CNP ASSURANCES GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

Contents

2016 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (in € millions)	Notes	31.12.2016	31.12.2015
Goodwill	7	309.5	258.8
Value of In-Force business	7	22.2	25.5
Other intangible assets	7	534.8	505.0
Total intangible assets		**866.5**	**789.2**
Investment property	8	2,926.5	2,757.6
Held-to-maturity investments	9	766.3	641.5
Available-for-sale financial assets	9	299,428.6	287,908.1
Securities held for trading	9	74,540.6	69,492.6
Loans and receivables	9	4,945.3	5,686.8
Derivative instruments	9	654.3	4,417.2
Insurance investments		**383,261.6**	**370,903.7**
Other investments		**10.9**	**12.8**
Investments in equity-accounted companies	**5**	**67.4**	**186.5**
Reinsurers' share of insurance and financial liabilities	**10**	**23,032.6**	**11,290.8**
Insurance or reinsurance receivables	12	3,142.9	2,695.3
Current tax assets		455.6	461.3
Other receivables	12	4,236.3	3,644.2
Owner-occupied property and other property and equipment	8	309.3	307.1
Other non-current assets		2,052.8	1,656.8
Deferred participation asset	10	0.0	0.0
Deferred tax assets	13	294.4	278.6
Other assets		**10,491.3**	**9,043.3**
Non-current assets held for sale and discontinued operations		**0.0**	**177.9**
Cash and cash equivalents		**1,399.9**	**1,328.0**
TOTAL ASSETS		**419,130.3**	**393,732.2**

EQUITY AND LIABILITIES (in € millions)	Notes	31.12.2016	31.12.2015
Share capital	4	686.6	686.6
Share premium account		1,716.8	1,716.8
Revaluation reserve		3,846.4	3,364.2
Cash flow hedge reserve	9	(41.9)	(4.9)
Undated subordinated notes reclassified in equity	4	1,765.2	2,635.2
Retained earnings		8,491.1	7,953.6
Profit for the period		1,200.3	1,130.5
Translation reserve		(131.1)	(369.0)
Equity attributable to owners of the parent		**17,533.5**	**17,113.0**
Non-controlling interests		1,763.1	1,457.8
Total equity		**19,296.6**	**18,570.7**
Insurance liabilities (excluding unit-linked)	10	152,601.4	144,326.3
Insurance liabilities (unit-linked)	10	39,506.1	32,826.6
Insurance liabilities		**192,107.4**	**177,152.9**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	10	130,379.3	135,219.9
Financial liabilities – financial instruments without DPF (excluding unit-linked)	10	727.5	605.9
Financial liabilities – unit-linked financial instruments	10	7,820.4	7,652.4
Financial liabilities		**138,927.2**	**143,478.2**
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	10	30,713.6	29,176.2
Insurance and financial liabilities		**361,748.3**	**349,807.3**
Provisions	**14**	**250.6**	**243.1**
Subordinated debt	11	5,427.1	3,996.0
Financing liabilities		**5,427.1**	**3,996.0**
Operating liabilities represented by securities		8,645.4	6,360.1
Operating liabilities due to banks		143.2	41.9
Liabilities arising from insurance and reinsurance transactions	15	14,884.0	1,808.9
Current taxes payable		291.7	237.2
Current account advances		45.5	42.9
Liabilities towards holders of units in controlled mutual funds		767.5	769.3
Derivative instruments	9	1,244.9	4,834.1
Deferred tax liabilities	13	1,287.2	1,330.0
Miscellaneous payables	15	5,098.3	5,690.8
Other liabilities		**32,407.8**	**21,115.1**
Liabilities related to assets held for sale and discontinued operations		**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**419,130.3**	**393,732.2**

CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	2016	2015
Premiums written		31,779.6	31,760.3
Change in unearned premiums reserve		(284.8)	(431.1)
Earned premiums	**16**	**31,494.7**	**31,329.2**
Revenue from other activities	**16**	**124.3**	**126.6**
Other operating revenue		**0.1**	**0.0**
Investment income		9,315.4	9,660.0
Gains and losses on disposal of investments		836.9	1,351.1
Change in fair value of financial assets at fair value through profit or loss		1,442.3	1,806.4
Change in impairment losses on financial instruments		14.9	174.1
Investment income before finance costs	**20**	**11,609.5**	**12,991.6**
Income from ordinary activities		**43,228.7**	**44,447.4**
Claims and benefits expenses	17	(35,731.8)	(37,009.3)
Investment and other financial expenses, excluding finance costs	20	(1,113.8)	(863.1)
Reinsurance result	19	375.1	89.2
Expenses of other businesses		(2.9)	(0.1)
Acquisition costs	18	(3,796.0)	(3,616.8)
Amortisation of value of acquired In-Force business and distribution agreements	7	(24.5)	(30.7)
Contract administration expenses	18	(186.3)	(168.1)
Other recurring operating income and expense, net	18	(261.0)	(541.5)
Total other recurring operating income and expense, net		**(40,741.2)**	**(42,140.4)**
Recurring operating profit		**2,487.5**	**2,307.0**
Other non-recurring operating income and expense, net		(5.8)	1.8
Operating profit		**2,481.7**	**2,308.8**
Finance costs	20	(248.2)	(192.2)
Change in fair value of intangible assets	7	1.6	1.5
Share of profit of equity-accounted companies	5	6.2	25.1
Income tax expense	21	(744.4)	(708.1)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		**1,497.0**	**1,435.2**
Non-controlling interests		(296.6)	(304.7)
Profit attributable to owners of the parent		**1,200.3**	**1,130.5**
Basic earnings per share *(in €)*		1.64	1.54
Diluted earnings per share *(in €)*		1.64	1.54

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED IN EQUITY – 2016

(in € millions)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**1,200.3**	**296.6**	**1,497.0**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**718.8**	**215.0**	**933.8**
Available-for-sale financial assets			
Change in revaluation reserve during the period	2,569.3	77.4	2,646.6
Reclassification of proceeds from disposals to profit or loss	(1,253.3)	(11.6)	(1,264.9)
Reclassification of impairment losses to profit or loss	617.9	0.8	618.8
Sub-total including deferred participation and deferred taxes	*1,933.9*	*66.6*	*2,000.5*
Deferred participation including deferred taxes	(1,380.9)	(19.3)	(1,400.2)
Deferred taxes	(35.1)	(25.3)	(60.5)
Of which, change in revaluation reserve for non-current assets held for sale	0.0	0.0	0.0
Sub-total net of deferred participation and deferred taxes	*517.9*	*21.9*	*539.8*
Cash flow hedge reserve	(37.0)	0.0	(37.0)
Change in cash flow hedge reserve during the period	(99.7)	0.0	(99.7)
Cash flow hedge reserve recycled through profit or loss during the period	43.3	0.0	43.3
Deferred taxes	19.4	0.0	19.4
Translation differences	238.0	193.1	431.0
Amounts not recycled through profit or loss	**(0.3)**	**0.0**	**(0.3)**
Actuarial gains and losses	(0.3)	0.0	(0.3)
Other movements	0.0	0.0	0.0
Total income and expense recognised directly in equity	**718.5**	**215.0**	**933.6**
Total income and expense recognised in equity	**1,918.9**	**511.6**	**2,430.5**

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED IN EQUITY – 2015

(in € millions)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**1,130.5**	**304.7**	**1,435.2**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(35.8)**	**(229.2)**	**(265.0)**
Available-for-sale financial assets			
Change in revaluation reserve during the period	(1,930.6)	(73.3)	(2,003.9)
Reclassification of proceeds from disposals to profit or loss	(1,268.2)	(15.0)	(1,283.2)
Reclassification of impairment losses to profit or loss	289.1	2.6	291.7
Sub-total including deferred participation and deferred taxes	*(2,909.7)*	*(85.7)*	*(2,995.4)*
Deferred participation including deferred taxes	2,993.2	17.5	3,010.7
Deferred taxes	154.9	30.2	185.0
Of which, change in revaluation reserve for non-current assets held for sale	(2.3)	0.0	(2.3)
Sub-total net of deferred participation and deferred taxes	*238.4*	*(38.1)*	*200.3*
Cash flow hedge reserve	6.9	0.0	6.9
Change in cash flow hedge reserve during the period	82.5	0.0	82.5
Cash flow hedge reserve recycled through profit or loss during the period	(71.0)	0.0	(71.0)
Deferred taxes	(4.6)	0.0	(4.6)
Translation differences	(281.0)	(191.2)	(472.2)
Amounts not recycled through profit or loss	**(5.9)**	**0.0**	**(5.9)**
Actuarial gains and losses	(6.0)	0.0	(6.0)
Other movements	0.1	0.0	0.1
Total income and expense recognised directly in equity	**(41.7)**	**(229.2)**	**(270.9)**
Total income and expense recognised in equity	**1,088.8**	**75.4**	**1,164.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – 2016

(in € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2016 – IFRS	**686.6**	**1,716.8**	**3,364.2**	**(4.9)**	**2,635.2**	**9,084.0**	**(369.0)**	**17,113.0**	**1,457.8**	**18,570.7**
Net profit and unrealised and deferred gains and losses for the period			**517.9**	**(37.0)**	**0.0**	**1,200.1**	**238.0**	**1,918.9**	**511.6**	**2,430.5**
- Dividends paid						(528.5)		**(528.5)**	(207.3)	**(735.9)**
- Issue of shares										
- Subordinated notes, net of tax					(870.0)	(75.9)		**(945.8)**		**(945.8)**
- Treasury shares, net of tax						12.1		**12.1**		**12.1**
- Changes in scope of consolidation			(35.7)			0.4		**(35.3)**	(0.9)	**(36.2)**
- Other movements						(0.7)		**(0.7)**	1.9	**1.1**
Equity at 31.12.2016	**686.6**	**1,716.8**	**3,846.4**	**(41.9)**	**1,765.2**	**9,691.4**	**(131.1)**	**17,533.5**	**1,763.1**	**19,296.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – 2015

(in € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2015 – IFRS	**686.6**	**1,716.8**	**3,162.4**	**(11.7)**	**2,635.3**	**8,578.5**	**(88.0)**	**16,679.9**	**1,619.6**	**18,299.5**
Net profit and unrealised and deferred gains and losses for the period			**238.4**	**6.9**		**1,124.6**	**(281.0)**	**1,088.8**	**75.4**	**1,164.2**
- Dividends paid						(528.4)		**(528.4)**	(243.4)	**(771.8)**
- Issue of shares										
- Subordinated notes, net of tax					(0.1)	(74.4)		**(74.6)**		**(74.6)**
- Treasury shares, net of tax						(10.1)		**(10.1)**		**(10.1)**
- Changes in scope of consolidation			(36.5)			(7.5)		**(44.0)**	6.8	**(37.2)**
- Other movements						1.4		**1.4**	(0.7)	**0.7**
Equity at 31.12.2015	**686.6**	**1,716.8**	**3,364.2**	**(4.9)**	**2,635.2**	**9,084.0**	**(369.0)**	**17,113.0**	**1,457.8**	**18,570.7**

Consolidated statement of cash flows

The consolidated statement of cash flows includes:

- cash flows of fully consolidated companies;
- cash flows arising from Group investments, dividends and other transactions with associates or jointly-controlled entities accounted for by the equity method.

Definition of cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments (sight deposits and other instruments) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

They include units in "ordinary" money market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines issued by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) No. 2011-13. This approach analyses both the fund prospectus and yield patterns (fund performance, volatility, etc.).

Cash and cash equivalents reported in the statement of cash flows are stated net of bank overdrafts used for cash management purposes.

Definition of cash flows from operating activities

Cash flows from operating activities correspond essentially to the cash flows of the Group's revenue-generating activities.

Definition of cash flows from investing activities

Cash flows from investing activities correspond to cash flows from purchases and sales of investment property and securities, owner-occupied property and equipment and intangible assets.

Definition of cash flows from financing activities

Cash flows from financing activities correspond to all cash flows leading to a change in the amount and components of equity and financing liabilities, as follows:

- share issues and cancellations;
- debt issues and repayments;
- purchases and sales of treasury shares;
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

Reconciliation of cash and cash equivalents reported in the consolidated balance sheet and in the consolidated statement of cash flows

(in € millions)	31.12.2016	31.12.2015
Cash and cash equivalents (reported in the consolidated balance sheet)	1,399.9	1,328.0
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(143.2)	(41.9)
Securities held for trading	17,459.6	13,893.9
Total (reported in the consolidated statement of cash flows)	**18,716.3**	**15,180.0**

Cash and cash equivalents reported in the consolidated statement of cash flows correspond to:

- cash and cash equivalents reported in the consolidated balance sheet under assets;
- operating liabilities due to banks corresponding to short-term bank loans and overdrafts other than financing liabilities, reported in the consolidated balance sheet under liabilities;
- securities held for trading, consisting of money market mutual funds reported in the consolidated balance sheet under "insurance investments".

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	2016	2015
Operating profit before tax	**2,481.7**	**2,308.8**
Gains and losses on disposal of investments	(913.8)	(1,179.0)
Depreciation and amortisation expense, net	122.6	120.6
Change in deferred acquisition costs	(246.3)	(381.4)
Impairment losses, net	(11.9)	(168.1)
Charges to technical reserves for insurance and financial liabilities	(4,556.2)	10,817.2
Charges to provisions, net	(8.1)	15.9
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	(1,497.0)	(1,810.5)
Other adjustments	688.5	396.0
Dividends received from equity-accounted companies	20.2	13.0
Total adjustments	***(6,402.1)***	***7,823.8***
Change in operating receivables and payables	10,726.7	3,195.5
Change in securities sold and purchased under repurchase and resale agreements	2,285.3	(3,959.1)
Change in other assets and liabilities	(90.0)	(51.6)
Income taxes paid, net of reimbursements	(699.7)	(436.7)
Net cash provided by (used by) operating activities	**8,301.9**	**8,880.6**
Acquisitions of subsidiaries and joint ventures, net of cash acquired [(1)]	(78.8)	0.0
Divestments of subsidiaries and joint ventures, net of cash sold [(2)]	291.6	131.8
Acquisitions of associates	0.0	0.0
Divestments of associates	0.0	0.0
Net cash provided by (used by) divestments and acquisitions	***212.9***	***131.8***
Proceeds from the sale of financial assets	71,523.0	82,896.4
Proceeds from the sale of investment properties	284.3	112.3
Proceeds from the sale of other investments	1.9	2.2
Net cash provided by (used by) sales and redemptions of investments	***71,809.2***	***83,010.9***
Acquisitions of financial assets	(77,188.4)	(92,075.6)
Acquisitions of investment properties	(185.5)	(388.8)
Acquisitions of other investments	0.0	0.0
Net cash provided by (used by) acquisitions of investments	***(77,373.9)***	***(92,464.4)***
Proceeds from the sale of property and equipment and intangible assets	6.8	29.1
Purchases of property and equipment and intangible assets	(86.4)	(95.6)
Net cash provided by (used by) sales and purchases of property and equipment and intangible assets	***(79.7)***	***(66.5)***
Net cash provided by (used by) investing activities	**(5,431.5)**	**(9,388.3)**
Issuance of equity instruments [(3)]	0.7	3.8
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	12.8	(10.9)
Dividends paid	(732.6)	(770.7)
Net cash provided by (used by) transactions with owners	**(719.1)**	**(777.8)**
New borrowings [(3)]	1,474.3	750.0
Repayments of borrowings	(870.0)	(33.7)
Interest paid on borrowings	(364.0)	(312.2)
Net cash provided by (used by) other financing activities	***240.4***	***404.1***
Net cash provided by (used by) financing activities	**(478.7)**	**(373.7)**
Cash and cash equivalents at beginning of period	**15,180.0**	**14,514.3**
Net cash provided by (used by) operating activities	8,301.9	8,880.6
Net cash provided by (used by) investing activities	(5,431.5)	(9,388.3)
Net cash provided by (used by) financing activities	(478.7)	(373.7)
Effect of changes in exchange rates	39.5	37.9
Effect of changes in accounting policies and other changes [(4)]	1,105.0	1,509.2
Cash and cash equivalents at the reporting date	**18,716.3**	**15,180.0**

(1) Acquisition of the Italian life insurance business of Barclays Bank Plc (BVP) by CNP Partners for €7 million, acquisition of the Brazilian holding company Voronezh Empreedimentos e Participações for €28 million net of the cash acquired, and acquisition of Arial CNP Assurances for €43 million

(2) Proceeds, net of dividends, from the sale of La Banque Postale Prévoyance to La Banque Postale. The total sale price was €306.9 million including a special dividend of €15.3 million

(3) Share issue by CNP Seguros de Vida for €0.7 million

(4) Corresponding mainly to the reclassification by CNP Assurances France as "Ordinary money market funds" of €0.9 billion worth of units in dynamic funds that are highly sensitive to changes in market prices. The balance reflects the first-time consolidation of CNP Caution, representing a cash inflow of €137 million

SIGNIFICANT EVENTS OF THE YEAR AND SUBSEQUENT EVENTS

Note 1 Significant events of the year

▪ *Impacts of new partnership agreements in France*

Developments concerning the partnership between CNP Assurances and La Banque Postale

Following the authorisation given by the Board of Directors on 16 February 2016, CNP Assurances and La Banque Postale signed a framework agreement on 25 March 2016 renewing their partnership in the areas of term creditor insurance, savings products and personal risk insurance.

Various contracts have been signed in application of the framework agreement. The new agreement, which came into effect on 1 January 2016, is for a 10-year term and its scope has been widened to include La Banque Postale's wealth management subsidiary, BPE.

The partnership with La Banque Postale represents premium income of €8.7 billion.

In term creditor insurance, the new contracts include a 5% quote-share reinsurance treaty with La Banque Postale Prévoyance covering standard term creditor insurance policies for La Banque Postale customers written by CNP Assurances and a financial contract describing the commission arrangements for La Banque Postale and BPE.

In savings, the new contracts give La Banque Postale and BPE an exclusive right to distribute CNP Assurances products.

In personal risk insurance, the framework agreement provided for the sale by CNP Assurances of its 50% stake in La Banque Postale Prévoyance (LBPP) to La Banque Postale for €306.9 million less dividends of €15.3 million. LBPP will notably continue to write personal risk insurance. The sale was subject to approval from France's insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) and anti-trust authorities. Approval from ACPR and the anti-trust authorities was obtained on 6 June 2016 and 21 June 2016, respectively. The sale netted an after-tax gain of €160.6 million, which was included in consolidated profit for first-half 2016.

Signing of a partnership framework contract between AG2R La Mondiale and CNP Assurances

The partnership framework contract signed on 15 December 2015 between CNP Assurances and AG2R La Mondiale came into effect in 2016.

The contract covered the following main aspects:

- Acquisition by CNP Assurances of a 40% stake in Arial Assurance, a subsidiary of AG2R La Mondiale;
- A commitment to reinsure the new business written by the partnership vehicle, renamed Arial CNP Assurances, pro rata to each partner's ownership interest;
- Contribution of each of the partners' group pensions contracts (traditional and unit-linked funds). The contributions would be subject to the condition precedent of the signature of a reinsurance

treaty between the partnership vehicle, Arial Assurance, and each partner, so that the transferred contracts are reinsured on a 100% basis.

Following the signature of a shareholders' pact on 1 April 2016 between CNP Assurances and La Mondiale, to which Arial Assurance and AG2R Réunica Prévoyance are also parties, on 4 April 2016 CNP Assurances and AG2R La Mondiale announced the start of operations of their strategic partnership. The operation has been approved by France's insurance supervisor (ACPR) and anti-trust authorities (ADLC).

The stake in Arial Assurance was acquired by CNP Assurances for €43.3 million.

The new subsidiary, renamed Arial CNP Assurances, is accounted for by the equity method in the consolidated financial statements, adding €45.0 million to total assets at 31 December 2016 and €1.4 million to consolidated profit for the year.

New partnership agreements with BPCE

The new 7-year partnership agreement between the BPCE Group and CNP Assurances has been in full force and effect since 1 January 2016. It includes implementation of an exclusive partnership with Natixis Assurances (co-insurance at the level of 66% for CNP Assurances and 34% for Natixis Assurances in group creditor insurance distributed in Banques Populaires (excluding BRED, Crédit Coopératif and CASDEN), Caisses d'Epargne, Banque Palatine and Crédit Foncier networks as well as specific partnerships in individual and group death/disability and health insurance. It also establishes a mechanism to align the interests of both partners concerning the contracts purchased by Caisses d'Epargne clients up until 31 December 2015 that will continue to be managed by CNP Assurances, as well as a 10%-quota share reinsurance treaty with Natixis Assurances, representing ceded technical reserves of €12.0 billion (see Note 19).

The partnership with BPCE contributed €10.3 billion to CNP Assurances' consolidated premium income for 2016.

Implementation of the reinsurance treaty covering new business written by Natixis Assurances (tranche 1) generated €603 million in inward reinsurance premiums for the year. CNP Assurances' share of premium income for the year from the new term creditor insurance offer totalled €27.5 million for the Caisse d'Epargne network.
The Group's share of premium income from the co-insured offers sold to customers of the new Banques Populaires and Crédit Foncier networks since January 2016 amounted to €23.2 million.

▪ Signature of an agreement between EDF, Caisse des Dépôts and CNP Assurances

On 14 December 2016, EDF, Caisse des Dépôts and CNP Assurances signed a binding agreement for the acquisition by Caisse des Dépôts and CNP Assurances of a combined 49.9% stake in Réseau de Transport d'Électricité (RTE). The aim of the transaction is to provide RTE with a new governance structure to support the group over the long term as it invests in building a smart transmission system that will help drive the energy transition.

An off-balance sheet commitment of €1,080 million was recorded in respect of the agreement at 31 December 2016, corresponding to the price for 20% of the capital of the joint holding company that will own 100% of RTE's capital. The joint holding company will partly finance this operation with external debt.

▪ $500 million private placement issue

On Friday, 15 January 2016, 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.

The fixed-for-life issue will pay a 6% coupon in dollars. The final maturity is 33 years, with a first call date after 13 years.

The note has been structured to qualify as equity and is eligible for inclusion in Tier 2 capital under Solvency II. The currency risk is hedged by a derivative instrument qualifying as a cash flow hedge under IFRS.

▪ *€1 billion subordinated notes issue*

On 12 October 2016, CNP Assurances raised €1 billion through a 6-year, 1.875% subordinated notes issue due October 2022. The notes are rated BBB+ by Standard & Poor's and are eligible for inclusion in Tier 3 capital under Solvency II.

The issue is designed to finance asset growth in Europe and Latin America while also reducing the Group's average cost of debt to 4.5% by diversifying its bond investor base.

▪ *Acquisition of BVP Italia's business by CNP Partners*

On 11 December 2015, CNP Partners signed an agreement with Barclays Bank for the acquisition of BVP Italia's insurance business. The agreement notably gave CNP Partners the right to manage BVP Italia's portfolio of in-force business, with an obligation to provide related policyholder services, together with distribution rights for the CheBanca! traditional savings product with a unit-linked formula.

The acquisition was completed on 1 June 2016 for a price of €7.13 million.

▪ *CNP CIH/Bank of Cyprus arbitration*

CNP Cyprus Insurance Holdings (CNP CIH) had an exclusive distribution agreement with Laiki Bank for the sale of its insurance products in Laiki Bank branches. Following the restructuring of Cyprus's banking sector in 2013, Bank of Cyprus merged with Laiki Bank and took over its assets and liabilities.

However, a dispute arose after the Bank of Cyprus refused to recognise the agreement and distribute CNP CIH's policies through Bank of Cyprus branches of the former Laiki Bank network.

The dispute was submitted to arbitration in March 2015 and was heard by the International Court of Arbitration (ICA) in London in June 2016. In a ruling handed down on 15 September 2016, the ICA dismissed CNP Assurances' claim for compensation from the Bank of Cyprus. The ruling is binding and the matter is now closed.

Note 2 Subsequent events

▪ *Cancellation of the plan to acquire 51% of Pan Seguros and Pan Corretora*

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

At 31 December 2016, completion of the transaction remained subject to regulatory and anti-trust approval, as well as to the agreement of CEF, Pan Seguros and Pan Corretora's other shareholder.

On 2 February 2017, the two parties noted that the agreement was no longer valid because some of these conditions precedent had not been met.

Assets, equity and liabilities

Note 3 Summary of significant accounting policies

CNP Assurances SA, the parent company of the Group, is a *société anonyme* (joint-stock company) with a Board of Directors, governed by the French Insurance Code (Code des assurances). It has fully paid-up share capital of €686,618,477. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

The registered office is located at 4, place Raoul-Dautry, 75015 Paris.

The Group's principal business is the writing of personal insurance. CNP Assurances' corporate purpose is to:

- write life and endowment insurance;
- write bodily injury insurance covering accident and health risks;
- hold majority interests in insurance companies.

The consolidated financial statements for the year ended 31 December 2016 include the financial statements of the Company and its subsidiaries, as well as the Group's interests in the results and net assets of jointly-controlled entities and associates. They were approved by the Board of Directors on 22 February 2017.

3.1 Statement of compliance

In accordance with EU directive 1606/2002/EC of 19 July 2002, the consolidated financial statements have been prepared in accordance with the IFRSs adopted by the European Union before 31 December 2016.

The subsidiaries all apply Group accounting policies, as presented in these notes.

New accounting standards adopted since 1 January 2016

- Amendments to the following standards:
  - Disclosure initiative: annual amendment to IAS 1 – Presentation of Financial Statements, concerning the use of professional judgement in deciding what information is needed;
  - Annual amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
  - Annual amendment to IFRS 11 – Acquisition of an Interest in a Joint Operation;
  - Annual amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants;
  - Annual amendment to IAS 27 – Use of the Equity Method in Separate Financial Statements;
  - Annual amendment to IAS 19 – Defined Benefit Plans: Employee Contributions;
  - Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Application of the Consolidation Exception.

  CNP Assurances is not concerned by these amendments that are applicable for accounting periods beginning on or after 1 January 2016.

  IFRS annual improvements, 2010-2012 cycle: the amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, and IAS 24 have no impact on CNP Assurances' consolidated financial statements.

  IFRS annual improvements, 2012-2014 cycle: the amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 have no impact on CNP Assurances' consolidated financial statements.

- Approval of French accounting standards authority regulation ANC 2016-09:

  Regulation ANC 2016-09 on mandatory disclosures in the notes to consolidated financial statements prepared in accordance with IFRS was adopted for use in France on 26 December 2016.
  The main disclosures to be provided in the notes in addition to those required under IFRS are as follows:
  - Details of the scope of consolidation;
  - Details of investments in companies not included in the scope of consolidation;
  - Breakdown of employees of fully consolidated companies by category;
  - Details of fees paid to the Statutory Auditors.

Main accounting standards and interpretations approved by the European Union but not yet in force

- The final version of IFRS 9 – Financial Instruments was published on 24 July 2014 and is applicable for accounting periods beginning on or after 1 January 2018. It was adopted by the European Union on 22 November 2016.

  This standard, which replaces IAS 39 – Financial Instruments, sets down accounting principles and disclosure requirements for financial assets and liabilities. This comprehensive final version of IFRS 9 follows three earlier partial publications:

  - on 12 November 2009, the IASB published the first (partial) version of IFRS 9 – Financial Instruments, focusing exclusively on "classification and measurement" of financial assets;
  - on 28 October 2010, the IASB published the second (partial) version of IFRS 9 – Financial Instruments, incorporating requirements on accounting for financial liabilities;
  - on 19 November 2013, the IASB published a new section of IFRS 9 – Financial Instruments, focusing on hedge accounting and amendments to IFRS 9, IFRS 7 – Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement. This new section includes the definition of a business model that more closely reflects an insurance company's strategy for holding and managing financial assets.

  The final version consolidates the three core phases, i.e., classification and measurement, impairment and hedge accounting. Macro hedge accounting is covered in a separate IASB project. This has not yet been finalised but a discussion paper was published on 17 April 2014.

Main provisions of IFRS 9

a) Classification and measurement

IFRS 9 introduces a standard approach to classification and measurement of financial assets and contains only three classification categories: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

In the case of debt instruments, the assessment is based around two criteria that determine how a financial asset should be classified and measured:

- the business model that the entity uses for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

IFRS 9 introduces two types of business model as follows:

- the financial asset is held within a business model whose objective is to collect the contractual cash flows. If this is the case, the financial asset is measured at amortised cost;
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. If so, the financial asset must be measured at FVTOCI.

All other financial assets must be measured at fair value through profit or loss (FVTPL). An entity may designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an inconsistency in valuation methods or accounting treatment (sometimes referred to as an accounting mismatch).

Equity instruments are always measured at FVTPL with the exception of those not held for trading. An entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading (including realised gains and losses). Only dividends received from such investments are to be recognised in profit or loss.

IFRS 9 retains the accounting treatment of financial liabilities but adds guidance on certain issues, notably the impact of changes in own credit risk in profit or loss when non-trading financial liabilities are measured at fair value.

b) Impairment

- IFRS 9 also introduces a new debt instrument impairment model that involves writing off expected credit losses at initial recognition. Under IAS 39, impairment losses were only taken if there was a recognised risk due to the existence of one or more objective indicators of impairment.

Under the new model, assets move through three stages:

  - At investment: the entity recognises 12-month expected credit losses and interest income is calculated on the gross carrying amount of the instrument;
  - Stage 2: if there has been a significant increase in credit risk since initial recognition, lifetime expected credit losses are recognised, but interest income is still calculated on the gross carrying amount of the asset;
  - Stage 3: if a credit event affects the issuer, lifetime expected credit losses are recognised and interest income is calculated on the net carrying amount.

c) Hedge accounting

IFRS 9 broadens hedge accounting eligibility criteria in exchange for greater transparency in risk management disclosure.

