

CNP ASSURANCES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 JUNE 2013

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS	3
Consolidated balance sheet	3
Consolidated income statement	5
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	10
SIGNIFICANT EVENTS OF FIRST-HALF 2013 AND SUBSEQUENT EVENTS	12
Note 1 Significant events of first-half 2013	12
Note 2 Subsequent events	13
ASSETS, EQUITY AND LIABILITIES	14
Note 3 Summary of significant accounting policies	14
Note 4 Share capital	34
Note 5 Scope of consolidation	36
Note 6 Segment information	38
Note 7 Intangible assets	41
Note 8 Investment and owner-occupied property	46
Note 9 Investments	48
Note 10 Analysis of insurance and financial liabilities	56
Note 11. Insurance and reinsurance receivables	58
Note 12. Insurance and reinsurance liabilities	58
ANALYSIS OF THE MAIN COMPONENTS OF THE INCOME STATEMENT	59
Note 13 Revenue	59
Note 14 Investment income	62
Note 15 Income tax expense	64

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Notes	30.06.2013	31.12.2012
<i>Assets (in € millions)</i>			
Goodwill	7	273.6	334.2
Value of business In-Force	7	85.2	103.1
Other intangible assets	7	206.1	209.6
Total intangible assets		565.0	646.8
Investment property	8	2,508.9	2,528.0
Held-to-maturity investments	9	635.2	854.1
Available-for-sale financial assets	9	255,672.5	255,287.7
Securities held for trading	9	66,129.7	65,492.2
Loans and receivables	9	4,788.0	4,967.4
Derivative instruments	9	5,300.7	4,340.8
Insurance investments		335,035.0	333,470.2
Banking and other investments		50.7	52.8
Investments in associates		0.0	0.0
Reinsurers' share of insurance and financial liabilities	10	9,451.2	8,926.7
Insurance or reinsurance receivables	11	4,455.1	3,035.3
Current tax assets		437.8	286.2
Other receivables		6,134.3	4,948.6
Owner-occupied property and other property and equipment	8	268.5	264.4
Other non-current assets		525.3	460.0
Deferred participation asset		0.0	0.0
Deferred tax assets		195.5	169.6
Other assets		12,016.5	9,164.1
Non-current assets held for sale		0.0	0.0
Cash and cash equivalents		2,461.9	955.2
TOTAL ASSETS		359,580.3	353,215.8

	Notes	30.06.2013	31.12.2012
<i>Equity and liabilities (in € millions)</i>			
Share capital	4	686.6	643.5
Share premium account		1,716.8	1,321.0
Revaluation reserve		1,785.4	1,955.5
Cash flow hedge reserve		(5.7)	3.6
Deeply-subordinated notes	4	2,521.7	2,515.8
Retained earnings		7,095.5	6,672.9
Profit for the period		583.2	951.4
Translation reserve		21.1	83.2
Equity attributable to owners of the parent		14,404.7	14,146.9
Non-controlling interests		1,335.7	1,441.1
Total equity		15,740.4	15,588.0
Insurance liabilities (excluding unit-linked)	10	117,015.2	112,800.4
Insurance liabilities (unit-linked)	10	27,890.8	28,455.4
Insurance liabilities		144,906.0	141,255.8
Financial liabilities – financial instruments with DPF (excluding unit-linked)	10	144,293.7	145,707.7
Financial liabilities – financial instruments without DPF (excluding unit-linked)	10	843.8	881.5
Financial liabilities – unit-linked financial instruments	10	8,019.0	7,913.0
Financial liabilities		153,156.5	154,502.3
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	10	15,303.9	19,097.8
Insurance and financial liabilities		313,366.5	314,855.9
Provisions		255.1	220.5
Subordinated debt		2,243.4	2,559.6
Financing liabilities		2,243.4	2,559.6
Operating liabilities represented by securities		6,205.7	4,593.8
Operating liabilities due to banks		345.4	129.3
Liabilities arising from insurance and reinsurance transactions	12	3,440.1	2,062.5
Current taxes payable		440.8	355.2
Current account advances		46.1	48.3
Liabilities towards holders of units in controlled mutual funds		1,155.2	1,085.6
Derivative instruments	9	5,695.1	4,622.4
Deferred tax liabilities		1,040.3	1,092.7
Other liabilities		9,606.1	6,002.1
Other liabilities		27,974.9	19,991.9
Liabilities related to assets held for sale		0.0	0.0
TOTAL EQUITY AND LIABILITIES		359,580.3	353,215.8

CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	30.06.2013	30.06.2012
Premiums written		14,148.5	13,359.6
Change in unearned premiums reserve		(172.7)	(124.8)
Earned premiums	13	13,975.8	13,234.8
Revenue from other activities	13	78.7	119.3
Other operating revenue		0.0	0.4
Investment income		4,848.1	5,124.2
Gains and losses on disposal of investments		516.6	(1,358.8)
Change in fair value of financial assets at fair value through profit or loss		654.7	1,640.4
Impairment losses on financial instruments*		170.4	1,856.3
Investment income before finance costs	14	6,189.9	7,262.2
Net revenue		20,244.4	20,616.6
Claims and benefits expenses		(16,673.5)	(17,250.6)
Investment and other financial expenses, excluding finance costs	14	(267.5)	(168.6)
Reinsurance result		(29.9)	9.7
Expenses of other businesses		(0.2)	(0.6)
Acquisition costs		(1,652.4)	(1,702.4)
Amortisation of value of In-Force business acquired and distribution agreements		(8.8)	(10.4)
Contract administration expenses		(104.8)	(105.0)
Other recurring operating income and expense, net		(213.4)	(235.0)
Total other recurring operating income and expense, net		(18,950.5)	(19,463.0)
Recurring operating profit		1,293.9	1,153.5
Other non-recurring operating income and expense, net		(6.6)	(0.5)
Operating profit		1,287.3	1,153.1
Finance costs	14	(74.8)	(80.0)
Change in fair value of intangible assets		(55.5)	0.0
Share of profit of associates		0.0	0.0
Income tax expense	15	(437.4)	(376.6)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		719.5	696.5
Non-controlling interests		(136.2)	(156.1)
Attributable to owners of the parent		583.2	540.4
Basic earnings per share <i>(in €)</i>		0.82	0.88
Diluted earnings per share <i>(in €)</i>		0.82	0.88

* During first-half 2013, "Impairment losses on financial instruments" includes reversals of impairment losses related to the sales of securities for an amount of €764 million (first-half 2012: €2,319 million).

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – FIRST-HALF 2013

<i>(in € millions)</i>	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Profit for the period	583.2	136.2	719.5
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	(241.5)	(80.9)	(322.3)
Available-for-sale financial assets			
Change in revaluation reserve during the period	(3,812.7)	(53.5)	(3,866.2)
Reclassification of proceeds from disposals	(1,106.7)	(11.2)	(1,117.9)
Reclassification of impairment losses to profit or loss	561.6	4.7	566.3
<i>Sub-total including deferred participation and deferred taxes</i>	<i>(4,357.8)</i>	<i>(59.9)</i>	<i>(4,417.7)</i>
Deferred participation including deferred taxes	4,081.3	(2.5)	4,078.9
Deferred taxes	106.4	24.9	131.3
<i>Sub-total net of deferred participation and deferred taxes</i>	<i>(170.1)</i>	<i>(37.5)</i>	<i>(207.6)</i>
Cash flow hedge reserve	(9.3)	0.0	(9.3)
Change in cash flow hedge reserve during the period	(30.7)	0.0	(30.7)
Cash flow hedge reserve recycled through profit or loss during the period	16.2	0.0	16.2
Deferred taxes	5.3	0.0	5.3
Translation differences	(62.1)	(43.4)	(105.4)
Amounts not recycled through profit or loss	(14.7)	0.0	(14.7)
Actuarial gains and losses	(13.9)	0.0	(13.9)
Other movements	(0.8)	0.0	(0.8)
Total income and expense recognised directly in equity	(256.2)	(80.8)	(337.0)
Net income and expense recognised directly in equity	327.0	55.4	382.5

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – FIRST-HALF 2012

<i>(in € millions)</i>	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Profit for the period	540.4	156.1	696.5
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	246.3	11.2	257.5
Available-for-sale financial assets			
Change in revaluation reserve during the period	5,852.9	161.1	6,014.0
Reclassification of proceeds from disposals	(826.6)	(5.1)	(831.7)
Reclassification of impairment losses to profit or loss	457.2	5.0	462.2
<i>Sub-total including deferred participation and deferred taxes</i>	<i>5,483.5</i>	<i>161.0</i>	<i>5,644.5</i>
Deferred participation including deferred taxes	(4,992.8)	(79.6)	(5,072.4)
Deferred taxes	(176.4)	(25.3)	(201.7)
<i>Sub-total net of deferred participation and deferred taxes</i>	<i>314.3</i>	<i>56.1</i>	<i>370.4</i>
Cash flow hedge reserve	0.4	0.0	0.4
Change in cash flow hedge reserve during the period	16.6	0.0	16.6
Cash flow hedge reserve recycled through profit or loss during the period	(15.9)	0.0	(15.9)
Deferred taxes	(0.3)	0.0	(0.3)
Translation differences	(68.4)	(44.9)	(113.3)
Amounts not recycled through profit or loss	(15.5)	(5.4)	(20.9)
Actuarial gains and losses	(11.0)	0.0	(11.0)
Other movements	(4.5)	(5.4)	(9.9)
Total income and expense recognised directly in equity	230.8	5.8	236.6
Net income and expense recognised directly in equity	771.3	161.8	933.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FIRST-HALF 2013

