REPORT OF THE BOARD OF DIRECTORS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

L'assureur de toute une vie

Contents

SIGNIFICANT EVENTS OF THE PERIOD

First half

Caixa Seguros, CNP Assurances' subsidiary in Brazil, acquires control of Previsul

In March 2013, CNP Assurances, via its Brazilian subsidiary Caixa Seguros, completed the acquisition of 70% of the shares of Previsul, a personal insurer present in Brazil for 106 years, particularly in the state of Rio Grande do Sul.

This BRL 70 million (€27 million) investment is part of the growth strategy of Caixa Seguros, which markets life insurance, pensions, personal risk, property and casualty and health insurance products.

The acquisition of Previsul is designed to strengthen the Group’s operations in Southern Brazil, a market of 24 million people with a strong regional identity.

Founded in 1906, Previsul is a personal insurer with a portfolio of nearly 600,000 policyholders, 143 employees and close to 3,000 partner brokers. In 2012, it reported revenue of BRL 146.5 million (€57 million) and net profit of BRL 5.9 million (€2.3 million).

As part of Caixa Seguros, Previsul will maintain its commitment to serving Southern Brazil as a major insurance company and step up its growth drive.

This acquisition fits perfectly with CNP Assurances' goal of expanding in Brazil by extending its geographic coverage and diversifying its distribution channels.

Consequences of the Cypriot crisis

On 25 March last, the Eurogroup approved a rescue plan for the Republic of Cyprus providing for the liquidation of Laiki Bank, CNP's partner since 2008. Under the plan, Laiki's deposits are to be transferred to other financial institutions after the application of a mark down.

Prior to the crisis, CNP LIH's assets totalled €706 million, including €186 million in receivables with Laiki Bank, essentially comprising bank deposits (€156 million).

The Group has decided to set aside provisions for all of these assets, beginning in the consolidated financial statements prepared at 31 March 2013. Based on the current evaluation, the impairment of the bank deposits held by CNP LIH had an impact of €14 million on profit attributable to owners of the parent.

Furthermore, in view of financial and economic conditions in Cyprus, the Group decided to write down its share in goodwill and the value of In-force business by a total amount of €50 million.

Success of the 2012 dividend reinvestment plan

At the Annual General Meeting of CNP Assurances on 25 April 2013, shareholders approved the payment of the proposed 2012 dividend, in an amount of €0.77 per share, and decided to offer the option of reinvesting the dividend in new shares of the Company.

The dividend reinvestment option was enthusiastically embraced by shareholders, particularly the major shareholders (Caisse des dépôts et consignations, Sopassure[1] and the French State), with 88.8% of dividends reinvested over the exercise period from 30 April to 21 May.

[1] Holding company owned by La Banque Postale (50.1%) and BPCE (49.9%)

The reinvestment led to the creation of 43,118,302 new shares, which increased the Company's issued capital by €438,944,314. These new shares carry dividend rights from 1 January 2013 and are fungible with the Company's ordinary shares already trading on the NYSE Euronext Paris stock exchange.

Following the reinvestment programme, the Company's share capital was composed of 686,618,477 shares each with a par value of €1.00.

Awards for investment products

The 27th investment funds awards ceremony sponsored by *Le Revenu* investor magazine was held on 23 May 2013. Awards are given in three categories – insurers, major banking networks and independent brokers – for the best fund performances over three- and ten-year periods.

CNP Assurances came away with the Gold Trophy for the performance of its European equities funds over a three-year period and the Bronze Trophy for best overall performance over three years.

Agefi awards a prize for the tenant insurance product marketed through the Caisses d'Epargne network

CNP Assurances and Caisses d'Epargne (savings banks) were awarded a bronze medal at the Actifs du Patrimoine awards in the individual personal risk category for their tenant insurance offering.

These awards are given for group financial products, life insurance policies or personal risk solutions marketed in France for high net worth clients. Products launched during the period are analysed in terms of innovation and originality while new options offered on existing products may be also be taken into account.

The tenant insurance offering has enjoyed major commercial success and 6,000 new policies were written since the beginning of the year even though it was only marketed in 7 out of a total of 17 savings banks. It will be launched throughout France before the end of the year.

Subsequent events

As part of the process of managing its outstanding subordinated debt, on 19 July 2013, CNP Assurances completed the buyback of a portion of its €1,250 million perpetual notes issue, in an amount of €380 million. The buyback was financed by a new $500-million issue of perpetual subordinated notes, placed with Asian and European investors.