The new model marks an important change that aligns hedge accounting more closely with risk management and enables entities to disclose these activities more effectively in their financial statements. For example, IFRS 9 allows entities to hedge the risk components of non-financial items and homogeneous groups of items for all types of risk on a net basis.

IFRS 9 changes certain aspects relating to hedging instruments. In particular, changes in the fair value of the time value of an option used as a hedging instrument may be recognised in OCI. Eligibility also extends to the forward element of a forward contract or the foreign currency basis spread, thus reducing volatility in the income statement.

The standard also makes hedge effectiveness testing less rigid. Retrospective and prospective testing (using the 80% to 125% bright line) is replaced by a single prospective test based on three effectiveness requirements: there is ‘an economic relationship’ between the hedged item and the hedging instrument; the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and the hedge ratio is consistent with the entity's risk management approach.

IFRS 9 transition arrangements

IFRS 9 was adopted on 22 November 2016 for use in the European Union for accounting periods beginning on or after 1 January 2018. However, the Group plans to defer application until 2021

in light of the publication on 12 September 2016 by the IASB of an amendment to IFRS 4 - Insurance Contracts describing how insurance undertakings should apply IFRS 9 in conjunction with IFRS 4. This amendment, which is in the process of being adopted by the European Commission, was issued in response to the need to align first-time adoption of IFRS 9 with that of the new insurance standard (IFRS 17). It provides for:

- Application of an "overlay approach" by insurance companies that choose to apply IFRS 9 as from 1 January 2018. This approach consists of reclassifying from profit or loss to "Income and expense recognised directly in equity" the additional volatility caused by applying IFRS 9 to assets previously accounted for as available-for-sale financial assets or financial assets at amortised cost under IAS 39. Insurers will have the option of applying this approach throughout the period until the effective date of the new insurance standard;
- The second option consists of deferring adoption of IFRS 9 for a period of three years until 1 January 2021 (the "deferral approach").

All traditional insurance companies have the automatic right to apply the deferral approach.

The IASB has also introduced an option to simplify application of IFRS 9 by allowing associates and joint ventures accounted for by the equity method to continue to prepare their consolidation packages in accordance with IAS 39 if they are not required to adopt IFRS 9 in their separate financial statements. Application of this option by CNP Assurances would enable the Group to continue accounting for financial assets in accordance with IAS 39 until 2021.

CNP Assurances fulfils the eligibility criteria for adopting the deferral approach.

- First, its insurance business represents more than the 90% threshold for applying this approach.
- Second, it is accounted for by the equity method in the consolidated financial statements of its three main shareholders which are financial institutions and are required to apply IFRS 9 as from 2018. As a result, it will not be required to prepare its consolidation package in accordance with IFRS 9.
- The amendment to IFRS 4 requires additional disclosures in the notes during the transition period (2018-2021), concerning the classification of assets and the reporting entity's exposure to credit risk on assets meeting the criteria in IFRS 9 (assets for which the contractual cash flows consist solely of payments of principal and interest).

Estimated impact for CNP Assurances of applying IFRS 9

The Group is currently reviewing the basis of application and the potential impact of the new standard. The information presented below corresponds to overall estimates of the impact of applying IFRS 9 as it currently stands.

However, confirmation of these estimates will depend on:

- the examination and interpretation of the final published version of IFRS 17 – Insurance Contracts that will replace IFRS 4;
- the adoption of IFRS 17 by the European Commission.

In the meantime, preparing estimates is a complex process and the degree of estimation uncertainty is high.

As part of its preparation for IFRS 9, the Group has taken part in several field tests organised by the European Financial Reporting Advisory Group (EFRAG). EFRAG was created in order to assist the European Commission in approving the international financial reporting standards published by the IASB by providing technical advice on accounting matters. These field tests suggest that the standard's main impact will be a possible material increase in securities classified as "Financial assets at fair value through profit or loss". The final impact of these reclassifications on profit or loss will depend on the options for applying IFRS 17.

The Group has launched a project for the limited application of IFRS 9 asset classification criteria in order to prepare the additional disclosures required under the amendment to IFRS 4 as from 2018.

- IFRS 15 – Revenue from Contracts with Customers: published on 28 May 2014 and applicable for accounting periods beginning on or after 1 January 2018 was adopted by the European Union on 22 September 2016. This standard provides a single model to be applied to all contracts with customers. It replaces the standards that currently deal with revenue recognition, namely IAS 18 – Revenue and IAS 11 –

Construction Contracts and related interpretations, along with the following interpretations: IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services.

Specific types of contracts dealt with in other standards, such as leases, insurance policies and financial instruments, are excluded from the scope of IFRS 15.

The Group is currently reviewing the basis of application and the potential impacts of IFRS 15. However, further to the review of existing contracts recognised in accordance with IAS 18 (representing 0.23% of consolidated premium income, see Note 16, Premium income and revenue from other activities), the Group believes that application of IFRS 15 will not have a material impact on its consolidated financial statements.

- Clarifications of IFRS 15:

The amendments clarifying IFRS 15 published on 12 April 2016 are also applicable for accounting periods beginning on or after 1 January 2018 but have not yet been adopted by the European Union. The amendments to the standard, which was published in 2014, do not alter the underlying principles but simply clarify the way in which they should be applied. Amendments to the body of the standard are limited. Most of the changes concern the Basis for Conclusions and Illustrative Examples.

These amendments are applicable retrospectively in accordance with IAS 8, as if they had formed an integral part of IFRS 15 on the date of first-time adoption. Early application is permitted.

Main standards and interpretations published but not yet approved by the European Union

- IFRS 14 – Regulatory Deferral Accounts

This standard was published by the IFRS Foundation on 30 January 2014. It is applicable for accounting periods beginning on or after 1 January 2016, subject to adoption by the European Union. Pending the definitive version, the European Commission has decided not to launch an adoption process for the provisional standard. This provisional standard allows first-time adopters of IFRSs to continue to account for rate-regulated activities in accordance with its previous GAAP until such time as the IASB can complete its comprehensive project on rate regulated activities. These amendments do not have any impact on the Group's consolidated financial statements at 31 December 2016.

- IFRS 16 – Leases

On 13 January 2016, the IASB published IFRS 16 – Leases, which replaces IAS 17 and the related interpretations (IFRIC 4, SIC 15 and SIC 27). IFRS 16 has not yet been approved for use in the European Union. The principal aims of the new standard are to present the assets and liabilities of lessors and lessees more fairly, provide more transparent information, and improve the comparability of financial information presented by entities that lease assets and those that borrow funds to acquire assets outright. The main changes compared to IAS 17 are as follows:

- All leases will be recognised in the lessees' balance sheet, providing better visibility of their assets and liabilities.
- IFRS 16 introduces a single lease accounting model for lessors, in which all leases are treated as finance leases.
- Lessees may elect not to apply IFRS 16 to short-term leases and leases for which the underlying asset is of low value (such as laptops).
- A new definition of leases: *"A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".*
- The accounting treatment of service contracts is not modified by IFRS 16. However, the standard provides guidance on separating the "service" component of a complex contract from the "lease" component.

IFRS 16 is applicable for annual periods beginning on or after 1 January 2019, with early adoption permitted. The effects of applying IFRS 16 are currently being analysed by the Group.

- Amendments to the following standards:

The amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets between an Investor and its Associate or Joint Venture published on 11 September 2014 have not yet been adopted by the European Union. In addition, the IASB has decided to postpone their application date.

The amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses and disclosure initiative amendments to IAS 7 – Statement of Cash Flows are applicable for accounting periods beginning on or after 1 January 2017, subject to adoption by the European Union which is expected to take place in the second quarter of 2017.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions, IFRS 4 – Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, IFRIC 22 – Foreign Currency Transactions and Advance Consideration, and IAS 40 – Transfers of Investment Property are applicable for accounting periods beginning on or after 1 January 2018, subject to adoption by the European Union which is expected to take place in the second half of 2017.

IFRS annual improvements, 2014-2016 cycle: the amendments are applicable for accounting periods beginning on or after 1 January 2017 or 1 January 2018 and are expected to be adopted by the European Union in the second half of 2017.

The Group is currently studying the potential impact of the amendments not applicable from 1 January 2016.

3.2 Basis of preparation of the consolidated financial statements

The following information is incorporated by reference in the Registration Document, in accordance with Article 28 of European Commission Regulation 809/2004/EC dated 29 April 2004:

- the consolidated financial statements of CNP Assurances for the year ended 31 December 2014 and the related Statutory Auditors' report, as presented on pages 55 to 161, and pages 162 to 163, respectively, of the Registration Document filed with the AMF on 9 April 2015;
- the consolidated financial statements of CNP Assurances for the year ended 31 December 2013 and the related Statutory Auditors' report, as presented on pages 51 to 149, and pages 150 to 151, respectively, of the Registration Document filed with the AMF on 10 April 2014.

The consolidated financial statements are presented in millions of euros, rounded up or down to the nearest decimal.

They have been prepared according to the cost model, except for (i) insurance assets and liabilities and assets and liabilities related to investment contracts with a discretionary participation feature which have been measured by the methods used in the French GAAP accounts, and (ii) financial assets at fair value through profit or loss (financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss), available-for-sale financial assets, investment property held in unit-linked portfolios and derivative instruments separated from their host contracts, which are measured using the fair value model.

Non-current assets and groups of assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell, with the exception of deferred tax assets, assets generated by employee benefits, financial assets, investment property measured at fair value, biological assets and assets arising under insurance contracts, all of which are measured using their own specific valuation basis.

The preparation of financial statements in accordance with IFRSs requires the use of estimates and assumptions that have an impact on the application of accounting policies and on the reported amounts of assets and liabilities, income and expenses. The main balance sheet headings concerned by such estimates and assumptions include goodwill (particularly with regard to impairment testing), the value of acquired In-Force business, assets measured at fair value not quoted in an active market, insurance-related assets and liabilities (technical reserves, deferred participation assets and deferred participation reserves) and deferred taxes.

These estimates and the underlying assumptions are based on past experience, regulatory information, generally accepted actuarial principles and other factors considered reasonable under the circumstances and they are subject to sensitivity analyses when this is required by regulations or when such tests back up the assumptions made by the Group.

They serve as the basis for the exercise of judgement in determining the carrying amounts of assets and liabilities which cannot be obtained directly from other sources. Actual values may be different from these estimates. Estimates and the underlying assumptions are reviewed at regular intervals.

The effects of changes in accounting estimates are recognised in the period in which the change occurs.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements.

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of subsidiaries, jointly-controlled entities and associates. Other than the regulatory capital requirements of the insurance subsidiaries, the Group does not have any restrictions limiting its access to assets or settling the liabilities of the entities within its scope of consolidation.

Subsidiaries

A subsidiary is an entity controlled by the Company. Control is a function of three elements: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor’s returns.

Power results from existing rights that give the current ability to direct an investee's relevant activities. The rights that confer power may differ depending on the investee's purpose and design, structure, the nature of its relevant activities or the way in which decisions about the investee are taken. It is generally voting or similar rights that give an investor power, either individually or in combination with other arrangements. If contractual arrangements have a bearing on the relevant activities, they need to be analysed to determine whether rights held are sufficient to confer power. In circumstances where it is difficult to determine whether an investor’s rights are sufficient to give it power over an investee, it may be necessary to consider evidence of whether it has the practical ability to direct the relevant activities unilaterally.

Exposure or rights to variable returns from involvement with the investee are assessed based on the investor’s returns from existing arrangements which have the potential to vary as a result of the investee’s performance. An investor assesses whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement and regardless of the legal form of the returns.

Control results not merely from power over the investee and exposure to variable returns, but from the ability to use power over the investee to affect the amount of the investor’s returns from its involvement with the investee. Thus, an investor with decision-making rights must determine whether it is acting as a principal or an agent.

Subsidiaries are fully consolidated.

New subsidiaries are consolidated from the date when control is acquired. Divested subsidiaries are consolidated up to the date when control is relinquished.

Non-controlling interests represent the interests of minority shareholders in the Group's subsidiaries. The materiality of these non-controlling interests is assessed based on the percentage interest in the share capital of the subsidiary, as well as their impact on the consolidated financial statements.

Jointly-controlled entities (joint arrangements)

A jointly-controlled entity is a contractual arrangement whereby the Group and one or more other parties exercise joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation and in accordance with the applicable IFRSs;
- joint ventures: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer recognises its interest in the joint venture as an investment using the equity method.

The consolidated financial statements include the Group’s interest in the joint venture, recognised by the equity method, from or up to the date when the Group exercises or ceases to exercise joint control.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of the associate.

It is presumed to be exercised when the Group holds at least 20% of the associate's voting rights, directly or indirectly. However, this is only one of the criteria used, and the existence or absence of significant influence may be determined on the basis of other factors, regardless of the percentage of voting rights held. Other indicators of significant influence include representation on the board of directors or equivalent governing body of the associate and material transactions between CNP Assurances and the associate.

The consolidated financial statements include the Group's share of the net assets and profits of associates, recognised by the equity method, from or up to the date when the Group exercises or ceases to exercise significant influence.

If the Group's share of an associate's losses is equal to or greater than the carrying amount of its investment in the entity concerned, the investment is reduced to zero and recognition of the Group's share of future losses is discontinued, unless the Group has incurred legal or constructive obligations to bear a portion of future losses or to make payments on behalf of the associate.

3.4 Intragroup transactions

All material intragroup balances, transactions, income and expenses are eliminated in full. Income and expenses from transactions with associates and joint ventures are eliminated based on the Group's share of the entity's profit. Losses resulting from the impairment in value of an asset transferred in an intragroup transaction are not eliminated.

3.5 Deferred participation asset/reserve

The adjustments made in application of IFRS 4 lead to the recognition of deferred policyholders' participation in assets or liabilities.

There are two types of deferred participation:

3.5.1 Unconditional participation

All differences in the calculation base of future rights between the separate financial statements and the consolidated financial statements are recognised in the deferred participation reserve.

This applies in particular to policyholder rights in positive and negative fair value adjustments and restatements of the separate financial statements of Group entities. Their amount is adjusted using a method that is consistent with the initial measurement and the pattern of recognition in profit or loss of fair value adjustments and restatements.

3.5.2 Conditional participation

This corresponds to the difference in rights between the separate and consolidated financial statements, whose payment depends on a management decision or the occurrence of an event.

These rights are recognised only when the event or management decision is highly probable. Conditional participation also arises from the application of the shadow accounting technique described in Note 3.13.2.

3.6 Foreign currency translation into the Group's presentation currency

The functional currency of subsidiaries, in which the majority of transactions are denominated, is their local currency.

Assets and liabilities of international operations – mainly international subsidiaries and independent branches – including goodwill and fair value adjustments recorded on consolidation, are translated into euros, i.e., the Group's presentation currency, at the closing exchange rate.

Income and expenses of international operations are translated at the exchange rate on the transaction date. For practical reasons, the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

Translation differences between the exchange rates used to translate assets and liabilities, and those used to translate income and expenses are recognised separately in equity as a translation adjustment.

3.7 Foreign currency balances

The individual Group entities translate foreign currency transactions into the entity's functional currency at the exchange rate on the transaction date. For practical reasons, the last available exchange rate for the month preceding the transaction date is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

At each reporting date, monetary balance sheet items (excluding available-for-sale financial assets) are translated using the closing rate, and the resulting exchange differences are recognised in profit or loss unless hedge accounting is used as described in Note 3.10.3.

Non-monetary assets and liabilities measured using the cost model are translated into euros at the exchange rate on the transaction date, while non-monetary assets and liabilities measured using the fair value model are translated at the exchange rate on the date of remeasurement at fair value. When a gain or loss on a non-monetary item is recognised directly in equity, e.g., when a non-monetary asset is classified as available-for-sale, the difference arising on translation of the item is also recognised in equity. Similarly, when a gain or loss on a non-monetary item is recognised directly in profit or loss, the translation difference is also recognised in profit or loss.

3.8 Business combinations and other changes in scope of consolidation

Business combinations in which the Group acquires control of one or more businesses are recognised using the purchase method.

Business combinations carried out prior to 1 January 2010 are recognised in accordance with the accounting principles used to prepare the financial statements for the year ended 31 December 2009. Non-controlling interests (also known as minority interests) are measured at the Group's proportionate share in the acquiree's net revalued assets, while adjustments to contingent consideration are treated as an adjustment to the cost of the combination.

Business combinations that took place after 1 January 2010 are recognised and measured in accordance with revised IFRS 3. Consideration transferred (acquisition cost) is measured at the acquisition-date fair value of the assets transferred, liabilities incurred and equity interests issued by the buyer. The acquiree's identifiable assets and liabilities are measured at fair value at the acquisition date. Costs directly attributable to the business combination are expensed as incurred.

Any excess of the consideration transferred over the Group's proportionate share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill (full goodwill method). CNP Assurances can choose to measure its non-controlling interests at fair value.

Goodwill is calculated at the date control is obtained and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests.

Acquisitions and disposals of non-controlling interests are recognised directly in equity.

If the consideration transferred is lower than the Group's proportionate share in the net assets of the acquiree measured at fair value, the difference is recognised directly in profit or loss for the period.

The initial accounting for a business combination must be completed within 12 months of the acquisition date. This timeline applies to the measurement of identifiable assets and liabilities, consideration transferred and non-controlling interests. In principle, any adjustments made after the measurement period affecting financial assets or liabilities are recognised in profit or loss, unless they concern errors whose correction leads to an adjustment of the purchase price allocation.

3.9 Intangible assets

3.9.1 Goodwill

Goodwill is equal to the difference between the acquisition cost to the buyer and the fair value of the corresponding identifiable assets and liabilities. Negative goodwill is recognised directly in profit or loss.

Positive goodwill is:

- recognised in intangible assets when it arises on the acquisition of entities consolidated by the full consolidation method;
- included in investments accounted for using the equity method when it arises on the acquisition of an entity accounted for by the equity method;
- recognised in the local currency of the acquiree and translated into euros at the closing exchange rate when it arises on the acquisition of an international entity (outside the eurozone).

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs likely to benefit from the synergies developed within the scope of the business combination resulting from the acquisition. A CGU is defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Group identifies CGUs by entity or group of similar entities.

When goodwill is positive, it is stated in the balance sheet at cost less any accumulated impairment losses. It is no longer amortised but tested for impairment:

- each year on the same date, usually close to the reporting date; or
- more frequently if events or changing market conditions indicate that it may be impaired since it was last tested for impairment; or
- at the end of a period in which an acquisition has taken place if there is a marked deterioration in the business environment.

An impairment loss is recognised if the recoverable amount of the CGU to which the goodwill has been allocated is less than its carrying amount. The recoverable amount is defined as the higher of its fair value less costs to sell and value in use.

The Group usually calculates value in use as the net asset value of the CGU plus the present value of expected future revenues from existing portfolios and new business.

Expected future cash flows are based on the assumption that the business will continue over the long-term and that relations with banking partners will be pursued beyond the renewal date of current agreements, as well as on forecasts that have been validated by the Board of Directors and extrapolated in line with the growth rates generally used within the industry for the businesses concerned, and using conservatively estimated discount rates in line with the weighted average cost of capital.

3.9.2 Life insurance portfolios

The fair value of insurance contracts and financial instruments with a discretionary participation feature acquired in a business combination or a separate transaction is split into two components, as follows:

- a liability measured in accordance with the Group's accounting policies for insurance contracts and financial instruments with a discretionary participation feature;
- an intangible asset ("value of acquired In-Force business") representing the difference between the fair value of these contracts and the amount described above.

The value of acquired In-Force business corresponding to purchased insurance portfolios is generally amortised by the effective interest method over the portfolios' remaining life.

3.9.3 Distribution agreements

The value of a distribution agreement represents the future cash flows expected to result from new business relating to a partner network falling within the scope of such an agreement. These intangible assets are estimated based on the terms and conditions specific to each agreement, and are amortised over the term of the agreement taking into account a residual value where appropriate.

3.9.4 Software

Purchased software licences are recognised as an intangible asset at cost less accumulated amortisation and any accumulated impairment losses.

Directly attributable internal and external costs of developing software for internal use, integrating business applications and evolutive maintenance are capitalised if, and only if, it is probable that they will have the effect of increasing the future economic benefits to be derived from the asset and comply with the other provisions of IAS 38. Costs that do not fulfil the criteria for recognition as an asset are recorded in expenses for the period.

Software licences and development costs are generally amortised over periods of between five and eight years.

3.10 Investments

3.10.1 Property

Investment property is property (land or building) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment and owner-occupied properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value corresponds to the probable realisable value of properties and shares in unlisted property companies. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French prudential control authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR). In the period between two five-year valuations, fair value is estimated at each year-end and the amounts obtained are certified by a qualified expert.

Under the cost model, properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Borrowing costs directly attributable to acquisition or construction are included in the cost of the asset and expensed once the building is in use.

For the purpose of determining depreciation periods, properties are considered as comprising five significant parts with different useful lives:

- land;
- shell and roof structure;
- facades and roofing;
- fixtures;
- technical installations.

Maintenance costs are added to the cost of the part of the property to which they relate when it is probable that they will generate future economic benefits and they can be measured reliably.

Expenses directly attributable to the purchase of a property are included in its cost and depreciated over the useful life of the shell.

Depreciation

Depreciation is calculated on a straight-line basis to write off the acquisition or construction cost of each significant part of a property over its estimated useful life.

Due to the difficulty of reliably determining the residual value of property, investment and owner-occupied properties are considered as having no residual value.

Depreciation periods are based on the estimated useful lives of the significant parts of each property, with the exception of land which is not depreciated. These periods are as follows:

- shell: 50 years;
- facades and roofing: 30 years, except for warehouses, factories, shopping centres and cinemas: 20 years;
- technical installations: 20 years;
- fixtures: 10 years.

Impairment

At the end of each reporting period, properties are assessed to determine whether there is any indication that they may be impaired. One such indicator is a loss of over 20% of the building's value measured against cost. If there is evidence of impairment, CNP Assurances estimates the recoverable amount of the building concerned.

The recoverable amount of a property is the higher of its value in use and its market price less costs to sell, as determined by annual independent valuations of the Group's entire property portfolio.

3.10.2 Financial assets

Classification

Financial assets are allocated among the following four categories, based on the type of portfolio, the type of financial assets, the specific features of certain financial assets and prioritised application of the criteria defining each category:

- financial assets at fair value through profit or loss, corresponding to assets held for trading and assets designated at the outset as being at fair value through profit or loss in accordance with the fair value option. Financial assets allocated to this category include assets backing unit-linked liabilities, assets with an embedded derivative that is separable from the host contract, assets of consolidated mutual funds and derivative instruments;
- held-to-maturity investments, corresponding to fixed-income securities that the Group has the positive intention and ability to hold to maturity. This classification is applied restrictively to certain bonds, held mainly by the Group's Brazilian subsidiary;
- loans and receivables, corresponding to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than assets classified as held for trading or available-for-sale;
- available-for-sale financial assets, corresponding to assets that are not held with the firm intention of being sold but which the Group may decide to sell, for example to meet its liquidity needs. This classification is applied to assets not classified in any of the above three categories.

Recognition

Financial assets are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recorded on the transaction date.

Financial assets are initially recognised at fair value. The carrying amount includes directly attributable transaction costs, except in the case of financial assets at fair value through profit or loss.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the asset is transferred in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

Valuation method

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value.

Changes in fair value of available-for-sale financial assets are recognised directly in equity, taking into account the impact on liabilities arising from insurance contracts and financial instruments with a discretionary participation feature (DPF) (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Changes in fair value of financial assets at fair value through profit or loss are recognised directly in profit or loss, taking into account the impact on liabilities arising from insurance contracts and financial instruments with DPF (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Loans and receivables and held-to-maturity investments are measured at amortised cost by the effective interest method. Commissions and fees paid or received, directly attributable transaction costs, and all other premiums or discounts are recognised in the income statement over the expected life of the instrument.

Mutual funds and non-trading property companies are fully consolidated (in accordance with IFRS 10) or accounted for by the equity method (in accordance with IAS 28). The level of control of mutual funds is assessed separately for each fund based on the following criteria:

- the relationship between the principal and the agent;
- the Group's power over the fund manager;
- the Group's exposure to variable returns, as assessed by applying a specific threshold.

Non-controlling interests in fully consolidated mutual funds are reported on a separate line of the consolidated balance sheet, "Liabilities towards holders of units in controlled mutual funds". Units in mutual funds are measured using the fund's most recently published net asset value. The underlying financial assets are reported in the consolidated balance sheet under "Insurance investments" based on their contribution to the fund's net asset value.

The fair value of financial instruments for which there is no active market is estimated using a valuation technique. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment

Financial assets other than those measured at fair value through profit or loss are tested for impairment at each reporting date. A financial asset has been impaired if there is objective evidence of impairment based on one or a number of events whose impact on the asset's estimated future cash flows may be reliably determined.

Assets measured at amortised cost and debt instruments available for sale

For debt instruments held to maturity or available for sale, an impairment loss related to their fair value is recognised in the income statement if future cash flows are unlikely to be entirely recoverable due to the existence of one or more objective indicators of impairment.

However, downgrading by a rating agency or widening credit spreads do not in themselves constitute objective evidence of impairment. One or a combination of the following factors would constitute objective evidence of impairment:

- a credit event as defined by the ISDA (International Swaps and Derivatives Association), namely bankruptcy of the entity in question, failure to pay, or a reorganisation;

- knowledge of material financial difficulties being experienced by the counterparty that amount to a recognised risk, even in instances where the counterparty has not actually defaulted;
- the existence of certain facilities that would not have been granted to the counterparty in the absence of financial difficulties.

Available-for-sale equity instruments

At each reporting date, available-for-sale equity instruments are reviewed to determine whether there is any objective evidence that they are impaired. This is considered to be the case when there is:

- a prolonged decline in fair value: the market price is less than the average carrying amount over the three years preceding the reporting date; or
- a significant decline in fair value: the market price at the reporting date represents less than 50% of the average carrying amount.

When objective evidence of impairment is detected, the cumulative unrealised loss previously recorded directly in equity is recognised in profit or loss.

Moreover, in all cases where these thresholds have not been exceeded but the market price represents less than 70% of the average carrying amount over the previous six months, the Group systematically tests all equity instruments on an asset-by-asset basis to ascertain whether or not an impairment loss needs to be recognised.

This approach is based on both the materiality of the decline in fair value and the intrinsic underlying features of the valuation for each asset.

Any subsequent decline in fair value is recognised in profit or loss as an impairment expense.

A similar method is employed for unlisted variable-income securities.

Reversals of impairment losses

Available-for-sale financial assets

Impairment losses recognised in the income statement on available-for-sale equity instruments are reversed through profit or loss when the instrument is derecognised.

If the fair value of an available-for-sale debt instrument increases in a subsequent period due to new circumstances, e.g., an improvement in the counterparty's credit rating, the impairment loss is reversed in profit or loss.

Loans and receivables, held-to-maturity investments

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account, provided that the reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been, had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.10.3 Derivative instruments

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the "underlying");

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

c) it is settled at a future date.

Derivative instruments are classified as financial assets at fair value through profit or loss except for instruments designated as hedges whose effectiveness can be demonstrated.

Embedded derivatives are separated from their host contract and recognised as derivative instruments when the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) contract is not measured at fair value with changes in fair value recognised in profit or loss.

If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire combined contract is treated as a financial asset or financial liability at fair value through profit or loss.

Hedge accounting

Derivatives designated as hedging instruments are accounted for in accordance with IAS 39 if they are part of a designated hedging relationship as defined by the standard.

For all hedging instruments, the Group (i) documents the hedging relationship and the risk management objective and strategy for undertaking the hedge, and (ii) assesses the effectiveness of the hedge at inception and over the life of the hedge by demonstrating the effectiveness of the hedging relationship both retrospectively and prospectively.

Cash flow hedge accounting consists of recognising the effective portion of changes in the fair value of the derivative in equity. The gain or loss on the ineffective portion of the hedge is immediately recognised in profit or loss. The cumulative gains or losses recognised in equity are recycled to the income statement over the period in which the hedged item impacts profit or loss. If the hedging instrument expires, is sold or no longer qualifies for hedge accounting, cumulative gains or losses recognised in equity are recycled to the income statement either immediately or as and when the transaction initially hedged is completed. The fair values of derivatives designated as hedging instruments are disclosed in Note 9.7

3.10.4 Measurement at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm's length basis. The main criteria used in determining whether or not a market is active is how recent the quoted prices actually are as well as the liquidity of the securities traded. The market in question will be considered inactive if one or more of the following indicators is observed: a sharp fall in the number of transactions, a major increase in settlement costs or volatility, or a rapid widening in Z-spreads.

In the case of financial instruments whose price is not quoted in an active market (i.e., no price is quoted or a price is quoted but the market does not qualify as active, as is the case for certain structured products), fair value prices are estimated using valuation techniques. These are based on:

- prices not freely available provided upon demand by the arrangers or pricing services, or prices provided by an external agency that are freely available but where the market on which the assets are traded is not always active;
- internal models that maximise the use of observable market data to measure financial assets.

Structured products held by the Group consist of financial instruments for which income is indexed to indices, baskets of equities, hedge funds, interest rates and credits. They may also comprise embedded derivatives that can modify the structure of revenues or repayments.