	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated notes	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<i>(in € millions)</i>										
Adjusted equity at 1 Jan. 2013 – IFRS	643.5	1,321.0	1,955.5	3.6	2,515.8	7,624.2	83.2	14,146.8	1,441.1	15,588.0
Net income and unrealised and deferred gains and losses for the period			(170.1)	(9.3)		568.5	(62.1)	327.0	55.4	382.5
- Dividends paid	43.1	395.8				(494.7)		(55.8)	(160.8)	(216.6)
- Issue of shares								0.0		0.0
- Deeply-subordinated notes, net of tax					5.9	(23.9)		(18.0)		(18.0)
- Treasury shares, net of tax						4.5		4.5		4.5
- Changes in scope of consolidation								0.0		0.0
- Other movements								0.0		0.0
Equity at 30 June 2013	686.6	1,716.8	1,785.4	(5.7)	2,521.7	7,678.8	21.1	14,404.7	1,335.8	15,740.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FIRST-HALF 2012

	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated notes	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<i>(in € millions)</i>										
Adjusted equity at 1 Jan. 2012 – IFRS	594.2	981.5	860.1	6.3	2,141.8	7,209.3	201.0	11,994.1	1,223.1	13,217.1
Net income and unrealised and deferred gains and losses for the period			314.3	0.5		524.8	(68.4)	771.3	161.8	933.2
- Dividends paid						(106.0)		(106.0)	(75.8)	(181.8)
- Issue of shares								0.0		0.0
- Deeply-subordinated notes, net of tax						(17.2)		(17.2)		(17.2)
- Treasury shares, net of tax						(5.0)		(5.0)		(5.0)
- Changes in scope of consolidation						0.2		0.2		0.2
- Other movements								0.0		0.0
Equity at 30 June 2012	594.2	981.5	1,174.5	6.8	2,141.8	7,606.1	132.6	12,637.3	1,309.1	13,946.5

CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows includes

- cash flows of fully-consolidated companies;
- the Group's proportionate share of the cash flows of jointly controlled entities consolidated by the proportionate method;
- 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) in Position 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, operating 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 stock;
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

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

<i>(in € millions)</i>	30.06.2013	30.06.2012
Cash and cash equivalents (reported in the balance sheet)	2,461.9	972.0
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(295.8)	(160.6)
Securities held for trading	11,215.7	8,268.0
Total (reported in consolidated statement of cash flows)	13,381.8	9,079.3

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	30.06.2013	30.06.2012
Operating profit before tax	1,287.3	1,153.1
Gains and losses on sale of investments, net	(517.7)	1,427.1
Depreciation and amortisation expense, net	56.2	53.8
Change in deferred acquisition costs	(58.2)	(8.6)
Impairment losses, net	(169.9)	(1,821.3)
Charges to technical reserves for insurance and financial liabilities	2,698.9	3,726.3
Charges to provisions, net	27.2	23.4
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	(655.5)	(1,641.5)
Other adjustments	(844.4)	(1,475.4)
Total adjustments	536.6	283.7
Change in operating receivables and payables	3,461.0	2,299.2
Change in securities sold and purchased under repurchase and resale agreements	1,611.9	(352.6)
Change in other assets and liabilities	(28.4)	(45.0)
Income taxes paid, net of reimbursements	(428.4)	(214.6)
Net cash provided by operating activities	6,440.1	3,123.9
Acquisitions of subsidiaries and joint ventures, net of cash acquired	0.0	(4.4)
Divestments of subsidiaries and joint ventures, net of cash sold	0.0	0.0
Acquisitions of associates	0.0	0.0
Divestments of associates	0.0	0.0
Net cash used by divestments and acquisitions	0.0	(4.4)
Proceeds from the sale of financial assets	286,295.2	184,564.4
Proceeds from the sale of investment properties	43.5	2.5
Proceeds from the sale of other investments	2.1	2.1
Net cash provided by sales and redemptions of investments	286,340.8	184,569.0
Acquisitions of financial assets	(291,039.4)	(188,335.2)
Acquisitions of investment properties	(51.4)	(50.3)
Acquisitions and/or issuance of other investments	0.0	0.0
Net cash used by acquisitions of investments	(291,190.8)	(188,385.5)
Proceeds from the sale of property and equipment and intangible assets	2.3	1.6
Purchases of property and equipment and intangible assets	(38.9)	(47.2)
Net cash used by sales and purchases of property and equipment and intangible assets	(36.6)	(45.6)
Net cash used by investing activities	(4,786.5)	(3,866.5)
Issuance of equity instruments ⁽¹⁾	440.0	0.0
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	4.3	(4.6)
Dividends paid	(647.4)	(75.8)
Net cash used by transactions with owners	(203.1)	(80.4)
New borrowings	6.0	0.0
Repayments of borrowings ⁽²⁾	(300.8)	(1.0)
Interest paid on borrowings	(112.2)	(107.0)
Net cash used by other financing activities	(407.0)	(108.0)
Net cash used by financing activities	(610.1)	(188.4)
Cash and cash equivalents at beginning of period	11,018.9	10,010.0
Net cash provided by operating activities	6,440.1	3,123.9
Net cash used by investing activities	(4,786.5)	(3,866.5)
Net cash used by financing activities	(610.1)	(188.4)
Effect of changes in exchange rates	13.1	(2.2)
Effect of changes in accounting policies and other ⁽³⁾	1,306.3	2.5
Cash and cash equivalents at the reporting date	13,381.8	9,079.3

⁽¹⁾ Share issues by CNP Assurances and CNP Seguros de Vida for amounts of €438.9 million and €1.1 million, respectively.

⁽²⁾ Repayment of subordinated debt in an amount of €300 million.

⁽³⁾ Reclassification of amounts held in money market funds from “dynamic” to “ordinary” funds in an amount of €1.3 billion on the books of CNP Assurances.

SIGNIFICANT EVENTS OF FIRST-HALF 2013 AND SUBSEQUENT EVENTS

Note 1 Significant events of first-half 2013

1.1 Right to elect for payment of the 2012 dividend in shares

The General Meeting of the shareholders of CNP Assurances held on 25 April 2013, approved the proposed dividend for the 2012 financial year of €0.77 per share and decided, as in the previous year, that each shareholder would have the right to elect for payment of such dividend either in cash or new shares of the Company.

The right to elect for payment of the 2012 dividend in shares, which could be exercised during the period from 30 April to 21 May 2013 (inclusive), was enthusiastically embraced: an overwhelming 88.8% of shareholders opted for a scrip dividend,

The Company issued 43,118,302 new shares to cover the scrip dividend, which resulted in increases of 6,7% of the number of shares and €438,944,314 of the share capital. These shares were settled and started trading on the NYSE Euronext Paris stock exchange on 30 May 2013. Cash dividends were also paid from 30 May 2013.

Following this operation, the Company's share capital is composed of 686,618,477 shares each with a par value of €1.00.

1.2 Impairment testing of goodwill and Cypriot and Greek subsidiaries' In-Force business

The Group tested the residual goodwill of €79.4 million recognised in respect of its Cypriot and Greek subsidiaries owned through CNP Laiki Insurance Holdings (CNP LIH) based on the local economic and financial context which is characterised by an increase in related country risk and a severe economic recession,. On 25 March 2013, the Cypriot government reached an agreement with both the European institutions (European Commission, European Central Bank) and international organisations (International Monetary Fund) on a €10 billion loan – including IMF contribution of €1 billion – granted to rescue the island from bankruptcy. In return, Cyprus agreed to substantially reduce the size of its banking sector, increase taxes, reduce the number of public sector employees, and privatize some companies. This rescue plan provided for the liquidation of Laiki Bank, CNP's partner since 2008, and the transfer of rights and obligations arising from its agreement with CNP Assurances to Bank of Cyprus. As a result, CNP Laiki Insurance Holdings will be renamed CNP Cyprus Insurance Holdings in the second-half of 2013.

As part of the international rescue plan, Cyprus notified on 1 July 2013 that the exchange of government bonds valued at €1 billion for new bonds with longer maturities has been successfully completed. As a result of this announcement, credit rating agencies downgraded Cyprus to "selective default".

Given the high uncertainty surrounding the Cypriot economic activity and the ongoing negotiations with Bank of Cyprus, the subsidiary's business plan for 2013-2017 has been updated. On the basis of the new business plan and the assessment of the associated risks, the Group performed a full revaluation of the subsidiary, using conservative assumptions in projecting CNP Laiki Insurance Holdings' future cash flows, notably a 600 bps increase in the risk premium and a downward revision of new business over the next four years. This led to the recognition of a €44.6 million impairment loss on goodwill for CNP Laiki Insurance Holding, i.e., 56% of the existing goodwill.

Additionally, as a result of the increase in the policy surrender rate due to the financial and economic environment described above, the Group decided to recognise an exceptional write-down of the In-Force carrying value for Cypriot and Greek entities, which represent for a net-of-tax amount attributable to the Group of €5.5 million.

Note 2 *Subsequent events*

On 11 July 2013, CNP Assurances announced the buyback of a €380 million portion of its €1,250 million perpetual notes issue (FR0010409789) with a 2016 call date and classified as equity instrument (see the table of undated deeply-subordinated notes reclassified in equity in Note 4.1), this transaction generated an income before tax of €14.8 million. The buyback is financed by a new \$500 million issue of perpetual subordinated notes, placed with Asian and European investors and classified as a financial debt based on its contractual terms and conditions. The buyback and issuance operations have been carried out simultaneously.

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 six months ended 30 June 2013 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 25 July 2013.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. As required by IAS 34, the accounting policies applied by the Group to prepare the interim consolidated financial statements were the same as those used for the annual financial statements.

The Group entities all apply Group accounting policies, as presented in these notes. The accounting policies comply with those used to prepare the financial statements for the year ended 31 December 2012, with the exception of the standards, amendments and interpretations listed below, effective for 2013 financial statements.

