MARKET-CONSISTENT EMBEDDED VALUE REPORT

31 December 2016

CNP assurances

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MARKET-CONSISTENT EMBEDDED VALUE REPORT

INTRODUCTION

1.1 REPARATION BASES & KEY PRINCIPLES

PRESENTATION OF THE REPORT

This report presents the results, methods and assumptions used to determine the Embedded Value of the CNP Assurances Group (the "Group") at 31 December 2016. The Embedded Value (referred to variously by the terms "Market-Consistent Embedded Value", "MCEV", "Embedded Value" or "EV") is established in accordance with the "European Insurance CFO Forum Market Consistent Embedded Value© Principles" (the "MCEV principles") published in June 2008, amended in October 2009 then updated in April 2016.

The report contains a reconciliation between the Group's IFRS equity and the Group's EV at 31 December 2016. However, the information contained in this report is not directly comparable to the financial information produced in accordance with the IFRS standards. Nor is it a valuation of the Group or of a part of the Group as might be established in the context of an acquisition: other valuation methods would then be used.

The Group nevertheless considers that the information on Embedded Value is such as to provide valuable components to analyse the Group's economic performance in the financial year. The different terms used in this report to analyse the Group's activities may differ from the definition used by other insurance companies or groups. A glossary at the end of the document (Appendix A) gives details on the definition of the main terms used in this report.

The methodology, assumptions and results of the 2016 MCEV have been reviewed jointly by auditors PWC and Mazars, which also audit CNP Assurances's financial reports and whose opinion is appended at the end of the report.

PRESENTATION OF MCEV

The Market-Consistent Embedded Value is a measure of the economic value of life insurance activities and related activities, on the basis of a fair value valuation of assets and liabilities. It comprises on the one hand the adjusted value of shareholders' equity and on the other hand the value of the portfolio of policies at the financial year-end. This last component is estimated using projection models and is the present value of future distributable profits after making sufficient allowance for risks and constraints related to insurance activities in a market-consistent financial environment. In particular, it takes into account:

- the cost of time value of options and financial guarantees given to policyholders ("TVOG") in addition to their embedded value;
- the Frictional Cost of Required Capital ("FCRC"), arising from the obligation to permanently maintain the Required Capital;
- the Cost of Residual Non-hedgeable Risks not fully valued elsewhere (CRNHR).

The adjusted net asset value ("ANAV") breaks down into Required Capital and Free Surplus. The Required Capital is the market value of the assets that the insurer must hold in respect of its business, whose distribution to shareholders is restricted. The Free Surplus refers to the surpluses available. The "Operating Free Cash-Flow" indicator ("OFCF") shows the release of Free Surplus related to operating activities. This release can be used to pay dividends and develop business via marketing new business or through external growth operations.

The contribution to MCEV from new policies in the current year (referred to variously by the terms "Value of New Business" or "VNB") is analysed specifically, and is a measure of the performance of the Group's underwriting activity.

The MCEV and VNB are calculated net of minority interests, net of reinsurance and net of tax.

1.2 CONTENT AND PERIMETER

DESCRIPTION OF THE REPORT

This report presents the results, methods and assumptions used to calculate the Group's Embedded Value and prepare information on Embedded Value at 31 December 2016. It is structured around the following sections:

Section 1: Preparation bases & key principles

Section 2: Results at 31 December 2016

Section 3: Results detailed by geographic area

Section 4: Methodology

Section 5: Assumptions

Section 6: Changes in MCEV since 2009

Section 7: External opinion on Market Consistent Embedded Value

Appendices

SCOPE

The Group's business is concentrated on life insurance in the three geographic areas: France, Latin America and Europe excluding France. The main products are:

- individual traditional savings and unit linked accounts;
- pension products including immediate and deferred annuities;
- credit insurance (consumer credit and mortgage);
- capital accumulation products;
- protection and health products;
- other products linked to the above products.

The business covered by MCEV concerns all Group entities' life insurance business and related business that contributes significantly to the value. The scope covered and changes to it compared to the MCEV scope at 31 December 2015 are detailed in Appendix B.

1.3 ADAPTING THE METHODOLOGY TO THE REGULATORY AND ECONOMIC ENVIRONMENT

Information on Embedded Value in this report differs in some ways when compared to publications in previous financial years, with two main causes:

1) the entry into force of Solvency 2 on 1st January 2016 resulted in a number of changes:

- The use of a Solvency 2 Required Capital: MCEV and associated indicators such as OFCF are determined by taking into account the new capital calculated in compliance with the Solvency 2 regulation in European entities whereas previous publications were based on calculations in accordance with the earlier regulations.
- The change for MCEV for Latin America business: the publication of a specific Brazilian rate curve for work related to Solvency 2 drove to replace the former methods of valuing business with a traditional methodology. The MCEV methodology is now used on the Latin America.
- Aligning the rate curve with Solvency 2: the rate curve used for each of the segments is the one that is used in the Solvency 2 framework taking account of the "credit risk adjustment" and "volatility adjustment" allowed within the framework set by local supervisory authorities.

2) the negative rates in the Eurozone in 2016 have led to the Group adapting its economic scenario generators and models to enable the consequences of this unprecedented financial situation to be taken into account.

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RESULTS AT 31 DECEMBER 2016

RESULTS
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2.1 INTRODUCTION

2.1.1 MAIN EVENTS IN THE YEAR

2016 was marked by several major events:

- the worsening of the low rate environment in the Eurozone

The continued deterioration in rates in the Eurozone has resulted in the need to explicitly model negative interest rates. This has led to modifying the projection models and economic scenario generators used for Embedded Value calculations. The actions that would be taken by management if the low rate situation is prolonged have thus been taken into account.

- decrease in interest rates in Brazil

The environment has been marked with a significant dip of over – 600 bps in the rate curve published by EIOPA on which the Embedded Value calculation are based in Brazil.

- the renewal of partnership agreements in France

The implementation of agreements with BPCE became effective in 2016; In addition, discussions with La Banque Postale were finalised and are taken into account in the Embedded Value. Discussions with partner Crédit Agricole on credit insurance insured with CNP Assurances are being finalised.

- changes to the consolidation scope

In France, the 2016 financial year was marked by the disposal of La Banque Postale Prévoyance following the finalisation of discussions initiated as part of the renegotiation of partnership agreements, but also by the integration of the Arial CNP Assurances subsidiary specialising in the corporate pension plans and owned by CNP Assurances and AG2R La Mondiale. In Europe excluding France, BVP Italia business has been acquired by CNP Partners. In Latin America, the project to develop sales via a digital channel was launched in Brazil.

2.1.2 OVERALL RESULTS

The value of the Group's 2016 new business comes to +€436m, down -6% compared to 2015. The decrease in VNB is mainly due to the particularly low rates environment. Actions were undertaken in the year to adapt the product offer to the new environment with the limitation in options and guaranties of new traditional savings policies, as well as by limiting remuneration for sellers of less profitable policies. Even if the effect of these actions is already partially evident during the 2016 financial year, it will only be fully seen in subsequent financial years.

The Group's Embedded Value amounts to +€19,951m, or an increase of +€708m (+4%) in the period including +€1,402m due to operational impacts and -€796m due to economic effects and the decrease in normal corporation tax rates. Dividends paid were +€529m.

The main vectors in the change in VNB and MCEV are described in the following sections, and information detailed by country is given in Section 3 of the report.

The following table gives the main results in terms of VNB and MCEV:

(€m, %)		2016	2015
VNB	**VALUE OF NEW BUSINESS**	**436**	**463**
APE	Annual Premium Equivalent	3,129	3,195
PVNBP	Present Value of New Business Premiums	27,463	27,741
	Margin rate	13.9%	14.5%
	PVNBP ratio	1.6%	1.7%

(€m, %)		2016	2015
MCEV	**MARKET CONSISTENT EMBEDDED VALUE**	**19,951**	**19,243**
VIF	Value of In-Force	6,509	6,685
ANAV	Adjusted Net Asset Value	13,442	12,558
	Return on MCEV	7.4%	11.2%
IDR	Implied Discount Rate	7.4%	5.60%
OFCF	**OPERATING FREE CASH FLOW**	**1,632**	**1,706**
Of which subordinated debt		576	750

2.2 VALUE OF NEW BUSINESS

The following table gives a detailed breakdown of the Group's VNB. The VNB is valued in accordance with a marginal method that takes account of interactions between new products and stock (see Section 4.3.2). It is valued on the basis of assumptions reviewed at the year-end, after taking taxes and minority interests into account.

		2016		2015		CHANGE	
		€m	€ per share[1]	€m	€ per share[1]	€m	%
PVFP	Present Value of Future Profits	825	1.20	779	1.13	45	5,8%
TVOG	Time Value of Options and Guarantees	(283)	(0.41)	(195)	(0.28)	(88)	45.2%
FCRC	Frictional Cost of Required Capital	(32)	(0.05)	(44)	(0.06)	12	(27.4%)
CRNHR	Cost of Non-Hedgeable Risks	(75)	(0.11)	(77)	(0.11)	3	(3.7%)
VNB	Value of New Business	436	0.63	463	0.67	(28)	(6.0%)
APE	Annual Premium Equivalent	3,129		3,195		(66)	(2.1%)
PVNBP	Present Value of New Business Premiums	27,463		27,741		(278)	(1.0%)
	Margin rate	13.9%		14.5%		(0.6%)	(4.1%)
	PVNBP ratio	1.6%		1.7%		(0.1%)	(5.1%)

(1) Number of shares at 31 December 2015 and at 31 December 2016: 686,618,477

Group VNB is down by -€28m (-6%). The decrease is due to changes in the following components:

- The Present Value of Future Profits (PVFP) up +5.8% compared to 2015; the value of new business applying a central assumption of the change in financial markets is higher compared to the 2015 financial year. It reflects the work done by the Group to favour growth in the most profitable segments and adapt financial guarantees and the commission structure to the low rate environment.
- The Time Value of Options & Guarantees (TVOG) is sharply up because of uncertainties related to the economic environment which is resulting in increased asymmetry in favour of policyholders on traditional savings policies; they benefit from profit sharing options and surrender options on their traditional savings. Extremely low rates and market volatility are leading the options to approach the in-the-money position, whereas the explicit modelling of negative rates undertaken in 2016 resulted in the projecting a broader spectrum of trajectories that for the 2015 financial year generating an increase in the time value of financial options.
- Frictional Cost of Required Capital (FCRC), is down -27.4% mainly because of two same-way effects : (i) the low rate environment in the Eurozone and the decrease in rates in Latin America, which reduces the opportunity cost of retaining the capital for regulated insurance business, whereas (ii) the change to a Required Capital calculation in the Solvency 2 standard for European entities and the adjustment for business in Latin America enable the actual cost of capital immobilisation to be better captured.
- Cost of Residual Non-hedgeable Risks (CRNHR) is down -3.7% which reflects the fall in non-financial risks related to new policies in the 2016 financial year and illustrates their better quality compared to 2015.

Group APE volume (+€3,129m), is down -2.1% compared to 2015. It is typified by:

- receipts down -1.7% in france due to the disposal of La Banque Postale Prévoyance, offset in part by a rise in increased written premium on traditional savings;
- receipts slightly up in Latin America (+1%), but adversely affected by an unfavourable exchange rate;
- receipts up in Europe excluding France, driven by all entities of the zone but more particularly by the Irish and Italian entities.

The Group's margin rate is down -0.6% and amounted to +13.9% in 2016 against +14.5% in 2015. The decrease in margin rate is mainly due to the increase in the TVOG linked to traditional savings products.