The Group negotiates with each arranger for prices to be quoted every month. These prices correspond to the products' economic value. Their reliability is checked on a test basis and in the case of a significant change, using valuation techniques (for example, discounted cash flow analysis) or by asking the arrangers for details of the methods used. To date, these checks have consistently confirmed the reliability of the prices quoted by the arrangers. The CNP Assurances Group checks the quality of the arrangers' valuation methods and issue ratings and the absence of any credit events.

Structured product valuation principles

The aim of the valuation techniques is to obtain estimated values that approximate the economic value of a position using prices and rates corresponding to the underlying assets or benchmark interest rates. The prices quoted by the arrangers correspond to the estimated amount that a buyer would be willing to pay to purchase the asset. Actual prices could be significantly different from these estimates, due to various factors such as credit spreads, market liquidity, the size of the position, financing costs, and hedging costs and risks.

The valuation techniques used:

- make maximum use of market inputs;
- incorporate all factors that market participants would consider in setting a price; and
- are consistent with accepted economic methodologies for pricing financial instruments.

Fair value hierarchies

The Group uses the following three-level measurement hierarchy for financial instruments (see Note 9.2):

Level 1: financial instruments measured using quoted prices in active markets. The fair value of most financial instruments held by the Group is determined based on the quoted market price, whenever quoted prices are readily and regularly available and represent actual and regularly occurring market transactions conducted on an arm's length basis. The active market for such transactions is the market in which the most recent prices were quoted along with the largest volumes of transactions. The following financial assets are measured at their quoted market price:

- equities, measured on the basis of quoted prices on their reference market;
- mutual fund units, measured at their net asset value;
- bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent quoted prices available – on the stock exchange, from brokers, trading rooms or trading platforms, the ICMA Price Service (average prices) or BGN (average prices excluding highs and lows), taking into account liquidity factors in the choice of market;
- BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system;
- derivatives traded on an organised market.

Level 2: financial instruments measured by standard valuation techniques using mainly observable inputs. These include:

- structured products valued by the Group, arrangers or external valuers;
- investments in unlisted securities;
- OTC derivative contracts;
- money market securities other than BTANs measured based on the zero coupon price curve plus a spread;
- investment property measured based on prices recorded for similar recent transactions or the rental value of equivalent-type properties;
- any other quoted financial instrument for which no active market exists.

Level 3: financial instruments measured using inputs not based on observable market data (unobservable inputs). These are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date. Very few financial instruments used by the Group fall into this level, but it would be used, for example, to classify asset-backed securities. For such instruments, the Group ensures that any change in inputs used for measurement purposes based on reasonable alternative scenarios would not have any material impact on the consolidated financial statements.

3.10.5 Repurchase and securities lending transactions

Repurchase and securities lending transactions are part of the Group's portfolio optimisation strategy.
The securities sold or loaned are not derecognised as the Group retains substantially all of the risks and rewards of ownership.
They continue to be carried in the same asset category (with their value adjusted accordingly) and the cash received, which represents a liability to the transferee, is recorded in "Operating liabilities represented by securities".
The Group remains exposed to changes in the fair value of securities sold or loaned and has virtually no counterparty risk exposure due to the margin calls used to safeguard the value of the securities in question.

3.10.6 Structured entities

CNP Assurances' business involves investing in different types of financial assets both in policyholder and own-fund portfolios as part of asset allocation and financial risk diversification strategies.

Under IFRS 12, structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. In the Group's case, mutual funds and asset-backed security funds fulfil the criteria for classification as structured entities.

Details of CNP Assurances' investments in non-consolidated structured entities are disclosed in Note 9.1.4.

3.11 Equity

3.11.1 Components of equity

Equity includes share capital, retained earnings, unrealised gains and losses from remeasurement at fair value of available-for-sale financial assets net of tax and shadow accounting adjustments, adjustments to the capitalisation reserve and subordinated debt instruments classified in equity due to the discretionary nature of interest payments (see Note 3.16).

3.11.2 Capital management

Under European insurance directives, the Group is required to comply with certain minimum capital requirements at the level of the Company and of each of its European insurance subsidiaries, as well as at the consolidated level.

At 31 December 2016, the insurance subsidiaries and the Group as a whole complied with these minimum solvency capital requirements.
Compliance with these requirements is regularly monitored, primarily through the Own Risk and Solvency Assessments (ORSA) conducted at Group level and at the level of the insurance subsidiaries in accordance with Solvency II. This information and the solvency capital calculations are reported to France's insurance supervisor (ACPR).

3.12 Treasury shares

The Group may acquire treasury shares *via* the liquidity contract set up for the purpose of stabilising the CNP Assurances share price or allocating shares under employee share grant plans (see Note 3.15.2). Treasury shares are recorded as a deduction from equity in the IFRS accounts.

3.13 Insurance and financial liabilities

3.13.1 Contract classification

Contracts recognised and measured in accordance with IFRS 4 include:

- insurance contracts (see definition below) that cover a risk for the insured. Examples include personal risk contracts, pension contracts, property and casualty contracts and unit-linked savings contracts with a guaranteed element;
- financial instruments with DPF, comprising both traditional savings contracts with DPF and unit-linked contracts including a traditional savings component with DPF.

Financial instruments without DPF are recognised and measured in accordance with IAS 39. This category corresponds to unit-linked savings contracts that do not have any traditional savings component or guaranteed element.

Contracts that do not fulfil the criteria for classification as either insurance contracts or financial instruments without DPF fall within the scope of:

- IAS 18, when they correspond to the provision of services; or
- IAS 19, for contracts taken out in connection with benefit plans in favour of Group employees.

3.13.2 Insurance contracts and financial instruments with DPF

Insurance contracts and financial instruments with DPF are accounted for in accordance with Group accounting policies, as well as with the specific provisions of IFRS 4 concerning shadow accounting and liability adequacy tests. At each reporting date, the Group assesses whether its recognised insurance liabilities net of its insurance assets (deferred participation asset plus other insurance-related intangible assets) are adequate, using current estimates of future cash flows under the insurance contracts and financial instruments with DPF.

Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or beneficiary are classified as insurance contracts.

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more variables such as a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable. In the case of a non-financial variable, if the variable is not specific to a party to the contract, the risk is financial; otherwise it is an insurance risk. Surrender risk, extension risk or the risk of higher-than-expected administrative costs are not insurance risks, unless they are risks originally incurred by the policyholder that are transferred to the Group under an insurance contract.

For each group of contracts with similar characteristics, the significance of the insurance risk is assessed based on a single representative contract. Under this approach, the insurance risk may be considered significant although the probability of the group of contracts generating a loss that has a material adverse effect on the financial statements is remote due to the pooling of risks.

Financial instruments with DPF

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as financial instruments when they give rise to a financial asset or liability. Contracts are qualified as financial instruments with DPF when they incorporate a contractual or regulatory entitlement to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the Group's discretion; and
- that are contractually based on the performance of a specified pool of contracts or a specified type of contract, or realised and/or unrealised investment returns on a specified pool of assets held by the Group, or the profit or loss of the Company, fund or other entity that issues the contract.

Hybrid contracts

Certain contracts written by the Group comprise both an insurance component and a deposit component. These two components are unbundled only when the deposit component can be measured separately and, under the Group's accounting policies, the rights and obligations arising from the deposit component would not be recognised if the contract was not unbundled. The insurance component of an unbundled contract is accounted for under IFRS 4 and the deposit component under IAS 39.

In line with the policy described above, the components of traditional savings contracts written by the Group are not unbundled.

> Life insurance and savings contracts

Premiums

Premiums on contracts in force during the period are recognised in revenue after adjustment for:

- the estimated earned portion of premiums not yet written on group contracts with death cover;
- estimated cancelled premiums, determined by reviewing written premiums and earned premiums not yet written. This adjustment is made for the main products based on the observed cancellation rate for contracts written and cancelled during the period.

Technical and mathematical reserves

Reserves for contracts with death cover include the portion of premiums written but not earned during the reporting period.

Mathematical reserves for traditional savings contracts correspond to the difference between the present value of the respective commitments of the Group and the policyholder.

Life premium reserves are determined using a discount rate that is equal to or less than the conservatively estimated forecast yield on the assets backing the liabilities.

Insurance liabilities are discounted at a rate that is equal to or less than the contractual rate, using regulatory mortality tables or internal experience-based tables if these are more conservative. The discount rate applied to annuities takes into account the effects of a fall in interest rates when the contractual rate is considered too high compared with the expected yield from reinvested premiums.

A general reserve is set up for future contract administration costs not covered by the loading on premiums or by the fees levied on financial products.

When policyholders are entitled to participate in surplus underwriting profits and investment income in addition to the guaranteed minimum yield, any surplus not paid during the period is accumulated in the policyholder surplus reserves.

This reserve also includes the deferred policyholders' participation resulting from the use of shadow accounting.

An outstanding claims reserve is set up to cover claims and benefits outstanding at the reporting date.

Mathematical reserves for unit-linked contracts are determined by reference to the assets backing the linked liabilities. Gains and losses arising from the remeasurement of these assets at fair value are recognised in profit or loss, to offset the impact of changes in the related technical reserves.

Reserves for guaranteed yields are determined using the Black & Scholes method.

> Disability, accident and health insurance

Premiums are recognised net of taxes and estimated cancelled premiums.

Earned premiums for the period are adjusted for:

- estimated earned premiums not yet written at the period-end;
- the change in the unearned premium reserve (corresponding to the portion of premiums written during the period that relates to the next period).

A reserve is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums.

Claims are recognised in the period in which they are incurred. The amount recorded covers both reported claims and estimated claims incurred but not reported (IBNR).

Claims reserves are based on the estimated cost of settling the claims, net of any forecast recoveries.

A deferred participation reserve is recorded for participating contracts, based on shadow accounting principles.

A reserve is also recorded for claims handling expenses.

> Liability adequacy test

At each period end, the Group assesses whether its recognised insurance liabilities, net of its insurance assets (deferred participation asset, deferred acquisition costs and insurance-related intangible assets), are adequate, based on current estimates of future cash flows under its insurance contracts and financial instruments with DPF. The test is performed using asset-liability management models, by applying a stochastic approach to estimate liabilities according to a wide range of scenarios. The models take into account embedded derivatives (policyholder surrender options, guaranteed yields, etc.) and administrative costs. The test determines the economic value of insurance liabilities corresponding to the average of the stochastic trajectories. Similar-type contracts are grouped together when performing the test and the results are analysed at entity level: if the sum of the surrender value and deferred participation (asset or liability), less related deferred acquisition costs and related intangible assets, is less than the fair value of the recognised insurance liability, the shortfall is recognised in profit or loss.

> Shadow accounting

Shadow accounting procedures are designed to address the risk of an artificial imbalance between assets and liabilities valued using different valuation models. When the measurement of liabilities, deferred acquisition costs or the value of acquired In-Force business is directly affected by realised gains and losses on assets, a deferred participation reserve is recorded in insurance liabilities to offset the unrealised gains or losses in financial assets. Deferred participation is accounted for in the same way as the underlying, i.e., by adjusting either profit or the revaluation reserve.

The deferred participation reserve is determined by multiplying fair value adjustments to assets by the estimated participation rate corresponding to the contractual obligations associated with each portfolio. The estimated participation rate takes into account regulatory and contractual participation clauses, as well as the Group's profit-taking programme and policyholder bonus policy. Participation rates applied to unrealised gains and losses for shadow accounting purposes are the same as the rates applied to consolidation adjustments for the purpose of determining deferred participation.

The portion of gains or losses attributable to policyholders is determined based on the terms of participating contracts. Shadow accounting is not applied to non-participating contracts that fall outside the scope of regulations requiring payment of a guaranteed minimum participating dividend.

The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve or in assets as a deferred participation asset.

> Testing deferred participation assets for recoverability

Deferred participation assets are tested for recoverability to ensure that the amount calculated based on the participation rates estimated as described previously and in accordance with the going concern principle, is recoverable out of future actual or unrealised profits and will not result in liability inadequacy vis-à-vis the Group's economic obligations. Recoverability testing uses the same methods as liability adequacy testing described above and testing is performed at the level of each group of contracts in order to factor portfolio segregation arrangements into the assessment.

Pursuant to the recommendation of the French National Accounting Board (*Conseil National de la Comptabilité*– CNC) of 19 December 2008 concerning the recognition of deferred participation assets in the consolidated accounts of insurance companies, the recoverability of these amounts is enhanced by the Group's conservative assessment of its ability to continue to hold its assets. In particular, no future retained fund flows have been taken into account. Moreover, the Group has demonstrated the recoverability of the deferred participation assets using unprecedented surrender rates.

> Reinsurance

Outward reinsurance

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under the "Reinsurance result" line item of the income statement.

Ceded technical reserves are tested for impairment at each reporting date. If there is objective evidence that these reserves are impaired, as a result of an event that occurred after initial recognition, the carrying amount of the asset is reduced by recording an impairment loss in the income statement. For reinsurance assets secured by collateral, the estimated discounted cash flows from the asset take into account cash flows from the sale of the collateral, net of the estimated cost of obtaining execution of the guarantee, regardless of whether or not such sale is considered probable.

Inward reinsurance

Inward reinsurance contracts give rise to a significant insurance risk and are therefore accounted for in the same way as insurance contracts.

3.13.3 Financial instruments without DPF (IAS 39)

Financial instruments without DPF are initially recorded at fair value. Loading on premiums is recognised in "Revenue from other activities".

Unit-linked contracts are subsequently measured at fair value, with changes in fair value recognised in profit or loss.

Traditional savings investment contracts are subsequently measured at fair value, corresponding to their surrender value.

3.13.4 Service contracts

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as service contracts when they do not give rise to any financial asset or liability. In accordance with IAS 18, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, provided that the transaction's outcome can be estimated reliably.

3.14 Property and equipment

Property and equipment consists mainly of office equipment and miscellaneous installations.
Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over ten years.

3.15 Employee benefit obligations

Employee benefit obligations are recognised in full in the balance sheet in accordance with IAS 19, except for share grants which are recognised and measured in accordance with IFRS 2.

3.15.1 Employee benefit plans

Post-employment benefits

Post-employment benefits include:
(a) Pension plans;
(b) Other post-employment benefits.
They are classified as defined contribution or defined benefit plans based on their main terms.

Defined benefit pension plan

The annuity and financial risks arising from the retirement of plan participants are covered by an insurance policy.

Obligations under defined benefit plans and the related costs are measured by the projected unit credit method. The amount recognised in the balance sheet for pension obligations corresponds to the difference between the projected benefit obligation and the fair value of the plan assets.

The actuarial assumptions used to measure defined benefit obligations vary depending on economic conditions in the country in which the plan has been set up.

Pension plans in the international entities

Several defined contribution plans and a limited number of defined benefit plans have been set up throughout the different Group entities. The related obligations are non-material from a Group perspective.

Length-of-service awards payable to employees on retirement and jubilees

Obligations for the payment of length-of-service awards and jubilees are measured by the projected unit credit method and recognised as a liability.

Early-retirement plans

Obligations under early-retirement plans are measured at the discounted present value of probable future benefit payments and recognised as a liability.

Business start-up grants

Financial assistance given to employees to set up a new business or acquire an existing business is recognised in the balance sheet.

Discount rate

The discount rate corresponds to the yield on investment grade corporate bonds that are traded in an active market (or the government bond rate if no active market exists) with maturities that match the duration of the benefit obligation.

Accounting treatment

Assets of funded plans are segregated and managed separately from the Group's assets, and any funding surplus or deficit is recognised in the balance sheet.

Liabilities under unfunded plans are recognised in the balance sheet.

The Group recognises gains and losses on post-employment defined benefit plans directly in equity. Actuarial gains and losses on other long-term benefits are recognised directly in profit or loss.

Actuarial losses recognised in current profit for defined benefit plans comprise two elements:

- current service cost and past service cost;
- interest cost (reflecting the unwinding of any discounting to present value) less the expected return on plan assets.

3.15.2 Share-based payment

Accounting treatment of employee share grants

The shares held for allocation when the share grants vest are recorded as a deduction from equity. The difference between the average cost of the shares and their fair value at the grant date is recognised in equity, with no impact on profit or loss. The cost of the employee services received in exchange for the grants is measured by reference to the fair value of the shares, in accordance with IFRS 2, and is recognised in employee benefits expense over the vesting period, with a corresponding adjustment to equity. The cost recognised in profit or loss takes into account the estimated number of grantees at each reporting date and the cost of managing the shares.

3.16 Financing liabilities and subordinated debt

Subordinated notes for which the contractual clauses do not stipulate any obligation to repay the nominal amount or pay any compensation are classified as equity instruments. All other dated and undated debt instruments, especially those with a repayment schedule, are classified as financing liabilities in accordance with IAS 32.

3.17 Acquisition costs and operating expenses

Underwriting expenses are presented by function:

- claim and benefit handling expenses include the costs of the departments responsible for paying claims, endowments and periodic benefits and processing surrenders;
- acquisition costs include all selling, distribution and administrative costs incurred for the acquisition of new contracts;
- contract administration expenses include all the costs of managing In-Force business;
- investment management costs include all internal and external costs of managing asset portfolios and financial expenses;
- other underwriting costs correspond to overhead expenses that cannot be allocated rationally to the other functions;
- non-underwriting costs correspond to costs related to businesses that have no technical link to the insurance business.

Cost recognition and allocation:

- operating expenses are initially recognised by nature and are then reallocated by function;
- costs recognised by nature that relate to a single function are posted to the function concerned without applying any allocation key.

Other costs are analysed between:

- corporate costs, which are allocated to the operating centres using statistical cost allocation keys or actual business data;
- operating costs, as adjusted to include corporate costs, which are allocated to the functions using a specific allocation key for each business.

3.18 Taxation

Group relief

CNP Assurances and its main French subsidiaries have elected to file a consolidated tax return under French group relief rules. The companies in the tax group are CNP Assurances, Préviposte, Investissement Trésor Vie (ITV), CNP International, CNP Caution, Carrés Bleus SA, Prévimut, CICOGE SA (a property investment company), Âge d'Or Expansion, SAS THEEMIM, AEP 3, AEP 4, Assur-immeuble, Pyramides 2, Assur-helene, Ecureuil Vie Investment, 270 Investment, US Real Estate EVJ and US Real Estate 270.

Current and deferred taxes

Income tax expense reported in the income statement includes both current and deferred taxes.

Deferred taxes are recognised on temporary differences between the carrying amount of assets and liabilities and their tax base. However, for taxable temporary differences related to investments in subsidiaries, associates, joint ventures and branches, a deferred tax liability is recognised only when the Group is unable to control the period in which the temporary difference will reverse and it is improbable that it will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset at the level of each taxable entity or tax group. Deferred tax assets and liabilities arising from changes in asset values and from the recognition of deferred participation are calculated and tracked separately.

Deferred tax assets are recognised for tax losses carried forward when it is probable that sufficient taxable profit will be available to permit their realisation. Net deferred tax assets resulting from the offsetting of deferred tax assets and liabilities are recognised when sufficient taxable profit can be expected to be generated to permit their realisation. Deferred tax assets and liabilities are not discounted.

3.19 Operating segments

In accordance with IFRS 8, the Group's reportable business segments are based on the internal reporting system approved by the Group's Executive Committee, regarded as the chief operating decision maker as defined by IFRS 8.
At 31/12/2016, CNP Assurances chose to align its profit and loss indicator for each segment with the internal reporting, which now favors the geographical sectors more on the technical characteristics of the products distributed by the group
This choice of geographical segmentation is based on, on the one hand, a multi-criteria organization linked to the Group's strategic priorities (geography, activities, networks) and, on the other hand, allocation of goodwill to Treasury Generating Units Mainly geographical.

The three geographic segments are:

- France
- Latin America
- Europe excluding France

The Group's internal reporting system is based on the following indicators:

- premium income and revenue from other activities: earned premiums and revenue from other activities, including non-controlling interests and ceded premiums. Premium income and revenue from other activities is an indicator of underwriting volume;
- total revenue: net insurance revenue plus revenue from own funds portfolios, including non-controlling interests but net of ceded premiums. It is the margin before deducting administrative expenses;

- net insurance revenue: sum of insurance loading, underwriting results and reinsurance results, net of commission paid to distribution partners, including non-controlling interests but net of ceded premiums. It is the margin generated by the insurance business before deducting administrative expenses;
- general expenses: expenses allocated to each reportable segment based on customary cost allocation keys;
- EBIT: operating profit adjusted for net fair value adjustments to financial assets (i.e., excluding sensitivity to changing market prices), finance costs, taxes and non-controlling interests. EBIT is a key indicator of profit by reportable segment based on analyses by Group senior management. It is the margin generated by the insurance business after deducting administrative expenses. EBIT corresponds to attributable profit for the period adjusted for:
  - finance costs,
  - share of profit of equity-accounted companies,
  - non-recurring items,
  - income taxes on the above items,
  - non-controlling interests, net of tax,
  - fair value adjustments to the trading portfolio (corresponding to unrealised gains and disposal gains on financial instruments recognised at fair value through profit or loss), net of tax, and
  - net capital gains on equity securities and property, after non-recurring write-downs on the portfolio and goodwill (corresponding to disposal gains on equity instruments classified as available-for-sale financial assets and write-downs on financial instruments and property assets), net of tax;
- segment assets and liabilities: until 31 December 2015, assets and liabilities under IFRS were broken out by reportable segment and presented in the notes to the consolidated financial statements. On the assets side, only "Goodwill and the value of acquired In-Force business" and "Financial investments and investments in associates" were tracked by reportable segment on a regular basis. Effective from 30 June 2016, the segment balance sheet is no longer presented; this is in accordance with paragraph 23 of IFRS 8 which bases the presentation of operating segments on indicators regularly provided to the chief operating decision maker.

3.20 Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements, except when it is not probable that they will give rise to an outflow of resources. Contingent liabilities are regularly reviewed to determine whether an outflow of resources has become probable or can be measured with sufficient reliability.

If this is the case, a provision is recognised in the financial statements for the period in which the change in probability or measurability occurs.

Note 4 Capital

4.1 Undated subordinated notes reclassified in equity

31.12.2016				
(in € millions)	**Issuance date**	**Interest rate**	**Currency**	**Amount**
Subordinated notes (attributable to owners of the parent)				**1,765.2**
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	March 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	EUR	23.8
	June 2005	7% until June 2010, then 10-year CMS +30 bps	EUR	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	EUR	160.0
	December 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	EUR	108.0
	October 2012	7.5% until October 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	379.9
	November 2014	4% until November 2024 then reset at the 5-year fixed swap rate +410 bps	EUR	493.6
Total				**1,765.2**

31.12.2015				
(in € millions)	**Issuance date**	**Interest rate**	**Currency**	**Amount**
Subordinated notes (attributable to owners of the parent)				**2,635.2**
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	March 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	EUR	23.8
	June 2005	7% until June 2010, then 10-year CMS +30 bps	EUR	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	EUR	160.0
	December 2006	4.75% until 22 December 2016, then 3-month Euribor +184 bps	EUR	870.0
	December 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	EUR	108.0
	October 2012	7.5% until October 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	379.9
	November 2014	4% until November 2024 then reset at the 5-year fixed swap rate +410 bps	EUR	493.6
Total				**2,635.2**

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	280,615,340	40.87%
Sopassure (La Banque Postale and BPCE holding company)	248,926,986	36.25%
French State	7,645,754	1.11%
Total shares held in concert	**537,188,080**	**78.24%**
Private investors	149,430,397	21.76%
of which: CNP Assurances (treasury shares) *	121,661	0.02%
TOTAL	**686,618,477**	**100.00%**

* The terms and conditions of the CNP Assurances liquidity contract currently in force are set out in the resolution submitted to the 2016 Annual General Meeting included in the 2015 Registration Document

4.3 Equity

Issued capital	Ordinary shares	
	31.12.2016	31.12.2015
Number of shares outstanding at the beginning of the period	686,618,477	686,618,477
Shares issued during the period	0	0
Number of shares outstanding at the end of the period	**686,618,477**	**686,618,477**

4.4 2016 Dividends

The recommended 2016 dividend amounts to €0.80 per share, representing a total payout of €549.3 million.

The 2015 dividend approved by the Annual General Meeting amounted to €0.77 per share, representing a total payout of €528.7 million. It was paid in 2016.

4.5 Basic and diluted earnings per share

(in € millions)	31.12.2016	31.12.2015
Profit attributable to owners of the parent	1,200.3	1,130.5
Charge on deeply-subordinated notes, net of tax	(75.9)	(74.4)
Profit attributable to ordinary shares	**1,124.4**	**1,056.1**
Number of ordinary shares at 1 January	686,618,477.0	686,618,477.0
New shares (weighted number)	0.0	0.0
Weighted average number of shares at end of reporting period	**686,618,477.0**	**686,618,477.0**
Treasury shares	(311,094.25)	(744,140.4)
Weighted average number of shares at end of reporting period	**686,307,382.8**	**685,874,336.6**
Impact of instruments with a potential dilution impact	0.0	0.0
Diluted profit attributable to ordinary shares	**1.64**	**1.54**

Diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the reporting period.

4.6 Related party information

Two parties are related if one controls or exercises significant influence over the policy decisions of the other, or if both parties are subject to significant influence from the same third-party entity or person.

Related parties are determined based on their relationship with CNP Assurances, the parent company of the Group, and mainly consist of its shareholders and entities controlled by these shareholders or by CNP Assurances (including its associates and joint ventures) and members of senior management.
Transactions and outstanding amounts between the parent company and its fully-consolidated subsidiaries are eliminated in full and do not appear in the consolidated financial statements.

The renewed partnership agreement between CNP Assurances and La Banque Postale provided for the sale by CNP Assurances to La Banque Postale of its stake in La Banque Postale Prévoyance (LBPP).

For this reason, LBPP was classified under "Non-current assets held for sale and discontinued operations" at 31 December 2015, in accordance with IFRS 5.
The sale agreement was signed on 25 March 2016 and the conditions precedent were fulfilled in the second quarter of the year. The sale was therefore recognised in the 2016 consolidated financial statements.

For information, CNP Assurances received a total of €300.4 million in dividends from subsidiaries in 2016, comprising €117.2 million from its French subsidiaries, €162.2 million from its Brazilian subsidiaries, €14.4 million from CNP UniCredit Vita and €6.6 million from CNP Cyprus Insurance Holdings.

The list of subsidiaries, associates and joint ventures is provided in Note 5.

4.6.1 Transactions with shareholders and their subsidiaries

(in € millions)	Transaction (income statement)	Balance (balance sheet)
Commissions	(1,560.9)	0.0
Claims and benefits	(42.6)	(11.5)
Reinsurance	(10.9)	0.0
Employee benefits expense	(9.1)	(1.5)
Financial income and loans	29.3	0.0
Financial expenses and borrowings	(9.2)	(491.3)
Dividends	(407.7)	0.0
Other	307.9	0.0

The shareholders of CNP Assurances (Caisse des Dépôts, BPCE and La Banque Postale) and their fully-consolidated and jointly-controlled entities and the entities over which Caisse des Dépôts exercises significant influence are deemed to be related parties in accordance with IAS 24.

Commissions correspond to revenue received by BPCE and La Banque Postale on the sale of products managed by CNP Assurances.

Fees and employee benefits mainly concern various expenses rebilled by Caisse des Dépôts to CNP Assurances and asset management fees paid to Natixis AM and La Banque Postale AM.

2015 dividends paid to the Group's shareholders in 2016 amounted to €407.7 million, comprising amounts of €216.1 million, €95.8 million and €95.8 million paid to Caisse des Dépôts, BPCE and La Banque Postale, respectively.

4.6.2 Transactions with equity-accounted entities

Following the sale of La Banque Postale Prévoyance, the Group no longer has any related party transactions with equity-accounted entities.

4.6.3 Transactions with other related parties

Other related parties mainly consist of non-consolidated investments. Dividends and financial income correspond to compensation earned by the Group from those investments.

(in € millions)	Transaction (income statement)	Balance (balance sheet)
Commissions	0.0	0.0
Claims and benefits	0.9	1.2
Reinsurance	0.0	0.0
Employee benefits expense	2.1	0.9
Financial income and loans	0.0	0.0
Financial expenses and borrowings	0.0	0.0
Dividends	0.0	0.0
Other	0.0	0.0

4.7 Management remuneration

The total remuneration paid to the Chairman, Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors is presented below, together with details of their remuneration by category.

In 2016

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors amounted to €2,722,364.90.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers totalled €7,437,759.
- Termination benefits: the termination benefits payable to the members of senior management are provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payment: no share-based payments were made in 2016 to the Chief Executive Officer, the Deputy Chief Executive Officers or the members of the Board of Directors.

In 2015

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors amounted to €2,424,876.16.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers totalled €6,700,104.
- Termination benefits: the termination benefits payable to the members of senior management are provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payment: no share-based payments were made in 2015 to the Chief Executive Officer, the Deputy Chief Executive Officers or the members of the Board of Directors.