New accounting standards adopted since 1 January 2013

- IFRS 13 – Fair Value Measurement, published on 12 May 2011, applies to accounting periods beginning on or after 1 January 2013. It defines “fair value” and provides a single IFRS framework for initial measurement and subsequent remeasurement of fair value and all related disclosures required or permitted. The application of IFRS 13 did not result in any material impact on the Group's consolidated financial statements given the limited proportion of property assets and financial assets classified in fair value category 3.
- Revised IAS 19 – Employee Benefits, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 January 2013, introduces amendments to the treatment of past service cost in the event of a change in benefit plan and the basis for presenting changes to commitments in profit or loss. It removes certain choices for the recognition of actuarial gains and losses on defined benefit plans which must now be recognised directly in equity, i.e., the method already used by the Group. Revised IAS 19 has no material impact on the Group's consolidated financial statements as most of the changes made to the standard were already applied by the Group.
- Amendment to IAS 1 – Presentation of Financial Statements, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 July 2012, deals with income and expense recognised directly in equity. The amendment introduces a requirement to present separately in the consolidated statement of income and expense, the items that would be reclassified to profit or loss subsequently. The Group already complies with this basis of presentation and this amendment has no material impact on the presentation of the Group's consolidated financial statements.
- Amendment to IFRS 1 – Government Loans, published on 19 March 2012 and applicable to accounting periods beginning on or after 1 January 2013, includes an additional exception to the retrospective application of IFRS and requires, on first-time adoption, the prospective application to government loans at the transition date of the provisions of IFRS 9 – Financial Instruments and IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. This amendment did not result in any impact on the Group's consolidated financial statements.
- Amendment to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities, published on 16 December 2011 and applicable to accounting periods beginning on or after

1 January 2013, concerning additional disclosures for financial assets and liabilities that are subject to an enforceable master netting arrangement, as distinct from those that are not offset in accordance with IAS 32. This amendment has no impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS – 2009-2011, published on 17 May 2012 and applicable to accounting periods beginning on or after 1 January 2013, include minor amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. These improvements have no material impact on the Group's consolidated financial statements.

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

- IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, Revised IAS 27 – Separate Financial Statements and Revised IAS 28 – Investments in Associates and Joint Ventures, published on 12 May 2011 and applicable from 1 January 2014 with retrospective effect (early application is permitted provided all of the new standards are applied). These new standards are likely to impact the Groups' scope of consolidation, consolidation methods and disclosure requirements and their impacts are currently being analysed by the Group.

IFRS 10 develops a standard framework for analysing control over an investee and the basis for full consolidation comprising: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 amends IAS 27 which is now called Separate Financial Statements. The rules relating to separate financial statements remain unchanged while those relating to consolidated financial statements are replaced by the provisions of IFRS 10.

IFRS 11 replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers. It focuses on rights and obligations in joint arrangements and requires a single method, i.e., the equity method, to be used in accounting for jointly-controlled entities. IFRS 11 dispenses with the proportionate consolidation method. IAS 28 has also been amended to bring it into line with the new provisions of IFRS 11.

IFRS 12 brings all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and special purpose entities together within a single standard. The purpose of IFRS 12 is to require disclosures that will allow users of financial statements to evaluate the basis of control, any restrictions on consolidated assets and liabilities, exposure to risks arising from interests in non-consolidated special purpose entities and non-controlling interests in consolidated entities.

- Amendment to IAS 32 – Financial Instruments: Presentation, published on 16 December 2011, and applicable to accounting periods beginning on or after 1 January 2014, sets out the rules for offsetting financial assets and financial liabilities. The Group is currently studying the basis of application and the potential impact of the new standard.
- Amendments to transition guidance for IFRS 10, IFRS 11 and IFRS 12, published on 28 June 2012 and applicable for accounting periods beginning on or after 1 January 2014, clarify retrospective application arrangements and propose simplified disclosure requirements for non-consolidated special purpose entities.

Accounting standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments, republished on 28 October 2010, consolidates the first of the three phases involved in replacing IAS 39. The next two phases focus on the impairment of financial assets and hedge accounting. On 16 December 2011, IASB deferred the effective date of IFRS 9 from 1 January 2013 to annual periods beginning on or after 1 January 2015 and amended the related transition arrangements: adoptees will be granted relief from restating comparative periods but must provide additional disclosures in respect of the transition.

IFRS 9 uses a standard approach to determine whether a financial asset should be measured at amortised cost or fair value. A financial asset is measured at amortised cost if a) the instrument is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and b) if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of a financial asset, an entity may designate the asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a mismatch. An entity may also 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). However, dividends received from such investments are to be recognised in profit or loss.

If the fair value option is applied, IFRS 9 provides guidance on the amount of change in the fair value that is attributable to changes in the credit risk of a financial liability.

On 29 November 2012, the IASB published an exposure draft for public comment in which it proposed limited changes to IFRS 9, in particular a new category "fair value through other comprehensive income" for debt instruments within a business model where assets are held both for collection of contractual cash flows and for sale. The public consultation period closed on 28 March 2013 and the resulting amendments are due to be published in 2014.

As IFRS 9 has not yet been adopted by the European Union, it is not yet available for early adoption. The effective date of IFRS 9, including its various phases (phases II and III concerning impairment of financial instruments at amortised cost and hedge accounting), methodology and impact on the consolidated financial statements, are currently being studied by the Group which undertook the field tests on the classification of assets launched by the European Financial Reporting Advisory Group (EFRAG).

- Amendment by Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), published on 31 October 2012 and applicable for accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union, introduce the investment entity consolidation exemption. Where an entity meets the definition of an 'investment entity' it does not consolidate its subsidiaries but is required to measure them at fair value through profit or loss. Special disclosure requirements also apply.
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets, published on 29 May 2013 and applicable to accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union: these amendments introduce additional disclosure requirements when an asset's recoverable amount is based on its fair value less costs to sell.
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting, published on 27 June 2013 and applicable to accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union: these amendments provide an exception to the requirement to discontinue hedge accounting if a hedging instrument is novated to a central counterparty as a result of laws or regulations. The Group is currently studying the potential impact of this amendment.
- IFRIC 21 – Levies, published on 20 May 2013 and applicable to accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union: this interpretation provides guidance in accounting for a levy imposed by a government in the financial statements of the entity bearing it, and in particular when to recognise a liability in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

3.2 Basis of preparation of the consolidated financial statements

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) the following assets and liabilities which have been measured by the fair value model: 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.

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 In-Force business acquired, 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 effect 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.

Subsidiaries

A subsidiary is an entity controlled by the Company. Control is defined as the power to govern the subsidiary's financial and operating policies, directly or indirectly, so as to obtain benefits from its activities. Exclusive control is considered as being exercised when the Company holds more than half of the subsidiary's voting rights, directly or indirectly. All of the contractual conditions of the shareholder agreement, particularly partnership agreements for the distribution of insurance products, are also considered. To determine whether control is exercised, account is taken of the existence and effect of potential voting rights that are currently exercisable or convertible. 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.

Jointly-controlled entities (joint ventures)

A joint venture is a contractual arrangement whereby the Group and one or more other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, requiring the consent of all the venturers to strategic, financial and operating decisions that are essential to the goals of the joint venture.

Interests in joint ventures are recognised using proportionate consolidation, which consists of combining the Group's share of each of the assets, liabilities, income and expenses of the jointly-controlled entity with the similar items, line by line, in its financial statements.

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 yardsticks 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 should be 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 policyholder's 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 foreign operations – mainly foreign 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 foreign 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, in certain cases 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.

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.

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 or proportionate methods;
- included in investments in associates 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 a foreign 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 cash-generating unit 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 average weighted cost of capital.

When preparing interim consolidated financial statements, the Group only tests for impairment if two indicators of impairment have simultaneously exceeded the threshold above which an impairment loss is deemed to have occurred.

The Group uses the following indicators proposed under IAS 36 which have been tailored to acquisitions carried out in the insurance sector:

Internal indicators:

- material deterioration in the actual versus budgeted operating results of the CGU;
- prolonged, material deterioration in the value of new business;
- the amount of funds required during and after the acquisition of the CGU in order to keep the business going is considerably higher than initially budgeted for;
- sharp deterioration in the volume of in-force business (over at least a two-year period).

External indicators:

- local regulatory developments likely to adversely impact the value of the CGU;
- significant economic developments likely to lead to a sharp, prolonged fall in investment yields.

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 business In-Force") representing the difference between the fair value of these contracts and the amount described above.

The value of business In-Force 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 *Intangible asset related to the reform of the French pension system*

Pursuant to Article 26 of French Act No. 2010-1330 of 9 November 2010, dealing with the reform of the French pension system, the insurer is entitled to receive a termination payment. This entitlement has been recognised as an intangible asset in the consolidated financial statements for its recoverable amount and will be amortised over a five-year period (see Note 7.1).

3.9.5 *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 five 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 operating 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* – ACP). 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 operating 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 CAIXA Seguros;
- 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.

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 the 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 the 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 impairment loss is reversed 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.

At present, the Group uses cash flow hedge accounting only. For current and any future operations, this involves (i) documenting the hedging relationship and risk management objective and strategy for undertaking the hedge and (ii) assessing 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 9.4.

3.10.4 Measurement of financial assets 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 the number of transactions falls sharply or remains at a very low level or if there is a sharp 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, 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 issues' 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 funds 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,
- 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.

3.11 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 adequacy 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 consolidated level.

The level of solvency capital is monitored regularly by each subsidiary as well as at Group level by the Finance department. Five-year capital projections are produced using stress scenarios based on extreme conditions in the equity and fixed income markets.

At 30 June 2013, based on a method similar to that used to calculate its annual minimum capital requirements, the insurance subsidiaries and the Group as a whole complied with minimum capital requirements.

