PRESS RELEASE

Paris, 19 April 2019

CNP Assurances publishes its solo and Group SFCRs at 31 December 2018

CNP Assurances has today published its Solvency and Financial Condition Reports (SFCRs) in French, as required by the regulations. These 2018 reports were approved by CNP Assurances' Board of Directors at its meeting on 18 April 2019. The English-language versions of these reports will soon be available online.

The SFCR is a narrative report intended for public disclosure that insurance undertakings have been required to prepare annually since 2016 in application of the Solvency II directive. Two reports have been prepared:

- A Group SFCR providing consolidated information for CNP Assurances SA and its main French and international subsidiaries.
- A solo SFCR providing information for CNP Assurances SA only, without consolidating the operations of its subsidiaries.

KEY HIGHLIGHTS

- **The Group and all of its subsidiaries enjoy a comfortable solvency position, as evidenced by their SCR coverage ratios, despite last year's low interest rates in Europe.**
- **At 31 December 2018, the Group had €25.1 billion of eligible own funds for SCR calculations, of which 81% consists of Tier 1 capital. In addition, the main subsidiaries have a further €3.1 billion of surplus own funds that are not recognised by the supervisor at Group level.**
- **The Group SCR amounted to €13.4 billion at 31 December 2018, of which 51% for market risks and 35% for underwriting risks.**
- **Risk diversification benefits reached 27%, reflecting the Group's excellent diversification in terms of both geographic markets (Europe and Latin America) and product markets (savings/pensions and personal risk/protection).**
- **The Group SCR coverage ratio stood at 187% at 31 December 2018.**
- **The Company's solo SCR coverage ratio at the same date was 201%.**

1. SCR coverage ratio

The SCR coverage ratio is the estimated amount of own funds needed to absorb significant losses and provides reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due.

CNP Assurances has chosen to calculate its SCR coverage ratio using the Standard Formula without measuring any equivalent capital requirement and without applying transitional measures, except for grandfathering [1] of subordinated debt. Solvency II is applied to all of the subsidiaries included in the Solvency II scope of consolidation, including those in Brazil, so that risks are measured in the same way throughout the Group.

The SCR coverage ratios of the main Group subsidiaries were as follows at 31 December 2018:

Country	Scope	Eligible own funds for SCR calculations (€bn)	SCR (€bn)	SCR coverage ratio at 31 Dec. 2018	*SCR coverage ratio at 31 Dec. 2017*
Group	**CNP Assurances Group**	**25.1**	**13.4**	**187%**	***190%***
France	CNP Assurances SA	26.1	13.0	201%	*201%*
Brazil	Caixa Seguradora [2]	2.8	1.1	271%	*266%*
Italy	CNP UniCredit Vita	0.8	0.4	208%	*234%*
Ireland	CNP Santander Insurance Life	0.2	0.1	189%	*220%*
Ireland	CNP Santander Insurance Europe	0.2	0.1	149%	*133%*

The Group SCR coverage ratio is calculated on the basis of 100% of the SCR of the Group's main subsidiaries, even those that are not wholly owned by CNP Assurances (for example, Caixa Seguradora in Brazil is 51.75%-owned, CNP UniCredit Vita in Italy is 57.5%-owned and CNP Santander in Ireland is 51.0%-owned). The 2018 figure takes into account the advance recognition of the R$ 4.65 billion payment that will be due by CNP Assurances when the various conditions precedent applicable to the new distribution agreement in Brazil have been fulfilled [3]. **It does not include the surplus own funds of the main subsidiaries over and above their contribution to the Group SCR**, which are not recognised by the supervisor at Group level due to the unfungibility rules. At 31 December 2018, these surplus own funds represented €3.1 billion including non-controlling interests [4] or 23% of the Group SCR. The effect of excluding these funds is to treat the subsidiaries as having a 100% SCR coverage ratio for the purpose of calculating the Group ratio. From a financial standpoint, however, CNP Assurances nonetheless receives regular dividends from its insurance subsidiaries, totalling €322 million in 2018.