Note 5 Scope of consolidation

5.1 Consolidated companies and percentage of voting rights at 31 December

Company	Consolidation method	Country/City	Business	31.12.2016 % rights	31.12.2016 % interest	31.12.2015 % rights	31.12.2015 % interest
1. Strategic subsidiaries							
CNP Assurances	Full	France/Paris	Insurance	100.00%	100.00%	100.00%	100.00%
Préviposte	Full	France/Paris	Insurance	100.00%	100.00%	100.00%	100.00%
ITV	Full	France/Paris	Insurance	100.00%	100.00%	100.00%	100.00%
La Banque Postale Prévoyance (1)	Not consolidated	France/Paris	Insurance	0.00%	0.00%	50.00%	50.00%
CNP Caution (2)	Full	France/Paris	Insurance	100.00%	100.00%	0.00%	0.00%
Arial CNP Assurances (3)	Equity method	France/Mons en Baroeul	Insurance	39.95%	39.95%	0.00%	0.00%
MFPrévoyance SA	Full	France/Paris	Insurance	51.00%	65.00%	51.00%	65.00%
CNP Seguros de Vida	Full	Argentina/Buenos Aires	Insurance	76.47%	76.47%	76.47%	76.47%
CNP SA de Capitalización y Ahorro p/ fines determinados	Full	Argentina/Buenos Aires	Insurance	65.38%	50.00%	65.38%	50.00%
CNP Holding Brasil	Full	Brazil/Brasilia	Insurance	100.00%	100.00%	100.00%	100.00%
Caixa Seguros Holding SA	Full	Brazil/Brasilia	Insurance	51.75%	51.75%	51.75%	51.75%
Caixa Seguros Participações Securitarias Ltda	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Seguradora	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Capitalização	Full	Brazil/Brasilia	Insurance	51.00%	26.39%	51.00%	26.39%
Caixa Vida e Previdência	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Consórcios	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Assessoria e Consultoria	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Saúde	Full	Brazil/São Paulo	Insurance	100.00%	51.75%	100.00%	51.75%
Previsul	Full	Brazil/Porto Alegre	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Seguros Participações Do Sul Ltda	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
FPC Par Corretora de Seguros SA	Equity method	Brazil/Brasilia	Brokerage	25.00%	12.94%	25.00%	12.94%
Odonto Empresas Convenios Dentarios Ltda	Full	Brazil/São Paulo	Insurance	100.00%	51.75%	100.00%	51.75%
Holding Caixa Seguros Participações em Saude Ltda	Full	Brazil/Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
CNP UniCredit Vita	Full	Italy/Milan	Insurance	57.50%	57.50%	57.50%	57.50%
CNP Partners (formerly Vida de Seguros y Reaseguros) (4)	Full	Spain/Madrid	Insurance	100.00%	100.00%	99.50%	99.50%
CNP Partners Solutions	Full	Spain/Madrid	Insurance	100.00%	100.00%	100.00%	99.50%
CNP Cyprus Insurance Holdings	Full	Cyprus/Nicosia	Insurance	50.10%	50.10%	50.10%	50.10%
CNP Cyprus Tower Ltd	Full	Cyprus/Nicosia	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Zois	Full	Greece/Athens	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Praktoriaki	Full	Greece/Athens	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Cyprialife	Full	Cyprus/Nicosia	Insurance	100.00%	50.10%	100.00%	50.10%
CNP Asfalistiki	Full	Cyprus/Nicosia	Insurance	100.00%	50.10%	100.00%	50.10%
Santander Insurance Life Ltd	Full	Ireland/Dublin	Insurance	100.00%	51.00%	100.00%	51.00%
Santander Insurance Europe Ltd	Full	Ireland/Dublin	Insurance	100.00%	51.00%	100.00%	51.00%
Santander Insurance Services Ireland Ltd	Full	Ireland/Dublin	Insurance	100.00%	51.00%	100.00%	51.00%

CNP Europe Life	Full	Ireland/Dublin	Insurance	100.00%	100.00%	100.00%	100.00%
Voronezh Empreedimentos e Participações [5]	Full	Brazil/Brasilia	Insurance	100.00%	100.00%	0.00%	0.00%

2. Mutual fund units

Ecureuil Profil 30	Full	France	Mutual fund units	93.41%	93.41%	96.04%	96.04%
Univers CNP 1 FCP	Full	France	Mutual fund units	99.03%	99.03%	99.68%	99.68%
CNP ACP Oblig FCP	Equity method	France	Mutual fund units	54.70%	54.70%	48.99%	48.99%
Natixis Ionis	Full	France	Mutual fund units	99.93%	99.93%	100.00%	100.00%
CNP ACP 10 FCP	Equity method	France	Mutual fund units	54.95%	54.95%	49.79%	49.79%
Ecureuil Profil 90	Full	France	Mutual fund units	53.96%	53.96%	55.67%	55.67%
Vivaccio ACT 5 DEC	Full	France	Mutual fund units	81.50%	81.50%	79.92%	79.92%
OPCVM Caixa Seguradora SA	Full	Brazil	Mutual fund units	100.00%	51.75%	100.00%	51.75%
OPCVM Caixa Capitalizaçao SA	Full	Brazil	Mutual fund units	100.00%	26.39%	100.00%	26.39%
OPCVM Caixa Vida e Previdencia	Full	Brazil	Mutual fund units	100.00%	51.75%	100.00%	51.75%
OPCVM Caixa Consórcios	Full	Brazil	Mutual fund units	100.00%	51.75%	100.00%	51.75%
OPCVM Holding Caixa Seguros Holding SA	Full	Brazil	Mutual fund units	100.00%	51.75%	100.00%	51.75%

3. Property companies

Assurbail Patrimoine	Full	France	Lease financing	100.00%	100.00%	100.00%	100.00%
AEP 3 SCI	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
CIMO	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
AEP 4 SCI	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
PB6	Not consolidated	France	Property	0.00%	0.00%	50.00%	50.00%
OPCI AEW Imcom 6	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
SICAC	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
CNP Immobilier	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
Assur-immeuble	Full	France	NTPC	100.00%	100.00%	100.00%	100.00%
OPCI MTP Invest	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEW Imcom 1	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEP 247	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
LBP Actifs Immo	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
Ecureuil Vie Développement [6]	Equity method	France	Brokerage	49.00%	49.00%	51.00%	51.00%
Outlet Invest	Full	France	OPCI	99.95%	99.95%	99.95%	99.95%

[1] La Banque Postale Prévoyance (LBPP) was sold to La Banque Postale by CNP Assurances in 2016. LBPP was previously accounted for by the equity method. It was reclassified under "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5. The total sale price was €306.9 million including a special dividend of €15.3 million. The net price, excluding the dividend, was €291.6 million. The consolidated capital gain amounted to €160.6 million

[2] CNP Caution was consolidated as from 31 March 2016, after acquiring a complete line of business from CNP IAM in exchange for shares

[3] Arial CNP Assurances, which is 60%-owned by AG2R La Mondiale and 40%-owned by CNP Assurances, was accounted for by the equity method at 30 June 2016, based on its balance sheet at 1 April 2016

(4) Following the buyout of non-controlling interests, CNP Partners is now wholly-owned by the Group (99.5% by CNP Assurances and 0.5% by CNP Caution)

(5) The Brazilian company Voronezh Empreedimentos e Participações was acquired by CNP Assurances in July 2016 and consolidated for the first time at 31 December 2016

(6) In connection with the new shareholder agreement between CNP Assurances, BPCE and Natixis, in 2016, CNP Assurances transferred to Natixis Assurances 2% of the capital and voting rights of Ecureuil Vie Développement (EVD), in order to enable Natixis Assurances to own 51% of EVD The impact of this transfer is not material. CNP Assurances' analysis shows that EVD will be controlled jointly, justifying the use of the equity method to account for this entity since the transfer.

5.2 Non-consolidated companies

		31.12.2016
Company	**Country/City**	**% interest**
1. Other subsidiaries		
23-25 Marignan SAS	France/Paris	100.00%
36 Marboeuf SAS	France/Paris	100.00%
107 Boétie Elysées	France/Paris	100.00%
270 Investments	France/Paris	100.00%
3i Growth Capital	United Kingdom/London	76.92%
Age d'Or Expansion	France/Troyes	99.98%
Alpinvest Feeder VCV	Netherlands/Amsterdam	99.98%
Assuristance	France/Paris	66.00%
Avenir Santé	France/Paris	100.00%
Bridgepoint Europe IV	United Kingdom/London	83.34%
Capvita	France/Paris	51.00%
Carrés Bleus	France/Paris	100.00%
Cartera Pbtamsi	Spain/Madrid	100.00%
CBPE VIII	United Kingdom/London	100.00%
Cleantech Europe II	United Kingdom/London	100.00%
CNP Formation	France/Paris	100.00%
CNP International	France/Paris	100.00%
CNP Luxembourg	Luxembourg/Luxembourg	100.00%
CNP Private Equity for Personal Savings	France/Paris	100.00%
CNP Technologies de l'Informat	France/Paris	99.70%
Cœur Méditerranée	France/Paris	70.00%
Commercial Real Estate Loans	Luxembourg/Luxembourg	61.69%
Das Goethe	France/Paris	100.00%
DIF Infrastructure II	Netherlands/Schiphol	53.33%
Domus Co-Invest	France/Paris	100.00%
Ecureuil Vie Investment	France/Paris	100.00%
Filassistance Services	France/Paris	65.00%
Foncière HID	France/Paris	100.00%
FSN Capital IV (B) LP	Norway/Oslo	100.00%
Futurimmo	France/Paris	99.90%
GCK	France/Paris	80.00%
Geosud	France/Rueil Malmaison	98.00%
Green Quartz	France/Paris	99.90%

Holding Infrastructures Gazier	France/Paris	54.41%
Immaucom	France/Paris	80.00%
Infra-Invest	Luxembourg/Luxembourg	100.00%
Infra-Invest France	France/Paris	100.00%
Infrastructure Partners (MS)	France/Paris	64.94%
Ireland Property Investment Fund	Ireland/Dublin	100.00%
Kleber 46	France/Paris	100.00%
Laiki Brokers (Insurance & Consultancy Services) Ltd	Cyprus/Nicosia	100.00%
Laiki Insurance Agencies Ltd	Cyprus/Nicosia	100.00%
LCYL Dramas Properties Limited	Cyprus/Nicosia	100.00%
LCYL Karpenisiou Properties Limited	Cyprus/Nicosia	100.00%
LCYL Properties Limited	Cyprus/Nicosia	100.00%
Lux Gare	France/Paris	100.00%
Lyfe	France/Paris	100.00%
Malthazar	France/Paris	50.00%
Montagu IV	United Kingdom/London	100.00%
Naturim	France/Levallois-Perret	100.00%
Neuilly Pilot	France/Paris	100.00%
New Side	France/Paris	100.00%
Open CNP	France/Paris	100.00%
Pantin Logistique	France/Paris	100.00%
Pays-Bas Retail 2013 BV	Netherlands/Amsterdam	100.00%
Pial 34	France/Paris	100.00%
Prévimut	France/Paris	100.00%
Reldon SAS	France/Paris	100.00%
SAS Alleray - Square 15	France/Paris	100.00%
SMCA	France/Paris	50.00%
Sogestop K	France/Paris	100.00%
Sogestop L	France/Paris	50.00%
Sunlight	France/Paris	50.62%
Theemin	France/Paris	100.00%
US Real Estate 270 SAS	France/Paris	100.00%
US Real Estate EVJ SAS	France/Paris	100.00%
Ybry Pont de Neuilly	France/Paris	100.00%
Yellowalto	France/Courbevoie	100.00%

2. Property companies

5-7 rue Scribe	France/Paris	100.00%
67-69 Victor Hugo	France/Paris	100.00%
83 Avenue Bosquet	France/Paris	100.00%
A9B Paris	France/Paris	100.00%
Assurécureuil Pierre	France/Paris	99.99%
Assurécureuil Pierre 2	France/Paris	100.00%
Assurécureuil Pierre 5	France/Paris	100.00%
Assurécureuil Pierre 7	France/Paris	99.99%
Axe France	France/Paris	50.00%
Baudry Ponthieu	France/Paris	99.91%
Bercy Crystal	France/Paris	100.00%

Broussais Collange SCI	France/Paris	99.90%
Cicoge	France/Paris	100.00%
Cottages du Bois aux Daims	France/Paris	100.00%
Farman	France/Paris	50.00%
Farmoric	France/Courbevoie	100.00%
Foncière Cnp	France/Paris	100.00%
Foncière ELBP	France/Paris	100.00%
FPIP	France/Paris	100.00%
Gf De Brèves	France/Paris	50.00%
Green Rueil	France/Paris	50.00%
Habimmo	France/Paris	99.90%
Holdipierre	France/Paris	100.00%
Ilot 13	France/Paris	50.00%
Issy Desmoulins	France/Paris	100.00%
Issy Vivaldi	France/Paris	100.00%
Jesco	France/Levallois-Perret	55.00%
Lancosme	France/Vendoeuvres	80.00%
Lesly	France/Paris	100.00%
Liberté	France/Paris	50.00%
Maestrimmo	France/Paris	100.00%
Ofelia	France/Paris	66.66%
OPCI Raspail	France/Paris	100.00%
OREA	France/Levallois-Perret	100.00%
Paris 08	France/Paris	100.00%
Parvis Belvedere	France/Paris	100.00%
Passage du Faidherbe	France/Paris	100.00%
Pierre et Labruyère	France/Paris	100.00%
Pierre Quentin Bauchard	France/Paris	99.99%
Pyramides 1	France/Paris	100.00%
Renaissance Francois 1er (SCI)	France/Paris	100.00%
Residavoult	France/Paris	99.90%
Residential	France/Paris	100.00%
Rueil Newton	France/Paris	50.00%
SA Le Marquis	France/Paris	60.00%
Saphirimmo	France/Paris	100.00%
SAS Pyramides 2	France/Paris	100.00%
SAS Richelieu Vivienne	France/Paris	50.00%
SASU Assurhélène	France/Paris	100.00%
SASU Foz Participations	France/Paris	100.00%
SCI Assurecureuil Pierre 8	France/Paris	100.00%
SCI Canopee	France/Paris	99.98%
SCI De La Cnp	France/Paris	100.00%
SCI Eole Rambouillet	France/Paris	100.00%
SCI Equinox	France/Paris	99.99%
SCI Jasmin	France/Paris	99.95%
SCI Les Chevrons	France/Paris	50.00%
SCI Max	France/Paris	100.00%
SCI Rueil Apollo	France/Paris	100.00%

SCI Yvoire	France/Paris	50.00%
Secrets et Boetie	France/Paris	100.00%
Sonne	France/Neuilly sur Seine	99.95%
Terre Neuve 4 Immo	France/Paris	100.00%
Triangle Montaigne	France/Paris	100.00%
Vendome Europe	France/La Défense	50.00%
Victor Hugo 147	France/Paris	99.98%
Wagram 92	France/Paris	100.00%

French standard ANC 2016-09 requires details of controlled companies that are excluded from the scope of consolidation to be disclosed in the notes to the consolidated financial statements. The table above presents companies that are over 50%-owned by the Group but whose key indicators do not exceed the materiality thresholds for inclusion in the scope of consolidation. The materiality thresholds used by the Group are applied to companies that are over 50%-owned and to other companies that qualify as controlled entities based on the following criteria in IFRS 10: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. In addition, economic reality is taken into account when applying the thresholds, with the result that certain subsidiaries whose indicators are below the thresholds are nevertheless consolidated.

The list of non-consolidated companies and investments in which CNP Assurances holds a direct interest of more than 10% is presented in the Registration Document (in Note 5.4.4 to the Company financial statements).

5.3 Average number of employees of consolidated companies

(headcount)	**31.12.2016**
Management-grade	2,208
Non-management-grade	2,981
Total	**5,189**

5.4 Summary financial information: consolidated entities with material non-controlling interests

	Caixa Seguros Group		CNP UniCredit Vita		CNP Santander Insurance		CNP Cyprus Insurance Holdings		MFPrévoyance SA	
(in € millions)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Earned premiums/ Revenue	3,548.6	3,161.1	2,549.0	2,555.9	605.4	492.1	141.5	139.9	134.2	231.2
Net profit (100%)	**482.7**	**503.4**	**49.1**	**51.6**	**47.8**	**22.9**	**27.2**	**16.4**	**12.4**	**25.7**
Net profit – non-controlling interests	237.2	247.9	20.9	21.9	23.4	11.2	13.6	8.2	4.3	9.0
OCI (100%)	(21.1)	(101.4)	40.3	132.4	3.5	1.0	3.3	0.9	13.4	13.9
Comprehensive income (100%)	**461.5**	**402.1**	**89.5**	**184.0**	**51.3**	**23.8**	**30.5**	**17.2**	**25.8**	**39.6**
Comprehensive income – non-controlling interests	225.3	192.0	38.0	78.2	25.1	11.7	15.2	8.6	9.0	13.8
Assets	16,405.3	10,886.7	13,979.4	13,630.4	2,092.3	1,897.0	778.8	781.8	693.8	890.8
Liabilities	14,405.1	9,511.6	13,137.7	12,720.7	1,849.7	1,704.7	487.5	492.7	474.3	683.3
Net assets (100%)	**2,000.2**	**1,375.1**	**841.7**	**909.6**	**242.6**	**192.3**	**291.3**	**289.1**	**219.4**	**207.5**
Net assets – non-controlling interests	990.4	674.8	357.7	386.6	118.9	94.2	145.4	144.3	76.8	72.6
Net cash provided by (used by) operating activities	1,417.0	1,251.8	475.9	644.0	144.5	151.4	25.0	21.5	(175.0)	37.0
Net cash provided by (used by) investing activities	(1,090.7)	(915.3)	(428.4)	(673.9)	(143.5)	(132.9)	(9.2)	(9.0)	185.7	(11.2)
Net cash provided by (used by) financing activities	(326.4)	(388.4)	(26.0)	(21.0)	0.0	5.6	(25.7)	(8.0)	0.0	0.0
Dividends paid to non-controlling interests	(18.2)	(11.3)	(10.6)	(8.4)	0.0	0.0	(6.6)	(4.9)	0.0	0.0

5.5 Summary financial information: material joint arrangements

Following the sale of La Banque Postale Prévoyance, the Group no longer has any material joint arrangements.

5.6 Summary financial information: non-material joint arrangements

(in € millions)	Joint ventures		Associates	
	2016	2015	2016	2015
Carrying amount of investments accounted for using the equity method in CNP Assurances' balance sheet	0.0	168.9	67.4	17.6
Contribution to CNP Assurances' net profit	0.0	0.0	6.2	3.4
Contribution to CNP Assurances' OCI	0.0	0.0	4.4	(2.0)
Contribution to CNP Assurances' comprehensive income	**0.0**	**0.0**	**10.7**	**1.4**

5.7 Information relating to entities accounted for by the equity method

5.7.1 Summary financial information on a 100% basis

	31.12.2016			
(in € millions)	**Total assets**	**Equity**	**Premium income**	**Profit/(Loss)**
Arial CNP Assurances *	11,831.5	112.6	741.2	2.1
Ecureuil Vie Développement	11.5	0.3	0.0	0.0
FPC Par Corretora de Seguros SA	54.4	33.8	103.7	42.3
CNP ACP OBLIG FCP	918.3	918.3	0.0	0.0
CNP ACP 10 FCP	888.2	888.2	0.0	0.0

* The data of ARIAL CNP Assurances refer to temporary data.

	31.12.2015			
(in € millions)	**Total assets**	**Equity**	**Premium income**	**Profit/(Loss)**
La Banque Postale Prévoyance	2,226.0	310.0	521.6	43.4
FPC Par Corretora de Seguros SA	39.0	25.7	94.8	26.2
PB6	22.2	18.4	0.0	(1.3)
CNP ACP OBLIG FCP	845.8	845.8	0.0	0.0
CNP ACP 10 FCP	823.6	823.6	0.0	0.0

5.7.2 Investments accounted for by the equity method

(in € millions)	**31.12.2016**	**31.12.2015**
At 1 January	**186.5**	**358.8**
Increase in investment	0.0	0.0
Change in accounting method	0.1	0.0
Newly-consolidated companies	43.3	0.0
Increase in capital	0.0	0.0
Share in earnings	6.2	25.1
Share in identifiable net assets	5.0	(6.6)
Other movements *	(168.9)	(177.9)
Dividends received	(4.9)	(13.0)
At 31 December	**67.4**	**186.5**

* "Other movements" in 2015 concern La Banque Postale Prévoyance which was reclassified in "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5.
In 2016, "Other movements" relate to the liquidation of PB6.

Note 6 Segment information

Effective from 31 December 2016, the segment balance sheet is no longer presented in accordance with paragraph 23 of IFRS 8 which bases the presentation of operating segments on indicators regularly provided to the chief operating decision maker. Segment information is now presented by geographical area.

6.1 2016 income statement by geographic segment

(in € millions)	France	Latin America	Europe excl. France	Total IFRS
Premium income	24,251.3	3,596.1	3,688.8	31,536.2
Total revenue	**2,257.4**	**1,056.3**	**239.7**	**3,553.4**
General expenses	(628.2)	(175.8)	(111.6)	(915.6)
EBIT	**1,629.2**	**880.5**	**128.1**	**2,637.8**
Finance costs				(248.2)
Share of profit of equity-accounted companies				6.2
Non-recurring items				(195.4)
Income tax expense (effective tax rate)				(865.4)
Non-controlling interests				(293.3)
Fair value adjustments and net gains (losses)				158.7
Profit attributable to owners of the parent				**1,200.3**

(in € millions)	**Desensitised income statement 31.12.2016**
EBIT	**2,637.8**
Net fair value adjustments	(51.1)
Net gains on equities and property	192.2
Non-recurring items	(297.1)
Operating profit	**2,481.7**

(in € millions)	**Income tax expense 31.12.2016**
Income tax expense (desensitised income statement)	**(865.4)**
Tax on the following items	
Net fair value adjustments	21.4
Net gains on equities and property	(2.7)
Non-recurring items	102.4
Income tax expense (reported)	**(744.4)**

(in € millions)	**Non-controlling interests 31.12.2016**
Non-controlling interests (desensitised income statement)	**(293.3)**
Impact of non-controlling interests on the following items:	
Net fair value adjustments	(3.4)
Net gains on equities and property	0.7
Non-recurring items	(0.6)
Non-recurring interests (reported)	**(296.6)**

6.2 Restated 2015 income statement by geographic segment

In 2015, segment information includes CNP Assurances' proportionate share (50%) in its subsidiary La Banque Postale Prévoyance (LBPP). Given the Group's shared ability to direct the activities of LBPP with the second shareholder, the Group considers that this presentation, in accordance with standard possibilities and arrangements of IFRS 8.27, reflects the information provided to management to enable it to oversee the Group's performance and businesses. LBPP was sold during the first half year of 2016.

Reconciliation to IFRS financial statements

(in € millions)	France	Latin America	Europe excl. France	Total	LBPP adjustment	Total IFRS
Premium income	24,776.7	3,226.0	3,582.0	31,584.8	(213.2)	31,371.6
Total revenue	**2,087.1**	**1,014.6**	**186.4**	**3,288.1**	**(50.7)**	**3,237.4**
General expenses	(596.6)	(163.5)	(101.6)	(861.6)	16.4	(845.2)
EBIT	**1,490.5**	**851.1**	**84.9**	**2,426.5**	**(34.4)**	**2,392.1**
Finance costs				(192.2)	0.0	(192.2)
Share of profit of equity accounted companies				3.4	21.7	25.1
Non-recurring items				(312.2)	0.0	(312.2)
Income tax expense (effective tax rate)				(810.9)	13.6	(797.3)
Non-controlling interests				(303.2)	0.0	(303.2)
Fair value adjustments and net gains (losses)				319.2	(0.9)	318.3
Profit attributable to owners of the parent				**1,130.5**	**0.0**	**1,130.5**

(in € millions)	Desensitised income statement 31.12.2015	o/w LBPP
EBIT	**2,426.5**	**34.4**
Net fair value adjustments	22.9	0.4

Net gains on equities and property	339.3	0.9
Non-recurring items	(444.1)	0.0
Operating profit	**2,344.6**	**35.8**

Note 7 Intangible assets

7.1 Intangible assets by category

	31.12.2016				
(in € millions)	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	702.7	0.0	(393.2)	0.0	309.5
Value of In-Force business	355.4	(174.5)	(158.8)	0.0	22.2
Distribution agreements	390.7	(39.8)	0.0	0.0	350.9
Software	423.6	249.4	0.0	0.0	174.2
Internally-developed software	199.2	(123.3)	0.0	0.0	75.9
Other software	224.4	(126.1)	(0.0)	0.0	98.3
Other	26.9	(13.4)	(3.6)	0.0	9.8
TOTAL	**1,899.3**	**(477.2)**	**(555.6)**	**0.0**	**866.5**

	31.12.2015				
(in € millions)	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	652.0	0.0	(393.2)	0.0	258.8
Value of In-Force business	337.4	(153.1)	(158.8)	0.0	25.5
Distribution agreements	390.0	(19.6)	0.0	0.0	370.4
Software	339.7	(215.7)	0.0	0.0	124.1
Internally-developed software	173.8	(107.0)	0.0	0.0	66.9
Other software	165.9	(108.7)	0.0	0.0	57.2
Other	26.0	(11.9)	(3.6)	0.0	10.5
TOTAL	**1,745.1**	**(400.2)**	**(555.7)**	**0.0**	**789.2**

7.2 Goodwill

7.2.1 Goodwill by company

(in € millions)	Original goodwill	Goodwill: investments held at 31.12.2016	Goodwill: investments held at 31.12.2015
Caixa Seguros Group	389.9	213.2	169.6
CNP UniCredit Vita	366.5	0.0	0.0
CNP Partners	7.2	7.2	0.0
CNP Cyprus Insurance Holdings	81.6	34.8	34.8
CNP Santander Insurance	54.4	54.4	54.4
TOTAL	**899.6**	309.5	**258.8**

The Group's annual goodwill impairment testing procedures are described in Note 3.9.1. The recoverable amount of the CGUs to which the entities listed above have been allocated corresponds to their value in use, based on net asset value plus expected future cash flows from existing policies and new business. Projected future revenues are estimated by taking the embedded value of In-Force insurance policies and financial instruments, and the Value of New Business. The terminal values of subsidiaries do not assume growth to infinity.

Caixa Seguros Group

Expected future cash flows were taken from the 2017-2021 business projections approved by management. These projections were then extrapolated using an average new business growth rate of zero between 2022 and 2040 and discounted to present value using an after-tax discount rate of approximately 14.7%.

At 31 December 2016 and 31 December 2015, the recoverable amount of Caixa Seguros goodwill was greater than its carrying amount, and a reasonable change in the discount rate applied to future cash flows would not have resulted in the recognition of any impairment loss.

Similarly, an analysis based on projected cash flows through to the end of the current distribution agreement (2021) would not result in an impairment loss being recognised and the same would apply in the case of a reasonable change in the discount rate and projected business volumes used for the test.

CNP Cyprus Insurance Holdings

At 31 December 2016, expected future cash flows were taken from the 2017-2021 business projections approved by management. These projections were then extrapolated using a stable average new business growth rate of around 2% for non-life business and 3% for life business for the period between 2021 and 2028 (the final year of the agreement with Cyprus Popular Bank) and discounted to present value using an after-tax discount rate of approximately 9% for operations in Cyprus. The Greek subsidiary has not been valued since June 2013.

At 31 December 2016, the recoverable amount of CNP Cyprus Insurance Holdings goodwill was greater than its carrying amount, and a reasonable change in the discount rate applied to future cash flows or a significant decline in future business volumes in Greece and Cyprus would not have resulted in the recognition of any impairment loss.

CNP Santander Insurance

At 31 December 2016, expected future cash flows were taken from the 2017-2021 business projections approved by management. These projections were then extrapolated using an average new business growth rate of 1% per year until 2018 and 2.5% from 2019 to 2024, with the rate then remaining stable until 2034 (the final year of the distribution agreement). The projected cash flows were discounted to present value using an after-tax discount rate of 7.3%.

At 31 December 2016, the recoverable amount of CNP Santander Insurance goodwill was greater than its carrying amount and no impairment loss was recognised.

The CNP Santander Insurance acquisition agreement includes an earn-out/earn-in clause based on the performance of the three entities included in the deal. During the purchase price allocation process, the earn-out was estimated based on the business projections available at the time. These projections were updated in 2016, leading to the recognition in the Group's accounts of an expense for the year of €11.7 million – covering the projection period ending in 2020 – and a liability towards the vendor in the same amount.

CNP Partners – BVP Italia

The acquisition was completed on 1 June 2016 for a price of €7.25 million, less the amount of any surrenders that were due to take place within 60 days of the completion date, as defined by Italy's insurance supervisor (€122 thousand).

The acquisition was initially recognised as an intangible asset by CNP Partners at the adjusted price, pending completion of the purchase price allocation process. In accordance with IFRS, the purchase price allocation will be completed during the first quarter of 2017.
BVP Italia's acquisition balance sheet was included in CNP Partners' financial statements at 30 June 2016.