Carried out concurrently, the buyback and new issue were designed to lengthen the average maturity of CNP Assurances' subordinated debt, by partially replacing a tranche with a 2016 call date with a new tranche callable in 2019.

The notes have been rated A- by Standard & Poor's, using the rating methodology applied to hybrid capital. They will qualify for inclusion in CNP Assurances' regulatory capital and in Standard & Poor's calculation of economic capital within the allowed limits.

MARKET AND BUSINESS REVIEW

Economic and financial environment

Markets guided by Central Bank policies

As in 2012, financial and economic developments during the first-half of 2013 continued to be dictated by non-standard measures taken by the world's major central banks in an effort to stimulate a persistently sluggish global economy.

The US Federal Reserve continued to provide support for the markets by buying up government bonds and mortgage-backed securities under the programme known as Quantitative Easing 3 (QE3). The European Central Bank continued to pump long-term liquidity into the banking sector in the form of collaterised loans and it maintained its commitment to deal with any sovereign debt crisis encountered by member states through unlimited purchases of short-term government bonds.

In early April 2013, the Bank of Japan launched an aggressive monetary stimulus plan involving a massive expansion of liquidity and accelerated devaluation of the yen, forcing a number of countries (especially emerging economies) to cut interest rates to prevent an appreciation of their own currencies. This currency devaluation policy will remain a hot topic given the lack of any notable signs of improvement in the global economic outlook in the first six months of the year.

A persistently morose economic environment...

The global economy stabilised in the first six months of the year: the US recovery was counterbalanced by the continuing recession in Europe where the eurozone contracted by 0.2% in Q1 2013, a slight dip in the Chinese growth rate (1.6% in Q1 2013) and less exuberant growth in emerging economies (0.6% in Brazil). However, the Japanese economy grew by 0.9% on the back of a 20% drop in the value of the yen.

...however markets are being largely supported by injections of liquidity

The strong rally in global bond and equity markets coupled with markedly less volatility that in H2 2012 continued through May 2013, generating lower yields on all government and private sector bonds.

This allowed most governments to raise debt at historically low rates: yields on ten-year US, German and French government bonds dropped to 1.6%, 1.2% and 1.68%, respectively, in May 2013. Spreads on bonds issued by peripheral eurozone countries against German bonds also narrowed considerably and returned to 2008-2009 levels, i.e., before the Greek sovereign debt crisis.

Nevertheless, this drop in risk premiums took place against a backdrop of uncertainty as borne out by the Cypriot banking crisis. The Eurogroup made financial aid contingent on a drastic restructuring of the Cypriot banking sector involving the winding up of Laïki Bank (the country's second-largest bank) and a levy on bank deposits in excess of €100,000. After a few days' hesitation, the markets appeared to consider that Cyprus was an isolated case and yields on sovereign debt quickly returned to normal.

Lower yields on sovereign debt fed through to all bonds and European investment grade and high-yield ratings contracted sharply through mid-May. Businesses made the most of the favourable conditions and issued record numbers of bonds.

Equities were buoyed by the strong performance of bond markets and US stock markets recorded record highs. European stock market indices also reached their highest levels since 2007 (4050 for the CAC 40).

The economic outlook continues to depend on central bank policies

The first six months of 2013 illustrated the increasing dichotomy between a sluggish, overleveraged global economy (the result of the last credit bubble between 2003 and 2007) and markets that are being supported by surplus liquidity (the result of ultra-expansionary central bank monetary policies).

This situation is fraught with risk, as illustrated by the price shocks recorded across several categories of assets as from mid-May 2013. The mere mention by Ben Bernanke of a possible reduction in bond purchases by the Fed over the coming months was enough to send both the US dollar and US bond yields spiralling upwards (yields on ten-year US government bonds rose from 1.7% to 2.2%). Consequently, US investors decided to unwind their foreign currency positions, triggering a crash in emerging market assets (bond-, equity- and currency-based instruments) which shed between 10% and 20% of their value. This in turn created a domino effect which fed into other categories of assets (European and US private debt, European equities, sovereign debt issued by peripheral eurozone countries, etc.).