The following table gives a detailed analysis of the main factors in the change in value of new business:

(€m , %)	VNB	CHANGE	MARGIN RATE
Value of New Business 2015	463		14.5%
Updated model and scope	418	(45)	13.3%
Change in the APE volume	418	0	13.3%
Change in the product mix	500	82	15.8%
Change in experience	534	34	16.9%
Change in financial market conditions	427	(107)	13.5%
Updated taxation	443	16	14.1%
Change in the foreign exchange rate	436	(8)	13.9%
Value of New Business 2016	436	(28)	13.9%

The VBN amounted to +€436m at end 2016 against +€463m in 2015, the main items explaining changes in it are as follows:

- Updated model and scope (-€45m) represent the impact of all changes in models and scope occurred during the 2016 financial year; they mainly concern the effects of the disposal of La Banque Postale Prévoyance (-€37m), explicitly taking negative rates in the Eurozone into account with associated management's actions and adaptation of the split of initial unrealized gains between new business and in-force policies on a prolonged low rate environment, as well as the impact of the change in method in Latin America with modelling in a market-consistent environment. The changes implemented have also enabled more exact modelling of expense assumptions in France, aiming at taking better account of the origin of the different expenditure types.
- Change in the APE volume (+€0m) mainly represents the effects of variations in the overall amount of premiums received by the Group, without taking into account changes in distribution per segment and per product. The amounts used are the APE amounts and are established from premiums written in accordance with local accounting standards.
- Change in the Product Mix (+€82m) takes account of difference in distribution of sales between different segments and different products. It results mainly from France with a more favourable change in receipts on distribution networks and products with better margin rates.
- Change in experience (+€34m) reflects the impacts from changes in non-economic assumptions, mainly claims assumptions, behavioural assumptions and expenses assumptions. It mainly concerns the updating experienced laws on credit insurance and collective protection, where claims improved over the year.
- Change in financial markets (-€107m) reflects the impacts due to changes in market conditions over 2016 and especially the decrease in rates in the Eurozone partially compensated by the evolution of interests rates in Brazil with a fall of nearly -600 bps in rates on the liabilities horizon. The Eurozone countries and France in particular have been particularly affected because of the decrease in rates and heightened volatility to a level where financial options are getting close to in-the-money position. The decrease in the rates in Brazil has a positive effect mainly because of lower discount rates on risk products with regular premium and because of absence of guarantied rates.
- Updated taxation (+€16m) reflects the impact of changes in tax rates including in particular the decrease in tax rates in Italy as well as the decrease in tax rates in France.
- Change in foreign exchange rate (-€8m) reflects the change in average exchange rates of the Brazilian Real against the € since the previous VNB reference calculations. The principal exchange rate, BRL/€ changed slightly unfavourably in the financial year, with a daily average of 3.8562 BRL/€ in 2016 against 3.7038 BRL/€ in 2015, or a +4% increase.

The following table gives the duration of new business:

DURATION (YEARS)	2016	2015
Savings & Pensions	13.3	13.1
Risk & Protection	11.9	9.4

2.3 MCEV AT 31 DECEMBER 2016

The following table gives a breakdown of the different components of the Group's MCEV at 31 December 2016 and a comparison with the MCEV at 31 December 2015:

	MCEV 2016 before payment of 2016 dividend		MCEV 2015 after payment of 2015 dividend		Change before payment of 2016 dividend		MCEV 2015 before payment of 2015 dividend	
	€m	€ per share *	€m	€ per share *	€m	%	€m	€ per share *
ANAV – Adjusted Net Asset Value	13,442	19.6	12,029	17.5	1,412	11.7%	12,558	18.3
Required Capital	5,412	7.9	6,722	9.8	(1,310)	(19.5%)	6,722	9.8
Free Surplus	8,030	11.7	5,307	7.7	2,722	51.3%	5,836	8.5
VIF – Value of In Force	6,509	9.5	6,685	9.7	(175)	(2.6%)	6,685	9.7
Present Value of Future Profits	11,927	17.4	11,206	16.3	721	6.4%	11,206	16.3
Time Value of Options and Guarantees	(4,199)	(6.1)	(2,960)	(4.3)	(1,239)	41.8%	(2,960)	(4.3)
Frictional Cost of Required Capital	(673)	(1.0)	(811)	(1.2)	139	(17.1%)	(811)	(1.2)
Cost of Non Hedgeable Risks	(546)	(0.8)	(750)	(1.1)	204	(27.2%)	(750)	(1.1)
MCEV - Market Consistent Embedded Value	19,951	29.1	18,714	27.3	1,237	6.6%	19,243	28.0

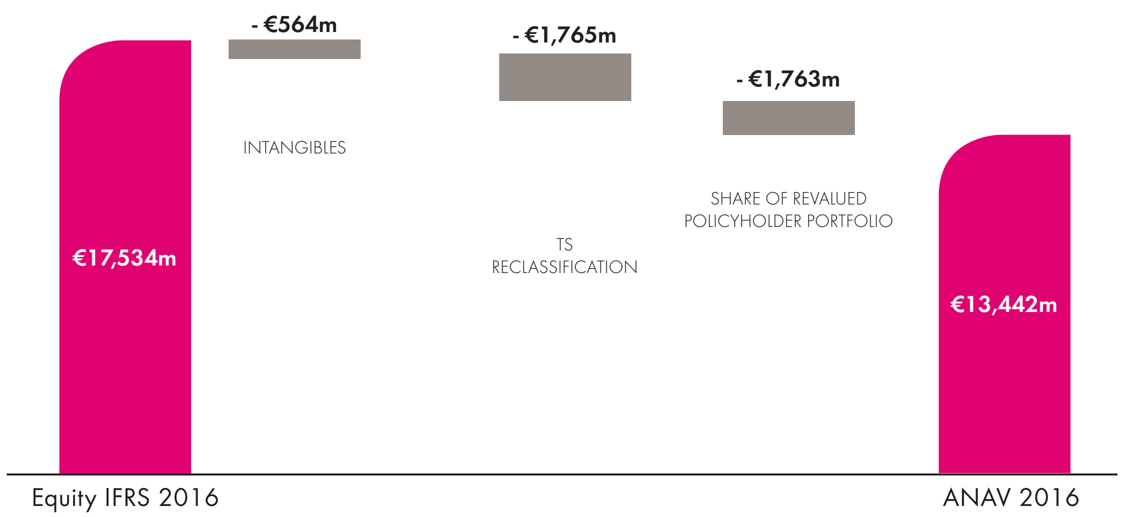
** Number of shares at 31 December 2015 and at 31 December 2016: 686,618,477*

The MCEV consists of (i) Adjusted Net Asset Value ("ANAV"), in other words the market value of assets not backing insurance liabilities, and (ii) the Value of In-Force ("VIF"), in other words the value of future profits emerging from insurance liabilities and back assets minus all costs relative to non-hedgeable risks and required capital.

2.3.1 ADJUSTED NET ASSET VALUE

Adjusted Net Asset Value ("ANAV") is the market value of assets that do not back insurance liabilities. It is derived from the IFRS shareholders' book equity after deducting intangible assets, subordinated liabilities and the share of revalued policyholder portfolio. The ANAV is determined at the valuation date at consolidated level, excluding minority interests and breaks down into the Required Capital and the Free Surplus.

The following diagram gives the reconciliation of the IFRS shareholders' book equity with the ANAV at 31 December 2016



The ANAV is reconciled with the IFRS shareholders' equity as follows:

- Cancellation of intangible assets: the various intangible assets whose amortisation is not projected in the VIF are restated. These intangible assets do not have a commercial value and they are assigned a nil value for the needs of determining the ANAV.
  It concerns:
  - accounting goodwills which represents a book entry in accordance with the IFRS standards related to the acquisition cost of an entity;
  - deferred acquisition costs (DIR/DAC) being the non-amortized part of acquisition costs incurred at inception of insurance policies;
  - value of business acquired representing the VIF crystallised on the acquisition date of an external portfolio and amortised over time.
- Reclassification of subordinated debts: subordinated debts are considered to be components of shareholders' equity in the IFRS standards, but do not belong to the shareholders. So their value is not included when determining the ANAV.
- Share of revalued policyholder portfolio: a fraction of the unrealised gains or losses on financial assets is deemed to belong to the shareholders under the IFRS standards in accordance with specific keys whereas the residual part is deemed to belong to the policyholders. Modelling in MCEV results in a more accurate approach in determining the part due to shareholders, which is reincorporated into the portfolio value modelling.

2.3.2 ANALYSIS OF CHANGE IN MCEV

The following table gives the analysis of change, distinguishing VIF and ANAV, itself composed of the Free Surplus and Required Capital:

(€m)	ANAV	Free surplus	Required Capital	VIF	MCEV
MCEV 2015	12,558	5,836	6,722	6,685	19,243
Opening adjustments	(531)	2,996	(3,527)	314	(217)
Adjusted opening MCEV 2015	**12,028**	**8,832**	**3,195**	**6,998**	**19,026**
New business value	(41)	(661)	620	476	436
Expected existing business contribution	146	146	0	703	849
Transfers from the VIF and required capital to free surplus	1,173	1,533	(360)	(1,173)	0
Experience variances	(143)	38	(180)	257	114
Changes in assumptions relating to operating activities	0	0	(0)	(17)	(17)
Other operating variance	0	576	(576)	20	20
Operating MCEV Earnings	**1,135**	**1,632**	**(497)**	**267**	**1,402**
Economic variances	147	(2,245)	2,392	(1,243)	(1,096)
Other non-operating variance	(36)	(293)	257	336	300
Total MCEV earnings	**1,246**	**(906)**	**2,152**	**(640)**	**606**
Closing adjustments	168	104	65	151	319
MCEV 2016	13,442	8,030	5,412	6,509	19,951

Opening adjustments cover:

- movements of capital and especially payment of the 2015 dividend which affects the ANAV;
- changes in the scope (disposal of La Banque Postale Prévoyance; acquisition of BVP business in Italy by CNP Partners; consolidation of the Arial CNP Assurances subsidiary);
- changes in methodology: the inclusion of an S2 capital in the Required Capital calculation for European entities has resulted in a sharp increase in the Free Surplus, partially offset by the inclusion of 110% of the solvency capital requirement into local standards in Brazil, against 100% previously. The FCRC is also down in line with the fall in Required Capital.
- changes to models linked especially to taking into account negative rates in the Eurozone with management's associated actions on a prolonged low rate environment in France and improvements in the modelling of expenses in France as well.

The value of new business contributes +€436m to changes in MCEV. This value incorporates the net result generated in 2016 by new business for -€41m allocated to ANAV and the contribution to the year-end VIF. The corresponding increase in Required Capital amounts to +€620m.

The expected existing business contribution (+€849M) results from the capitalisation of the VIF (+€703m) calculated at 31 December 2015 and the interests projected on the Free Surplus (+€146m) at 31 December 2015. In addition, the 2016 result attached to the 31 December 2015 VIF is transferred to the ANAV without impact on the MCEV, and increases the Free Surplus both because of externalised VIF profits and the reduction in capital required.

The experience variances affect the VIF to the tune of +€257m and arise mainly from differences between the 2016 anticipated result in the context of modelling of the VIF and the actual result posted in the 2016 financial year.

The changes in assumptions relating to operating activities result in a -€17M decrease in VIF. Various assumptions have been changed in the light of accumulated experience which is incorporated into forecasts for the future but also of changes in anticipations linked to events occurring in 2016, the effects of which have not been fully reflected in the book result. The assumptions concerned are behavioural assumptions and especially surrender, biometric assumptions, assumptions on aggregated claims and assumptions on management costs for the business modelled.

Other operating variances represent the impacts from repayments and issue of subordinated debt in 2016.

The result is a **contribution from operating activities** of +€1,402m on MCEV. As regards the Free Surplus, the cash-flow available of +€1,632m generated by operating activities corresponds to the "Operating Free Cash-Flow" indicator. Its interpretation and details of changes are given in paragraph 2.3.3.

Economic variances (-€1,096m) cover;

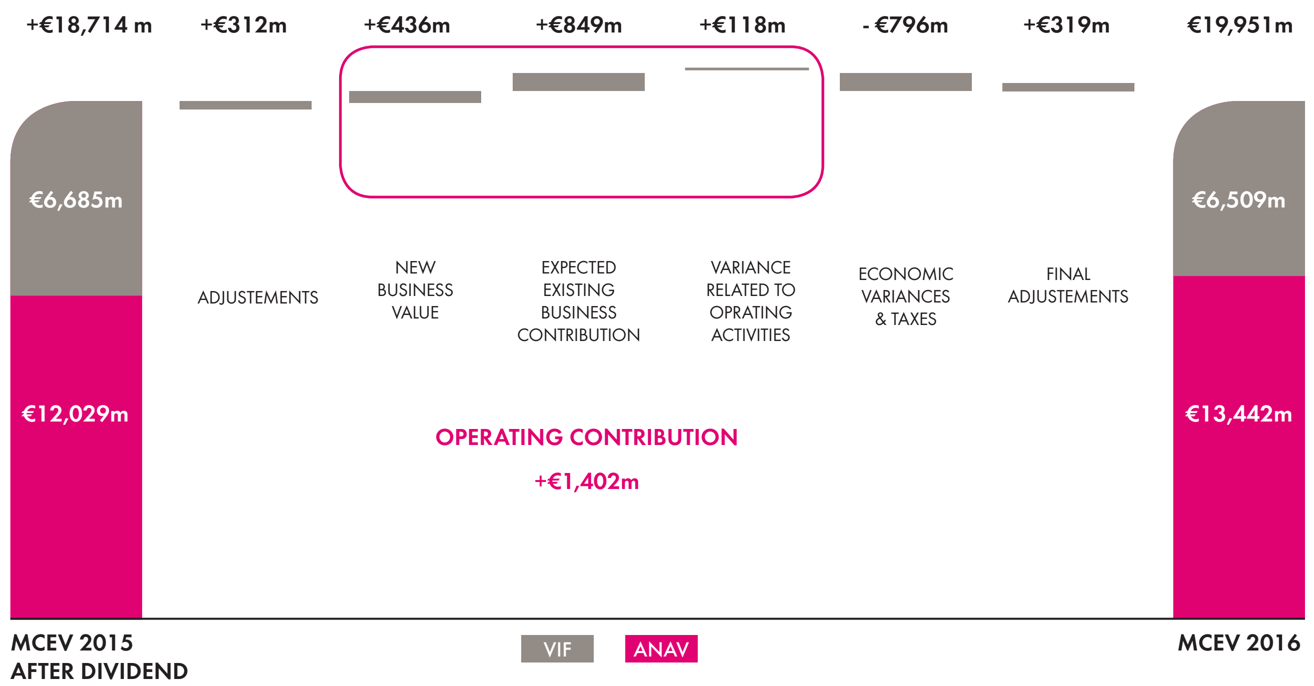
- a decrease in rates and the increase in their volatility in the Eurozone;
- a decrease in rates in Brazil;
- movements on stock markets and property and their volatility;
- evolution of assets portfolio.