7.2.2 Changes in goodwill for the period

(in € millions)	31.12.2016	31.12.2015
Carrying amount at the beginning of the period	**258.8**	**473.8**
Goodwill recognised during the period	7.2	0.0
Adjustments to provisional accounting [1]	0.0	(137.0)
Adjustments resulting from changes in earn outs	0.0	(20.8)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustments on gross goodwill [2]	43.6	(57.3)
Other movements	0.0	0.0
Impairment losses recognised during the period	0.0	0.0
Translation adjustment on movements during the period	0.0	0.0
Increase in interest rates	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**309.5**	**258.8**

(1) Adjustments to provisional accounting in 2015 mainly concern CNP Santander Insurance and correspond primarily to the recognition of newly identified intangible assets, in accordance with IFRS 3 (paragraph 45)
(2) Translation adjustments on gross goodwill, in the amount of €43.6 million, concern the Brazilian companies Caixa Seguradora, Previsul and Odonto Empresas Convenios Dentarios Ltda

7.3 Value of acquired In-Force business and distribution agreements

7.3.1 Value of In-Force business

(in € millions)	Original value	Carrying amount at 31.12.2016	Carrying amount at 31.12.2015
Caixa Seguros Group	123.5	5.1	4.9
CNP UniCredit Vita	175.3	0.0	0.0
CNP Partners	24.0	0.0	0.0
CNP Seguros de Vida	0.9	0.0	0.0
CNP Cyprus Insurance Holdings	44.4	12.3	13.9
MFPrévoyance SA	8.3	0.0	0.0
CNP Santander Insurance	14.7	4.7	6.8
TOTAL	**391.0**	**22.2**	**25.5**

7.3.2 Changes in the value of In-Force business

(in € millions)	31.12.2016	31.12.2015
Gross amount at the beginning of the period	**337.4**	**343.8**
Newly-consolidated companies	0.0	17.2
Translation adjustments	18.1	(23.6)
Acquisitions for the period	0.0	0.0
Disposals for the period	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Gross amount at the end of the period	**355.4**	**337.4**
Accumulated amortisation and impairment at the beginning of the period	(311.9)	(323.0)
Translation adjustments	(16.9)	22.2
Amortisation for the period	(4.5)	(11.0)
Impairment losses recognised during the period	0.0	0.0
Impairment losses reversed during the period	0.0	0.0
Disposals for the period	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Accumulated amortisation and impairment at the end of the period	**(333.3)**	**(311.9)**
Carrying amount at the end of the period	**22.2**	**25.5**

7.3.3 Distribution agreements

(in € millions)	31.12.2016	31.12.2015
Carrying amount at the beginning of the period	**370.4**	**2.6**
Acquisitions for the period	0.0	388.2
Amortisation for the period	(20.1)	(19.6)
Adjustments	0.0	0.0
Impairment losses recognised during the period	0.0	0.0
Translation adjustments	0.6	(0.8)
Other movements	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**350.9**	**370.4**

7.4 Software and other intangible assets

7.4.1 Internally developed software

(in € millions)	31.12.2016	31.12.2015
Carrying amount at the beginning of the period	**66.9**	**61.9**
Acquisitions for the period	22.9	24.1
Amortisation for the period	(13.9)	(11.3)
Impairment losses	0.0	(2.1)
Translation adjustments	0.0	0.0
Other movements	0.0	(5.8)
Carrying amount at the end of the period	**75.9**	**66.9**

7.4.2 Other software and other intangible assets

(in € millions)	31.12.2016	31.12.2015
Carrying amount at the beginning of the period	**67.7**	**58.4**
Acquisitions for the period	42.1	36.8
Amortisation for the period	(15.1)	(13.4)
Impairment losses	(0.8)	(6.0)
Translation adjustments	14.4	(12.3)
Other movements	(0.3)	4.2
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**108.0**	**67.7**

Note 8 Investment and owner-occupied property

The purpose of this note is to show depreciation and impairment losses recognised/reversed during the period through profit or loss in respect of property and the captions impacted by the movements.

It presents:

- the gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
- a reconciliation of the carrying amounts of investment property at the beginning and end of the period, showing (i) additions; (ii) disposals; (iii) depreciation; (iv) impairment losses recognised and reversed during the period; (v) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of an international transaction into the presentation currency of the reporting entity; (vi) transfers to and from inventories and owner-occupied property; and (vii) other changes;
- the fair value of investment properties held in unit-linked portfolios.

8.1 Investment property

Carrying amount of investment property *(in € millions)*	**31.12.2016**	**31.12.2015**
Investment property measured by the cost model		
Gross value	2,097.6	2,083.8
Accumulated depreciation	(289.0)	(333.7)
Accumulated impairment losses	(3.2)	(5.1)
Carrying amount	**1,805.4**	**1,745.0**
Investment property measured by the fair value model		
Gross value	1,121.1	1,012.6
Total investment property	**2,926.5**	**2,757.6**

Investment property (other than property held in unit-linked portfolios) *(in € millions)*	**31.12.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**1,745.0**	**1,763.4**
Acquisitions	55.6	40.5
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(98.3)	(34.2)
Depreciation for the period	(36.0)	(40.5)
Impairment losses recognised during the period	(1.2)	(2.4)
Impairment losses reversed during the period	3.5	12.8
Translation adjustments	2.0	(1.3)
Other movements	135.0	6.7
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**1,805.4**	**1,745.0**

Investment property held in unit-linked portfolios *(in € millions)*	**31.12.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**1,012.6**	**645.0**
Acquisitions	129.9	343.5
Post-acquisition costs included in the carrying amount of property	0.1	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(42.9)	(6.4)
Net gains arising from remeasurement at fair value	19.1	31.5
Translation adjustments	2.6	(1.2)
Other movements	(0.3)	0.2
Carrying amount at the end of the period	**1,121.1**	**1,012.6**

As explained in the description of significant accounting policies, investment properties backing linked liabilities are measured at fair value, while other investment properties are measured using the cost model.

8.2 Owner-occupied property and other property and equipment

Owner-occupied property *(in € millions)*	**31.12.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**263.9**	**304.6**
Acquisitions	1.8	16.2
Post-acquisition costs included in the carrying amount of property	0.2	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(4.5)	(20.2)
Depreciation for the period	(7.6)	(7.4)
Impairment losses recognised during the period	0.0	(0.7)
Impairment losses reversed during the period	0.9	0.0
Translation adjustments	12.7	(20.3)
Other movements	(2.0)	(8.3)
Carrying amount at the end of the period	**265.3**	**263.9**

Other property and equipment *(in € millions)*	**31.12.2016**	**31.12.2015**
Carrying amount at the beginning of the period	**43.2**	**44.4**
Acquisitions for the period	19.5	17.9
Depreciation for the period	(17.1)	(17.3)
Disposals for the period	(3.8)	(1.2)
Translation adjustments	2.4	(2.4)
Other movements	(0.2)	1.8
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**44.0**	**43.2**

Note 9 Investments by category

9.1 Investments by category

The following tables show the fair value of securities held by the Group, by category and intended holding period.

9.1.1 Investments at 31 December 2016

(in € millions)		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit or loss	Fixed-rate bonds					11,408.6	
	Variable-rate bonds					20,877.4	
	TCNs (money market securities)					242.9	
	Equities					3,606.1	
	Investment funds					37,266.0	
	Shares in non-trading property companies					1,028.7	
	Other (including lent securities and repos)					110.9	
	Total					**74,540.6**	
Derivative instruments	Derivative instruments (positive fair value)					654.3	
	Derivative instruments (negative fair value)					(1,244.9)	
	Total					**(590.6)**	
Available-for-sale financial assets	Fixed-rate bonds	155,900.3	2,091.0	(7.5)	18,602.2	176,586.1	
	Variable-rate bonds	26,960.3	755.9	(31.7)	2,609.6	30,294.2	
	TCNs (money market securities)	3,184.2	0.0	0.0	2.1	3,186.3	
	Equities	15,163.9	0.0	(5,000.4)	7,561.9	17,725.3	
	Investment funds	45,068.9	0.0	(315.2)	3,041.1	47,794.8	
	Shares in non-trading property companies	5,063.9	0.0	(274.8)	1,641.6	6,430.7	
	Non-voting loan stock	42.9	0.0	(4.0)	21.0	59.9	
	Other (including lent securities and repos)	15,442.8	(291.3)	(127.4)	2,327.1	17,351.2	
	Total	**266,827.3**	**2,555.7**	**(5,761.0)**	**35,806.6**	**299,428.6**	
Held-to-maturity investments	Fixed-rate bonds	334.9				334.9	8.4
	Variable-rate bonds	259.6				259.6	23.4
	Other (including lent securities and repos)	171.8				171.8	10.0
	Total	**766.3**				**766.3**	**41.8**
Loans and receivables	Loans and receivables	4,962.4		(17.1)		4,945.3	0.0
	Total	**4,962.4**		**(17.1)**		**4,945.3**	**0.0**
Investment property	Investment property at amortised cost	2,097.6	(289.0)	(3.2)		1,805.4	942.8

	Investment property measured by the fair value model	1,121.1	0.0	0.0		1,121.1	
	Total	**3,218.6**	**(289.0)**	**(3.2)**		**2,926.5**	**942.8**
TOTAL				**(5,781.3)**	**35,806.6**	**382,016.7**	**984.6**

Unit-linked portfolios at fair value through profit or loss at 31 December 2016

	Carrying amount		Total
(in € millions)	Unit-linked	Traditional savings	
Fixed-rate bonds	6,597.8	4,810.8	11,408.6
Variable-rate bonds	9,723.7	11,153.6	20,877.4
TCNs (money market securities)	75.6	167.3	242.9
Equities	278.0	3,328.2	3,606.1
Investment funds	25,235.5	12,030.5	37,266.0
Shares in non-trading property companies	0.0	1,028.7	1,028.7
Other	110.3	0.6	110.9
TOTAL	**42,021.0**	**32,519.6**	**74,540.6**

9.1.2 Investments at 31 December 2015

(in € millions)		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit or loss	Fixed-rate bonds					9,908.9	
	Variable-rate bonds					18,877.4	
	TCNs (money market securities)					142.9	
	Equities					3,592.5	
	Investment funds					35,841.8	
	Shares in non-trading property companies					960.2	
	Other (including lent securities and repos)					168.8	
	Total					**69,492.6**	
Derivative instruments	Derivative instruments (positive fair value)					4,417.2	
	Derivative instruments (negative fair value)					(4,834.1)	
	Total					**(416.9)**	
Available-for-sale financial assets	Fixed-rate bonds	152,806.0	2,018.1	(0.5)	18,232.9	173,056.5	
	Variable-rate bonds	28,244.3	847.0	(32.9)	2,374.1	31,432.4	
	TCNs (money market securities)	3,499.6	0.0	0.0	17.6	3,517.3	
	Equities	14,584.4	0.0	(4,833.6)	6,608.3	16,359.2	
	Investment funds	38,854.3	0.0	(326.8)	2,668.0	41,195.5	
	Shares in non-trading property companies	4,082.6	0.0	(269.3)	1,346.8	5,160.2	
	Non-voting loan stock	42.9	0.0	(2.8)	19.9	60.0	
	Other (including lent securities and repos)	15,190.6	(279.4)	(323.2)	2,539.1	17,127.1	
	Total	**257,304.7**	**2,585.8**	**(5,789.1)**	**33,806.7**	**287,908.1**	
Held-to-maturity investments	Fixed-rate bonds	376.7				376.7	(10.9)
	Variable-rate bonds	264.7				264.7	17.3
	Total	**641.5**				**641.5**	**6.5**
Loans and receivables	Loans and receivables	5,703.9		(17.1)		5,686.8	43.2
	Total	**5,703.9**		**(17.1)**		**5,686.8**	**43.2**
Investment property	Investment property at amortised cost	2,083.8	(333.7)	(5.1)		1,745.0	897.3
	Investment property measured by the fair value model	1,012.6	0.0	0.0		1,012.6	0.0
	Total	**3,096.4**	**(333.7)**	**(5.1)**		**2,757.6**	**897.3**
TOTAL				**(5,811.3)**	**33,806.7**	**366,069.6**	**947.0**

Derivative instruments with a positive fair value are recorded as assets and those with a negative fair value are recorded as liabilities.

Until 31 December 2015, the amounts recorded under assets and liabilities were determined by analysing the two legs of each instrument separately.
Effective from 1 January 2016, each derivative instrument is presented as a single instrument without analysing the two legs separately. If the new presentation had been adopted at 31 December 2015, it would have had the effect of reducing the carrying amount of instruments with a positive fair value from €4,417.2 million to €699.2 million and reducing the carrying amount of instruments with a negative fair value from €4,834.1 million to €1,116.0 million.

Unit-linked portfolios at fair value through profit or loss at 31 December 2015

(in € millions)	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	4,583.7	5,325.2	9,908.9
Variable-rate bonds	7,307.4	11,569.9	18,877.4
TCNs (money market securities)	81.5	61.4	142.9
Equities	99.7	3,492.8	3,592.5
Investment funds	23,437.8	12,404.0	35,841.8
Shares in non-trading property companies	0.0	960.2	960.2
Other	167.2	1.6	168.8
TOTAL	**35,677.4**	**33,815.2**	**69,492.6**

9.1.3 Reconciliation of insurance investments in the balance sheet to investments analysed in Notes 9.1.1 and 9.1.2

(in € millions)	31.12.2016	31.12.2015
Analysis of investments	382,016.7	366,069.6
Balance sheet – Liabilities – Derivative instruments (negative fair value) *	(1,244.9)	(4,834.1)
Balance sheet – Assets – Insurance investments	383,261.6	370,903.7
Variance	**0.0**	**0.0**

* At 31 December 2015, applying the new presentation method would have had the effect of reducing the negative fair value from €4,834.1 million to €1,116.0 million

9.1.4 Non-consolidated structured entities

9.1.4.1 Non-consolidated structured entities at 31 December 2016

(in € millions)	Investment funds (excluding unit-linked)		Asset-backed security funds (excluding unit-linked)		Structured entities held in unit-linked portfolios	
	Carrying amount	Gains/ (losses) over the period	Carrying amount	Gains/ (losses) over the period	Carrying amount	Gains/ (losses) over the period
Securities held for trading	12,329.8	266.4	665.5	26.9		
Financial assets designated on initial recognition as being at fair value through profit or loss	14.6	0.4	3.7	0.1	25,246.8	33.9
Available-for-sale financial assets	47,794.8	597.8	1,480.1	21.3		
Held-to-maturity investments						
Total assets	**60,139.2**	**864.6**	**2,149.3**	**48.3**	**25,246.8**	**33.9**

At 31 December 2016, the Group's maximum exposure to structured entities was limited to the amounts invested and no financial support was provided during the period.

9.1.4.2 Non-consolidated structured entities at 31 December 2015

(in € millions)	Investment funds (excluding unit-linked)		Asset-backed security funds (excluding unit-linked)		Structured entities held in unit-linked portfolios	
	Carrying amount	Gains/ (losses) over the period	Carrying amount	Gains/ (losses) over the period	Carrying amount	Gains/ (losses) over the period
Securities held for trading	12,531.1	231.3	853.2	30.4		
Financial assets designated on initial recognition as being at fair value through profit or loss	10.1	1.3	3.6	0.1	23,449.9	873.6
Available-for-sale financial assets	41,195.5	476.7	2,020.3	48.5		
Held-to-maturity investments						
Total assets	**53,736.7**	**709.3**	**2,877.2**	**78.9**	**23,449.9**	**873.6**

At 31 December 2015, the Group's maximum exposure to structured entities was limited to the amounts invested and no financial support was provided during the period.

9.2 Measurement of assets recognised at fair value

The following tables show financial assets classified at fair value whose prices are estimated using a valuation technique.

9.2.1 Valuation methods at 31 December 2016

(in € millions)	Category 1: last available quotation of assets quoted in an active market	Category 2: estimated market value using valuation model based on observable market inputs	Category 3: estimated market value using valuation model not based solely on observable market inputs	TOTAL
Financial assets at fair value through profit or loss *	65,069.1	10,125.8	0.0	**75,194.9**
Available-for-sale financial assets	275,448.3	23,974.9	5.4	**299,428.6**
Total financial assets	**340,517.3**	**34,100.8**	**5.4**	**374,623.5**
Investment property at amortised cost	0.0	2,728.2	20.0	**2,748.2**
Investment property measured by the fair value model	0.0	1,104.9	16.1	**1,121.1**
Total investment property	**0.0**	**3,833.1**	**36.2**	**3,869.3**
Financial liabilities at fair value through profit or loss				
Financial liabilities – financial instruments without DPF (excluding unit-linked)	727.5	0.0	0.0	**727.5**
Financial liabilities (linked liabilities) – financial instruments without DPF	4,073.2	0.0	0.0	**4,073.2**
Derivative instruments	0.0	1,244.9	0.0	**1,244.9**
Total financial liabilities	**4,800.7**	**1,244.9**	**0.0**	**6,045.7**

* Includes derivative financial instruments (assets)

9.2.2 Valuation methods at 31 December 2015

(in € millions)	Category 1: last available quotation of assets quoted in an active market	Category 2: estimated market value using valuation model based on observable market inputs	Category 3: estimated market value using valuation model not based solely on observable market inputs	TOTAL
Financial assets at fair value through profit or loss (1)	59,952.7	13,957.0	0.0	**73,909.7**
Available-for-sale financial assets	265,757.6	22,132.2	18.3	**287,908.1**
Total financial assets	**325,710.3**	**36,089.2**	**18.3**	**361,817.8**
Investment property at amortised cost	0.0	2,621.4	20.9	**2,642.3**
Investment property measured by the fair value model	0.0	1,005.5	7.2	**1,012.6**
Total investment property	**0.0**	**3,626.8**	**28.1**	**3,654.9**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	
Financial liabilities – financial instruments without DPF (excluding unit-linked)	605.9	0.0	0.0	**605.9**
Financial liabilities (linked liabilities) – financial instruments without DPF	4,187.5	0.0	0.0	**4,187.5**
Derivative instruments (2)	0.0	4,834.1	0.0	**4,834.1**
Total financial liabilities	**4,793.4**	**4,834.1**	**0.0**	**9,627.4**

(1) Including derivative instruments with a positive fair value of €4,417.2 million or €699.2 million based on the new presentation

(2) At 31 December 2015, applying the new presentation method would have had the effect of reducing the reported amount from €4,834.1 million to €1,116.0 million

Insofar as all of the Group's derivatives are collateralised, counterparty risk is extremely limited, and credit and debit valuation adjustments have no impact on the measurement of these derivatives.

9.2.3 Reconciliation of movements for the period in securities measured using a valuation model not based solely on observable market inputs

(in € millions)	31.12.2016											
	Opening carrying amount	**Acquisitions**	**Maturity**	**Transfers to category 3 (additions)**	**Transfers from category 3 (disposals)**	**Impact of sales of securities at fair value through profit or loss**	**Impact of sales of available-for-sale financial assets**	**Remeasurement at fair value through equity**	**Remeasurement at fair value through profit or loss**	**Impairment**	**Translation adjustments**	**Closing carrying amount**
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	18.3	16.5	0.0	0.0	(28.8)	0.0	(0.6)	(0.5)	0.0	0.0	0.5	5.4
Total financial assets	**18.3**	**16.5**	**0.0**	**0.0**	**(28.8)**	**0.0**	**(0.6)**	**(0.5)**	**0.0**	**0.0**	**0.5**	**5.4**
Investment property at fair value	7.2	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	16.1
Investment property at amortised cost	20.9	0.0	0.0	1.8	(7.3)	0.0	0.0	0.0	0.0	0.0	4.7	20.1
Total investment property	**28.1**	**6.4**	**0.0**	**1.8**	**(7.3)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**7.3**	**36.2**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

31.12.2015

(in € millions)	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at fair value through profit or loss	Impact of sales of available-for-sale financial assets	Remeasurement at fair value through equity	Remeasurement at fair value through profit or loss	Impairment	Translation adjustments	Closing carrying amount
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	69.5	7.3	0.0	0.0	(58.3)	0.0	0.0	0.5	0.0	0.0	(0.6)	18.3
Total financial assets	**69.5**	**7.3**	**0.0**	**0.0**	**(58.3)**	**0.0**	**0.0**	**0.5**	**0.0**	**0.0**	**(0.6)**	**18.3**
Investment property at fair value	0.0	8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.2)	7.2
Investment property at amortised cost	1.7	0.0	0.0	23.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.7)	20.9
Total investment property	**1.7**	**8.3**	**0.0**	**23.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(4.8)**	**28.1**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.3 Repurchase agreements

The following table analyses the carrying amount of securities sold under repurchase agreements, by asset category and intended holding period:

(in € millions)		Carrying amount 31.12.2016	Carrying amount 31.12.2015
Available-for-sale financial assets	Fixed-rate bonds	8,488.8	6,560.8
	Equities	0.0	0.0
	Total	**8,488.8**	**6,560.8**

9.4 Lent securities

The following table analyses the carrying amount of lent securities, by asset category and intended holding period:

(in € millions)		Carrying amount 31.12.2016	Carrying amount 31.12.2015
Available-for-sale financial assets	Fixed-rate bonds	8,627.6	9,430.8
	Equities (quoted)	183.1	1,087.4
	Total	**8,810.8**	**10,518.1**

9.5 Movements for the period

9.5.1 2016

(in € millions)	Opening carrying amount	Additions	Disposals	Fair value adjustments	Additions to provisions for impairment *	Reversals of provisions for impairment *	Changes in scope of consolidation	Other	Closing carrying amount
Securities held for trading	69,492.6	30,641.9	(29,880.6)	1,529.5	0.0	0.0	386.6	2,370.7	74,540.6
Derivative instruments	(416.9)	87.0	(46.5)	(212.4)	0.0	0.0	(0.0)	(1.7)	(590.6)
Available-for-sale financial assets	287,908.1	116,637.2	(107,871.3)	1,948.3	(618.8)	631.7	430.1	363.2	299,428.6
Held-to-maturity investments	641.5	444.0	(445.2)	0.0	0.0	0.0	0.0	125.9	766.3
Loans and receivables	5,686.8	280.0	(1,025.1)	0.0	0.0	0.0	6.7	(3.0)	4,945.3
Investment property	2,757.6	141.9	(133.5)	19.4	(0.3)	2.2	0.0	139.1	2,926.5
TOTAL	**366,069.6**	**148,232.1**	**(139,402.2)**	**3,284.8**	**(619.1)**	**634.0**	**823.3**	**2,994.2**	**382,016.7**

* See Note 20.3

9.5.2 2015

(in € millions)	Opening carrying amount	Additions	Disposals	Fair value adjustments	Additions to provisions for impairment *	Reversals of provisions for impairment *	Changes in scope of consolidation	Other	Closing carrying amount
Securities held for trading	68,775.3	36,076.6	(34,303.6)	1,653.8	0.0	0.0	(24.4)	(2,685.2)	69,492.6
Derivative instruments	(633.4)	108.9	(38.2)	145.8	0.0	0.0	0.0	0.0	(416.9)
Available-for-sale financial assets	285,235.5	92,392.9	(86,328.5)	(2,986.6)	(291.7)	436.8	(85.1)	(465.1)	287,908.1
Held-to-maturity investments	564.4	381.9	(183.6)	0.0	0.0	18.5	0.0	(139.8)	641.5
Loans and receivables	4,984.4	1,414.2	(790.5)	0.0	0.0	0.0	80.5	(2.0)	5,686.8
Investment property	2,408.4	348.3	(41.4)	33.1	(2.4)	12.8	0.0	(1.2)	2,757.6
TOTAL	**361,334.6**	**130,722.8**	**(121,685.7)**	**(1,154.0)**	**(294.1)**	**468.2**	**(29.0)**	**(3,293.3)**	**366,069.6**

* See Note 20.3

9.6 Derivative instruments

The following table analyses derivative instruments recorded in assets (positive fair value) and in liabilities (negative fair value) by maturity:

(in € millions)	31.12.2016											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	47.7	(251.8)	145.4	(388.4)	7.2	(414.1)	0.0	(152.6)	0.0	(3.8)	200.4	(1,210.8)
Cap/floor	0.0	0.0	142.0	0.0	91.0	0.0	0.0	0.0	0.0	0.0	232.9	0.0
Equity	4.7	0.0	96.6	0.0	119.7	(33.9)	0.0	(0.3)	0.0	0.0	221.0	(34.2)
Total	**52.4**	**(251.8)**	**384.0**	**(388.4)**	**217.9**	**(448.0)**	**0.0**	**(152.9)**	**0.0**	**(3.8)**	**654.3**	**(1,244.9)**

(in € millions)	31.12.2015											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	48.4	(57.2)	1,320.0	(1,435.9)	1,386.6	(1,522.9)	475.4	(584.6)	153.3	(226.0)	3,383.7	(3,826.6)
Cap/floor	10.0	(12.7)	216.8	(302.5)	657.5	(553.0)	0.2	(55.7)	1.0	(75.8)	885.4	(999.7)
Equity	28.4	(7.8)	10.7	0.0	109.0	0.0	0.0	0.0	0.0	0.0	148.0	(7.8)
Total	**86.7**	**(77.7)**	**1,547.4**	**(1,738.4)**	**2,153.1**	**(2,075.9)**	**475.6**	**(640.3)**	**154.3**	**(301.8)**	**4,417.2**	**(4,834.1)**

Until 31 December 2015, the amounts recorded under assets and liabilities were determined by analysing the two legs of each instrument separately.
Effective from 1 January 2016, each derivative instrument is presented as a single instrument without analysing the two legs separately. If the new presentation had been adopted at 31 December 2015, it would have had the effect of reducing the carrying amount of instruments with a positive fair value from €4,417.2 million to €699.2 million and reducing the carrying amount of instruments with a negative fair value from €4,834.1 million to €1,116.0 million.

The breakdown by maturity at 31 December 2015 based on the new presentation would have been as follows:

(in € millions)	31.12.2015											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in ≥ 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	2.9	(13.9)	212.4	(434.3)	19.1	(398.7)	0.2	(87.6)	33.1	(180.9)	267.8	(1,115.5)
Cap/floor	0.0	(0.5)	122.9	0.0	168.2	0.0	0.0	0.0	0.0	0.0	291.1	(0.4)
Equity	20.6	0.0	14.2	0.0	105.5	0.0	0.0	0.0	0.0	0.0	140.3	0.0
Total	**23.5**	**(14.4)**	**349.5**	**(434.3)**	**292.8**	**(398.7)**	**0.2**	**(87.6)**	**33.1**	**(180.9)**	**699.2**	**(1,116.0)**

9.7 Derivative instruments qualifying for hedge accounting

(in € millions)	31.12.2016	31.12.2015
	Currency swap	
Notional amount	**1,184.4**	**722.7**
Cash flow hedge reserve	**(37.0)**	**6.9**
Change in cash flow hedge reserve during the period	(99.7)	82.5
Cash flow hedge reserve recycled through profit or loss during the period	43.3	(71.0)
Deferred taxes	19.4	(4.6)

CNP Assurances has set up three hedges against currency risk on issues of subordinated notes denominated in foreign currencies:

- The first hedges against fluctuations in the sterling-euro exchange rate through to 30 September 2021 that could impact interest and principal repayments on sterling-denominated notes issued by the Group in 2011.
- The second concerns subordinated notes issued in US dollars in 2013 and hedges payments on the notes through to 18 July 2019.
- The third concerns subordinated notes issued in US dollars in January 2016 and hedges payments on the notes through to 22 January 2029.

These derivatives are eligible for cash flow hedge accounting (see Note 3.10.3). At 31 December 2016, no amount had been recognised in profit or loss for the ineffective portion of the hedges.

9.8 Credit risk

9.8.1 Analysis of the bond portfolio at 31 December 2016 by issuer rating

Rating *(in € millions)*	Bond portfolio at fair value	%
AAA	21,468.1	8.2%
AA	109,552.3	42.1%
A	44,638.9	17.1%
BBB	55,257.1	21.2%
Non-investment grade	19,031.7	7.3%
Not rated	10,390.0	4.0%
TOTAL	**260,338.1**	**100.0%**

9.8.2 Analysis of the bond portfolio at 31 December 2015 by issuer rating

Rating *(in € millions)*	Bond portfolio at fair value	%
AAA	23,057.3	9.1%
AA	108,857.2	42.9%
A	46,638.3	18.4%
BBB	50,686.2	20.0%
Non-investment grade	13,598.5	5.4%
Not rated	10,737.3	4.2%
TOTAL	**253,574.8**	**100.0%**

9.9 Classification of investments by category and by geographic region

9.9.1 Classification of investments by geographic region at 31 December 2016

(in € millions)		France	Germany	Italy	Rest of Europe	United States	Brazil	Other	Total
Available-for-sale financial assets	Debt securities	96,023	9,253	16,888	46,930	13,907	2,379	24,687	**210,067**
	Investment funds	33,961	360	47	12,045	5	0	1,377	**47,795**
	Equities	10,649	3,229	769	2,474	1	13	590	**17,725**
	Other	22,012	(54)	26	1,821	0	0	36	**23,842**
Held-for-trading and FVO	Debt securities	13,499	1,091	856	3,131	396	11,752	1,804	**32,529**
	Investment funds	28,895	11	52	7,766	41	476	25	**37,266**
	Equities	654	466	126	760	1,178	127	295	**3,606**
	Other	1,031	0	56	52	0	0	0	**1,140**
Held-to-maturity investments	Debt securities	172	0	42	0	0	553	0	**766**
Loans and receivables		4,124	0	0	803	0	0	18	**4,945**
Derivative instruments		(193)	38	0	(207)	(96)	0	(132)	**(591)**
Investment property		2,836	0	0	64	0	27	0	**2,926**
TOTAL		**213,664**	**14,394**	**18,863**	**75,638**	**15,431**	**15,327**	**28,700**	**382,017**

List of countries (for information)	31.12.2016			31.12.2015		
	Gross exposure – carrying amount *	Gross exposure – fair value	Net exposure – fair value	Gross exposure – carrying amount *	Gross exposure – fair value	Net exposure – fair value
France	68,237.8	80,303.9	5,411.3	66,591.5	77,735.6	4,941.1
Italy	9,769.1	11,135.7	667.6	9,134.8	10,708.0	1,234.7
Belgium	7,438.7	8,603.8	475.5	7,402.4	8,621.0	494.4
Spain	7,487.5	8,154.5	672.0	3,751.0	4,390.8	344.9
Austria	4,274.3	4,935.9	162.5	4,434.0	5,197.8	219.3
Brazil	2,086.0	2,059.0	1,235.7	1,448.8	1,265.6	759.5
Portugal	271.7	297.6	7.8	271.4	310.8	7.6
Netherlands	181.7	206.5	8.3	179.5	204.2	15.5
Ireland	604.0	696.0	36.2	617.1	724.3	31.8
Germany	1,929.7	2,277.3	182.2	2,481.7	2,823.0	240.8
Greece	3.9	1.5	0.1	3.9	2.2	0.1
Finland	79.4	81.5	2.6	16.3	19.7	3.2
Poland	377.2	413.3	69.8	346.7	391.9	43.1
Luxembourg	50.3	55.2	21.8	50.4	56.3	20.8
Sweden	82.5	83.7	47.6	11.4	12.4	0.3
Denmark	0.0	0.0	0.0	45.2	60.1	4.5
Slovenia	140.5	155.8	4.8	140.6	158.7	3.5
United Kingdom	0.0	0.0	0.0	78.1	233.0	0.0
Canada	667.0	729.3	91.9	649.0	710.8	85.9
Cyprus	36.5	39.0	18.9	16.6	18.5	6.1
Other	5,910.5	6,911.4	686.8	6,401.8	7,459.8	735.2
TOTAL	**109,628.2**	**127,140.8**	**9,800.4**	**104,072.3**	**121,104.4**	**9,192.0**

* Carrying amount, including accrued coupon

At 31 December 2016, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €127.1 billion, or an estimated exposure net of deferred participation and deferred taxes of €9.8 billion. Virtually all of the securities concerned are classified as available-for-sale financial assets. The Group's exposure is calculated based on asset values and before non-controlling interests.

