CNP ASSURANCES GROUP - IFRS CONSOLIDATED ACCOUNTS at 31 December 2007

New standard: IFRS 7

Valuation method in the context of the financial crisis

March 2008

The new IFRS 7, *Financial Instruments: Disclosures,* requires that 6 new disclosures be provided in the notes:

1 - Analysis of sensitivity to market risks

Sensitivity of net profit and equity to risks relating to:

- Shares (+ or – 10%)
- Interest rates (+ or – 100 bp)
- Foreign exchange rates (+ 10% €/$ and €/£)

2 - Credit risk

Breakdown of the fair value of the bond portfolio on the basis of the ratings of issuers.

3 - Interest rate risk

Breakdown of technical provisions by interest rate commitments.

4 - Liquidity risk on liabilities: maturity schedule of liabilities

- Breakdown of estimates of payments, redemptions and partial redemptions related to life assurance and investment policies, unit-linked policies, savings policies, pensions policies and property and casualty policies.
- Indication of the amount of liabilities that are immediately, and not immediately, redeemable.

5 - Methodologies determining Fair Value (assets – liabilities)

Distinction between active market & mark-to-model disclosing changes in FV through the income statement.

6- Fair Value of financial liabilities

Disclosure of FV but no disclosure of changes in FV through the income statement.

1 - Analysis of sensitivity to market risks (31/12/2007)

€ million	Interest rates +100bp*	Interest rates -100bp	Shares +10%	Shares -10%	Exchange rate €/$ +10%	Exchange rate €/£ +10%
Impact on profit	-13.3	33.1	97.8	-111.7	-48.1	-10.7
Impact on equity	-343.4	343.5	366.0	-352.1	-8.1	-3.2

Scope: France, Italy Brazil.
The figures presented are the amounts attributable to equity holders of the parent.

* The impact of the sensitivity of profit to interest rate risks takes account of the hedges.

- At 31 December 2007, a change of +10% in the Euro compared with the Brazilian Real would lead to an income statement loss of €10.4 million and a negative impact of €44.8 million on CNP Assurances' equity because of the Group's 51.75% investment in the Brazilian insurance company Caixa.

2 – Credit Risk (31/12/2007)

	31/12/2007	
Rating	**Bond portfolio at market value**	**%**
AAA	87,635.9	49.7%
AA	49,487.7	28.1%
A	31,396.8	17.8%
BBB	4,328.8	2.5%
< BBB	3,156.7	1.8%
NR	194.4	0.1%
TOTAL	**176,200.3**	**100.0%**

Scope: Group

- At 31 December 2007, the Group's consolidated bond portfolio is 95.6% composed of bonds rated A to AAA by the main ratings agencies, including more than 49% which held the highest rating (AAA).
- Comments:
  - This information differs from the breakdown of the portfolio by rating (excluding foreign subsidiaries) prepared by the Investments Department on the basis of the nominal amounts. The figures presented above are for the entire Group and are prepared on the basis of a valuation of the bond portfolio at market value. This table is furthermore particularly unsuitable for analysis of credit risk, which is mainly assessed on the basis of nominal amounts: use of market values has the effect of penalising long-term highly-rated assets in a rising interest rate environment.
  - The ratings of the subsidiaries in Brazil and in Argentina are prepared on the basis of an international conversion table.

3 – Interest rate risk (31/12/2007)

31/12/2007

Minimum guaranteed rate[1]	Technical provisions (€m)	%
0%[2]	98,825.2	42.0%
]0%-2%]	8,477.7	3.6%
]2%-3%]	46,416.1	19.7%
]3%-4%]	4,401.9	1.9%
]4%-4.5%]	5,515.7	2.3%
>4.5%[3]	911.4	0.4%
Unit linked	41,506.3	17.6%
Others[4]	29,464.0	12.5%
TOTAL	**235,518.4**	**100.0%**

Scope: Group

(1) Breakdown performed on the basis of the rate as stipulated in the policyholder's contract (and not the rate announced for forthcoming years).
(2) Corresponds to life insurance technical provisions techniques on contracts without interest rate commitments.
(3) Provisions with a commitment greater than 4.5% arise mainly from CAIXA, the subsidiary in Brazil where bond interest rates are over 10%.
(4) Includes provisions other than mathematical provisions and liabilities of unit-linked contracts, i.e., non-life insurance technical provisions, profit share provisions, claims provisions.

4 – Liquidity risk on liabilities: maturity schedule for liabilities

	31/12/2007				
€ millions	**Less than 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**	**More than 15 years**
Liabilities related to insurance and investment policies (including unit-linked policies)	14,349.0	72,657.1	56,077.0	51,159.5	166,695.3

Scope: Group

The total amount of the projections is greater than the published balance sheet amounts because it represents capitalised cash outflows. It is thus a statistical estimate based on the Group's experience of the economic behaviour of policyholders, i.e., it is not automatically linked to a contractual commitment.