Other non-operating variances are the effects of the decrease in the normal rate of corporation tax in France from 2020 and the decrease in tax rate in Italy.

Closing adjustments (+€319m) are foreign exchange effects, mainly those of Brazilian Real. Unlike the average rate used for VNB calculations, that is up, the spot rate for end 2016 is down by – 20%. The Real is fortified against €, the exchange rate is of 3.4305 BRL/€ for end 2016 versus 4.31178 BRL/€ for end 2015.

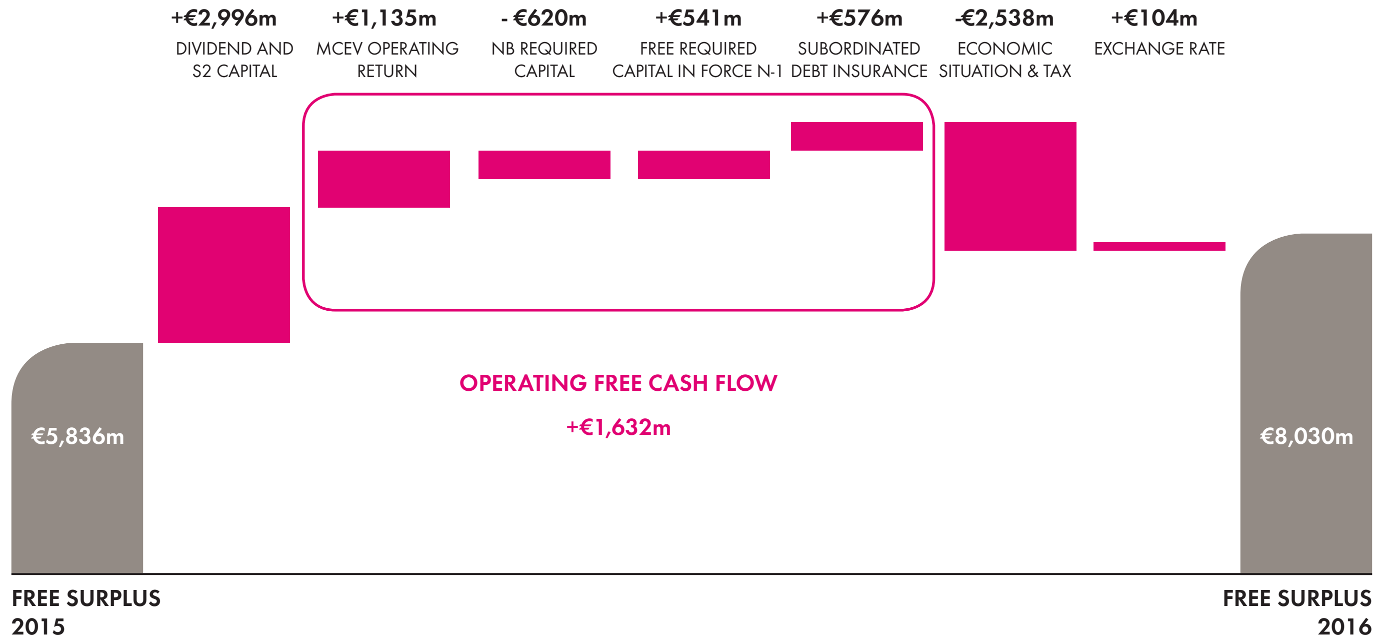
A detailed analysis by geographic area is given in Section 3.

The following graph shows the change in value between MCEV and its components (VIF and ANAV) between 31 December 2015 and 31 December 2016, grouping different impacts together:



2.3.3 ANALYSIS OF VARIANCES IN FREE SURPLUS

The following graph details the change in Free Surplus between 31 December 2015 and 31 December 2016, grouping different impacts together:



The Free Surplus comes to +€8,030m, up +€2,194m compared to 2015.

The opening adjustment is +€2,996m, including +€3,188m relating to France. The main reasons for this change are (i) the payment of Group dividends for the 2015 financial year and (ii) the inclusion from now on of a S2 capital in the Required Capital calculation, resulting in a sharp increase in the Free Surplus for France partially offset by the -€219M decrease in Free Surplus for Latin America.

The operational contribution amounts to +€1,632m:

- a 2016 operational result of +€1,135m;
- a change in the Required Capital of +€79m breaks down into an amount of +€620m linked to new business and a -€541m release of capital on the portfolio in stock at 31 December 2015;
- a fall in the TS net Required Capital of -€576m subsequent to 2016 repayments and new issues.

This available Cash-flow generated by operational activities, called **"Operating Free Cash-Flow"**, shows the Group's ability to generate the Free Surplus to pay its dividends and develop through marketing new business or by external growth operations.

The economic contribution is -€2,538m mainly driven by the impact on France of the new definition of Required Capital: the decrease in VIF in the economic situation at end 2016 results in a decrease in funding for Required Capital (defined according to the SCR).

The final adjustment mainly corresponds to exchange rate effects.

The following table gives an analysis of the OFCF, distinguishing its various components at 31 December 2016 and 2015:

(€m)	2016	2015
VIF transfers to Free Surplus	1,173	1,036
Financial income from Free Surplus	146	79
Release of required capital to Free Surplus	360	669
Experience variances	614	700
Expected contribution of In-Force	2,293	2,485
Capital required for new business	(620)	(740)
Earnings attributable to new business	(41)	(38)
Capital required for new business	(661)	(779)
OPERATING FREE CASH FLOW	1,632	1,706
of which subordinated debt	576	750

Operating Free Cash-flow is down at +€1,632m, or up at +€1,056m excluding subordinated securities.

2.4 IMPLIED DISCOUNT RATE

In an alternative way to the traditional approach in which the VIF and VNB result from an update of future distributable revenue with a discount rate, the MCEV approach can also be used to deduce an implied discount rate to directly value the VIF and VNB. The implied discount rate (IDR), is defined as the discount rate as such, when used with a traditional model of embedded value, the values produced (VIF, VNB) are equal to those that result from a market-consistent valuation. This IDR is thus a result of the valuation work rather than a basic MCEV assumption. The IDR calculation requires a deterministic projection of future profits resulting from stock on a "real world" basis as for a traditional embedded value.

At 31 December 2016, the IDR is calculated on the basis of a spread of 0 bps on the reference rate curve and a spread of 20 bps on corporate type bonds. Shares and property benefit from a risk premium of 310 bps and 230 bps (same as at 31 December 2015) respectively.

The IDR comes to +7.4% for the Group at 31 December 2016 against +5.6% at 31 December 2015.

2.5 SENSITIVITIES

MCEV sensitivities are based both on the economic and underlying non-economic assumptions. It should be noted that sensitivities are often correlated, so it is unlikely that the impact of two events occurring simultaneously would be equal to the sum of the individual sensitivities for each event. For events whose impact is considered symmetrical, only sensitivities in one sense are presented.

The meaning of the different sensitivities is described in the comments beneath the table below which gives the results of sensitivities:

(€m)	ANAV	VIF	MCEV	VNB
MCEV - Market Consistent Embedded Value	13,442	6,509	19,951	436
Interest rate curve +50 bps	(310)	1,452	1,142	120
Interest rate curve -50 bps	308	(1,449)	(1,141)	(183)
No volatility adjustment (VA = 0)		(478)	(478)	(42)
25% decrease in equity capital values	(1,185)	(1,702)	(2,887)	
Surrenders -10%		103	103	29
Costs -10%		325	325	42
Regulatory minimum Capital Requirement		59	59	4
Claims rates - 5% - Risk of longevity		(65)	(65)	(1)
Claims rates - 5% - Risk of mortality & disability		151	151	57
25% increase in swaption implied volatilities		(830)	(830)	(74)
25% increase in equity implied volatilities		(809)	(809)	(50)

In each of the sensitivity calculations, all other assumptions remain unchanged. No specific additional action by management has been included in the sensitivities above.

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02

Interest rate curve +/-50 bps:

This sensitivity is a translation of the swap rate curve by 50 bps up or down. In particular, it results in:

- a revaluation of the market value of bonds;
- an adjustment of reinvestment rates for all classes of assets of 50 bps;
- and an update of the discount rate.

The impact on the initial mathematical provisions for unit-linked policies is not valued.
Only the liquid part of the yield curve is subject to translation with a stable ultimate forward rate (UFR), in line with its definition under Solvency 2.
Because of the asymmetrical, non-linear impact of options and financial guarantees on MCEV, the drop in financial markets usually has a bigger impact on MCEV than the rise in interest rates, the impact gets greater with every additional drop.
In the new method used, yield rates are no longer floored at 0.

No volatility adjustment (VA):

This sensitivity is used to value the impact where there is no correction for volatility ("volatility adjustment") on activities where such a correction is used.

25% decrease in equity capital values:

This sensitivity is used to value the impact on value of an immediate 25% in equity indices. This shock results in a 25% fall in the market value of financial assets in equity, and a decrease in the mathematical provisions on unit-linked policies for their share invested in those assets.

25% increase in swaption/equity implied volatilities:

These sensitivities are used to value the impact on Time Value of options and financial guarantees of the 25% increase in swaption and equity volatility.

Surrenders -10%:

This sensitivity measures the impact of a 10% decrease in total and partial annual surrender rates.

Costs -10%:

This sensitivity is used to value the impact of a 10% decrease in all costs: acquisition, management, claim and structure costs.

Claims -5%:

This sensitivity measures the impact of a fall in claims: the incidence rate, loss ratios, disability and incapacity rate and mortality tables have been reduced by 5%. Sensitivities to longevity risk, mortality risk and long term disability risk are measured separately.

Regulatory minimum Required Capital:

This sensitivity consists of defining Required Capital as 100% of the required regulatory solvency margin, considering as stable the share of subordinated securities, and of measuring the impact of this change of assumption on value.

03

MARKET-CONSISTENT EMBEDDED VALUE REPORT

RESULTS DETAILED BY GEOGRAPHIC AREA

RESULTS
03

The following section gives an analysis of the main indicators and main vectors for change by geographic area.

3.1 OVERVIEW

The following tables give the overall results and contribution for different geographic areas in the CNP Assurances Group's MCEV and VNB results. The analysis is detailed for each of the following areas.