CNP Assurances' solo SCR coverage ratio at 31 December 2018 represented 201%. This was even better than the Group's 187% ratio, reflecting the fact that CNP Assurances SA's eligible own funds are not affected by the unfungibility rules unlike those of the Group. The SCR coverage ratios of the main Group subsidiaries were also comfortably above 100% at 31 December 2017.

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[1] Subordinated notes issued before Solvency II came into effect are included in Tier 1 capital (undated notes) and Tier 2 capital (dated notes) for a period of ten years ending on 1 January 2026

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

[3] On 29 August 2018, CNP Assurances announced the conclusion of a binding framework agreement providing for the establishment of a new long-term exclusive distribution agreement until 13 February 2041 in the Caixa Econômica Federal (CEF) network in Brazil. In March 2019, Caixa Seguridade's new management team initiated discussions with CNP Assurances with a view to agreeing certain adjustments or possible additions to the framework agreement dated 29 August 2018. For further information, see the corresponding press releases published on 30 August 2018 and 22 March 2019, respectively, which are available on the CNP Assurances website www.cnp.fr

[4] Of which €2.2 billion of surplus own funds in Brazil

2. MCR coverage ratio

The MCR is the amount of eligible own funds below which the insurer may have its authorisation withdrawn.

CNP Assurances calculates its MCR in accordance with Solvency II. MCR is a metric based on premiums, claims, and benefits and capital at risk. Each subsidiary's MCR represents between 25% and 45% of its SCR. The Group MCR is determined by consolidating the MCRs of all the subsidiaries without taking into account any inter-subsidiary diversification benefits.

The MCR coverage ratios of the main Group subsidiaries were as follows at 31 December 2018:

Country	Scope	Eligible own funds for MCR calculations (€bn)	MCR (€bn)	MCR coverage ratio at 31 Dec. 2018	*MCR coverage ratio at 31 Dec. 2017*
Group	**CNP Assurances Group**	**21.6**	**6.8**	**317%**	***324%***
France	CNP Assurances SA	22.4	5.8	384%	*387%*
Brazil	Caixa Seguradora [5]	2.8	0.3	1,083%	*591%*
Italy	CNP UniCredit Vita	0.8	0.2	450%	*515%*
Ireland	CNP Santander Insurance Life	0.2	0.0	549%	*651%*
Ireland	CNP Santander Insurance Europe	0.2	0.0	520%	*495%*

The Group MCR coverage ratio was 317% at 31 December 2018.

CNP Assurances' solo MCR coverage ratio at the same date was 384%. The MCR coverage ratios of the main Group subsidiaries were also comfortably above 100% at 31 December 2018.

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

3. Impact of the volatility adjustment and transitional measures on technical reserves and interest rates

The Solvency II directive includes transitional measures to allow insurance undertakings time to adapt to the new regulations and smooth the financial impacts over time. **The CNP Assurances Group has not applied the transitional measures concerning interest rates and technical reserves.**

A volatility adjustment (VA) has been applied to correct the risk-free interest rate curve used to measure technical reserves.

The following table presents the impact of these measures on the Group's solvency indicators at 31 December 2018:

	Impact of transitional measures on technical reserves	Impact of transitional measures on interest rates	Impact of the volatility adjustment at 31 Dec. 2018	*Impact of the volatility adjustment at 31 Dec. 2017*
Group SCR coverage ratio	n/a	n/a	+21 pts	*+3 pts*
Group SCR (€bn)	n/a	n/a	-1.0	*-0.1*
Eligible own funds for SCR calculations (€bn)	n/a	n/a	+1.3	*+0.2*

The sharp year-on-year increase in the impact of the volatility adjustment reflects the wider spreads observed in 2018.