The calculation of net exposure has been standardised at Group level and reflects both the current market environment and policies concerning deferred participation: calculating net exposure from gross exposure takes account of the impacts of deferred taxes and deferred participation based on shadow accounting principles. In accordance with these principles, a change in the deferred participation reserve is recorded to offset unrealised gains or losses on financial assets taking into account contractual participation obligations and the Group's policyholder bonus policy (see Notes 3.19 and 3.13.2, respectively, regarding the Group's accounting policies for more information). The relatively low weighting of contracts with a guaranteed yield and the Group's ability to allocate losses on financial assets to policyholders over the long term, reinforces the validity of this approach to presenting the impact of net exposure.

The apparent 7.7% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 65.3% corresponding to the impact of the weighted average tax rate on the Group's entities) and a deferred participation impact (11.8% factor, supplementing the effective participation rate and corresponding to shareholders' entitlements to unrealised gains or losses).

The combination of these two impacts (taxes and deferred participation) results in a ratio of 7.7% (65.3% multiplied by 11.8%) of net exposure to gross exposure.

The difference between gross and net exposure does not necessarily represent the loss that would be borne by policyholders. In particular, the recoverability of successive losses on sovereign debt is limited by the following:

- the policyholder surplus reserves which totalled €9.1 billion at 31 December 2016 for France;
- the Group's ability to lower the discretionary participation it pays to policyholders. In France, the estimated minimum guaranteed interest rate is approximately 0.4% for a projected DPF rate of around 1.4% at end-2015, whereas in Italy, Spain and Portugal this ability is limited by the guaranteed yields on policies in these countries;
- unrealised gains, especially on property (€3.1 billion) and on equities (€13.2 billion). These amounts would be taken into account when testing any deferred participation assets for recoverability.

In the absence of an incurred loss, no other sovereign debt securities have been impaired.

9.9.2 Classification of investments by geographic region at 31 December 2015

(in € millions)		France	Germany	Italy	Rest of Europe	United States	Brazil	Other	Total
Available-for-sale financial assets	Debt securities	95,212	10,563	16,833	45,316	12,786	1,588	25,707	**208,006**
	Investment funds	29,144	285	39	11,378	102	0	248	**41,195**
	Equities	10,131	2,601	659	2,393	0	7	569	**16,359**
	Other	20,403	523	39	1,339	0	6	38	**22,347**
Held-for-trading and FVO	Debt securities	12,447	1,088	829	3,758	428	7,879	2,526	**28,956**
	Investment funds	28,619	17	58	6,785	18	244	74	**35,815**
	Equities	489	417	102	975	1,216	88	305	**3,593**
	Other	961	0	105	62	0	0	1	**1,129**
Held-to-maturity investments	Debt securities	50	0	42	0	0	550	0	**641**
Loans and receivables		5,332	0	0	344	0	4	7	**5,687**
Derivative instruments		(411)	(4)	0	(2)	0	0	0	**(417)**
Investment property		2,676	25	0	42	0	14	0	**2,758**
TOTAL		**205,053**	**15,516**	**18,706**	**72,390**	**14,551**	**10,380**	**29,475**	**366,070**

9.10 Foreign currency balances

Monetary assets and liabilities denominated in foreign currency (i.e., denominated in currencies other than the functional currencies of Group entities) represented less than 0.5% of consolidated assets and liabilities in both 2015 and 2016.

Following the Brexit vote, the Group identified all of its direct sterling exposures. It has no direct exposure to sterling-denominated equities. CNP Assurances' sterling exposure is very limited in relation to its total assets of €383.3 billion.

It is marginally exposed through a portfolio of sterling-denominated infrastructure investments totalling €35.4 million and settled capital calls of €156.9 million made by private equity funds. The Group no longer has any exposure to UK gilts and the portfolio of sterling-denominated corporate bonds, in the amount of €908.6 million, is hedged against currency risk.

A €300 million loan in sterling that was obtained in April 2011 is hedged against currency risk.

All calculations concerning financial assets and liabilities (revaluations, impairments) have been performed using 31 December 2016 prices and exchange rates and therefore take into account the impact of the Brexit vote.

On the liabilities side, at 30 June 2016 sterling exposure in relation to insurance liabilities was very limited at just €535 million. At 31 December 2016, this exposure had been reduced to €77 million following termination on 15 December 2016 by the Group and its local subsidiary of the principal contract involving sterling-denominated liabilities. The after-tax impact of terminating this contract was a favourable €11 million.

9.11 Commitments given and received

Under IFRS, forward financial instruments are recognised in the balance sheet.
Reported commitments given and received now include the value of collateralised debt obligations transferred under securities lending/borrowing and repurchase/resale transactions.

Commitments given

(in € millions)	31.12.2016	31.12.2015
Financing commitments	182.4	208.9
Guarantees	54.2	11,026.0
Securities commitments	4,210.1	4,848.6

Guarantees in 2015 mainly concern the guarantee that CNP Assurances gives to Crédit Immobilier de France in respect of CNP Caution's maximum exposure. Effective from 2016, this guarantee is eliminated in consolidation because CNP Caution is now fully consolidated.

Securities commitments correspond to securities pledged to reinsurers under the terms of outward reinsurance contracts.

In addition, CNP Assurances' commitment to acquire 20% of the capital of the joint holding company that will own 100% of RTE's capital (see "Significant events of the year") is also included in this category.

Commitments received

(in € millions)	31.12.2016	31.12.2015
Financing commitments	0.0	0.0
Guarantees*	11,148.5	22.3
Securities commitments	12,282.1	10,974.2

* At 31 December 2015, applying the new presentation method would have had the effect of increasing the reported amount from €22.3 million to €9,766.0 million

Securities commitments correspond to securities pledged by ceding insurers under the terms of inward reinsurance contracts.

Note 10 Analysis of insurance and financial liabilities

10.1 Analysis of insurance and financial liabilities

The following tables show the sub-classifications of insurance liabilities that require separate disclosure under IFRS:

10.1.1 Analysis of insurance and financial liabilities at 31 December 2016

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**8,372.9**	**6,917.1**	**1,455.8**
Unearned premium reserves	892.0	802.8	89.2
Outstanding claims reserves	5,480.8	4,400.1	1,080.7
Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities)	43.9	42.3	1.6
Other technical reserves	1,956.2	1,672.0	284.2
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**183,734.5**	**166,998.6**	**16,735.9**
Unearned premium reserves	1,495.9	1,367.0	128.9
Life premium reserves	175,339.1	158,949.2	16,390.0
Outstanding claims reserves	2,263.7	2,086.9	176.8
Policyholder surplus reserves	3,978.5	3,948.6	29.9
Other technical reserves	657.3	647.0	10.3
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**134,126.5**	**129,617.8**	**4,508.6**
Life premium reserves	126,670.6	122,442.6	4,228.0
Outstanding claims reserves	2,566.7	2,450.2	116.5
Policyholder surplus reserves	4,889.1	4,725.0	164.2
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,800.7**	**4,468.5**	**332.3**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**30,713.6**	**30,713.6**	**0.0**
Total insurance and financial liabilities	**361,748.3**	**338,715.7**	**23,032.6**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.1.2 Analysis of insurance and financial liabilities at 31 December 2015

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**8,372.2**	**7,033.8**	**1,338.4**
Unearned premium reserves	676.6	558.1	118.5
Outstanding claims reserves	5,917.1	4,953.6	963.6
Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities)	41.5	40.6	0.8
Other technical reserves	1,737.0	1,481.6	255.4
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**168,780.7**	**158,975.5**	**9,805.2**
Unearned premium reserves	1,199.6	1,012.4	187.1
Life premium reserves	161,156.9	151,729.1	9,427.7
Outstanding claims reserves	2,021.8	1,845.5	176.4
Policyholder surplus reserves	3,766.0	3,761.0	5.0
Other technical reserves	636.5	627.4	9.1
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**138,684.8**	**138,684.8**	**0.0**
Life premium reserves	132,834.6	132,834.6	0.0
Outstanding claims reserves	2,453.1	2,453.1	0.0
Policyholder surplus reserves	3,397.0	3,397.0	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,793.4**	**4,646.3**	**147.1**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**29,176.2**	**29,176.2**	**0.0**
Total insurance and financial liabilities	**349,807.3**	**338,516.5**	**11,290.8**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.2 Change in technical reserves

This note presents changes in technical reserves by category, such as those arising from changes in the assumptions applied to measure insurance liabilities. Each change with a material impact on the consolidated financial statements is shown separately. Movements are presented before and after reinsurance.

10.2.1 Changes in mathematical reserves – life insurance

10.2.1.1 Changes in mathematical reserves – life insurance – at 31 December 2016

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**293,987.3**	**284,559.5**	**9,427.7**
Premiums	27,029.7	13,657.2	13,372.5
Extinguished liabilities (benefit payments)	(26,483.8)	(24,387.0)	(2,096.8)
Locked-in gains	6,903.8	6,412.8	491.0
Change in value of linked liabilities	409.1	409.1	0.0
Changes in scope (acquisitions/divestments)	685.9	687.1	(1.2)
Outstanding fees	(1,763.6)	(1,686.1)	(77.5)
Surpluses/deficits	(2.4)	(2.4)	0.0
Currency effect	2,014.7	2,014.7	0.0
Changes in assumptions	0.0	0.0	0.0
Newly-consolidated companies	0.0	0.0	0.0
Deconsolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(770.9)	(273.1)	(497.8)
Mathematical reserves at the end of the period	**302,009.7**	**281,391.8**	**20,618.0**

10.2.1.2 Changes in mathematical reserves – life insurance – at 31 December 2015

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**287,621.9**	**278,478.8**	**9,143.1**
Premiums	26,871.5	26,524.6	346.9
Extinguished liabilities (benefit payments)	(24,445.3)	(24,148.4)	(296.8)
Locked-in gains	7,052.0	6,747.6	304.4
Change in value of linked liabilities	922.9	922.9	0.0
Changes in scope (acquisitions/divestments)	38.4	38.4	0.0
Outstanding fees	(1,667.3)	(1,667.3)	0.0
Surpluses/deficits	(4.8)	(4.8)	0.0
Currency effect	(2,173.4)	(2,173.4)	0.0
Changes in assumptions	0.0	0.0	0.0
Newly-consolidated companies	0.0	0.0	0.0
Deconsolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(228.7)	(158.9)	(69.8)
Mathematical reserves at the end of the period	**293,987.3**	**284,559.5**	**9,427.7**

10.2.2 Changes in technical reserves – non-life insurance

10.2.2.1 Changes in technical reserves – non-life insurance – at 31 December 2016

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Outstanding claims reserves at the beginning of the period	**5,911.7**	**4,948.1**	**963.6**
Claims expenses for the period	2,210.3	1,959.8	250.5
Prior period surpluses/deficits	(0.0)	(0.0)	(0.0)
Total claims expenses	**2,210.2**	**1,959.8**	**250.4**
Current period claims settled during the period	(2,645.5)	(2,508.8)	(136.6)
Prior period claims settled during the period	(40.0)	(37.4)	(2.6)
Total paid claims	**(2,685.5)**	**(2,546.2)**	**(139.3)**
Changes in scope (acquisitions/divestments)	0.0	0.0	0.0
Currency effect	38.4	32.4	6.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**5,474.9**	**4,394.1**	**1,080.7**

10.2.2.2 Changes in technical reserves – non-life insurance – at 31 December 2015

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Outstanding claims reserves at the beginning of the period	**5,740.4**	**4,847.6**	**892.8**
Claims expenses for the period	1,713.3	1,488.9	224.3
Prior period surpluses/deficits	(0.2)	(0.1)	(0.1)
Total claims expenses	**1,713.0**	**1,488.8**	**224.2**
Current period claims settled during the period	(1,451.0)	(1,309.7)	(141.3)
Prior period claims settled during the period	(43.2)	(35.0)	(8.2)
Total paid claims	**(1,494.2)**	**(1,344.7)**	**(149.5)**
Changes in scope (acquisitions/divestments)	0.0	0.0	0.0
Currency effect	(47.6)	(43.6)	(3.9)
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**5,911.7**	**4,948.1**	**963.6**

10.2.3 Changes in mathematical reserves – financial instruments with DPF

(in € millions)	31.12.2016 Before reinsurance	 Net of reinsurance	 Reinsurance
Mathematical reserves at the beginning of the period	**4,793.4**	**4,646.3**	**147.1**
Premiums	451.8	447.2	4.6
Extinguished liabilities (benefit payments)	(885.2)	(852.6)	(32.6)
Locked-in gains	45.8	45.8	0.0
Change in value of linked liabilities	386.1	395.7	(9.6)
Changes in scope (acquisitions/divestments)	(67.8)	(67.8)	0.0
Currency effect	151.4	151.4	0.0
Newly-consolidated companies	0.0	0.0	0.0
Deconsolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(74.8)	(297.5)	222.8
Mathematical reserves at the end of the period	**4,800.7**	**4,468.5**	**332.3**

(in € millions)	31.12.2015 Before reinsurance	 Net of reinsurance	 Reinsurance
Mathematical reserves at the beginning of the period	**5,179.1**	**5,015.3**	**163.8**
Premiums	474.2	467.4	6.9
Extinguished liabilities (benefit payments)	(811.0)	(775.4)	(35.6)
Locked-in gains	47.3	47.3	0.0
Change in value of linked liabilities	182.4	170.3	12.0
Changes in scope (acquisitions/divestments)	(72.0)	(72.0)	0.0
Currency effect	(204.7)	(204.7)	0.0
Newly-consolidated companies	0.0	0.0	0.0
Deconsolidated companies	0.0	0.0	0.0
Non-current liabilities related to assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(2.0)	(2.0)	0.0
Mathematical reserves at the end of the period	**4,793.4**	**4,646.3**	**147.1**

10.3 Deferred participation (shadow accounting adjustments)

This note breaks down the sources of deferred participation arising from the use of shadow accounting. The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve, or in assets as a deferred participation asset (see Note 3.14.2).

(in € millions)	31.12.2016			31.12.2015		
Deferred participation asset/reserve	**DPA**	**DPR**	**Total**	**DPA**	**DPR**	**Total**
Deferred participation on remeasurement of assets at fair value through profit or loss	0.0	336.9	(336.9)	0.0	222.3	(222.3)
Deferred participation on remeasurement of assets at fair value through equity	0.0	30,376.7	(30,376.7)	0.0	28,953.8	(28,953.8)
Deferred participation on adjustment of claims equalisation reserves	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**30,713.6**	**(30,713.6)**	**0.0**	**29,176.2**	**(29,176.2)**

The following table analyses year-on-year changes:

(in € millions)	31.12.2016		31.12.2015	
	DPA	**DPR**	**DPA**	**DPR**
Deferred participation at the beginning of the period	**0.0**	**29,176.2**	**0.0**	**31,783.1**
Deferred participation on remeasurement of securities at fair value through profit or loss	0.0	114.5	0.0	421.0
Deferred participation on remeasurement of securities at fair value through equity	0.0	1,422.9	0.0	(3,027.8)
Other movements	0.0	0.0	0.0	0.0
Effect of change in recoverability rate	0.0	0.0	0.0	0.0
Deferred participation at the end of the period	**0.0**	**30,713.6**	**0.0**	**29,176.2**

10.4 Changes in financial liabilities – linked liabilities

10.4.1 Changes in 2016

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Linked liabilities at the beginning of the period	**36,291.5**	**36,291.5**	**0.0**
(+) Entries (new contracts, transfers between contracts, replacements)	6,581.4	6,581.4	0.0
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	1,492.1	1,492.1	0.0
(-) Exits (paid benefits and expenses)	(3,032.8)	(3,032.8)	0.0
(+/-) Entries/exits related to portfolio transfers	41.4	41.4	0.0
(-) Outstanding fees deducted	(264.9)	(264.9)	0.0
(+/-) Surpluses/deficits	0.0	0.0	0.0
(+/-) Effect of changes in assumptions	(1.8)	(1.8)	0.0
(+/-) Translation adjustment	1,976.8	1,976.8	0.0
(+/-) Newly-consolidated companies	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Other	169.6	169.6	0.0
Linked liabilities at the end of the period *	**43,253.3**	**43,253.3**	**0.0**

* Refer to reconciliation table in Note 10.4.2

10.4.2 Changes in 2015

(in € millions)	Before reinsurance	Net of reinsurance	Reinsurance
Linked liabilities at the beginning of the period	**34,138.3**	**34,138.3**	**0.0**
(+) Entries (new contracts, transfers between contracts, replacements)	6,647.5	6,647.5	0.0
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	1,698.2	1,698.2	0.0
(-) Exits (paid benefits and expenses)	(2,800.4)	(2,800.4)	0.0
(+/-) Entries/exits related to portfolio transfers	(1,104.5)	(1,104.5)	0.0
(-) Outstandig fees deducted	(196.9)	(196.9)	0.0
(+/-) Surpluses/deficits	0.0	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0	0.0
(+/-) Translation adjustment	(2,092.3)	(2,092.3)	0.0
(+/-) Newly-consolidated companies	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Other	1.7	1.7	0.0
Linked liabilities at the end of the period *	**36,291.5**	**36,291.5**	**0.0**

* Refer to reconciliation table in Note 10.4.2

(in € millions)	31.12.2016	31.12.2015
Financial liabilities – linked liabilities – balance sheet	**47,326.5**	**40,479.0**
Changes in financial liabilities – linked liabilities other than IAS 39	43,253.3	36,291.5
Changes in financial liabilities – linked liabilities – IAS 39	4,073.2	4,187.5
Variance	**0.0**	**0.0**

10.5 Credit risk on reinsured business

The purpose of this note is to provide an analysis of credit risk related to outward reinsurance contracts by reinsurer.

a) Excess-of-loss contracts have been placed with reinsurers who are rated between A- and AAA.

b) For quota-share treaties where the asset is not held by CNP Assurances, the breakdown of ceded insurance liabilities by reinsurer is as follows:

10.5.1 Credit risk on reinsured business at 31 December 2016

		Ceded technical reserves	
(in € millions)	**Credit rating**	**Amount**	**%**
First reinsurer	A	4,231.3	18.37%
Second reinsurer	BBB+	2,678.5	11.63%
Third reinsurer	AA -	1,363.3	5.92%
Fourth reinsurer	A	928.9	4.03%
Other reinsurers	-	13,830.6	60.05%
Total		**23,032.6**	**100.00%**

10.5.2 Credit risk on reinsured business at 31 December 2015

		Ceded technical reserves	
(in € millions)	**Credit rating**	**Amount**	**%**
First reinsurer	A+	4,117.0	36.46%
Second reinsurer	BBB+	2,644.7	23.42%
Third reinsurer	AA	1,339.1	11.86%
Fourth reinsurer	A	776.7	6.88%
Other reinsurers	-	2,413.3	21.38%
Total		**11,290.8**	**100.00%**

Note 11 Subordinated debt

11.1 Subordinated debt at 31 December 2016

(in € millions)	Issuance date	Interest rate	Amount in currency	Currency	Amount in euros	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value *
Dated subordinated notes					**4,724.7**	**0.0**	**0.0**	**1,200.0**	**0.0**	**3,524.7**	**0.0**	**5,084.2**
CNP Assurances	Apr. 2011	6.875% until Sept. 2021, then 12-month Euribor +440 bps		EUR	700.0					700.0		828.3
CNP Assurances	Apr. 2011	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300.0	GBP	350.4					350.4		392.3
CNP Assurances	Sept. 2010	6.00% (Actual/Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps		EUR	750.0					750.0		845.8
CNP Assurances	June 2003	4.7825% until 2013, then 3-month Euribor +200 bps from 24 June 2013		EUR	200.0			200.0				205.6
CNP Assurances	June 2014	4.25% fixed, revisable every 5 years after the first 11 years – Annual (Actual/ 365)		EUR	500.0					500.0		516.4
CNP Assurances	Dec. 2015	4.5% until June 2027, then 3-month Euribor +460 bps		EUR	750.0					750.0		772.2
CNP Assurances	Jan. 2016	6% throughout the life of the notes	500.0	USD	474.3					474.3		506.9
CNP Assurances	Oct. 2016	1.875% throughout the life of the notes		EUR	1,000.0			1000.0				1,016.7
Undated subordinated notes					**702.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**702.3**	**703.8**
CNP UniCredit Vita	Oct. 2003	6-month Euribor +150 bps		EUR	45.0						45.0	42.1
CNP Assurances	Nov. 2004	4.93% until 2016, then 3-month Euribor +160 bps from 15 Nov. 2016		EUR	90.0						90.0	77.4
CNP Assurances	Nov. 2004	3-month Euribor +70 bps until 2016, then 3-month Euribor +160 bps		EUR	93.0						93.0	79.9
CNP Assurances	July 2013	6.875% until July 2019, then reset at the 6-year fixed swap rate +500.0 bps	500.0	USD	474.3						474.3	504.5
Total					**5,427.0**	**0.0**	**0.0**	**1,200.0**	**0.0**	**3,524.7**	**702.3**	**5,788.0**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit or loss instead of at amortised cost, the impact on 2016 profit would have been an increase of €122.7 million before tax. The fair values of linked liabilities are presented in Note 10.4. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work under way in connection with IFRS 4, Phase 2, regarding the fair value of these instruments

At 31 December 2016, none of the Group's subordinated debt issues was subject to financial covenants.

The Group has contracted three cash flow hedges, on sterling-denominated subordinated notes issued in 2011 and on US dollar-denominated subordinated notes issued in 2013 and 2016.

11.2 Subordinated debt at 31 December 2015

(in € millions)	Issuance date	Interest rate	Amount in currency	Currency	Amount in euros	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value *
Dated subordinated notes					**3,951.0**	**0.0**	**0.0**	**200.0**	**0.0**	**3,108.7**	**642.3**	**4,194.0**
CNP Assurances	Apr. 2011	6.875% until Sept. 2021, then 12-month Euribor +440 bps		EUR	700.0					700.0		819.4
CNP Assurances	Apr. 2011	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300.0	GBP	408.7					408.7		457.9
CNP Assurances	Sept. 2010	6.00% (Actual/Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps		EUR	750.0					750.0		837.2
CNP Assurances	Nov. 2004	3-month Euribor +70 bps until 2016, then 3-month Euribor +160 bps		EUR	93.0						93.0	90.5
CNP Assurances	Nov. 2004	4.93% until 2016, then 3-month Euribor +160 bps from 15 Nov. 2016		EUR	90.0						90.0	91.0
CNP Assurances	June 2003	4.7825% until 2013, then 3-month Euribor +200 bps from 24 June 2013		EUR	200.0			200.0				181.3
CNP Assurances	July 2013	6.875% until July 2019, then reset at the 6-year fixed swap rate +500.0 bps	500.0	USD	459.3						459.3	494.0
CNP Assurances	June 2014	4.25% fixed, revisable every 5 years after the first 11 years – Annual (Actual/ 365)		EUR	500.0					500.0		493.7
CNP Assurances	Dec. 2015	4.5% until June 2027, then 3-month Euribor +460 bps		EUR	750.0					750.0		729.0
Undated subordinated notes					**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**40.4**
CNP UniCredit Vita	Oct. 2003	6-month Euribor +150 bps		EUR	45.0						45.0	40.4
Total					**3,996.0**	**0.0**	**0.0**	**200.0**	**0.0**	**3,108.7**	**687.3**	**4,234.3**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit or loss instead of at amortised cost, the impact on 2015 profit would have been a decrease of €148.6 million before tax. The fair values of linked liabilities are presented in Note 10.4. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work under way in connection with IFRS 4, Phase 2, regarding the fair value of these instruments

At 31 December 2015, none of the Group's subordinated debt issues was subject to financial covenants.

Note 12 Insurance and reinsurance receivables

12.1 Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 31 December 2016 and 31 December 2015.

(in € millions)	31.12.2016	31.12.2015
Earned premiums not yet written	1,871.7	2,293.6
Other insurance receivables	548.7	288.4
Reinsurance receivables	722.5	113.3
Total	**3,142.9**	**2,695.3**
Of which, doubtful receivables	4.7	4.8

Analysis by maturity

(in € millions)	31.12.2016 Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	1,871.7	0.0	0.0
Other insurance receivables	541.8	5.1	1.8
Reinsurance receivables	713.3	2.8	6.3
Total	**3,126.8**	**7.9**	**8.1**

(in € millions)	31.12.2015 Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	2,293.6	0.0	0.0
Other insurance receivables	269.6	7.8	11.1
Reinsurance receivables	108.5	4.8	0.0
Total	**2,671.6**	**12.6**	**11.1**

12.2 Other receivables

(in € millions)	31.12.2016	31.12.2015
Receivables from employees	1.1	1.0
Prepaid payroll charges and other taxes	750.6	745.9
Sundry receivables	3,484.6	2,897.2
Total	**4,236.3**	**3,644.2**

Note 13 Deferred taxes

This note presents total deferred tax assets and liabilities by type of temporary difference.

Sources of temporary differences *(in € millions)*	31.12.2016		
	Assets	Liabilities	Net
Goodwill	14.7	(1.0)	13.7
Value of In-Force business	0.0	(2.4)	(2.4)
Distribution agreements	0.0	(43.5)	(43.5)
Other intangible assets	0.0	0.0	0.0
Investment property	0.0	(77.0)	(77.0)
Financial assets	19.1	(10,904.6)	(10,885.5)
Investments in equity-accounted companies	0.0	0.0	0.0
Reinsurers' share of insurance and financial liabilities	175.0	0.0	175.0
Owner-occupied property and other property and equipment	0.0	(0.9)	(0.9)
Deferred acquisition costs	1.8	0.0	1.8
Other assets	269.8	0.0	269.8
Capitalisation reserve	0.0	0.0	0.0
Subordinated debt	0.0	(31.1)	(31.1)
Provisions for liabilities and charges	207.7	0.0	207.7
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(0.6)	(0.6)
Deferred participation asset/reserve	9,381.3	0.0	9,381.3
Other liabilities	0.0	(1.0)	(1.0)
Credit from tax loss carryforwards	0.0	0.0	0.0
Asset-liability netting	(9,774.9)	9,774.9	0.0
Net deferred tax asset or liability	**294.4**	**(1,287.2)**	**(992.8)**

Sources of temporary differences *(in € millions)*	31.12.2015		
	Assets	Liabilities	Net
Goodwill	17.3	(1.0)	16.3
Value of acquired In-Force business	0.0	(2.9)	(2.9)
Distribution agreements	0.0	(46.0)	(46.0)
Other intangible assets	0.0	0.0	0.0
Investment property	0.0	(94.7)	(94.7)
Financial assets	76.5	(11,613.5)	(11,537.1)
Investments in equity-accounted companies	0.0	0.0	0.0
Reinsurers' share of insurance and financial liabilities	171.9	0.0	171.9
Owner-occupied property and other property and equipment	0.0	(0.9)	(0.9)
Deferred acquisition costs	0.0	(7.5)	(7.5)
Other assets	217.0	0.0	217.0
Capitalisation reserve	0.0	0.0	0.0
Subordinated debt	0.0	(27.6)	(27.6)
Provisions for liabilities and charges	227.9	0.0	227.9
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	0.0	0.0
Deferred participation asset/reserve	10,033.1	0.0	10,033.1
Other liabilities	0.0	(0.9)	(0.9)
Credit from tax loss carryforwards	0.0	0.0	0.0
Asset-liability netting	(10,465.0)	10,465.0	0.0
Net deferred tax asset or liability	**278.6**	**(1,330.0)**	**(1,051.4)**

France's 2017 Finance Act (Act dated 29 December 2016 published in the 30 December 2016 edition of the *Journal Officiel*) provides for a reduction in the corporate income tax rate applicable to CNP Assurances and other French companies as from 2020, from 33 1/3% (excluding surtaxes) to 28%.

Note 14 Provisions for liabilities and charges

Provisions cover commercial, employee-related and tax risks resulting in obligations that will most likely give rise to an outflow of resources, the amount of which may be reliably determined.