			FRANCE	LATIN AMERICA	EUROPE EXCLUDING FRANCE	GROUPE
VNB (€m)		2015	271	138	54	463
		2016	232	146	58	436
	change		(39)	8	3	(28)
Share in Group VNB (%)		2015	59%	30%	12%	100%
		2016	53%	33%	13%	100%
APE (€m)		2015	2,369	529	297	3,195
		2016	2,328	501	300	3,129
	change		(41)	(28)	4	(66)
Margin rate (%)		2015	11.4%	26.1%	18.3%	14.5%
		2016	10.0%	29.1%	19.3%	13.9%
			(1.5%)	3.1%	0.9%	(0.6%)

			FRANCE	LATIN AMERICA	EUROPE EXCLUDING FRANCE	GROUPE
MCEV (€m)		2015	17,117	1,218	908	19,243
		2016	17,136	1,824	991	19,951
	change		19	606	83	708
Share in Group MCEV (%)		2015	89%	6%	5%	100%
		2016	86%	9%	5%	100%
VIF (€m)		2015	5,916	543	225	6,685
		2016	5,359	878	272	6,509
	change		(557)	335	47	(175)
ANAV (€m)		2015	11,201	675	683	12,558
		2016	11,777	946	719	13,442
	change		576	271	36	883

The following table gives VIF sensitivities by geographic area:

(€m)	FRANCE	LATIN AMERICA	EUROPE EXCLUDING FRANCE	GROUPE
VIF 2016	5,359	878	272	6,509
Interest rate curve +50 bps	1,443	(1)	11	1,452
Interest rate curve -50 bps	(1,435)	1	(14)	(1,449)
No volatility adjustment (VA = 0)	(475)	0	(3)	(478)
25% decrease in equity capital values	(1,665)	0	(38)	(1,702)
Surrenders -10%	54	45	4	103
Costs -10%	306	10	10	325
Regulatory minimum Capital Requirement	59	0	0	59
Claims rates - 5% - Risk of longevity	(61)	0	(5)	(65)
Claims rates - 5% - Risk of mortality & disability	108	35	9	151
25% increase in swaption implied volatilities	(828)	0	(3)	(830)
25% increase in equity implied volatilities	(797)	0	(12)	(809)

The following table gives VNB sensitivities by geographic area:

(€m)	FRANCE	LATIN AMERICA	EUROPE EXCLUDING FRANCE	GROUPE
VNB 2016	232	146	58	436
Interest rate curve +50 bps	115	1	5	120
Interest rate curve -50 bps	(179)	(1)	(4)	(183)
No volatility adjustment (VA = 0)	(42)	0	0	(42)
Surrenders -10%	15	12	1	29
Costs -10%	35	4	3	42
Regulatory minimum Capital Requirement	4	0	0	4
Claims rates - 5% - Risk of longevity	(1)	0	(0)	(1)
Claims rates - 5% - Risk of mortality & disability	46	6	4	57
25% increase in swaption implied volatilities	(73)	0	(0)	(74)
25% increase in equity implied volatilities	(48)	0	(2)	(50)

3.2 FRANCE

Business in France is marked by the implementation of agreements with BPCE effective in 2016 and the finalising of discussions with La Banque Postale. Pensions business was marked by the conclusion of a new partnership with AG2R La Mondiale, considering CNP Assurances accepting a portion of the business done by the Arial CNP Assurances entity.

Lastly, the continued deterioration of rates in the Eurozone has resulted in the need to explicitly model negative interest rates.

€232m	2016 VNB
10.0 %	MARGIN RATE ON NEW BUSINESS
53 %	OF GROUP VNB

3.2.1 VALUE OF NEW BUSINESS

The following table gives a breakdown of VNB :

		2016	2015	CHANGE	
(€m, %)				€m	%
PVFP	Present Value of Future Profits	599	573	26	5%
TVOG	Time Value of Options and Guarantees	(275)	(193)	(82)	42%
FCRC	Frictional Cost of Required Capital	(23)	(34)	10	(31%)
CRNHR	Cost of Non-Hedgeable Risks	(69)	(75)	6	(8%)
VNB	Value of New Business	232	271	(39)	(15%)
APE	Annual Premium Equivalent	2,328	2,369	(41)	(2%)
PVNBP	Present Value of New Business Premiums	22,952	23,421	(469)	(2%)
	Margin Rate	10.0%	11.4%	(1.5%)	(13%)
	PVNBP ratio	1.0%	1.2%	(0.1%)	(13%)

The APE volume in France (+€2,328m), down -2% compared to 2015, is typified by an increase in traditional savings written premium offset by lower volumes on individual protection and credit insurance subsequent to the disposal of La Banque Postale Prévoyance.

The value of new business amounted to +€232m at end 2016 against +€271m in 2015, or a fall of -15%.

The following table gives a detailed analysis of the main factors in changes in the value of new business:

(€m, %)	VNB	CHANGE	MARGIN RATE
Value of New Business 2015	271		11.4%
Updated model and scope	225	(46)	9.6%
Change in the APE volume	224	(2)	9.6%
Change in the product mix	308	84	13.2%
Change in experience	330	22	14.2%
Change in financial market conditions	218	(112)	9.4%
Updated taxation	232	14	10.0%
Change in the foreign exchange rate	232	0	10.0%
Value of New Business 2016	232	(39)	10.0%
Change	(39)		(1.5%)

- Updated model and scope (-€46m) represent the impact of all changes occurring during the 2016 financial year and changes in scope especially the disposal of La Banque Postale Prévoyance.

  Changes to the projection model mainly concern:

  - the explicit inclusion of negative rates and associated management actions, and adaptation of the split of initial unrealized gains between new production and stock of policies in an extended low rate environment;
  - the incorporation of new partnership arrangements;
  - the incorporation from now on of a Required Capital in a Solvency 2 environment.

  The changes implemented have also enabled more accurate modelling of expense assumptions in France, designed to take better account of the origin of the various cost types.

- Change in the APE volume (-€2m) adjusts the fall seen on APE volume in 2016, without taking into account changes in the distribution per segment and per product.
- Change in the Product Mix (+€84m) takes account of the difference in the distribution of sales between different products. It is driven by the favourable mix/volume on credit insurance, especially because the scope is extended, and the improvement in margin rate on traditional savings subsequent to the fall in written premium on products with guaranteed rates.

- Change in experience (+€22m) reflects the impacts of changes in non economic assumptions, mainly claims assumptions, behavioural assumptions and expense assumptions. It is explained, this year, by the effects of the improvement of loss ratios on collective protection.
- Change in financial markets (-€112m) reflects impacts related to changes in market conditions and especially the fall in rates in the Eurozone of about -40 centimes in 2016 which has resulted in a significant increase in the cost of Required Capital on traditional savings policies.
- Updated taxation (+€14m) reflects the impacts of the drop to 28% of the normal corporation tax rate from 2020.

The following table gives the duration of new business:

Duration (years)	2016	2015
Savings & Pensions	13.3	13.6
Risk & Protection	12.4	10.9

3.2.2 MCEV AT 31 DECEMBER 2016

The following table gives a breakdown of In-Force values for France, excluding TS cost:

	2016		2015		Change	
	€m	€/share	€m	€/share	€m	%
Value of In-Force	5,359	7.8	5,916	8.6	(557)	(9.4%)
Present Value of Future Profits	10,654	15.5	10,368	15.1	286	2.8%
Time Value of Options and Guarantees	(4,159)	(6.1)	(2,951)	(4.3)	(1,208)	40.9%
Frictional Cost of Required Capital	(623)	(0.9)	(762)	(1.1)	139	(18.3%)
Cost of Non-Hedgeable Risks	(513)	(0.7)	(738)	(1.1)	225	(30.5%)

The VIF for France (+€5,359m), is down -9.4% compared to 2015 because of the fall in rates seen in 2016.

The following table gives an analysis of variances on MCEV, VIF and ANAV, itself broken down between Free Surplus and Required Capital:

(€m)	ANAV	FREE SURPLUS	REQUIRED CAPITAL	VIF	MCEV
MCEV 2015	11,201	5,019	6,182	5,916	17,117
Opening adjustments	(316)	3,188	(3,504)	305	(12)
Adjusted opening MCEV 2015	**10,884**	**8,206**	**2,678**	**6,221**	**17,105**
New business value	(22)	(462)	440	254	232
Expected existing business contribution	120	120	0	543	662
Transfers from the VIF and required capital to free surplus	880	1,108	(228)	(880)	0
Experience variances	(137)	39	(176)	251	114
Changes in assumptions relating to operating activities	0	0	0	(38)	(38)
Other operating variance	0	576	(576)	20	20
Operating MCEV Earnings	**840**	**1,380**	**(541)**	**150**	**990**
Economic variances	82	(2,250)	2,331	(1,340)	(1,258)
Other non-operating variance	0	(257)	257	328	328
Total MCEV earnings	**922**	**(1,126)**	**2,048**	**(862)**	**59**
Closing adjustments	(29)	(29)	0	0	(29)
MCEV 2016	11,777	7,051	4,726	5,359	17,136

Opening adjustments affect the ANAV (-€316m) subsequent to the contribution from France to payment of the Group dividend for the 2015 financial year. The switch to a Solvency 2 Required Capital with especially the inclusion of VIF eligible components enables the amount of the Required Capital to be reduced. In that respect, the Required Capital is down -€3,504m on the economic conditions in Q4 2015. The FCRC is also down explaining in part the increase seen on VIF. VIF is also affected by improvements in the model. They relate, firstly, to the inclusion of negative rates in stochastic modelling specific to traditional savings and pensions. This exercise has required the identification on future management actions that will be take by management if interest rates remain low for an extended period. The particular economic situation thus envisaged also required anticipating reactions of policyholders that may be seen if negative rates persist. The changes implemented have also allowed more accurate modelling of expense assumptions and the inclusion of new partnership agreements.

The value of new business is +€232m. This value includes the net result generated in 2016 by new business for -€22m charged to ANAV. The corresponding increase in the Required Capital amounts to +€440m.

The expected existing business contribution (+€662m) results from capitalisation of the VIF (+€543m) and the projected yield on the Free Surplus (+€120m). For VIF and Required Capital transfers to Free Surplus, the 2016 result on the 31 December 2015 VIF is transferred to the ANAV without impact on the MCEV.

The experience variances affect the VIF to the tune of +€251M and mainly come from allocations to provisions and surplus reserves insufficiently anticipated in the end 2015 economic situation.

The changes in assumptions relating to operating activities result in a -€38m decrease in VIF.

Other operating variances represent the impacts of repayments and issues of subordinated debt in 2016.

The result is a **contribution from operating activities** of +€990m on MCEV (Operating MCEV return of +5.8%). As regards Free Surplus, the Cash-flow available of +€1,380m generated by operational activities correspond to the "Operating Free Cash-Flow" indicator.

Economic variances result in a -€1,258m decrease in MCEV, the positive effects on ANAV do not compensate for the sharp fall in VIF due to the current levels of interest rates and volatilities which penalise the profitability of Savings/Pensions. This also results in a lower funding capacity on the Required Capital which, automatically, is sharply up.

Other non-operating variances are the effects of the decrease in the normal corporation tax rate from 2020.

Closing adjustments correspond to a foreign exchange effect on the ANAV.

3.3 LATIN AMERICA

The Latin America zone covers the activities of the Caixa Seguradora Group in Brazil and CNP Assurances Compañia de Seguros in Argentina.

2016 is marked by a fall in MCEV reference risk free interest rates in Brazil. Note that for 2016 the Latin America perimeter is valued in accordance with the MCEV principles, against a traditional method used previously.

€146m	2016 VNB
29.1 %	MARGIN RATE ON NEW BUSINESS
33 %	OF GROUP VNB

3.3.1 VALUE OF NEW BUSINESS

The following table gives a breakdown of VNB and the main volume and profitability indicators:

(€m, %)		2016	2015	CHANGE €m	CHANGE %
PVFP	Present Value of Future Profits	158	147	10	7%
TVOG	Time Value of Options and Guarantees	0	0	0	
FCRC	Frictional Cost of Required Capital	(8)	(9)	1	(13%)
CRNHR	Cost of Non-Hedgeable Risks	(4)	0	(4)	
VNB	**Value of New Business**	**146**	**138**	**8**	**6%**
APE	Annual Premium Equivalent	501	529	(28)	(5%)
VAP	Present Value of New Business Premiums	2,150	2,086	64	3%
	Margin Rate	29.1%	26.1%	3.1%	12%
	PVNBP Ratio	6.8%	6.6%	0.2%	3%

The APE volume is down -5% compared to 2015 resulting from generally stable written premium (+1% at constant exchange rates and post restatement) but penalised by an unfavourable exchange rate. The average exchange rate used on all cash-flow in Latin America went up +4% in 2016.

Written premium are typified by good performance of pensions business counterbalanced by a downturn in sales of mortgage insurance in line with the market situation in Brazil.

PVNBP is up (+3%) overall resulting from a weaker update effect partially offset by a fall in premiums on long branches such as credit insurance and an unfavourable exchange rate.

The value of new business is up +6%, or +€8m.

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The following table gives a detailed analysis of the main factors for change in the value of new business:

(€m, %)	VNB	CHANGE	MARGIN RATE
Value of New Business 2015	138		26.1%
Updated model and scope	139	1	26.7%
Change in the APE volume	140	1	26.7%
Change in the product mix	135	(5)	25.7%
Change in experience	141	6	26.9%
Change in financial market conditions	153	12	29.2%
Updated taxation	153	0	29.2%
Change in the foreign exchange rate	146	(8)	29.1%
Value of New Business 2016	146	8	29.1%
Change	8		3.1%

- Updated model and scope (+€1m) mainly related to the change to MCEV modelling and minor improvements to the model.
- Change in the APE volume (+€1m) mainly represents the effects of variations in the overall amount of written premiums without taking into account changes in allocation per segment and per product. The amounts used are the APE amounts and are established from premiums measured in accordance with local accounting standards.
- Change in the Product Mix (-€5m) results in a negative impact especially because of the relative fall in amounts ofcredit insurance.
- Change in experience (+€6m) is positive because of the combined effects of:
  - a new positive product mix between sales of consumer credit and property products in Brazil;
  - updating operational assumptions and especially expense assumptions subsequent to an update of their reallocation;
  - neutralisation of losses in health insurance appeared in 2016 thanks to a reinsurance treaty put in place.
- Change in financial markets (+€12m) with the fall in rates in Brazil in particular being a positive effect mainly because of the less marked discounting of risk products with periodic premiums and because of absence of guarantied rates.
- Change in foreign exchange rate (-€8m). The average exchange rate is 3.8561 BRL/€ in 2016 against 3.7038 BRL/€ in 2015, or an increase of +4%.