3.12 Treasury shares

The Group may acquire treasury stock 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 stock is 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 a discretionary participation feature (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 comprising whole life 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 including whole life cover include the portion of premiums written but not earned during the reporting period.

Mathematical reserves for non unit-linked 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 reserve.

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

The policyholder surplus recognised at 30 June is calculated by multiplying investment income for the period by the forecast participation rate for the year, excluding capital gains on Group subsidiaries and affiliates.

An unexpired risks 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 business In-Force 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 by 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. Loadings on premiums are 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**Defined benefit pension plan**

At the beginning of July 2006, the Group set up a defined benefit supplementary pension plan governed by Article 39 of the French Tax Code (*Code général des impôts*). 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 in equity. Actuarial gains and losses on other post-employment 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, CNP IAM, Préviposte, Investissement Trésor Vie (ITV), CNP International, CNP Caution, Sogestop G, Sogestop M, Sogestop N, Carrés Bleus SA (formerly Sogestop C), Prévimut, CICOGE SA (a property investment company), Âge d'Or Expansion, SAS THEEMIM, AEP 3, AEP 4, Assur-immeuble, Pyramides 2, Assur-helene, Foncière Investissement, Écureuil Vie Investment and 270 Investments.

Current and deferred taxes

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

The income tax rate for the six months to 30 June corresponds to the estimated tax rate for the current year (before adjustments made in accordance with IFRS).

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, and on the technical characteristics of the products distributed by the Group.

Three business segments are reported which generate risks and returns that are separate from those of the other segments:

- the Savings business concerns products enabling policyholders to build up capital which they can cash in. A key feature of these products is their sensitivity to changes in interest rates;
- the Pensions business concerns products designed to enable policyholders to receive an annuity or lump sum on retirement. The main risk associated with these products concerns the probable annuity payment period;
- the Personal Risk business includes products enabling policyholders to insure against the risks of death, accident or illness, property damage or liability claims. The return on these products depends on the occurrence of the insured risk.

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

- premium income: new money, corresponding to premium income measured under French GAAP, i.e., before adjustments related to the deposit component of financial instruments without a discretionary participation feature;
- net new money: premium income as defined above, net of claims settled during the period, and excluding changes in the unexpired risks reserve;
- net profit from insurance activities: loadings on premiums recognised on insurance products, net of commissions paid;
- general expenses: expenses allocated to each reportable segment based on analyses carried out by the Planning and Performance department;
- EBIT: operating profit adjusted for net fair value adjustments to financial assets and before finance costs, taxes and non-controlling interests. EBIT is a key indicator of profit by reportable segment based on analyses by senior group management. EBIT corresponds to attributable profit for the period adjusted for:
 - finance costs,
 - share of profit of associates,
 - non-recurring items,
 - income tax expense,
 - non-controlling interests,
 - fair value adjustments on the trading portfolio (corresponding to unrealised gains and disposal gains on financial instruments recognised as at fair value through profit or loss), and
 - net capital gains on equity securities and property, after non-recurring writedowns on the portfolio and goodwill (corresponding to disposal gains on equity instruments classified as available-for-sale financial assets and writedowns on financial instruments and property assets);
- equity: equity under IFRS, broken out by reportable segment and based on each segment's average regulatory solvency capital;
- segment assets and liabilities: assets and liabilities under IFRS, broken out by reportable segment and validated by the Executive Committee are presented in the notes to the consolidated financial statements. On the assets side, only "Goodwill and the value of In-Force business" and "Financial investments and investments in associates" are tracked by reportable segment on a regular basis. Revenue and financial assets are broken out by geographic area in Note 9.9. In view of the non-material amounts involved and the excessive cost of preparing such information when compared with the related benefits, non-current assets (excluding financial assets, deferred tax assets and assets arising under insurance contracts) by geographic area are not disclosed.

Comparative disclosures have been analysed using the same basis.

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 Share capital

4.1 Undated deeply-subordinated notes reclassified in equity

30.06.2013

<i>(in € millions)</i>	Issuance date	Interest rate	Currency	Amount
Deeply-subordinated notes (attributable to owners of the parent)				2,521.7
CNP Assurances	Jun. 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	Mar. 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
	Jun. 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
	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	EUR	1,250.0
	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026 then 3-month Euribor +195 bps	EUR	108.0
	Oct. 2012	7.5% until Oct. 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	379.9
Total				2,521.7

31.12.2012

<i>(in € millions)</i>	Issuance date	Interest rate	Currency	Amount
Deeply-subordinated notes (attributable to owners of the parent)				2,515.8
CNP Assurances	Jun. 2004	Tec 10 +10 bps, capped at 9%	EUR	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	EUR	225.0
	Mar. 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
	Jun. 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
	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	EUR	1,250.0
	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	EUR	108.0
	Oct. 2012	7.5% until Oct. 2018, then reset at the 6-year fixed swap rate +648.1 bps	USD	374.0
Total				2,515.8

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	280,616,540	40.87%
Sopassure (La Banque Postale and BPCE)	248,926,986	36.25%
French State	7,645,754	1.11%
Total shares held in concert	537,189,280	78.24%
Private investors	149,429,197	21.76%
of which: CNP Assurances (treasury shares)*	1,261,228	0.18%
TOTAL	686,618,477	100.00%

* The terms and conditions of the CNP Assurances liquidity contract currently in force are set out in the draft resolutions submitted to the CNP Assurances Annual General Meeting included in the 2012 Registration Document.

4.3 Equity

Issued capital

	Ordinary shares	
	30.06.2013	31.12.2012
Number of shares outstanding at the beginning of the period	643,500,175	594,151,292
Shares issued during the period	43,118,302	49,348,883
Number of shares outstanding at the end of the period	686,618,477	643,500,175

4.4 Basic and diluted earnings per share

(in € millions)	30.06.2013	30.06.2012
Profit attributable to owners of the parent	583.2	540.4
Charge on deeply-subordinated notes, net of tax	(23.9)	(17.2)
Profit attributable to ordinary shareholders	559.3	523.2
Number of ordinary shares at 1 January	643,500,175.0	594,151,292.0
New shares (weighted number)	43,118,302.0	0.0
Weighted average number of shares at end of reporting period	686,618,477.0	594,151,292.0
Treasury shares	(1,234,473.3)	(2,381,271.7)
Weighted average number of shares at end of reporting period	685,384,003.7	591,770,020.3
Impact of instruments with a potential dilution impact	0.0	321,181.7
Diluted profit attributable to ordinary shareholders	0.82	0.88

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.

4.5 Related party information

There were no material changes in the nature or conditions of the Group's related party transactions during the six months to 30 June 2013 when compared with the disclosures in Note 4.6 "Related party information" to the audited consolidated financial statements for the year ended 31 December 2012 included in the 2012 Registration Document.

Note 5 Scope of consolidation

Consolidated companies and percentage of voting rights at 30 June 2013

				30.06.2013		31.12.2012	
Company	Consolidation method	Country	Business	% rights	% interest	% rights	% interest
1. Strategic subsidiaries							
CNP Assurances	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP IAM	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
Préviposte	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
ITV	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP International	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
La Banque Postale Prévoyance	Proportionate	France	Insurance	50.00%	50.00%	50.00%	50.00%
MFPrévoyance SA	Full	France	Insurance	51.00%	64.72%	51.00%	64.72%
CNP Seguros de Vida	Full	Argentina	Insurance	76.47%	76.47%	76.47%	76.47%
CNP Holding Brasil	Full	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
CAIXA Seguros**	Full	Brazil	Insurance	51.75%	51.75%	51.75%	51.75%
CNP UniCredit Vita	Full	Italy	Insurance	57.50%	57.50%	57.50%	57.50%
CNP Vida	Full	Spain	Insurance	94.47%	94.47%	94.47%	94.47%
CNP Barclays Vida y Pensiones	Full	Spain	Insurance	50.00%	50.00%	50.00%	50.00%
CNP Laiki Insurance Holdings	Full	Cyprus	Insurance	50.10%	50.10%	50.10%	50.10%
CNP Europe Life Ltd	Full	Ireland	Insurance	100.00%	100.00%	100.00%	100.00%
2. Mutual fund units							
Univers CNP 1 FCP	Full	France	MUTUAL FUND UNITS	99.74%	99.74%	99.77%	99.77%
Écureuil Profil 30	Full	France	MUTUAL FUND UNITS	95.94%	95.94%	95.66%	95.66%
LBPAM Act. Diversif 5DEC	Full	France	MUTUAL FUND UNITS	56.88%	56.88%	55.60%	55.60%
LB ACT.D.A. SI 5DEC	Full	France	MUTUAL FUND UNITS	99.62%	99.62%	99.23%	99.23%
CNP ACP Oblig FCP*	Proportionate	France	MUTUAL FUND UNITS	49.65%	49.65%	49.67%	49.67%
CDC IONIS FCP 4DEC	Full	France	MUTUAL FUND UNITS	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP*	Proportionate	France	MUTUAL FUND UNITS	49.75%	49.75%	49.76%	49.76%
Écureuil Profil 90	Full	France	MUTUAL FUND UNITS	52.88%	52.88%	53.11%	53.11%
Vivaccio ACT 5 DEC	Full	France	MUTUAL FUND UNITS	81.36%	81.36%	81.58%	81.58%
CNP Assur Alt. 3DEC	Full	France	MUTUAL FUND UNITS	99.75%	99.75%	99.70%	99.70%
3. Property companies							
Assurbail	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	Proportionate	France	Property	50.00%	50.00%	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 Assurances – Interim consolidated financial statements – 30 June 2013

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 Incom 1	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEP247	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	Full	France	Brokerage	51.00%	51.00%	51.00%	51.00%

- * The Group's control over an entity is analysed based on the percentage of voting rights held and all of the contractual conditions of the shareholder agreement, particularly partnership agreements for the distribution of insurance products, and the existence and effect of any potential voting rights currently exercisable.
- ** On 29 May 2013, CAIXA Seguros completed its acquisition of Previsul following satisfaction of all conditions precedent. In view of the non-material amounts of this subsidiary's assets (BRL 181 million, i.e., €70.4 million) and contribution to income (one month of half-yearly income), the Group decided not to consolidate Previsul at 30 June 2013 but to recognise it as a non-consolidated investment at cost (BRL 62 million, i.e., €24.1 million). Previsul will be fully consolidated from 30 September 2013.