Disclosures relating to immediately redeemable liabilities:

At 31 December 2007, the amount of immediately redeemable liabilities is €208 billion (€36 billion of liabilities are not immediately redeemable). This amount represents the liabilities related to insurance and investment policies that could be redeemed or transferred by the policyholders under the terms of such policies.

Policies which cannot be redeemed in this manner include loan insurance contracts, group personal risk policies, certain annuity policies and "loi Madelin" policies.

It should be noted that this maximum amount of redeemable policies does not take into account the behavioural pattern of policyholders, which tends to significantly lengthen the effective duration of the liabilities, as presented in the projections of payments.

5 - Methodologies for determining Fair Value

€ millions	12/31/2007 Securities traded on a market: valued according to their last quoted price[1]	Structured securities: valued according to the last price provided by the arranger	Total
Trading	68,299.4	7,198.2	**75,497.6**
Change in fair value through profit or loss[2]	*-58.1*	*-24.8*	***-82.9***
AFS	175,474.2	5,436.6	**180,910.8**
Change in fair value through equity[2]	*-160.2*	*-6.5*	***-166.7***
Total	**243,773.6**	**12,634.8**	**256,408.4**
Total	***-218.3***	***-31.3***	***-249.6***

(1) Includes derivatives (see note 9.1.1): swaps valued according to commonly shared market practice.

(2) Net of deferred proft share and deferred taxes

Scope: Group

- No day-one-profit has been recognised by CNP Assurances: on the acquisition of financial assets, CNP Assurances did not encounter a case where a mark-to-model valuation of the asset would lead to a valuation different from the acquisition price, with the difference being recognised in profit or loss.

6 – Fair Value of financial liabilities

- In application of IFRS 7, the fair value of financial liabilities (IAS 39) is presented:
  - Disclosure of the fair value of subordinated debt recognised in liabilities (i.e., the deeply subordinated debt recognised in equity is excluded from the scope).
  - Liabilities related to unit-linked financial instruments are presented at fair value (in the balance sheet and in the notes).
  - Financial policies without profit share (DPF) are not material and do not justify disclosure of their fair value.
  - Finally, IFRS 7 provides that the fair value of financial policies with profit share (DPF) need not be disclosed subject to certain conditions that CNP considers are satisfied, in particular because of the work in progress in the context of Phase 2 of IFRS 4 regarding the fair value of these contracts.

Impairment policies (IAS 39)

- Debt instruments classified in AFS are written down for impairment (i.e., transfer of the loss recorded in equity to the income statement) where a credit risk exists.
  - The following do not constitute an indication of impairment:
    - The disappearance of an active market as a result of the instruments no longer being traded on a regulated market;
    - A decrease in credit rating;
    - Fair value falling below cost while risk-free interest rates are increasing.
  - Impairment recognised on debt instruments can be reversed through the income statement.

- Instruments classified in trading are not subject to provisions for impairment: any change in the fair value of such instruments impacts the income statement.

- No structured instrument classified in AFS has been written down for impairment.
- As the CDOs held by the CNP Group are classified in trading :
  - No impairment is recognised on these instruments
  - Any decrease in value impacts the income statement

Methodology for determining fair value

- Under IFRS 7, an entity must provide a certain level of disclosure in its financial statements when it uses valuation techniques to determine the fair value of its investments.

- Under IAS 39, a financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- On this basis:
  - Part of the financial assets of the CNP group are considered as being measured using valuation techniques.
  - Specific disclosure must be provided in the notes to the 2007 accounts (amount of assets measured using a valuation technique, description of the methodology).

Accounting policies presented in the financial statements

- Among different valuation techniques, IFRS favours the use of quotations from an active market. The CNP Assurances Group uses the quoted market price of a financial instrument where this is available and represents actual and regularly occurring market transactions on an arm's length basis. The fair value of most of the assets owned by the Group is determined on the basis of the last quoted prices of such instruments. The active market of such instruments is the one on which each such instrument was last quoted.

- When the price of a financial instrument is not quoted on an active market, i.e. no price available or a price is available on a market that is not active (which is the case of certain structured instruments), the CNP Assurances Group uses, for the structured instruments for example, the price determined by the arrangers of these structured instruments, except if the analysis performed by CNP Assurances were to conclude that the values provided were not reliable.

- The prices determined by the arrangers are obtained every month in principle, following a commitment to provide such information that was requested from each arranger. The valuations provided by the arrangers correspond to an economic valuation of the instruments. CNP Assurances verifies, on a sample basis or when the valuation changes significantly, the reliability of these figures on the basis of a valuation (estimation of the future cash flows of certain securities for example) or questions the arrangers regarding the methodologies used. The arrangers' valuations reviewed to date have been confirmed by CNP Assurances which also verifies the ratings quality of the issues and the absence of credit events.

- The structured instruments held by the CNP Assurances group must be considered as long-term investments which will generally be carried until their full maturity.

- At 31 December 2007, CNP Assurances had retained the same valuation techniques as were used at 31 December 2006, as CNP Assurances had verified the quality of the arrangers' valuation techniques and the valuations published by these arrangers.