The following table gives the duration of new business:

Duration (years)	2016	2015
Savings & Pensions	5.4	4.9
Risk & Protection	4.0	3.4

3.3.2 MCEV AT 31 DECEMBER 2016

The following table gives a breakdown of In-Force values:

	2016		2015		CHANGE	
	€m	€/share	€m	€/share	€m	%
Value of In-Force	878	1.3	543	0.8	335	61.8%
Present Value of Future Profits	949	1.4	587	0.9	362	61.8%
Time Value of Options and Guarantees	(2)	(0.0)	0	0.0	(2)	
Frictional Cost of Required Capital	(47)	(0.1)	(44)	(0.1)	(3)	6.4%
Cost of Non-Hedgeable Risks	(22)	(0.0)	0	0.0	(22)	

VIF (+€878m) is up +61.8% compared to 2015, mainly due to the fall in reference rates and a favourable exchange rate effect (+€151m). This is because the rate at end December 2016 used for closing values comes to 3.4305 BRL/€ against 4.3117 BRL/€ at end 2015.

Note that the 2015 results were compiled using the traditional embedded value method, whereas the 2016 results are now compiled using the MCEV method. The result is the appearance of Cost of Residual Non-Hedgeable Risks and Time Value of Options & Guarantees components. The Frictional Cost of Required Capital now represents the cost of taxation friction.

The following table gives an analysis of variances, distinguishing VIF and ANAV, itself broken down between Free Surplus and Required Capital:

(€m)	ANAV	FREE SURPLUS	REQUIRED CAPITAL	VIF	MCEV
MCEV 2015	675	444	231	543	1,218
Opening adjustments	(192)	(219)	27	(8)	(200)
Adjusted opening MCEV 2015	**483**	**225**	**258**	**535**	**1,018**
New business value	4	(68)	71	142	146
Expected existing business contribution	20	20	0	139	158
Transfers from the VIF and required capital to free surplus	217	262	(45)	(217)	0
Experience variances	5	9	(4)	5	10
Changes in assumptions relating to operating activities	0	0	0	0	0
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**246**	**223**	**22**	**69**	**315**
Economic variances	60	60	(0)	123	184
Other non-operating variance	(41)	(41)	0	0	(41)
Total MCEV earnings	**265**	**243**	**22**	**192**	**458**
Closing adjustments	197	133	65	151	349
MCEV 2016	946	600	345	878	1,824

Opening adjustments affect the MCEV (-€200m) because of:

- payment of the 2015 dividend;
- change of method with the switch to MCEV;
- the adjustment to the Required Capital due to the change to 110% of the local capital requirement (against 100% previously) and the inclusion of the component linked to market risk in its calculation.

The value of new business is +€146m to the change in MCEV. This value incorporates the net result generated in 2016 by new business for +€4m charged to ANAV. The corresponding increase in the Required Capital amounts to +€71m.

The expected existing business contribution (+€158m) results from capitalisation of the VIF (+€139m) and the projected yield from the Free Surplus (+€20m). For Transfers of VIF and Required Capital to free surplus, the 2016 result attached to the VIF for 31 December 2015 is transferred to the ANAV without impact on the MCEV.

The experience variances affect the VIF to the tune of +€5m.

The result is a **contribution from operational activity** of +€315m on the MCEV. As regards the Free Surplus, the available Cash-flow of +€223m generated by operational activities corresponds to the "Operating Free Cash-Flow" indicator.

Economic variances have an +€184m impact on the MCEV, including +€60m on the ANAV. This last impact is mainly linked to capital gains on equity. The significant fall in rates in Brazil affects the VIF positively.

Closing adjustments correspond to exchange rate effects. The Brazilian exchange rate is favourable, being 3.4305 BRL/€ at end December 2016 against 4.3117 BRL/€ at end 2015.

3.4 EUROPE EXLUDING FRANCE

The Europe excluding France geographic area covers the activities of CNP UniCredit Vita, CNP Santander Insurance with operations in Germany, Italy, Spain, Poland and Scandinavia, CNP Partners and CNP Cyprus Insurance Holdings.

As for France, 2016 is typified by a low rate environment and the entry in force of the Solvency 2 regulations.

€58m	2016 VNB
19.3 %	MARGIN RATE ON NEW BUSINESS
13 %	OF GROUP VNB

3.4.1 VALUE OF NEW BUSINESS

The following table gives a breakdown of the VNB:

(€m, %)		2016	2015	CHANGE €m	CHANGE %
PVFP	Present Value of Future Profits	68	59	9	15%
TVOG	Time Value of Options and Guarantees	(8)	(1)	(6)	431%
FCRC	Frictional Cost of Required Capital	(0)	(1)	0	(44%)
CRNHR	Cost of Non-Hedgeable Risks	(2)	(2)	0	(18%)
VNB	Value of New Business	58	54	3	6%
APE	Annual Premium Equivalent	300	297	4	1%
VAP	Present Value of New Business Premiums	2,361	2,234	127	6%
	Margin Rate	19.3%	18.3%	0.9%	5%
	PVNBP Ratio	2.5%	2.4%	0.0%	1%

The APE volume in Europe excluding France (+€300m) is stable and results from the effects of receipts differing by country including in particular a fall in sales for CNP UniCredit Vita and an increase in business for CNP Santander.

The value of new business is up +6%, or +€3m.

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The following table gives a detailed analysis of the main factors in the change in value of new business:

(€m, %)	VNB	CHANGE	MARGIN RATE
Value of New Business 2015	54		18.3%
Updated model and scope	54	(1)	18.7%
Change in the APE volume	58	4	19.3%
Change in the product mix	57	(1)	19.0%
Change in experience	63	6	21.1%
Change in financial market conditions	55	(8)	18.4%
Updated taxation	58	3	19.3%
Change in the foreign exchange rate	58	(0)	19.3%
Value of New Business 2016	58	3	19.3%
Change	3		0.9%

- Updated model and scope (-€1M) mainly relate to the incorporation of negative rates and the switch to the S2 Required Capital;
- Change in the APE volume (+€4m) represents the effects of variations in the overall volume of premiums received without incorporating changes in distribution per segment and per product. The volumes included are the APE volumes compiled from premiums measured in accordance with local accounting standards.The increase mainly results from CNP Santander's activities.
- Change in the product mix (-€1m) results in a negative impact in spite of the growth of traditional unit-linked savings in Spain and the stopping of € receipts in Italy in the 2nd half.
- Change in experience (+€6m): is positive especially following the updating of assumptions on CNP Santander.
- Change in financial markets (-€8m): with especially the fall in rates and increase in volatility.
- Updated taxation (+€3m): reflects the impact of the reduction in the tax rate in Italy.

The following table gives the duration of new business:

Duration (years)	2016	2015
Savings & Pensions	5.9	5.8
Risk & Protection	2.8	3.0

3.4.2 MCEV AT 31 DECEMBER 2016

The following table gives a breakdown of In-Force values:

	2016		2015		CHANGE	
	€m	€/share	€m	€/share	€m	%
Value of In-Force	272	0.4	225	0.3	47	20.7%
Present Value of Future Profits	324	0.5	252	0.4	72	28.6%
Time Value of Options and Guarantees	(39)	(0.1)	(10)	(0.0)	(29)	293.2%
Frictional Cost of Required Capital	(3)	(0.0)	(5)	(0.0)	2	(39.7%)
Cost of Non-Hedgeable Risks	(10)	(0.0)	(12)	(0.0)	1	(10.9%)

The VIF Europe excluding France (+€272m), is up +20.7% compared to 2015. The increase in PVFP (+28.6%) is partially offset by the TVOG which is up sharply due to uncertainties related to the economic environment.

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The following table gives an analysis of variances, distinguishing the VIF and the ANAV, itself broken down between Free Surplus and Required Capital:

(€m)	ANAV	FREE SURPLUS	REQUIRED CAPITAL	VIF	MCEV
MCEV 2015	683	374	309	225	908
Opening adjustments	(22)	28	(50)	17	(5)
Adjusted opening MCEV 2015	**660**	**401**	**259**	**242**	**903**
New business value	(22)	(131)	109	80	58
Expected existing business contribution	6	6	0	22	28
Transfers from the VIF and required capital to free surplus	75	163	(88)	(75)	0
Experience variances	(10)	(10)	(0)	0	(10)
Changes in assumptions relating to operating activities	0	0	(0)	21	21
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**49**	**28**	**21**	**48**	**97**
Economic variances	5	(56)	61	(27)	(21)
Other non-operating variance	4	4	0	8	13
Total MCEV earnings	**59**	**(23)**	**82**	**30**	**89**
Closing adjustments	0	(0)	0	(0)	(0)
MCEV 2016	719	378	341	272	991

Opening adjustments affect the ANAV (-€22m) mainly because of payment of the dividend in Italy (-€14m) and Cyprus (-€7m). The adjustment on the VIF +€17m is mainly because of the acquisition of BVP Italy (VIF +€18m).

The value of new business in MCEV is +€58m, driven by the CNP Santander subsidiary and the Italian subsidiary CNP UniCredit Vita. It includes the net result generated in 2016 by new business for -€22m charged to ANAV, almost exclusively resulting from the Italian subsidiary because of the deduction on traditional savings policies. The corresponding increase in the Required Capital amounts to +€109m, largely due to CNP Santander's non-life business.

The expected existing business contribution (+€28m) results from capitalisation of the VIF (+€22m) and the projected yield on the Free Surplus (+€6m). The change in VIF enables €88m to be released as regards the Required Capital and +€75m to be transferred to the ANAV, driven by the results of stocks at the Italian subsidiary and the CNP Santander subsidiary. For Transfers of VIF and Required Capital to free surplus, the 2016 result on the VIF for 31 December 2015 is transferred to the ANAV without impact on the MCEV.

Changes in assumptions related to operating activities affect the VIF to the tune of +€21m and arise mainly from the revue on the allocation of costs at CNP Partners. Variances recognised relating to operational activity affect the ANAV mainly from activation of the amortisation of DIRs and DACs on CNP Santander.

The result is a contribution from operational activity of +€97m on the MCEV. As regards Free Surplus, the available Cash-flow of +€28m generated by operational activities corresponds to the "Operating Free Cash-Flow" indicator.

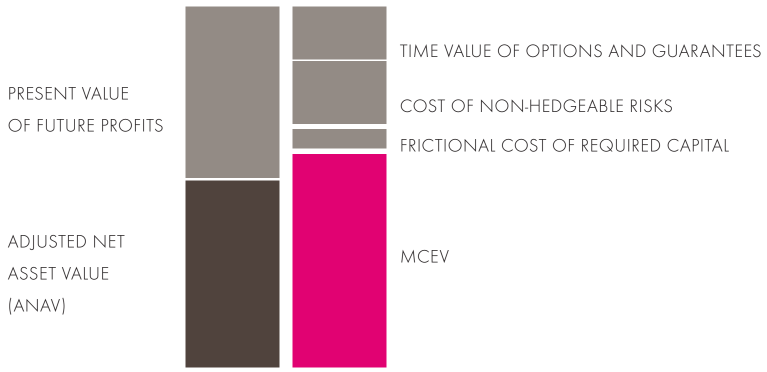
Economic variances have an impact of -€21m on the MCEV, including +€5m for the ANAV, mainly due to capital gains on CNP Partners equity. The impact on the VIF of -€27m is mainly driven by Spain and Italy, where traditional savings portfolios are penalised by the economic situation.

Other non-operating variances are the effects of the decrease in the tax rate in Italy.

04 MARKET-CONSISTENT EMBEDDED VALUE REPORT

METHOD

Embedded Value represents the consolidated value of shareholders' interests generated by insurance business in portfolio on the date of valuation. It is calculated before the payment of dividends and taxes related to such dividends. This value excludes any incorporation of future business, in other words policies incepted after the valuation date. The method used by the CNP Assurances Group is based on the MCEV principles©. This chapter provides information on the way in which those principles are applied by the CNP Assurances Group.