14.1 Provisions for liabilities and charges – 2016

(in € millions)	Provisions for claims and litigation	Other	Total
Carrying amount at 1 January 2016	**73.2**	**170.0**	**243.1**
New provisions set up during the period and increases in existing provisions	63.7	10.2	73.9
Amounts utilised during the year	0.0	(8.7)	(8.7)
Surplus provisions released during the period	(69.2)	(4.1)	(73.3)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	14.8	0.8	15.6
Changes in scope of consolidation	0.0	0.1	0.1
Reclassifications	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Carrying amount at 31 December 2016	**82.5**	**168.2**	**250.6**

14.2 Provisions for liabilities and charges – 2015

(in € millions)	Provisions for claims and litigation	Other	Total
Carrying amount at 1 January 2015	**93.7**	**156.4**	**250.1**
New provisions set up during the period and increases in existing provisions	72.8	163.9	236.7
Amounts utilised during the year	0.0	(139.5)	(139.5)
Surplus provisions released during the period	(72.3)	(9.0)	(81.3)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	(21.0)	(2.0)	(23.0)
Changes in scope of consolidation	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Carrying amount at 31 December 2015	**73.2**	**170.0**	**243.1**

Note 15 Liabilities arising from insurance and reinsurance transactions

15.1 Liabilities arising from insurance and reinsurance transactions

This note discloses details of insurance and reinsurance liabilities at 31 December 2016 and at 31 December 2015.

(in € millions)	31.12.2016	31.12.2015
Cash deposits received from reinsurers	12,347.4	315.8
Liabilities arising from insurance transactions	1,069.5	588.6
Liabilities arising from reinsurance transactions	1,336.7	698.2
Deferred acquisition costs	130.4	206.3
Total	**14,884.0**	**1,808.9**

Analysis by maturity

	31.12.2016			31.12.2015		
(in € millions)	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	12,235.7	111.7	0.0	166.2	149.6	0.0
Liabilities arising from insurance transactions	1,069.3	0.2	0.0	588.0	0.6	0.0
Liabilities arising from reinsurance transactions	1,334.7	2.0	0.0	697.1	0.1	1.0
Deferred acquisition costs	15.6	81.6	33.3	4.4	64.3	137.6
Total	**14,655.3**	**195.5**	**33.3**	**1,455.7**	**214.6**	**138.6**

15.2 Other liabilities

(in € millions)	31.12.2016	31.12.2015
Wages, salaries and bonuses payable	398.4	390.2
Accrued payroll charges and other taxes	1,276.7	1,205.0
Sundry payables	3,423.3	4,095.5
Total	**5,098.3**	**5,690.8**

15.3 Employee benefits – IAS 19

15.3.1 Main assumptions

Discount rate

The discount rate corresponds to the yield on investment-grade corporate bonds (rated AA) with maturities that match the duration of the benefit obligation in accordance with IAS 19. Until 2010, defined benefit plan obligations in France were discounted to present value based on the French government bond (OAT) rate. This change did not have a material impact on the measurement of obligations.

Plan	Duration (years)	Discount rate	Expected future salary increases	Inflation	Expected return on plan assets
Retirement benefits	13	1.28%	2.00%	Included in salary increases	N/A
Jubilees	9	0.80%	2.00%	Included in salary increases	N/A
Article 39 of the French Tax Code	6	0.45%	2.00%	Included in salary increases	0.45%
New early retirement plan – Option 1	2	-0.14%	2.00%	Included in salary increases	N/A
New early retirement plan – Option 2	2.5	-0.08%	2.00%	Included in salary increases	N/A
Other plans: Italy	23	1.40%	3.00%	1.00%	N/A

Mortality tables

The Group based its calculations on prospective mortality tables by generation, particularly table TGH05-TGF05 for obligations in France.

15.3.2 Recognised benefit obligations

(in € millions)	Post-employment benefit plans 31.12.2016	Post-employment benefit plans 31.12.2015
Projected benefit obligation	199.7	194.3
Fair value of plan assets	0.0	0.0
Projected benefit obligation net of plan assets	**199.7**	**194.3**
Unrecognised past service cost	0.9	0.0
Liability recognised in the balance sheet – defined benefit plans	**200.7**	**194.3**
Liability recognised in the balance sheet – defined contribution plans	60.5	57.8
Total liability recognised in the balance sheet for post-employment benefit plans	**261.2**	**252.1**
Other long-term benefit obligations	19.4	19.8
Of which length-of-service and jubilee awards	*19.4*	*19.8*
Total liability recognised in the balance sheet for long-term benefit obligations *	**280.6**	**271.9**

* Benefit obligations are mainly carried in the books of the French and Italian entities (€278.8 million and €1 million, respectively)

15.3.3 Analysis of long-term benefit costs

(in € millions)	Post-employment benefit plans	
	2016	2015
Current service cost (net of employee contributions)	**11.0**	**9.7**
Interest cost	2.3	2.1
Expected return on plan assets for the period	0.0	0.0
Curtailments and settlements	0.0	0.0
Amortisation of past service cost	0.0	0.0
Post-employment benefit expense – defined benefit plans	**13.3**	**11.8**
Post-employment benefit expense – defined contribution plans	17.6	13.8
Total post-employment benefit expense	**30.9**	**25.6**

15.3.4 Reconciliation of the amounts recorded in the balance sheet for defined benefit plans

(in € millions)	Post-employment benefit plans	
	2016	2015
At 1 January (1)	**194.3**	**184.2**
Effect of changes in exchange rates (2)	0.0	0.0
Post-employment benefit expense	13.4	11.9
Employer's contributions (3)	(4.0)	(1.8)
Benefits paid (4)	(3.5)	(2.6)
Actuarial gains and losses recognised directly in equity (5)	0.4	2.6
Actuarial gains and losses recognised through profit	0.0	0.0
Changes in scope of consolidation	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0
At 31 December	**200.7**	**194.3**

(1) Net plan assets/(liabilities) carried in the balance sheet at 1 January for defined benefit plans
(2) Defined benefit plan (costs)/income
(3) Management fees paid on plan assets
(4) Fees paid by the Group (or rebilled by Caisse des Dépôts)
(5) Actuarial gains and losses recognised immediately in equity

15.3.5 Change in actuarial gains

	Post-employment benefit plans	
(in € millions)	31.12.2016	31.12.2015
Actuarial gains and losses recognised in equity at the beginning of the period	**136.2**	**133.6**
Actuarial gains and losses related to changes in discount rates	5.4	0.2
Actuarial gains and losses related to changes in retirement age assumptions	(11.6)	0.0
Actuarial gains and losses related to changes in technical rates	3.3	2.7
Actuarial gains and losses related to annuity contributions	0.0	0.0
Actuarial gains and losses related to historical loss adjustments	3.4	(0.3)
Actuarial gains and losses recognised in equity at the end of the period	**136.6**	**136.2**

15.3.6 Sensitivity analysis

In accordance with IAS 19, the Group analyses the sensitivity of its commitments to employees in relation to changes in discount rates, employee turnover rates, rate of salary increase, valuation rates of interest and mortality tables. Accrued employee benefit obligations are most sensitive to changes in the discount rate and the rate of salary increases. A 25 bps change in these two rates, for the French entities, would result in a 3% increase or decrease in employee benefit obligations.

ANALYSIS OF THE MAIN COMPONENTS OF THE INCOME STATEMENT

Note 16 Premium income and revenue from other activities

Premium income comprises:

- earned premiums;
- loading on premiums on financial instruments without DPF (IAS 39), reported under "Revenue from other activities".

16.1 Earned premiums and revenue from other activities

Business segment and contract type *(in € millions)*	2016	2015
Insurance contracts	**26,968.6**	**26,911.5**
Life	**24,012.6**	**24,001.6**
Pure premiums	22,349.0	22,322.8
Loading	1,663.6	1,678.8
Non-life	**2,955.9**	**2,909.9**
Pure premiums	2,015.6	1,994.1
Loading	940.4	915.8
Financial instruments with DPF	**4,526.2**	**4,417.7**
Pure premiums	4,475.6	4,356.3
Loading	50.5	61.4
Earned premiums	**31,494.7**	**31,329.2**

Revenue from other activities *(in € millions)*	2016	2015
Financial instruments without DPF	**58.4**	**54.0**
Loading on financial instruments without DPF (IAS 39)	41.5	42.4
On outstanding	16.9	11.6
Services (IAS 18)	**73.8**	**75.7**
Other activities	**(7.8)**	**(3.2)**
Total	**124.4**	**126.5**

16.2 Reconciliation to reported premium income

(in € millions)	2016	2015
Earned premiums	31,494.7	31,329.2
Premium loading on financial instruments without DPF (IAS 39)	41.5	42.4
Total	**31,536.2**	**31,371.6**

16.3 Premium income by distribution partner

(in € millions)	2016	2015
La Banque Postale	8,758.3	8,768.6
Caisses d'Epargne	10,261.0	10,705.2
Amétis	404.8	460.3
CNP Patrimoine	957.9	434.2
Financial institutions	1,488.7	1,449.0
Companies and local authorities	1,637.5	1,896.8
Mutual insurers	559.9	808.0
International subsidiaries	7,284.9	6,373.9
Other	183.3	475.6
Total premium income	**31,536.2**	**31,371.6**

16.4 Premium income by business segment

(in € millions)	2016	2015
Savings	**21,629.4**	**21,493.0**
Pensions	**3,299.7**	**3,358.7**
Personal Risk	1,762.6	1,902.0
Term Creditor Insurance	4,001.0	3,771.6
Health insurance	498.1	508.2
Property & Casualty	345.4	338.2
Sub-total Personal Risk and other	**6,607.1**	**6,519.9**
Other business segments	**0.0**	**0.0**
Total premium income	**31,536.2**	**31,371.6**

16.5 Premium income by company

(in € millions)	2016	2015
CNP Assurances	23,939.3	24,243.9
Préviposte	121.6	129.9
ITV	9.2	14.7
CNP Caution	96.1	0.0
MFPrévoyance SA	134.1	224.5
CNP Seguros de Vida	47.5	65.0
Caixa Seguros Group	3,548.6	3,161.1
CNP UniCredit Vita	2,549.0	2,555.9
CNP Partners	343.8	243.2
CNP Cyprus Insurance Holdings	141.5	139.9
CNP Europe Life	0.1	1.9
CNP Barclays Vida y Pensiones	0.0	99.5
CNP Santander Insurance	605.4	492.1
Total premium income	**31,536.2**	**31,371.6**

16.6 Premium income by country

	Under IFRS		Under French GAAP	
(in € millions)	2016	2015	2016	2015
France	24,251.3	24,563.5	24,301.2	24,618.8
Italy	2,770.6	2,756.2	2,822.2	2,827.6
Portugal	7.5	36.7	7.5	44.3
Brazil	3,548.6	3,161.1	3,812.1	3,435.3
Argentina	47.5	65.0	47.5	65.0
Spain	242.0	217.7	242.0	217.7
Cyprus	138.9	137.0	144.6	138.0
Ireland	0.1	0.9	0.1	0.9
Germany	431.2	357.2	431.2	357.2
Norway	11.9	14.2	11.9	14.2
Poland	56.8	47.4	56.8	47.4
Denmark	12.9	5.8	12.9	5.8
Austria	7.5	1.2	7.5	1.2
Other	9.4	7.7	9.6	8.0
Total premium income	**31,536.2**	**31,371.6**	**31,907.0**	**31,781.4**

16.7 Direct and inward reinsurance premiums

(in € millions)	2016	2015
Direct business premiums	30,206.0	30,470.5
Inward reinsurance premiums	1,330.2	901.1
Total premium income	**31,536.2**	**31,371.6**

Note 17 Claims and benefits

This note shows assets, liabilities, income and expenses generated by insurance contracts.

IFRS 4 and IAS 39 insurance contracts and financial instruments with DPF *(in € millions)*	2016	2015
Incurred claims	11,333.1	11,065.1
Endowments due	212.3	188.9
Benefits due	1,052.8	927.5
Surrenders	15,599.8	13,927.2
Credited interest and policyholder dividends included in paid benefits	(83.6)	(32.8)
Benefit and claim handling expenses	162.8	150.9
Claims and benefits	**28,277.1**	**26,226.8**
Change in technical reserves – insurance contracts	7,944.6	10,254.8
Change in technical reserves – financial instruments with DPF	(8,466.2)	(8,213.9)
Change in other technical reserves	45.8	54.4
Change in technical reserves	**(475.7)**	**2,095.3**
Credited interest	1,125.2	1,304.2
Policyholder dividends	6,805.2	7,383.0
Credited interest and policyholder dividends	**7,930.4**	**8,687.2**
Claims and benefits expenses	**35,731.8**	**37,009.3**

Note 18 Administrative expenses and business acquisition costs

18.1 Expenses analysed by function

(in € millions)	2016	2015
Commissions	(3,806.6)	(3,683.5)
Expenses analysed by function	10.6	66.7
Acquisition costs	**(3,796.0)**	**(3,616.8)**
Contract administration expenses	**(186.3)**	**(168.1)**
Other underwriting income and expenses	(88.8)	(327.2)
Other income and expenses	(147.4)	(189.9)
Employee profit-sharing	(24.8)	(24.4)
Other recurring operating income and expense, net	**(261.0)**	**(541.5)**
Total	**(4,243.3)**	**(4,326.4)**

18.2 Expenses analysed by nature

(in € millions)	2016	2015
Depreciation and amortisation expense and impairment losses	(42.2)	(39.0)
Employee benefits expense	(459.7)	(441.9)
Taxes other than on income	(64.8)	(67.7)
Other *	(365.1)	(327.6)
Total	**(931.8)**	**(876.1)**

* Information about the fees paid to the Statutory Auditors is provided in Note 6.5 of the Registration Document, in accordance with regulation ANC 2016-09

As these tables only include line item disclosures required under IAS 1, total expenses analysed by nature do not tie back to total expenses analysed by function.

18.3 Administrative expenses, net

(in € millions)		2016	2015
Contract administration costs, net (1)			
- Excluding international subsidiaries and other businesses		628.2	596.4
- Including international subsidiaries and other businesses		915.5	861.6
Ratio (1)	Contract administration costs		
	Technical reserves (2)		
- Excluding international subsidiaries and other businesses		0.21%	0.20%
- Including international subsidiaries and other businesses		0.28%	0.27%

(1) Excluding Amétis network expenses
(2) Insurance and financial liabilities, excluding deferred participation

18.4 Analysis of commission expense

(in € millions)	2016	2015
Caisses d'Epargne	984.1	886.1
La Banque Postale	612.8	583.8
Other	2,209.7	2,213.6
Total	**3,806.6**	**3,683.5**

Note 19 Reinsurance result

(in € millions)	2016	2015
Ceded premiums	(14,128.3)	(1,108.8)
Change in ceded technical reserves	14,426.5	1,198.3
Reinsurance commissions received	344.5	279.4
Investment income	(267.5)	(279.7)
Total	**375.1**	**89.2**

All reinsurance income and expenses arising under the partnership agreement with BPCE are combined in a single caption.

Note 20 Investment income

20.1 Investment income and expense

This note discloses the main income, expenses, profits and losses generated by financial assets and liabilities that have been recognised in profit or loss or directly in equity for 2016 and 2015.

(in € millions)		2016	2015
Available-for-sale financial assets	Income from debt securities	(45.0)	(17.4)
	Interest income	6,318.2	6,704.9
	Income from other financial assets	1,750.4	1,494.3
	Capital gains and losses on disposals	598.5	878.8
	Impairment	13.0	145.1
	Net income from available-for-sale financial assets	**8,635.2**	**9,205.6**
Held-to-maturity investments	Income from debt securities	0.0	0.0
	Interest income	53.1	87.7
	Other income	35.8	(17.9)
	Impairment	0.0	18.5
	Net income from held-to-maturity investments	**88.9**	**88.4**
Loans and receivables	Interest income	(29.0)	9.3
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income from loans and receivables	**(29.0)**	**9.3**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	2,284.7	2,562.9
	Profit (loss) on derivative instruments held for trading and hedging	(228.7)	(123.9)
	Capital gains and losses on disposals	51.7	419.3
	Net income (expense) from financial assets at fair value through profit or loss	**2,107.7**	**2,858.3**
Investment property	Rent and other revenue	91.8	115.6
	Fair value adjustments	35.0	32.3
	Capital gains and losses on disposals	150.8	70.9
	Net income from investment property	**277.7**	**218.8**
Other investment expenses		**(584.8)**	**(251.8)**
Dilution gain		**0.0**	**0.0**
TOTAL INVESTMENT INCOME		**10,495.7**	**12,128.5**
Interest on subordinated debt at amortised cost		(248.2)	(192.2)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		**(248.2)**	**(192.2)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**10,247.5**	**11,936.3**

Reconciliation of investment income and expenses to the amounts reported in the income statement

(in € millions)	2016	2015
Investment income before finance costs	11,609.5	12,991.6
Investment and other financial expenses, excluding finance costs	(1,113.8)	(863.1)
Finance costs	(248.2)	(192.2)
Total	**10,247.5**	**11,936.3**

20.2 Fair value adjustments to assets

The following tables show fair value adjustments to assets in 2016 and 2015.

20.2.1 Fair value adjustments to assets – 2016

(in € millions)		Investments held at 31.12.2016	Investments held at 31.12.2015	Movements in 2016
Assets at fair value through profit or loss	Fixed-rate bonds	11,408.6	9,908.9	1,499.7
	Variable-rate bonds	20,877.4	18,877.4	2,000.0
	TCNs (money market securities)	242.9	142.9	100.0
	Equities	3,606.1	3,592.5	13.6
	Investment funds	37,266.0	35,841.8	1,424.2
	Shares in non-trading property companies	1,028.7	960.2	68.5
	Other (including lent securities and repos)	110.9	168.8	-57.9
	Total	**74,540.6**	**69,492.6**	**5,048.0**
Derivative instruments	Derivative instruments (positive fair value)	654.3	4,417.2	-3,762.9
	Derivative instruments (negative fair value)	(1,244.9)	(4,834.1)	3,589.2
	Total	**(590.6)**	**(416.9)**	**-173.7**
Available-for-sale financial assets	Fixed-rate bonds	176,586.1	173,056.5	3,529.6
	Variable-rate bonds	30,294.2	31,432.4	-1,138.2
	TCNs (money market securities)	3,186.3	3,517.3	-331.0
	Equities	17,725.3	16,359.2	1,366.1
	Investment funds	47,794.8	41,195.5	6,599.3
	Shares in non-trading property companies	6,430.7	5,160.2	1,270.5
	Non-voting loan stock	59.9	60.0	-0.1
	Other (including lent securities and repos)	17,351.2	17,127.1	224.1
	Total	**299,428.6**	**287,908.1**	**11,520.5**
Held-to-maturity investments	Fixed-rate bonds	343.3	365.9	-22.6
	Variable-rate bonds	282.9	282.1	0.8
	Other (including lent securities and repos)	181.8	0.0	181.8
	Total	**808.0**	**648.0**	**160.0**
Loans and receivables	Loans and receivables	4,945.3	5,730.0	-784.7
	Total	**4,945.3**	**5,730.0**	**-784.7**
Investment property	Investment property at amortised cost	2,748.2	2,451.7	296.5
	Investment property measured by the fair value model	1,121.1	1,102.6	18.5
	Total	**3,869.3**	**3,464.3**	**405.0**
TOTAL		**383,001.3**	**366,826.0**	**16,175.3**

20.2.2 Fair value adjustments to assets – 2015

(in € millions)		Investments held at 31.12.2015	Investments held at 31.12.2014	Movements in 2015
Assets at fair value through profit or loss	Fixed-rate bonds	9,908.9	12,224.1	(2,315.2)
	Variable-rate bonds	18,877.4	18,082.8	794.6
	TCNs (money market securities)	142.9	115.0	27.9
	Equities	3,592.5	3,867.1	(274.6)
	Investment funds	35,841.8	33,094.6	2,747.2
	Shares in non-trading property companies	960.2	1,219.6	(259.4)
	Other (including lent securities and repos)	168.8	172.0	(3.2)
	Total	**69,492.6**	**68,775.3**	**717.3**
Derivative instruments	Derivative instruments (positive fair value)	4,417.2	5,173.0	(755.9)
	Derivative instruments (negative fair value)	(4,834.1)	(5,806.4)	972.4
	Total	**(416.9)**	**(633.4)**	**216.5**
Available-for-sale financial assets	Fixed-rate bonds	173,056.5	179,008.4	(5,951.9)
	Variable-rate bonds	31,432.4	31,827.6	(395.2)
	TCNs (money market securities)	3,517.3	3,556.2	(38.9)
	Equities	16,359.2	14,110.7	2,248.5
	Investment funds	41,195.5	37,237.8	3,957.7
	Shares in non-trading property companies	5,160.2	4,606.2	554.0
	Non-voting loan stock	60.0	88.9	(28.9)
	Other (including lent securities and repos)	17,127.1	14,799.6	2,327.5
	Total	**287,908.1**	**285,235.5**	**2,672.6**
Held-to-maturity investments	Fixed-rate bonds	365.9	151.1	214.8
	Variable-rate bonds	282.1	414.8	(132.7)
	Total	**648.0**	**565.9**	**82.0**
Loans and receivables	Loans and receivables	5,730.0	4,988.9	741.1
	Total	**5,730.0**	**4,988.9**	**741.0**
Investment property	Investment property at amortised cost	2,451.7	2,587.5	(135.8)
	Investment property measured by the fair value model	1,102.6	645.0	457.6
	Total	**3,464.3**	**3,232.5**	**231.8**
TOTAL		**366,826.0**	**362,164.7**	**4,661.3**

20.2.3 Reconciliation of fair value adjustments to the amounts reported in the "Investments" note

(in € millions)	2016	2015
Fair value of investments	383,001.3	366,826.0
Unrealised gains and losses, net	(984.6)	(756.4)
Carrying amount of investments	**382,016.7**	**366,069.6**

20.3 Impairment

This note discloses the nature and amount of impairment losses on financial assets recognised in profit or loss, by significant category of financial assets.

(in € millions)	2016	2015
Available-for-sale financial assets	**(618.8)**	**(291.7)**
Fixed-rate bonds	(9.3)	0.0
Variable-rate bonds	(4.5)	(7.7)
TCNs (money market securities)	0.0	0.0
Equities	(475.2)	(177.0)
Equity funds	(83.6)	(2.5)
Non-voting loan stock	(1.3)	(0.0)
Other (including mutual fund units)	(44.8)	(104.6)
Held-to-maturity investments	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment expense	**(618.8)**	**(291.7)**
Available-for-sale financial assets	**631.7**	**436.8**
Fixed-rate bonds	2.4	0.0
Variable-rate bonds	5.7	18.1
TCNs (money market securities)	0.0	0.0
Equities	292.8	288.6
Equity funds	44.1	44.5
Non-voting loan stock	0.1	0.0
Other (including mutual fund units)	286.6	85.7
Held-to-maturity investments	**0.0**	**18.5**
Loans and receivables	**0.0**	**0.0**
Total impairment reversals	**631.7**	**455.4**
Net change in impairment provisions	**13.0**	**163.7**

Reversals of writedowns on equities as a result of disposals relate to shares in Arcelormittal MT and Commerzbank AG.

Note 21 Income tax expense

The purpose of the table below is to disclose the main components of income tax expense (benefit).

(in € millions)	2016	2015
Current tax	(742.9)	(637.2)
Deferred tax	(1.5)	(70.9)
Income tax expense	**(744.4)**	**(708.1)**
Profit for the period	1,497.0	1,435.2
Tax rate	33.21%	33.04%
Income tax expense	**(744.4)**	**(708.1)**

Tax proof *(in € millions)*	2016		2015	
	Rate	**Amount**	**Rate**	**Amount**
Profit before tax		2,241.3		2,143.2
Income tax at the standard French tax rate [(1)]	34.43%	(771.7)	38.00%	(814.4)
Permanent differences	-2.71%	60.7	-1.09%	23.4
Effects of changeover to the equity method	-0.10%	2.1	-0.45%	9.6
Capital gains and losses taxed at reduced rate	-3.39%	76.1	-5.66%	121.4
Effects of changes in tax rates [(2)]	5.68%	(127.2)	1.43%	(30.7)
Tax credits and tax loss carryforwards used	-1.26%	28.3	-1.37%	29.5
Other	0.56%	(12.6)	2.18%	(46.8)
Total	**33.21%**	**(744.4)**	**33.04%**	**(708.1)**

(1) Including the current additional contribution of 3.3%, the theoretical tax rate for 2016 is 34.43%

(2) Including the effects of differences in foreign tax rates and changes in statutory tax rates. The effects of the change in the French tax rate provided for in the 2017 Finance Act are recognised in the 2016 consolidated financial statements and are also included under this caption.

The reduced rate of 28% (versus 33 1/3% currently) will be phased in over the period until 2020, depending on the company. As from 2020, the 28% rate will apply to all profits whatever the taxpayer's revenue (the 3.3% *contribution sociale* surtax will continue to apply).
The resulting adjustments to deferred taxes recorded in 2016 included recognition of additional deferred tax expense of €29.3 million and a €191.7 million deferred tax benefit, reported under "Other income and expenses recognised directly in equity". The main source of deferred taxes affecting profit for the year concerned non-deductible provisions (giving rise to a difference between reported and taxable profit). A deferred tax asset was recognised for this timing difference. The reduction in the tax rate therefore gives rise to an expense corresponding to the reduction in the value of the deferred tax asset.

The main source of deferred taxes affecting equity concerned the remeasurement of available-for-sale financial assets at fair value. The reduction in the tax rate has the effect of reducing the resulting deferred tax liability, leading to a corresponding increase in consolidated equity.
The caption "Effects of changes in tax rates" also reflects the impact of the increase in the Brazilian tax rate, from 40% to 45%, phased in over two years.

Deferred taxes on: *(in € millions)*	**2016**	**2015**
Fair value adjustments to financial assets held for trading	(104.2)	(13.5)
Deferred participation asset/reserve	85.2	22.6
Fair value adjustments to other financial assets	21.3	28.5
Shadow accounting adjustments to items recognised directly in equity	0.0	0.0
Revaluations of owner-occupied property reclassified as investment property	0.0	0.0
Timing differences	0.0	0.0
Other	(0.8)	33.3
Total	**1.5**	**70.9**

OTHER ANALYSES

Note 22 Financial risks

22.1 Credit risk

The Group's credit risk policies are presented in section 5 of this Registration Document on Corporate Governance and Internal Control (Note 5.6.2).

Note 9.8 to the consolidated financial statements analyses the Group's bond portfolio by issuer rating.

22.2 Currency risk

Most portfolios covering insured liabilities are invested in assets denominated in the insurance company's functional currency. As a result, portfolio exposure to currency risks is limited (e.g., net-of-hedging exposure to a currency other than the euro represents less than 5% of the investments of French companies of the CNP Assurances Group).

However, the Group has set up an annual hedging programme to limit its exposure to changes in the exchange rate for the Brazilian real, arising mainly from translation of its local subsidiaries' financial statements. The programme consists of using derivative financial instruments to hedge part of the estimated risk from potential exchange rate changes. The programme's effectiveness is tracked on an ex-post basis during the annual and interim closing processes. The derivative instruments do not qualify for hedge accounting under IFRS.

In addition, the Group performs currency stress tests to assess the impact on profit and equity of a 10% increase in the euro-dollar and euro-sterling exchange rates as it is marginally exposed on monetary assets and liabilities denominated in dollars or sterling. The cumulative estimated impact for the US dollar and the pound sterling represents less than 2% of recurring operating profit.
The impact of the euro's appreciation against the dollar and sterling is analysed at half-yearly intervals and commented on when the amounts involved are material.

22.3 Interest rate risk on financial assets

This note provides additional information about the Group's exposure to interest rate risk on financial assets and liabilities, by category.

22.3.1 Caps and floors

The following tables show the notional amount of caps and floors by strike price and residual life at 31 December 2016 and 31 December 2015.

22.3.1.1 Caps and floors at 31 December 2016

(in € millions)		Residual life										
		1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
	< 5%	4,560	4,590	2,510	6,495	11,430	10,670	1,594	0	0	0	41,849
>= 5%	< 6%	5,754	940	313	300	0	1,850	1,910	0	0	0	11,067
>= 6%	< 7%	0	0	0	0	0	0	0	0	0	0	0
>= 7%	< 8%	0	0	0	0	0	0	0	0	0	0	0
>= 8%	< 9%	0	0	0	0	0	0	0	0	0	0	0
>= 9%	< 10%	0	0	0	0	0	0	0	0	0	0	0
Total		**10,314**	**5,530**	**2,823**	**6,795**	**11,430**	**12,520**	**3,504**	**0**	**0**	**0**	**52,916**

22.3.1.2 Caps and floors at 31 December 2015

(in € millions)		Residual life										
		1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
	< 5%	3,638	3,337	5,693	2,540	6,445	11,480	5,070	1,594	0	0	39,797
>= 5%	< 6%	3,590	3,514	2,410	883	300	200	1,850	1,910	0	0	14,657
>= 6%	< 7%	0	0	0	0	0	0	0	0	0	0	0
>= 7%	< 8%	0	0	0	0	0	0	0	0	0	0	0
>= 8%	< 9%	0	0	0	0	0	0	0	0	0	0	0
>= 9%	< 10%	0	0	0	0	0	0	0	0	0	0	0
Total		**7,228**	**6,851**	**8,103**	**3,423**	**6,745**	**11,680**	**6,920**	**3,504**	**0**	**0**	**54,454**

22.3.2 Effective interest rates

This note shows effective interest rates on fixed-rate bonds and zero coupon bonds at the purchase date and at the end of the reporting period.