A marked price adjustment in the wake of a change in the tone of Federal Reserve pronouncements

These price shocks were exacerbated following the publication by the Federal Reserve in June of a timetable for exiting QE3. This perspective pushed yields on ten-year US government bonds up to 2.6% and led to a marked drop in the values of all categories of assets. Between 22 May and end-June 2013, Japanese equities fell by 15%, emerging market equities lost 12%, European equities were down 10% (the CAC 40 closed at 3739 points on 30 June 2013) and US equities shed nearly 7% of their value.

Similarly, yields on eurozone government bonds rose sharply (up by 50 bps for German Bunds and 80 bps for French government bonds (OAT)) and there was a marked widening of credit spreads (up by 30 bps and over 100 bps on investment grade and high-yield bonds respectively). Yields on ten-year French government bonds stood at 2.35% at end-June, up from 2% at end-2012.

Regulatory and tax environment

In the first half of 2013, the regulatory and tax environment did not undergo changes likely to materially affect CNP Assurances' business activity.

First-Half 2013 Business Review

On an IFRS basis and at current exchange rates, premiums for the first half of 2013 were up 5.6% at €14.0 billion. Net new money* for the period was a positive €624 million at the Group level.

IFRS premiums in France fell 3.8%, stemming mainly from the traditional savings contract segment, which saw a net outflow* of €1,064 million over the period.

Confirming the positive trend seen in the first quarter, unit-linked sales were up 15.6%, helped by La Banque Postale's strong performance in this segment. As a result, net new money from unit-linked contracts was a positive €186 million.

In the Personal Risk/Protection segment, which includes death/disability insurance, health insurance and term creditor insurance, premiums rose by 2.2%, reflecting robust performances by the Caisses d'Epargne network and in term creditor insurance.

Premiums in Latin America rose 22.0% (32.2% at constant exchange rates) to €1.6 billion, led by the pensions and term creditor insurance businesses in Brazil. Unit-linked sales were up 50.5% compared with the year-earlier period.

In the "Europe excluding France" region, premiums included a €420 million group pension contract. Not taking into account this new contract, the region's underlying premiums were up 38%, driven by recovery in Italy after a historically weak first-half 2012, and 64.2% growth in unit-linked sales in the region.

* Under French GAAP

	First-Half Premiums by Business Segment			
(in € millions)	**H1 2013**	**H1 2012**	% change	% change (like-for-like[1])
Savings	8,829.7	8,829.5	+0.0	+0.0
Pensions	2,057.3	1,429.5	+43.9	+49.5
Personal Risk	1,007.9	1,005.7	+0.2	+2.2
Term Creditor Insurance	1,673.6	1,569.5	+6.6	+7.9
Health Insurance	258.3	261.0	-1.0	-0.8
Property & Casualty	182.9	175.7	+4.1	+10.9
TOTAL	**14,009.6**	**13,270.8**	**+5.6**	**+6.6**

(1) Average exchange rate for the Brazilian real.
At 30 June 2013: €1 = BRL 2.67
At 30 June 2012: €1 = BRL 2.46

Premiums by Region and by Partnership Centre/Subsidiary

	IFRS			French GAAP		
(in € millions)	**H1 2013**	**H1 2012**	**% change**	**H1 2013**	**H1 2012**	**% change**
La Banque Postale	4,211.8	4,846.4	-13.1	4,212.8	4,846.9	-13.1
Caisses d'Epargne	3,843.8	3,559.7	+8.0	3,844.3	3,560.4	+8.0
CNP Trésor	268.1	315.2	-15.0	276.4	315.2	-12.3
Financial Institutions	756.1	735.4	+2.8	756.1	735.4	+2.8
Mutual Insurers	465.4	447.6	+2.0	456.4	447.6	+2.0
Companies and Local Authorities	801.8	836.4	-4.2	892.2	847.0	+5.3
Other (France)	39.9	47.4	-15.9	39.9	47.4	-15.9
TOTAL FRANCE	**10,377.8**	**10,788.3**	**-3.8**	**10,478.1**	**10,800.0**	**-3.0**
CNP Seguros de Vida (Argentina)(1)	30.3	28.5	+6.6	30.3	28.5	+6.6
Caixa Seguros (Brazil)(1)	1,574.4	1,287.4	+22.3	1,771.0	1,497.1	+18.3
CNP Vida (Spain)	48.3	96.4	-49.9	48.3	96.4	-49.9
CNP UniCredit Vita (Italy)	1,236.6	699.3	+76.8	1,449.3	816.7	+77.5
CNP Laiki Insurance Holdings (Cyprus)	84.9	94.8	-10.4	85.5	95.3	-10.3
CNP Europe (Ireland)	19.4	5.9	n.m.	19.4	5.9	n.m.
CNP BVP (Portugal-Spain-Italy)	157.9	247.6	-36.2	205.6	300.1	-31.5
Branches	479.8	22.6	n.m.	479.8	22.6	n.m.
TOTAL INTERNATIONAL	**3,631.8**	**2,482.5**	**+46.3**	**4,089.4**	**2,862.6**	**+42.9**
TOTAL	**14,009.6**	**13,270.8**	**+5.6**	**14,567.5**	**13,662.6**	**+6.6**