4.1 ADJUSTED NET ASSET VALUE

Adjusted Net Asset Value ("ANAV") represents the fair value of assets that do not back insurance liabilities minus the fair value of liabilities other than insurance liabilities. The ANAV is reconciled with the IFRS shareholders' equity as follows:

- the elimination of intangible assets especially acquisition variances, the value of sales agreements, portfolios acquired and deferred acquisition costs, except for acquisition costs that have already been amortised in the VIF;
- the reincorporation of the shareholders' portion in unrealized gains not included in IFRS (especially for property assets and securities in the books at amortised cost) and the deduction of the portion of revaluations of financial assets included in the portfolio value modelling;
- the restatement of subordinated securities.

The ANAV is determined at the date of valuation for consolidated figures and for each of the subsidiaries by excluding minority interests and is split into Required Capital and Free Surplus.

4.1.1 REQUIRED CAPITAL

The Required Capital corresponds to the market value of assets representing equity that the insurer must isolate as regards its business and the distribution of which to shareholders is restricted.

The Required Capital reflects the level of capital that the Group sets to attain a target rating and control its own risks as well as all other fixed components.

For European countries, the Required Capital is 110% of the regulatory solvency capital requirement in accordance with the Solvency 2 standard, net of all other sources of funding such as subordinated securities and Future Profits on policies in stock valued in a Solvency 2 universe. The Required Capital for each entity is calculated on the basis of its individual SCR.

For Latin America, the Required Capital chosen by the CNP Assurances Group is 110% of the solvency capital requirement under the local standard, which from this year includes a component linked to market risk.

4.1.2 FREE SURPLUS

The Free Surplus is the value the ANAV minus the Required Capital.

4.2 VALUE OF IN-FORCE (VIF)

The VIF consists of the Present Value of Future Profits (PVFP) minus the following components:
- the time value of options and guarantees (TVOG);
- the Frictional Cost of Required Capital (FCRC);
- the Cost of Residual Non-Hedgeable Risks (CRNHR).

4.2.1 PRESENT VALUE OF FUTURE PROFITS (PVFP)

The PVFP is the present value of Future Profits net of tax generated by policies in portfolio at the date of valuation and with a central assumption of changes in financial markets aligned with the reference rate curve on the basis of a market-consistent method. The Group' choice as regards the reference rate curve is described in the "Assumptions" section of this report.

The PVFP included the intrinsic value of options and financial guarantees on policies in portfolio.

The main options and financial guarantees included are as follows:

- credited rate guarantees (Minimum Guaranteed Rate);
- floor guarantees on unit-linked policies;
- technical rate guarantees on annuities being paid and guarantee resulting from the point acquisition tariff for the Préfon portfolio and other L441 products;
- profit sharing options;
- surrender options.

The time value of options and financial guarantees is incorporated separately in the TVOG.

4.2.2 TIME VALUE OF OPTIONS AND GUARANTEES (TVOG)

The Time Value of options and financial guarantees ("TVOG") is generated by the asymmetry of risk sharing between shareholders and policyholders in accordance with the diverse changes on financial markets. Stochastic calculations are used, on the basis of multiple simulations, to scan the field of possibles in terms of changes on financial markets and so capture the cost linked to financial options held by policyholders.

The valuation is based on a stochastic model itself based on a neutral-risk approach. This approach consists of setting the price of an asset as the expected future yield updated at the reference rate. The scenarios are from the Barrie & Hibbert generator, which is used to generate 1,000 scenarios projecting:

- the change in equities indices;
- the change in the property index;
- the actual rate curves for whole maturities between 1 year and 50 years;
- the nominal rate curve for whole maturities between 1 year and 50 years;
- the corporate credit spread curves (AAA to CCC ratings) for whole maturities between 1 year and 50 years.

Inflation is obtained by the difference between actual rates and nominal rates for 1 year maturity. The share dividend rate and property rent rate are set at 2.5% of the fair value of shares and property assets respectively and are supposed constant.

The techniques used by the Group to calibrate the economic generator are described in the "Assumptions" section of this report. In addition, the projection model incorporates a competitive surrender component that represents the propensity of policyholders to surrender their policies when the actual return deteriorates compared to a market reference.

4.2.3 FRICTIONAL COST OF REQUIRED CAPITAL (FCRC)

The need to block the Required Capital in respect of business covered results in a carry cost to be allocated to the value of Embedded Value and new business. In market-consistent modelling, Frictional Costs are the cost of taxation friction and financial costs related to backing that capital.

The cost of interest paid to holders of subordinated debt is included in the value of business in portfolio. The approach used is as follows:

- the reference value of subordinated securities is determined in reference to the method given in the article 75 of Solvency 2 directive and the 5th Orientation Paper by EIOPA. It consists of using a valuation of subordinated securities taking account of the spread on issue and the exact characteristics of the securities.

The Frictional Cost of Required Capital also includes the charge linked to funding a part of the Required Capital by subordinated securities; this charge is valued as the difference between the economic value of subordinated securities and their nominal. The CNP Assurances Group defines this economic value as being the Present Value net of future amounts paid to holders of securities calculated taking account, in the discount rate, of the spread on issue of each security. The Required Capital for new production is deemed to be funded by subordinated securities in the same proportions as the stock of policies; the funding is achieved by newly issued securities, for which the economic value is equal to the nominal.

4.2.4 COST OF RESIDUAL NON-HEDGEABLE RISKS (CRNHR)

The cost allocated to non-hedgeable financial and non financial risks results from:

- the inclusion of risks also not valued in the PVFP or TVOG such as the counterparty default risks and operational risks.
- the asymmetrical impact of particular non-hedgeable risks on value and especially mortality, longevity and morbidity risks included in policyholders' with profit sharing clauses.
- the uncertainty underlying the establishment of assumptions on non-hedgeable risks concerning claims, surrenders and costs, that are estimated using a "best estimate" approach.

The Group has used a cost of capital approach to value these residual non-hedgeable risks. The capital allocated as regards these risks is defined as the contribution of each of the specified risks to a level of capital considered necessary.

4.3 VALUE OF NEW BUSINESS (VNB)

4.3.1 DEFINITION OF NEW BUSINESS

Projections made to estimate the value of a year's new production are based on the profile and volume of new business done in 2016.

- Individual traditional and unit-linked savings and pensions:

New production consists of new policies and unscheduled payments on existing policies, without assumption on the recurrence of premiums.

- Collective pensions:

New production of Collective Pension policies consists of new policies and unscheduled payments on existing policies. It concerns L441 and corporate pension policies in France and PGBL/VGBL policies (unit-linked pensions) in Brazil.

- Individual protection:

New production consists only of new policies and future premiums attached to those policies. Future periodic premiums on existing policies are valued in the value of stock.

- Collective protection:

As collective protection policies are annual from 1st January to 31 December with a inception date prior to 1st January, new production in a year consists policies whose cover period is the year following the current year.

- Credit Insurance:

New production consists of new policies and future premiums attached to those policies. Future periodic premiums on existing policies are valued in the value of stock.

- Other Products:

New production consists only of new policies and future premiums attached to those policies, projected periodically and split as annual, monthly or one-off policies. Future periodic premiums on existing policies are valued in the value of stock for the year.

4.3.2 VALUATION METHOD

The approach used for valuing new business consists of determining aggregates identical to those of the value of new business: it is defined as the Present Value of projected results for polices written in the year after deducting of the Time Value of Financial Options and Guarantees, Frictional Cost of Required Capital, and the Cost of Residual Non-hedgeable Risks. The value of new business is based on a projection of its contribution to results as from the date of sales.

Traditionally, there are two methods of measuring its contribution:

- the "stand alone" method: the value of new business is measured without taking into account the pooling effect with policies in stock and part of the unrealised gains or losses on assets representing stock;
- the "marginal" method: the value of new business is measured taking into account pooling between new policies and policies en stock, and taking into account part of the unrealised gains or losses on assets representing stock.

The Group uses:

- a marginal method for valuing its VNB but that varies operationally depending on the product:

- for all portfolios excluding traditional savings, no unrealized gains and losses is taken into account in determining the VNB, and premiums on new business are deemed to be invested in new assets available at the date of valuation in accordance with the investment policy applied in the year; because there are no significant interactions between new business and stock, using a "standalone" is method equivalent for these products to using a "marginal" method and is preferred operationally;
- for traditional savings portfolios, in France, Italy and Spain, the revaluation of policies does not distinguish different generations of identical policies, and depends on the financial performance linked to financial assets representing generations overall without distinction: a "marginal" method is applied operationally. For those portfolios, the method consists of taking into account a fraction of the Group's unrealised capital gains or losses and supposing that it is used for new business alone.

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MARKET-CONSISTENT EMBEDDED VALUE REPORT

ASSUMPTION

5.1 ECONOMIC ASSUMPTIONS

Embedded Value calculations are based on financial assumptions determined from market conditions at 31 December 2016.

5.1.1 INTEREST RATE REFERENCE CURVE

The MCEV© principles state that the reference rate curve can be determined from the swap rate curve, potentially adjusted and especially to enable convergence with the Solvency 2 regulatory requirements.

The swap rate curves minus the "credit risk adjustment" in euros and Brazilian reals used for determining the reference rate curves for France, Europe excluding France and Latin America are given in the following table.

MATURITY	€ RATE 31/12/2016	€ RATE 31/12/2015	BRL RATE 31/12/2016	BRL RATE 31/12/2015
1	-0.30%	-0.16%	10.41%	15.54%
2	-0.26%	-0.13%	10.01%	16.28%
5	-0.02%	0.23%	10.38%	17.14%
10	0.57%	0.92%	10.44%	16.99%
15	0.96%	1.34%	10.10%	16.29%
20	1.12%	1.53%	9.50%	15.05%
30	1.76%	2.09%	8.42%	12.59%
Ultimate forward rate	4.20%	4.20%	5.20%	5.20%
Point of entry of the extrapolation	20 years	20 years	10 years	10 years
Convergence	40 years	40 years	50 years	50 years

For the Eurozone, the rate curve is extrapolated with an entry point at 20 years which converges on 40 years according to the Smith-Wilson technique, to the ultimate forward rate which comes to 4.2%. For Brazil, the entry point is at 10 years and the rate curve converges on 50 years to the ultimate forward rate of 5.2%.

To determine the reference rate curve, the Group has chosen to align itself with the Solvency 2 prudential regulatory requirements, and adjust the rate swap curve – when allowed – with a credit risk adjustment and a volatility adjustment, in accordance with the prudential regulatory requirements. No matching adjustment has been used for Group entities. The levels of credit risk adjustment and volatility adjustment for different zones within the Eurozone are given in the following table:

ADJUSTEMENTS	FRANCE	ITALY	SPAIN	IRELAND	CYPRUS	BRAZIL
CRA	10	10	10	10	10	35
VA	13	-	13	-	-	n.a

At 31/12/2015 the volatility adjustment was of 22 bps for Eurozone and the credit risk adjustment of 10 bps. Depending on the requirements of local supervisory authorities, adjustments to rate curves and especially the application of a volatility adjustment is submitted to the supervisory authority in the Solvency 2 context. If the reference curve remains the same per monetary zone, the application of a volatility adjustment depends on local requirements and business and is not routine across the Group.

In the Eurozone, 2016 featured the appearance of negative rates on the swaps rate curve. This new situation has lead the Group to alter its economic scenario generators and models so that the consequences of this unprecedented financial situation are taken into account with two different approaches within the Group:

- In France: the economic scenario generators have been reworked to allow negative rates on the different trajectories and the models have been adapted so that they can be taken into account.
- In Europe excluding France: the models have not always been adapted to negative rate situations. When it has not been possible, the economic scenario generators used have incorporated an adjustment known as a "Moment Matching Adjustment" so as to allow the play of economic scenarios to present satisfactory statistical properties.

5.1.2 CALIBRATING THE RATE MODEL

The generation model used for nominal rates is based on the two factor Libor Market Model Plus (LMM+). The 10Y ATM swaption volatilities for markets used for calibration are as follows:

TERMS	1 YEAR	2 YEARS	5 YEARS	10 YEARS	20 YEARS
MCEV 31/12/2015 (log normal)	52.5%	47.9%	38.4%	33.8%	42.4%
MCEV 31/12/2015 (normal)	0.64%	0.69%	0.76%	0.75%	0.65%
MCEV 31/12/2016 (normal)	0.65%	0.69%	0.75%	0.73%	0.65%

Note the reference change in implied volatilities used, the first line of the table corresponding to log-normal (Black) volatilities and the last two lines to normal (Bachelier) volatilities. This change is justified by the low and negative rate context.

Actual rates are generated by means of the two factor Vasicek model, which has been calibrated on Treasury bonds indexed for inflation. The rate scenarios from the economic scenario generator have been capped so as not to lead to investment situations in a negative rate environement. This aspect marginally deteriorates the martingale character of the scenarios.