Effective interest rates are presented for the Group's main insurance subsidiaries:

- France;
- Italy;
- Brazil;
- Spain.

22.3.2.1 Effective interest rates at purchase

	2016		2015	
	Fixed-rate debt securities	Fixed-rate bonds	Fixed-rate debt securities	Fixed-rate bonds
France	EUR	3.11%	EUR	3.35%
Italy	EUR	2.58%	EUR	3.14%
Brazil	BRL	12.37%	BRL	11.65%
Spain	EUR	2.58%	EUR	3.32%

22.3.2.2 Effective interest rates at balance sheet date

	31.12.2016		31.12.2015	
	Fixed-rate debt securities	Fixed-rate bonds	Fixed-rate debt securities	Fixed-rate bonds
France	EUR	0.18%	EUR	0.66%
Italy	EUR	2.65%	EUR	3.03%
Brazil	BRL	12.17%	BRL	15.11%
Spain	EUR	0.61%	EUR	1.66%

22.3.3 Carrying amounts by maturity

22.3.3.1 Carrying amounts by maturity at 31 December 2016

Type of instrument *(in € millions)*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total
Fixed-rate bonds	19,989.4	15,191.9	20,499.1	22,062.7	25,019.6	82,571.0	**185,333.7**
Zero coupon bonds	1,147.3	709.0	2,214.6	682.2	663.0	13,556.4	**18,972.6**
Adjustable-rate bonds	15.3	8.6	4.6	40.0	2.1	1,631.8	**1,702.3**
Variable-rate bonds	2,680.5	2,086.5	2,945.4	1,366.1	2,108.4	2,052.4	**13,239.4**
Fixed-rate inflation-indexed bonds	1,339.1	167.2	697.4	1,546.6	964.4	8,842.8	**13,557.5**
Other bonds	2,486.7	1,973.9	1,721.5	2,755.8	1,374.1	7,966.7	**18,278.7**
Total	**27,658.3**	**20,137.1**	**28,082.7**	**28,453.3**	**30,131.7**	**116,621.1**	**251,084.3**

22.3.3.2 Carrying amounts by maturity at 31 December 2015

Type of instrument *(in € millions)*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total
Fixed-rate bonds	16,252.1	13,948.9	14,907.8	19,546.8	21,662.4	91,517.1	**177,835.1**
Zero coupon bonds	4,008.9	1,024.2	702.5	2,190.5	679.8	11,042.9	**19,648.8**
Adjustable-rate bonds	29.5	6.0	3.3	3.1	79.2	1,278.3	**1,399.4**
Variable-rate bonds	1,920.4	2,640.0	1,391.1	2,609.2	1,256.0	2,625.8	**12,442.5**
Fixed-rate inflation-indexed bonds	603.2	1,345.2	174.0	681.3	1,540.7	9,320.8	**13,665.2**
Other bonds	2,156.1	1,929.8	1,786.9	1,445.8	2,467.1	7,910.2	**17,695.9**
Total	**24,970.3**	**20,894.0**	**18,965.6**	**26,476.7**	**27,685.3**	**123,695.1**	**242,686.9**

22.3.4 Carrying amounts by maturity – held-to-maturity investments

22.3.4.1 Carrying amount at 31 December 2016

Carrying amount of financial instruments measured at amortised cost *(in € millions)*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total
Held-to-maturity investments	186.5	102.9	65.0	41.8	109.7	88.6	**594.5**
Loans and receivables	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**186.5**	**102.9**	**65.0**	**41.8**	**109.7**	**88.6**	**594.5**

22.3.4.2 Carrying amount at 31 December 2015

Carrying amount of financial instruments measured at amortised cost *(in € millions)*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total
Held-to-maturity investments	215.2	142.3	48.3	45.3	41.8	148.5	**641.5**
Loans and receivables	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**215.2**	**142.3**	**48.3**	**45.3**	**41.8**	**148.5**	**641.5**

22.3.5 Average life of securities

The following tables show the average remaining life of securities, weighted by carrying amount, in years.

22.3.5.1 Average life of securities at 31 December 2016

France	Italy	Brazil	Spain
5.66	3.52	1.12	4.34

22.3.5.2 Average life of securities at 31 December 2015

France	Italy	Brazil	Spain
5.9	3.6	1.5	5.2

22.4 Sensitivity of MCEV© to market risks

Sensitivity analyses are performed to efficiently identify and manage earnings and equity volatility. One of the key analyses used by management concerns the sensitivity of Market Consistent Embedded Value (MCEV©) to market and insurance risks.

The Group's embedded value reporting is based on European Insurance CFO Forum Market Consistent Embedded Value© Principles (MCEV Principles) introduced in June 2008, as amended in October 2009 and updated in April 2016.

The Brazilian subsidiary Caixa Seguros has continued to apply the Group's traditional reporting procedure and deterministic models are used by smaller Group entities whose policies do not generally include options or financial guarantees. CNP Assurances uses valuation techniques for measuring financial options based on market consistent financial assumptions at 31 December 2016.

The calculation of embedded value necessarily relies on numerous assumptions with respect to economic conditions, operating conditions, policyholders' behaviour, taxes and other factors, many of which are beyond the Company's control. Actual future experience may vary from that assumed in the calculation of the embedded value.

MCEV© is the sum of:

- adjusted net asset value (ANAV), which corresponds to the market value of assets attributable to shareholders after deducting intangible assets, subordinated debt and other items included in In-Force covered business. Adjusted net asset value is determined on the valuation date at consolidated level excluding non-controlling interests and breaks down into Required Capital and Free Surplus;

- the value of acquired In-Force business, corresponding to the present value of future profits (PVFP) net of taxes generated on In-Force business at the measurement date. For all Group subsidiaries within the eurozone area, the data used to determine the reference rate curve come from the smoothed zero-coupon swap curve. The extrapolation method has been adjusted since 2015 in line with the approach being currently developed within the framework of the Solvency II reform. The yield curve is extrapolated using the Smith-Wilson method from a last liquid point at 20 years with convergence on the ultimate forward rate of 4.2% at 40 years. For the determination of the reference yield curve, the Group has chosen to adapt to Solvency II requirements, by applying a credit risk adjustment and a volatility adjustment to the swap curve where permitted.

The market risk sensitivity of MCEV© is tested to measure the impact of interest rate and equity volatilities. MCEV© principles and the Group's traditional value reporting procedure cover CNP Assurances SA, the Group's main subsidiaries in France, the rest of Europe and Latin America. The sensitivities analysed in 2016 were aligned with Solvency II requirements and were as follows:

- the impact of an immediate positive or negative 50-basis point change in the swap curve. This would result in:
  - a revaluation of bond prices,
  - a 50-basis point adjustment to the reinvestment rate for all categories of assets, and
  - a change in discount rates.

  The impact on mathematical reserves for unit-linked portfolios is not measured;
- the impact of an immediate 25% fall in equity and property prices. This shock implies a 25% fall in the market value of equities and property assets, as well as a decrease in the mathematical provisions of unit-linked business for the proportion invested in equity and property.

The results of all sensitivity analyses are net of tax and non-controlling interests and, if applicable, net of policyholder participation.

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Sensitivity of MCEV© to interest rate and equity volatilities at 31 December 2016:

(in € millions)	**50 bps increase in interest rates**	**50 bps decrease in interest rates**	**25% decrease** in equity prices
Impact on MCEV© *	**1,142.0**	**(1,141.0)**	**(2,887.0)**

* The calculation of the impact on MCEV© is based on estimated data.

Sensitivity of MCEV© to interest rate and equity volatilities at 31 December 2015:

(in € millions)	**100 bps increase in interest rates**	**100 bps decrease in interest rates**	**10% decrease in equity prices**
Impact on MCEV©	**970.0**	**(1,489.0)**	**(1,185.0)**

Sensitivity to insurance risks is presented in Note 24.

Note 23 Liquidity risk and asset/liability management

23.1 Liquidity risk

23.1.1 Future cash flows from assets

This note discloses future cash flows from assets (redemptions, interest payments, etc.) by period.

23.1.1.1 Future cash flows from assets at 31 December 2016

Intended holding period *(in € millions)*	Less than 1 year	1 to 5 years	5 to 10 years	Beyond 10 years
Available-for-sale financial assets	25,584	102,520	79,597	25,594
Assets held for trading and assets measured at FV	3,961	6,440	3,988	1,545
Held-to-maturity investments	195	507	0	89
Loans and receivables	43	0	0	0

23.1.1.2 Future cash flows from assets at 31 December 2015

Intended holding period *(in € millions)*	Less than 1 year	1 to 5 years	5 to 10 years	Beyond 10 years
Available-for-sale financial assets	24,015	93,623	81,250	22,465
Assets held for trading and assets measured at FV	2,890	7,326	4,980	1,614
Held-to-maturity investments	328	533	82	66
Loans and receivables	0	0	0	0

23.1.2 Payment projections by maturity

This note discloses estimated future payments on savings, pension and Property & Casualty contracts, including total and partial surrenders.

The total of these projections is higher than the liabilities reported in the balance sheet because the cash flows are capitalised.

23.1.2.1 Payment projections by maturity at 31 December 2016

(in € millions)	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	21,394.9	65,731.5	63,583.4	44,511.7	125,731.1

23.1.2.2 Payment projections by maturity at 31 December 2015

(in € millions)	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	16,798.3	57,194.9	60,810.6	44,389.5	149,056.3

23.1.3 Contracts with immediate surrender option

(in € millions)	31.12.2016	31.12.2015
Contracts with immediate surrender option	269,735.4	253,996.6
Contracts with no immediate surrender option	61,299.3	66,634.5

Contracts with an immediate surrender option represented a total liability of €269.7 billion at 31 December 2016 (€254.0 billion at 31 December 2015). This amount, corresponding to insurance and financial liabilities recognised in the balance sheet, relates to products with a clause allowing for their surrender or transfer by the policyholder.
Term creditor products, group employee benefits products, certain annuity products and "Madelin Act" pension products do not include a surrender or transfer option.

The maximum surrender risk indicated above does not take into account the behaviour of policyholders, who tend to significantly extend the effective duration of their contracts, as reflected in Note 23.1.2.

23.2 Asset/Liability management

The Group's ALM policy is presented in section 5 of this Registration Document on Corporate Governance and Internal Control (Note 5.6.2).

23.3 Reconciliation of unit-linked assets and liabilities

(in € millions)	31.12.2016	31.12.2015
Investment properties held to cover linked liabilities	1,339.6	1,110.4
Financial assets held to cover linked liabilities	45,757.5	39,292.5
Investments accounted for by the equity method held to cover linked liabilities (consolidated mutual funds and non-trading property companies)	0.0	0.0
Other assets held to cover linked liabilities (e.g., non-financial assets held by consolidated non-trading property companies)	0.0	0.0
Total assets held to cover linked liabilities – carrying amount	**47,097.1**	**40,402.9**
Linked liabilities – financial instruments without DPF	7,820.4	7,652.4
Linked liabilities – insurance contracts and financial instruments with DPF (other than guaranteed capital reserves)	39,506.1	32,826.6
Total linked liabilities	**47,326.5**	**40,479.0**
Guaranteed capital reserves	2.0	2.0
Total linked liabilities	**47,328.5**	**40,481.0**

The asset/liability mismatch on unit-linked contracts mainly relates to outstanding claims reserves and other reserves included in linked liabilities for which no related assets are included in the above table.

Note 24 Risks related to insurance and financial liabilities

24.1 Management of risks related to insurance and financial liabilities

CNP Assurances' insurance businesses expose it to a number of risks, particularly those relating to product development, calculating adequate reserves and devising its reinsurance strategy.

The Group has established management information systems designed to ensure that it fulfils its objectives.

These management information systems:

- analyse risk-adjusted profitability during the product launch process;
- roll down Group objectives to the level of the individual businesses;
- analyse the components of profit and value creation and the basis used for underwriting and pricing decisions, as well as determining the appropriate pricing and reserving strategies;
- track risks with a technical component;
- optimise reinsurance strategies.

These routine analyses are supported by stress tests performed on key economic and technical assumptions to measure their impact on the Group's performance indicators.

Asset and liability projections are produced annually and are used to calculate policyholder dividend rates for the year, as well as to produce budgets and multi-year business plans.

The Group's policies for managing risks related to insurance and financial liabilities are presented in section 5 of this Registration Document on Corporate Governance and Internal Control (Note 5.6.2).

24.2 Contract terms and conditions

24.2.1 Types of insured risk by class of business

The Group offers a full range of insurance products both inside and outside France.

The main traditional individual insurance policies written are savings products, term life insurance, endowment policies and deferred annuity contracts with or without contingency insurance. The Group also markets products that combine a traditional savings component and one or several unit-linked components.

Group policies are mainly defined contribution pension plans, points-based pay-as-you-go group pension plans, employee benefits plans and term creditor insurance.

In addition, the Group's subsidiaries in Brazil (Caixa Seguros) and in Cyprus and Greece (CNP Cyprus Insurance Holdings) write Property & Casualty and liability insurance. Commitments under Property & Casualty and liability insurance are marginal in relation to those arising from the personal insurance written by the Group.

CNP Assurances may also be exposed to emerging risks – in other words new, continually evolving risks whose impact is very difficult to measure. Risks that are currently unknown or deemed of minor importance could prove to have a material impact on the Group in the future.

Specific processes exist to identify and analyse emerging risks and the Group keeps abreast of relevant scientific publications, market trends, new regulations and case law, etc.
The insurer's risks differ depending on the type of policy:

Savings contracts give rise to mainly financial risks

Savings contracts fall into two broad categories:

- traditional savings products where the insurer may commit to paying a guaranteed minimum yield plus a share of the investment yield. The yield guarantee is for a fixed period (see Note 24.4). Most savings contracts include an early surrender option for a contractually fixed amount. The policy surrender rate will depend on stock market performance, the performance of contracts being marketed by the competition, policyholder behaviour (e.g., a need to raise cash), customer confidence, and tax-related matters. A wave of surrenders could materially impact earnings or even solvency in extreme conditions. For example, traditional savings products are exposed to surrender risk in the event of a sharp increase in interest rates. This would generate unrealised losses, some of which would be recognised directly in equity, thus impacting both the Group's earnings and solvency;
- unit-linked products, where the policyholder bears the financial risk and the insurer's commitment is limited to the additional cover provided, consisting generally of a guaranteed death benefit. A bear market combined with higher-than-expected losses could severely hit earnings on savings products.

Pension products give rise to mainly financial and underwriting risks

Risks associated with annuity-based pension portfolios depend on:
- the benefit payment period, which is not known in advance;
- the interest rate, corresponding to the return on the capital managed by the insurer.

For these contracts, results are determined by long-term financial management policies and actual mortality rates compared with assumptions. Technical reserves are calculated using regulatory mortality tables based on statistical data on population trends. Earnings or equity are potentially exposed to the risk that actual demographic trends may turn out to be significantly different to those predicted in the mortality tables.

Personal risk policies give rise to mainly underwriting risks

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment.

The Group establishes risk selection and reinsurance policies and monitors statistical data concerning the policyholder base and related loss ratios.

Deteriorating loss ratios on temporary disability risks provided under term creditor and personal risk policies – especially under group policies – has led to a major rethink of the pricing strategy for these products.

The increase in the legal retirement age in France has also had an adverse impact as benefits are payable until the policyholder retires.

Asymmetric information available to policyholders and insurers gives rise to a risk of anti-selection although the risk is limited somewhat by the use of certain types of medical questionnaires and the enforcement of a waiting period.

The Group's business may be affected by the occurrence of natural or man-made catastrophes.

Although CNP Assurances' business model focuses primarily on personal insurance, the following events could also significantly impact the Group's earnings and business, aside from the immediate damage that such events would cause: a wave of global extreme weather events, acts of terrorism, the spread of pandemics such as the H5N1 or H1N1 viruses, or fallout from global warming.

24.2.2 Description of the main policyholder guarantees

Traditional savings contracts give rise to a commitment to pay a capital sum. These contracts generally pay a minimum yield plus policyholder dividends.

Unit-linked savings contracts do not involve any capital guarantee for the insurer as only the number of units is guaranteed. The exception is contracts that also include death and/or disability cover. For these contracts, the insurer's commitment is limited to any positive difference between cumulative gross or net premiums and the value of the units.

Pension contracts – which give rise to a commitment to pay a life annuity – fall into the following categories:

- voluntary individual pension accounts ("Article 82" accounts) giving rise to the payment of a life annuity from retirement. Retirement age is decided by the insured and a reversionary pension may be paid to a named beneficiary. The contract includes an option to convert the annuity into a lump sum;
- compulsory individual pension accounts ("Article 83" accounts) giving rise to the payment of a life annuity. The total annuities paid to the insured are based directly on the insured's salary during the contribution period and a reversionary pension may be paid to a named beneficiary;
- defined benefit plans ("Article 39" plans) funded by contributions based on total payroll. The contributions are paid into a mutual fund. When each plan participant retires, the total amount of future pension benefits is transferred from the mutual fund to the pension fund. Benefits are paid in the form of annuities;
- points-based pay-as-you-go group pension plans ("Article L.441-1" plans) giving rise to the payment of annuities corresponding to the number of points earned during the contribution period multiplied by the value of one point. Annuities are adjusted based on changes in the value of a point;
- immediate and deferred annuity contracts, giving rise to the payment of annuities immediately or at the end of a specified period.

Contracts to fund length-of-service awards payable to employees in France on retirement are also qualified as pension contracts. Under these contracts, the insurer's liability for the payment of benefits is limited to the amount held in the related fund.

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment. The main types of contracts are as follows:

- term life insurance, renewable term insurance, long-term insurance and whole life insurance contracts, which pay a lump sum in the case of death or permanent disability of the insured. Most of them include an accidental death option whereby the death benefit provided for under the primary guarantee is doubled or tripled;
- contracts paying a temporary or life annuity to dependent children or the spouse on the death of the insured;
- death/disability contracts providing for the payment of a lump sum in the case of death of the insured or a *per diem* allowance for temporary disability or a lump sum or annuities for permanent disability. Temporary disability benefits are payable on a monthly basis, in some cases after a waiting period;
- term creditor contracts, which cover all or part of an outstanding loan in the case of death of the insured, or monthly repayments – less a specified deductible – during a period of temporary disability or until the insured is recognised as being permanently disabled, or all or part of the monthly repayments in the case of permanent disability, or all or part of the monthly repayments after a waiting period in the case of unemployment. Death cover is compulsory and the loan will not be paid out until evidence of cover is provided;
- long-term care insurance contracts, providing for the payment of a fixed annuity covering part of the cost of long-term care. The amount of the annuity depends on the option selected by the insured;
- supplementary health insurance contracts, which cover all or part of the healthcare costs incurred by the insured, the insured's spouse and dependent children, that are not reimbursed by the social security authorities.

In addition, the Group's subsidiaries in Brazil (Caixa Seguros) and in Cyprus and Greece (CNP Cyprus Insurance Holdings) write Property & Casualty and liability insurance. The cover provided under these contracts is determined in accordance with local insurance regulations. Commitments under Property & Casualty and liability insurance are marginal in relation to those arising from the personal insurance written by the Group.

24.2.3 Participation clauses

Traditional savings contracts, certain group personal risk contracts and certain pension contracts include participation clauses. Under the terms of these clauses, the parties agree to share – on the basis defined in the contract – part of the income generated by the investment of the funds corresponding to the contract's technical reserves and, in the case of pension and personal risk contracts, part of the underwriting result.

Most contracts contain a discretionary participation feature, whereby the participation allocated to the insured is determined by the insurer as part of its marketing policy subject to compliance with the contract terms and the applicable laws. Participation is determined based on investment income for the year and the insurer has full discretion over the volume of capital gains realised during the period. The insured do not have individual rights to the participation until it is allocated to benefits or mathematical reserves. Participation that has been attributed but not yet allocated is accumulated in the policyholders' surplus reserve.

Participation rates are determined based on the local accounts.

24.3 Valuation of insurance liabilities (assumptions and sensitivities)

24.3.1 Technical reserve models

Technical reserves are defined as follows:

- mathematical reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured;
- policyholder surplus reserves correspond to the participation attributed to the contract beneficiaries that is not payable in bonuses in the year following the one in which the surplus was generated;
- general administrative expense reserves are intended to cover future contract administration costs that are not otherwise covered;
- escalating risks reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured under temporary and permanent disability and long-term care contracts;
- unearned premium reserves cover the portion of written and accrued premiums for the period between the reporting date and the next premium payment date or the contract expiry date. They are recorded for all types of contracts;
- premium deficiency reserves cover the portion of claims and benefits and the related handling costs for the period between the reporting date and the earliest possible premium adjustment date or the contract expiry date that is not covered by the unearned premium reserve;
- capitalisation reserve;
- outstanding claims reserves cover the estimated principal amounts and internal and external expenses payable to settle all outstanding claims, including total future annuity payments.

24.3.2 Modelling objectives

Technical reserves are modelled based on current accounting standards. In particular, mortality tables, discount rates and investment yield assumptions may be selected based on a Solvency II approach.

24.3.3 Procedure for determining the main assumptions

The assessment of technical reserves is supported by:

- detailed knowledge of effective dates and the timing of accounting recognition and processing of the various technical and management events, as well as of the exact specifications of period-end processing operations and their scheduling, in order to accurately determine the underwriting and loss years;
- the creation of files at each period-end to check the consistency of reserves with technical flows;
- recurring audits of management system calculations, based on random tests and detailed repeat calculations;
- detailed risk assessments, based on prospective guaranteed yield calculations taking into account commitments in excess of regulatory limits, and on detailed statistical and other analyses of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

24.3.4 Assumptions used to calculate reserves

Technical reserves for non-life insurance do not have to be discounted under French insurance regulations (with the exception of the annuity component).

Mathematical reserves for individual savings products are stated net of deferred participation and withdrawals, in accordance with the applicable regulations.

Mathematical reserves for individual and group pension plans (with the exception of "Article L.441" plans) are calculated using the discount rate applicable at the contractual date (i.e., the contractual rate) or the premium payment or settlement date, depending on the type of policy.

Reserves for group personal risk products and term creditor insurance are generally calculated based on discount rates.

All other assumptions are determined by reference to internal experience-based data.

24.3.5 Use of different assumptions

Certain assumptions use data extrapolated from past experience or prospective data that draw upon:

- economic, demographic, social, legislative, regulatory or financial trends;
- policyholder behaviour (surrender rate, renewal/non-renewal rate, etc.);
- factors specific to life insurance such as mortality, morbidity or longevity.

While the assumptions used appear reasonable at the measurement date, actual future experience may be significantly different.

The keys used to allocate unrealised gains between technical reserves and own funds were re-calibrated in 2016. A method has been developed based on historical payments to insureds and referral agents, representing a robust and simple approach that is consistent with the Group's practices.

In addition, the related documentation has been enhanced to provide a better audit trail.

24.3.6 Assumption correlations

Apart from the use of dynamic surrender rates reflecting the correlation between surrender rates and the level of guaranteed yields for liability adequacy testing purposes, correlations among the various assumptions are not taken into account.

24.3.7 Sensitivity of MCEV© to changes in surrender rates and loss ratios

Uncertainties concerning insurance cash flows mainly relate to the timing of surrenders and the payment of death and other benefits.
At 31 December 2016, a 10% fall in surrender rates would have a positive impact of €103 million on MCEV©. A 5% fall in observed losses would have a positive impact of €151 million on MCEV© for mortality and disability risks, and a negative impact of €65 million for longevity risks.

24.4 Risk associated with guaranteed yields on insurance and financial liabilities

Traditional savings contracts with a guaranteed yield have been classified by level of commitment, as follows (in declining order):

- contracts offering a guaranteed minimum yield and a guaranteed profit participation when the contract matures;
- contracts offering an enhanced yield (generally 75% of the TME rate) over a maximum of eight years;
- contracts offering a guaranteed minimum yield representing less than 60% of the TME rate at the time of payment.

Technical reserves on traditional savings contracts are analysed by guaranteed yield in the following tables.

31.12.2016		
Guaranteed yield *(in € millions)*	**Technical reserves**	**%**
0% [(1)]	186,867.0	56.4%
]0%-2%]	15,210.5	4.6%
]2%-3%]	16,363.1	4.9%
]3%-4%]	1,451.6	0.4%
]4%-4.5%]	6,097.2	1.8%
>4.5% [(2)]	1,502.6	0.6%
Linked liabilities	47,327.8	14.3%
Other [(3)]	56,214.8	17.0%
TOTAL	**331,034.7**	**100.00%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield
(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern Caixa Seguros in Brazil, where bond rates are above 11% (see Note 22.3)
(3) Comprises all other technical reserves, except for mathematical reserves and linked liabilities, i.e., non-life technical reserves, policyholder surplus reserves and claims reserves

31.12.2015

Guaranteed yield *(in € millions)*	**Technical reserves**	**%**
0% (1)	179,518.8	56.0%
]0%-2%]	19,456.5	6.1%
]2%-3%]	19,122.4	6.0%
]3%-4%]	1,431.9	0.4%
]4%-4.5%]	6,186.5	1.9%
>4.5% (2)	1,357.7	0.4%
Linked liabilities	40,477.7	12.6%
Other (3)	53,079.7	16.6%
TOTAL	**320,631.1**	**100.00%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield

(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern Caixa Seguros in Brazil, where bond rates are above 7% (see Note 22.3)

(3) Comprises all other technical reserves, except for mathematical reserves and linked liabilities, i.e., non-life technical reserves, policyholder surplus reserves and claims reserves

24.5 Concentration of insurance risk

24.5.1 Use of reinsurance to reduce concentrations of insurance risk

The Group's reinsurance programmes are designed to avoid earnings fluctuations and increase its underwriting capacity. The objectives of the reinsurance policy defined by the Board of Directors are as follows:

- to implement a reinsurance programme covering direct business and inward reinsurance written for provident institutions and subsidiaries;
- to protect underwriting results by entering into non-proportional treaties which are geared to the size of the Group and provide excess-of-loss cover per risk and per occurrence (catastrophe risk);
- to share risks on large-scale new business.

24.5.2 Loss exposure per catastrophe and per occurrence

All portfolios are covered by catastrophe/accident excess-of-loss reinsurance obtained from professional reinsurers.

- Individual policies: death and permanent and total disability risks for all portfolios of individual policies (direct business and inward reinsurance written by CNP Assurances for its LBPP, UniCredit Vita and CNP Partners subsidiaries) are reinsured on the market as follows: for each catastrophic loss event – defined as an event involving at least five victims – the Group retains ten times the annual social security ceiling (€38,616 in 2016) and the reinsurers cover 270 times this ceiling per event and 540 times the ceiling per loss year.
- Group policies:
  a) death and disability risks on all group policies (direct business net of risks ceded to co-insurers, and all quota-share reinsurance purchased from CNP Assurances by provident institutions and mutual insurers) are covered through the Bureau Commun des Assurances Collectives pool (*Décès*-IPA3 policy). The system provides successively for the retention of the two largest claims per insurer, €600 million in co-insurance cover (of which CNP Assurances' share is 30%) and reinsurance cover purchased by the pool from external reinsurers. This external reinsurance cover exists in five layers (of which CNP Assurances has only underwritten mandatory layers 2, 3 and 4): layer 1: 20 XS €30 million; layer 2: 150 XS €50 million; layer 3: 300 XS €200 million; layer 4: 100 XS €500 million; layer 5: 100 XS €600 million. A loss event is defined as involving three or more victims;

b) catastrophic risks insured by CNP Assurances for provident institutions and mutual insurers are reinsured on the market. A loss event is defined as involving three or more victims. The Group and provident institutions (acting as a matter of priority on behalf of the two or three largest claimants) retain €1.25 million per loss event and the reinsurers cover €37 million per loss event and €74 million per loss year, except for nuclear risks, and nuclear, biological and chemical (NBC) terrorism risks, for which the ceiling is €37 million per loss year.

All portfolios are also covered beyond €2 million for high capital payouts in the case of IPA3 death of an insured.

Reinsured portfolios are analysed each year, covering:

- the age pyramid, risk dispersion and concentration of insured populations;
- the number, size and cause of paid claims, including a detailed analysis of the largest claims;
- underwriting and reinsurance results.

All term creditor insurance portfolios have been reinsured against partial losses from pandemic risks since 2016 under a treaty arranged through the Bureau Commun des Assurances Collectives. The treaty covers a 0.05% increase in the mortality rate beyond an average rate of 0.20% (based on number of deaths), subject to a 0.10% deductible and a maximum reinsurance payout of €50 million. It kicks in after any payouts made by the catastrophe/accident reinsurance pool under the excess of loss treaty and therefore covers only pandemic risk.

Reinsurance balances are net settled at quarterly, half-yearly or annual intervals depending on the treaty. There are currently no disputed balances.

24.5.3 Counterparty risk on reinsurance balances

The Group regularly checks the solvency of its reinsurance partners. The discriminating criteria applied for the selection of these partners include their credit rating.

Excess-of-loss contracts have been placed with reinsurers who are rated between BBB+ and AA- (a detailed schedule of reinsurer ratings is presented in Note 10.5).

24.5.4 Insurance-related legal risks

The Group's insurance-related legal risks and its risk management policy are presented in section 5 of this Registration Document on Corporate Governance and Internal Control (Note 5.6.3).