(1) Average exchange rates: Argentina: €1 = ARS 6.73 – Brazil: €1 = BRL 2.67

CONSOLIDATED FINANCIAL STATEMENTS

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

In € millions	Segment			Other	Own-funds portfolios	Total first-half 2013	Total first-half 2012	*Change (%)*
	Savings	Pensions	Risk					
New money	**9,297**	**2,148**	**3,123**			**14,568**	**13,663**	**6.6%**
Insurance and financial outstandings						296,910	290,167	2.3%
Premium income	**8,830**	**2,057**	**3,123**	**-**	**-**	**14,010**	**13,271**	**5.6%**
Total NIR	491	96	539	51		1,178	1,144	2.9%
Revenue from own-funds portfolios					419	419	398	5.2%
Total costs						(445)	(441)	0.8%
EBIT						**1,152**	**1,101**	**4.6%**
Finance costs						(75)	(80)	-6.5%
Income tax expense						(386)	(359)	7.6%
Non-controlling interests						(161)	(147)	9.9%
Recurring profit						**529**	**516**	**2.7%**
Net gains (losses) on equities and property, available-for-sale financial assets and impairment						(12)	68	-118.1%
Fair value adjustments on securities held for trading						54	61	ns
Non-recurring items						12	(104)	ns
Profit						**583**	**540**	**7.9%**

EBIT and attributable recurring profit before capital gains are two key performance indicators used by the Group. They have the advantage of being unaffected by realised capital gains on equities and investment property attributable to shareholders or by fluctuations in the financial markets.

EBIT comprises:

- Net insurance revenue (NIR), which corresponds to the margin on insurance contracts, excluding administrative costs;
- Revenue from own-funds portfolios, corresponding mainly to equity-linked assets; and
- Administrative costs.

The two drivers of NIR are:

premium income, which came in at €14 billion (see section 2.3);

insurance and financial outstandings, excluding the deferred participation reserve, which rose by 2.3% during the period. The increase in outstandings held in traditional savings and unit-linked savings contracts in France and Latin America offset the drop in outstandings in the rest of Europe.

Consolidated NIR came in at €1,178 million for the first six months of 2013, a 2.9% rise on the same period in 2012 (6.6% higher at constant exchange rates), thanks to 2.4% growth in France and 22% growth in Latin America (at constant exchange rates).

The 2.4% growth recorded in France (an increase of €14 million on H1 2012) was attributable to a favourable basis of comparison and to improved margins:

- The €32 million surge in Term Creditor Insurance revenue resulted from the increased levels of business and enhanced loss ratios already noted at end-2012.

- The €13 million jump in NIR in the Savings segment was attributable to higher outstandings and a more favourable product mix.

- The €25 million drop in NIR in the Risk insurance segment reflected the unfavourable basis of comparison with H1 2012 (negative amount of €20 million) as well as the deterioration in loss ratios on group health insurance and personal risk policies.

In Latin America, the 22% increase in NIR at constant exchange rates (€98 million) reflected good growth in all business segments and particularly the contribution of creditor insurance.

NIR in Europe excluding France declined by €36 million or by 27.6%. This reflected the drop in CNP Vita's NIR in the Savings segment due to the decrease in assets under management as well as a decline in business generally and in underwriting profits on creditor insurance business in Southern Europe.

Revenue from own-funds portfolios grew by €21 million or 5.2% to €419 million.

Administrative costs

Consolidated administrative costs edged up by 0.8% in comparison with H1 2012.

In France, all costs remained stable period on period at €289 million.