ASSUMPTION
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5.1.3 CALIBRATING THE EQUITY MODEL

A different level of volatility for each projection horizon between 1 and 10 years was used to generate the equity index (determinist volatility model). The levels used are given in the following table.

The volatility parameters were calibrated from implied ATM forward volatilities on the Eurostoxx 50 index at 31 December 2016.

TERMS	1 YEAR	2 YEARS	5 YEARS	10 YEARS
MCEV 31/12/2015	21.4%	21.6%	21.6%	21.6%
MCEV 31/12/2016	20.3%	21.4%	22.3%	22.8%

The correlation coefficients between the different factors (equity, actual interest rates and nominal interest rates) are determined by Barrie & Hibbert from econometric analyses and experts' opinions. Similarly, property volatility is fixed at 12.77%.

5.1.4 CALIBRATING THE CORPORATE CREDIT SPREAD MODEL

In 2015 the CNP Assurances Group added a corporate credit spread diffusion model, the Credit G2 (JLT) model. The model's parameters are calibrated so as to reproduce the spread of an A rated bond of 7 year maturity (64 bps at 31 December 2016) with the following historic transition matrix:

	AAA	AA	A	BBB	BB	B	CCC	DEFAULT
AAA	93.4%	6.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	2.5%	89.8%	6.8%	0.3%	0.2%	0.2%	0.0%	0.1%
A	1.4%	3.2%	89.6%	4.7%	0.4%	0.4%	0.0%	0.2%
BBB	1.4%	1.4%	5.0%	88.5%	2.2%	0.5%	0.5%	0.4%
BB	0.1%	0.4%	1.4%	6.9%	82.2%	6.9%	0.6%	1.5%
B	0.0%	0.1%	1.4%	2.0%	6.1%	80.2%	5.9%	4.3%
CCC	0.0%	0.0%	1.4%	1.8%	2.8%	7.7%	76.6%	9.7%
Default	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

5.1.5 EXCHANGE RATE

The following table gives the exchange rates for the CNP Assurances Group business zones outside the Eurozone:

	SPOT		AVERAGE	
	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Brazil (BRL / €)	4.3117	3.4305	3.7038	3.8561
Argentina (ARS /€)	14.097	16.7049	10.2538	16.3463
Norway (NOK /€)	0.1041341	0.1100558	na	na
Sweden (SEK /€)	0.1088198	0.1046846	na	na
Poland (PLN / €)	0.2345271	0.2267419	na	na
Denmark (DKK / €)	0.1340016	0.1345098	na	na

The spot rate is a period-end rate, it is applied to VIF calculations. The average rate is the average daily rate for the year, it is applied for VNB calculations.

5.1.6 TAX RATE

The tax rate used in Embedded Value is the standard rate in the country in which the Group is operating:

TERMS	FRANCE	ITALY	SPAIN	CYPRUS	BRAZIL	ARGENTINA	IRELAND
MCEV 31/12/2015	34.43%	34.32%	25%	12.50%	45% *	35%	12.50%
MCEV 31/12/2016	30.25%	30.82%	25%	12.50%	45% *	35%	12.50%

** The tax rate is 45% up to 2018 then goes back to 40%. Except for CAIXA Consorcios whose tax rate has been maintained at 34%*

Tax credits recognised for France enabling the standard tax to be reduced are taken into account.

5.1.7 COST OF CAPITAL ALLOCATED TO RESIDUAL NON-HEDGEABLE RISKS

The rate applied to capital allocated to non-modelled risks and asymmetrical risks has been set at 5%.
The capital allocated to uncertainty on establishing assumptions suffers a frictional cost.
On average, the rate applied to capital is 2.5% at 31 December 2016 (2.7% at 31/12/2015).

5.1.8 SUBORDINATED SECURITIES FINANCE RATE

Those cover 63% (average for the Group) of the solvency capital requirement at 31 December 2016 for the CNP Assurances entity.

ASSUMPTION
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5.2 NON ECONOMIC ASSUMPTIONS

5.2.1 EXPENSES ASSUMPTIONS

Every year-end, the Group produces an analysis of expenses by object: acquisition, management, claims, investment costs and other technical and non technical charges as well as a breakdown by company, product family and network. These expenses bases are then projected by means of relevant drivers. At 31 December 2016, an annual rate of inflation between 1% and 1.5% was used for European entities for the drivers not yet containing implicit inflation. In Latin America an inflation curve is used in line with the local market situation.

5.2.2 CLAIMS AND PERSISTENCE ASSUMPTIONS

Non-economic assumptions, mortality experience, surrender laws and claims assumptions are determined by each entity on the basis of their best estimate at the date of valuation. They derive from an analysis of actual and past experience seen on each of the portfolios valued.

5.2.3 FUTURE MANAGEMENT DECISIONS AND REACTIONS BY INSURED PARTIES

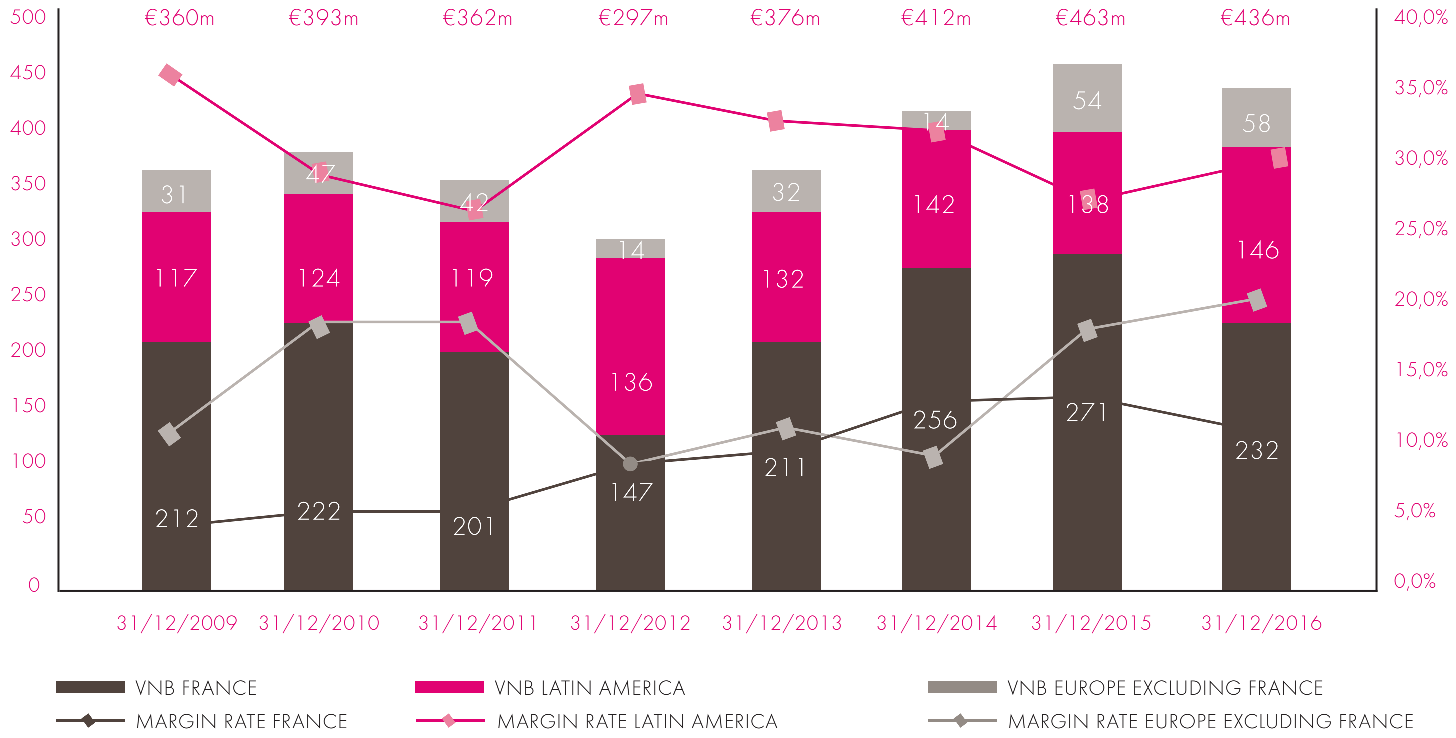
The calculation of MCEV metrics needs the incorporation of future management actions. Enabling management of the company to be tailored according to the financial and economic situation, they are represented in particular by the strategies on investment and the revaluation of amounts outstanding and specific actions on liabilities. The most singular environments, such as persistent negative rate situations, are thus better controlled.

Taking future management decisions into account should also be supplemented by consistent anticipation of the reactions of the policyholders.