Note 6 Segment information

6.1 Balance sheet by business segment at 30 June 2013

	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
<i>Assets (in € millions)</i>					
Goodwill and value of business In-Force	77.7	5.4	275.7	0.0	358.8
Financial investments and investments in associates	281,193.2	37,566.6	16,135.4	190.5	335,085.7
Other assets					24,135.8
Total assets					359,580.3
<i>Equity and liabilities (in € millions)</i>					
Total equity	11,266.7	1,535.3	2,929.6	8.8	15,740.4
Financial liabilities (including deferred participation reserve)	159,431.0	8,590.3	439.1	0.0	168,460.4
Insurance liabilities	101,358.6	31,840.0	11,707.4	0.0	144,906.0
Other liabilities					30,473.5
Total equity and liabilities					359,580.3

6.2 Balance sheet by business segment at 31 December 2012

	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
<i>Assets (in € millions)</i>					
Goodwill and value of business In-Force	137.8	6.5	293.0	0.0	437.3
Financial investments and investments in associates	281,034.3	37,024.8	15,341.4	122.5	333,523.0
Other assets					19,255.5
Total assets					353,215.8
<i>Equity and liabilities (in € millions)</i>					
Total equity	11,302.1	1,425.2	2,852.3	8.4	15,588.0
Financial liabilities (including deferred participation reserve)	164,059.8	9,030.9	509.4	0.0	173,600.1
Insurance liabilities	99,134.0	31,113.1	11,008.7	0.0	141,255.8
Other liabilities					22,771.9
Total equity and liabilities					353,215.8

6.3 Income statement by business segment for the six months ended 30 June 2013

30.06.2013						Reconciliation with premium income under IFRS	
(in € millions)	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
Premium income	9,296.8	2,147.7	3,123.0		14,567.5	(558.0)	14,009.6
Net new money	(1,859.0)	835.8	1,649.9		626.6		
Net revenue from insurance activities	794.1	136.5	614.0	51.7	1,596.3		
General expenses	(198.8)	(49.5)	(173.2)	(23.2)	(444.7)		
EBIT	595.3	87.0	440.8	28.5	1,151.6		
Finance costs					(74.8)		
Share in earnings of associates					0.0		
Non-recurring items					12.2		
Income tax expense (effective tax rate)					(386.0)		
Non-controlling interests					(161.3)		
Fair value adjustments on securities held for trading					53.9		
Net gains on equities and property					(12.2)		
Attributable to owners of the parent					583.2		

(in € millions)	Desensitised income statement for the six months ended 30.06.2013
EBIT	1,151.6
Net fair value adjustments	73.9
Net gains on equities and property	43.6
Non-recurring items	18.3
Operating profit	1,287.3

6.4 Income statement by business segment for the six months ended 30 June 2012

	30.06.2012				Reconciliation with premium income under IFRS	
	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Premium income under IFRS
<i>(in € millions)</i>						
Premium income	9,210.9	1,440.0	3,011.8		13,662.6	13,270.8
Net new money	(2,076.8)	383.8	1,521.3		(171.8)	
Net revenue from insurance activities	782.9	124.4	579.6	55.6	1,542.4	
General expenses	(197.4)	(48.9)	(170.9)	(24.3)	(441.4)	
EBIT	585.5	75.5	408.7	31.3	1,101.0	
Finance costs					(80.0)	
Share in earnings of associates					0.0	
Non-recurring items					(104.2)	
Income tax expense (effective tax rate)					(358.6)	
Non-controlling interests					(146.8)	
Fair value adjustments on securities held for trading					61.3	
Net gains on equities and property					67.6	
Attributable to owners of the parent					540.4	

<i>(in € millions)</i>	Desensitised income statement for the six months ended 30.06.2012
EBIT	1,101.0
Net fair value adjustments	110.3
Net gains on equities and property	105.1
Non-recurring items	(163.3)
Operating profit	1,153.1

Note 7 Intangible assets

7.1 Intangible assets by category

(in € millions)	30.06.2013				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	666.8	0.0	(393.2)	0.0	273.6
Value of business In-Force	451.0	(207.0)	(158.8)	0.0	85.2
Distribution agreements	141.2	(21.7)	(4.8)	0.0	114.8
Software	308.4	(225.7)	0.0	0.0	82.7
Internally-developed software	134.4	(87.3)	0.0	0.0	47.1
Other software	174.0	(138.4)	0.0	0.0	35.6
Other*	172.4	(41.1)	(60.6)	(62.1)	8.7
TOTAL	1,739.8	(495.5)	(617.4)	(62.1)	565.0

(in € millions)	31.12.2012				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	682.8	0.0	(348.7)	0.0	334.2
Value of business In-Force	457.7	(207.5)	(147.1)	0.0	103.1
Distribution agreements	141.2	(18.8)	(4.8)	0.0	117.6
Software	296.1	(216.5)	0.0	0.0	79.6
Internally-developed software	125.4	(83.2)	0.0	0.0	42.1
Other software	170.7	(133.2)	0.0	0.0	37.4
Other*	170.9	(38.9)	(58.7)	(60.9)	12.4
TOTAL	1,687.9	(481.8)	(559.3)	(60.9)	646.8

* Since 31 December 2010, "Other" includes the intangible asset related to the reform of the French pension system. The decrease in this item from €161.9 million to €6.9 million at 30 June 2013 mainly corresponds to:

- a negative amount of €62.1 million related to a downward revision of the impact of the reform on technical reserves (in the income statement, this impact together with the adjustment to the corresponding amortisation, is almost completely offset by the related adjustment to reinsurers' share in technical reserves);
- a negative amount of €60.5 million due to the decision to finance the increased provisions required under the reform by reallocating existing provisions. This reallocation resulted in the reversal of existing provisions which offset the impairment losses booked on intangible assets in the income statement and it was based on an analysis of existing margins performed on a sample of the contracts concerned. This analysis is on-going on the rest of the portfolio;
- a negative amount of €32.5 million related to accumulated amortisation.

7.2 Goodwill

7.2.1 Goodwill by company

<i>(in € millions)</i>	Original goodwill	Net goodwill at 30.06.2013	Net goodwill at 31.12.2012
La Banque Postale Prévoyance	45.8	22.9	22.9
CAIXA Seguros Group	360.6	208.2	222.6
CNP UniCredit Vita	366.5	0.0	0.0
CNP Laiki Insurance Holdings	81.6	34.8	79.4
CNP Barclays Vida y Pensiones	55.9	7.8	9.3
TOTAL	910,4	273.6	334.2

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. When preparing the interim consolidated financial statements, the Group ensured that no two impairment indicators were identified simultaneously at 30 June to ascertain that the recoverable amount of the related CGU did not require remeasurement.

CNP Laiki Insurance Holdings

As a result of the events of first-half 2013, the Group carried out comprehensive impairment testing of goodwill on CNP Laiki Insurance Holding and remeasured the CGU's value in use based on the following projections:

- a 70% decrease in unit-linked Savings revenue;
- smaller decreases for Personal Risk, Term Creditor Insurance, Health and Accident revenues, reflecting the following:
 - products mainly comprise regular premiums leading to automatic renewals;
 - strong origination performance by the new network of general agents, which offset a part of the loss reported in the banking network;
 - accordingly, the following decreases were applied: 20% for Personal Risk, Health and Accident; 25% for Term Creditor Insurance; and 40% for Non-life.
- a 25-bps increase in surrenders over the projection period;
- control of general expenses (advertising, communication and operations);
- a 600-bps increase in the risk premium, i.e., a discount rate of 15.50% to reflect the rise in country risk.

This remeasurement led to the recognition of a €44.6 million impairment loss on the amount of goodwill recognised for CNP Laiki Insurance Holding.

Moreover, in light of the increase in policy surrenders in the current financial and economic context and the increase in Greek and Cypriot country-related risk, in addition to the impairment loss recognised on goodwill, the Group also recognised a one-off impairment loss based on the value of In-Force business at the acquisition date of CNP Laiki Insurance Holding and still in force at 30 June 2013. The change in these different assumptions led to the recognition of a non-recurring write-down in the amount of €5.5 million.

CNP Barclays Vida y Pensiones

When preparing the financial statements for the six months ended 30 June 2013, the Group performed impairment testing of the recoverability of intangible assets on the basis of a number of impairment indicators. Although the restructuring of Barclays Southern European banking network was one such indicator, Group accounting policies stipulate that this in itself is not sufficient evidence of impairment. The Group did not have any obligation to test assets for impairment however, it carried out a sensitivity analysis of the value in use of the CNP Barclays Vida y Pensiones cash generating unit in order to test the subsidiary's intangible assets for recoverability. The Group

tested the business plan using lower projected future volumes (down 50% for new business) and a hefty risk premium to discount future cash flows and reflect uncertainty over the timing of the implementation of the restructuring plan (+ 500 bps), and concluded that the CGU's carrying amount was recoverable in full. A more detailed analysis of the business plan currently being prepared following the announcement of the network restructuring plan will be used to assess the recoverability of each component of the CGU's carrying amount at 31 December 2013.

Other CGUs

As regards other CGUs, the Group verified that no two indicators of impairment were identified simultaneously at 30 June 2013. As a result, no goodwill impairment tests were performed on these CGUs.