In Latin America, administrative costs grew by 3% to €106 million, or by 12% at constant exchange rates. This increase partly reflects regional inflation of approximately 6% as well as business development costs.

In Europe excluding France, administrative costs remained stable at €50 million.

EBIT rose 4.6% on first-half 2012 on the back of a surge in Latin American business (up 16.7%, or 26.4% at constant exchange rates) as well as growth in earnings from France, albeit to a lesser extent (up 1.3%). EBIT from Europe excluding France declined by 25.2%.

Finance costs (€75 million) decreased by €5 million due to the repayment of subordinated debt in May 2013 and lower interest rates.

The effective tax rate increased by 0.7 percentage points to 35.8% due to the increasing contribution of Brazilian revenue (the effective tax rate in Brazil is 40%).

The increase in non-controlling interests reflects the increasing contribution of the international subsidiaries – particularly in Latin America – to income as a whole.

Consequently, attributable recurring profit was 2.7% higher than one-year previously at €529 million.

The impacts of fair value adjustments to financial assets and non-recurring items appear at the bottom of the income statement.

Net gains (losses) on equities and property and impairment for a negative amount of €12 million in first-half 2013 reflect the combined effects of profit-taking on equities and property as part of a multi-annual programme, a €50 million write-down taken on the Group's Cypriot business and impairment loss provisions taken on other Cypriot assets totalling €13 million.

"Non-recurring items" which included a strengthening of general provisions by an amount of €104 million in first-half 2012, essentially consisted of a technical adjustment to provisions in first-half 2013.

Reported profit came in at €583 million, an increase of 7.9%. Profit at constant exchange rates was €594 million which represents a 10% increase.

Consolidated balance sheet at 30 June 2013

Total assets amounted to €359.6 billion at 30 June 2013, compared with €353.2 billion at 31 December 2012, representing an increase of 1.8%.

Insurance and financial liabilities totalled €313.4 billion, a 0.5% decrease on 31 December 2012 due to a lower balance on the deferred participation reserve (€15.3 billion at 30 June 2013, compared with €19.1 billion at 31 December 2012) as a result of lower amounts of fair value adjustments recognised on assets.

Excluding the change in the deferred participation reserve, insurance and financial liabilities stood at €298.1 billion which was slightly higher than the €295.8 billion recognised at 31 December 2012.

Equity attributable to owners of the parent, which includes €2,522 million in deeply-subordinated debt reclassified in accordance with the IFRIC interpretation published in November 2006, grew by €258 million during the six months to €14,405 million. This increase reflected the combined impact of profit for the period (a positive €583 million impact), the payment of dividends for 2012 to the shareholders who did not opt for a dividend payment in shares (a negative €56 million impact), fair value adjustments recognised directly in equity (a negative €170 million impact) and translation adjustments (a negative €62 million impact).

Solvency capital

Solvency capital at 30 June 2013, calculated based on French GAAP equity in accordance with the guidelines issued by the French banking and insurance watchdog (*Autorité de Contrôle Prudentiel* – ACP), represented 116% of the regulatory minimum, excluding unrealised gains and losses, the same as at 31 December 2012 (i.e., 112% in reported solvency capital plus the amount of dividends reinvested in the Company).

Asset portfolio and financial management

Insurance investments at 30 June 2013 advanced by €1.5 billion to €335 billion from €333.5 billion at 31 December 2012.

Most investments are measured at fair value, except for held-to-maturity investments and property assets not backing linked liabilities, which are measured using the cost model.

Available-for-sale financial assets at 30 June 2013 represented 76.3% of total investments and financial assets at fair value through profit or loss (trading securities) represented 19.7%, while held-to-maturity investments and other investments (mainly investment property and loans) accounted for 4%.

RISK FACTORS

Following a risk assessment, CNP Assurances considers that the Group is not exposed to any risks other than those described on pages 60 to 72 and 215 to 225 of the 2012 Registration Document.

OUTLOOK

CNP Assurances has set out four strategic priorities:

- developing and enriching our offering in order to consolidate our partnerships with LBP and BPCE;
- deploying high-end term creditor, personal risk and savings solutions throughout Europe using an open model;
- developing group personal risk policies for SMEs and local public entities in liaison with our mutual and cooperative insurance partners;
- strengthening our market position in Brazil and reaping the benefits of economic growth and seizing opportunities elsewhere in Latin America.