06 MARKET-CONSISTENT EMBEDDED VALUE REPORT

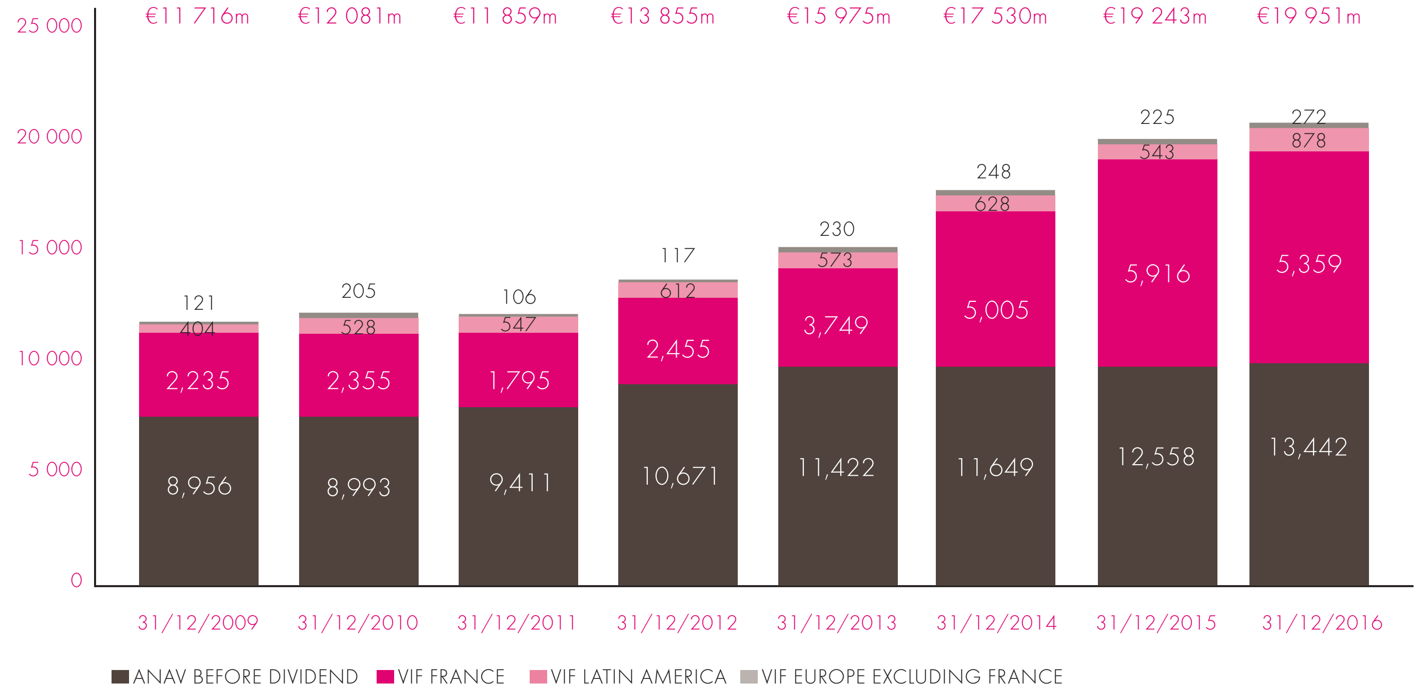
CHANGES IN MCEV SINCE 2009

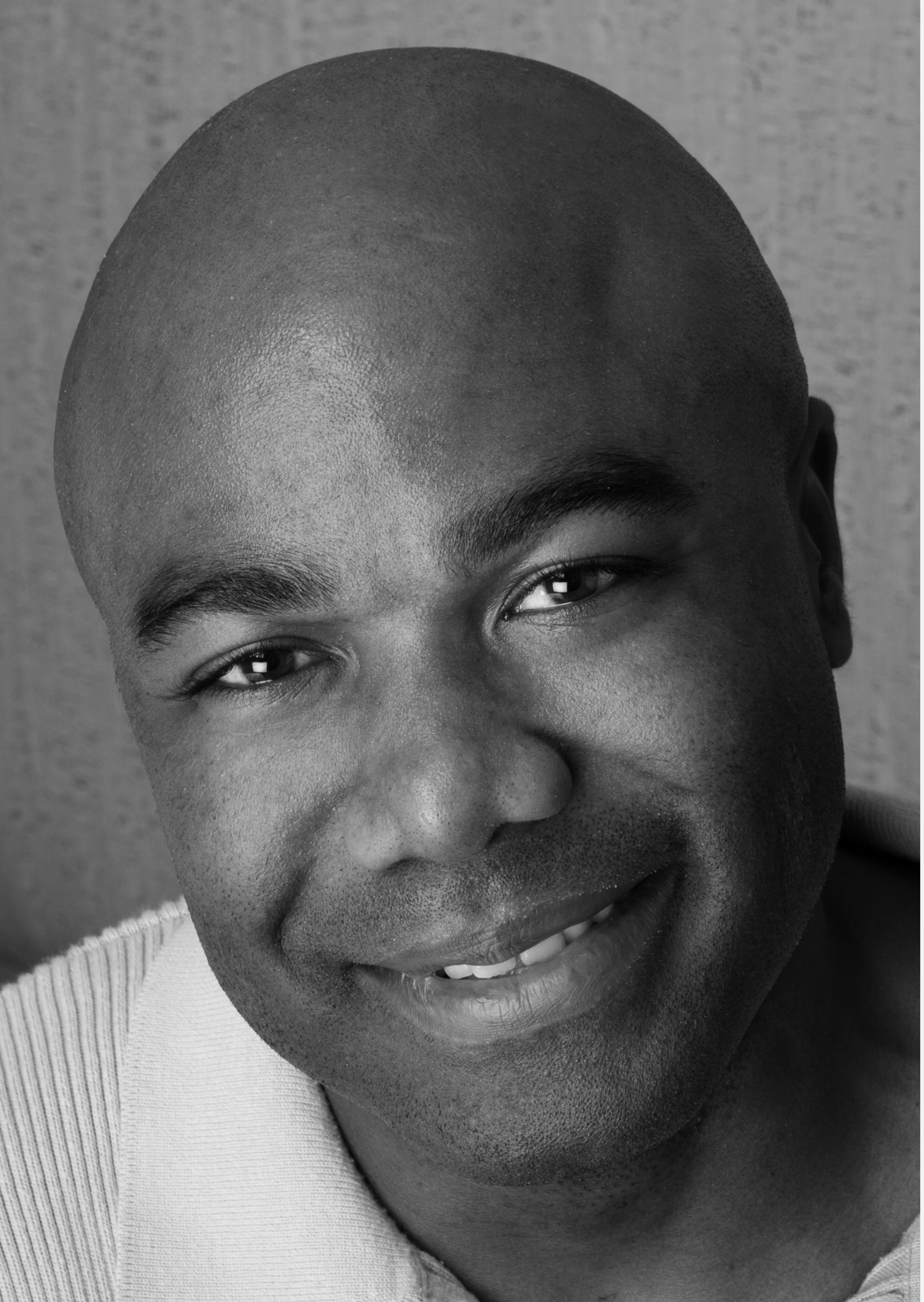
6.1 VNB HISTORY (€m AND MARGIN RATE AS %)



The above graph shows changes over time in the Group's VNB, compiled in accordance with the CFO Forum principles. Since 2014 the VNB has benefitted from pooling the unrealized gains in stock, with use of the marginal method.

6.2 MCEV HISTORY (€m)





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MARKET-CONSISTENT EMBEDDED VALUE REPORT

EXTERNAL OPINION ON MARKET CONSISTENT EMBEDDED VALUE

CNP ASSURANCES
4 PLACE RAOUL DAUTRY
75716 PARIS CEDEX 15

To the Group Financial Director of CNP Assurances

As Statutory Auditors of CNP Assurances and in accordance with your request, we have examined the Market Consistent Embedded Value (MCEV©) information regarding MCEV© and its components, the value of new business, the analysis of movements in MCEV© and MCEV© sensitivities (hereinafter referred to as "the MCEV© Information") at 31 December 2016 of the CNP Assurances Group, presented in the attached document ("Embedded Value Report at 31 December 2016", hereinafter referred to as "the EV Report").

The MCEV© Information and the underlying assumptions upon which the information relies have been established under the responsibility of management. The methods and significant assumptions adopted are detailed in the EV Report. We are required, based on our work, to express a conclusion on the consistency of the results of the MCEV© Information with the methodology and assumptions adopted by management, with the MCEV© principles, with the guidance published by the CFO Forum in May 2016, as well as on the consistency of the accounting information used with the consolidated financial statements as at 31 December 2016.

Our work, which does not constitute an audit, nor a limited review, has been performed in accordance with the professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors, and aims at forming a conclusion based on appropriate procedures. Our work included the following procedures:

- Understanding the process used by management to prepare the MCEV© Information;
- Checking the "market consistent" approach used by management and described in the EV Report, with regards to its consistency with the MCEV© principles and guidance published by the CFO Forum;
- Checking the compliance of the methodology applied with that described in the EV Report;
- Checking the economic assumptions used and their consistency with observable market data;
- Checking the consistency of the operational assumptions used with regards to past, current and expected future experience; and the realism of future management actions;
- Checking the consistency of the results presented in the MCEV© Information with the methodology and assumptions described in the EV Report;
- Checking the consistency of the accounting data and other relevant underlying data used in preparing the MCEV© Information with the annual consolidated financial statements and underlying accounting records at 31 December 2016;
- Obtaining the information and explanations deemed necessary to deliver our conclusion.

We note that the Embedded Value calculation is based on a number of assumptions and thus by nature includes an element of uncertainty. As a result, actual outcomes may differ significantly from those expected in the MCEV© Information. We do not express any conclusion relating to the possibility of such outcomes.

Based on our work, we do not have any observations regarding:

- The consistency of the results of the MCEV© Information at 31 December 2016 as presented in the EV Report with the methodology and assumptions adopted by management, which are consistent with MCEV© principles 1 to 16, with the guidance published by the CFO Forum in May 2016;
- The consistency of the accounting information used with the CNP Assurances Group's consolidated financial statements at 31 December 2016, upon which we expect to issue our audit report on 03 March 2017.

This report is governed by the French law

Neuilly-sur-Seine and Courbevoie, 23 February 2017

Pricewaterhouse Coopers Audit / Mazars

Bénédicte Vignon - Benoît Courmont - Olivier Leclerc - Grégory Boutier

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MARKET-CONSISTENT EMBEDDED VALUE REPORT

APPENDICES

APPENDIX A: GLOSSARY

ADJUSTED NET ASSET VALUE (ANAV)

Calculated by subtracting from the Group shareholders' equity the subordinated debt classed as shareholders' equity, intangible assets and other components also valued in the Value of In-Force. This indicator is net of minority interests. The Adjusted Net Assets are composed of Required Capital and Free Surplus.

ANNUAL PREMIUM EQUIVALENT (APE)

Indicator of production volume in the period, being one tenth of the sum of unique premiums and unscheduled payments to which is added the amount of periodic premiums subscribed in the year. This indicator is net of minority interests and gross of reinsurance.

FRICTIONAL COST OF REQUIRED CAPITAL (FCRC)

The need to block the Required Capital results in a carry cost to be allocated to the value of the Embedded Value and new business. In market-consistent modelling, the Frictional Costs are the cost of taxation friction and financial costs related to blocking that capital.

COST OF RESIDUAL NON-HEDGEABLE RISKS (CRNHR)

The cost allocated as regards non-hedgeable financial and non financial risks results from:

- the inclusion of non valued risks in addition in the PVFP or TVOG such as counterparty default risks and operational risks.
- the asymmetrical impact of certain non-hedgeable risks on value and especially mortality, longevity and morbidity risks included in policyholders' with-profits clauses.
- the uncertainty underlying the establishment of assumptions on non-hedgeable risks concerning claims, surrenders and costs, that are estimated using a "best estimate" approach.

EIOPA

European Insurance and Occupational Pension Authority.

CHANGE AT CONSTANT EXCHANGE RATES

In the comparison at constant exchange rates, the exchange rate for the previous period is applied to the current period. This indicator is used to measure changes in the main indicators excluding exchange rate effects.

CHANGE AT CONSTANT PERIMETER

In the comparison at constant perimeter, the contribution from activities disposed of or ceased is removed from the perimeter of the previous period, and the contribution from new activities is removed from the perimeter of the current period. This indicator is used to measure changes in the main indicators on a comparable perimeter of activity.

FREE SURPLUS

Is the portion of the Adjusted Net Asset Value that can be freely used by management to pay dividends and develop activity through marketing new business or by means of external growth operations. This indicator is net of minority interests.

IFRS

International Financial Reporting Standards.

MARKET CONSISTENT EMBEDDED VALUE (MCEV)

Method of valuing a life insurance company that is broken down into Adjusted Net Asset Value and the Value of In-Force, namely the value insurance policies in portfolio at the date of valuation, determined using a market-consistent asset and liability valuation method. This indicator is net of minority interests.

OPERATING FREE CASH-FLOW (OFCF)

Measures the release of Free Surplus, which can be used to pay dividends and develop activity through marketing new business or by means of external growth operations. This indicator is net of minority interests. The Operating Free Cash-Flow can be calculated gross or net of issues and repayments of subordinated debt.

SOLVENCY CAPITAL REQUIREMENT (SCR)

Level of eligible equity enabling an insurer to absorb significant losses, and give reasonable assurance that commitments to policyholders and beneficiaries will be honoured when they are due. The SCR is defined by the Solvency 2 directive as the value-at-risk of the insurer's basic equity, with a 99.5% level of confidence at a one year horizon. CNP Assurances has opted to calculate its SCR in accordance with a standard formula without transitory measurements, except grandfathering subordinated debt issued before the entry in force of Solvency 2.

MARGIN RATE ON NEW BUSINESS OR APE RATIO

Is calculated by dividing the value of new business by the APE. This indicator is used to measure the future profitability of insurance policies written in the period

TVOG (TIME VALUE OF OPTIONS AND FINANCIAL GUARANTEES)

The time value of options and financial guarantees represents the additional cost of options and guarantees beyond their intrinsic value that is included in the determinist scenario. The time value of costs of options and financial guarantees is calculated by the difference between the average value of future Cash-flows updated using stochastic and determinist scenarios.

ULTIMATE FORWARD RATE (UFR)

Used to update insurers' long term liabilities (pensions, death, life assurance, public liability, etc.) in the absence of relevant market data. Beyond the last liquid point (LLP) (20 years in the Eurozone) market rates are extrapolated and converge over a 40 year period on an ultimate rate (the UFR).

VALUE OF NEW BUSINESS (VNB)

Assessment of the value of insurance policies written in the period, determined in accordance with a market-consistent asset and liabilities valuation method. It is calculated as the Present Value of Future Profits estimated on insurance policies written in the period, minus the time value of options and financial guarantees, frictional cost of capital and the cost of non-hedgeable risks. This indicator is net of minority interests and tax on profits.

VALUE OF IN-FORCE (VIF)

Assessment of the value of insurance policies in portfolio at the date of valuation, determined in accordance with a market-consistent assets and liabilities valuation method. It is calculated as the estimated present value of future profits on insurance policies in portfolio at the date of valuation, minus the time value of options and financial guarantees, frictional cost of capital and the cost of non-hedgeable risks. This indicator is net of minority interests and tax on profits.

APPENDICES
08

APPENDIX B: PERIMETER

GEOGRAPHICAL AREA	COUNTRY	ENTITY	SHARES OWNED
FRANCE	France	CNP Assurances	Consolidating Entity
	France	CNP Caution	100.00%
	France	Préviposte	100.00%
	France	ITV	100.00%
	France	MFPrévoyance	65.00%
	France	Arial CNP Assurances	40.00%
LATIN AMERICA	Brazil	Caixa Seguradora	51.75%
	Argentina	CNP Assurances Compañia de Seguros	76.47%
EUROPE EXCLUDING FRANCE	Italiy	CNP Unicredit Vita	57.50%
	Spain	CNP Partners	100.00%
	Cyprus/ Greece	CNP Cyprus Insurance Holdings	50.10%
	Ireland	CNP Santander Insurance	51.00%

The main changes in the Group's scope of consolidation in 2016 are:

- the disposal of La Banque Postale Prévoyance following the finalisation of discussions initiated as part of the renegotiation of partnership agreements,
- the integration of the Arial CNP Assurances subsidiary specialising in the supplementary corporate pensions field and owned by CNP Assurances and AG2R La Mondiale,
- the digital channel sales development project in Brazil (Youse).

Entities not covered have been valued on the basis of their IFRS equity restated for intangible components.

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Janvier 2017 - Conception / Réalisation STUDIOCOM - Direction de la communication et du marketing stratégique

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