4. Breakdown of SCR

The Group SCR at 31 December 2018 breaks down as follows:

(€bn)	2018		*2017*	
	Before loss-absorbing capacity of technical reserves	**Net of loss-absorbing capacity of technical reserves**	*Before loss-absorbing capacity of technical reserves*	*Net of loss-absorbing capacity of technical reserves*
Market risk (i)	27.0	10.6	*33.1*	*12.0*
Life underwriting risk (ii)	8.0	4.6	*7.4*	*4.3*
Health underwriting risk (iii)	2.9	1.9	*3.2*	*2.1*
Non-life underwriting risk (iv)	0.8	0.8	*0.9*	*0.9*
Counterparty default risk (v)	1.4	1.4	*1.4*	*1.3*
Diversification benefit (vi)	(8.5)	(5.2)	*(8.6)*	*(5.4)*
Basic SCR (1) = (i) + (ii) + (iii) + (iv) + (v) + (vi)	**31.6**	**14.0**	***37.4***	***15.2***
Operational risk (2)	1.5	1.5	*1.5*	*1.5*
SCR-absorbing capacity of technical reserves (3)	(17.5)	-	*(22.2)*	*-*
SCR-absorbing capacity of deferred taxes (4)	(2.1)	(2.1)	*(3.0)*	*(3.0)*
Total SCR = (1) + (2) + (3) + (4)	**13.4**	**13.4**	***13.7***	***13.7***

The Group SCR [6] at 31 December 2018 breaks down as follows:

- 51% for market risk.
- 35% for underwriting risk.
- 14% for counterparty default and operational risks.

The risk diversification benefit was €5.2 billion, representing 27% of the SCR before diversification (€19.2 billion). This benefit reflects **the Group's excellent diversification** in terms of both geographic markets (Europe and Latin America) and product markets (savings/pensions and personal risk/protection insurance).

The SCR-absorbing capacity of technical reserves represented €17.5 billion or 56% of the basic SCR (€31.6 billion). This reduction in the SCR reflects the high proportion of with-profits policies and the **low guaranteed yields on CNP Assurances' insurance obligations** (0.28% in France at 31 December 2018).

The SCR-absorbing capacity of deferred taxes represented €2.1 billion or 14% of the SCR before tax (€15.5 billion). This capacity is defined as the sum of net deferred tax liabilities in the Solvency II balance sheet.

[6] *Net of the loss-absorbing capacity of technical reserves, before diversification and before loss-absorbing capacity of deferred taxes*

5. Breakdown of eligible own funds for SCR calculations

Eligible own funds for Group SCR calculations at 31 December 2018 break down as follows:

(€bn)	Eligible own funds at 31 Dec. 2018	*Eligible own funds at 31 Dec. 2017*
Subordinated debt (1)	**7.6**	***7.5***
of which restricted Tier 1 own funds [7] (2)	*2.7*	*2.6*
of which Tier 2 own funds [8]	*3.9*	*3.9*
of which Tier 3 own funds [9]	*1.0*	*1.0*
Excess of assets over liabilities (3)	**21.4**	***22.6***
Total own funds in the Solvency II balance sheet = (1) + (3)	**29.0**	***30.1***
Unfungible own funds (i)	3.1	*3.3*
Projected dividends [10] (ii)	0.8	*0.8*
Total not eligible own funds for SCR calculations (4) = (i) + (ii)	**3.9**	***4.1***
Tier 1 own funds (5) = (3) – (4) + (2)	**20.2**	***21.1***
Total eligible own funds for SCR calculations (1) – (2) + (5)	**25.1**	***26.1***

Own funds in the Solvency II balance sheet at 31 December 2018 amounted to €29.0 billion, including eligible own funds of €25.1 billion. The difference between these two amounts corresponds to:

- Unfungible own funds of €3.1 billion, consisting of the surplus own funds of subsidiaries not wholly owned by the Group that are considered by the supervisor as not available at Group level.
- Projected dividends of €0.8 billion, representing dividends to be paid for the year, including not only dividends paid to CNP Assurances shareholders but also dividends paid by subsidiaries to non-controlling interests.

Subordinated notes issued by the Group are measured at fair value adjusted for the effect of changes in the Group's credit risk (i.e., at the value of future cash flows discounted at a rate equal to the sum of the risk-free rate and the issue-date credit spread paid to note holders). **This results in a value of €7.6 billion for subordinated debt in the Solvency II balance sheet versus €7.2 billion in the IFRS balance sheet.**

The Group's financial headroom is based on its high quality eligible own funds:

- 81% of own funds are Tier 1.
- The Group does not have any ancillary own funds.