7.2.2 Changes in goodwill for the period

<i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	334.2	533.9
Goodwill recognised during the period	0.0	0.0
Adjustments to provisional accounting	0.0	0.0
Adjustments resulting from changes in earnouts ⁽¹⁾	(1.7)	(2.3)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustment on gross value	(14.3)	(26.5)
Other movements	0.0	(1.2)
Impairment losses recognised during the period ⁽²⁾	(44.6)	(169.7)
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	273.6	334.2

⁽¹⁾ The decrease in the value of goodwill is due to adjustments to the acquisition price – actually paid, or estimated and relating to future periods – that were booked during the period, particularly in relation to Barclays Vida y Pensiones.

⁽²⁾ Impairment losses are reported in the income statement under "Change in fair value of intangible assets".

7.3 Value of In-Force business and distribution agreements

7.3.1 Value of business In-Force

<i>(in € millions)</i>	Original value	Carrying amount at 30.06.2013	Carrying amount at 31 December 2012
CAIXA Seguros Group	122.6	2.8	3.6
CNP UniCredit Vita	175.3	0.0	0.0
CNP Vida	24.0	0.0	0.0
CNP Seguros de Vida	0.9	0.0	0.0
CNP Laiki Insurance Holdings	44.4	18.1	30.6
CNP Barclays Vida y Pensiones	101.4	61.3	64.7
MFPrévoyance SA	8.3	3.1	4.1
TOTAL	476.9	85.2	103.1

7.3.2 Changes in the value of business In-Force

<i>(in € millions)</i>	30.06.2013	31.12.2012
Gross at the beginning of the period	457.7	470.2
Newly-consolidated companies	0.0	0.0
Translation adjustments	(6.7)	(12.4)
Acquisitions for the period	0.0	0.0
Disposals for the period	0.0	0.0
Gross at the end of the period	451.0	457.7
Accumulated amortisation and impairment at the beginning of the period	(354.7)	(351.5)
Translation adjustments	6.5	12.0
Amortisation for the period	(6.0)	(15.1)
Impairment losses recognised during the period*	(11.6)	0.0
Impairment losses reversed during the period	0.0	0.0
Disposals for the period	0.0	0.0
Accumulated amortisation and impairment at the end of the period	(365.8)	(354.7)
Carrying amount at the end of the period	85.2	103.1

* Impairment losses are reported in the income statement under "Change in fair value of intangible assets".

7.3.3 Distribution agreements

<i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	117.6	123.2
Acquisitions for the period	0.0	0.0
Amortisation for the period	(2.8)	(5.6)
Adjustments	0.0	0.0
Impairment losses recognised during the period*	0.0	0.0
Translation adjustments	0.0	0.0
Other movements	0.0	0.0
Carrying amount at the end of the period	114.8	117.6

* Impairment losses are reported in the income statement under “Change in fair value of intangible assets”.

At 31 December 2010, the Group recognised €180.2 million before taxes in respect of distribution agreements with Barclays Vida y Pensiones, based on a 100% share. This amount was calculated based on the existing branch network at the acquisition date as well as on planned new branch openings (earnout component). New branch openings are carefully monitored and if the Barclays network grows by less than initially forecast – as was the case in 2011, for example – the value of the distribution agreement is adjusted accordingly. The value of the network is also amortised over the term of the corresponding distribution agreement on a straight-line basis.

7.4 Software and other intangible assets

7.4.1 Internally-developed software

<i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	42.1	29.0
Acquisitions for the period	9.1	18.5
Amortisation for the period	(4.1)	(4.2)
Impairment losses	(0.1)	(0.9)
Translation adjustments	0.0	0.0
Other movements	0.0	(0.3)
Carrying amount at the end of the period	47.1	42.1

7.4.2 Other software and other intangible assets

<i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	49.9	118.4
Acquisitions for the period	6.9	16.5
Amortisation for the period	(7.8)	(21.4)
Impairment losses	(3.3)	(61.5)
Translation adjustments	(1.4)	(2.5)
Other movements	0.0	0.2
Carrying amount at the end of the period	44.3	49.9

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 amount 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 a foreign operation 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)	30.06.2013	31.12.2012
Investment property measured by the cost model		
Gross value	2,291.9	2,284.1
Accumulated depreciation	(371.7)	(351.0)
Accumulated impairment losses	(34.2)	(29.5)
Carrying amount	1,886.0	1,903.6
Investment property at fair value		
Gross value	622.9	624.4
Total investment property	2,508.9	2,528.0

Investment property (other than property held in unit-linked portfolios) (In € millions) (in € millions)	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	1,903.6	1,236.1
Acquisitions	9.8	725.3
Post-acquisition costs included in the carrying amount of property	0.0	0.1
Properties acquired through business combinations	0.0	0.0
Disposals	(0.1)	(13.7)
Depreciation for the period	(22.7)	(43.1)
Impairment losses recognised during the period	(6.4)	(4.7)
Impairment losses reversed during the period	1.6	3.4
Translation adjustments	0.0	0.0
Other movements	0.1	0.2
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	1,886.0	1,903.6

Investment property held in unit-linked portfolios <i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	624.4	511.5
Acquisitions	41.6	37.6
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.5
Disposals	(2.5)	(1.9)
Net gains (losses) arising from remeasurement at fair value	(36.6)	(0.8)
Translation adjustments	0.0	0.0
Other movements	(3.9)	77.4
Carrying amount at the end of the period	622.9	624.4

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 <i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	209.7	187.8
Acquisitions	11.3	35.5
Post-acquisition costs included in the carrying amount of property	0.0	0.1
Properties acquired through business combinations	0.0	0.0
Disposals	0.0	(0.3)
Depreciation for the period	(1.4)	(6.0)
Impairment losses recognised during the period	0.0	(2.3)
Impairment losses reversed during the period	0.0	2.4
Translation adjustments	(5.2)	(6.9)
Transfers	0.0	(0.5)
Carrying amount at the end of the period	214.4	209.7

Other property and equipment <i>(in € millions)</i>	30.06.2013	31.12.2012
Carrying amount at the beginning of the period	54.7	64.6
Acquisitions for the period	11.6	21.7
Depreciation for the period	(9.4)	(17.1)
Disposals for the period	(2.2)	(13.8)
Translation adjustments	(0.6)	(1.3)
Other movements	0.0	0.6
Carrying amount at the end of the period	54.1	54.7

Note 9 Investments

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 Analysis of investments

(in € millions)		30.06.2013		31.12.2012	
		Impairment	Carrying amount	Impairment	Carrying amount
Assets at fair value through profit or loss	Fixed-rate bonds		11,761.3		10,930.6
	Variable-rate bonds		19,583.1		20,062.2
	TCNs (money market securities)		182.8		162.6
	Equities		4,635.4		4,641.6
	Mutual fund units		28,402.4		28,259.6
	Shares in non-trading property companies		1,361.7		1,324.6
	Other (including lent securities and repos)		203.0		110.9
	Total		66,129.7		65,492.2
Derivative instruments	Derivative instruments (positive fair value)		5,300.7		4,340.8
	Derivative instruments (negative fair value)		(5,695.1)		(4,622.4)
	Total		(394.4)		(281.6)
Available-for-sale financial assets	Fixed-rate bonds	(0.5)	173,241.9	(1.2)	172,399.1
	Variable-rate bonds	(67.8)	28,258.6	(115.3)	29,666.1
	TCNs (money market securities)	0.0	5,681.3	0.0	9,298.4
	Equities	(4,851.8)	10,464.7	(5,937.0)	12,201.8
	Mutual fund units	(273.0)	22,216.4	(365.5)	20,388.5
	Shares in non-trading property companies	(245.8)	3,805.0	(220.6)	3,493.9
	Non-voting loan stock	(323.2)	3,401.0	(330.6)	3,399.9
	Other (including lent securities and repos)	(1,018.1)	8,603.6	0.0	4,440.0
	Total	(6,780.3)	255,672.5	(6,970.3)	255,287.7
Held-to-maturity investments	Fixed-rate bonds	0.0	229.5	0.0	374.5
	Variable-rate bonds	(36.9)	405.7	(41.4)	479.7
	Total	(36.9)	635.2	(41.4)	854.1
Loans and receivables	Loans and receivables	(17.2)	4,788.0	0.0	4,967.4
	Total	(17.2)	4,788.0	0.0	4,967.4
Investment property	Investment property at amortised cost	(34.2)	1,886.0	(29.5)	1,903.6
	Investment property at fair value	0.0	622.9	0.0	624.4
	Total	(34.2)	2,508.9	(29.5)	2,528.0
TOTAL		(6,868.5)	329,339.9	(7,041.2)	328,847.9

Unit-linked portfolios at fair value through profit or loss at 30 June 2013

<i>(in € millions)</i>	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	5,913.6	5,847.8	11,761.3
Variable-rate bonds	6,614.2	12,968.9	19,583.1
TCNs (money market securities)	69.6	113.2	182.8
Equities	375.9	4,259.5	4,635.4
Mutual fund units	17,047.1	11,355.3	28,402.4
Shares in non-trading property companies	0.0	1,361.7	1,361.7
Other	201.9	1.2	203.0
Assets at fair value through profit or loss	30,222.2	35,907.5	66,129.7

Unit-linked portfolios at fair value through profit or loss at 31 December 2012

<i>(in € millions)</i>	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	5,767.6	5,163.0	10,930.6
Variable-rate bonds	7,969.0	12,093.2	20,062.2
TCNs (money market securities)	76.4	86.3	162.6
Equities	387.6	4,254.1	4,641.6
Mutual fund units	16,440.8	11,818.8	28,259.6
Shares in non-trading property companies	0.0	1,324.6	1,324.6
Other	109.3	1.6	110.9
Assets at fair value through profit or loss	30,750.6	34,741.6	65,492.2

9.1.2 Reconciliation of insurance investments in the balance sheet to investments analysed in Note 9.1.1

<i>(in € millions)</i>	30.06.2013	31.12.2012
Analysis of investments	329,339.9	328,847.9
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(5,695.1)	(4,622.4)
Balance sheet – Assets – Insurance investments	335,035.0	333,470.2
Variance	0.0	0.0

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 30 June 2013

	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
<i>(in € millions)</i>				
Financial assets at fair value through profit or loss*	54,806.5	16,597.7	26.2	71,430.4
Available-for-sale financial assets	230,317.6	25,220.3	134.6	255,672.5
Total financial assets	285,124.1	41,818.1	160.7	327,102.9
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	0.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	841.3	2.5	0.0	843.8
Financial liabilities (linked liabilities) - financial instruments without DPF	4,494.5	9.8	0.0	4,504.3
Derivative instruments	0.0	5,695.1	0.0	5,695.1
Total financial liabilities	5,335.9	5,707.4	0.0	11,043.2

* Includes derivative financial instruments with a positive fair value.

