contributions of CNP BVP (Europe excluding France) and La Banque Postale Prévoyance (France) have been excluded from the 2015 base. Like-for-like data for 2016 does not include CNP Caution (France), the digital company (Brazil) and Arial CNP Assurances.

EBIT and attributable recurring profit before capital gains are two key performance indicators used by the Group. They have the advantage of being unaffected by realised capital gains on equities and investment property attributable to shareholders or by fluctuations in the financial markets.

EBIT comprises:

- net insurance revenue (NIR), which corresponds to the margin on insurance contracts, excluding administrative costs;
- revenue from own-funds portfolios, corresponding mainly to equity-linked assets; and
- administrative costs.

The two drivers of NIR are:

- **premium income**, which came in at €17.3 billion (see Business Review);

- **insurance and financial outstandings**, excluding the deferred participation reserve and net of reinsurance, which rose 0.4% in first-half 2016.

Consolidated NIR totalled €1,281 million for the first six months of 2016, an increase of 4.8% on the same period in 2015 that was led by 15.5% growth in France and 29.6% growth in Europe excluding France. The like-for-like increase was 16.8%.

The €98 million growth recorded in France (15.5% as reported and 19% on a comparable scope basis) was mainly attributable to the Savings and Pensions business:

- In Savings and Pensions, the €113 million increase primarily reflected the low basis of comparison in first-half 2015 when action was taken to bolster reserves for currency risks.

- In Personal Risk and Protection insurance, the €15 million decline was due to the divestment of La Banque Postale Prévoyance and to certain technical factors.

In Latin America, like-for-like NIR growth of 9.2% was driven by continued strong volumes in the Brazilian Personal Risk/Protection business combined with a favourable change in claims experience. However, unfavourable exchange rates had the effect of reducing reported NIR by 13% compared to first-half 2015.

In Europe excluding France, NIR rose by 29.6% as reported and 48.9% based on a comparable consolidation scope, led by a strong performance in term creditor insurance.

Revenue from own funds portfolios contracted by €18 million or 4.1% to €426 million, mainly due to the negative currency effect. The like-for-like change was a decline of just 0.6%.

Administrative expenses were down by a slight 0.8% at €431 million. However, on a like-for-like basis they were up by 4%.

In France, strong cost discipline kept the increase to just 0.1%.

In Latin America, costs fell by 14.4% as reported. The like-for-like increase of 5.8% was less than the inflation rate in Brazil, which stood at 10.5%.

In Europe excluding France, administrative expenses climbed 3.3%, or €2 million, on a reported basis. The 10.6% increase on a comparable scope basis reflected business growth at CNP Partners and CNP Santander.

EBIT grew 3.6% as reported and 14.9% like-for-like, powered by operations in France.

Finance costs were up €24 million at €119 million, due to the subordinated debt issues in December 2015 and January 2016.

Income tax expense represented an effective rate of 37.5%, virtually unchanged from first-half 2015.

The 27% decline in profit attributable to **non-controlling interests** stemmed mainly from the negative currency effect in Latin America.

All told, **attributable recurring profit** rose by 10.3% to €599 million.

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

Fair value adjustments and net gains (losses) on equities and property and impairment losses mainly reflect the effect of declining stock markets in the first half of 2016, as well as the €160.6 million after-tax gain on the sale of La Banque Postale Prévoyance. In first-half 2015, this item included the €232 million net gain on the sale of CNP BVP.

Non-recurring items correspond to exceptional increases in reserves of €67 million after the tax effect (€103 million before tax) in first-half 2016 compared to €217 million after the tax effect (€350 million before tax) in the year-earlier period.

Reported **attributable net profit** came in at €620 million, an increase of 0.8%. The like-for-like increase was 8.7%.

Consolidated balance sheet at 30 June 2016

Total assets amounted to €414.8 billion at 30 June 2016 compared with €393.7 billion at 31 December 2015, representing a 5.4% increase.

Insurance and financial liabilities totalled €358.4 billion at 30 June 2016, up 2.5% from 31 December 2015.

Equity attributable to owners of the parent remained fairly stable compared with 31 December 2015, at €17,387 million, with the payment of a €528 million cash dividend for 2015 offset by first-half 2016 profit of €620 million and translation gains of €175 million. The total includes €2,635 million in deeply subordinated notes reclassified in accordance with the IFRIC interpretation published in November 2006.

Solvency capital

CNP Assurances calculates its consolidated SCR coverage ratio using the standard formula without applying transitional measures (except for grandfathering of subordinated debt), without equivalent regulatory capital measurement in Brazil, and net of the current year's dividend. The consolidated SCR coverage ratio was 165% at 30 June 2016 versus 192% at 31 December 2015. The decrease in the coverage ratio over the first half is attributable to the sharp decline in interest rates and the deterioration in the stock markets.

Asset portfolio and financial management

Insurance investments at 30 June 2016 rose by €6.6 billion to €377.5 billion from €370.9 billion at 31 December 2015.

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 2016 represented 78.5% of total investments and financial assets at fair value through profit or loss (trading securities) represented 19.2%, while held-to-maturity investments and other investments (mainly investment property and loans) accounted for 2.3%.

RISK FACTORS

Following a risk assessment, CNP Assurances considers that the Group is not exposed to any risks other than those described on pages 148 to 159, 277 to 289, and 324 to 334 of the 2015 Registration Document.

OUTLOOK

CNP Assurances is confident of its ability to accelerate the transition to a multi-channel, multi-partner and multi-product business model. It therefore confirms its financial objective of delivering average organic EBIT growth of at least 5% per year over the period 2016-2018.