[7] Restricted Tier 1 own funds correspond to subordinated notes classified as Tier 1, including grandfathering of undated subordinated notes issued before Solvency II came into effect

[8] Tier 2 own funds correspond to subordinated notes classified as Tier 2, including grandfathering of dated subordinated notes issued before Solvency II came into effect

[9] Tier 3 own funds correspond to subordinated notes classified as Tier 3

[10] Projected dividends are based on prior year figures and should not be interpreted as a distribution commitment. The dividend is recommended by the Board each year at its discretion and is subject to approval by the Annual General Meeting of Shareholders

6. Reconciliation of Solvency II eligible own funds to IFRS equity

At 31 December 2018, **the difference between IFRS equity (€19.5 billion), on the one hand, and Solvency II eligible own funds for SCR calculations (€25.1 billion), on the other,** breaks down as follows:

CNP Assurances Group (€bn)	2018	*2017*
Consolidated equity	**17.8**	***18.3***
Non-controlling interests	1.7	*1.8*
Total IFRS equity	**19.5**	***20.0***
Differences in scope of consolidation	(0.2)	*(0.1)*
Reclassification of subordinated debt classified as equity in the IFRS balance sheet	(1.9)	*(1.8)*
Elimination of intangible assets and deferred acquisition costs	(2.0)	*(2.1)*
Measurement of assets at fair value	1.7	*1.5*
Remeasurement of technical reserves net of reinsurance	6.2	*6.3*
Remeasurement of subordinated debt	(0.3)	*(0.3)*
Contingent liability [11]	(1.0)	-
Other adjustments	(0.6)	*(0.9)*
Solvency II excess of assets over liabilities	**21.4**	***22.6***
Subordinated debt	7.6	*7.5*
Unfungible own funds	(3.1)	*(3.3)*
Projected dividends	(0.8)	*(0.8)*
Eligible own funds for SCR calculations	**25.1**	***26.1***
Application of the cap on subordinated debt classified as Tier 2	(2.5)	*(2.5)*
Elimination of subordinated debt classified as Tier 3	(1.0)	*(1.0)*
Eligible own funds for MCR calculations	**21.6**	***22.6***

[11] *Advance recognition of the payment due under the new distribution agreement in Brazil*

7. Reconciliation of the Solvency II economic balance sheet to the IFRS balance sheet

The CNP Assurances Group's Solvency II and IFRS balance sheets at 31 December 2018 can be summarised as follows:

Solvency II balance sheet (€bn)	2018	*2017*
Intangible assets	0.0	*0.0*
Financial assets and derivative instruments	383.3	*390.0*
Reinsurers' share of technical reserves	27.5	*28.4*
Deferred tax assets	0.1	*0.1*
Other assets	10.2	*9.8*
Total assets under Solvency II	**421.0**	***428.3***
Excess of assets over liabilities	21.4	*22.6*
Subordinated debt	7.6	*7.5*
Technical reserves: risk margin (RM)	4.6	*4.6*
Technical reserves: best estimate (BE)	349.7	*356.6*
Derivative instruments	1.2	*1.1*
Deferred tax liabilities	2.2	*3.1*
Other liabilities	34.3	*32.8*
Total liabilities under Solvency II	**421.0**	***428.3***

IFRS balance sheet (€bn)	2018	*2017*
Intangible assets	0.7	*0.8*
Financial assets and derivative instruments	380.6	*387.1*
Reinsurers' share of technical reserves	21.6	*22.7*
Deferred tax assets	0.3	*0.3*
Other assets	12.4	*12.4*
Total assets under IFRS	**415.5**	***423.3***
Total equity	19.5	*20.0*
Of which subordinated debt	*1.9*	*1.8*
Subordinated debt	5.3	*5.3*
Insurance and financial liabilities	357.6	*365.2*
Derivative instruments	1.2	*1.1*
Deferred tax liabilities	0.5	*0.9*
Other liabilities	31.4	*30.8*
Total liabilities under IFRS	**415.5**	***423.3***

The Solvency II balance sheet is based to a large extent on the fair values of assets and liabilities used in the Group's IFRS balance sheet, as long as the measurement principles are the same in both cases. These fair values are subjected to the controls performed for the preparation of the IFRS balance sheet and they are audited by the Statutory Auditors. This approach guarantees the reliability of the Solvency II balance sheet, through the application of an efficiently managed and audited process, and its alignment with the IFRS balance sheet.