9.2.2 Valuation methods at 31 December 2012

	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
<i>(in € millions)</i>				
Financial assets at fair value through profit or loss*	53,707.8	16,085.8	39.4	69,833.0
Available-for-sale financial assets	226,390.8	28,404.9	492.0	255,287.7
Total financial assets	280,098.6	44,490.7	531.4	325,120.7
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	0.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	879.1	2.4	0.0	881.5
Financial liabilities (linked liabilities) - financial instruments without DPF	4,344.2	25.2	0.0	4,369.4
Derivative instruments	0.0	4,622.4	0.0	4,622.4
Total financial liabilities	5,223.4	4,650.0	0.0	9,873.3

* Includes derivative financial instruments with a positive fair value.

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

<i>(in € millions)</i>	30.06.2013											
	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV 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	39.4	0.1	0.0	0.0	(6.1)	0.0	0.0	0.0	(7.2)	0.0	0.0	26.2
Available-for-sale financial assets	492.0	31.5	0.0	0.0	(253.7)	0.0	(107.7)	(21.0)	0.0	(2.7)	(3.8)	134.6
Total financial assets	531.4	31.5	0.0	0.0	(259.8)	0.0	(107.7)	(21.0)	(7.2)	(2.7)	(3.8)	160.7
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

	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV 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	40.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	39.4
Available-for-sale financial assets	285.9	303.9	0.0	0.0	(9.3)	0.0	(92.2)	9.0	0.0	(2.7)	(2.7)	492.0
Total financial assets	326.2	304.0	0.0	0.0	(9.3)	0.0	(92.2)	9.0	(1.0)	(2.7)	(2.7)	531.4
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 Derivative instruments

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

30.06.2013												
(in € millions)	Due in less than 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	90.3	(120.4)	397.2	(564.9)	1,877.9	(2,176.5)	992.3	(1,256.7)	1,127.6	(1,397.1)	4,485.4	(5,515.6)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/floor	3.8	(1.9)	221.3	(76.6)	504.3	(75.5)	44.9	(12.3)	10.3	(10.5)	784.5	(176.8)
Equity	21.9	(2.8)	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.8	(2.8)
Total	116.0	(125.0)	627.4	(641.4)	2,382.2	(2,251.9)	1,037.2	(1,269.1)	1,137.8	(1,407.6)	5,300.7	(5,695.1)

31.12.2012												
(in € millions)	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	89.0	(105.2)	279.5	(449.3)	1,228.7	(1,430.5)	916.8	(1,104.7)	1,091.3	(1,348.4)	3,605.3	(4,438.1)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/floor	2.8	0.0	46.8	(7.3)	597.6	(148.3)	69.7	(20.1)	8.3	(8.5)	725.3	(184.2)
Equity	2.0	0.0	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.0
Total	93.8	(105.2)	334.5	(456.5)	1,826.3	(1,578.9)	986.5	(1,124.8)	1,099.6	(1,356.9)	4,340.8	(4,622.4)

9.4 Derivative instruments qualifying for hedge accounting

	30.06.2013	31.12.2012
(in € millions)	Currency swap	
Notional amount	339.6	339.6
Cash flow hedge reserve	(9.3)	(2.7)
Change in cash flow hedge reserve during the period	(30.7)	4.3
Cash flow hedge reserve recycled through profit or loss during the period	16.2	(8.4)
Deferred taxes	5.3	1.5

This derivative instrument is a cross-currency swap used to hedge against fluctuations in the euro-sterling exchange rate through 30 September 2021 that could impact interest and principal repayments on sterling-denominated notes issued by the Group in 2011. It qualifies for hedge accounting as a cash flow hedge (see Note 3.10.3). At 30 June 2013, no amount had been recognised in profit or loss for the ineffective portion of the hedge.

9.5 Classification of investments by type of asset and by geographic region

The purpose of this note is to provide an analysis of investments by type of financial asset and by geographic region.

Analysis of sovereign debt risk exposure

List of countries (for information)	30.06.2013			31.12.2012		
	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	63,352.2	70,200.8	3,600.3	58,761.6	67,977.3	3,191.6
Italy	11,177.7	11,213.7	936.6	9,554.2	9,549.9	595.5
Belgium	8,222.3	9,089.5	315.0	8,446.2	9,701.4	286.7
Spain	4,978.7	4,932.0	428.4	4,302.3	4,012.6	348.0
Austria	5,179.0	5,859.0	173.7	5,192.9	6,065.9	148.1
Brazil	1,567.4	1,597.0	958.7	1,499.7	1,635.9	982.8
Portugal	2,104.2	1,956.8	79.0	2,140.7	1,920.3	42.3
Netherlands	182.8	205.0	13.5	207.8	244.8	12.0
Ireland	1,151.7	1,170.9	81.4	1,018.3	1,009.0	32.8
Germany	3,255.1	3,616.0	217.4	3,551.3	4,034.8	224.1
Greece	4.3	5.9	0.4	4.3	4.0	0.3
Finland	33.6	36.9	3.1	33.0	37.6	3.1
Poland	370.8	404.5	20.4	383.9	428.3	19.4
Luxembourg	33.9	37.3	15.4	34.4	39.4	16.3
Sweden	3.2	4.4	2.4	3.2	4.5	2.5
Denmark	201.7	211.0	8.1	196.2	209.4	3.7
Slovenia	263.3	235.9	4.7	278.1	269.7	4.5
United Kingdom	69.5	152.4	0.0	70.0	149.1	0.0
Canada	537.8	599.6	60.8	618.1	700.4	61.7
Cyprus	23.9	18.4	18.4	23.9	16.4	16.4
Other	6,525.9	7,248.2	585.5	6,756.7	7,750.1	580.9
TOTAL	109,238.9	118,795.2	7,523.1	103,076.9	115,760.7	6,572.5

* Carrying amount, including accrued coupon.

At 30 June 2013, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €118.8 billion, or an estimated exposure net of deferred participation and deferred taxes of €7.5 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 3.18 and 3.13.2, respectively, regarding the Group's accounting policies for more information). The relatively low weighting of contracts with a guaranteed rate of return 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 6.3% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 64.1% corresponding to the impact of the average weighted tax rate on the Group's entities) and a deferred participation impact (a 9.9% factor, supplementing the effective participation rate which corresponds to shareholders' entitlements to unrealised gains or losses).

The combination of these two impacts (taxes and deferred participation) results in a ratio of 6.3% (64.1% multiplied by 9.9%) 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. The recoverability of successive losses on sovereign debt is limited by the following:

- the policyholder surplus reserve which totalled €3.6 billion at 30 June 2013 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 0.8% for a projected DPF rate of around 2.5% at end-2012, whereas in Italy, Spain and Portugal this ability is limited by the guaranteed yields on policies in these countries;
- unrealised gains, especially on property (€3.3 billion) and on equities (€5.5 billion). These amounts were taken into account when testing deferred participation assets for recoverability.

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

9.6 Commitments given and received

Commitments received correspond mainly to securities pledged by cedants under the terms of inward reinsurance contracts.

Commitment given correspond mainly to securities pledged to reinsurers under the terms of outward reinsurance contracts.

There were no material changes in commitments given or received during the six months to 30 June 2013 when compared with the disclosures in the 2012 Registration Document.

Note 10 Analysis of insurance and financial liabilities

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

10.1 Analysis of insurance and financial liabilities at 30 June 2013

<i>(in € millions)</i>	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	7,202.4	6,268.8	933.6
Unearned premium reserves	390.4	377.6	12.8
Outstanding claims reserves	737.8	539.8	197.9
Bonuses and rebates (including claims equalization reserve on group business maintained in liabilities)	70.6	66.4	4.2
Other technical reserves	6,003.6	5,284.8	718.8
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	137,703.6	129,330.9	8,372.7
Unearned premium reserves	179.1	179.0	0.1
Life premium reserves	131,803.7	123,520.7	8,283.0
Outstanding claims reserves	2,380.7	2,296.5	84.1
Policyholder surplus reserve	3,109.3	3,109.3	0.0
Other technical reserves	230.8	225.4	5.4
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	147,808.4	147,808.4	0.0
Life premium reserves	143,684.5	143,684.5	0.0
Outstanding claims reserves	2,395.8	2,395.8	0.0
Policyholder surplus reserve	1,728.1	1,728.1	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	5,348.1	5,203.2	144.9
Derivative financial instruments separated from the host contract	0.0	0.0	0.0
Deferred participation reserve	15,303.9	15,303.9	0.0
Total insurance and financial liabilities	313,366.5	303,915.2	9,451.2
Deferred participation asset	0.0	0.0	0.0

10.2 Analysis of insurance and financial liabilities at 31 December 2012

<i>(in € millions)</i>	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	6,973.5	6,034.8	938.6
Unearned premium reserves	285.6	265.8	19.8
Outstanding claims reserves	758.3	530.6	227.7
Bonuses and rebates (including claims equalization reserve on group business maintained in liabilities)	71.5	68.1	3.5
Other technical reserves	5,858.0	5,170.4	687.6
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	134,282.3	126,436.1	7,846.2
Unearned premium reserves	128.8	128.6	0.1
Life premium reserves	129,111.7	121,372.3	7,739.4
Outstanding claims reserves	2,104.0	2,007.4	96.7
Policyholder surplus reserve	2,741.9	2,739.4	2.5
Other technical reserves	195.9	188.4	7.5
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	149,251.3	149,251.3	0.0
Life premium reserves	146,430.8	146,430.8	0.0
Outstanding claims reserves	2,199.6	2,199.6	0.0
Policyholder surplus reserve	620.9	620.9	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	5,251.0	5,109.1	141.9
Derivative financial instruments separated from the host contract	0.0	0.0	0.0
Deferred participation reserve	19,097.8	19,097.8	0.0
Total insurance and financial liabilities	314,855.9	305,929.2	8,926.7
Deferred participation asset	0.0	0.0	0.0

Note 11. Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 30 June 2013 and 31 December 2012.