The main adjustments to the IFRS balance sheet concern:

- Elimination of intangible assets.
- Measurement of assets at fair value (held-to-maturity investments, loans and receivables, investments in non-consolidated subsidiaries and affiliates).
- Measurement of technical reserves including reinsurers' share (cancellation of IFRS technical reserves and recognition of the best estimate of liabilities plus a risk margin).
- Reclassification and measurement of subordinated debt.
- Adjustments due to the fast-close process.

8. Best estimate of liabilities and risk margin by region

Technical reserves (also known as technical provisions) represent the amount an insurance undertaking would have to pay if it transferred its contractual rights and obligations immediately to another undertaking.

They correspond to the sum of:

- The best estimate of liabilities, corresponding to the probability weighted average of future cash flows, taking account of the time value of money, using the relevant risk-free interest rate curve.
- The risk margin, calculated as the cost of providing an amount of eligible own funds equal to the underwriting risk SCR (excluding market risk SCR) required to support the insurance obligations over their lifetime.

Following the emergence of negative nominal interest rates in the euro zone in recent years, the models used by CNP Assurances to prepare the Solvency II balance sheet now include economic scenarios with negative interest rates.

The risk margin is calculated using a cost-of-capital rate of 6%, as recommended by the EIOPA. It is determined based on the SCRs of all Group insurance undertakings without taking into account inter-subsidiary diversification benefits.

At 31 December 2018, the risk margin was calculated based on detailed SCR projections using different risk factors for the French subsidiaries and a duration-based approach for the international subsidiaries, which have only a limited impact on the Group's risk margin.

The table below shows a breakdown of Solvency II technical reserves at 31 December 2018 by region:

Before reinsurance and tax (€bn)	Best estimate	Risk margin	Risk margin/ Best estimate at 31 Dec. 2018	*Risk margin/ Best estimate at 31 Dec. 2017*
France	321.0	4.0	1.2%	*1.2%*
Latin America	12.7	0.5	3.9%	*3.5%*
Europe excl. France	16.0	0.1	0.6%	[22]*0.7%*
Total	**349.7**	**4.6**	**1.3%**	***1.3%***

The risk margin represented 1.3% of the Group's best estimate at 31 December 2018. The rate was higher in Latin America due to the higher underwriting risk associated with the business written by Caixa Seguradora.

INVESTOR CALENDAR

- First-quarter 2019 results indicators: Thursday, 16 May 2019 at 7:30 a.m.
- First-half 2019 premium income and profit: Monday, 29 July 2019 at 7:30 a.m.
- Nine-month 2019 results indicators: Friday, 15 November 2019 at 7:30 a.m.

This press release, along with all of CNP Assurances' regulated information published in accordance with Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the Autorité des Marchés Financiers' *General Regulations, is available on the Group's investor information website* www.cnp.fr/en/investor-analyst.

About CNP Assurances

CNP Assurances is France's leading personal insurer, with net profit of €1,367 million in 2018. The Group has operations in other European countries and in Latin America, with a significant presence in Brazil, its second largest market.

It has more than 37 million personal risk/protection insureds worldwide and more than 14 million savings/pensions policyholders. Acting as an insurer, co-insurer and reinsurer, CNP Assurances develops innovative personal risk insurance and savings solutions. These solutions are distributed by many partners and are tailored to their distribution methods, ranging from physical networks to full online, and to policyholders' needs in each country.

CNP Assurances has been listed on the Paris Stock Exchange since October 1998 and has a stable core shareholder base (Caisse des Dépôts, La Banque Postale, Groupe BPCE and the French State).

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Certain prior-period information may be reclassified on a basis consistent with current year data. The sum of the amounts presented in this document may not correspond exactly to the total indicated in the tables and the text. Percentages and percentage changes are calculated based on unrounded figures and there may be certain minor differences between the amounts and percentages due to rounding. CNP Assurances' final solvency indicators are submitted post-publication to the insurance supervisor and may differ from the explicit and implicit estimates contained in this document.

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