<i>(in € millions)</i>	30.06.2013	31.12.2012
Earned premiums not yet written	3,455.9	2,371.0
Other insurance receivables	837.4	572.0
Reinsurance receivables	161.9	92.2
Total	4,455.1	3,035.3
Doubtful receivables	3.7	3.6

Note 12. Insurance and reinsurance liabilities

This note discloses details of insurance and reinsurance liabilities at 30 June 2013 and 31 December 2012.

<i>(in € millions)</i>	30.06.2013	31.12.2012
Cash deposits received from reinsurers	292.6	269.6
Liabilities arising from insurance transactions	2,655.8	1,210.1
Liabilities arising from reinsurance transactions	484.6	574.7
Deferred acquisition costs	7.1	8.0
Total	3,440.1	2,062.5

ANALYSIS OF THE MAIN COMPONENTS OF THE INCOME STATEMENT

Note 13 Revenue

Revenue comprises:

- earned premiums;
- loadings on premiums on financial instruments without DPF, reported under "Revenue from other activities".

13.1 Earned premiums and revenue from other activities

Business segment and contract type (in € millions)	30.06.2013	30.06.2012
Insurance contracts	11,071.4	9,887.3
Life	9,630.8	8,467.7
Pure premiums	8,993.6	7,863.3
Loadings	637.2	604.4
Non-life	1,440.6	1,419.6
Pure premiums	1,057.6	1,046.7
Loadings	383.0	373.0
Financial instruments with DPF	2,904.4	3,347.4
Pure premiums	2,866.3	3,300.3
Loadings	38.1	47.1
Earned premiums	13,975.8	13,234.7

Revenue from other activities (in € millions)	30.06.2013	30.06.2012
Financial instruments without DPF	23.9	64.8
Loadings	23.9	64.8
On premiums	33.8	36.0
On outstandings	(9.9)	28.8
Services (IAS 18)	52.8	53.3
Other activities	2.1	1.1
Total	78.7	119.3

13.2 Reconciliation with reported revenue

(in € millions)	30.06.2013	30.06.2012
Earned premiums	13,975.8	13,234.7
Loadings on premiums on financial instruments without DPF (IAS 39)	33.8	36.0
Total	14,009.6	13,270.8

13.3 Revenue by distribution partner

<i>(in € millions)</i>	30.06.2013	30.06.2012
La Banque Postale	4,211.8	4,846.4
Caisses d'Epargne	3,843.8	3,559.7
CNP Trésor	268.1	315.2
Financial institutions	756.1	735.4
Companies and local authorities	801.8	836.4
Mutual insurance societies	456.4	447.6
Foreign subsidiaries	3,631.8	2,482.5
Other	39.9	47.4
Total revenue	14,009.6	13,270.8

13.4 Revenue by business segment

<i>(in € millions)</i>	30.06.2013	30.06.2012
Savings	8,829.7	8,829.5
Pensions	2,057.3	1,429.4
Personal risk	1,007.9	1,005.7
Loan insurance	1,673.6	1,569.7
Health insurance	258.3	261.0
Property & Casualty	182.9	175.7
Sub-total personal risk and other	3,122.6	3,011.9
Other business segments	0.0	0.0
Total revenue	14,009.6	13,270.8

13.5 Revenue by company

<i>(in € millions)</i>	30.06.2013	30.06.2012
CNP Assurances	9,467.7	9,416.1
CNP IAM	1,077.9	1,068.8
Préviposte	85.3	102.3
ITV	12.1	24.0
CNP International	0.0	0.0
La Banque Postale Prévoyance	97.2	90.3
MFPrévoyance SA	117.4	109.5
CNP Seguros de Vida	30.3	28.4
CAIXA Seguros	1,574.4	1,287.4
CNP UniCredit Vita	1,236.6	699.3
CNP Vida	48.3	96.4
CNP Laiki Insurance Holdings	84.9	94.8
CNP Europe Life Ltd	19.4	5.9
CNP Barclays Vida y Pensiones	157.9	247.6
Total revenue	14,009.6	13,270.8

13.6 Revenue by country

<i>(in € millions)</i>	Under IFRS		Under French GAAP	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
France	10,377.8	10,788.3	10,478.1	10,800.0
Italy	1,374.3	820.9	1,587.0	938.2
Portugal	30.3	14.3	78.0	66.9
Brazil	1,574.4	1,287.4	1,771.0	1,497.1
Argentina	30.3	28.4	30.3	28.4
Spain	99.2	230.6	99.2	230.6
Cyprus	80.3	94.8	80.6	95.3
Ireland	0.5	5.9	0.5	5.9
Other	442.5	0.0	442.9	0.0
Total revenue	14,009.6	13,270.8	14,567.5	13,662.6

13.7 Direct and inward reinsurance premiums

<i>(in € millions)</i>	30.06.2013	30.06.2012
Insurance premiums	13,575.4	12,815.9
Inward reinsurance premiums	434.2	454.9
Total revenue	14,009.6	13,270.8

Note 14 Investment income

14.1 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 the six months ended 30 June 2013 and 30 June 2012.

(in € millions)		30.06.2013	30.06.2012
Available-for-sale financial assets	Interest on loans	3,540.8	4,126.2
	Income from other financial assets	712.7	594.4
	Capital gains and losses on disposals	363.9	(1,477.8)
	Impairment	189.9	1,851.3
	Net income from available-for-sale financial assets	4,807.3	5,094.1
Held-to-maturity investments	Interest on loans	32.2	48.1
	Other income	0.9	0.0
	Impairment	3.9	5.1
	Net income from held-to-maturity investments	37.1	53.2
Loans and receivables	Interest on loans	(26.4)	(31.2)
	Other income	0.0	0.0
	Impairment	(17.2)	0.0
	Net income from loans and receivables	(43.6)	(31.2)
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	1,112.3	2,416.2
	Profit (loss) on derivative instruments held for trading and hedging	(121.2)	(568.7)
	Capital gains and losses on disposals	151.3	118.2
	Net income (expense) from financial assets at fair value through profit or loss	1,142.5	1,965.8
Investment property	Rent and other revenue	46.4	120.2
	Fair value adjustments	12.2	1.1
	Capital gains and losses on disposals	0.5	0.8
	Net income from investment property	59.1	122.1
Other investment expenses		(80.0)	(110.4)
Dilution gain		0.0	0.0
TOTAL INVESTMENT INCOME		5,922.4	7,093.6
Interest on subordinated debt at amortised cost		(74.8)	(80.0)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		(74.8)	(80.0)
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		5,847.6	7,013.6

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

<i>(in € millions)</i>	30.06.2013	30.06.2012
Investment income before finance costs	6,189.9	7,262.2
Investment and other financial expenses, excluding finance costs	(267.5)	(168.6)
Finance costs	(74.8)	(80.0)
Total	5,847.6	7,013.6

14.2 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.

<i>(in € millions)</i>	30.06.2013	30.06.2012
Available-for-sale financial assets	(191.8)	(462.2)
Fixed-rate bonds	(0.5)	(3.3)
Variable-rate bonds	(50.2)	(2.5)
TCNs (money market securities)	0.0	0.0
Equities	(95.4)	(395.6)
Equity funds	(12.2)	(6.6)
Non-voting loan stock	(1.2)	(0.3)
Other (including mutual fund units)	(32.2)	(53.9)
Held-to-maturity investments	(4.1)	0.0
Loans and receivables	(17.2)	0.0
Total impairment expense	(213.0)	(462.2)
Available-for-sale financial assets	381.7	2,313.4
Fixed-rate bonds	1.2	1,315.4
Variable-rate bonds	88.7	6.9
TCNs (money market securities)	0.0	0.0
Equities	162.5	943.6
Equity funds	71.6	32.1
Non-voting loan stock	8.6	0.2
Other (including mutual fund units)	49.0	15.2
Held-to-maturity investments	8.0	5.1
Loans and receivables	0.0	0.0
Total impairment reversals	389.7	2,318.5
Net change in impairment provisions	176.7	1,856.3

Impairment of equities consists mainly of provisions taken against GDF Suez, Dexia and UniCredit shares, as well as new provisions booked on shares in Arcelor Mittal and Telekom Austria.

Reversals of writedowns on equities as a result of disposals relate to shares in EADS, Peugeot, Natixis ABS and I FCP.

Note 15 Income tax expense

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

<i>(in € millions)</i>	30.06.2013	30.06.2012
Current tax	364.4	234.8
Deferred tax	73.1	141.8
Income tax expense	437.4	376.6
Profit for the period	719.5	696.5
Tax rate	37.81%	35.09%
Income tax expense	437.4	376.6